Mizuho Daily

Jan 16, 2026

Three Take-Aways

1) Strong labor data and hawkish-leaning Fed rhetoric kept markets anchored on a policy pause in January.

2) The PBoC rolled out targeted support to shore up demand.

3) The BoK held hawkishly, but growth risks and FX volatility tempered market reaction.

MACRO THEME: **No Rush to Cut**

- US markets digested a combination of reassuring labor-market signals and firmer guidance from Federal Reserve officials, reinforcing expectations of a policy pause.

- **Initial jobless claims declined to 198k** in the week ending Jan. 10, **well below market expectations**.

- While seasonal factors continue to distort early-January data, the figures point to **limited post-holiday layoffs**, consistent with the Beige Book's depiction of **firms preferring to backfill positions rather than conduct broad job cuts**.

- Uncertainty around Fed leadership briefly raised questions about central-bank independence, but **Trump** said that he **has no plans to oust Powell** helped contain market concerns.

- **Fed officials reinforced a cautious policy stance.** Kansas City Fed President Jeff Schmid and Chicago Fed President Austan Goolsbee both argued for maintaining rates, emphasizing that further cuts risk undermining inflation credibility.

- Markets now view the January FOMC meeting as firmly skewed toward a hold, with the next rate cut unlikely before mid-year.

***Yields** (2Y: +5.4bp; 10Y: +3.8bp; 30Y: +1.2bp)*

***Equities** (Nasdaq: +0.2%; S&P 500: +0.3%; Dow: +0.6%)*

***FX** (DXY: +0.3%)*

China: Throw a Lifeline

- **The 25bp cut to structural relending rates** lowers funding costs for SMEs, private firms and agriculture, where credit transmission remains weakest.

- **The PBoC also cut the minimum down-payment for commercial property purchases to 30%** (from 50%) to help clear excess inventory in the office and commercial real-estate market.

- The central bank expanded its tech-innovation relending quota to RMB 1.2tn and widened support to private SMEs, **channeling credit toward higher-productivity sectors amid muted traditional borrowing.**

- Deputy Governor Zou Lan noted that **there remains "some space" for broad policy rate and RRR cuts**. He also emphasized that **China has "no need" to rely on RMB depreciation** and that authorities remain committed to preventing overshooting.

- Overall, yesterday's moves clearly signaled **a preference for targeted, precision easing rather than large-scale policy moves.**

Japan: No Turning Back

- Recent remarks BoJ Governor Kazuo Ueda reaffirm that the central bank **remains committed to gradual policy normalization**, despite heightened political uncertainty surrounding Prime Minister Sanae Takaichi's expected snap election.

- Ueda reiterated that the **BoJ will continue raising rates in line with improvements in the economy and inflation**, signalling the **recent market volatility has not altered BoJ's rate-hike trajectory**.

- The **USDJPY once slided toward 159.5** this week, reflecting a combination of political uncertainty, expectations of more aggressive fiscal stimulus, and doubts over BoJ's commitment in tightening.

- While Japan's finance **officials have stepped up warnings against speculative moves**, unilateral intervention is **unlikely to generate lasting support without a clearer BoJ tightening signal**.

- Concurrently, US Treasury Secretary Scott Bessent's comments on the undesirability of excessive FX volatility reinforce that both governments are **uneasy with one-way yen depreciation**.

- **Market still expects the next 25bps hike around mid-2026**, though some see **risks of an earlier move if yen weakness intensifies** inflationary pressure through higher import costs.

- Overall, the medium-term yen outlook hinges on factors including wage momentum and the BoJ's ability to credibly signal further normalisation, but near-term political and policy uncertainty is likely to keep the currency under pressure.

Post BoK: In Word and Deed

- The policy decision to stand pat while widely expected still leans hawkishly, albeit a marginal one.

- First, the **dropping of allusion to potential rates cuts** and the unanimity of the decision implies that there is a shift to neutral stance.

- Second, the extended hold was supported by Governor Rhee's revealing that 5 out of 6 members see high chance of a hold.

- Third, the AI cycle appears to have allowed enough confidence for the BoK to declare that "upside risks to growth have increased somewhat" within the statement.

- Lastly, even as there was **explicit reference to a weak KRW raising imported inflation risks** and FX volatility in itself as well as house prices in Seoul threatening financial stability, it may be too quick to call an end to BoK's easing cycle even though a H1 rate hold has been our base case.

- On balance, soft spots in the economy (which saw the BoK extending the Temporary Special Support program for individual and SMEs) may dovetail with softer semiconductor cycle in H2 that enables further monetary policy normalisation.

- Unsurprisingly, the **KRW has received little boost** from the BoK decision.

- In fact, gains from Bessent's rally call which said KRW weakness is out of line with Korea's economic fundamentals has been largely erased amid

DATA/EVENTS

Overnight	Actual	Exp.	Prior
(US) Initial Jobless Claims	198k	215k	208k
(US) Empire Manufacturing (Jan)	7.7	1.0	-3.9
(EZ) Industrial Production WDA YoY (No	2.5	2.0%	1.7%
(JP) PPI YoY (Dec)	2.4%	2.4%	2.7%
(IN) Exports/Imports YoY (Dec)	1.9%/8.8%	--	19.4%/-1.9%
(IN) Uemployment Rate (Dec)	4.8%	--	4.7%
(KR) BoK Base Rate	2.5%	2.5%	2.5%
(PH) Overseas Cash Remittances YoY (No	3.6%	3.0%	3.0%
Today	**Actual**	**Exp.**	**Prior**
(US) Industrial Production MoM (Dec)		0.1%	0.2%
(SG) Electronic/Non-oil Domestic Exports	24.9%/6.1%	--/10.1%	12.9%/11.5%
(MY) GDP/Annual YoY (4Q/2025 A)		5.4%/4.8%	5.2%/5.1%

FX OUTLOOK

FX	Close (NY)	Open*	Daily %Δ	Forecast		
USDJPY	158.63	158.61	+0.11%	157.00	-	160.00
EURUSD	1.1609	1.1609	▼0.30%	1.1580	-	1.1800
GBPUSD	1.3381	1.3381	▼0.46%	1.3200	-	1.3550
AUDUSD	0.6699	0.6701	+0.25%	0.6650	-	0.6800
DXY	99.3	--	+0.27%	98.5	-	99.5
USDCNY	6.9671	--	▼0.08%	6.9500	-	7.1000
USDCNH	6.9632	6.9635	▼0.10%	6.9500	-	7.1000
USDHKD	7.7973	7.7973	▼0.01%	7.7400	-	7.8300
USDSGD	1.2882	1.2880	+0.02%	1.2750	-	1.2950
USDKRW	1472	1468	+0.00%	1450	-	1485
USDTWD	31.58	--	▼0.11%	31.30		31.80
USDINR	90.30	--	+0.00%	89.20	-	91.00
USDIDR	16885	--	+0.15%	16650	-	17000
USDMYR	4.056	4.057	+0.17%	4.030	-	4.080
USDPHP	59.47	--	+0.04%	58.30	-	59.80
USDTHB	31.39	31.40	▼0.12%	31.2	-	31.7
USDVND	26270	26272	▼0.03%	26050	-	26600

*Open is as at 8am HKT/SGT.

MARKET MOVES

Bond Yields	2Y Close	10Y Close	2Y Δ (bps)	10Y Δ (bps)
UST (US)	3.566	4.171	5.4	3.8
JGB (JP)	1.177	2.156	0.8	-2.3
Bunds (GE)	2.096	2.818	2.3	0.5
Gilts (UK)	3.663	4.387	4.4	4.8
AGB (AU)	4.012	4.683	-2.2	-3.4
SGS (SG)	1.412	2.170	-1.2	0.6
CGB (CN)	1.417	1.845	-1.2	0.0
KGB (KR)	2.835	3.419	0.0	0.0
SDL (IN)	5.781	6.650	0.0	0.0

Cross FX	Close (NY)	Open*	Daily %Δ
EUR/JPY	184.16	184.12	▼0.20%
GBP/JPY	212.262	212.229	▼0.35%
JPY/SGD (100yen)	0.812	0.8121	▼0.10%
JPY/HKD (100yen)	4.9155	4.9162	▼0.12%
CNH/JPY	22.749	22.765	+0.12%
CNH/HKD	1.1192	1.1192	+0.09%
EUR/GBP	0.86755	0.86754	+0.15%
AUD/NZD	1.1666	1.1668	+0.37%
EUR/CNH	8.0831	8.0836	▼0.40%
GBP/CNH	9.3174	9.3179	▼0.58%
CNY/HKD	1.1192	1.1192	+0.09%
EUR/HKD	9.0518	9.0515	▼0.31%
SGD/HKD	6.0537	6.0538	▼0.01%

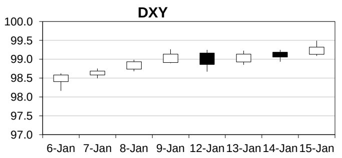
*Open is as at 8am HKT/SGT.

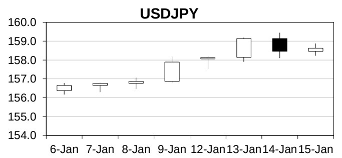
G3 Equities	Close	Net Chg	Daily %Δ
S&P500 (US)	6944.47	17.87	+0.26%
Nasdaq (US)	23530.02	58.27	+0.25%
DJIA (US)	49442.44	292.81	+0.60%
N225 (JP)	54110.5	-230.73	▼0.42%
STOXX50 (EU)	6041.14	36.09	+0.60%

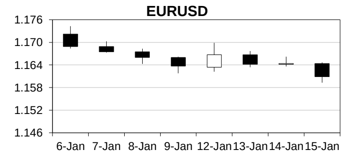
Commodity	Close	Net Chg	Daily %Δ
COPPER (LME)	13,143.60	-89.19	▼0.67%
IRON ORE (CN)	107.39	-0.46	▼0.56%
GOLD	4,616.15	-10.43	▼0.23%
SILVER	92.42	0.01	+0.26%
OIL (BRENT)	63.76	-2.76	▼4.15%
OIL (WTI)	59.19	-2.83	▼4.56%
NATURAL GAS	3.13	-0.74	▼0.80%

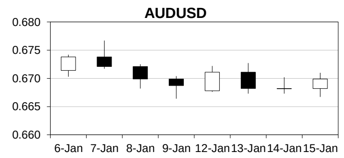
Asia Equities	Close	Net Chg	Daily %Δ
ASX (AU)	5518.66	34.69	+0.63%
STI (SG)	4833.34	20.83	+0.43%
SHCOMP (CN)	4112.601	-13.49	▼0.33%
SZCOMP (CN)	2689.923	-3.49	▼0.13%
HSI (HK)	26923.62	-76.19	▼0.28%
SENSEX (IN)	83382.71	0.00	+0.00%
JSE (ID)	9075.406	42.82	+0.47%
KLSE (MY)	1715.16	4.25	+0.25%
PSE (PH)	6487.53	97.72	+1.53%
SET (TH)	1261.39	17.09	+1.37%
VNINDEX (VN)	1864.8	-0.02	▼1.56%

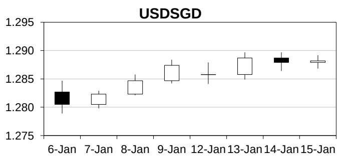
CHARTS

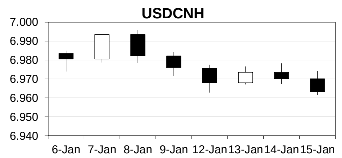


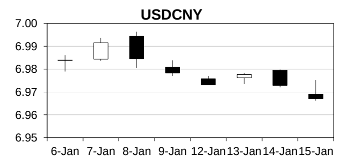


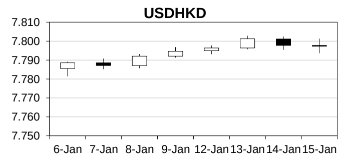


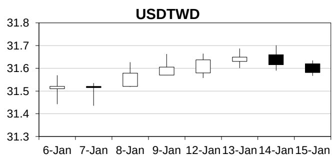


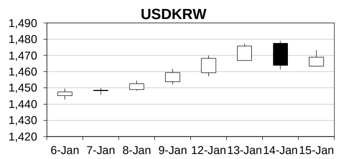


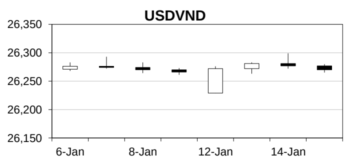


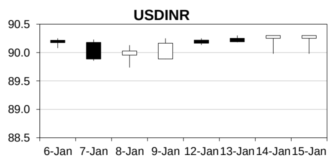


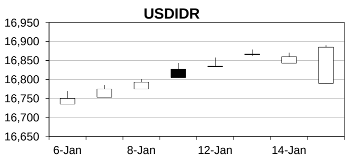


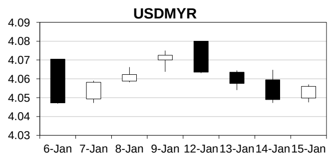


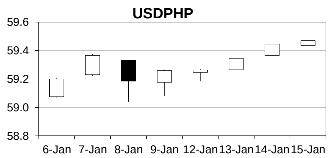


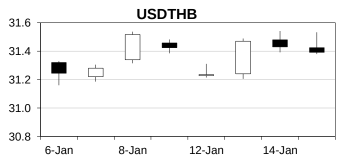


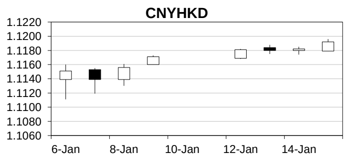


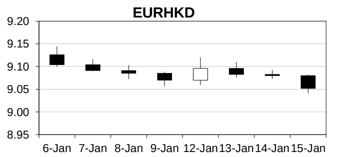


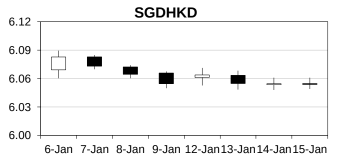


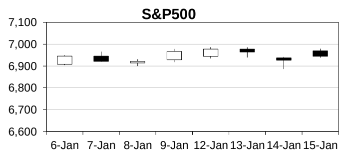


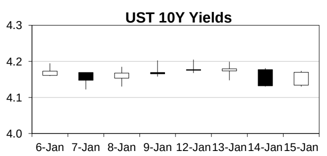


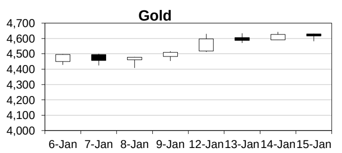


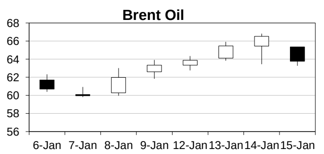












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