Mizuho Daily

Feb 24, 2026

Three Take-Aways

1) Risk-off sentiments prevailed amid heightened uncertainty from incessant AI fears, US trade policy and geopolitics.

2) The uncertainty in Trump's trade policy has resulted in suspension of trade deals ratification.

3) While a weakening USD has supported an IDR rebound, sustained recovery will require balancing the trade deal's commitments with still fragile fiscal position.

MACRO THEME: Haven Refuge on AI Scares

- US equities were broadly lower while USTs and gold gained, reflecting the market pricing in **heightened risk and uncertainty from US tariff policy and geopolitics and unyielding AI fears.**

- **AI disruption fears resurfaced**, with the latest victims being tech, delivery and payment companies after a little-known research report laid out hypothetical scenarios of potential AI risks and IBM shares sank 13% after Anthropic said its Claude Code can help modernise COBOL, a programming language mainly run on IBM computers. Software companies were hit by fears of being replaced by vibe code alternatives. Nonetheless, while barriers to software coding may have been reduced, other incumbency effects may still provide significant barriers to challenges while spurring incentives to improve productivity for industry leaders.

Suspension

- With the Trump administration's pivoting to a new 15% global tariff regime following a Supreme Court ruling, the uncertainties have suspended the **finalisation of trade deals with the US.** This also **resulted in renewed threats from President** Trump to impose higher tariffs on countries that "play games" with recent deals.

- **India has postponed a scheduled visit** to Washington to wrap up their interim deal while **EU suspended legislative work** on approving the EU-US accord on Monday, requesting clarity on the new trade policy. An EU assessment indicates that the 15% global tariff will be added to the levies that are already in place for specific exports such as dairy and chemicals, which will breach the 15% tariff ceiling previously agreed to in their trade deal. Both parties have indicated willingness to stick to the originally discussed trade deal, but the path forward remains unclear.

Geopolitical Shelter

- Oil prices remained steady as Trump stated that his preference was for a nuclear deal ahead of Thursday's talks in Geneva. However, tensions may have escalated slightly, as Trump also pushed back on reports that the Pentagon is concerned that an **extended military campaign** against Iran could be challenging, and the US has ordered an evacuation of all non-emergency personnel from the US Embassy in Beirut. For now, it seems like the market is not pricing in an all-out Iran war scenario. That said, this puts to question on the **durability and appropriateness of USTs' haven shelter** amid risk off sentiments.

***Yields** (2Y:-3.9bp; 10Y: -5.2bp; 30Y: -2.1bp)*

***Equities** (Nasdaq: -1.1%; S&P 500: -1.0%; Dow: -1.7%)*

***FX** (DXY: -0.1%)*

Post-Singapore CPI: Moderating Expectations

- Softer than expected core inflation at 1.0% YoY, from 1.2% YoY in December **pushed back against those hoping to affirm their expectations of a steep S$NEER slope in April.** This core inflation moderation came on the back of softer services inflation.

- While **headline inflation may have risen to 1.4% YoY in January** from the 1.2% outturn in December, **this was largely due to low base effects** as headline inflation declined 0.5% MoM.

- The YoY pickup in headline inflation was driven by increase in housing maintenance and repair costs offsetting the drop in petrol costs and car prices. Furthermore, the **latest Section 122 tariffs also pose significant uncertainty on the growth outlook** considering the potential that the baseline tariffs for Singapore's exports may face an increase from 10 to 15%. Admittedly, various exemptions also implies that key growth drivers such as electronics and pharmaceutical remain unscathed for now.

- All in, current developments point to the need for nimble policy making by the MAS, vigilant about risks on both inflation and growth.

Indonesia Update: Deal and Deficits

- US and Indonesia finalised a trade deal last week which will reduce US' tariffs on Indonesia's exports to 19% from 32%, with tariff exemptions for commodities (such as palm oil), pharmaceuticals and a quota mechanism for duties exemption of textiles and apparel. In return, Indonesia will purchase US$33bn worth of US energy, aviation and agricultural products. This **amount of purchase is in line** with regional peers (aside from Malaysia which had outsized commitments).

- Indonesia will also remove tariff barriers for over 99% of US products and exempt certain US goods from its local content requirements for government-funded projects.

- The deal also **retains focus on critical minerals** by requiring Indonesia to implement restrictions on 'excess production' by foreign-owned mineral processing facilities.

- Admittedly, **the deal is now put in doubt** amid the Section 122 tariff rates which may lead to a **delayed ratification**. That said, given that that the US is a key market Indonesia's apparel exports (55% share in 2025), **the deal to secure an outright tariff exemption may remain rather important to stabilise domestic employment**.

- Meanwhile, Indonesia's state budget deficit came in at 0.2% of GDP in January. While **revenue realisation remains largely in line with previous years, government spending has accelerated.** Given the sticky nature of government spending (free lunch programme), Indonesia will need to step up its revenue collections to assuage investors' concerns on its fiscal trajectory.

- While USD weakness provided cover for the IDR to gain, further recovery will hinge on balancing the concessions made in its trade deal and maintaining its fragile fiscal position.

DATA/EVENTS

Overnight	Actual	Exp.	Prior
(US) Dallas Fed Manf. Activity (Feb)	0.2	-0.5	-1.2
(GE) IFO Expectations/Business Climate (	90.5/88.6	90.0/88.3	89.5/87.6
(SG) CPI/Core YoY (Jan)	1.4%/1.0%	1.4%/1.5%	1.2%1.2%

Today	Actual	Exp.	Prior
(US) Conf. Board Consumer Confidence (Feb)		87.0	84.5
(US) Richmond Fed Manufact. Index (Feb)		--	-6.0
(CH) 1-Year/5-Year Loan Prime Rate		3.00%/3.50%	3.00%/3.50%
(KR) PPI YoY (Jan)		--	1.90%

FX OUTLOOK

FX	Close (NY)	Open*	Daily %Δ	Forecast		
USDJPY	154.65	154.66	▼0.26%	153.00	-	156.00
EURUSD	1.1785	1.1794	+0.01%	1.1600	-	1.1950
GBPUSD	1.3492	1.3497	+0.09%	1.3300	-	1.3700
AUDUSD	0.7056	0.7061	▼0.35%	0.7000	-	0.7200
DXY	97.7	--	▼0.09%	96.8	-	98.5
USDCNY	6.9049	--	+0.00%	6.8700	-	7.0200
USDCNH	6.8879	6.8889	▼0.14%	6.8500	-	7.0200
USDHKD	7.8194	7.8189	+0.06%	7.7500	-	7.8500
USDSGD	1.2663	1.2663	▼0.08%	1.2550	-	1.2710
USDKRW	1446	1443	+0.00%	1430	-	1460
USDTWD	31.44	--	▼0.22%	31.30	-	32.00
USDINR	90.88	--	▼0.11%	90.00	-	92.50
USDIDR	16794	--	▼0.47%	16700	-	17000
USDMYR	3.890	3.887	▼0.33%	3.870		3.950
USDPHP	57.58	--	▼0.98%	57.30	-	58.60
USDTHB	31.02	30.98	▼0.56%	30.8	-	31.5
USDVND	26068	26045	+0.38%	25700	-	26300

*Open is as at 8am HKT/SGT.

MARKET MOVES

Bond Yields	2Y Close	10Y Close	2Y Δ (bps)	10Y Δ (bps)
UST (US)	3.440	4.033	-3.9	-5.2
JGB (JP)	1.252	2.111	0.0	0.0
Bunds (GE)	2.033	2.710	-1.9	-2.7
Gilts (UK)	3.553	4.314	-1.6	-3.9
AGB (AU)	4.219	4.719	-2.2	-0.9
SGS (SG)	1.320	1.942	-0.6	0.0
CGB (CN)	1.359	1.783	0.0	0.0
KGB (KR)	2.891	3.544	0.0	0.0
SDL (IN)	5.700	6.697	0.0	-2.4

Cross FX	Close (NY)	Open*	Daily %Δ
EUR/JPY	182.28	182.39	▼0.22%
GBP/JPY	208.653	208.73	▼0.16%
JPY/SGD (100yen)	0.8187	0.8188	+0.20%
JPY/HKD (100yen)	5.0556	5.0557	+0.33%
CNH/JPY	22.365	22.398	▼0.28%
CNH/HKD	1.1324	1.1324	+0.05%
EUR/GBP	0.87344	0.87382	▼0.08%
AUD/NZD	1.1846	1.1846	▼0.05%
EUR/CNH	8.1162	8.1244	▼0.14%
GBP/CNH	9.2955	9.2976	▼0.02%
CNY/HKD	1.1324	1.1324	+0.05%
EUR/HKD	9.2151	9.2212	+0.08%
SGD/HKD	6.1753	6.1746	+0.15%

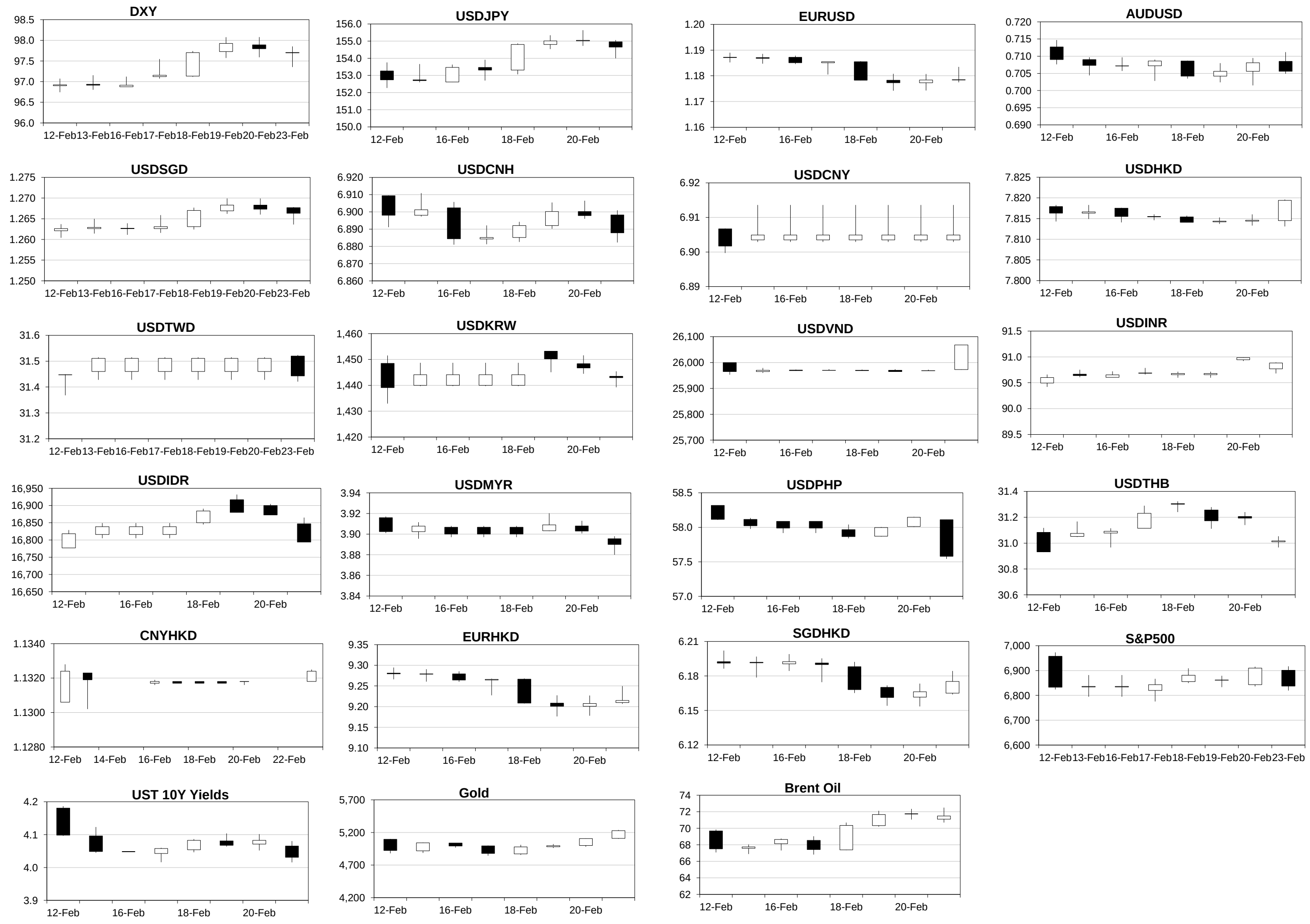
*Open is as at 8am HKT/SGT.

G3 Equities	Close	Net Chg	Daily %Δ
S&P500 (US)	6837.75	-71.76	▼1.04%
Nasdaq (US)	22627.27	-258.80	▼1.13%
DJIA (US)	48804.06	-821.91	▼1.66%
N225 (JP)	56825.7	0.00	+0.00%
STOXX50 (EU)	6113.92	-17.39	▼0.28%

Commodity	Close	Net Chg	Daily %Δ
COPPER (LME)	12,784.90	-96.05	▼0.75%
IRON ORE (CN)	98.46	-0.14	+0.26%
GOLD	5,227.42	119.97	+2.35%
SILVER	88.20	-0.06	▼2.03%
OIL (BRENT)	71.49	-0.27	▼0.38%
OIL (WTI)	66.31	-0.08	▼0.12%
NATURAL GAS	2.99	3.55	+4.20%

Asia Equities	Close	Net Chg	Daily %Δ
ASX (AU)	5738.48	-6.73	▼0.12%
STI (SG)	5041.33	23.73	+0.47%
SHCOMP (CN)	4082.073	0.00	+0.00%
SZCOMP (CN)	2680.393	0.00	+0.00%
HSI (HK)	27081.91	668.56	+2.53%
SENSEX (IN)	83294.66	479.95	+0.58%
JSE (ID)	8396.082	124.32	+1.50%
KLSE (MY)	1757.98	5.15	+0.29%
PSE (PH)	6488.51	23.39	+0.36%
SET (TH)	1480.24	0.53	+0.04%
VNINDEX (VN)	1860.14	0.02	+1.98%

CHARTS



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