Mizuho Daily

MIZUHO

Mar 20, 2026

Three Take-Aways

1) Market received tentative relief as de-escalation signals and policy steps to boost energy supply.

2) Major central banks kept rates unchanged but struck a hawkish tone.

3) Iran war's LNG shock is morphing into a fertilizer shock.

MACRO THEME: **Some Reliefs Again**

- Israeli PM **Netanyahu** said Israel will **refrain from energy-site strikes** following President Trump's request and added Israel is **helping the US attempt to reopen the Strait of Hormuz**.

- He also claimed Iran is **no longer able to enrich uranium or manufacture missiles**, and argued **the war could end "faster than people think".**

- Treasury Secretary Bessent said the **US may unsanction about 140mb of Iranian oil "on the water"** to ease prices, while Washington has **temporarily authorized** the **delivery/sale of some Russian crude already at sea**.

- Market sentiment improved with **energy prices coming down from intraday spikes.**

- However, the recent attacks have created a **fundamental LNG shock unlikely to fade quickly**. **QatarEnergy** says strikes have **knocked out about 17% of Qatar's LNG export capacity**, with **repairs taking 3–5 years** and **force-majeure risks** on some long-term contracts, likely keeping **LNG premia elevated** even if the war de-escalates.

BoE and ECB: Holding Fire While Keeping Optionality

- **The BoE and ECB both left rates unchanged**. BoE held Bank Rate at 3.75% and said it "stands ready to act". The ECB kept its deposit rate at 2% but offered little explicit forward guidance.

- Both framed the **Iran-driven energy shock** as raising **upside inflation** and **downside growth** risks, calling the outlook more uncertain.

- At the BoE, **February's easing bias was dropped** and **near-term CPI** was marked up, tilting the balance toward patience and, if needed, a **defensive hike**.

- At the ECB, **staff projections** now see **headline inflation averaging 2.6% in 2026** (up from 1.9% in previous forecasts), with **scenario analysis** showing **higher inflation and lower growth** if the energy squeeze persists. The ECB stressed that monetary policy stays **data-dependent** and **meeting-by-meeting**.

- Both central banks are in **wait-and-see mode** amid an energy supply shock, preserving **optionality** to see how the Iran war plays out before acting.

Yields *(2Y: +1.6bp; 10Y: -1.6bp; 30Y: -4.4bp)*

Equities *(Nasdaq: -0.3%; S&P 500: -0.3%; Dow: -0.4%)*

FX *(DXY: -0.9)*

BoJ: Oil Shock on Radar, Normalisation Path Unchanged

- As expected, the BoJ kept the policy rate at **0.75%**, with an **8–1** vote. Board member **Hajime Takata** again dissented in favor of a **25 bp** hike, repeating his January stance.

- The Statement of Monetary Policy flagged **surging crude** and the **escalating Middle East conflict as key risks**, yet **it did not suggest a derailment of the wage–price dynamic or growth momentum**, maintaining the baseline that **inflation will gradually align with 2%** later in the projection period.

- In the post-meeting conference, Governor Ueda reiterated the BoJ will continue to raise rates if the activity-price baseline materialises, with path and pace remain data-dependent. Notable, He said that **more board members had noted the upside risks for prices** during their two-day meeting.

- He mentioned that **wage talks are delivering solid results so far**, showing optimism that underlying price growth can be sustained by income gains.

- On market functioning, he acknowledged that **long-term yields are rising at a fast pace** and the BoJ stands **ready to take nimble action** against exceptional, disorderly moves **in close communication with the government**.

- On FX, there was **no level guidance** but he acknowledged the **import-price channel** due to weak JPY **can lift near-term inflation** and needs monitoring.

- Overall, the pathway to **gradual normalisation** remains intact. Ueda's explicit willingness to hike and acknowledgement of solid wage talks **nudged odds of an earlier move higher**—the market now prices **about 60%** for an **April hike**.

Iran War: From Energy to Agriculture

- Iran's strike on Qatar's Ras Laffan LNG hub has quickly fed through surging energy prices, **raising the cost base for nitrogen fertilizers**, where natural gas accounts for **about 70% of production costs.**

- Nitrogen fertilizer supply chains are tightly linked to the Persian Gulf where about 50% of global urea exports and 30% of global ammonia exports are exposed to countries in the region.

- During the 2021–22 gas shock, ammonia and urea prices more than doubled. A similar pattern is emerging, with **China and Brazil's urea price both rising over 35% in two weeks**.

- Fertilizer affordability is therefore set to deteriorate again, especially in South Asia, which rely heavily on LNG imports from the Middle East.

- With production at Ras Laffan already suspended earlier this month and now 'extensive' damage reported, the risk of sustained LNG tightness—and thus higher fertilizer costs—has increased.

- The pass-through is expected to be most acute where agriculture and fertilizer depend on LNG: India sources **about 40–45%** of LNG from Qatar and relies on Hormuz transit, while Pakistan and Bangladesh are similarly exposed.

DATA/EVENTS

Overnight	Actual	Exp.	Prior
(US) New Home Sales (Jan)	587k	722k	745k
(US) Initial Jobless Claims	205k	215k	213k
(US) Philadelphia Fed Business Outlook	18.1	8.0	16.3
(EZ) ECB Deposit Facility Rate	2.00%	2.00%	2.00%
(JP) Core Machine Orders YoY	13.7%	9.0%	16.8%
(JP) Industrial Production YoY	0.7%	--	2.3%
(JP) BOJ Target Rate	**0.75%**	**0.75%**	**0.75%**
(AU) Unemployment Rate/Employment C	**4.3%/48.9k**	**4.1%/20.0k**	**4.1%/17.8k**
(TW) CBC Benchmark Interest Rate	2.00%	2.00%	2.00%
(MY) Exports/Imports YoY	10.8%/8.2%	12.2%/5.6%	19.6%/5.3%
(MY) CPI YoY	**1.4%**	**1.6%**	**1.6%**
Today	**Actual**	**Exp.**	**Prior**
(EZ) ECB Current Account SA (Jan)		--	14.6b
(CH) 1/5-Year Loan Prime Rate		**3.00%/3.50%**	**3.00%/3.50%**
(TW) Export Orders YoY (Feb)		24.5%	60.1%

FX OUTLOOK

FX	Close (NY)	Open*	Daily %Δ	Forecast
USDJPY	157.73	157.93	▼1.33%	157.00 - 160.20
EURUSD	1.1589	1.1578	+1.20%	1.1300 - 1.1700
GBPUSD	1.3431	1.3426	+1.31%	1.3150 - 1.3500
AUDUSD	0.7087	0.7081	+0.90%	0.7000 - 0.7100
DXY	99.2	--	▼0.85%	99.5 - 100.9
USDCNY	6.8909	--	+0.05%	6.8500 - 6.9500
USDCNH	6.8782	6.8835	▼0.32%	6.8500 - 6.9500
USDHKD	7.8337	7.8336	▼0.06%	7.8100 - 7.8500
USDSGD	1.2775	1.2780	▼0.48%	1.2750 - 1.2900
USDKRW	1489	1494	+0.00%	1485 - 1520
USDTWD	31.97	--	+0.39%	31.70 32.10
USDINR	92.64	--	+0.00%	92.00 - 93.50
USDIDR	16985	--	+0.00%	16900 - 17150
USDMYR	3.936	3.936	+0.51%	3.900 3.960
USDPHP	60.09	--	+0.97%	59.50 - 60.50
USDTHB	32.79	32.50	+1.28%	32.2 - 33.2
USDVND	26290	26297	▼0.04%	26200 - 26500

*Open is as at 8am HKT/SGT.

MARKET MOVES

Bond Yields	2Y Close	10Y Close	2Y Δ (bps)	10Y Δ (bps)
UST (US)	3.793	4.251	1.6	-1.6
JGB (JP)	1.265	2.269	1.8	5.8
Bunds (GE)	2.586	2.957	14.5	1.9
Gilts (UK)	4.401	4.841	30.4	10.3
AGB (AU)	4.615	4.976	10.8	7.9
SGS (SG)	1.463	2.133	3.0	4.2
CGB (CN)	1.304	1.836	-0.2	0.5
KGB (KR)	3.146	3.604	0.0	0.0
SDL (IN)	5.980	6.733	0.0	0.0

Cross FX	Close (NY)	Open*	Daily %Δ
EUR/JPY	182.8	182.84	▼0.16%
GBP/JPY	211.833	212.022	▼0.05%
JPY/SGD (100yen)	0.8099	0.8092	+0.87%
JPY/HKD (100yen)	4.967	4.9603	+1.33%
CNH/JPY	22.886	22.918	▼1.32%
CNH/HKD	1.1366	1.1368	▼0.11%
EUR/GBP	0.86279	0.86235	▼0.12%
AUD/NZD	1.2065	1.2067	▼0.42%
EUR/CNH	7.9714	7.9694	+0.91%
GBP/CNH	9.2416	9.2414	+1.01%
CNY/HKD	1.1366	1.1368	▼0.11%
EUR/HKD	9.0779	9.0694	+1.12%
SGD/HKD	6.1334	6.1296	+0.47%

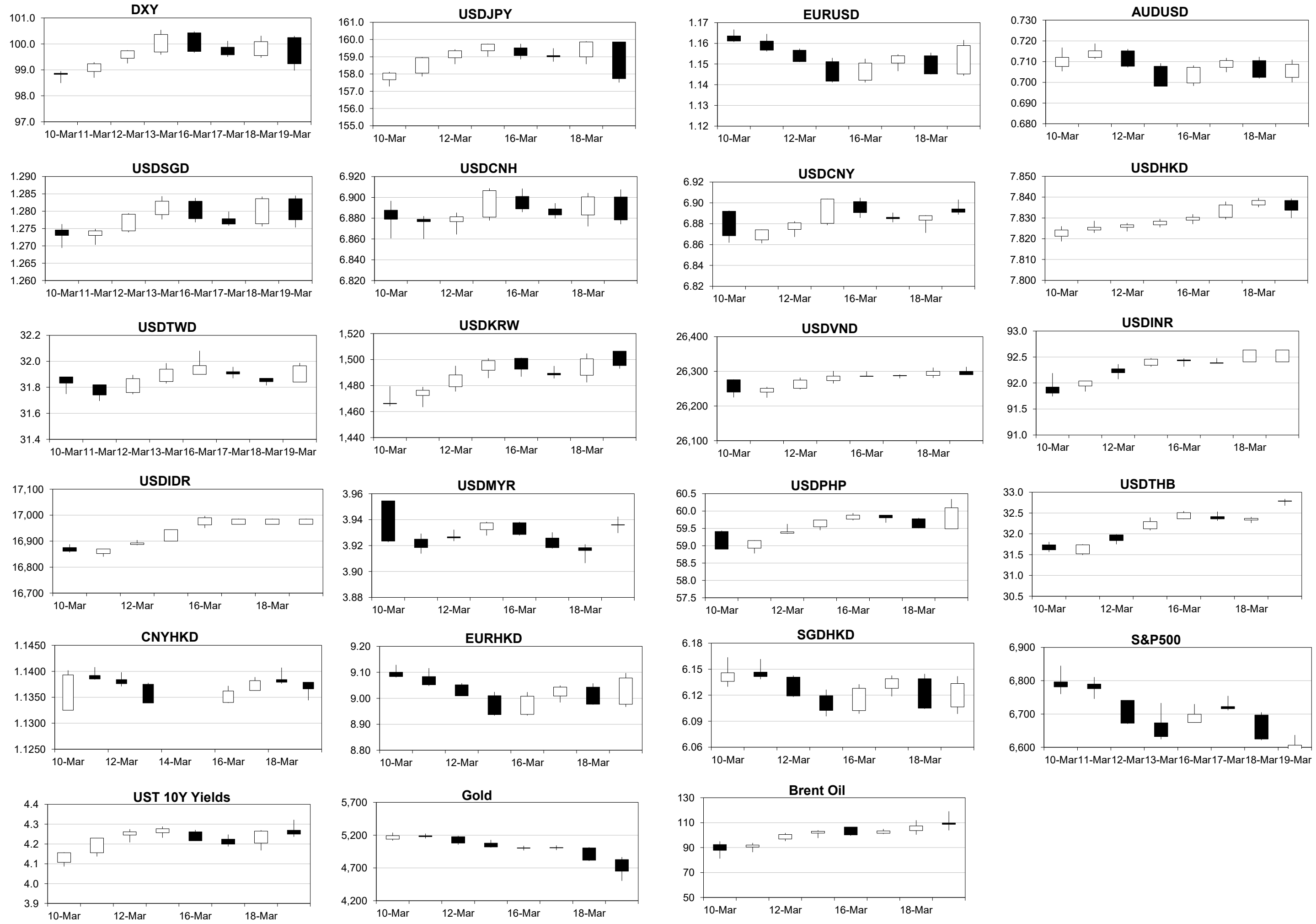
*Open is as at 8am HKT/SGT.

G3 Equities	Close	Net Chg	Daily %Δ
S&P500 (US)	6606.49	-18.21	▼0.27%
Nasdaq (US)	22090.69	-61.73	▼0.28%
DJIA (US)	46021.43	-203.72	▼0.44%
N225 (JP)	53372.53	-1866.87	▼3.38%
STOXX50 (EU)	5613.83	-123.02	▼2.14%

Asia Equities	Close	Net Chg	Daily %Δ
ASX (AU)	5387.43	-129.16	▼2.34%
STI (SG)	4967.61	-34.56	▼0.69%
SHCOMP (CN)	4006.552	-56.43	▼1.39%
SZCOMP (CN)	2619.947	-60.93	▼2.27%
HSI (HK)	25500.58	-524.84	▼2.02%
SENSEX (IN)	74207.24	-2496.89	▼3.26%
JSE (ID)	7106.839	0.00	+0.00%
KLSE (MY)	1720.71	-9.10	▼0.53%
PSE (PH)	6018.62	-36.83	▼0.61%
SET (TH)	1417.45	-23.40	▼1.62%
VNINDEX (VN)	1699.13	-0.01	▼0.86%

Commodity	Close	Net Chg	Daily %Δ
COPPER (LME)	12,046.38	-241.90	▼1.97%
IRON ORE (CN)	106.31	-0.36	+0.01%
GOLD	4,650.02	-168.48	▼3.50%
SILVER	72.83	0.10	+3.30%
OIL (BRENT)	108.65	1.27	+1.18%
OIL (WTI)	96.14	-0.18	▼0.19%
NATURAL GAS	3.17	-2.55	▼3.38%

CHARTS



RESEARCH TEAM

Vishnu Varathan | Serena Zhou | Tan Boon Heng | Johnny Wong | Ng Jing Wen

MARKET COMMENTARY DISCLAIMER

THIS DOCUMENT IS NOT A RESEARCH REPORT AND IS NOT INTENDED AS SUCH.

Unless stated otherwise in the country specific distribution information below, this document has not been prepared in accordance with legal requirements in any country or jurisdiction designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. It is intended for informational purposes only and does not purport to make any investment recommendations.

This document has been prepared solely for the information of the intended recipients. Recipients in any jurisdiction should contact your usual Mizuho contact in relation to any matters arising from, or in connection, with this document.

This document has been prepared by Mizuho Bank, Ltd., Singapore Branch ("**MBSG**"), a full bank, exempt capital markets services entity and exempt financial adviser regulated by the Monetary Authority of Singapore ("**MAS**"), Mizuho Bank, Ltd., Hong Kong Branch ("**MBHK**"), a licensed bank regulated by the Hong Kong Monetary Authority, with business address at 12/F, K11 Atelier, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong, Mizuho Bank, Ltd., Sydney Branch, an authorised deposit-taking institution regulated by the Australian Prudential Regulation Authority and holder of an Australian financial services licence ("**MBAU**"), Mizuho Securities Asia Limited ("**MHSA**"), licensed and regulated by the Hong Kong Securities and Futures Commission and/or Mizuho Securities (Singapore) Pte. Ltd. ("**MHSS**"), a holder of a capital markets services licence and an exempt financial adviser regulated by the MAS, as the case may be.

This does not constitute investment or personal advice.

This document has been prepared solely for the purpose of supplying general market information and/or commentary for general information purposes to clients of MBSG, MBHK, MBAU, MHSA, MHSS and their affiliates (collectively, "**Mizuho**") to whom it is distributed, and does not take into account the specific investment objectives, financial situation or particular needs of any client or class of clients and it is not prepared for any client or class of clients.

This is not an offer or solicitation.

This document is not and should not be construed as an offer to buy or sell or solicitation to enter into any transaction or adopt any hedging, trading or investment strategy, in relation to any securities or other financial instruments.

Mizuho shall have no liability for contents.

This document has been prepared solely from publicly available information. Information contained herein and the data underlying it have been obtained from, or based upon, sources believed by Mizuho to be reliable, but no assurance can be given that the information, data or any computations based thereon are accurate or complete and Mizuho has not independently verified such information and data. Mizuho is not obliged to update any of the information and data contained in this document.

Mizuho makes no representation or warranty of any kind, express, implied or statutory, regarding, but not limited to, the accuracy of this document or the completeness of any information contained or referred to in this document. Mizuho accepts no liability and will not be liable for any loss or damage arising directly or indirectly (including special, incidental or consequential loss or damage) arising from or in connection with any person's use or reliance of this document or the information contained in this document.

Information contained herein is no indication of future performance.

Some of the statements contained in this document may be considered forward-looking statements which provide current expectations or forecasts of futures events. Any opinions, projections, forecasts and estimates expressed in the document are solely those of Mizuho based on factors it considers relevant as at the date of the document and are subject to change without notice. Past performance is not indicative of future performance. Consequently, no expressed or implied warranty can be made regarding the projections and forecasts of future performance stated therein.

This material is confidential.

This document is intended for the exclusive use by the recipients, and is provided with the express understanding that the information contained herein will be regarded and treated as strictly confidential. All recipients may not reproduce or use this document in whole or in part, for any other purpose, nor disclose, furnish nor distribute this document to any other persons without the prior written permission of Mizuho. Any such reproduction, use, delivery or distribution in form or to any jurisdiction may be effected only in accordance with all applicable laws and regulations in the relevant jurisdiction(s).

Disclosure regarding potential conflicts of interest.

Mizuho, its connected companies, employees or clients may at any time, to the extent permitted by applicable law and/or regulation, take the other side of any order by you, enter into transactions contrary to any recommendations contained herein or have positions or make markets or act as principal or agent in transactions in any securities mentioned herein or derivative transactions relating thereto or perform or seek financial or advisory services for the issuers of those securities or financial instruments referred therein. Accordingly, Mizuho, its connected companies or employees may have a conflict of interest that could affect the objectivity of this document. This document has been prepared by employees who may interact with Mizuho's trading desks, sales and other related personnel when forming the views and contents contained within.

Financial instruments may not be for sale to all categories of investors.

There are risks associated with the financial instruments and transactions referred to in this document. Investors should not rely on any contents of this document in making any investment decisions and should consult their own financial, legal, accounting and tax advisors about the risks, the appropriate tools to analyse an investment and the suitability of an investment in their particular circumstances. Mizuho is not responsible for assessing the suitability of any investment. Investment decisions and the responsibility for any investments are the sole responsibility of the investor. Neither Mizuho nor of its directors, employees or agents accepts any liability whatsoever with respect to the use of this document or its contents.

WARNING: THE CONTENTS OF THIS DOCUMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO SUCH CONTENTS. THIS DOCUMENT IS NOT INTENDED TO CONSTITUTE ANY INVESTMENT, LEGAL, FINANCIAL, BUSINESS, ACCOUNTING, TAXATION OR OTHER ADVICE. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD SEEK PROFESSIONAL ADVICE FROM YOUR RELEVANT ADVISERS ABOUT YOUR PARTICULAR CIRCUMSTANCES. YOU ARE RESPONSIBLE FOR YOUR OWN INVESTMENT CHOICES.

This document is not directed to, or intended for distribution to or use by, any person who is a citizen or resident of, or entity located in, any locality, territory, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to or restricted by law or regulation. Persons or entities into whose possession this document comes should inform themselves about and observe such restrictions.

COUNTRY SPECIFIC DISTRIBUTION INFORMATION

Australia: This document is intended only for persons who are sophisticated or professional investors for the purposes of section 708 ofthe *Corporation Act 2001* (Cth) of Australia ("**Corporations Act**"), or "wholesale clients" for the purpose of section 761G of the Corporations Act. It is not intended for and should not be passed on, directly or indirectly, to other classes of persons/investors in Australia. In Australia, Mizuho Bank, Ltd. Sydney Branch ("**MBSO**") is an authorised deposit-taking institution regulated by the Australian Prudential Regulation Authority in accordance with the *Banking Act 1959* (Cth), and holds an Australian financial services licence number 231240 (**AFSL**). Mizuho Securities Asia Limited (ABRN 603425912) and Mizuho Securities (Singapore) Pte. Ltd. (ARBN 132105545) are registered foreign companies in Australia and are each exempt from the requirement to hold an AFSL under the *ASIC Corporations (Repeal and Transitional) Instrument 2023/588*. MHSA is licensed by the Hong Kong Securities and Futures Commission under Hong Kong laws and MHSS is licensed by the Monetary Authority of Singapore under Singapore laws, which laws differ from Australian laws respectively.

Costa Rica: Nothing in this document constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. This document is published solely for information purposes, it does not constitute an advertisement and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. In accordance with local laws, it does not constitute a public offering of securities under Regulations for Public Offering of Securities (National Counsel of Financial System Supervision, article 11 of Session Act 571-2006), and therefore cannot be understood and interpreted as an implicit or explicit offering that intends to place, issue, negotiate or trade securities transmitted by any means to the public or to certain groups. This document will not be disclosed to groups of more than 50 investors.

Guatemala: This document does not constitute an offering under the rules of the Ley del Mercado de Valores y Mercancías (Stock Exchange Act, Decree 34-96 of the Congress of the Republic of Guatemala), and any of its amendments, including without limitation, Decree 49-2008 of the Congress of the Republic of Guatemala, and its applicable regulation (Governmental Accord 557-97). The document will not be registered for public offering with the Securities Market Registry of Guatemala (Registro del Mercado de Valores y Mercancías), because the products will not be offered or sold: (1) to any person in an open market, directly or indirectly, by means of mass communication; (2) through a third party or intermediary to any individual person or entity that is considered an institutional investor, including entities that are under the supervision of the Guatemalan Superintendency of Banks (Superintendencia de Bancos), the Guatemalan banking regulator, the Guatemalan Social Security Institute (Instituto Guatemalteco de Seguridad Social) and its affiliates; (3) through a third party or intermediary to any entity or vehicle used for purposes of collective investment; or (4) to more than 35 individual persons or entities.

Hong Kong: This document, when distributed in Hong Kong ("**HK**"), is distributed by MHSA or MBHK, depending of the Mizuho entity which you are a client of.