Mizuho Daily

Mar 27, 2026

Three Take-Aways

1) US equities dented by surging UST yields as oil prices climb. Trump's extension of attacks on Iran's energy infrastructure prolongs uncertainties with limited slippage from oil prices.

2) Amid OECD's 1.2%-point upgrade to G-20 inflation forecasts, stagflation worries running top of minds across central banks as Norges Bank signals possibility of rate hikes and ECB's Nagel re-iterate option of April hike.

3) BSP had off-cycle meeting but chose to stand pat. They emphasized on the supply side nature of the current shock with allusion to focus on underling core inflation. Inflation scenarios highlight the possibility of rate hike.

MACRO THEME: Extending Pain, Not Giving Presents

- This morning, via Truth Social, US President Trump **extended the deadline** for "Energy Plant destruction by 10 days to **Monday, April 6** 2026." He added that talks are going very well. Brent crude prices slipped towards US$106/barrel from US$109/barrel but overall, Brent crude prices were still up 3.6% yesterday with much of the increase during Asian hours, reflecting **underlying concerns on energy prices**.

- The **direction of the conflict is also highly uncertain** with Trump urging Iran to "get serious soon before it is too late, because once that happens, there is not turning back and it won't be pretty", before he extended the deadline to strike energy infrastructure in Iran.

- Trump also revealed that Iran's present was to allow 10 boats to pass through Hormuz. Even as Trump mused that his revelation could mess up US-Iran negotiations, the **ability of Iran to gift presents** even amid dwindling stockpiles of drones and missile and demise of more members of the military leadership (IGRC's Navy commander) **is yet another reminder of the asymmetries of this war**. Admittedly, tracking of such presents is difficult as many **carriers have turned off signals** in recent times.

- Risk sentiments worsened with US equities sinking across the board as front-end UST yields surged (+10bps) with inflation fears rampant.

Stagflation Fears?

- Extending the deadline is hardly relief at this juncture as choked oil flows trigger both inflationary fears and even demand destruction worries. **The OECD has upward revised G-20 inflation forecasts for 2026 by 1.2%-points**. Even though global growth was projected to remain unchanged, this outcome was due to the impact of the war offsetting better than expected data in end-2026/early 2026 and lower tariff rates.

- Meanwhile, Fed Governor Cook warned that **inflation is the greater risk** while Jefferson warned that he is watching for higher costs becoming embedded in prices. ECB's Lagarde said that financial markets may be overly optimistic as energy supply restoration is not a matter of months but years. Nagel re-iterated that an April rate hike is an option. Similarly, Norges Bank held rates but said that an increase in rates at one of their forthcoming meetings may be necessary in an about-turn from their original three cuts by 2028 plan.

DATA/EVENTS

Overnight	Actual	Exp.	Prior
(US) Initial Jobless Claims	210k	210k	205k
(US) Kansas City Fed Manf. Activity (Mar)	11	3	5
(JP) PPI Services YoY (Feb)	2.7%	2.6%	2.6%
(SG) Industrial Production YoY (Feb)	-0.1%	14.1%	16.6%
(TW) Unemployment Rate (Feb)	3.3%	3.4%	3.4%
BSP Overnight Borrowing Rate	**4.25%**	**4.25%**	**4.25%**
Today	**Actual**	**Exp.**	**Prior**
(PH) Exports/Imports YoY (Feb)		3.5%/4.5%	7.9%/-3.1%
(CH) Industrial Profits YTD YoY (Feb)			0.6%
(US) UoM Sentiment (Mar F)		54.00	55.50
(US) UoM 1Yr/5-10Yr Inflation Expectations (Mar F)		3.9%/3.5%	3.4%/3.2%

BSP: Worried Doves

- In Asia, central banks are certainly not complacent. The BSP held an **off cycle meeting yesterday but kept their policy rate unchanged. They framed the current situation as supply driven and emphasized on the need to focus on underlying core inflation. After all**, this would imply **lesser pressures on the PHP from a real rates perspective** on a core inflation basis. Stagflation risks were also revealed with inflation forecast revised upwards to average 5.1% in 2026 and 3.8% in 2027 along with 2026 GDP growth being revised downwards to 4.4% from 4.6%.

- The **BSP opting to hold rates** despite clear affirmation that CPI prints ahead will exceed their 4% upper bound **reflects a rather dovish hold** leaning towards growth. The PHP weakened after the meeting. While this decision may be a dovish one, worries about inflation which led to the off cycle meet is sufficient to take rate cuts off.

- Accordingly, even as the dovish signals dominate now, the clear reference to upside inflation risks via the BSP's depiction of oil price scenarios and second round pass-through puts reluctant rate hikes on the table. In the near-term, the PHP is likely to stay pressured due to its heavy dependence on energy imports and weakened growth outlook.

Oil: Distilling Fears and Outcomes in EM-Asia

- This week, the **Philippines** President Marcos brought up the **possibility of grounding planes** as he declared national energy emergency, and in **Vietnam**, **some domestic flights have been temporarily suspended** amid jet fuel shortages. In Singapore, the authorities have delayed sustainable aviation fuel levy due to soaring fuel prices.

- Aside from jet fuel, diesel prices have also risen to above that of petrol prices in most countries. While the ongoing war in the Middle East drives higher energy prices, the **supply side factors from crude oil refining underpin differing pace of price increases.**

- According to the EIA, out of a 42 gallon of crude oil, refineries produce 19-20 gallons of motor gasoline (48%), 11 to 13 gallons of distillate fuel (31%), most of which is sold as diesel fuel and 3 to 4 gallons of jet fuel (10%) and the remainder into other products. As such, the **crude oil shortage has a disproportionate impact on diesel and jet fuel.**

- Furthermore, **fears over domestic sufficiency has led to export bans** in some countries such as Thailand and China. China's leading refining capability imply that regional countries lost an important source of refined fuels. **Philippines has been especially hard hit** with a **third of their fuel imports from China** while Singapore and Malaysia import about 15% of their refined fuel from China.

- Even though Vietnam imports a lower 9% of petroleum products from China, Thailand's ban also results in the absence of 10% of petroleum imports. All in, **increasingly strained crude oil supplies necessitate nimble supply chain management for downstream products to allay fears of demand destruction due to supply constraints**.

***Yields** (2Y: +9.9bp; 10Y: +8.1bp; 30Y: +3.4bp)*

***Equities** (Nasdaq: -2.4%; S&P 500: -1.7%; Dow: -1.0%)*

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

FX OUTLOOK

FX	Close (NY)	Open*	Daily %Δ	Forecast		
USDJPY	159.81	159.72	+0.21%	157.00	-	160.20
EURUSD	1.1527	1.1535	▼0.28%	1.1450	-	1.1700
GBPUSD	1.3330	1.3335	▼0.26%	1.3200	-	1.3500
AUDUSD	0.6886	0.6887	▼0.88%	0.6900	-	0.7050
DXY	99.9	--	+0.30%	98.6	-	100.0
USDCNY	6.9140	--	+0.17%	6.8500	-	6.9500
USDCNH	6.9203	6.9195	+0.25%	6.8500	-	6.9500
USDHKD	7.8257	7.8258	+0.09%	7.8200	-	7.8500
USDSGD	1.2853	1.2859	+0.30%	1.2700	-	1.2950
USDKRW	1508	1508	+0.00%	1480	-	1505
USDTWD	31.89	--	▼0.15%	31.70		32.20
USDINR	93.97	--	+0.00%	92.90	-	94.50
USDIDR	16904	--	▼0.04%	16900	-	17150
USDMYR	3.994	3.9930	+0.75%	3.900		3.980
USDPHP	60.25	--	+0.23%	59.50	-	60.50
USDTHB	32.82	32.97	+0.53%	32.0	-	33.0
USDVND	26344	26345	▼0.01%	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)	3.987	4.415	9.9	8.1
JGB (JP)	1.336	2.273	3.8	2.1
Bunds (GE)	2.711	3.071	11.3	11.5
Gilts (UK)	4.524	4.971	11.9	13.2
AGB (AU)	4.731	5.011	10.3	5.5
SGS (SG)	1.603	2.277	8.0	9.5
CGB (CN)	1.298	1.816	-0.8	-0.6
KGB (KR)	3.479	3.864	0.0	0.0
SDL (IN)	6.249	6.875	0.0	0.0

G3 Equities	Close	Net Chg	Daily %Δ
S&P500 (US)	6477.16	-114.74	▼1.74%
Nasdaq (US)	21408.08	-521.75	▼2.38%
DJIA (US)	45960.11	-469.38	▼1.01%
N225 (JP)	53603.65	-145.97	▼0.27%
STOXX50 (EU)	5565.93	-83.40	▼1.48%

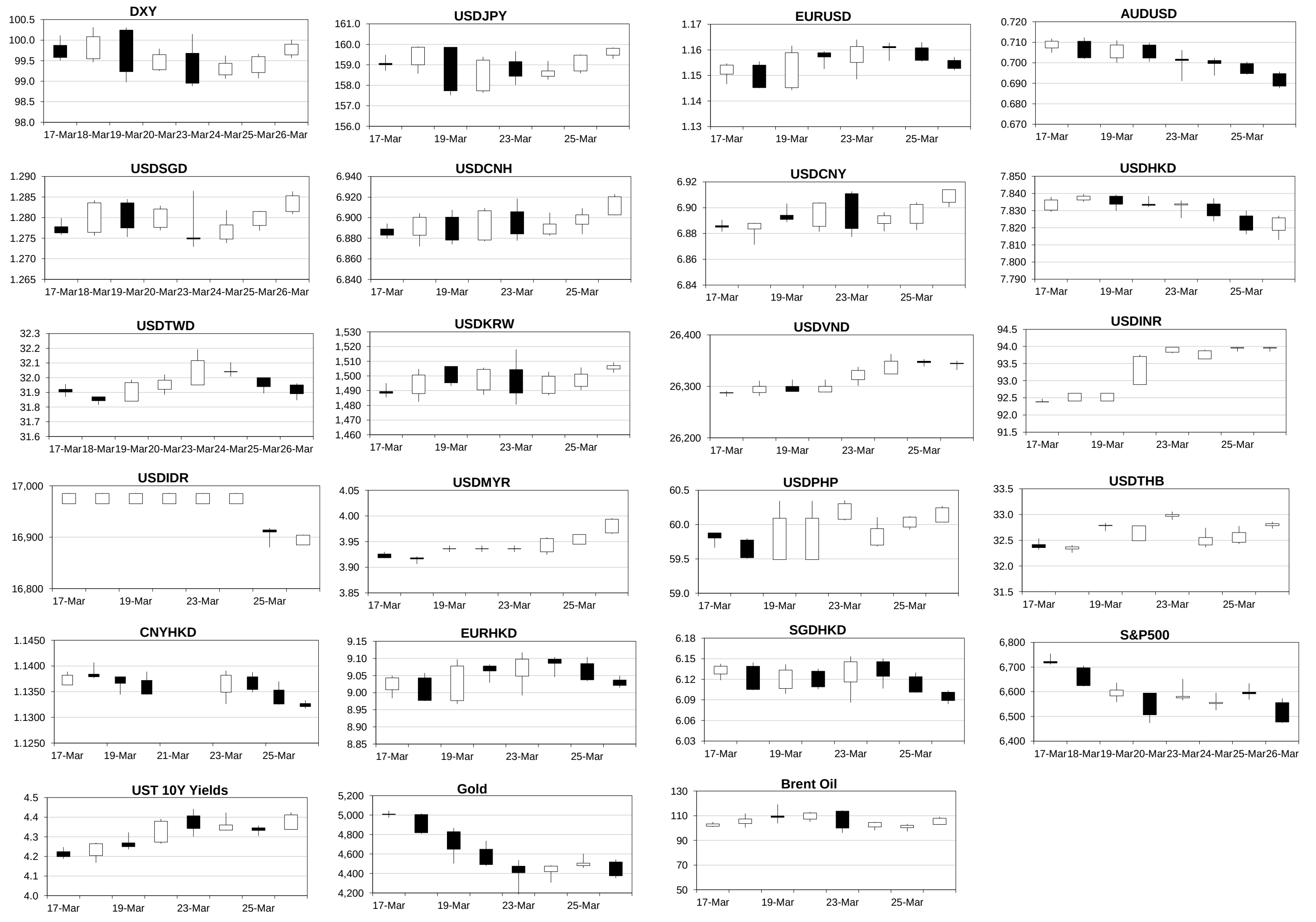
Commodity	Close	Net Chg	Daily %Δ
COPPER (LME)	12,076.79	-173.48	▼1.42%
IRON ORE (CN)	106.39	0.08	+0.39%
GOLD	4,376.11	-129.89	▼2.88%
SILVER	68.06	0.02	+0.55%
OIL (BRENT)	108.01	5.79	+5.66%
OIL (WTI)	94.48	4.16	+4.61%
NATURAL GAS	2.93	-3.15	▼4.43%

Cross FX	Close (NY)	Open*	Daily %Δ
EUR/JPY	184.22	184.23	▼0.06%
GBP/JPY	213.033	212.972	▼0.05%
JPY/SGD (100yen)	0.8043	0.8051	+0.09%
JPY/HKD (100yen)	4.8972	4.8999	▼0.12%
CNH/JPY	23.109	23.104	+0.05%
CNH/HKD	1.1321	1.132	▼0.04%
EUR/GBP	0.86483	0.86505	▼0.01%
AUD/NZD	1.1952	1.1957	▼0.11%
EUR/CNH	7.9773	7.9816	▼0.01%
GBP/CNH	9.2245	9.2268	▼0.02%
CNY/HKD	1.1321	1.132	▼0.04%
EUR/HKD	9.0212	9.0271	▼0.18%
SGD/HKD	6.089	6.0859	▼0.20%

*Open is as at 8am HKT/SGT.

Asia Equities	Close	Net Chg	Daily %Δ
ASX (AU)	5336.76	-68.67	▼1.27%
STI (SG)	4887.76	-16.78	▼0.34%
SHCOMP (CN)	3889.083	-42.75	▼1.09%
SZCOMP (CN)	2546.594	-37.67	▼1.46%
HSI (HK)	24856.43	-479.52	▼1.89%
SENSEX (IN)	75273.45	0.00	+0.00%
JSE (ID)	7164.091	-138.03	▼1.89%
KLSE (MY)	1710.89	-5.79	▼0.34%
PSE (PH)	5984.2	-59.97	▼0.99%
SET (TH)	1442.92	-14.99	▼1.03%
VNINDEX (VN)	1644.63	-0.01	▼0.82%

CHARTS



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