Mizuho Daily

Sep 14, 2026

Three Take-Aways

1) US CPI sequential momentum for August printed higher than expected sending front end UST yields higher and markets price in 88% chance of a Fed rate hike this week.

2) Rising threats to Saudi's oil production send oil prices higher as diplomatic meeting between Gulf countries and Iran postponed.

3) EM-Asia FX to find limited relief as UST yields and higher oil prices weigh. Yields likely to remain elevated with room for rate hikes diverging depending on respective output gaps.

MACRO THEME: Unrelenting Pressures

- Last Friday, **US CPI for August** came in **marginally higher than expected** with headline CPI more troubling from a momentum perspective gaining 0.4% MoM.

- **Core CPI MoM was also uncomfortable** at 0.3% MoM with core services contributing the entirety of the inflation pressures, led by shelter costs from higher rentals, and transportation services as airfares rose.

- The AI demand spillover was also evident as computer software and accessories prices rose 25.4% YoY.

- From the University of Michigan Survey, data also depicted **dire consumers sentiments alongside higher inflation expectations**.

- **Deteriorating consumer sentiments** was not surprising given its correlation with gasoline prices and **1 year inflation expectations rose to 4.6%** in September from 4.0% in August.

- **UST yield curve bear flattened** with front end 2Y UST yields rising 4.0bps last Friday as **markets price in 88% chance of a Fed rate hike this week.**

- US equities rose in part due to softer tone to oil prices last Friday aiding industrials alongside tech related gains post product launches. US equities futures are starting on the backfoot as Brent crude prices rose to test US$108/barrel this morning.

Severed Solutions?

- The **relief from lower oil prices is proving to be short lived with Saudi announcing that they had closed their East West pipeline following attacks.**

- The pipeline is responsible for the transfer of **7 million barrels per day (4-5% of global supply)** of crude oil **as a workaround** amid the impasse in the Strait of Hormuz situation**.**

- Nonetheless, it should be noted that this **shutdown is meant to assess the damage the pipeline has sustained**.

- With inventory of repair related spare parts potentially well stocked given the contingencies from onset of the conflict, markets will be assessing if **the latest repair would be as fast as the one in April which took only days after a pumping station was attacked by Iranian forces**.

- Given the lack of consensus, a **scheduled meeting in Oman** today between Iran and other Middle East countries have **been postponed** with Bahrain also declining participation as it had been hard hit by Iran's attacks.

The Delayed Marginal Buyer?

- The **risks of China's buying of crude oi**l have surfaced in the past week with their purchases said to be propping up African, Canadian and Latin American crude oil.

- To be clear, these purchases are unlikely to be at levels signalling a full resumption of China's demand.

- Nonetheless, the marginal re-stocking signal imply that there is **little room for markets to rely on China lowering demand further by tapping on inventory.**

- Instead, markets will have to hinge on global demand adjustments as reflected by the IEA's latest forecast that consumption will have to adjust to higher prices.

- The implication being that **economic activity would likely also be curtailed** as land and air travel becomes increasingly constrained.

EM-Asia: Policy Space and Pressures

- With the impulse from higher energy prices set to filter throughout EM-Asia, the usual suspects of PHP, INR and THB are likely to be on the back foot. Central bank FX intervention and re-calibration of policy moves will be on the cards as markets await the mid-week FOMC.

- A pressured INR alongside the potential for upside in the CPI print today will imply that **the optionality of rate hikes for the RBI ought to be well-retained for the rest of 2026** especially after some of the recent FX boosting measures have been called to an early end.

- Similarly, a depreciating PHP even after their rate hike in end-August imply that **further tightening by the BSP** cannot be ruled out especially given the need for prudent usage of FX reserves

- In contrast, the **likes of Singapore, Korea and Taiwan have ample policy space** to tighten monetary policy to lean against inflationary pressures.

- Nonetheless, their AI-led growth tailwinds may be subject to continued volatility though **it may present itself via tighter financial conditions from equity valuations rather than exports or investments** given that much of the fund raising remains likely to be deployed in the interim into various data center related developments.

***Yields** (2Y: +3.9bp; 10Y: +0.4bp; 30Y: -1.4bp)*

***Equities** (Nasdaq: +1.0%; S&P500: +0.9%; Dow: +1.0%)*

***FX** (DXY: +0.1%)*

- USD/JPY trading around mid-153. EUR weakened to around 1.16. AUD slipped below mid-71 cents as oil prices spike.

- USD/SGD marginally buoyed above mid-1.26.

DATA/EVENTS

Overnight	Actual	Exp.	Prior
(US) U. of Mich. Sentiment/Expectations (Sep P)	47.8/45.8	51.0/--	51.7/51.5
(US) U. of Mich. 1/5-10 Yr Inflation (Sep P)	4.6%/3.4%	--	4.0%/3.3%
(US) CPI/Core YoY (Aug)	3.4%/2.4%	3.4%/2.4%	3.4%/2.5%
(JP) PPI YoY (Aug)	7.6%	7.4%	7.2%
(JP) BSI Large Manufacturing QoQ (3Q)	7.6	--	-1.8

Today	Actual	Exp.	Prior
(IN) CPI YoY (Aug)		4.9%	4.5%
(JP) Industrial Production YoY (Jul F)		--	4.10%

FX OUTLOOK

FX	Close (NY)	Open*	Daily %Δ	Forecast
USDJPY	153.61	153.44	▼0.52%	153.00 - 155.50
EURUSD	1.1599	1.1593	▼0.11%	1.1550 - 1.1690
GBPUSD	1.3524	1.3524	+0.09%	1.3450 - 1.3620
AUDUSD	0.7169	0.7152	+0.17%	0.7100 - 0.7220
DXY	99.1	--	+0.07%	98.0 - 99.5
USDCNY	6.7074	--	▼0.07%	6.7000 - 6.7700
USDCNH	6.7080	6.7076	▼0.10%	6.7000 - 6.7700
USDHKD	7.8423	7.8423	+0.01%	7.8200 - 7.8500
USDSGD	1.2670	1.2672	▼0.09%	1.2600 - 1.2810
USDKRW	1347	1343	+0.00%	1335 - 1355
USDTWD	31.65	--	+0.28%	31.40 - 31.70
USDINR	95.56	--	+0.11%	95.00 - 96.00
USDIDR	17600	--	+0.35%	17500 - 17780
USDMYR	4.071	4.070	+0.14%	4.030 4.090
USDPHP	62.70	--	+0.26%	62.20 - 63.00
USDTHB	33.04	33.10	+0.31%	32.8 - 33.3
USDVND	25920	25920	▼0.01%	25900 - 26300

*Open is as at 8am HKT/SGT.

MARKET MOVES

Bond Yields	2Y Close	10Y Close	2Y Δ (bps)	10Y Δ (bps)
UST (US)	4.626	4.968	3.9	0.4
JGB (JP)	1.835	2.977	1.4	6.4
Bunds (GE)	3.192	3.503	-4.1	0.4
Gilts (UK)	4.812	5.343	-5.8	-3.0
AGB (AU)	5.004	5.368	13.6	11.9
SGS (SG)	1.753	2.446	4.9	6.3
CGB (CN)	1.240	1.686	0.5	0.8
KGB (KR)	3.920	4.540	8.0	8.6
SDL (IN)	6.313	7.012	0.0	4.8

Cross FX	Close (NY)	Open*	Daily %Δ
EUR/JPY	178.11	177.89	▼0.67%
GBP/JPY	207.741	207.522	▼0.44%
JPY/SGD (100yen)	0.8252	0.8259	+0.49%
JPY/HKD (100yen)	5.1067	5.1109	+0.57%
CNH/JPY	22.917	22.875	▼0.34%
CNH/HKD	1.1691	1.1691	+0.07%
EUR/GBP	0.85742	0.85722	▼0.23%
AUD/NZD	1.2331	1.2308	▼0.11%
EUR/CNH	7.7802	7.7764	▼0.22%
GBP/CNH	9.0744	9.0716	+0.02%
CNY/HKD	1.1691	1.1691	+0.07%
EUR/HKD	9.097	9.0919	▼0.10%
SGD/HKD	6.1887	6.1886	+0.09%

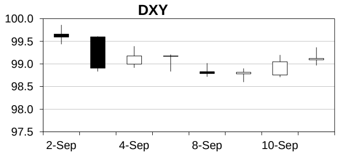
*Open is as at 8am HKT/SGT.

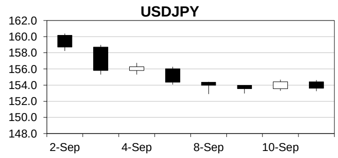
G3 Equities	Close	Net Chg	Daily %Δ
S&P500 (US)	7656.98	65.28	+0.86%
Nasdaq (US)	26333.04	251.32	+0.96%
DJIA (US)	52573.29	509.19	+0.98%
N225 (JP)	64011.34	-1259.61	▼1.93%
STOXX50 (EU)	6325.13	56.16	+0.90%

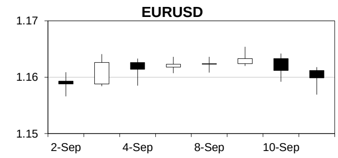
Asia Equities	Close	Net Chg	Daily %Δ
ASX (AU)	5733.64	22.14	+0.39%
STI (SG)	5695.93	6.18	+0.11%
SHCOMP (CN)	3888.111	-46.29	▼1.18%
SZCOMP (CN)	2465.845	-36.20	▼1.45%
HSI (HK)	24805.63	-148.84	▼0.60%
SENSEX (IN)	74781.76	-120.83	▼0.16%
JSE (ID)	6541.377	-47.96	▼0.73%
KLSE (MY)	1686.74	-18.78	▼1.10%
PSE (PH)	6061.81	-37.42	▼0.61%
SET (TH)	1604.52	-10.55	▼0.65%
VNINDEX (VN)	1795.21	-0.02	▼1.86%

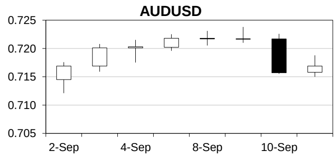
Commodity	Close	Net Chg	Daily %Δ
COPPER (LME)	14,229.62	6.77	+0.05%
IRON ORE (CN)	97.35	-2.30	▼1.17%
GOLD	4,349.08	30.89	+0.72%
SILVER	64.49	0.00	▼0.11%
OIL (BRENT)	104.61	-3.02	▼2.81%
OIL (WTI)	100.05	-2.43	▼2.37%
NATURAL GAS	2.83	0.88	+1.39%

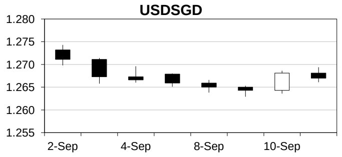
CHARTS

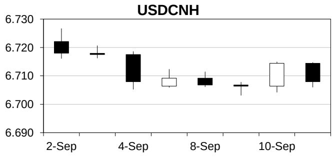


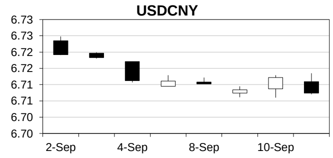


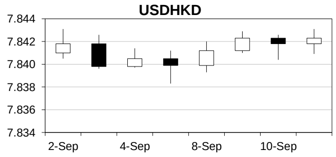


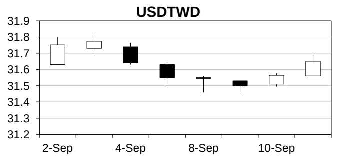


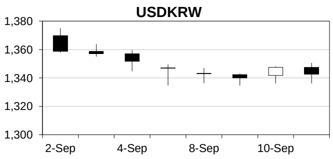


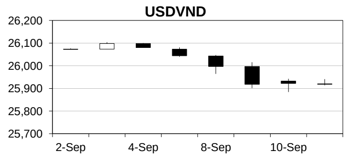


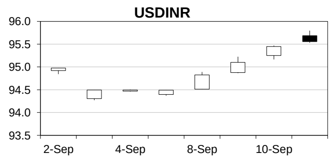


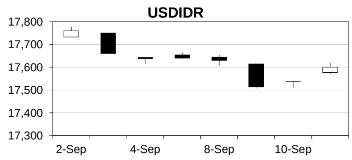


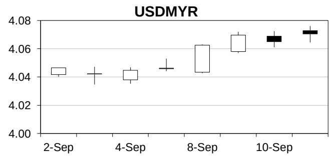


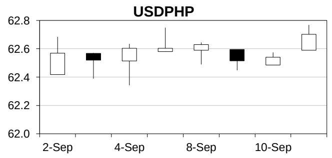


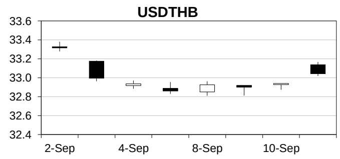


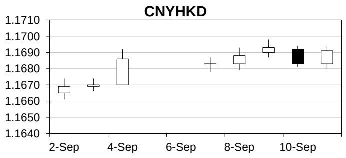


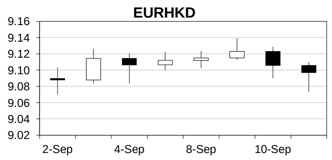


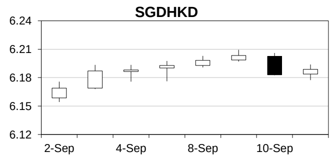


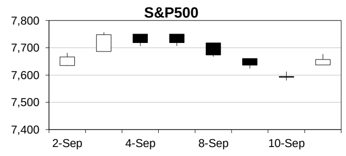


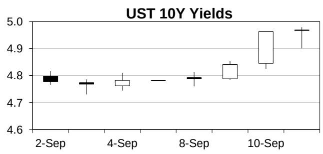


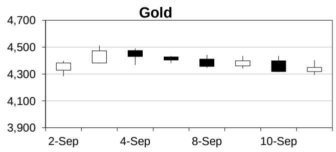


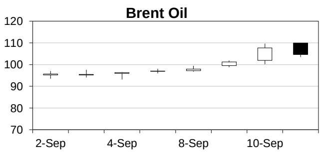












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