Mizuho Daily

Sep 23, 2026

Three Take-Aways

1) A "very good" three-hour meeting between US and Iran officials pushed oil prices lower.

2) A hawkish RBA getting ahead of the curve ought to be constructive for AUD and temporarily flatten the ACGB curve.

3) We expect BI to hold for now, in view of resilient IDR and renewed portfolio inflows. However, we see one to two more rate hikes later this year on elevated oil prices.

MACRO THEME: "Very Good" Talks

- Oil prices moved lower after US and Iranian officials held what President Trump described as a "very good" three-hour meeting on the sidelines of the UN General Assembly, pushing Brent crude below US$100 per barrel.

- Trump said another meeting would take place in the near future, although details of the discussions remain absent.

- On the same day, Trump warned openly in his UN address that Iran could face annihilation unless it agrees to end the war with the US.

Hawkish Fed Rhetoric

- Latest hawkish rhetoric from Fed officials has reinforced expectations of higher rates to contain inflation.

- Boston Fed President Susan Collins said a somewhat more restrictive federal funds rate would help ensure inflation returns sustainably to target, while Richmond Fed President warned that inflationary shocks could take time to dissipate and that elevated price pressures risk becoming entrenched.

RBA Hawks: Ahead of the Curve (Rebound)?

- A **hawkish RBA response *sooner***, and ***more emphatic***, is arguably, given the *flare in global oil prices*, and more importantly the *growing risk of second-round spill-over.*

- This translates into:
1. A 25bp hike at the September meeting (next week) going from a fair bet (~50% odds) at end-August to an overwhelming consensus (89%) now.
2. A follow-up 25bp hike (***not priced as of the end-August***) in late-2026/early-2027, with significant probability (>60%) of a third hike by mid-/Q3-2027.

- Point being, **markets have swung from no more than one patient hike** (to 4.60%) **in late-2027 to** *as many* as **three hikes with far greater urgency**.

- FX: A **hawkish RBA getting ahead of the curve**, ought to be *eventually* ***constructive for AUD****(back to 0.73-0.74),* looking past the interim hawkish Fed setback to potentially test 0.70.

- ACGB Curve: Whereas **ACGB yield curve impact** is likely to be **nuanced** and **time-varying**; with the **initial bear flattening** likely to relent to a **subsequent re-steepening** (but *without fully reversing the rise in yields*) **into 2027**. More specifically:

a. Front-End: **~50bp more of RBA hikes into end-2026** may be **primed to lift 2Y ACGBs through 5%** (upside to 5.2-5.4%) **as RBA Cash rate tests 4.85%**. With *2Y ACGB premium over RBA Cash rate sustained* by hawkish views and/or spillover from elevated front-end UST yields.

b. Belly: Meanwhile, 5Y ACGBs are likely to keep pace *rather than dramatically exceed* the 2Y premium over the RBA Cash rate.

c. Long-End: While the **initial part of the hiking momentum may favour bear flattening**, an ***eventually steeper ACGB curve*** may **relent to global pressures at the long-end**, suggesting a lift through 5.45-5.95%.

- All said, the **RBA getting ahead of the curve** may *only temporarily flatten (tame) the ACGB curve, but relent to re-steepening,* which will **help underpin AUD**.

BI: Hold for Now, but Risks Remain

- We expect **Bank Indonesia to keep rates unchanged**, in line with market consensus. From BI's perspective, there is **little immediate need for further tightening.**

- In essence, room for tightening is retained considering pipeline risks to IDR and inflation.

- The **IDR has remained resilient** since the previous meeting, with IDR appreciating ~0.8% despite a ~17% rise in Brent crude prices following the escalation in US-Iran tensions. **Renewed portfolio inflows and the absence of major negative headlines have supported sentiments.**

- BI is also **unlikely to tighten financial conditions unnecessarily given the government's ambition of achieving 6% growth by year-end.** While GDP growth surprised to the upside in 1H, govenrment consumption made an outsized contribution to growth, implying **underlying growth momentum may be less robust than suggested by the headline figures.**

- Nonetheless, inflation risks are skewed higher in the months ahead due to potential El Nino-related supply disruptions and recent increase in prices of unsubsidised fuel.

- As such, **the recent stability of the IDR may prove temporary, particularly if oil prices continue to stay elevated.** With Brent crude above US$100/bbl, its **fixed price fuel subsidy regime could reignite investor concerns over the fiscal outlook.**

- **Nor have fiscal concerns dissipated.** The July fiscal deficit was only marginally better than last year, while government's decision to assume salary payments for teachers and healthcare workers from 2027. This follows a 18% cut in regional transfer allocations in FY2026.

- As such, **while a pause remains the most likely outcome, we would retain the case for one to two additional rate hikes later this year** on elevated oil prices weighing on the IDR or renewed concerns over Indonesia's fiscal and external positions.

***Yields** (2Y: +0.8bp; 10Y: +1.1bp; 30Y: +1.7bp)*

***Equities** (Nasdaq: +0.5%; S&P500: 0.0%; Dow: -0.4%)*

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

DATA/EVENTS

Overnight	Actual	Exp.	Prior
(US) Rich Fed Manufacturing Index (Sep)	-2	2	4
(EZ) Consumer Confidence (Sep)	-16.5	-16.0	-15.5
(TW) Exports orders YoY (Aug)	71.4%	63.0%	61.9%
(TW) Unemployment Rate (Aug)	3.32%	3.30%	3.33%

Today	Actual	Exp.	Prior
(US) Mfg/Services PMI (Sep P)		53.7/55.9	53.9/56.5
(EZ) Mfg/Services PMI (Sep P)		52.6/51.4	52.7/51.6
(SG) CPI/Core YoY (Aug)		**2.3%/2.2%**	**2.2%/2.0%**
(AU) Mfg/Services PMI (Sep P)	49.3/51.4	--	52.0/53.2
(IN) Mfg/Services PMI (Sep P)		--	52.8/54.1
(ID) BI-Rate		**5.75%**	**5.75%**
(KR) Consumer Confidence (Sep)	106.6	--	104.5
(TW) Industrial Production YoY (Aug)		26.7%	25.6%

FX OUTLOOK

FX	Close (NY)	Open*	Daily %Δ	Forecast		
USDJPY	157.39	157.47	+0.02%	154.00	-	158.00
EURUSD	1.1449	1.1448	▼0.14%	1.1400	-	1.1550
GBPUSD	1.3346	1.3343	▼0.16%	1.3300	-	1.3500
AUDUSD	0.7115	0.7112	▼0.04%	0.7090	-	0.7190
DXY	100.6	--	+0.17%	99.3	-	100.6
USDCNY	6.7004	--	+0.08%	6.6800	-	6.7500
USDCNH	6.6988	6.6962	+0.09%	6.6700	-	6.7500
USDHKD	7.8436	7.8431	▼0.02%	7.8200	-	7.8500
USDSGD	1.2751	1.2750	▼0.06%	1.2650	-	1.2810
USDKRW	1352	1351	+0.00%	1350	-	1380
USDTWD	31.70	--	▼0.22%	31.50	-	32.20
USDINR	95.60	--	▼0.22%	95.20	-	96.50
USDIDR	17872	--	+0.19%	17680	-	18000
USDMYR	4.072	4.072	▼0.16%	4.050		4.110
USDPHP	62.72	--	▼0.13%	62.50	-	63.20
USDTHB	33.18	33.12	▼0.29%	33.1	-	33.6
USDVND	26015	26016	▼0.02%	25800	-	26200

*Open is as at 8am HKT/SGT.

MARKET MOVES

Bond Yields	2Y Close	10Y Close	2Y Δ (bps)	10Y Δ (bps)
UST (US)	4.756	4.963	0.8	1.1
JGB (JP)	1.848	2.972	0.0	0.0
Bunds (GE)	3.223	3.461	1.4	0.6
Gilts (UK)	4.779	5.238	3.0	2.7
AGB (AU)	5.004	5.299	2.2	1.8
SGS (SG)	1.848	2.391	1.0	-3.3
CGB (CN)	1.246	1.672	0.4	-0.5
KGB (KR)	4.026	4.481	0.7	2.3
SDL (IN)	6.555	7.011	0.0	-3.9

Cross FX	Close (NY)	Open*	Daily %Δ
EUR/JPY	180.21	180.27	▼0.12%
GBP/JPY	210.046	210.108	▼0.14%
JPY/SGD (100yen)	0.8101	0.8097	▼0.10%
JPY/HKD (100yen)	4.9832	4.9808	▼0.03%
CNH/JPY	23.512	23.499	▼0.06%
CNH/HKD	1.1708	1.1705	▼0.10%
EUR/GBP	0.85783	0.85797	+0.03%
AUD/NZD	1.242	1.2426	▼0.29%
EUR/CNH	7.6692	7.6666	▼0.06%
GBP/CNH	8.9379	8.9348	▼0.10%
CNY/HKD	1.1708	1.1705	▼0.10%
EUR/HKD	8.9798	8.9787	▼0.15%
SGD/HKD	6.1514	6.1513	+0.08%

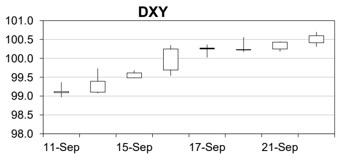
*Open is as at 8am HKT/SGT.

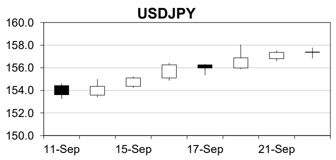
G3 Equities	Close	Net Chg	Daily %Δ
S&P500 (US)	7764.64	-0.06	▼0.00%
Nasdaq (US)	27244.28	122.19	+0.45%
DJIA (US)	51863.69	-185.14	▼0.36%
N225 (JP)	65018.95	0.00	+0.00%
STOXX50 (EU)	6324.72	6.52	+0.10%

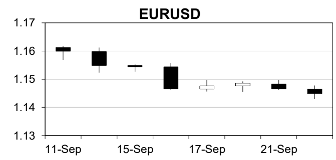
Commodity	Close	Net Chg	Daily %Δ
COPPER (LME)	14,820.97	111.00	+0.75%
IRON ORE (CN)	97.05	0.45	▼0.15%
GOLD	4,360.72	17.29	+0.40%
SILVER	67.08	0.13	+4.55%
OIL (BRENT)	99.25	-1.09	▼1.09%
OIL (WTI)	94.59	-1.19	▼1.24%
NATURAL GAS	2.97	1.04	+1.58%

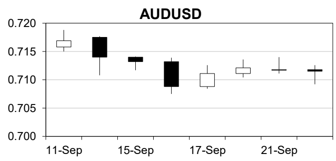
Asia Equities	Close	Net Chg	Daily %Δ
ASX (AU)	5775.83	-13.65	▼0.24%
STI (SG)	5723.76	48.53	+0.86%
SHCOMP (CN)	3952.128	2.22	+0.06%
SZCOMP (CN)	2538.635	-0.24	▼0.01%
HSI (HK)	25087.75	45.04	+0.18%
SENSEX (IN)	74529.08	-329.91	▼0.44%
JSE (ID)	6277.044	-107.68	▼1.69%
KLSE (MY)	1683.5	16.56	+0.99%
PSE (PH)	5814.56	-29.23	▼0.50%
SET (TH)	1604.44	6.41	+0.40%
VNINDEX (VN)	1816.93	0.01	+0.96%

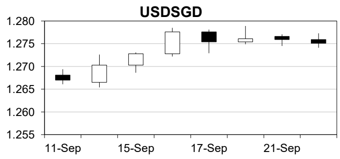
CHARTS

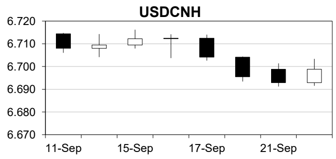


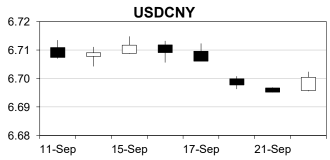


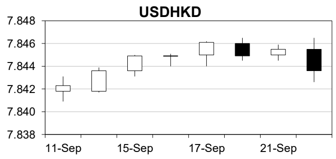


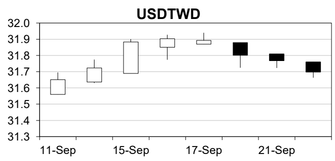


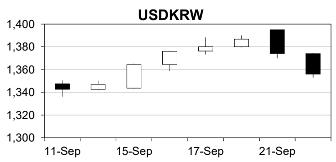


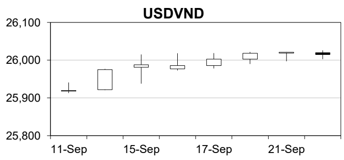


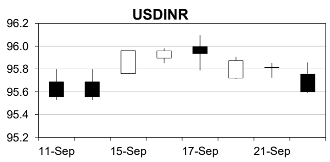


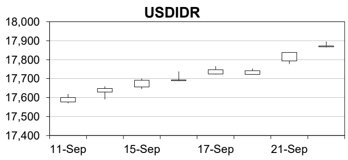


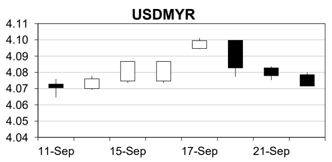


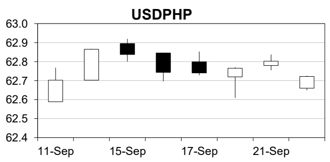


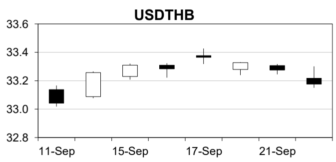


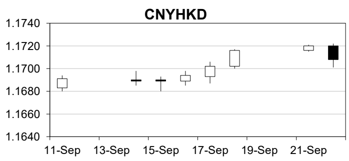


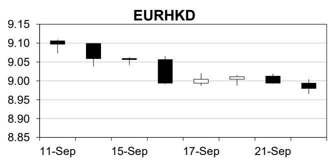


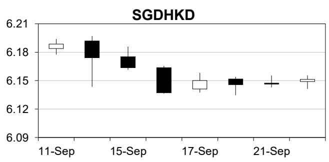


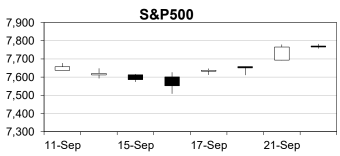


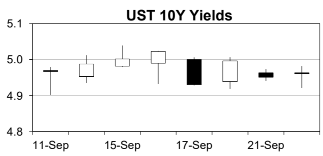


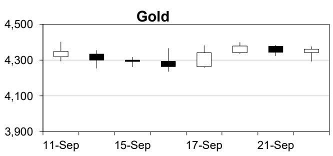


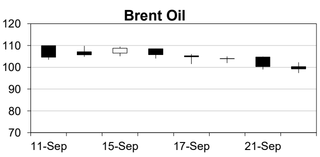












RESEARCH TEAM
Vishnu Varathan | Serena Zhou | Tan Boon Heng | Johnny Wong | Ng Jing Wen

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