Mizuho Daily

Mar 10, 2026

Three Take-Aways

1) Oil markets whipsawed after Trump signaled the Iran war will end soon, while the G7 signaled readiness to release strategic reserves if needed.

2) Saudi Arabia has begun cutting oil output and rerouting exports via alternative Red Sea pipelines at lower volumes. Rerouting inefficiencies lead to lower supplies inevitably.

3) Asian governments have rolled out measures in response to higher oil prices, Indonesia's fixed price mechanism sharpens tradeoff between fiscal vulnerabilities and social stability.

MACRO THEME: Oil Whipsaw

- Oil prices were volatile overnight, with Brent crude prices almost hitting US$120/barrel before plunging to below US$90/barrel while US equities markets erased losses after Trump's comments this morning. Trump said the war with Iran would **resolve "very soon"** but **not within this week,** insisting the operation was ahead of schedule. He also said he is "thinking about taking it over" regarding the Strait of Hormuz.

- Although no specific plans were elaborated, Trump's comments were sufficient to calm markets. However, this could be **only a short-term reprieve and does not eliminate upside risks to oil prices** if there is no lasting de-escalation of the conflict and credible reopening of the Strait of Hormuz.

- **Iran provided no signs of de-escalation**, with the Iranian Revolutionary Guard Corps issuing a statement that it will offer passage through the Strait of Hormuz to any Arab or European country that expels US and Israeli ambassadors.

G7: Coordinated But Cautious

- The G7 said they are committed to monitoring energy markets and coordinating stockpile releases if needed, but French Finance Minister emphasised the group is **'not there yet**' in terms of pulling the trigger after an emergency meeting.

- The release of oil reserves has occurred only five times historically, including twice in 2022 in response to Russia's invasion of Ukraine. This suggests the bar is high but could be appropriate given the scale of the current disruption.

- US' stance is reported to be for a joint release of 400m barrels of crude, which is equivalent to 20 days' supply of oil that passes through the Straits of Hormuz.

Saudi Arabia: Cutting Output, Rerouting Supply

- Saudi Arabia has begun reducing oil production, joining fellow OPEC nations UAE, Kuwait and Iraq in output cuts.

- It is diverting shipments through Yanbu in the Red Sea, bypassing Hormuz, but the pipeline has capacity for only 5m barrels per day against its total export volumes of around 7m before the conflict began, leaving a meaningful supply shortfall.

- The inevitable cut in production by the world's second largest oil producer due to impending storage concerns could further exacerbate supply disruption if the conflict is not resolved soon.

Yields *(2Y: -2.4bp; 10Y: -4.2bp; 30Y: -4.4bp)*

Equities *(Nasdaq: +1.4%; S&P 500: +0.8%; Dow: +0.5%)*

FX *(DXY: +0.2%)*

Asia: Oil Price Vulnerabilities Abound

- Risk off sentiments swept through Asian markets yesterday with both currencies and equities retreating as Brent Crude prices surged past US$100/barrel, demonstrating investors' concerns regarding the region's vulnerability to elevated energy costs.

- In response to higher oil prices, Asian governments have rolled out a series of measures which include diversification of fuel imports to outside Middle East, suspension of oil exports as well as possible price controls in Northeast Asia and reduction/suspension of fuel taxes in Vietnam and Philippines.

Country	Measures	Oil Stockpile (in days)
Japan	1. Instructed oil storage bases to make preparations for release of oil reserves 2. Considering cap on gasoline price	254
Korea	1. Working to introduce cap on fuel price this week 2. Considering expanding fuel tax cuts 3. May consider fuel export controls if situation prolongs	208
Taiwan	1. Weekly cap on domestic fuel price increase to 5% 2. Potential freezing of electricity tariffs 3. Increase purchase of non-Middle Eastern Oil	146
Thailand	1. Suspended oil exports 2. Oil traders' mandated increase stockholdings from 1-3% 3. Diesel price freeze for 15 days.	60
Philippines	1. Proposed to suspend excise tax on oil imports 2. Philippines companies in talks to source oil and lock in orders from the Americas, Australia and Africa	57
Vietnam	Tariff cut for disel, fuel oil, jet fuel and kerosense from 7% to 0%, unleaded motro gasoline and blending parts from 10% to 0%.	56
India	Importing oil from Russia	50
Australia	Monitoring of Price Gouging	36
Indonesia	Warned of possible increase in subsidised fuel price	23
Malaysia	Hold subsidised price of RON95 petrol at RM1.99 till May 2026.	Data not available

*Taiwan data dated in 2022 but is above 90 days as of regulatory requirement. Vietnam estimated using full capacity.

- A quick glance across responses in the region **reveal differing market mechanisms and fiscal vulnerabilities**.

- Amid recent unfavourable headlines, Indonesia's warning of the possible need to raise fuel prices highlight both its accentuated subsidy burden due to fixed prices, as well as the underlying need to maintain a delicate balance between fiscal position, social welfare and stability. Inevitably, a possible tail risk from fuel price hike would be public unrests, similar to those seen in 2022 when fuel subsidies were reduced following spikes in oil prices as a result of Russia's invasion of Ukraine.

- All in, most measures in Asia come with a fiscal cost with potential payback down the road. If oil prices remain elevated for a prolonged period, most countries would likely face a deterioration of their fiscal position to varying extents.

DATA/EVENTS

Overnight	Actual	Exp.	Prior
(EZ) Sentix Investor Confidence (Mar)	-3.1	-3.0	4.2
(JP) BoP Current Account Balance (Jan)	¥941.6b	¥960.0b	¥728.8b
(JP) Coincident/Leading Index CI (Jan P)	116.8/112.4	116.9/113.0	114.3/111.0
(JP) Eco Watchers Survey Current/Outlook SA	48.9/50.0	48.0/50.6	47.6/50.1
(JP) Labor/Real Cash Earnings YoY (Jan)	3.0%/1.4%	2.4%/0.9%	2.4%/-0.1%
(CH) CPI/PPI YoY (Feb)	**1.3%/0.9%**	**0.9%/-1.1%**	**0.2%/-1.4%**
(ID) Consumer Confidence Index (Feb)	125.2	--	127.0
(TW) Exports/Imports YoY (Feb)	20.6%/6.8%	35.5%/11.0%	69.9%/63.6%

Today	Actual	Exp.	Prior
(US) Existing Home Sales (Feb)		3.88m	3.91m
(JP) GDP Annualized SA QoQ (4Q F)	**1.3%**	**1.0%**	**0.2%**
(CH) Trade Balance YTD (Feb)		$176.1b	-
(CH) Exports/Imports YTD YoY (Feb)		7.1%/6.4%	-
(AU) Westpac Consumer Conf SA MoM (Mar)	1.2%	--	-2.6%
(KR) GDP YoY/SA QoQ (4Q P)	**1.6%/-0.2%**	**1.5%/-0.3%**	**1.5%/-0.3%**
(MY) Industrial Production YoY (Jan)		5.0%	4.8%

FX OUTLOOK

FX	Close (NY)	Open*	Daily %Δ	Forecast		
USDJPY	157.67	157.87	▼0.07%	157.00	-	159.50
EURUSD	1.1636	1.1617	+0.15%	1.1500	-	1.1650
GBPUSD	1.3437	1.3424	+0.18%	1.3250	-	1.3500
AUDUSD	0.7076	0.7068	+0.65%	0.7000	-	0.7100
DXY	99.2	--	+0.19%	98.0	-	100.0
USDCNY	6.9070	--	+0.03%	6.8500	-	6.9500
USDCNH	6.8875	6.8910	▼0.22%	6.8500	-	6.9500
USDHKD	7.8212	7.8209	▼0.01%	7.7900	-	7.8500
USDSGD	1.2746	1.2752	▼0.24%	1.2700	-	1.2850
USDKRW	1469	1474	+0.00%	1465	-	1495
USDTWD	31.93	--	+0.76%	31.70		32.50
CNFRCBAL	92.33	--	+0.64%	91.50	-	93.00
USDIDR	16945	--	+0.23%	16850	-	17100
USDMYR	3.963	3.955	+0.39%	3.930		3.990
USDPHP	59.51	--	+0.87%	59.00	-	60.00
USDTHB	32.09	31.74	+0.48%	31.5	-	32.1
USDVND	26275	26280	+0.23%	26100	-	26500

*Open is as at 8am HKT/SGT.

MARKET MOVES

Bond Yields	2Y Close	10Y Close	2Y Δ (bps)	10Y Δ (bps)
UST (US)	3.539	4.098	-2.4	-4.2
JGB (JP)	1.240	2.182	-0.4	1.7
Bunds (GE)	2.313	2.855	0.6	-0.3
Gilts (UK)	3.984	4.645	11.3	1.9
AGB (AU)	4.505	4.937	12.2	9.4
SGS (SG)	1.434	2.103	7.8	12.3
CGB (CN)	1.344	1.815	1.2	1.7
KGB (KR)	2.993	3.618	0.0	0.0
SDL (IN)	5.810	6.718	14.7	2.8

G3 Equities	Close	Net Chg	Daily %Δ
S&P500 (US)	6795.99	55.97	+0.83%
Nasdaq (US)	22695.95	308.27	+1.38%
DJIA (US)	47740.8	239.25	+0.50%
N225 (JP)	52728.72	-2892.12	▼5.20%
STOXX50 (EU)	5685.2	-34.70	▼0.61%

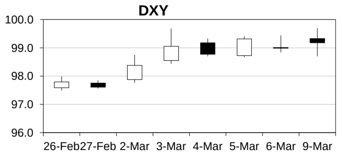
Commodity	Close	Net Chg	Daily %Δ
COPPER (LME)	12,886.78	69.64	+0.54%
IRON ORE (CN)	103.22	3.15	+1.00%
GOLD	5,138.53	-33.21	▼0.64%
SILVER	86.96	-0.07	▼2.07%
OIL (BRENT)	98.96	6.27	+6.76%
OIL (WTI)	94.77	3.87	+4.26%
NATURAL GAS	3.12	2.42	+2.86%

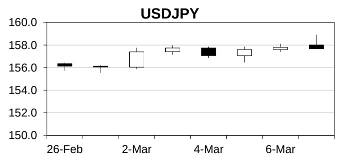
Cross FX	Close (NY)	Open*	Daily %Δ
EUR/JPY	183.46	183.38	+0.09%
GBP/JPY	211.837	211.91	+0.09%
JPY/SGD (100yen)	0.8084	0.8078	▼0.19%
JPY/HKD (100yen)	4.9609	4.9542	+0.08%
CNH/JPY	22.934	22.855	+0.35%
CNH/HKD	1.132	1.1323	▼0.08%
EUR/GBP	0.86584	0.86539	▼0.05%
AUD/NZD	1.1924	1.1926	+0.08%
EUR/CNH	8.0131	8.0049	▼0.07%
GBP/CNH	9.2575	9.2501	▼0.09%
CNY/HKD	1.132	1.1323	▼0.08%
EUR/HKD	9.1006	9.0851	+0.15%
SGD/HKD	6.1364	6.1331	+0.24%

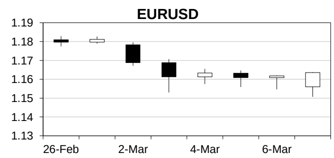
*Open is as at 8am HKT/SGT.

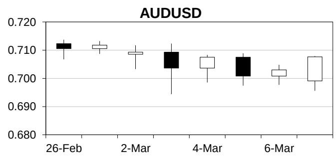
Asia Equities	Close	Net Chg	Daily %Δ
ASX (AU)	5491.34	-28.24	▼0.51%
STI (SG)	4756.61	-91.64	▼1.89%
SHCOMP (CN)	4096.603	-27.59	▼0.67%
SZCOMP (CN)	2680.544	-17.77	▼0.66%
HSI (HK)	25408.46	-348.83	▼1.35%
SENSEX (IN)	77566.16	-1352.74	▼1.71%
JSE (ID)	7337.369	-248.32	▼3.27%
KLSE (MY)	1674.17	-43.89	▼2.55%
PSE (PH)	6006.22	-314.19	▼4.97%
SET (TH)	1382.97	-27.40	▼1.94%
VNINDEX (VN)	1652.79	-0.07	▼6.51%

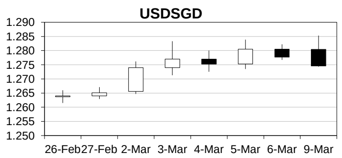
CHARTS

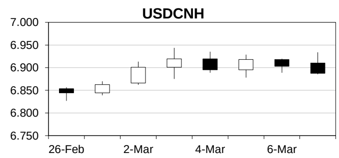


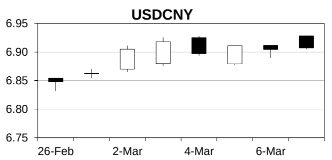


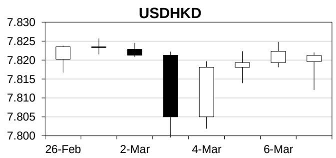


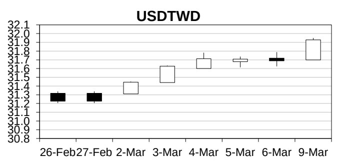


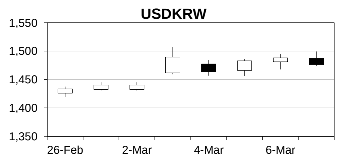


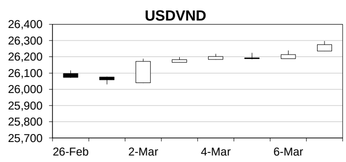


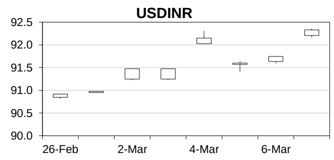


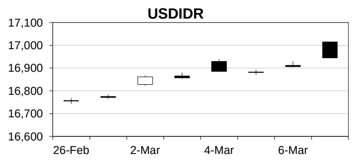


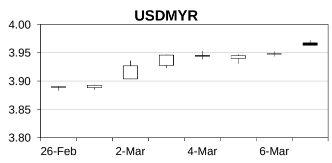


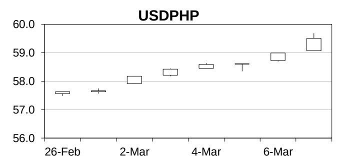


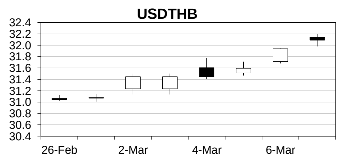


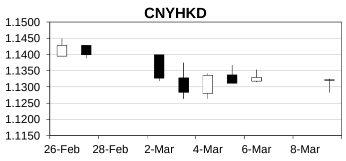


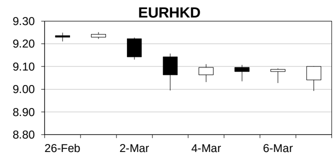


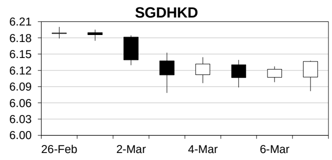


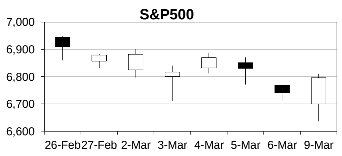


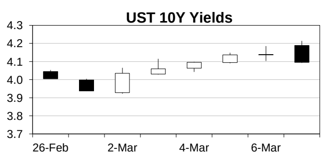


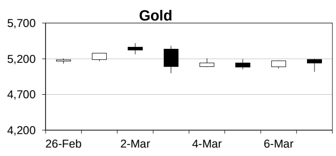


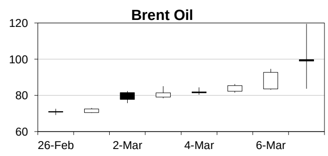












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