



## Economic Calendar

Date	Country	Event	Period	Survey*	Prior
16 Jun	US	Empire Manufacturing	Jun	-7.0	-9.2
17 Jun	US	Retail Sales Advance/Ex Auto, Gas MoM	May	-0.7%/0.4%	0.1%/0.2%
	US	Industrial Production MoM	May	0.0%	0.0%
	JP	BOJ Target Rate		0.50%	0.50%
	GE	ZEW Expectations/Current Situation	Jun	30.5/-	25.2/-82.0
18 Jun	US	Housing Starts/Building Permits	May/P	1360k/1430k	1361k/1422k
	US	Initial Jobless Claims		--	248k
	EZ	CPI/Core YoY	May F	1.9%/2.3%	2.2%/2.3%
	JP	Trade Balance	May	-¥897.8b	-¥115.6b
	JP	Core Machine Orders MoM	Apr	-9.5%	13.0%
	US	FOMC Decision (Lower/Upper Bound)		4.25%/4.50%	4.25%/4.50%
20 Jun	US	Leading Index	May	-0.1%	-1.0%
	US	Philadelphia Fed Business Outlook	Jun	0.0	-4.0
	EZ	Consumer Confidence	Jun P	-14.9	-15.2
	JP	Natl CPI/Ex Fresh Food, Energy YoY	May	3.5%/3.2%	3.6%/3.0%

### Week-in-brief: Troubled Waters

- To get a sense of how fragile risk sentiments are, S&P500 gained ~0.8% this week, but S&P futures are trading at -1.2% lower following geopolitical flares on Israel's strike on Iran. Meanwhile, Brent Crude was sent >10% higher (briefly testing \$78/bbl) in early Asian session. While Gold's surge of >1.5% on Friday morning may seem modest in comparison, Gold is about 3.5% higher compared to one week ago, revealing a steady climb upwards against the volatile geopolitical backdrop.

- Even as US and China officials met and agreed on a framework, details were lacking. Meanwhile, Trump threatened to hike auto tariffs, and issued a second threat of going forth with unilateral tariffs for trading partners to "take it or leave it" as the self-imposed 90-day temporary delay looms.

- It is against this backdrop that we head into a busy week of central bank events, and geopolitical events is unsurprisingly going to feature in policy contemplations.

- **FOMC is expected to extend its pause** amid opposing inflation and demand risks from heightened trade uncertainty. **BOJ will not take any policy action**, but markets will be watching for pace of taper, BoJ's views on trade uncertainties and policy tensions on balance sheet vs JGB stability, monetary policy tradeoffs and fiscal-monetary independence.

- We expect **Bank Indonesia to ease amid a stable rupiah** since the last meeting, external and domestic growth woes, and managed inflation. Notably, the economic stimulus announced in May on new wage subsidies, electricity tariffs discounts etc. speaks of heightened domestic growth woes (amid reports of higher layoffs) and ought to contain inflationary pressures.

- **BSP is set to ease as real rates remain elevated** while amid managed inflation pressures, while recent economic indicators point to softer activity.

- We expect **CBC to hold rates steady as growth and external demand remains firm**. Industrial production and exports growth still resilient while inflation has moved lower in May. Property prices have also shown some signs of stabilisation.

- All in, volatile geopolitical developments would mean that any apparent calmness belie strong undercurrents, and stability would remain elusive.

### FOMC: Dilemmas, Dot (Plot) & Dollar

- Amid the tyranny of; i) (mostly self-inflicted) trade/tariff uncertainties; ii) attendant, wider geoeconomic threats and; iii) sharpening fiscal risks, the Fed policy dilemmas are accentuated.

- Consequently, the **Fed's pause is universally expected to prolong** into the sixth month and the fourth meeting since the last cut (in December 2024).

- What's well known is that the **Fed has flagged opposing inflation and demand risks from heightened trade uncertainties, which have inadvertently imposed this policy hiatus**.

- Especially as the **Fed has few options but to await clarity on tariffs/trade deals, which inherently entail binary risks**. Beyond which, gauging whether inflation or demand risks will overwhelm will be the next challenge. What's more, this **policy dilemma is accentuated by what appears to be an increasingly precarious fiscal position**. Trouble is, this fiscal deterioration simultaneously (on the surface) accentuates inflation risks and tighten financial conditions (by lifting long-end yields higher); thereby sharpening policy trade-offs one way or another. The trade-offs are further worsened by unexpected geopolitical externalities that may impose adverse demand and/or price shocks.

- Against this backdrop the **'Dot Plot' will be pored over for the slightest of twitches**. In particular, the current Fed preoccupation latent inflation risks bias the consensus for a mildly more hawkish drift in the 'Dot Plot'. But perhaps short of a distinct drop in the (median of the) 'Dot' from 2 to one cut.

- Given heightened fiscal and global trade uncertainties the 'Dot Plot' may be assessed for any further upward drift in the projections of longer-term rate. The inference for "neutral rates", while unlikely to have any imminent outsized impact, could impact forward rate markets.

- Either way, the **resultant impact on USY yields is unlikely to be profound as markets digest exceptional conditionality ahead premised on US trade deals are set to be ironed out**.

- **The USD:** What may go unsaid, but not unappreciated, is that even as the Fed proclaims no direct remit for the USD, it has increasing (albeit inadvertent) sway on the Greenback via the inter-play between (real) rates, policy independence/credibility.

- Arguably, assurances about the full faith backing of the USD may be a critical part of the Fed's job. As the co-dependence between trust in the Greenback and the Fed feed off, and into, one another.

### Bank Indonesia: Consecutive Cuts?

- We attribute a 70% probability for Bank Indonesia to ease again at the upcoming meeting.

- **Rupiah stability concerns, while ever-present, may benefit from IDR's stability amid soft USD backdrop**. Since the last meeting, USD/IDR has been mostly trading around 16,200 levels.

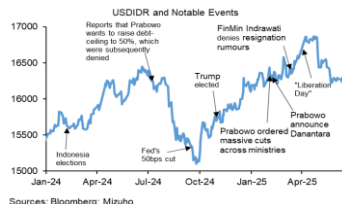
- Meanwhile, **domestic growth concerns may have grown**. The National Social Security Council noted a sharp increase in the average number of claims for the Job Loss Guarantee programme. Claims for the Jan-Apr 2025 period reached 13,210 claims/month, compared to an average of 4,816 claims/month in 2024, and 4,467/month in 2023.

- This may have prompted the Indonesian government to roll out a stimulus package effective June, providing a new wage subsidy programme, electricity tariffs discounts, food and airline ticket subsidies and other social protection programmes.

- On the external front, while April trade surplus fell sharply on sudden surge in imports, this may not be directly attributable to US trade antagonism absent breakdown. But regardless, outlook not that great with Indonesia committing to buy more US energy goods.

- Meanwhile, **inflation pressures have been subdued, while risks to outlook are tilted to the downside with the announced subsidies**. Accordingly, real rates still remain elevated.

- Our slight reservations towards continued easing is that while IDR has been stable since the last meeting, its performance on a YTD basis remains lacklustre, while geo-political tensions (should it intensify into next week) could see a self-off in the rupiah. Premised on contained geo-political flares and broad soft USD environment, USD/IDR could retain traction below 16,500 even as BI proceeds with easing.



Sources: Bloomberg, Mizuho

\*Survey results from Bloomberg, as of 13 Jun 2025; The lists are not exhaustive and only meant to highlight key data/events

Date	Country	Event	Period	Survey*	Prior
16 Jun	CH	Industrial Production YoY	May	6.0%	6.1%
	CH	Retail Sales YoY	May	4.9%	5.1%
	CH	Surveyed Jobless Rate	May	5.1%	5.1%
	CH	New/Used Home Prices MoM	May	--	-0.1%/-0.4%
	CH	Residential Property Sales YTD YoY	May	--	-1.9%
	CH	FAI/Property Investment YTD YoY	May	4.0%/-10.5%	4.0%/-10.3%
	IN	Wholesale Prices YoY	May	0.7%	0.9%
	PH	Overseas Cash Remittances YoY	Apr	2.7%	2.6%
17 Jun	SG	Non-oil Domestic/Electronic Exports YoY	May	7.7%/-	12.4%/23.5%
18 Jun	ID	BI-Rate		5.50%	5.50%
19 Jun	AU	Unemployment Rate/Emp. Change	May	4.1%/20.0k	4.1%/89.0k
	PH	BoP Overall	May	--	-\$2558m
	PH	BSP Overnight Borrowing Rate		5.25%	5.50%
	TW	CBC Benchmark Interest Rate		2.00%	2.00%
20 Jun	CH	1Y/5Y Loan Prime Rate		3.00%/3.50%	3.00%/3.50%
	KR	PPI YoY	May	--	0.9%
	MY	Exports/Imports YoY	May	5.2%/9.0%	16.4%/20.0%
	TW	Export Orders YoY	May	19.9%	19.8%
14-18 Jun	CH	FDI YTD YoY CNY	May	--	-10.9%

### BoJ: Taper, Trade (Uncertainties) & (Policy) Tensions

- It is a given that the **BoJ will not take any policy action**, but just because nothing happens does not mean that nothing matters. Instead, markets will be scrutinizing; i) guidance on "taper"; ii) the BoJ's response to/reservations about trade uncertainties likely muting any overt stance and; iii) evolving policy tensions.

- **Taper:** For a start, markets expect the BoJ to announce a step-down in the pace of taper to alleviate the brutal ascendancy in ultra-long (30Y) JGB yields. Specifically, expectations appear to be converging on a significant step-down (from a reduction of ¥400 billion in monthly JGB purchases per quarter (through March 2026) to reduction of ¥200 billion in monthly JGB purchases per quarter from April 2026. Whilst an argument may be made for a more urgent dial back in the pace of taper (to a reduction of ¥200 billion/month per quarter starting July 2025), the BoJ may not desire having premature taper dial back being interpreted as a dovish backflip. Instead, it may opt to apportion taper across the JGB curve more judiciously, so as to dampen upside pressures (sharp rise) in long in JGBs (yields). The warning is that an **absence of plans to dial back the pace of taper** could potentially trigger another leg of sell-off ultra-long JGBs that send 30Y yields sharply higher. And at pain of destabilising markets. So this is a high-stakes guidance.

- **(Gauging) Tariff Uncertainties:** While a rate hold will not surprise, the exact impact of trade/tariff uncertainties on policy calculus may be deemed consequential. Specifically, with regards to whether the BoJ is merely pausing briefly, or suspending (until further assurances) this hiking cycle. Governor Ueda might lean towards the latter given heightened uncertainties significantly elevated the threat of adverse demand shocks. If so, JGB yields may be better subdued.

- **(Risk & Objective) Tensions:** Finally, markets will have to assess various dimensions of policy tensions - pertaining to risks involved and objectives pursued (balance sheet vs JGB stability, monetary policy tradeoffs and fiscal-monetary independence).

- All said, the sense is that the meetings will leave observers with more questions than answers. The low bar is to leave markets somewhat more confident about JGB market (and JPY) stability. The challenge is to maintain maximum BoJ optionality for, and uncompromised credibility of, the BoJ.

### BSP: Steady Easing

- BSP is expected to ease by another 25bps at the upcoming meeting.

- **Afterall, there remains much policy room for BSP to cut**. Real rates are still elevated despite the cuts due to continued dis-inflation, while inflation outlook looks manageable amid soft oil prices and decent food harvests. In fact, BSP had noted that risks to inflation were broadly balanced in 2025-2027 and acknowledged that the "more manageable inflation outlook and the downside risks to domestic economic activity allow for a shift towards a more accommodative monetary policy stance."

- Indeed, Q1 GDP was on the softer side, with growth predominantly driven by government spending, as faster growth in goods & services imports saw net exports plummeting. Meanwhile, percentage of non-performing salary loans continue to hover at levels higher compared to pre-pandemic levels, while non-performing credit card receivables have seen an uptick.

- As things stand, there are some risks of a jumbo 50bps cut given elevated real policy rates, but we think the risks are small as BSP has reiterated that it will take a "measured approach" towards further monetary easing and had previously commented that cuts would come in clips of 25bps.

### CBC: Holding Firm

- We expect the **CBC to hold rates at their policy meeting (19 June) as growth and external demand remains firm**.

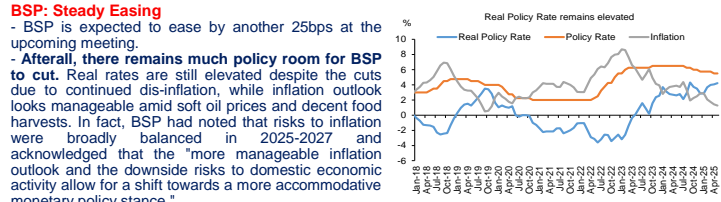
- Specifically, industrial production in April grew a robust 8.8% MoM on a seasonally adjusted basis. Exports growth was also resilient in April and despite the liberation day complications, exports to the US still grew a staggering 29% YoY. A 60% surge in exports to the ASEAN region points to a likely ramping up of production to capitalise on the 90 day window.

- Headline and core inflation declined to 1.6% in May. This came on the back of lower prices for fuel and vegetables as well as apparel which was due to Mothers' Day discounting.

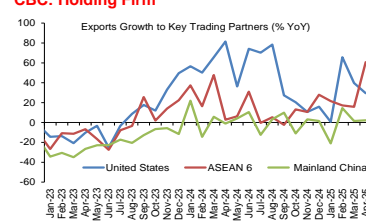
- After the slew of macroprudential measures, it appears that property prices have also stabilised rather than surge higher to dial back concerns of an overheating market.

- As for the TWD, the appreciation pressures remain largely on the back of unresolved tariff issues with the US which will worries USD exposed insurer and exporters who continue to look for hedging opportunities.

- Looking beyond the hold this coming meeting, we retain our expectations for the CBC to embark on a small 12.5bp cut in Q3 as growth strains start to appear as front loading needs fade and inflation pressures fade.



Sources: CEIC, Mizuho



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## Forex Rate

	Close*	Chg <sup>^</sup>	% Chg <sup>^</sup>	Week Forecast		
USD/JPY	143.89	-0.960	-0.66%	140.00	~	145.50
EUR/USD	1.1532	0.0135	1.18%	1.140	~	1.170
USD/SGD	1.2828	-0.007	-0.52%	1.2730	~	1.2990
USD/THB	32.44	-0.17	-0.52%	32.10	~	33.00
USD/MYR	4.2463	0.0148	0.35%	4.180	~	4.290
USD/IDR	16295	20	0.12%	16,100	~	16,550
JPY/SGD	0.8915	0.001	0.15%	0.875	~	0.928
AUD/USD	0.6482	-0.001	-0.12%	0.640	~	0.660
USD/INR	86.08	0.441	0.52%	85.3	~	86.9
USD/PHP	56.168	0.528	0.95%	55.4	~	56.8

<sup>^</sup>Weekly change.

### FX: Giving Way

- Amid the decline in UST yields, the Greenback ceded ground against all G10 peers as the DXY broke the 98 levels towards the end of the week with the SEK and NOK leading gains.
- The latter was buoyed by a surge in oil prices with Brent crude soared above US\$70/barrel while the former may have enjoyed some lift from resilient domestic growth indicators (robust household consumption and industry production).
- EUR ascended to test 1.16 levels before retreating after Israel's strike on Iran.
- GBP and AUD underperformed with the former being hit with worries from payroll declines and lower than expected GDP.
- AUD's underperformance with much milder gains to hover around 65 cents reflected the adverse spillovers from worries about China's economic performance.

### EM-Asia FX: Two Way External Vulnerabilities

- External exposures saw contrasting performance across FX and across the week.
- TWD gained as underhedged exposures going to push gains.
- In contrasting fashion, post election gains faded and KRW slipped into a stark underperformance at the end of the week as geo-political conflict in the middle east led to a spike in oil prices and dented risk sentiments.
- Meanwhile the PHP appears to have softened ahead of likely easing by the BSP next week and the headwinds of higher oil prices.
- The broad middle with MYR,VND, IDR and INR all appears relatively unchanged but is a reflection of contrasting tensions rather than steady calm.

## Bond Yield (%)

13-Jun	2-yr	Chg (bp) <sup>^</sup>	10-yr	Chg (bp) <sup>^</sup>	Curve
USD	3.897	-14.0	4.349	-15.7	Flattening
GER	1.812	-6.5	2.478	-9.3	Flattening
JPY	0.725	-1.9	1.396	-4.0	Flattening
SGD	1.781	0.9	2.229	-1.4	Flattening
AUD	3.257	-5.8	4.151	0.1	Steepening
GBP	3.894	-10.8	4.504	-13.7	Flattening

## Stock Market

	Close	% Chg
S&P 500 (US)	6,045.26	0.75
Nikkei (JP)	37,834.25	0.25
EuroStoxx (EU)	5,299.52	-2.41
FTSE STI (SG)	3,906.20	-0.71
JKSE (ID)	7,157.10	0.61
PSEI (PH)	6,395.59	0.29
KLCI (MY)	1,519.27	0.16
SET (TH)	1,119.25	-1.51
SENSEX (IN)	81,042.10	-1.40
ASX (AU)	8,547.44	0.37

### USTs: FOMC Spillovers

- The UST yield curve bull-flattened amid softer CPI and PPI prints, while jobless claims casted doubts on the resiliency of US labour market. Initial jobless claims were higher-than-expected while continuing claims trended higher.
- Moreover, haven flows likely aided UST yield's declines amid geo-political tensions in the Middle East.
- In addition, longer-end yields fell more as fiscal woes were somewhat assuaged by the House passing "DOGE cuts" (even if the bill has yet to be pass by the Senate).
- For the week ahead, we expect spillovers from FOMC to be measured, given the conditionality on tariff-induced outcomes on growth and inflation, which are still unclear.
- All in, we expect 2Y UST to trade in the 3.65-4.05% range and 10Y yields to trade in 4.20-4.50% range.

### FX Brief:

- 1) JPY: Tested 143 aided by lower UST yields and haven demand but higher oil prices appears to be restraining speed of JPY rallies.
- 2) EUR: Ascendency halted by late week worries around the Middle East Conflict but buoyancy to be sustained above mid-1.14.
- 3) AUD: Underperformance on the back of US-China deal lacking clarity with further dent from geo-political conflict.
- 4) CNH: Kept steady even as regional peers gains to imply further weakness on NEER basis. Steady, mild gains on weak USD to persist.
- 5) INR: Bond outflows following RBI's jumbo cut unlikely to reverse so quickly. Expected to continue trading around mid-85 levels.
- 6) SGD: A dovish Fed may be a pre-requisite for USD/SGD to break below 1.28 durably. Base case remains that USD/SGD trade above 1.28 levels.
- 7) IDR: Bias towards underperformance on Prabowo's plans to build a \$80bn sea wall (over 20 years), which ought to bring fiscal woes back in the spotlight. BI's expected cut would weigh on the IDR as well.
- 8) THB: Another week of gold and JPY aided tailwinds but higher oil prices may begin to bite and retain buoyancy above 32.0 for the week ahead.
- 9) MYR: Constructive on the ringgit amid positive developments on the fiscal front with the rollout of Sales and Services Tax details. Expect to retain traction below 4.27 levels.
- 10) PHP: A cut by BSP may see measured pressure on the peso given the central bank's explicit easing bias. Outperformance may ironically be dependent on any escalation in trade tensions.
- 11) KRW: Post election gains fade and risks sentiments take a beating to send KRW weaker alongside higher oil prices. For next week, expectations for buoyancy above.
- 12) TWD: Re-testing record levels as hedging needs become apparent. This appears partly triggered by uncertainty over trade deal as reciprocal deadline nears.



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