Mizuho Daily

Apr 24, 2026

Three Take-Aways

1) Escalating US-Iran naval hostilities around the Strait of Hormuz raised geopolitical tail risks.

2) Inflation pressures reinforced expectations of a more restrictive Fed stance.

3) Strong demand for high-quality RMB assets pushed China's Dim Sum bond yields to fresh record lows.

MACRO THEME: Standoff Continues

- **Tensions in the Strait of Hormuz have escalated** after Trump ordered the US Navy to "shoot and kill" any vessel laying mines, while accelerating mine-clearing operations at a "tripled-up level".

- The move follows continued US enforcement actions, including the seizure of the Iranian-linked tanker *Majestic X*, and Iran's counter-seizure of merchant vessels amid a tit-for-tat naval blockade.

- **Israel signaled readiness to resume military operations against Iran**, pending U.S. "green light," with explicit threats to target Iranian energy and power infrastructure, which elevates tail-risk scenarios for markets. With three US aircraft carriers now in-theater, the standoff shows limited near-term de-escalation prospects.

- Energy markets tightened further overnight on escalating naval risks in the Strait of Hormuz. **Brent crude rose above USD 106/bbl**, extending a fourth straight day of gains. WTI also rose in tandem.

Jobs Steady While Inflation Bites Back

- Overnight US data reinforced a familiar mix of markets. **Labor conditions remain steady, while inflation pressures are re-accelerating amid war-related supply disruptions.**

- On the labor front, initial jobless claims rose modestly by 6,000 to 214k in the week ended April 18. Continuing claims increased by 12,000 to 1.82mn, pointing to slightly slower job finding at the margin. Importantly, both measures remain firmly below their year-ago levels, suggesting the ongoing trend of limited firing activity.

- **Business surveys pointed to firmer activity.** The S&P Global flash composite PMI rose to a three-month high of 52.0, led by a surge in manufacturing PMI to 54.0, the strongest reading in nearly four years. Services activity rebounded into expansion territory at 51.3, although it remains the softer pillar of growth.

- **The key concern for policymakers lies in pricing dynamics.** Output prices jumped to their highest level since mid-2022, with services prices charged rising to 59.6.

- For markets, the combination of stable employment and rising price pressure reinforces the case for a longer-lasting restrictive Fed stance. Consistent with this backdrop, **markets are pricing only around a 22% probability of a 25bp rate cut by year-end.**

***Yields** (2Y: +3.6bp; 10Y: +2.3bp; 30Y: +0.8bp)*

***Equities** (Nasdaq: -0.9%; S&P500: -0.4%; Dow: -0.4%)*

***FX** (DXY: +0.2%)*

China Dim Sum Bond: Robust Demand

- **The appeal of RMB assets continues to strengthen**, as the Dim Sum market saw new record-low bond yields in the latest government bond sales.

- China's Ministry of Finance successfully completed a RMB 15.5bn Dim Sum bond auction in Hong Kong on April 22, the biggest sale since 2023. The issuance, structured across 2, 3, 5 and 15-year maturities, achieved **a strong bid-to-cover ratio of 4.6x**, exceeding the 3.94x seen in the previous auction in February.

- Yields across all maturities were priced below the February 2026 issuance. In particular**, the 2-year (1.32%) and 15-year (2.08%) tranches refreshed record lows in yields**, reflecting the broader rally in the onshore bond market and expectations for a firmer RMB.

- The strong subscription despite fallen yields suggests continued **appetite for high quality RMB assets amid heightened geopolitical risks**.

- Similarly, **Panda bond issuances surged to a record in 1Q26**, raising a combined amount of RMB88.2b, more than doubled from the same period last year.

- **Recent market sentiment has been constructive in the onshore sovereignty bond market.** 10-year government bond futures were seen on consecutive days of gains, while long-end yields have fallen sharply, with 30-year yields down around 13 basis points this month.

Hong Kong: Labour Market Steady, Inflation Contained

- Hong Kong's latest data point to a **broadly stable macro backdrop in March 2026**, with **contained inflation** alongside a **steady labour market**, underscoring resilience amid a challenging global environment.

- The **seasonally adjusted unemployment rate edged down by 0.1 percentage point to 3.7%** in the January–March 2026 period.

- **Sectoral trends remain uneven but show selective improvement**. Construction continues to exhibit the greatest slack, though its unemployment rate eased by 0.1pp to 6.6%, suggesting some stabilisation amid the current housing market recovery.

- The unemployment rate related to consumption segments remained unchanged overall, but the internal composition was mixed. Retail unemployment rose by 0.2pp to 4.3%, reflecting intensified competition from online retailers, while accommodation and food services unemployment fell by 0.1pp to 5.5%, supported by strong growth in visitor arrivals in 1Q26.

- **Inflation remains moderate**. Composite CPI inflation stood at 1.7% YoY in March, while underlying inflation was around 1.6% YoY, indicating limited upward pressure on prices despite higher global oil prices. In particular, **energy-led inflation**—driven by transport prices (+3.9%) and electricity, gas and water (+3.9%)—**was largely offset by continued disinflation in consumer goods**, with durable goods (-2.2%) and clothing and footwear (-0.7%) remaining in decline.

- Overall, the data indicates that Hong Kong's growth momentum held up well in March, even as heightened Middle East geopolitical risks weighed on global markets.

DATA/EVENTS

Overnight	Actual	Exp.	Prior
(KR) GDP YoY / SA QoQ (1Q A)	3.6%/1.7%	2.6% / 0.9%	1.6% / -0.2%
BSP Overnight Borrowing Rate	**4.5%**	**4.375%**	**4.25%**
(SG) CPI / Core YoY (Mar)	1.8%/1.7%	1.8%/1.7%	1.2%/1.4%
(TW) Unemployment Rate (Mar)	3.35%	3.30%	3.33%
(TW) Industrial Production YoY (Mar)	28.7%	25.3%	16.6%
(US) Initial Jobless Claims	214k	210k	207k
Chicago Fed National Activity Index (Ma	-0.20	-0.13	-0.11
Today	**Actual**	**Exp.**	**Prior**
(US) U. of Mich. Sentiment / Expectations (Apr F)		48.5/47.4	47.6/46.1
(US) U. of Mich. 1–5 / 5–10 Yr Inflation (Apr F)		4.8%/3.4%	4.8%/3.4%
(JP) PPI Services YoY (Mar)	3.1%	3.0%	2.7%
(JP) National CPI / Ex Fresh Food, Ener	**1.5%/2.4%**	**1.4%/2.4%**	**1.3%/2.5%**
(GE) IFO Business Climate / Expectations (Apr)		85.7/85.5	86.4/86.0

FX OUTLOOK

FX	Close (NY)	Open*	Daily %Δ	Forecast		
USDJPY	159.71	159.76	+0.14%	157.70	-	160.00
EURUSD	1.1683	1.1683	▼0.19%	1.1600	-	1.1900
GBPUSD	1.3467	1.3467	▼0.26%	1.3400	-	1.3650
AUDUSD	0.7128	0.7130	▼0.45%	0.7050	-	0.7200
DXY	98.8	--	+0.18%	97.5	-	98.7
USDCNY	6.8313	--	+0.04%	6.7800	-	6.9500
USDCNH	6.8356	6.8348	+0.05%	6.7800	-	6.9500
USDHKD	7.8323	7.8325	▼0.01%	7.8100	-	7.8500
USDSGD	1.2784	1.2779	+0.22%	1.2680	-	1.2820
USDKRW	1483	1480	+0.00%	1455	-	1485
USDTWD	31.57	--	+0.13%	31.30	-	32.00
USDINR	94.11	--	+0.33%	93.00	-	94.30
USDIDR	17295	--	+0.70%	17000	-	17500
USDMYR	3.965	3.9675	+0.31%	3.920		3.990
USDPHP	60.48	--	+0.57%	59.50	-	60.60
USDTHB	32.44	32.49	+0.79%	31.8	-	32.6
USDVND	26327	26329	▼0.00%	26180	-	26500

*Open is as at 8am HKT/SGT.

MARKET MOVES

Bond Yields	2Y Close	10Y Close	2Y Δ (bps)	10Y Δ (bps)
UST (US)	3.837	4.326	3.6	2.3
JGB (JP)	1.350	2.417	0.2	2.5
Bunds (GE)	2.562	3.007	0.8	0.0
Gilts (UK)	4.366	4.938	3.3	3.0
AGB (AU)	4.695	5.001	6.3	4.4
SGS (SG)	1.497	2.086	0.2	2.9
CGB (CN)	1.257	1.754	-0.5	2.6
KGB (KR)	3.245	3.699	0.0	0.0
SDL (IN)	6.006	6.950	5.8	2.7

Cross FX	Close (NY)	Open*	Daily %Δ
EUR/JPY	186.59	186.65	▼0.05%
GBP/JPY	215.065	215.141	▼0.13%
JPY/SGD (100yen)	0.8004	0.7999	+0.08%
JPY/HKD (100yen)	4.9035	4.9027	▼0.16%
CNH/JPY	23.368	23.387	+0.05%
CNH/HKD	1.1466	1.1466	▼0.05%
EUR/GBP	0.86758	0.86756	+0.07%
AUD/NZD	1.2177	1.2182	+0.41%
EUR/CNH	7.9853	7.9851	▼0.15%
GBP/CNH	9.2059	9.2041	▼0.21%
CNY/HKD	1.1466	1.1466	▼0.05%
EUR/HKD	9.1506	9.1507	▼0.21%
SGD/HKD	6.1265	6.1292	▼0.23%

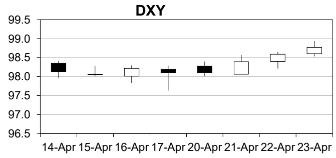
*Open is as at 8am HKT/SGT.

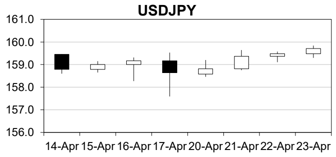
G3 Equities	Close	Net Chg	Daily %Δ
S&P500 (US)	7108.4	-29.50	▼0.41%
Nasdaq (US)	24438.5	-219.07	▼0.89%
DJIA (US)	49310.32	-179.71	▼0.36%
N225 (JP)	59140.23	-445.63	▼0.75%
STOXX50 (EU)	5894.73	-11.49	▼0.19%

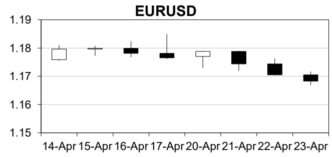
Asia Equities	Close	Net Chg	Daily %Δ
ASX (AU)	5607.72	-15.14	▼0.27%
STI (SG)	4944.11	-58.61	▼1.17%
SHCOMP (CN)	4093.25	-13.01	▼0.32%
SZCOMP (CN)	2759.619	-29.38	▼1.05%
HSI (HK)	25915.2	-248.04	▼0.95%
SENSEX (IN)	77664	-852.49	▼1.09%
JSE (ID)	7378.606	-163.01	▼2.16%
KLSE (MY)	1721.7	11.31	+0.66%
PSE (PH)	5983.81	-5.75	▼0.10%
SET (TH)	1461.35	-18.39	▼1.24%
VNINDEX (VN)	1870.36	0.01	+0.70%

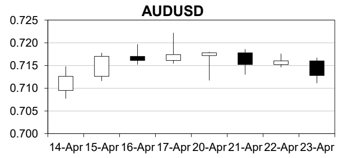
Commodity	Close	Net Chg	Daily %Δ
COPPER (LME)	13,300.69	-73.50	▼0.55%
IRON ORE (CN)	107.10	0.15	▼0.23%
GOLD	4,694.14	-45.76	▼0.97%
SILVER	75.44	-0.11	▼3.97%
OIL (BRENT)	105.07	3.16	+3.10%
OIL (WTI)	95.85	2.89	+3.11%
NATURAL GAS	2.61	-2.27	▼2.92%

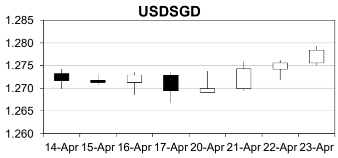
CHARTS

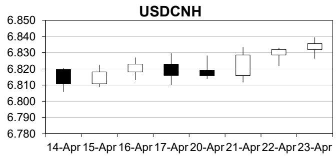


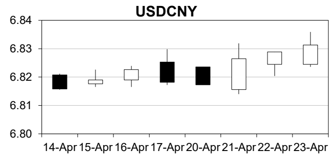


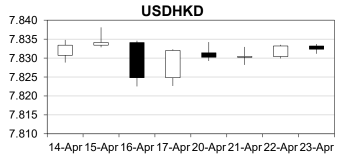


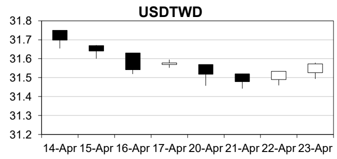


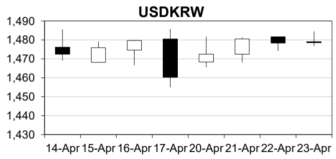


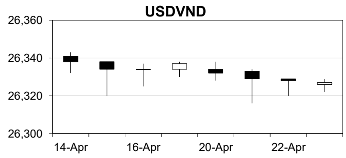


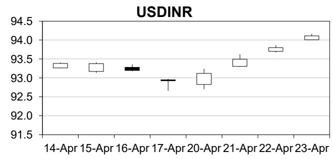


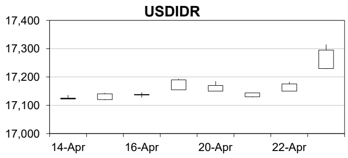


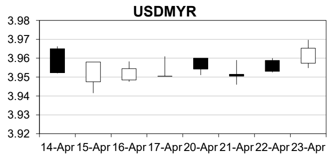


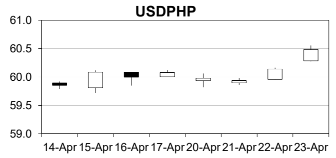


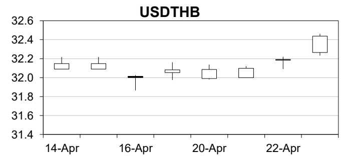


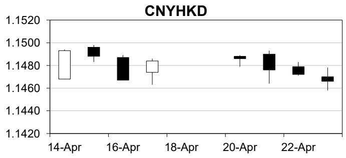


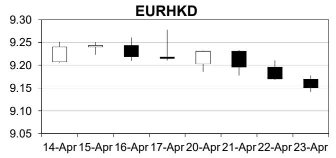


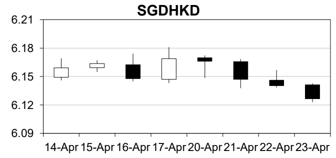


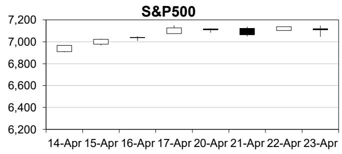


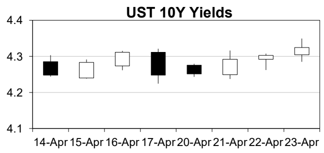


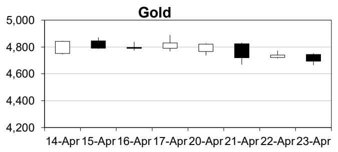


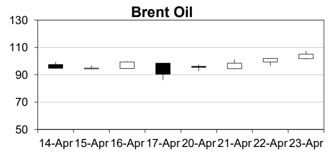












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