Mizuho Daily

Oct 08, 2025

Three Take-Aways

1) US consumers expect 1-year inflation to rise to a 5M high, while Fed Reserve officials offered mixed views on rate policy.

2) Expectations for job earnings worsened the lowest level since April 2021, with Trump further hinting at imminent job cuts for some federal workers aimd the government shutdown.

3) The BoT likely to proceed with a rate cut to support fiscal stimulus efforts, as Governor Ratanakorn assumes office.

MACRO THEME: Deteriorating Sentiment

- U.S. consumers expect inflation to rise to 3.4% over the next year, up from 3.2%, with lower-income and less-educated households feeling the most pressure, according to the NY Fed's survey.

- Median expectations for earnings growth over the next year dipped slightly to 2.4%, marking the lowest level since April 2021 and reflecting a gloomy job market outlook.

- Federal Reserve officials offered mixed signals on policy direction. Stephen Miran downplayed any conflict between the Fed’s dual mandate of full employment and inflation control.

- In contrast, Neel Kashkari warned that aggressive rate cuts could reignite inflation. Meanwhile, Mary Daly dismissed concerns about an AI-driven market bubble, saying it doesn’t pose a threat to financial stability.

- While President Trump stated that “most” federal workers affected by the government shutdown will be looked after, he added that some “really don’t deserve” it and would be “taken care of in a different way.” Additionally, he hinted that details on permanent job cuts could be revealed within four to five days.

- President Trump expressed optimism about resolving trade disputes with Canada over tariffs on steel, aluminum, and autos, saying both sides could “get there.” He also floated the possibility of renegotiating the USMCA or pursuing alternative trade deals.

- Gold is nearing the symbolic $4,000 per ounce mark, soaring over 50% year-to-date, outperforming all currencies in the world.

- The rally reflects waning confidence in the US dollar, driven by the ongoing government shutdown, erratic fiscal policy, and political pressure on the Fed. The recent cycle of US rate cuts and, perhaps, the latest investor flight to safety amid tech sector volatility have further fueled gold’s ascent.

Yields (2Y: -2.4bp; 10Y: -3.0bp; 30Y: -2.5bp)

- UST yields fell across the curve.

Equities (Nasdaq: -0.7%; S&P 500: -0.4%; Dow: -0.2%)

- Equities dipped across the broad.

FX (DXY: +0.5%)

- DXY remains proped up, as yen passed through 152, a low since February, weighed down by Ms. Takaichi’s win as LDP leader.

China: Records for 'Golden-Week' & Gold-buying

- During the first half of China’s National Day holiday (1- 4 Oct.), travel demand surged with approximately 1.243 billion trips being made. Road travel led the way, up 6.2% YoY, followed by waterway and railway passenger volumes, which rose 5.6% and 4.5% YoY, respectively. Air travel also saw a 4.1% YoY increase.

- The PBoC extended its gold-buying streak for an 11th consecutive month in September, adding 0.04 million troy ounces.

- Since the current buying cycle began last November, the central bank has accumulated 1.26 million ounces of gold and its reserves have climbed to fresh record levels of 74.06 million ounces.

BoT: New Era, Borrowed Time?

- This upcoming BoT policy meeting on 8 October will be the first for Governor Vitai Ratanakorn who took over from Governor Sethaput whose term ended on 30 September.

- Our expectation is for the **BoT to proceed with a rate cut to align with the fiscal stimulus moves such** as their co-payment programme and debt repayment scheme.

- While the BoT has indeed previously signaled the fact that there is limited monetary policy space available, there is still a reasonable case to be made to avail further support for growth.

- Specifically, exports have continued to soften with growth slowing to 5.5% in August from 9.7% in July and manufacturing production remains weak.

- Even on the services front, **tourist arrivals continue to be lacklustre amid an inability to climb higher with an incomplete recovery from segments such as tourists from China**.

- Domestic demand remains weak with private consumption rebound partially supported by services spending on the back of on-going co-payment "Thai Half-Half" campaign to boost domestic travel.

- Momentum of investment spending remains weak while the industrial sector remains in the doldrums as output contracted amid automobile sector woes.

- Admittedly, some of the decline was due to temporary closures and maintenance shutdowns and a mild rebound may be on the cards.

- On balance, anaemic growth alongside the inclination to reduce debt servicing burdens will likely be the justification for Governor Vitai's first rate cut.

- Nonetheless, we categorically rule out outsized cuts, in **fact given his well balanced thoughts at forums espousing the limits of a single policy instrument**, even a hold should not be too surprising despite alleged strong government linkage.

- Looking ahead, the more critical issue is the macroeconomic stability threat from a possible credit rating downgrade in 2026 amid outsized government borrowing especially with prospects of elections in January 2026.

DATA/EVENTS

Yesterday	Actual	Exp.	Prior
(JP) Housing Spending YoY (Aug)	2.3%	1.2%	1.4%
(JP) Leading Index C (Aug P)	107.4%	107.10	106.10
(US) Trade Balance (Aug)	Delayed	-$61.0b	-$78.3b
(PH) CPI YoY (Sep)	1.7%	1.9%	1.5%

Today	Actual	Exp.	Prior
(JP) Labour/Real Cash Earning YoY (Aug)	1.5%/-1.4%	2.7%/-0.5%	3.4%/-0.2%
(JP) Current Account Bal. (Aug)	¥3775.8b	¥3513.2b	¥2684.3b
(JP) Eco Watchers Survey Current (Sep		47.00	46.70
(PH) Unemployment Rate (Aug)	3.9	--	5.3%
BoT Benchmark Interest Rate		**1.25%**	**1.50%**
(TW) CPI/PPI YoY (Sep)		1.6%/1.7%	1.6%/1.7%

FX OUTLOOK

FX	Close (NY)	Open*	Daily %Δ	Forecast		
USDJPY	151.90	152.04	+1.03%	148.00	-	155.00
EURUSD	1.1657	1.1655	▼0.46%	1.1600	-	1.1800
GBPUSD	1.3426	1.3422	▼0.44%	1.3400	-	1.3550
AUDUSD	0.6581	0.6581	▼0.54%	0.6520	-	0.6650
DXY	98.6	--	+0.48%	97.0	-	99.0
USDCNY	7.1224	--	+0.00%	7.0900	-	7.1500
USDCNH	7.1459	7.1476	+0.03%	7.0900	-	7.1700
USDHKD	7.7831	7.7833	+0.00%	7.7600	-	7.8200
USDSGD	1.2933	1.2936	+0.12%	1.2750	-	1.3000
USDKRW	1406	1414	+0.00%	1395	-	1415
USDTWD	30.51	--	+0.44%	30.10		30.60
USDINR	88.78	--	▼0.01%	87.60	-	89.50
USDIDR	16540	--	▼0.08%	16500	-	16800
USDMYR	4.214	4.217	▼0.03%	4.180	-	4.250
USDPHP	58.12	--	▼0.38%	57.90	-	58.80
USDTHB	32.51	32.48	+0.20%	32.0	-	32.7
USDVND	26365	26366	+0.00%	26300	-	26600

*Open is as at 8am HKT/SGT.

MARKET MOVES

Bond Yields	2Y Close	10Y Close	2Y Δ (bps)	10Y Δ (bps)
UST (US)	3.565	4.124	-2.4	-3.0
JGB (JP)	0.906	1.679	0.7	-0.3
Bunds (GE)	2.001	2.708	-0.2	-1.0
Gilts (UK)	3.980	4.719	-0.8	-1.6
AGB (AU)	3.515	4.387	1.8	5.4
SGS (SG)	1.493	1.889	-1.8	-1.6
CGB (CN)	1.428	1.859	0.0	0.0
KGB (KR)	2.524	2.963	0.0	0.0
SDL (IN)	5.641	6.510	-4.5	-0.9

G3 Equities	Close	Net Chg	Daily %Δ
S&P500 (US)	6714.59	-25.69	▼0.38%
Nasdaq (US)	22788.36	-153.31	▼0.67%
DJIA (US)	46602.98	-91.99	▼0.20%
N225 (JP)	47950.88	6.12	+0.01%
STOXX50 (EU)	5613.62	-15.10	▼0.27%

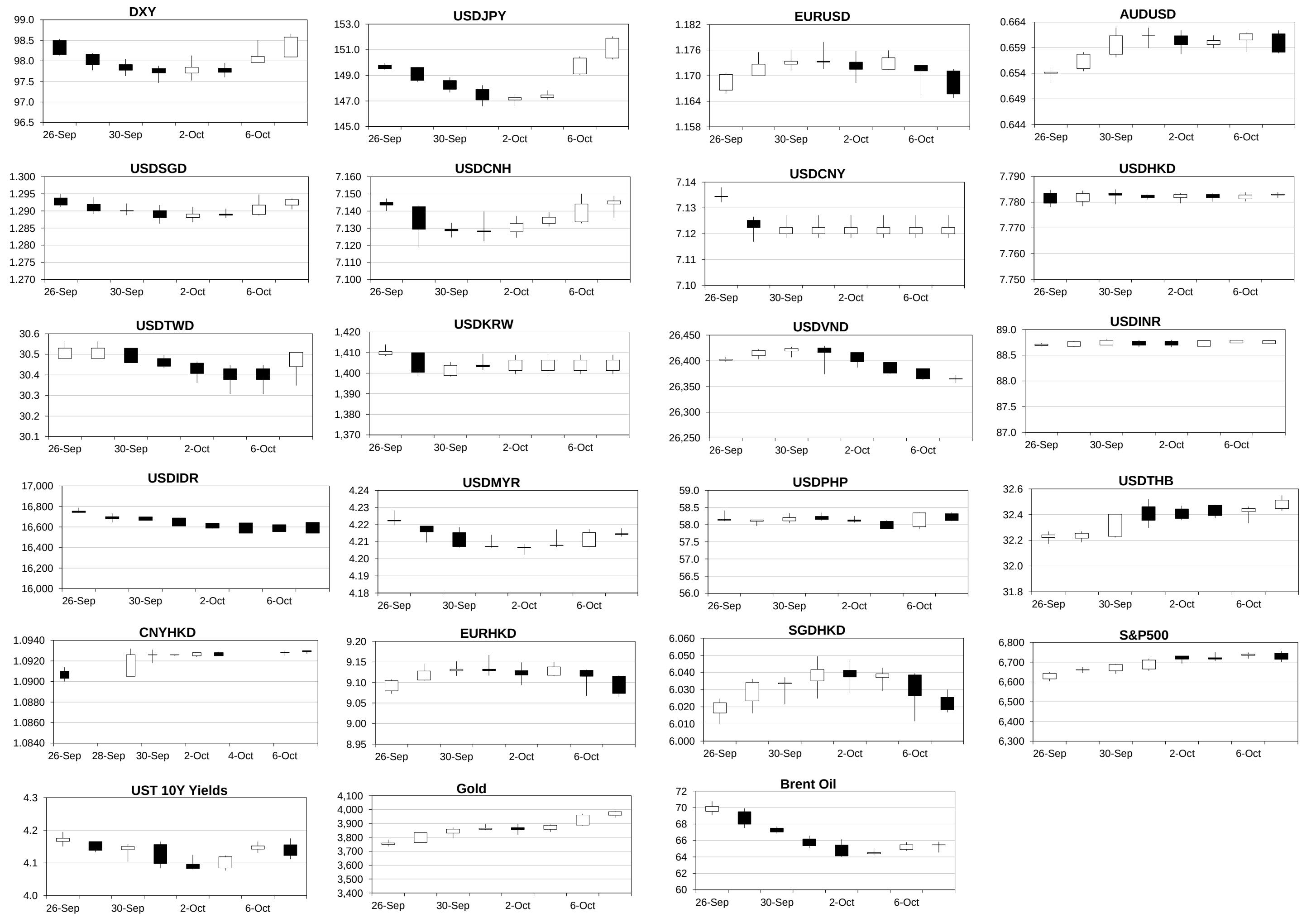
Commodity	Close	Net Chg	Daily %Δ
COPPER (LME)	10,724.27	111.21	+1.05%
IRON ORE (CN)	104.05	-1.24	▼0.03%
GOLD	3,984.85	23.87	+0.60%
SILVER	47.83	0.14	+4.20%
OIL (BRENT)	65.45	-0.02	▼0.03%
OIL (WTI)	61.73	0.04	+0.06%
NATURAL GAS	3.50	-0.68	▼1.41%

Cross FX	Close (NY)	Open*	Daily %Δ
EUR/JPY	177.07	177.19	+0.57%
GBP/JPY	203.944	204.054	+0.58%
JPY/SGD (100yen)	0.8513	0.8509	▼0.91%
JPY/HKD (100yen)	5.1235	5.1194	▼1.03%
CNH/JPY	21.221	21.35	+0.72%
CNH/HKD	1.0929	1.093	+0.01%
EUR/GBP	0.8683	0.86835	▼0.03%
AUD/NZD	1.1347	1.1352	+0.19%
EUR/CNH	8.3305	8.3302	▼0.46%
GBP/CNH	9.5926	9.5932	▼0.40%
CNY/HKD	1.0929	1.093	+0.01%
EUR/HKD	9.0732	9.071	▼0.46%
SGD/HKD	6.0183	6.0168	▼0.13%

*Open is as at 8am HKT/SGT.

Asia Equities	Close	Net Chg	Daily %Δ
ASX (AU)	5124.51	-0.67	▼0.01%
STI (SG)	4472.26	50.55	+1.14%
SHCOMP (CN)	3882.777	0.00	+0.00%
SZCOMP (CN)	2519.422	0.00	+0.00%
HSI (HK)	26957.77	0.00	+0.00%
SENSEX (IN)	81926.75	136.63	+0.17%
JSE (ID)	8169.281	29.39	+0.36%
KLSE (MY)	1630.03	-8.06	▼0.49%
PSE (PH)	6083.83	83.51	+1.39%
SET (TH)	1305.24	19.60	+1.52%
VNINDEX (VN)	1685.3	-0.01	▼0.60%

CHARTS



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