Mizuho Daily

Aug 07, 2026

Three Take-Aways

1) Iran rattled the market once again, by planning to prohibit US and Israeli vessels from transiting the waterway and seek compensation from countries deemed hostile.

2) The AI investment boom may become another source of inflationary pressure in the US economy, with Trump's latest 15% tariffs adding fuel to the flames.

3) We expect Philippines' Q2 GDP to match the pace in Q1.

MACRO THEME: No Compromises

- Just as market sentiment improved on hopes of an Iran-Oman agreement that would safeguard energy flows through the Strait of Hormuz, local reports indicated that Iran plans to prohibit US and Israeli vessels from transiting the waterway and seek compensation from countries deemed hostile. The proposal is currently under review by Iran's parliament.

- Separately, Iranian naval forces reportedly struck "hostile targets" near the entrance of the Strait of Hormuz yesterday.

- The developments quickly revived geopolitical concerns, pushing Brent crude prices up 3.8%, while US Treasury yields rose 6-7bps across the curve.

Warsh's Dilemma

- The Fed's independence has once again come under the spotlight after reports that President Trump has held periodic phone conversations with Fed Chair Kevin Warsh, seeking his views on the economic outlook and policy forecasts.

- For now, there is no indication that Trump is attempting to influence policy decisions directly.

- At nearly the same time, separate reports suggested that Warsh is prepared to raise rates should upcoming inflation data surprise to the upside and market expectations for tighter policy build further.

- The futures market is currently pricing a 57% probability of a September rate hike, down from over 90% before Warsh's FOMC remarks.

Crowded AI Investment

- Beyond Middle East tensions, the AI investment boom could become another source of inflationary pressure in the US economy.

- Alphabet issued $25 billion of investment-grade bonds on Thursday, with proceeds earmarked for AI and data center expansion over the next two years.

- On the same day, Tesla pledged to build Terafab in Texas, describing it as the largest chip manufacturing facility ever. The first phase alone is expected to involve more than $16.8 billion in capital expenditure and create roughly 3,000 jobs.

- Meanwhile, Trump announced new tariffs of 15%, along with price floors, on imported polysilicon and its derivatives used in semiconductors and solar panels.

- The measures, set to take effect in December, were justified on national security grounds but aslo expected to add fuel to the flames.

***Yields** (2Y: +6.6bp; 10Y: +6.6bp; 30Y: +6.1bp)*

***Equities** (Nasdaq: -0.1%; S&P500: -0.2%; Dow: -0.9%)*

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

China: Seasonal Weakness to Weigh in

- China's official manufacturing PMI fell to a five-month low of 49.2 in July, undershooting market expectations and signalling softer supply and demand conditions.

- The reading was also marginally below the average July PMI of 49.3 recorded during 2023-25, likely reflecting the impact of heavy rainfall, typhoons, and flooding across key industrial provinces, including Guangdong and Zhejiang. Notably, the production sub-index slipped into contraction territory for the first time in five months, easing to 49.9.

- In contrast, the decline in the new export orders index was relatively modest, with the gauge edging down to 49.6.

- Against this backdrop, we expect **July exports to post another month of solid growth**, supported by elevated export prices and resilient AI-related demand.

- Encouragingly, high-tech manufacturing remained a bright spot, with its PMI holding firm at 53.3, demonstrating continued strength despite softer headline manufacturing conditions.

- **On the import side, growth is likely to moderate slightly amid lower energy and raw material prices**. While headline imports increased 36% YoY in June, the gain was far less pronounced in volume terms, with real import growth estimated at just 3.9%.

Philippines Q2 GDP: Flat Headline, Soft Foundations

- We expect Philippines' Q2 GDP to remain unchanged at 2.8% YoY, matching the pace recorded in Q1.

- Private consumption is expected to remain soft. Net Sales volume contracted 0.3% QoQ, pointing to weak underlying momentum and elevated inflation likely pressured households' purchasing power.

- Net exports are likely to remain a drag on growth. While the nominal trade balance deteriorated further in Q2, underlying trade volumes appear to have held up better, supported by a rebound in electronic exports in June.

- Meanwhile, contracting capital goods imports (-8.4% QoQ) points to subdued investment activity.

- Government spending picked up within the quarter, rebounding 16% QoQ and should provide some support to Q2 growth. That said, spending was still roughly flat YoY (+0.6%), suggesting the pickup may not yet reflect a durable acceleration in fiscal support.

- A print reflecting weak domestic demand would reinforce BSP's growth concerns and likely limit its ability to tighten policy aggressively, even with inflation remaining above target. Negative real rates and elevated oil prices will continue to pressure the PHP.

DATA/EVENTS

Overnight	Actual	Exp.	Prior
(US) Initial Jobless Claims	199k	205k	197k
(US) Wholesale Inventories MoM (Jun F)	0.2%	0.3%	0.3%
(EZ) ECB Publishes Economic Bulletin			
(EZ) Retail Sales MoM (Jun)	-0.3%	0.1%	0.2%
(AU) Trade Balance (Jun)	A$1929m	-A$1080m	-A$3018m
(KR) BoP Current Account Balance (Jun)	$49730.4m	--	$38607.4m
(PH) Unemployment Rate (Jun)	4.9%	--	4.8%
(TW) PPI YoY (Jul)	16.9%	--	15.1%
(TW) CPI/Core YoY (Jul)	**2.5%/2.4%**	**2.5%/2.3%**	**2.6%/2.5%**

Today	Actual	Exp.	Prior
(US) Change in Nonfarm Payrolls (Jul)		**80k**	**57k**
(US) Unemployment Rate (Jul)		**4.2%**	**4.2%**
(JP) Coincident Index/Leading Index CI (Jun P)		118.1/116.5	117.9/116.5
(PH) GDP YoY/SA QoQ (2Q)		2.9%/0.7%	2.8%/0.9%
(TW) Exports/Imports YoY (Jul)		40.6%/50.1%	40.3%/51.8%
(CH) Exports/Imports YoY (Jul)		23.0%/29.5%	27.0%/36.0%

FX OUTLOOK

FX	Close (NY)	Open*	Daily %Δ	Forecast		
USDJPY	158.43	158.41	+0.43%	156.50	-	159.00
EURUSD	1.1525	1.1524	▼0.24%	1.1460	-	1.1630
GBPUSD	1.3455	1.3455	▼0.10%	1.3360	-	1.3550
AUDUSD	0.7032	0.7033	▼0.37%	0.6990	-	0.7100
DXY	99.9	--	+0.25%	99.2	-	100.5
USDCNY	6.7513	--	+0.03%	6.7300	-	6.8100
USDCNH	6.7476	6.7478	▼0.01%	6.7300	-	6.8100
USDHKD	7.8448	7.8446	+0.01%	7.8200	-	7.8500
USDSGD	1.2837	1.2835	+0.21%	1.2750	-	1.2880
USDKRW	1422	1424	+0.00%	1410	-	1430
USDTWD	32.25	--	▼0.17%	32.10	-	32.60
USDINR	95.23	--	+0.10%	94.70	-	95.60
USDIDR	17918	--	▼0.07%	17800	-	18050
USDMYR	4.090	4.095	▼0.09%	4.070	-	4.110
USDPHP	60.81	--	+0.09%	60.30	-	61.20
USDTHB	33.06	33.12	▼0.45%	32.9	-	33.3
USDVND	26250	26241	▼0.07%	26100	-	26450

*Open is as at 8am HKT/SGT.

MARKET MOVES

Bond Yields	2Y Close	10Y Close	2Y Δ (bps)	10Y Δ (bps)
UST (US)	4.249	4.681	6.6	6.6
JGB (JP)	1.567	2.769	-0.2	-4.0
Bunds (GE)	2.758	3.139	3.0	2.9
Gilts (UK)	4.296	4.937	5.8	4.7
AGB (AU)	4.512	4.952	1.3	4.5
SGS (SG)	1.645	2.266	-1.2	-0.8
CGB (CN)	1.250	1.706	0.2	0.0
KGB (KR)	3.546	4.148	0.0	0.0
SDL (IN)	6.130	6.767	0.2	-0.5

Cross FX	Close (NY)	Open*	Daily %Δ
EUR/JPY	182.6	182.56	+0.19%
GBP/JPY	213.153	213.132	+0.33%
JPY/SGD (100yen)	0.8102	0.8102	▼0.22%
JPY/HKD (100yen)	4.9507	4.9519	▼0.42%
CNH/JPY	23.458	23.469	+0.42%
CNH/HKD	1.1622	1.1621	+0.01%
EUR/GBP	0.85652	0.85652	▼0.15%
AUD/NZD	1.1981	1.1985	▼0.06%
EUR/CNH	7.7766	7.7762	▼0.25%
GBP/CNH	9.0792	9.0788	▼0.10%
CNY/HKD	1.1622	1.1621	+0.01%
EUR/HKD	9.0408	9.0401	▼0.24%
SGD/HKD	6.1106	6.1116	▼0.20%

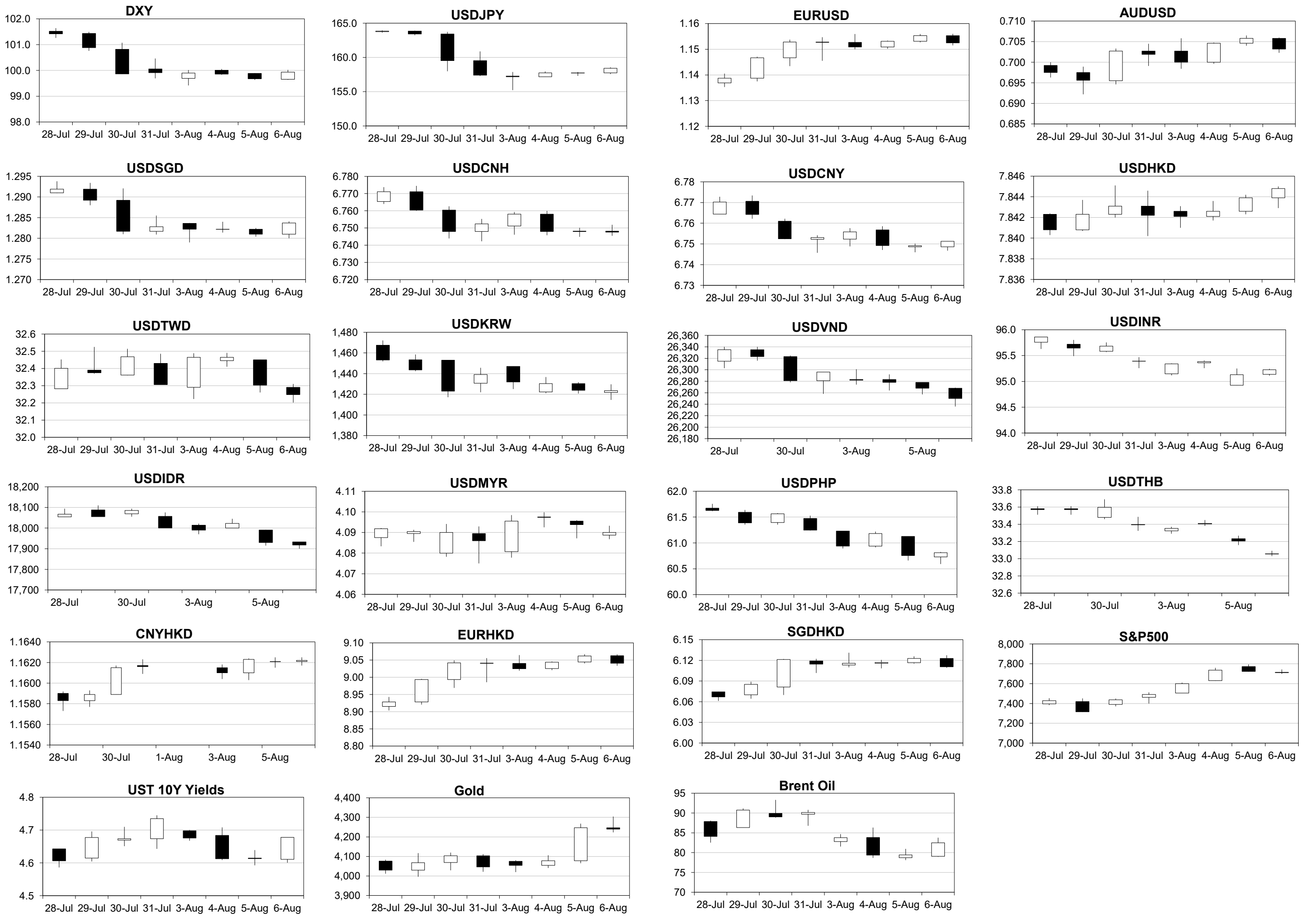
*Open is as at 8am HKT/SGT.

G3 Equities	Close	Net Chg	Daily %Δ
S&P500 (US)	7709.96	-13.59	▼0.18%
Nasdaq (US)	26348.35	-15.09	▼0.06%
DJIA (US)	53885.1	-464.02	▼0.85%
N225 (JP)	65683.26	-617.18	▼0.93%
STOXX50 (EU)	6502.56	25.58	+0.39%

Asia Equities	Close	Net Chg	Daily %Δ
ASX (AU)	5856.14	-7.92	▼0.14%
STI (SG)	5638.99	57.62	+1.03%
SHCOMP (CN)	3900.352	21.92	+0.57%
SZCOMP (CN)	2539.097	1.54	+0.06%
HSI (HK)	25530.28	-385.54	▼1.49%
SENSEX (IN)	78954.76	373.76	+0.48%
JSE (ID)	6343.711	-7.43	▼0.12%
KLSE (MY)	1737.15	-11.02	▼0.63%
PSE (PH)	6277.95	-8.36	▼0.13%
SET (TH)	1614.64	4.86	+0.30%
VNINDEX (VN)	1764.78	-0.01	▼0.66%

Commodity	Close	Net Chg	Daily %Δ
COPPER (LME)	14,226.64	7.99	+0.06%
IRON ORE (CN)	95.64	-2.36	+1.64%
GOLD	4,239.42	-7.40	▼0.17%
SILVER	61.54	-0.05	▼1.79%
OIL (BRENT)	82.49	3.04	+3.83%
OIL (WTI)	77.29	2.07	+2.75%
NATURAL GAS	2.64	-0.51	▼0.82%

CHARTS



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