Mizuho Daily

Aug 14, 2026

Three Take-Aways

1) Oil prices softened amid possibility of US talks with mediators though declines remain restrained amid continued doubts over transit volumes, actual progress in negotiations and renewed attacks on vessels.

2) US PPI came in lower than expected and sent UST yields lower amid divergent views from Fed officials. US equities retained buoyancy.

3) RBA's Kent highlights challenges in achieving disinflation as well as deterioration in housing market as assisting in constraining aggregate demand in lieu of rate hikes.

MACRO THEME: Flows, Attacks and Talks

- **Oil prices softened** though it remains elevated at US$87/barrel.

- The decline in energy prices came alongside reports of Jared Kushner reportedly travelling to Egypt for talks with mediators next week and VP JD Vance stating that **their goal is to keep oil and gasoline cheap for the US.**

- Inevitably, there will be **doubts over the extent of progress on such talks given increasing demands from both sides**.

- This morning, US energy secretary Wright revealed that 8-9 million barrels of oil transit through Hormuz daily.

- Given that this would amount to almost 50% of pre-War volumes, there is also **skepticism** over these figures especially given the difficulty in reconciling with the **subdued vessel traffic and lower oil import volumes.**

- Furthermore, with reports that **two vessels affiliated with UAE** was **attacked** overnight during their transit of the Strait of Hormuz, it is challenging to imagine substantial restoration in confidence of a safe journey.

Of Defense and Self Protection

- Notably, overnight lows of oil prices **coincided with reports that the US will be replacing long deployed USS Abraham Lincoln** with USS George Washington.

- USS Abraham Lincoln made a **record deployment of 250 days without marking land** which has resulted in fatigue and reports of sailors going overboard amid mental health issues.

- In addition, reports of a 25% **depletion in the US reaper drones** adding onto earlier reports on declining stocks of Tomahawk missiles and THAAD missiles may also be **capping the potential for a re-escalation in military attacks in the interim.**

- That said, cumulative frustration on a lack of progress on negotiations and protracted energy prices in the US imply that there remains **pipeline latent risks of a re-escalation.**

Favourable Data Points, Fraught Paths

- Meanwhile, **US PPI coming in lower than expected sent UST yields diving 5-6bps** with PPI final demand flat on a MoM basis while PPI excluding food and energy rose 0.2% MoM in July, a similar pace relative to June. Nonetheless, Cleveland Fed President Beth Hammack cast doubts on **dis-inflation** saying that "I **don't have confidence that we are going to see that continue** or that... it is going to bring us back down to the 2% number.

- In contrast, Richmond Fed President Barkin said that most of the inflation comes from shocks (tariffs and US-Iran war) that would pass. He alluded to supply chain challenges and AI investment boom as possible sources of persistent price pressures which may require tighter monetary policy.

Dis-inflation: Difficult to Achieve

- Similarly, facing dis-inflation challenges, RBA Assistant Governor Chris Kent said that a **lot of things have to go right** for their projected inflation path to be realised.

- Crucially, the **housing market slowdown** was characterised as a tightening in financial conditions and in fact he explicitly noted that it "**reduces the extent to which monetary policy needs to constrain the growth in aggregate demand** to help bring inflation back to the RBA's target". The AUD saw a mild slippage following his speech.

- The NOK slipped as the **Norges Bank stood pat** keeping policy rate at 4.25% while keeping optionality for rate hikes as inflation has stayed and will likely continue to be above target for years.

Vietnam: Latent Risks

- Latest report by the SBV which showed a **large funding gap between loans and deposits by 2 quadrillion VND** should be warning about the sharp trade-offs underpinning the economy that is growing at a stellar rate of above 8%. In the same vein, there should be **caution against unrestrained pursuit of 12% growth in H2 2026 via credit growth** in order to achieve the official target of 10% growth.

- First, historical episodes of outsized credit growth **warns of potential inflation risks** which in turns **undermines the SBV's credibility** in controlling inflation. This is especially so with inflation now hovering around 4.5% with supply chain pressures unlikely to ease.

- Rates such as the 3M VNIBOR are at more than 300bps spread to the SBV official refinancing rate in recent months which is above the average 100bps spread in 2026 reflecting **underlying funding stresses** and warn of potential financial stability risks and/or need for lagged catch-up by the SBV to tame inflation pressures. These risks also dampen the shine on the VND which has been kept stable in 2026.

***Yields** (2Y: -5.9bp; 10Y:-5.1bp; 30Y: -4.5bp)*

***Equities** (Nasdaq:+0.8%; S&P500: +0.7%; Dow: +0.1%)*

***FX** (DXY: -0.05%)*

- USD/JPY retained buoyancy above 159. The JPY saw little reprieve despite lower UST yields and softer oil prices. Reports of possible BoJ rate hikes in September or October which was said to be backed by PM Takaichi's government also did little for the JPY. EUR stayed above 1.15 while USD/SGD hovered around both sides of 1.28.

DATA/EVENTS

Overnight	Actual	Exp.	Prior
(US) Initial Jobless Claims	**209k**	**202k**	**199k**
(US) PPI Final Demand/Ex Food and Energy YoY (	4.7%/4.2%	4.9%/4.1%	5.5%/4.7%
(EZ) Industrial Production WDA YoY (Jun)	0.1%	-0.6%	-1.2%
(JP) PPI YoY (Jul)	7.2%	7.4%	7.3%
(TH) Consumer Confidence Economic (Jul	45.3	--	44.1
(IN) Exports/Imports YoY (Jul)	19.6%/17.5%	--	15.5%/31.0%
Today	**Actual**	**Exp.**	**Prior**
(US) U. of Mich. Sentiment/Expectations (Aug P)		**54.9/55.2**	**55.2/55.4**
(US) U. of Mich. 1/5-10Yr Inflation (Aug P)		4.2%/3.3%	4.2%/3.3%
(US) Retail Sales Adv./Ex Auto and Gas MoM (Jul)		0.1%/0.3%	0.2%/0.4%
(EZ) Trade Balance SA (Jun)		--	-5.0b
(EZ) GDP SA YoY/QoQ (2Q S)		1.0%/0.4%	1.0%/0.4%
(IN) Wholesale Prices YoY (Jul)		10.0%	9.9%
(MY) GDP YoY/SA QoQ (2Q F)		5.8%/2.4%	5.8%/0.0%
(CH) BoP Current Account Balance (2Q P)		--	$184.3b

FX OUTLOOK

FX	Close (NY)	Open*	Daily %Δ	Forecast		
USDJPY	159.50	159.44	+0.05%	158.50	-	160.00
EURUSD	1.1528	1.1534	+0.02%	1.1460	-	1.1630
GBPUSD	1.3487	1.3490	▼0.06%	1.3390	-	1.3600
AUDUSD	0.7059	0.7064	▼0.04%	0.7020	-	0.7110
DXY	100.0	--	▼0.05%	99.2	-	100.5
USDCNY	6.7441	--	▼0.01%	6.7100	-	6.8000
USDCNH	6.7449	6.7439	▼0.01%	6.7100	-	6.8000
USDHKD	7.8468	7.8470	▼0.00%	7.8200	-	7.8500
USDSGD	1.2806	1.2803	+0.00%	1.2720	-	1.2890
USDKRW	1417	1417	+0.00%	1405	-	1429
USDTWD	32.16	--	▼0.29%	32.00	-	32.50
USDINR	95.45	--	+0.12%	94.80	-	95.90
USDIDR	17870	--	▼0.03%	17750	-	18000
USDMYR	4.087	4.087	+0.04%	4.060	-	4.120
USDPHP	61.35	--	+0.26%	60.70	-	61.70
USDTHB	33.14	33.17	▼0.08%	32.8	-	33.4
USDVND	26072	26066	▼0.20%	25900	-	26350

*Open is as at 8am HKT/SGT.

MARKET MOVES

Bond Yields	2Y Close	10Y Close	2Y Δ (bps)	10Y Δ (bps)
UST (US)	4.143	4.644	-5.9	-5.1
JGB (JP)	1.642	2.867	0.4	2.2
Bunds (GE)	2.765	3.130	-2.0	-2.9
Gilts (UK)	4.305	4.952	-0.9	-1.8
AGB (AU)	4.537	4.991	-3.8	-3.4
SGS (SG)	1.648	2.259	-1.7	-1.1
CGB (CN)	1.237	1.697	-0.7	-0.6
KGB (KR)	3.637	4.296	0.0	0.0
SDL (IN)	6.100	6.758	-1.7	-2.0

Cross FX	Close (NY)	Open*	Daily %Δ
EUR/JPY	183.88	183.89	+0.07%
GBP/JPY	215.109	215.084	▼0.02%
JPY/SGD (100yen)	0.8027	0.803	▼0.07%
JPY/HKD (100yen)	4.919	4.9217	▼0.07%
CNH/JPY	23.648	23.638	+0.02%
CNH/HKD	1.1634	1.1634	+0.01%
EUR/GBP	0.85484	0.85498	+0.10%
AUD/NZD	1.2065	1.2067	+0.08%
EUR/CNH	7.7757	7.7783	▼0.02%
GBP/CNH	9.0962	9.0976	▼0.09%
CNY/HKD	1.1634	1.1634	+0.01%
EUR/HKD	9.0465	9.0507	+0.01%
SGD/HKD	6.1275	6.1289	+0.00%

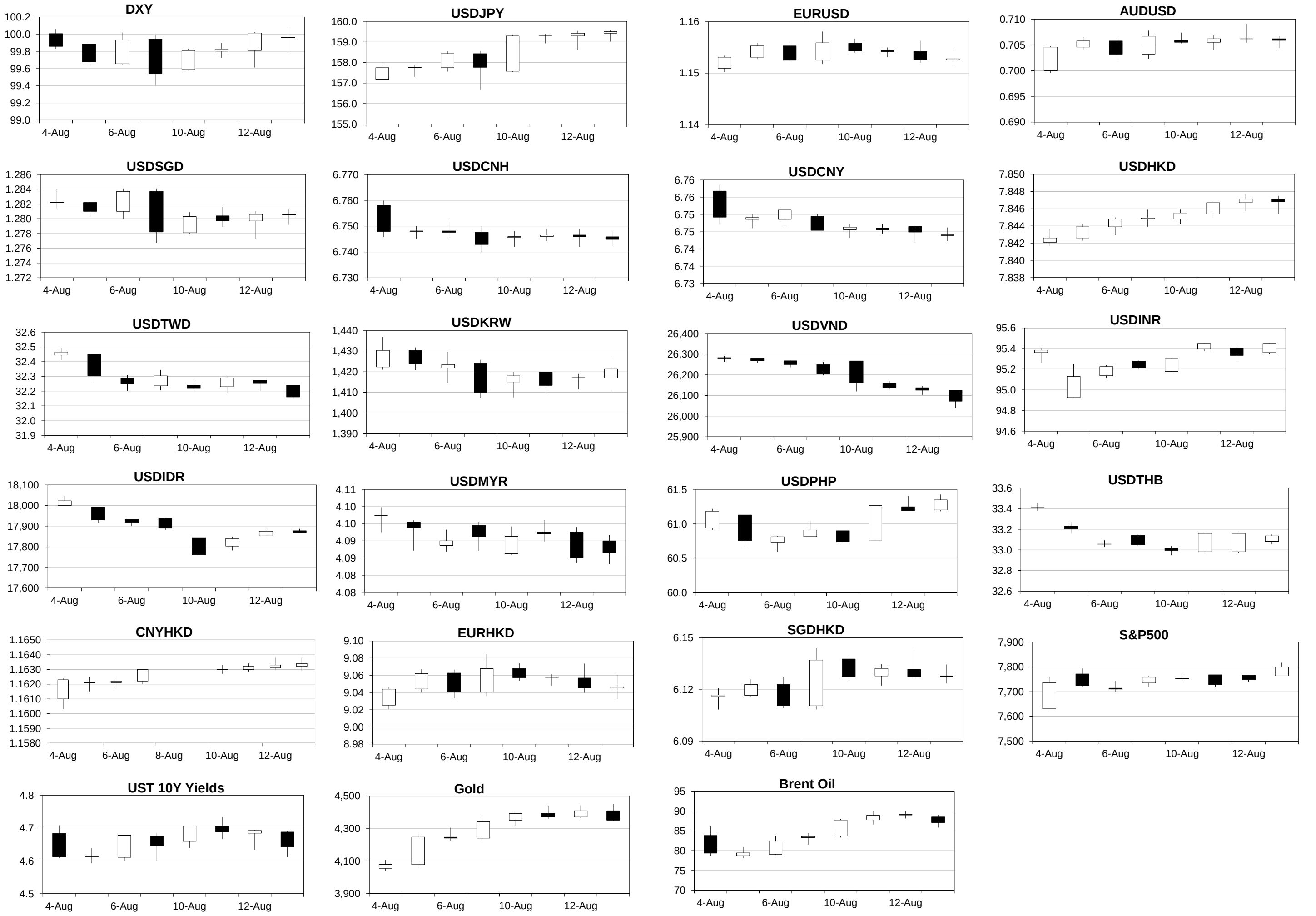
*Open is as at 8am HKT/SGT.

G3 Equities	Close	Net Chg	Daily %Δ
S&P500 (US)	7798.99	50.49	+0.65%
Nasdaq (US)	26803.03	214.54	+0.81%
DJIA (US)	53839.99	69.72	+0.13%
N225 (JP)	68308.59	784.53	+1.16%
STOXX50 (EU)	6545.47	11.48	+0.18%

Asia Equities	Close	Net Chg	Daily %Δ
ASX (AU)	5815.1	-28.00	▼0.48%
STI (SG)	5720.05	-0.70	▼0.01%
SHCOMP (CN)	3926.965	-19.71	▼0.50%
SZCOMP (CN)	2581.585	-25.40	▼0.97%
HSI (HK)	25396.51	-43.66	▼0.17%
SENSEX (IN)	78079.96	113.61	+0.15%
JSE (ID)	6301.765	-72.08	▼1.13%
KLSE (MY)	1734.71	-6.90	▼0.40%
PSE (PH)	6288.25	-78.39	▼1.23%
SET (TH)	1614.36	1.74	+0.11%
VNINDEX (VN)	1765.63	-0.02	▼1.54%

Commodity	Close	Net Chg	Daily %Δ
COPPER (LME)	14,394.14	99.89	+0.70%
IRON ORE (CN)	95.14	-0.50	▼0.22%
GOLD	4,350.39	-57.90	▼1.31%
SILVER	64.49	-0.08	▼2.75%
OIL (BRENT)	87.07	-1.91	▼2.15%
OIL (WTI)	81.25	-2.02	▼2.43%
NATURAL GAS	2.73	-0.83	▼1.27%

CHARTS



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