Mizuho Daily

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MIZUHO

Three Take-Aways

1) Risk sentiments recovered as ADP employment print and ISM services index came in higher than expected.

2) While Riksbank held rates amid an expected labour market recovery, the BoE's rate hold may end up more contentious than expected amid potential fiscal consolidation and employment weakness.

3) BNM set for a prolonged rate hold amid buoyant growth.

MACRO THEME: No Forgone Conclusions

- Granted, **equities have cautiously rebounded** as **worries of froth in AI were ostensibly assuaged**. But there are *no forgone conclusions* that clearly back sustained rallies or cautious profit-taking.

- Elsewhere, **US jobs data appear to have improved** slightly. But the *inflation-jobs prognosis is far from conclusive.* **Neither hawks nor doves have authoritative sway** (on restraint or cuts).

- Moreover, while the **US Supreme Court** deliberations appear to have upheld **doubts about the legality of Trump's reciprocal tariffs**, it *has not ruled one way or another.* Crucially, the **cloud of tariffs is not lifted** as ***trade hawks have more tools to exploit***.

- *The **Greenback has risen above a 100**, but **sustained USD strength into 2026 is not a forgone conclusion**.*

- Nor is the lift in UST yields *(bear-steepening 5-7bps across the curve).* The pick-up after recent pullback does not underwrite sustained, ubiquitous lift in yields as Fed calculus remains fluid.

US Jobs: Low Hire, Low Fire, Low Information

- Admittedly, the **ADP jobs data was a little better than expected** at 42K (vs. 30K consensus), complemented by a touch of upward revision. ***But*** instead **highlights the "low hire, low fire, low information"** nature of jobs data.

- Point being, jobs data appears to be in the **fuzzy zone** where it **neither dispels worries about the underlying softening jobs**, **nor affirms that jobs concerns clearly take precedence**.

- Even within the ADP print, it was not all rosy in the services sector which contributed to 33k of employment gains as the information, professional/business services as well as leisure and hospitality sector saw job losses. Consequently, the **FOMC policy tensions around upcoming meetings** is not sufficiently alleviated beyond the guidance of "*no forgone conclusions*".

- That said, firmer data shifts (alongside ISM Services which saw a sharp increase in prices paid as well) has, at the margin, lent to USD buoyancy (breaching 100 for DXY) whilst nudging UST yields higher, led by the long-end.

Same Decision, Different Situation

- Elsewhere, the **Riksbank kept their policy rates unchanged and** signalled that the rate can be maintained for some time amid sign of a labour market recovery.

- The **Bank of England is widely expected to hold rates** today amid sticky inflation, but the decision may be much more contentious than expected especially amid implications from Chancellor Reeves upcoming attempts to shore up their fiscal position. This meeting though is more of a a skip given continued labour market softening.

EM-Asia: Inflation Reflecting Worries or Providing Relief?

- In **Thailand**, while **headline CPI remained entrenched in deflation** printing at -0.8% YoY, core inflation at 0.6% may be anchoring attempts to push back against the deflationary framing.

- While energy prices and subsidies may be exacerbating the headline deflation, dis-inflation from components such as prepared food may be hinting at subdued demand which has led to measures such as the Khon La Khrueng Plus co-payment scheme. Consequently, while the retail sales may see a Q4 boost, the BoT will remain bias towards easing even though the fiscal limelight may imply that there may be a stronger case in preserving dry powder.

- In the **Philippines**, **inflation** remains subdued with headline inflation at 1.7% YoY and the **benign** print keeps the BSP on course for easing though the timing may be dependent on PHP performance.

***Yields** (2Y: +5.5bps; 10Y: +7.4bp; 30Y: +7.2bp)*

***Equities** (Nasdaq: +0.6%; S&P 500: +0.4%; Dow: +0.5%)*

***FX** (DXY: -0.02%)*

- USD/JPY rose to above 154 while EUR is attempting to retake 1.15. AUD also rose to 65 cents. EM-Asia FX to remain pressured by higher UST yields today.

BNM: A Clear Hold

- Across the region, the BNM's decision is perhaps one of the clearest for now. A **rate hold at their upcoming meeting on 6 Nov is a given** amid strong growth outturns. After H1 growth at 4.4%, Q3 growth has accelerated to 5.2% YoY which is above their 2016-2019 average of 4.9%.

- A key driver for the **above trend growth has been in part due to strong FDI inflows** into the construction of data centers which has seen the construction sector expand at 12.5% YoY this year which is significantly higher than the 4.7% growth during 2016-19.

- In contrast, the **manufacturing sector growth at 4% YoY in Q3 has not been as buoyant** relative to foreign trade figures. The divergence reflects the differing weights of the semiconductor industry. Specifically, even as electrical & electronic products make up about 40% of export revenues, the computer, electronics, and optical product sector which serves as a proxy only holds a 14% weight.

- At this juncture, private consumption has been supported by various fiscal handouts, salary adjustments as well as a still tight labour market though retail sales have softened in recent months.

- Inflation also remains subdued with recent marginal decline in petrol prices from subsidy rationalisation to offset potential climb in headline inflation from higher food inflation. All in, **economic resiliency backs the case for a prolonged hold by the BNM** especially at 2.75%, the policy rate is in fact lower than end 2019 levels.

DATA/EVENTS

Yesterday	Actual	Exp.	Prior
(EZ) PPI YoY (Sep)	-0.2%	-0.2%	-0.6%
(US) ADP Employment Change (Oct)	42k	40k	-32k
(US) ISM Services Index (Oct)	5240.0%	50.7	50.0
(PH) CPI YoY (Oct)	1.7%	1.8%	1.7%
(TH) CPI/Core YoY (Oct)	-0.8%/0.6%	-0.7%/0.7%	-0.7%/0.7%
(ID) GDP YoY (3Q)	5.0%	5.0%	5.1%

Today	Actual	Exp.	Prior
(AU) Trade Balance (Sep)		A$4000m	A$1825m
(VN) CPI YoY (oct)		3.50%	3.40%
(VN) Industrial Production YoY (oct)		--	13.6%
(MY) BNM Overnight Policy Rate		2.75%	2.75%
(TW) CPI/Core YoY (oct)		1.4%/1.6%	1.3%/1.5%

FX OUTLOOK

FX	Close (NY)	Open*	Daily %Δ	Forecast		
USDJPY	154.12	154.08	+0.29%	152.00	-	155.00
EURUSD	1.1492	1.1496	+0.09%	1.1480	-	1.1600
GBPUSD	1.3050	1.3052	+0.22%	1.3100	-	1.3300
AUDUSD	0.6505	0.6510	+0.23%	0.6500	-	0.6620
DXY	100.2	--	▼0.02%	98.5	-	100.5
USDCNY	7.1268	--	▼0.04%	7.0900	-	7.1500
USDCNH	7.1313	7.1294	▼0.05%	7.0900	-	7.1700
USDHKD	7.7745	7.7747	+0.00%	7.7600	-	7.8200
USDSGD	1.3070	1.3066	▼0.07%	1.2950	-	1.3100
USDKRW	1444	1441	+0.00%	1420	-	1440
USDTWD	30.94	--	+0.13%	30.60	-	31.10
USDINR	88.66	--	+0.00%	87.50	-	89.50
USDIDR	16705	--	+0.03%	16500	-	16800
USDMYR	4.192	4.196	▼0.13%	4.180	-	4.250
USDPHP	58.84	--	+0.53%	58.20	-	59.30
USDTHB	32.54	32.49	▼0.05%	32.2	-	33.0
USDVND	26322	26319	+0.01%	26250	-	26600

*Open is as at 8am HKT/SGT.

MARKET MOVES

Bond Yields	2Y Close	10Y Close	2Y Δ (bps)	10Y Δ (bps)
UST (US)	3.632	4.160	5.5	7.4
JGB (JP)	0.926	1.657	-1.0	-0.8
Bunds (GE)	2.002	2.672	0.8	1.9
Gilts (UK)	3.797	4.462	1.9	3.8
AGB (AU)	3.574	4.312	-4.2	-3.8
SGS (SG)	1.348	1.830	-1.4	-2.4
CGB (CN)	1.427	1.794	0.2	0.1
KGB (KR)	2.696	3.120	3.0	4.0
SDL (IN)	5.781	6.528	0.0	0.0

Cross FX	Close (NY)	Open*	Daily %Δ
EUR/JPY	177.12	177.13	+0.39%
GBP/JPY	201.125	201.105	+0.52%
JPY/SGD (100yen)	0.8481	0.848	▼0.36%
JPY/HKD (100yen)	5.045	5.0459	▼0.28%
CNH/JPY	21.626	21.62	+0.40%
CNH/HKD	1.091	1.0909	+0.06%
EUR/GBP	0.88056	0.88078	▼0.14%
AUD/NZD	1.1489	1.1488	▼0.07%
EUR/CNH	8.1956	8.196	+0.04%
GBP/CNH	9.3072	9.3053	+0.18%
CNY/HKD	1.091	1.0909	+0.06%
EUR/HKD	8.935	8.9378	+0.09%
SGD/HKD	5.9483	5.9503	+0.07%

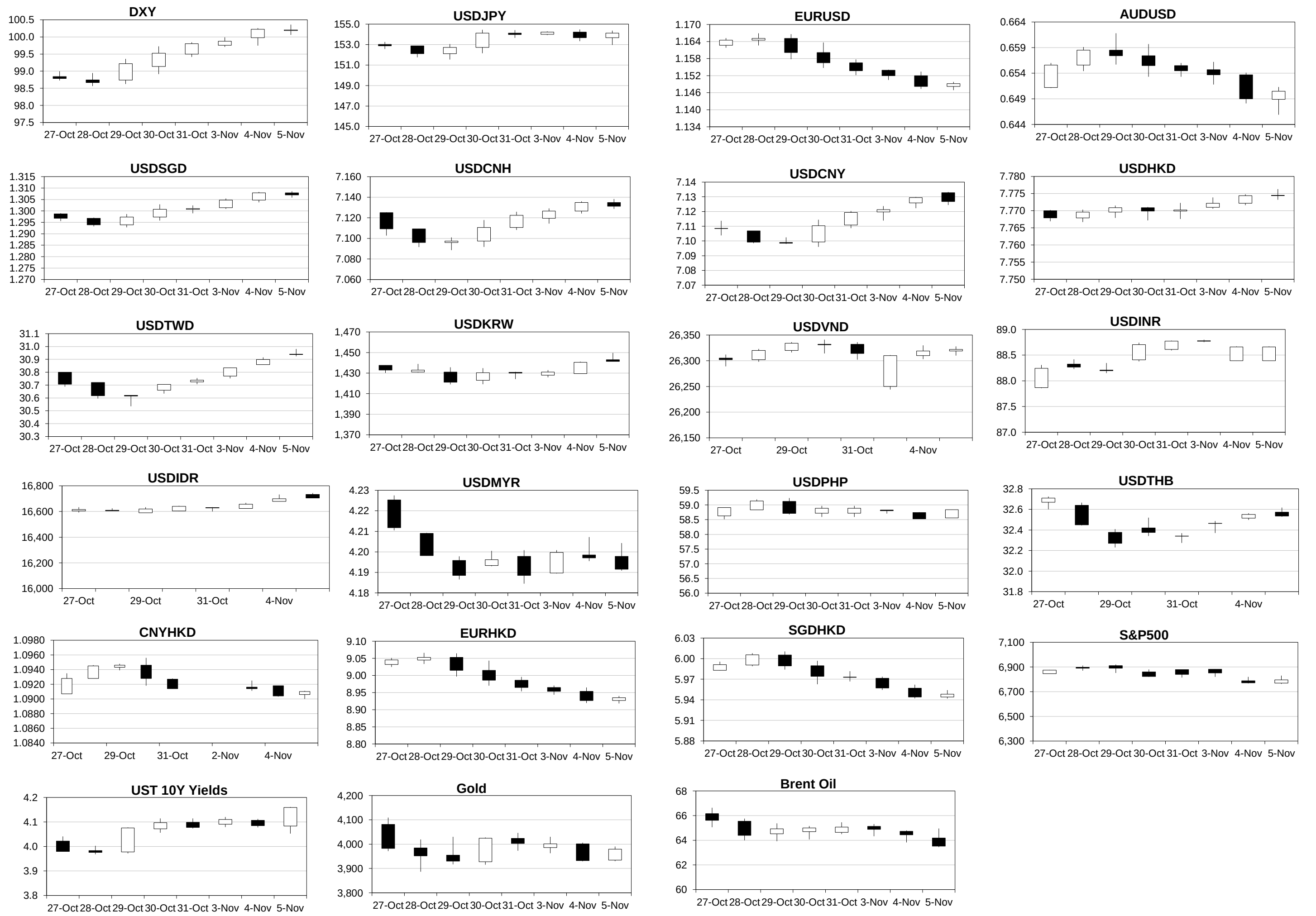
*Open is as at 8am HKT/SGT.

G3 Equities	Close	Net Chg	Daily %Δ
S&P500 (US)	6796.29	24.74	+0.37%
Nasdaq (US)	23499.8	151.16	+0.65%
DJIA (US)	47311	225.76	+0.48%
N225 (JP)	50212.27	-1284.93	▼2.50%
STOXX50 (EU)	5669.13	8.93	+0.16%

Asia Equities	Close	Net Chg	Daily %Δ
ASX (AU)	5265.74	31.92	+0.61%
STI (SG)	4417.12	-5.60	▼0.13%
SHCOMP (CN)	3969.248	9.06	+0.23%
SZCOMP (CN)	2497.887	11.10	+0.45%
HSI (HK)	25935.41	-16.99	▼0.07%
SENSEX (IN)	83459.15	0.00	+0.00%
JSE (ID)	8318.526	76.61	+0.93%
KLSE (MY)	1621.55	-1.95	▼0.12%
PSE (PH)	5818.06	-48.98	▼0.83%
SET (TH)	1295.29	-3.31	▼0.25%
VNINDEX (VN)	1654.89	0.00	+0.18%

Commodity	Close	Net Chg	Daily %Δ
COPPER (LME)	10,659.13	26.08	+0.25%
IRON ORE (CN)	104.33	-1.62	+0.16%
GOLD	3,979.57	47.48	+1.21%
SILVER	48.02	-0.11	▼2.56%
OIL (BRENT)	63.52	-0.92	▼1.43%
OIL (WTI)	59.60	-0.96	▼1.59%
NATURAL GAS	4.23	0.86	+1.82%

CHARTS



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