MIZUHO

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WEEK AHEAD

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17-Apr-2025

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Economic Calendar

•Survey results from Bloomberg, as of 17 April 2025; The lists are not exhaustive and only meant to highlight key data/events

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Date	Country	Event	Period	Survey*	Prior
21 Apr	US	Leading Index	Mar	-0.4%	-0.3%
22 Apr	US	Richmond Fed Mfg Index	Apr	--	-4
	EZ	Consumer Confidence	Apr P	-15.0	-14.5
23 Apr	US	New Home Sales	Mar	683k	676k
	US	Building Permits	Mar F	--	--
	EZ	Trade Balance SA	Feb	--	14.0b
		PMI Mfg/Services (EZ, JP, US)	Apr P		
	JP	Tertiary Industry Index MoM	Feb	--	-0.3%
	US	Fed Releases Beige Book			
24 Apr	US	Existing Home Sales	Mar	4.13m	4.26m
	US	Initial Jobless Claims		--	-
	US	Chicago Fed Nat Activity Index	Mar	--	0.18
	US	Durable Goods Orders/Nondef Ex Air	Mar P	1.5%/0.2%	1.0%/-0.2%
	US	Kansas City Fed Mfg Activity	Apr	--	-2.0
	JP	Machine Tool Orders YoY	Mar F	--	11.4%
	JP	PPI Services YoY	Mar	--	3.0%
	GE	IFO Business Climate/Expectations	Apr	85.2/--	86.7/87.7
25 Apr	US	U. of Mich. Sentiment/Expectations	Apr F	--	50.8/47.2
	US	U. of Mich. 1Y/5-10Y Inflation	Apr F	--	6.7%/4.4%

Asia

Date	Country	Event	Period	Survey*	Prior
21-26 Apr	TH	Customs Exports/Imports YoY	Mar	12.8%/5.6%	14.0%/4.0%
21 Apr	CH	1Y/5Y Loan Prime Rate		3.10%/3.60%	3.10%/3.60%
	ID	Exports/Imports YoY	Mar	-3.5%/6.3%	14.1%/2.3%
	KR	Exports/Imports 20 Days YoY	Apr	--	4.5%/-1.4%
	PH	BoP Overall	Mar	--	$3086m
22 Apr	KR	PPI YoY	Mar	--	1.5%
	TW	Export Orders YoY	Mar	15.9%	31.1%
	TW	**Unemployment Rate**	**Mar**	**--**	**3.4%**
23 Apr	**SG**	**CPI/Core YoY**	**Mar**	**--**	**0.9%/0.6%**
		PMI Mfg/Services (AU, IN)		--	--
	ID	**BI-Rate**		**5.75%**	**5.75%**
	KR	Consumer Confidence	Apr	--	93.4
	MY	**CPI YoY**	**Mar**	**1.7%**	**1.5%**
	TW	Industrial Production YoY	Mar	14.9%	17.9%
24 Apr	**KR**	**GDP YoY/SA QoQ**	**1Q A**	**0.0%/0.1%**	**1.2%/0.1%**
25 Apr	SG	Industrial Production YoY	Mar	--	-1.3%
27 Apr	CH	Industrial Profits YoY	Mar	--	11.0%

Week-in-brief: Talk is Cheap, Tariffs are Costly

- This week, attention turn to the **progress of trade talks between US and trading partners as well as gauging the possibility of talk between US and China**. China's **conditional openness to trade talks is both a first step and a high bar**. Conditions around a consistent US position, Taiwan and a point person to lead the trade talks may be tough to achieve.
- Semiconductor sector also faced an upheaval as export restrictions hit the likes of Nvidia and puts **into question the efficacy of CEO Jensen Huang's talks with Donald Trump in early April.**
- Meanwhile, even as US President Donald Trump says that there is big progress with Japan, Japan's lead trade negotiator Ryosei Akazawa not commenting on details while stating that discussions on car tariffs will continue does not reflect the imminent nature of a concrete deal. The lack of details not only imparts worries about the lack of progress but also about the punitive terms that it may involve.
- For the EU, there **was also little progress on trade talks** which stayed at a technical level as EU offers of lowering tariffs may have been met with **further requests on further investments and non-tariff barriers such as tech and food regulations**. The cost associated with tariffs removal may also be expensive in itself.
- Down Under, the RBA minutes signalled an opportune time to revisit policy setting in May but reminded that decisions are not pre-determined. After their allusion to February's labour data being statistical distortion, the release of **March data showed a not entirely convincing increase in 32.2k of job gains which came alongside a further downward revision for February**.
- In Singapore, the MAS embarked on policy easing via reduction of the slope of the S$NEER alongside dovish guidance such as expectations of a negative output gap.
- Meanwhile, there was **no policy action on the BoK's part** as they held rates and refrained from further easing on **KRW volatility and fears of rising household deb**t. Nonetheless, **KRW was in full doubt as it weakened post decision.** Specifically, the statement stated that **downside risks to economic growth have intensified and one member was against the decision while all members were open to a cut in the next 3 months. The decision is undeniably a dovish hold.**
- On that note for the week ahead, we expect **Korea Q1 GDP to experience a significant slowdown** to 0.2% YoY as consumption remains weak with households turning price sensitive. Growth of external demand slow down even as frontloading of exports was supportive. **Construction sector activity may yet again be the swing factor which lead to a risk of an economic contraction.**
- **Bank Indonesia will have their meeting on 23 April but they are faced with a lack of good options.** While macroeconomic indicators continue to point to the need for a rate cut, we expected heightened IDR risks to restrain BI to keep rates unchanged. While we expect them to stand pat, it may not be sufficient to offset the eroding confidence surrounding their fiscal path.
- All in, talk is cheap. **Both inaction and action on trade deals can end up to be rather costly as global trade looks increasingly fragmented.**

Trump 2.0 Trade War: Beware Dead Cats on Rollercoasters

- Despite the encouraging (albeit incomplete) **rebound** in sentiments/asset markets, the **risk of dead cat bounces** as clarity and visibility eludes amid exceptionally elevated tariff uncertainty
- Fact is, the global landscape, **strewn with significant binary risks** around trade deals, negotiations during temporary exemptions **warn against one-way, linear, bullish bets**. That is, to **brace a (Trump) tariff rollercoaster**.
- What's more, with **the added US security angle**, geo-politics trumps economic, *lowering the bar for self-harm* and *global disruption.*
- Crucially, the **structural nature of US' ambitions to re-order global trade/industrial**, warns of a far ***longer game***, involving ***higher stakes*** and **prolonged disruptions**.
- Add to that **Trump's** *mercurial and ill-conceived imposition of tariffs* that **diminishes the chances of a quick resolutions**.
- Worse, when *executed with a high-handed "escalation deterrence",* **aggravates risks of prolonged US-China standoff**, and associated ***adverse disruption/spillover***. Given the vulnerabilities involved in *inextricable supply-chain, and related, financial linkage transmit,* **US-China antagonism may not only transmit, but end up being amplified, elsewhere.**
- Against this backdrop, five themes worth pondering are;

i. Adverse demand/income shocks: **Downside risks in global energy/equities** to remain intact.

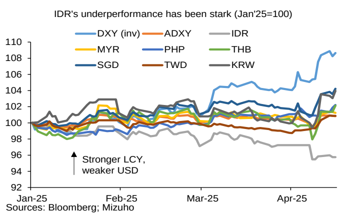
ii. Consequent dovish policy catch-down: **Steepening in the yield curve** with *higher odds of lower front-end rates.*

iii. JPY Trade-Haven Conflict: **Sharp two-way JPY volatility** if "haven reflex" lifting JPY is supplanted by trade risks hitting Japan hard (more so if accompanied by dovish BoJ pivot).

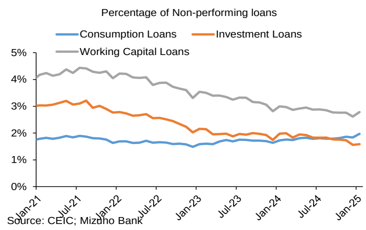
iv. Gold & Hard Assets: A combination of stagflation-type risks accompanied by the threat of debasement of fiat from QE-type reflexes (on financial shocks) may **enhance the shine for Gold and hard assets**.

v. AXJ Compromised by More Profound (US-China) Geoeconomic Risks Contagion: **AXJ unable to fully exploit even broad-based USD softening** as the wider China-Asia complex is hobbled by **harsher geo-economic risks/outcomes** given hard-to-disentangle supply-chain/financial associations.

BI: Few Good Options



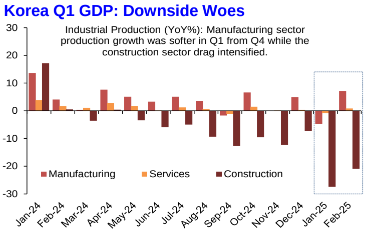
Sources: Bloomberg; Mizuho



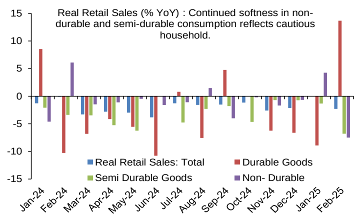
Source: CEIC; Mizuho Bank

- **BI is expected to hold** at the upcoming meeting amid a lack of good options.
- **Macro-indicators certainly point towards a cut. Growth continues to show signs of weakness**. Consumption loans growth has been outpacing industrial loans growth since September 2024, which may signal weaker business sentiment. But supported consumption loans taken together with percentage of non-performing consumption loans edging higher suggests stretched consumers unable to repay debts.
- Meanwhile, **inflation in March undershot Indonesia's 1.5-3.5% inflation target range**, even after the electricity subsidies in January-February have ceased. The below-target inflation was on the back of slower increases in food prices, which fell on a MoM basis.
- **But, rupiah risks have heightened appreciably since the last meeting.** The rupiah is presently at record lows, with Bank Indonesia saying they were intervening "boldly". IDR also has not benefitted much from the recent pullback in the USD on a temporary tariff relief, but the disproportionate recovery (especially if we consider that Indonesia got slapped with higher tariffs, and thus may accord a greater temporary relief) underscore jitters on Indonesia's outlook, in particular fiscal.
- Point being, assurances from authorities that fiscal path remains on track are simply not convincing enough as Prabowo pushes through his agendas of higher growth, high expenditure programmes and a sovereign wealth fund that would appreciate from greater transparency.
- Alas, **another hold by BI may do little to stem the tide of outflows/weakness; but for now, BI would likely be taking (in)action insofar as not to make things worse that it presently is**.

Korea Q1 GDP: Downside Woes



Source: CEIC; Mizuho



Sources: CEIC, Mizuho

- With the earlier Q4 2024 GDP growth print release and taking into account tariff headwinds, we have **revised Korea's full year GDP growth for 2025 down to 0.9%.** For the upcoming Q1 GDP growth, we expect YoY growth to slow to 0.2% from Q4's 1.2% as high base effects weigh. The **balance of risks skew towards a downside.**
- Manufacturing production in the first two months of 2025 grew just 1.0% from a year ago supported by **still strong semiconductor activity**. Nonetheless, it remains notable that there is a discernible slowdown and reflecting so is a trade surplus in Q1 that is halved from Q4. **External demand is expected to be a key source of growth for Q1.**
- **Domestic demand remains weak** with **real retail sales contracting 1.2%** over Jan-Feb compared to the same period last year. Both **semi-durable and non-durable goods sales showed sharp contraction** as consumers cut back spending on clothing and footwear and luggage, books, stationary, cosmetics, and fuel.
- A spike up in spending on durable goods for February was due to the launch of new mobile phones alongside discounts for automobiles as major auto companies slash prices to qualify for further additional government subsidies which help to drive sales.
- Lastly, **construction sector activity weaken further and will drag on overall GDP growth** as **construction work completed over Jan-Feb fell a staggering 24% YoY.**
- All in, this **print will justify a BoK's rate cut** in May and the need for a supplementary fiscal budget.

Forex Rate

	Close*	Chg^	% Chg^	Week Forecast		
USD/JPY	142.35	-0.690	-0.48%	139.50	~	145.50
EUR/USD	1.1384	0.0023	0.20%	1.125	~	1.150
USD/SGD	1.3115	-0.007	-0.52%	1.2980	~	1.3260
USD/THB	33.123	-0.338	-1.01%	32.60	~	33.50
USD/MYR	4.405	-0.0145	-0.33%	4.350	~	4.470
USD/IDR	16825	30	0.18%	16,650	~	16,950
JPY/SGD	0.9216	-0.001	-0.11%	0.892	~	0.951
AUD/USD	0.637	0.006	0.99%	0.626	~	0.647
USD/INR	85.69	-0.505	-0.59%	85.0	~	86.2
USD/PHP	56.746	-0.232	-0.41%	56.0	~	57.4

^Weekly change.

FX: Cautious Gains

- The USD moved lower, with DXY dipping under 100, alongside lower UST yields.
- Antipodeans NZD and AUD outperformed, with NZD leading gains, as markets pared back odds of easing by RBNZ and RBA.
- New Zealand saw higher-than-expected increases in food prices and inflation; while RBA minutes revealed that inflation remained the highest priority and expressed cautiousness of jeopardising dis-inflation with premature easing.
- Nonetheless, while odds for a cut by RBNZ and RBA were pared back, markets are still pricing in >100% probability of a cut in May for both central banks.
- GBP and JPY also gained, amid news of good progress on trade talks with the US.
- Amid tariff-induced turmoil and haven demand, CHF's underperformance following last week's outperformance may hint at possible intervention by SNB.

EM-Asia FX: Spillovers

- In EM Asia, THB led gains, buoyed by Gold's rally and a stronger JPY.
- Trade-sensitive currencies MYR, SGD, TWD were also supported.
- Notably, SGD saw some gains following MAS' easing (reduce slope), suggesting expectations of even more dovish actions (e.g. suspension of slope appreciation).
- Meanwhile, KRW was little changed for the week. BoK's hold did not impart gains..
- WIth lower inflation and low UST yields, real yields spreads supported INR amid less-than-expected trade blowback. PHP was also supported.
- IDR's underperformance despite being a higher-yielding currency, amid outflows, underscoring little confidence on fiscal outlook.
- VND continued to underperform as local equities kept sliding and difficulties of trade negotiations imply that Vietnam's propsects remain dim.

Bond Yield (%)

17-Apr	2-yr	Chg (bp)^	10-yr	Chg (bp)^	Curve
USD	3.813	-14.7	4.317	-17.3	Flattening
GER	1.771	-0.9	2.524	-4.0	Flattening
JPY	0.642	6.0	1.306	2.2	Flattening
SGD	2.210	-11.9	2.549	-9.0	Steepening
AUD	3.284	3.5	4.278	0.1	Flattening
GBP	3.975	-6.2	4.627	-12.4	Flattening

Stock Market

	Close	% Chg
S&P 500 (US)	5,275.70	-1.63
Nikkei (JP)	34,377.60	2.36
EuroStoxx (EU)	4,946.66	3.33
FTSE STI (SG)	3,715.48	5.78
JKSE (ID)	6,428.66	2.66
PSEI (PH)	6,134.62	0.86
KLCI (MY)	1,486.53	2.18
SET (TH)	1,140.67	1.06
SENSEX (IN)	78,331.96	4.22
ASX (AU)	7,819.14	2.26

USTs: Risk off, Not Risk Free?

- As risk sentiments soured alongside falling US equities, markets took cover under the haven confines of USTs.
- UST yields dived even as Fed Chair Powell emphasized the importance of anchoring inflation expectations. The longer the Fed maintains "higher for longer", the greater and more urgent the need to compensate (with deeper rate cuts) should a demand shock hit.
- Furthermore, as DOGE led headlines pops up, it is perhaps important to recall that **making a marked improvement on fiscal front is much harder** than the damage on employment which is one side of the Fed's dual mandate.
- On balance. UST yields may be tempted to remain buoyant with some upside volatility. We expected 2Y yields to trade around 3.70%-4.0% while 10Y yield trade in the 4.2-4.50% range.

FX Brief:

1) JPY: Rode onto lower UST yields. Pair to remain buoyed above 141 as BoJ sounds caution over the economic damage from tariffs.

2) EUR: Flat for the week as rallies warrant a second look given ECB easing and lack of progress on trade talks.

3) AUD: Unconvincing jobs rebound and a cautious RBA minutes to dampen gains led by lower UST yields and rising crude oil prices. Sideways around 63 cents expected ahead.

4) CNH: Softer CNH despite GDP growth outperformance as trade woes weigh and GDP deflator showing deflation tells of still weak domestic demand.

5) INR: Supportive real yield differentials should aid USD/INR's descent below mid-85 levels; but high volatility in UST yields may not mean sustained inflows.

6) SGD: Two-way volatility risks remain heightened; appreciation bias for EUR and depreciation bias for CNH tussle.

7) IDR: Weakness ought to be capped below 17,000 amid Bank Indonesia's interventions; BI's easing inclinations would restrain strong gains even if BI hold rates.

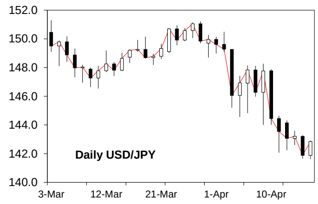
8) THB: Outperformed on electronics relief and with a lesser hit from semiconductor woes as well as continued rally in Gold. Semblance of MOF and BoT coordination also bodes well.

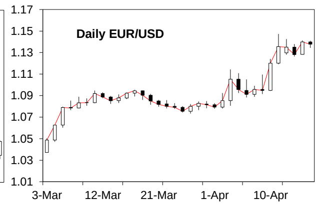
9) MYR: Lower UST yields would be supportive; but growth headwinds ahead temper gains.

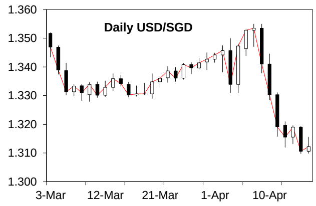
10) PHP: More moderate trade risks for Philippines and more favourable real rate differentials ought to see PHP fairly supported.

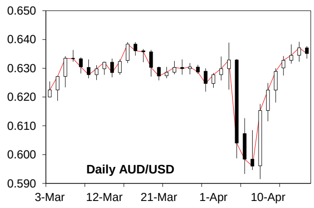
11) KRW: Slight gains despite slide in UST yields. Hardly boost by the electronics exemption and BoK rate hold as growth woes overshadow.

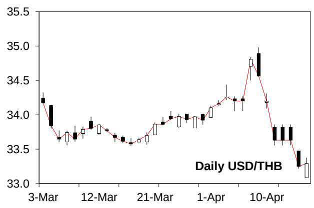
12) TWD: Extended gains on lower UST yields and electronics relief. That said, China's conditionality on US trade talks involving Taiwan may weigh in the weeks ahead.

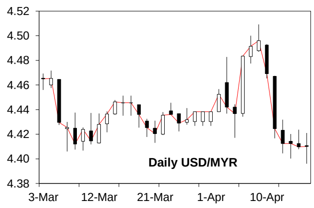


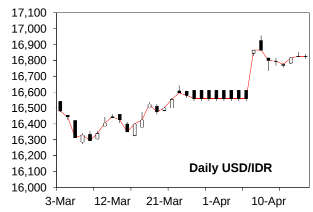


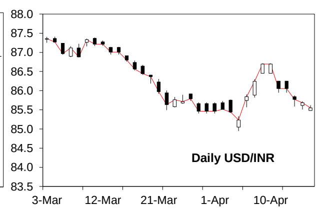


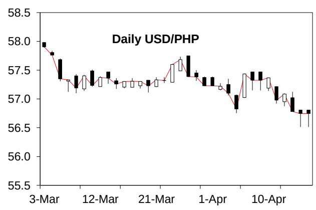


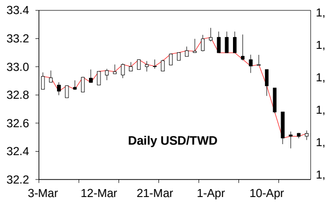


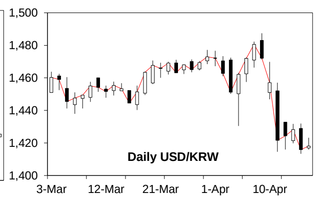


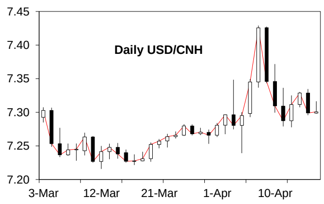












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