Mizuho Daily

Nov 28, 2025

Three Take-Aways

1) The UK budget, estimated to shave up to 0.5ppt off inflation next year, paves the way for a December rate cut by the BoE.

2) The rally in the CNH yesterday was short-lived, as the PBoC and onshore forces turned the tide amid a softer growth outlook.

3) Seasonal liquidity demand and thin aggregate balance have pushed short-tenor HIBOR sharply higher, creating temporary front-end volatility that should ease in early December.

MACRO THEME: Clear Path

- The UK's latest budget is expected to shave up to 0.5ppt off inflation in 2Q26, according to the Office for Budget Responsibility.

- Key measures include a freeze on rail fares, extended fuel duty relief, and initiatives to lower household energy bills.

- While the package was less aggressive than anticipated weeks ago, it nonetheless paves the way for a December cut by the BoE.

- With inflation hovering near 2% and signs of resilience across the eurozone, most ECB officials see little need to move rates from their current 2% level, according to the October meeting minutes released Thursday.

- Still, ECB officials flagged risks to inflation in both directions as factors that could alter the outlook.

***Yields & Equities** (US markets closed for Thanksgiving)*

***FX** (DXY: -0.06%)*

- USD/JPY still buoyed around 156 while EUR is testing 1.16.

China: Against the Tide

- Without any significant movement in the DXY, the CNH spot briefly touched 7.065 early yesterday morning, marking its strongest level in over a year.

- **The rally was short-lived**, though**, as onshore flows swiftly turned the tide** after the market opened on 9:30am.

- The PBoC set the daily fixing 0.05% weaker than the level implied by the CFETS model, a sharp contrast to previous weeks when fixings averaged about 0.4% stronger.

- Following this, both the CNY and CNH climbed back above 7.08 in the afternoon session.

- We maintain our view that **any significant appreciation of the CNH will be challenged by China's slowing growth momentum and the PBoC's preference for currency stability.**

- In fact, **high-frequency indicators show little sign of improvement in China's manufacturing and construction activity for November**.

- On the manufacturing side, the average operating rate for PTA production—a key feedstock for textiles and plastics—edged lower from October and more significantly compared to October last year.

- Similarly, crude steel and steel tire production declined compared to last month, underscoring a lackluster industrial backdrop.

- **Even with November's typically favorable seasonality, we expect the official Manufacturing PMI** (30 Nov) to remain flat at 49.0.

Hong Kong: Seasonal Demand Push Short-tenor HIBOR Higher

- Overnight HIBOR jumped 144bps to 3.37%, and 1-month rose 26.5bps to 3.24%, marking the fifth consecutive gain.

- One-week and two-week also firmed, reflecting acute short-term funding stress.

- 6-month and 12-month HIBOR edged lower, suggesting **the pressure is concentrated at the front end** rather than signaling a broad-based tightening cycle.

- **HKMA interventions to defend the currency peg during June-August have drained liquidity** (aggregate balance stood at HK$54.2bn), making HIBOR highly sensitive to marginal shifts in demand.

- Corporates and banks are boosting liquidity buffers ahead of month-end settlements, a recurring pattern when aggregate balance is thin. This seasonal demand spike is driving short-end volatility.

- Monetary policy backdrop remained supportive but lagged. Fed's dovish tilt and likely December rate cut should ease liquidity eventually.

- **This appears to be a temporary spike** rather than a structural shift. Short-end volatility is likely to persist through month-end as liquidity demand remains elevated, **but conditions should ease in early December** once settlement pressures fade and expectations of global monetary easing begin to filter through.

- Excluding the May–July anomaly driven by an unusual aggregate balance surge, the average spread between overnight SOFR and HIBOR in 2025 is about 100 bps.

- Based on this, **overnight HIBOR is expected to return to around 3% in early December as the temporary spike fades.**

Post BoK: Standing Pat, Not Hike

- For one, even though the BoK has removed their allusion to "maintain a rate cut stance" from their policy statement, it may be premature to call time on easing.

- The BoK has retained sufficient optionality by stating that they will decide whether and when to implement any further Base Rate cuts.

- For one, the extended runway stems from the need for both dis-inflation to set in and property prices growth to sustainably mellow.

- Despite the optimistic headlines of growth upgrades, with growth still below potential, easing remains on table.

- Even amid the semiconductor upcycle, growth is projected at 1.8% in 2026 after the upgrade and it is hard to envisage that there is no need for further easing given that average 2016-19 growth was at 3%.

- Lastly, this is certainly reflected by the fact that there was still 1 dissenter at this current meeting calling for a rate cut and half of the committee is still open to a rate cut in the next 3 months. All in, neutral policy leanings are restrains for KRW bears rather than catalyst for KRW bulls.

DATA/EVENTS

Yesterday	Actual	Exp.	Prior
(EZ) Consumer Confidence (Nov F)	-14.2	--	-14.2
Bank of Korea Base Rate	**2.50%**	**2.50%**	**2.50%**
(AU) Private Capital Expenditure (3Q)	6.40%	0.5%	0.2%
(CH) Industrial Profits YoY (Oct)	-5.5%	--	21.6%

Today	Actual	Exp.	Prior
(JP) Industrial Production MoM (Oct)	1.4%	-0.6%	2.6%
(JP) Job-to-Applicant Ratio/Jobless Rate (	1.18/2.6%	1.2/2.5%	1.2/2.6%
(JP) Retail Sales YoY (Oct)	1.7%	0.8%	0.5%
(IN) GDP YoY (3Q)		7.4%	7.8%
(KR) Industrial Production YoY (Oct)		-0.6%	11.6%
(TH) BoP Current Account Balance (Oct)		$500m	$1873m
(PH) Exports/Imports YoY (Oct)		13.4%/-5.3%	15.9%/2.1%
(TW) GDP YoY (3Q)		7.60%	7.64%

FX OUTLOOK

FX	Close (NY)	Open*	Daily %Δ	Forecast		
USDJPY	156.31	156.30	▼0.10%	155.00	-	158.50
EURUSD	1.1596	1.1600	+0.01%	1.1500	-	1.1700
GBPUSD	1.3240	1.3241	▼0.01%	1.3000	-	1.3300
AUDUSD	0.6534	0.6536	+0.25%	0.6450	-	0.6600
DXY	99.5	--	▼0.06%	98.5	-	100.5
USDCNY	7.0795	--	+0.05%	7.0700	-	7.1500
USDCNH	7.0744	7.0749	+0.08%	7.0700	-	7.1700
USDHKD	7.7793	7.7785	+0.01%	7.7600	-	7.8200
USDSGD	1.2973	1.2968	▼0.02%	1.2900	-	1.3050
USDKRW	1462	1462	+0.00%	1447	-	1485
USDTWD	31.33	--	▼0.04%	30.80		31.60
USDINR	89.31	--	+0.04%	88.00	-	89.70
USDIDR	16643	--	▼0.11%	16500	-	16800
USDMYR	4.132	4.128	▼0.12%	4.120	-	4.180
USDPHP	58.79	--	▼0.13%	58.50	-	59.30
USDTHB	32.24	32.22	+0.00%	32.0	-	32.5
USDVND	26375	26373	+0.00%	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)	3.477	3.995	0.0	0.0
JGB (JP)	0.968	1.795	0.0	-0.9
Bunds (GE)	2.025	2.679	0.9	0.9
Gilts (UK)	3.747	4.449	1.9	2.6
AGB (AU)	3.774	4.495	-3.1	-3.4
SGS (SG)	1.373	2.054	-0.1	0.7
CGB (CN)	1.430	1.844	0.0	0.8
KGB (KR)	2.745	3.253	0.0	0.0
SDL (IN)	5.780	6.463	0.6	1.2

Cross FX	Close (NY)	Open*	Daily %Δ
EUR/JPY	181.25	181.3	▼0.10%
GBP/JPY	206.959	206.942	▼0.11%
JPY/SGD (100yen)	0.8299	0.8297	+0.10%
JPY/HKD (100yen)	4.9769	4.9768	+0.12%
CNH/JPY	22.087	22.077	▼0.12%
CNH/HKD	1.0989	1.0987	▼0.03%
EUR/GBP	0.8758	0.8761	+0.01%
AUD/NZD	1.1405	1.1409	▼0.27%
EUR/CNH	8.2029	8.2069	+0.08%
GBP/CNH	9.3667	9.3675	+0.06%
CNY/HKD	1.0989	1.0987	▼0.03%
EUR/HKD	9.021	9.0231	+0.02%
SGD/HKD	5.9969	5.9982	+0.03%

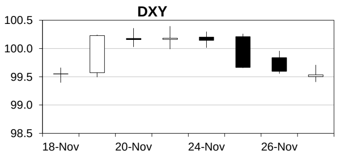
*Open is as at 8am HKT/SGT.

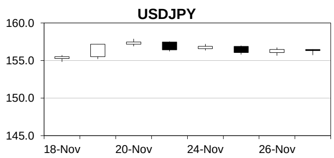
G3 Equities	Close	Net Chg	Daily %Δ
S&P500 (US)	6812.61	0.00	+0.00%
Nasdaq (US)	23214.69	0.00	+0.00%
DJIA (US)	47427.12	0.00	+0.00%
N225 (JP)	50167.1	608.03	+1.23%
STOXX50 (EU)	5653.17	-2.41	▼0.04%

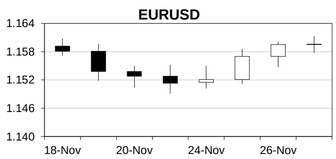
Asia Equities	Close	Net Chg	Daily %Δ
ASX (AU)	5226.42	6.91	+0.13%
STI (SG)	4509.34	7.78	+0.17%
SHCOMP (CN)	3875.26	11.08	+0.29%
SZCOMP (CN)	2430.54	-2.58	▼0.11%
HSI (HK)	25945.93	17.85	+0.07%
SENSEX (IN)	85720.38	110.87	+0.13%
JSE (ID)	8545.865	-56.26	▼0.65%
KLSE (MY)	1617.46	-7.04	▼0.43%
PSE (PH)	5969.13	-35.57	▼0.59%
SET (TH)	1252.71	-8.47	▼0.67%
VNINDEX (VN)	1684.32	0.00	+0.24%

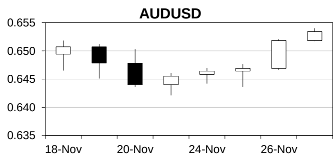
Commodity	Close	Net Chg	Daily %Δ
COPPER (LME)	10,956.06	-27.77	▼0.25%
IRON ORE (CN)	104.90	0.55	+0.00%
GOLD	4,157.61	-4.54	▼0.11%
SILVER	53.40	0.00	+0.00%
OIL (BRENT)	63.34	0.21	+0.33%
OIL (WTI)	58.65	0.00	+0.00%
NATURAL GAS	4.56	0.04	+0.07%

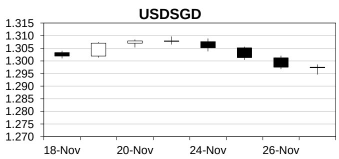
CHARTS

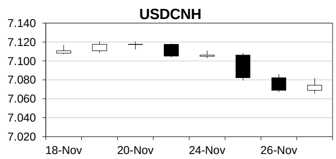


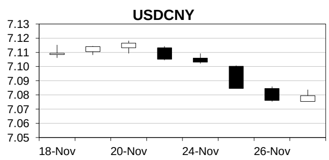


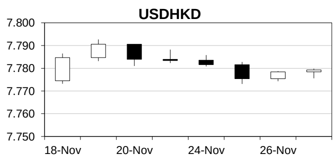


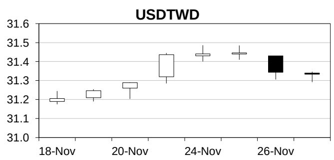


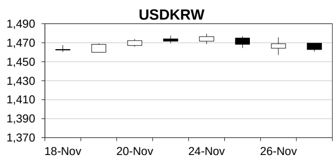


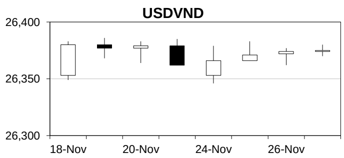


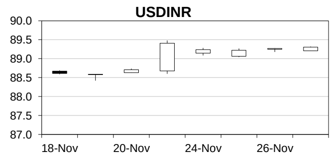


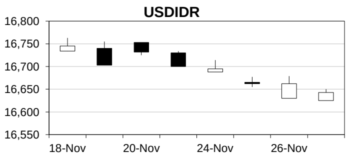


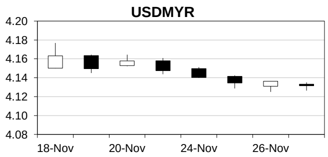


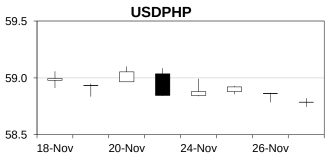


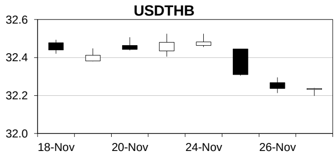


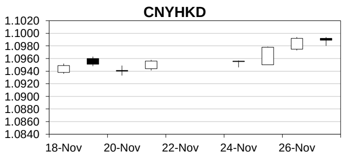


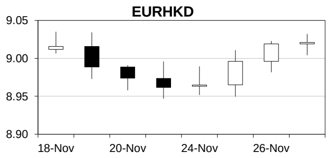


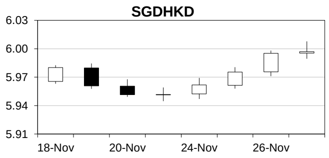


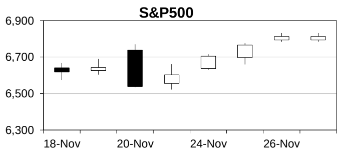


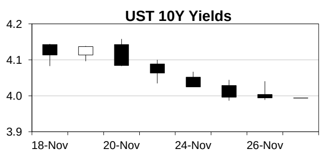


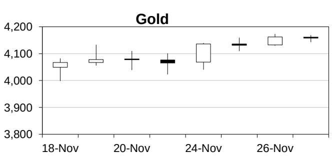


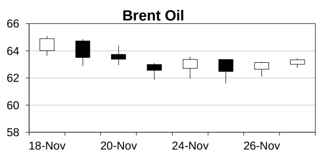












RESEARCH TEAM

Vishnu Varathan | Serena Zhou | Tan Boon Heng | Johnny Wong

MARKET COMMENTARY DISCLAIMER

THIS DOCUMENT IS NOT A RESEARCH REPORT AND IS NOT INTENDED AS SUCH.

Unless stated otherwise in the country specific distribution information below, this document has not been prepared in accordance with legal requirements in any country or jurisdiction designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. It is intended for informational purposes only and does not purport to make any investment recommendations.

This document has been prepared solely for the information of the intended recipients. Recipients in any jurisdiction should contact your usual Mizuho contact in relation to any matters arising from, or in connection, with this document.

This document has been prepared by Mizuho Bank, Ltd., Singapore Branch ("**MBSG**"), a full bank, exempt capital markets services entity and exempt financial adviser regulated by the Monetary Authority of Singapore ("**MAS**"), Mizuho Bank, Ltd., Hong Kong Branch ("**MBHK**"), a licensed bank regulated by the Hong Kong Monetary Authority, with business address at 12/F, K11 Atelier, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong, Mizuho Bank, Ltd., Sydney Branch, an authorised deposit-taking institution regulated by the Australian Prudential Regulation Authority and holder of an Australian financial services licence ("**MBAU**"), Mizuho Securities Asia Limited ("**MHSA**"), licensed and regulated by the Hong Kong Securities and Futures Commission and/or Mizuho Securities (Singapore) Pte. Ltd. ("**MHSS**"), a holder of a capital markets services licence and an exempt financial adviser regulated by the MAS, as the case may be.

This does not constitute investment or personal advice.

This document has been prepared solely for the purpose of supplying general market information and/or commentary for general information purposes to clients of MBSG, MBHK, MBAU, MHSA, MHSS and their affiliates (collectively, "**Mizuho**") to whom it is distributed, and does not take into account the specific investment objectives, financial situation or particular needs of any client or class of clients and it is not prepared for any client or class of clients.

This is not an offer or solicitation.

This document is not and should not be construed as an offer to buy or sell or solicitation to enter into any transaction or adopt any hedging, trading or investment strategy, in relation to any securities or other financial instruments.

Mizuho shall have no liability for contents.

This document has been prepared solely from publicly available information. Information contained herein and the data underlying it have been obtained from, or based upon, sources believed by Mizuho to be reliable, but no assurance can be given that the information, data or any computations based thereon are accurate or complete and Mizuho has not independently verified such information and data. Mizuho is not obliged to update any of the information and data contained in this document. Mizuho makes no representation or warranty of any kind, express, implied or statutory, regarding, but not limited to, the accuracy of this document or the completeness of any information contained or referred to in this document. Mizuho accepts no liability and will not be liable for any loss or damage arising directly or indirectly (including special, incidental or consequential loss or damage) arising from or in connection with any person's use or reliance of this document or the information contained in this document.

Information contained herein is no indication of future performance.

Some of the statements contained in this document may be considered forward-looking statements which provide current expectations or forecasts of futures events. Any opinions, projections, forecasts and estimates expressed in the document are solely those of Mizuho based on factors it considers relevant as at the date of the document and are subject to change without notice. Past performance is not indicative of future performance. Consequently, no expressed or implied warranty can be made regarding the projections and forecasts of future performance stated therein.

This material is confidential.

This document is intended for the exclusive use by the recipients, and is provided with the express understanding that the information contained herein will be regarded and treated as strictly confidential. All recipients may not reproduce or use this document in whole or in part, for any other purpose, nor disclose, furnish nor distribute this document to any other persons without the prior written permission of Mizuho. Any such reproduction, use, delivery or distribution in form or to any jurisdiction may be effected only in accordance with all applicable laws and regulations in the relevant jurisdiction(s).

Disclosure regarding potential conflicts of interest.

Mizuho, its connected companies, employees or clients may at any time, to the extent permitted by applicable law and/or regulation, take the other side of any order by you, enter into transactions contrary to any recommendations contained herein or have positions or make markets or act as principal or agent in transactions in any securities mentioned herein or derivative transactions relating thereto or perform or seek financial or advisory services for the issuers of those securities or financial instruments referred therein. Accordingly, Mizuho, its connected companies or employees may have a conflict of interest that could affect the objectivity of this document. This document has been prepared by employees who may interact with Mizuho's trading desks, sales and other related personnel when forming the views and contents contained within.

Financial instruments may not be for sale to all categories of investors.

There are risks associated with the financial instruments and transactions referred to in this document. Investors should not rely on any contents of this document in making any investment decisions and should consult their own financial, legal, accounting and tax advisors about the risks, the appropriate tools to analyse an investment and the suitability of an investment in their particular circumstances. Mizuho is not responsible for assessing the suitability of any investment. Investment decisions and the responsibility for any investments are the sole responsibility of the investor. Neither Mizuho nor of its directors, employees or agents accepts any liability whatsoever with respect to the use of this document or its contents.

WARNING: THE CONTENTS OF THIS DOCUMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO SUCH CONTENTS. THIS DOCUMENT IS NOT INTENDED TO CONSTITUTE ANY INVESTMENT, LEGAL, FINANCIAL, BUSINESS, ACCOUNTING, TAXATION OR OTHER ADVICE. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD SEEK PROFESSIONAL ADVICE FROM YOUR RELEVANT ADVISERS ABOUT YOUR PARTICULAR CIRCUMSTANCES. YOU ARE RESPONSIBLE FOR YOUR OWN INVESTMENT CHOICES.

This document is not directed to, or intended for distribution to or use by, any person who is a citizen or resident of, or entity located in, any locality, territory, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to or restricted by law or regulation. Persons or entities into whose possession this document comes should inform themselves about and observe such restrictions.

COUNTRY SPECIFIC DISTRIBUTION INFORMATION

Australia: This document is intended only for persons who are sophisticated or professional investors for the purposes of section 708 of the *Corporation Act 2001* (Cth) of Australia ("**Corporations Act**"), or "wholesale clients" for the purpose of section 761G of the Corporations Act. It is not intended for and should not be passed on, directly or indirectly, to other classes of persons/investors in Australia. In Australia, Mizuho Bank, Ltd. Sydney Branch ("**MBSO**") is an authorised deposit-taking institution regulated by the Australian Prudential Regulation Authority in accordance with the *Banking Act 1959* (Cth), and holds an Australian financial services licence number 231240 (**AFSL**). Mizuho Securities Asia Limited (ABRN 603425912) and Mizuho Securities (Singapore) Pte. Ltd. (ARBN 132105545) are registered foreign companies in Australia and are each exempt from the requirement to hold an AFSL under the *ASIC Corporations (Repeal and Transitional) Instrument 2023/588*. MHSA is licensed by the Hong Kong Securities and Futures Commission under Hong Kong laws and MHSS is licensed by the Monetary Authority of Singapore under Singapore laws, which laws differ from Australian laws respectively.

Costa Rica: Nothing in this document constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. This document is published solely for information purposes, it does not constitute an advertisement and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. In accordance with local laws, it does not constitute a public offering of securities under Regulations for Public Offering of Securities (National Counsel of Financial System Supervision, article 11 of Session Act 571-2006), and therefore cannot be understood and interpreted as an implicit or explicit offering that intends to place, issue, negotiate or trade securities transmitted by any means to the public or to certain groups. This document will not be disclosed to groups of more than 50 investors.

Guatemala: This document does not constitute an offering under the rules of the Ley del Mercado de Valores y Mercancías (Stock Exchange Act, Decree 34-96 of the Congress of the Republic of Guatemala), and any of its amendments, including without limitation, Decree 49-2008 of the Congress of the Republic of Guatemala, and its applicable regulation (Governmental Accord 557-97). The document will not be registered for public offering with the Securities Market Registry of Guatemala (Registro del Mercado de Valores y Mercancías), because the products will not be offered or sold: (1) to any person in an open market, directly or indirectly, by means of mass communication; (2) through a third party or intermediary to any individual person or entity that is considered an institutional investor, including entities that are under the supervision of the Guatemalan Superintendency of Banks (Superintendencia de Bancos), the Guatemalan banking regulator, the Guatemalan Social Security Institute (Instituto Guatemalteco de Seguridad Social) and its affiliates; (3) through a third party or intermediary to any entity or vehicle used for purposes of collective investment; or (4) to more than 35 individual persons or entities.

Hong Kong: This document, when distributed in Hong Kong ("**HK**"), is distributed by MHSA or MBHK, depending of the Mizuho entity which you are a client of.