# Mizuho Daily

**Mar 05, 2026**

## Three Take-Aways

**1) Market sentiments saw a rebound on robust US economic data, although uncertainty from US tariff policy and geopolitics put recovery at risk.**

**2) Despite US likely to step up Section 122 tariffs to 15%, reported EU receiving US' assurances of keeping to a 10% tariff is far from certain given deviation from earlier trade deal.**

**3) Given Philippines' heavy reliance on imported energy, higher oil prices will continue to weigh on the PHP, and BSP's rate cut prospects diminished but not eliminated given inclination to support growth.**

**MACRO THEME:** Risky Rebound

- US equities rebounded on robust US economic data, offsetting earlier weakness due to the US/Israel-Iran conflict.

- However, oil prices remained volatile as the conflict between US/Israel and Iran showed no signs of abating, with a US submarine sinking an Iranian warship off Sri Lanka and NATO shooting down an Iranian missile bound for Turkey. Outright NATO involvement may be restrained given escalation risks.

- A report of Iran's Ministry of Intelligence reaching out indirectly to US to end the war was denied by Iran and US officials remained skeptical about Iran offramp.

- Even as Iran's offensive capabilities are said to be diminished, **US officials continue to state a wide range of possibilities of the duration of this military operation from three to eight weeks.**

- Iran's leadership wipe out also implies that conflicting messages about negotiations may be par for the course.

### Robust US Economic Data

- **Private sector payrolls data surprised to the upside**, indicating some stabilisation in the labour market after last year's employment data that showed that it was one of the worst years for hiring.

- The ISM Services PMI came in higher than expected at 56.1, marking a substantial increase from January's 53.8 and is the 20th consecutive month of expansion for the sector.

- The New Orders Index registered the biggest increase, suggesting that domestic demand remains more robust than anticipated while the Prices Index dropped to 63.0 (from 66.6).

- Employment sub-index also came in higher than expected. The data indicates **some degree of economic resilience in the labour and services sector and cooling but sticky services inflation**, which might have reduced the immediate pressure on the Federal Reserve to consider rate cuts, aiding front end UST yields higher.

### US Tariffs Set to Worsen?

- Furthermore, tariff threats add to the simmering stagflation worries from the geopolitical situation. US Treasury Secretary Scott Bessent confirmed that **a 15% global tariff is** slated for a rollout this week, following the imposition of a global tariff of 10% under Section 122.

- As the tariffs are only allowed to last for 150 days under Section 122, the administration intends to wrap up investigations into national security (Section 232) and unfair trade (Section 301), which could lead to permanent tariffs.

- Despite this, EU said that it received assurances that US will keep to a universal 10% tariff for its exports.

- This could potentially be a positive for the EU, as it would be an improvement over 15% tariff negotiated in a trade deal last summer that also removed tariffs on US goods heading into EU.

- However, there should be a degree of caution given the divergence compared to trade deals with major trading partners such as Japan.

***Yields*** *(2Y: +4.1bp; 10Y:+3.7bp; 30Y: +3.0bp)*

***Equities*** *(Nasdaq: +1.3%; S&P 500: +0.8%; Dow: +0.5%)*

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

- USD/JPY has slipped towards mid-156. EUR hovering just below mid-1.16.

- AUD somewhat more buoyant to recovery above mid-70 cents with Q4 GDP coming in rather robust with domestic demand firm.

### Philippines: Pressured PHP

- After a good performance last week on perceptions of BSP's easing cycle nearing its end, the PHP reversed its gains and more to lead losses amongst EM-Asia FX this week amid heightened uncertainty and risk off sentiments.

- The PHP remains under pressure due to the country's heavy reliance on energy imports with net energy imports accounting for more than half of it domestic energy consumption.

- Should energy prices continue to be elevated, it will likely drive headline inflation higher in the months ahead, exacerbated by low base effects to test 3% in Q2.

- While there are **automatic fuel subsidies** for the transport and agriculture sectors if oil prices exceed US$80/barrel, President Marcos Jr is seeking emergency powers from Congress to temporarily reduce or suspend excise duties on fuel. This is likely to cost PHP 300bn per year or about 1% of GDP.

- Any prolonged loss in tax revenue will move the country **further away from its fiscal consolidation target**. Philippines' fiscal deficit has improved to 5.6% of GDP in 2025 from 5.7% in 2024 but fell short of its 5.5% deficit target. This was caused by a massive spike in December spending (25.6% higher than average monthly spending for Jan - Nov in 2025) and revenues that were 19.3% lower than average.

- Looking ahead, even as energy costs marginally reduces the odds of a rate cut by the BSP, their **historically dovish tilt imply that a rate cut cannot be taken off the table for Q2**. That said, a reconsideration of this accommodative stance is warranted if oil-driven inflation threatens to consistently breach the upper bound of its inflation target of 4%. As for the PHP, it is expected to remain pressured amid elevated energy prices.

## DATA/EVENTS

| Overnight | Actual | Exp. | Prior |
|---|---|---|---|
| (US) ADP Employment Change (Feb) | 63k | 50k | 22k |
| (US) ISM Services/Prices Paid (Feb) | 56.1/63.0 | 53.5/67.8 | 53.8/66.6 |
| (EZ) Unemployment Rate (Jan) | 6.1% | 6.2% | 6.2% |
| (CH) Mfg/Non-Mfg PMI (Feb) | 49.0/49.5 | 49.2/49.7 | 49.3/49.4 |
| **(AU) GDP YoY/SA QoQ (4Q)** | **2.6%/0.8%** | **2.3%/0.8%** | **2.1%/0.4%** |
| (KR) Industrial Production YoY (Jan) | 7.1% | 3.2% | -0.3% |
| (TW) Export Orders YoY (Jan) | 60.1% | 54.5% | 43.8% |
| **(CH) China's Two Sessions 2026** | | | |
| **Today** | **Actual** | **Exp.** | **Prior** |
| (US) Fed Releases Beige Book | | | |
| (US) Initial Jobless Claims | | 215k | 212k |
| (EZ) Retail Sales YoY (Jan) | | 1.7% | 1.3% |
| (SG) Retail Sales/Ex Auto YoY (Jan) | | -- | 2.7%/1.7% |
| (AU) Trade Balance (Jan) | A$2631m | A$3800m | A$3373m |
| **(MY) BNM Overnight Policy Rate** | | **2.75%** | **2.75%** |
| **(TH) CPI/Core YoY (Feb)** | | **-0.6%/0.5%** | **-0.7%/0.6%** |
| **(PH) CPI YoY (Feb)** | **2.4%** | **2.4%** | **2.0%** |
| (TW) Industrial Production YoY (Jan) | | 28.9% | 21.6% |

## FX OUTLOOK

| FX | Close (NY) | Open* | Daily %Δ | Forecast | | |
|---|---|---|---|---|---|---|
| USDJPY | 157.06 | 156.99 | ▼0.43% | 155.50 | - | 158.50 |
| EURUSD | 1.1634 | 1.1635 | +0.18% | 1.1550 | - | 1.1750 |
| GBPUSD | 1.3375 | 1.3370 | +0.13% | 1.3200 | - | 1.3550 |
| AUDUSD | 0.7075 | 0.7076 | +0.55% | 0.7030 | - | 0.7180 |
| DXY | 98.8 | -- | ▼0.29% | 98.0 | - | 99.5 |
| USDCNY | 6.8971 | -- | ▼0.30% | 6.8500 | - | 6.9500 |
| USDCNH | 6.8951 | 6.8917 | ▼0.35% | 6.8500 | - | 6.9500 |
| USDHKD | 7.8181 | 7.8173 | +0.17% | 7.7800 | - | 7.8500 |
| USDSGD | 1.2752 | 1.2749 | ▼0.14% | 1.2600 | - | 1.2850 |
| USDKRW | 1461 | 1463 | +0.00% | 1455 | - | 1485 |
| USDTWD | 31.71 | -- | +0.27% | 31.20 | | 31.90 |
| USDINR | 92.15 | -- | +0.74% | 90.90 | - | 93.00 |
| USDIDR | 16885 | -- | +0.17% | 16750 | - | 17000 |
| USDMYR | 3.944 | 3.940 | ▼0.06% | 3.900 | | 3.990 |
| USDPHP | 58.59 | -- | +0.28% | 57.90 | - | 59.00 |
| USDTHB | 31.44 | 31.59 | ▼0.01% | 31.3 | - | 31.9 |
| USDVND | 26202 | 26215 | +0.07% | 26000 | - | 26400 |

*Open is as at 8am HKT/SGT.

## MARKET MOVES

| Bond Yields | 2Y Close | 10Y Close | 2Y Δ (bps) | 10Y Δ (bps) |
|---|---|---|---|---|
| UST (US) | 3.550 | 4.098 | 4.1 | 3.7 |
| JGB (JP) | 1.226 | 2.110 | -2.3 | -2.2 |
| Bunds (GE) | 2.128 | 2.749 | -2.2 | -0.2 |
| Gilts (UK) | 3.700 | 4.439 | -3.0 | -3.1 |
| AGB (AU) | 4.271 | 4.747 | -3.9 | -2.4 |
| SGS (SG) | 1.357 | 1.958 | -0.3 | -0.2 |
| CGB (CN) | 1.334 | 1.795 | -1.4 | -0.6 |
| KGB (KR) | 2.982 | 3.584 | 0.0 | 0.0 |
| SDL (IN) | 5.646 | 6.673 | 3.3 | -0.2 |

| Cross FX | Close (NY) | Open* | Daily %Δ |
|---|---|---|---|
| EUR/JPY | 182.72 | 182.65 | ▼0.23% |
| GBP/JPY | 210.063 | 209.889 | ▼0.29% |
| JPY/SGD (100yen) | 0.8119 | 0.8121 | +0.28% |
| JPY/HKD (100yen) | 4.9779 | 4.9796 | +0.61% |
| CNH/JPY | 22.787 | 22.762 | ▼0.00% |
| CNH/HKD | 1.1336 | 1.1335 | +0.47% |
| EUR/GBP | 0.87001 | 0.87023 | +0.06% |
| AUD/NZD | 1.191 | 1.1917 | ▼0.31% |
| EUR/CNH | 8.0219 | 8.0185 | ▼0.17% |
| GBP/CNH | 9.2217 | 9.2142 | ▼0.20% |
| CNY/HKD | 1.1336 | 1.1335 | +0.47% |
| EUR/HKD | 9.0958 | 9.0954 | +0.36% |
| SGD/HKD | 6.1316 | 6.1317 | +0.33% |

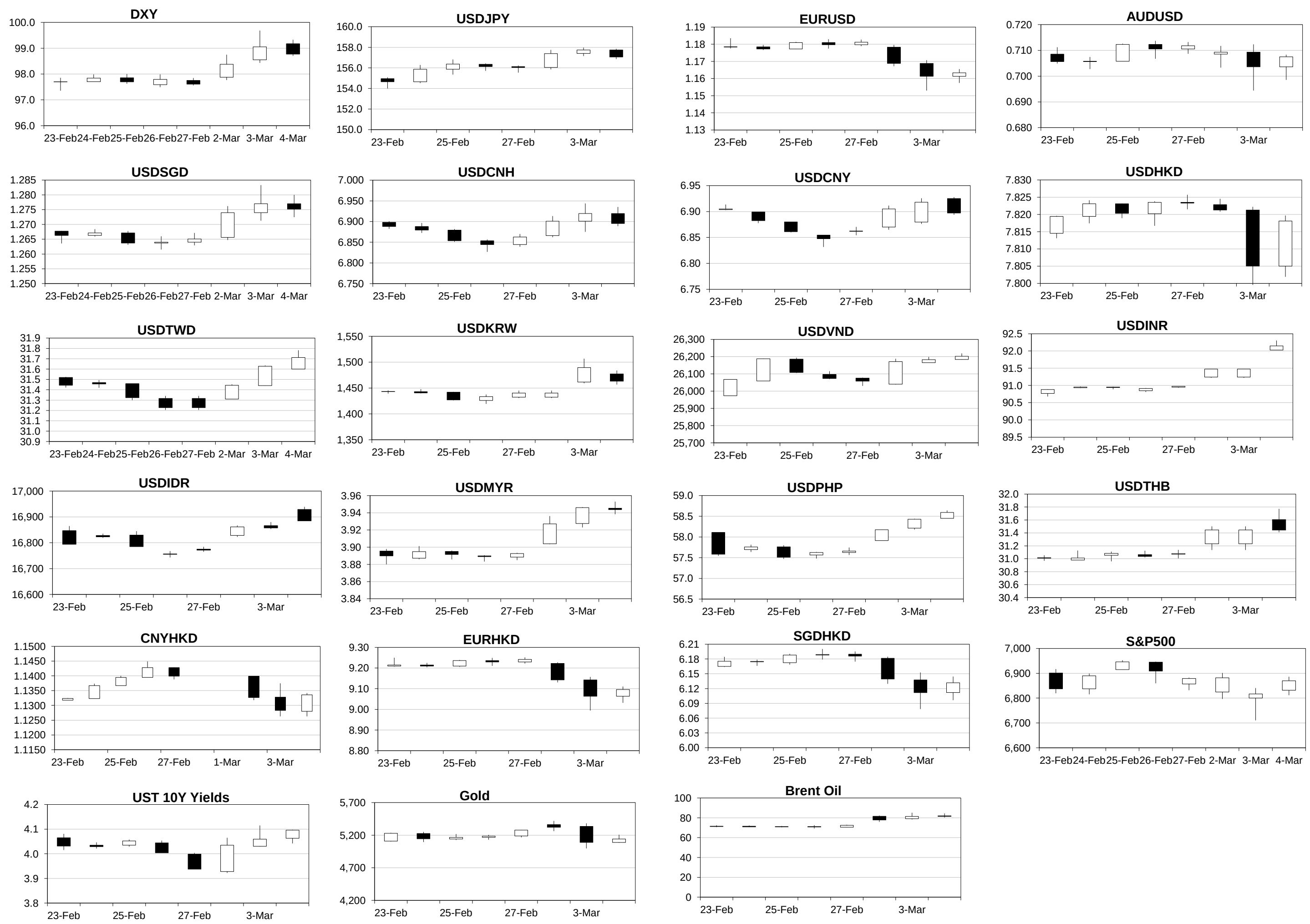
*Open is as at 8am HKT/SGT.

| G3 Equities | Close | Net Chg | Daily %Δ |
|---|---|---|---|
| S&P500 (US) | 6869.5 | 52.87 | +0.78% |
| Nasdaq (US) | 22807.48 | 290.79 | +1.29% |
| DJIA (US) | 48739.41 | 238.14 | +0.49% |
| N225 (JP) | 54245.54 | -2033.51 | ▼3.61% |
| STOXX50 (EU) | 5870.92 | 99.19 | +1.72% |

| Commodity | Close | Net Chg | Daily %Δ |
|---|---|---|---|
| COPPER (LME) | 13,038.47 | 127.42 | +0.99% |
| IRON ORE (CN) | 99.60 | 0.57 | ▼0.02% |
| GOLD | 5,140.36 | 51.53 | +1.01% |
| SILVER | 83.55 | -0.14 | ▼4.49% |
| OIL (BRENT) | 81.40 | 0.00 | +0.00% |
| OIL (WTI) | 74.66 | 0.10 | +0.13% |
| NATURAL GAS | 2.92 | 1.53 | +1.86% |

| Asia Equities | Close | Net Chg | Daily %Δ |
|---|---|---|---|
| ASX (AU) | 5664.6 | 45.32 | +0.81% |
| STI (SG) | 4812.75 | -103.90 | ▼2.11% |
| SHCOMP (CN) | 4082.474 | -40.20 | ▼0.98% |
| SZCOMP (CN) | 2641.79 | -14.02 | ▼0.53% |
| HSI (HK) | 25249.48 | -518.60 | ▼2.01% |
| SENSEX (IN) | 79116.19 | -1122.66 | ▼1.40% |
| JSE (ID) | 7577.064 | -362.70 | ▼4.57% |
| KLSE (MY) | 1698.22 | -13.73 | ▼0.80% |
| PSE (PH) | 6307.84 | -137.54 | ▼2.13% |
| SET (TH) | 1384.61 | -81.90 | ▼5.58% |
| VNINDEX (VN) | 1818.27 | 0.00 | +0.28% |

## CHARTS

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