Mizuho Daily

Mar 11, 2026

Three Take-Aways

1) Anxiety returned as mine-laying in Hormuz and rising supply risks erased the brief relief bounce.

2) Despite impressive headline gains in exports and imports, China's trade strength remains heavily influenced by seasonal factors and currency appreciation.

3) Despite softer rhetoric, Trump's warnings and persistent supply risks underscored that the Iran conflict offers relief but no true de-escalation.

MACRO THEME: Anxiety Returns

- Sentiment softened again after a brief relief bounce, as media reports that **Iran has begun laying naval mines in the Strait of Hormuz**.

- President Trump responded forcefully, demanding that **any mines placed by Iran has to be removed immediately** and threatening **"military consequences at a level never seen before"** should they remain.

- The White House also clarified that no US Navy-escorted tankers have passed through the strait, contradicting earlier miscaptioned reports that briefly fuelled volatility.

- Regional supply risks intensified further after the **UAE halted operations at the Ruwais oil refinery**, which processes roughly **922,000 barrels per day**, following a drone strike by Iran that triggered a fire.

- The development reinforces the effective closure of the strait and deepens concerns around prolonged disruption to tanker flows and oil productions.

- Equity markets, which had attempted to recover earlier on hopes of de-escalation, **reversed gains** as the mine-laying reports reset geopolitical risk pricing. Oil markets swung sharply with an initial steep sell-off reversed as mine-related supply risks resurfaced.

China: Solid Trade under Influences

- China's **year-to-date trade performance has far exceeded market expectations**. In the first two months, exports and imports surged 21.8% and 19.8% YoY, respectively in USD terms, both marking their fastest expansion since 2021.

- While the unusually late Lunar New Year holiday may have prompted front-loaded shipments, the sharp appreciation of the renminbi further amplified those YoY growth rates. **It remains premature to conclude an underlying improvement**.

- As of the end of February, the currency had strengthened by 6.3% in offshore markets and 6.1% onshore compared with a year earlier. Note that about 30% of China's foreign trade is now settled in renminbi.

- By destination, the improvement in export growth was broad-based.

- China's major export markets, including ASEAN and the EU, posted increases of nearly 30% YoY over the first two months. Shipments to Africa were even more striking, soaring 49.8% YoY.

- Even exports to the US registered a smaller decline of 11% YoY, improving from the sharp 30% drop seen in December.

- **On the import front, the upbeat momentum was supported by strong demand for raw materials and high-tech goods.** Purchases of copper ore jumped 43% YoY YTD, while imports of semiconductors rose 40% and LCD panels surged 69%.

- As a result, China's monthly trade surplus averaged USD 106.8 billion during the period, which is still elevated but narrower than the levels recorded last November and December.

- Following the moderate trade surplus print, CNH movements remained relatively stable, hovering around the 6.89 level, before seeing more notable appreciation later in the afternoon session.

Yields *(2Y: 5.4bp; 10Y: 6.0bp; 30Y: 7.6bp)*

Equities *(Nasdaq: +0%; S&P 500: -0.2%; Dow: -0.1%)*

FX *(DXY: -0.4%)*

Iran War: Relief Without De-Escalation

- Trump's latest statements on the Iran War delivered a degree of **short-term reassurance** to financial markets, but they still fall well short of constituting a durable turning point in the conflict.

- Yet the **underlying message remains distinctly hawkish**: Trump explicitly stated that the **war "won't end this week",** signaling that military operations are set to continue despite the softer tone.

- Markets also had to digest a parallel message from **US Defense Secretary Pete Hegseth**, who reiterated the administration's **demand for Iran's "unconditional surrender"** and warned that **the current phase is "only just the beginning"**. This reinforces the view that Washington is not preparing for de-escalation.

- Notably, the **Strait of Hormuz remains effectively closed** and G7 governments concluded they were **"not there yet"** on a coordinated release of strategic oil reserves, implying that **oil supply remains constrained**.

- Political shifts in Tehran further diminish prospects for a near-term diplomatic breakthrough. **The selection of Mojtaba Khamenei**, **contrary to Trump's stated demand** for a successor acceptable to the US, suggests Iran is doubling down rather than moderating its stance.

- Meanwhile, structural pressures in the oil market are intensifying as **storage capacity across the Middle East is nearing its limits, forcing regional producers to cut output.**

- Taken together, these developments indicate that **the core geopolitical risks and supply constraints remain unresolved**.

- The recent pullback in oil prices reflects a **correction from extreme risk aversion** and **expectations of potential easing in Russian oil sanctions**, rather than any structural shift in Middle East supply dynamics.

- Markets are therefore likely to **continue pricing elevated uncertainty until maritime security improves or credible diplomatic progress is made**.

DATA/EVENTS

Overnight	Actual	Exp.	Prior
(US) Existing Home Sales (Feb)	4.09m	3.88m	3.91m
(JP) GDP Annualized SA QoQ (4Q F)	**1.3%**	**1.0%**	**0.2%**
(CH) Trade Balance YTD (Feb)	$213.62b	$176.1b	-
(CH) Exports/Imports YTD YoY (Feb)	21.8%/19.8%	7.2%/7.0%	-
(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)	5.9%	5.0%	4.8%

Today	Actual	Exp.	Prior
(US) CPI/Core YoY (Feb)		**2.4%/2.5%**	**2.4%/2.5%**
(JP) PPI YoY (Feb)		2.2%	2.3%

FX OUTLOOK

FX	Close (NY)	Open*	Daily %Δ	Forecast		
USDJPY	158.05	158.13	+0.24%	157.00	-	159.50
EURUSD	1.1611	1.1611	▼0.21%	1.1500	-	1.1650
GBPUSD	1.3418	1.3419	▼0.14%	1.3250	-	1.3500
AUDUSD	0.7120	0.7118	+0.62%	0.7000	-	0.7150
DXY	98.8	--	▼0.35%	98.0	-	100.0
USDCNY	6.8685	--	▼0.56%	6.8500	-	6.9500
USDCNH	6.8790	6.8785	▼0.12%	6.8500	-	6.9500
USDHKD	7.8242	7.8238	+0.04%	7.7900	-	7.8500
USDSGD	1.2730	1.2734	▼0.13%	1.2700	-	1.2850
USDKRW	1473	1466	+0.00%	1465	-	1495
USDTWD	31.83	--	▼0.30%	31.70		32.50
CNFRCBAL	91.81	--	▼0.57%	91.50	-	93.00
USDIDR	16861	--	▼0.50%	16850	-	17100
USDMYR	3.924	3.925	▼1.00%	3.900		3.990
USDPHP	58.90	--	▼1.02%	58.00	-	60.00
USDTHB	31.62	31.59	▼1.48%	31.5	-	32.1
USDVND	26240	26227	▼0.13%	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)	3.593	4.158	5.4	6.0
JGB (JP)	1.245	2.171	0.5	-1.0
Bunds (GE)	2.248	2.834	-6.4	-2.1
Gilts (UK)	3.860	4.552	-12.5	-9.4
AGB (AU)	4.433	4.847	-7.2	-9.0
SGS (SG)	1.418	2.058	-1.8	-4.5
CGB (CN)	1.345	1.817	0.1	0.2
KGB (KR)	3.151	3.743	0.0	0.0
SDL (IN)	5.810	6.674	0.0	-4.4

G3 Equities	Close	Net Chg	Daily %Δ
S&P500 (US)	6781.48	-14.51	▼0.21%
Nasdaq (US)	22697.1	1.15	+0.01%
DJIA (US)	47706.51	-34.29	▼0.07%
N225 (JP)	54248.39	1519.67	+2.88%
STOXX50 (EU)	5837.17	151.97	+2.67%

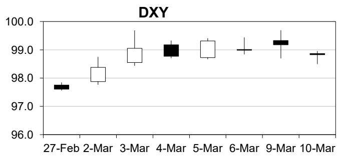
Commodity	Close	Net Chg	Daily %Δ
COPPER (LME)	13,047.61	160.83	+1.25%
IRON ORE (CN)	103.80	4.18	+0.56%
GOLD	5,191.98	53.45	+1.04%
SILVER	88.33	-0.10	▼3.21%
OIL (BRENT)	87.80	-11.16	▼11.28%
OIL (WTI)	83.45	-11.32	▼11.94%
NATURAL GAS	3.02	1.37	+1.57%

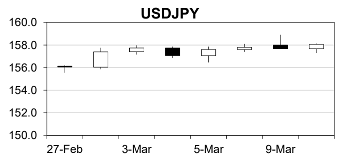
Cross FX	Close (NY)	Open*	Daily %Δ
EUR/JPY	183.5	183.59	+0.02%
GBP/JPY	212.073	212.18	+0.11%
JPY/SGD (100yen)	0.8055	0.8053	▼0.36%
JPY/HKD (100yen)	4.9503	4.9479	▼0.21%
CNH/JPY	22.985	23.023	+0.22%
CNH/HKD	1.1393	1.1392	+0.64%
EUR/GBP	0.86529	0.86526	▼0.06%
AUD/NZD	1.2008	1.2018	+0.70%
EUR/CNH	7.9866	7.9863	▼0.33%
GBP/CNH	9.2318	9.2299	▼0.28%
CNY/HKD	1.1393	1.1392	+0.64%
EUR/HKD	9.0839	9.0838	▼0.18%
SGD/HKD	6.1458	6.144	+0.15%

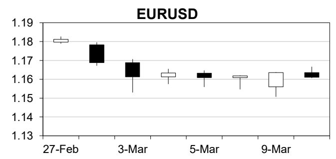
*Open is as at 8am HKT/SGT.

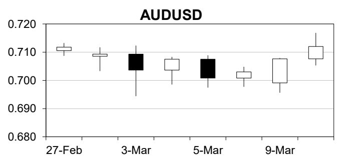
Asia Equities	Close	Net Chg	Daily %Δ
ASX (AU)	5579.6	88.26	+1.61%
STI (SG)	4860.64	104.03	+2.19%
SHCOMP (CN)	4123.138	26.53	+0.65%
SZCOMP (CN)	2729.823	49.28	+1.84%
HSI (HK)	25959.9	551.44	+2.17%
SENSEX (IN)	78205.98	639.82	+0.82%
JSE (ID)	7440.913	103.54	+1.41%
KLSE (MY)	1701.68	27.51	+1.64%
PSE (PH)	6126.66	120.44	+2.01%
SET (TH)	1405.76	22.79	+1.65%
VNINDEX (VN)	1676.73	0.01	+1.45%

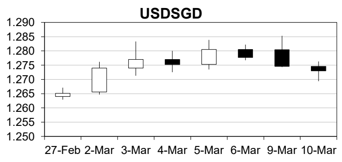
CHARTS

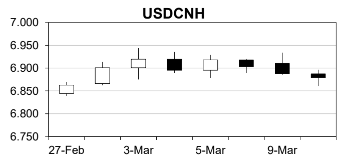


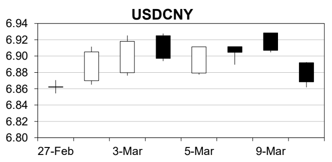


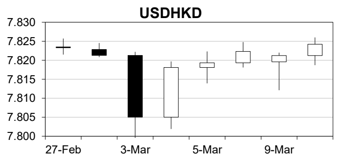


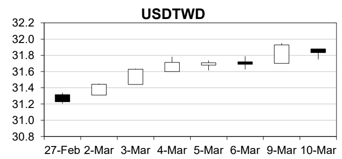


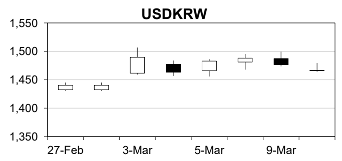


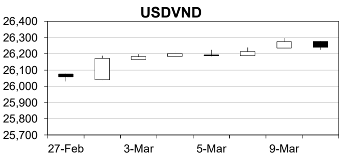


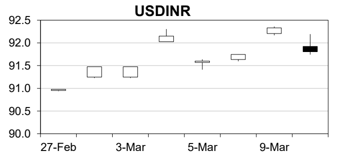


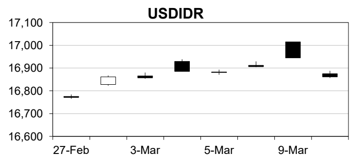


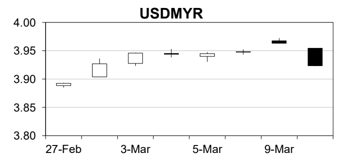


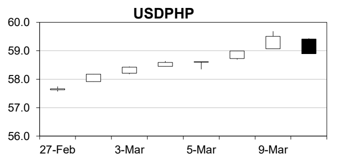


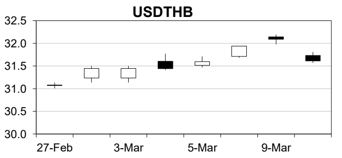


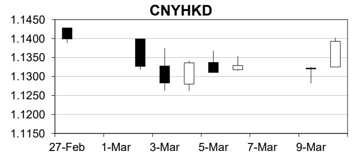


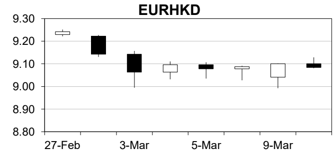


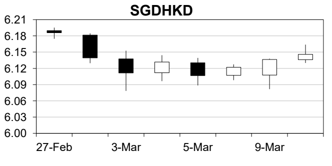


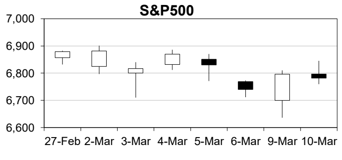


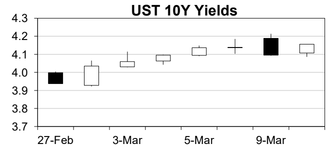


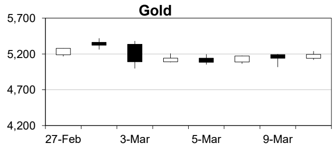


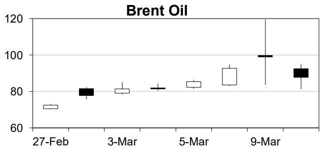












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