Mizuho Daily

MIZUHO

Oct 15, 2025

Three Take-Aways

1) China's sanction of US unites of Korean ship builder is one of the many areas of contention between US-China. Korea faces delicate balance act while KRW takes an unfortunate hit.

2) Powell leans dovishly as he highlighted perceptions of labour market weakness and potential end to quantitative tightening in the coming months.

3) EUR gained amid French PM securing support of Socialist Party.

MACRO THEME: Multiple Points of Contention and Caution

- Risk sentiments were dented amid reports that China sanctioned US units of South Korean ship building Hanwha Ocean Co. Korea was certainly caught in the crosshairs amid the US-China tussle over shipbuilding. Nonetheless, it **should be noted that this is merely one of the many areas of contention between the two countries**. In fact, given that South Korea is China's closest competitor in terms of share of global fleet, this move also supports a consolidation of China's leadership.

- Meanwhile, USTR Greeer has said in an interview that US-China officials have been holding discussion about these tensions and added that Xi and Trump **still has a "scheduled time" to meet during the APEC summit** in Korea. **Korea's position as host of the summit will face an extremely tough balancing act** amid already delicate economic and diplomatic relation.

- Shipping is certainly not the area of contention Trump raised prospects of stopping trading in cooking oil in a response to China's lack of purchase of US soybeans.

- Meanwhile, Fed Chair Powell's speech last night has tilted the balance for monetary policy expectations in the October meeting as he said that **labour market perceptions remain on a downward trajector**y. He has alluded to the absence of the gold standard from official statistics and had to rely on alternative data. This perhaps is why there was an abundance of caveats in his labour market outlook framing it as being a "**perception**" and that downside risks "**appear to have**" risen. There was further revelation on the quantitative tightening front with the Fed signaling that they **could stop their balance sheet run-off in the coming months.**

- Both Boston Fed President Susan Collins and Governor Michelle Bowman added to the dovish tones last night. The former said that it seems **prudent to normalise policy a bit further** this year to support the labour market while Bowman was clear in saying that she continues to see **two more cuts** before end of this year. Front end yields were sent softer.

- The **US Federal government shutdown will continue** as another funding deal was rejected by the Senate.

- Across the Atlantic, ECB President said that I would never say that monetary easing is over as the job of a central banker is never done even though inflation is tamed and that they are are in a good spot.

***Yields** (2Y: -2.1bps; 10Y -0.1bp; 30Y +1.2bp)*

***Equities** (Nasdaq: -0.8%; S&P 500: -0.2%; Dow: +0.4%)*

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

- Havens such as the CHF and JPY gained against USD. USD/JPY headed lower 152. **EUR rose towards 1.16 as PM Sebastien Lecornu won the Socialist Party in France which improves political stability** as he faces no confidence votes tomorrow. AUD hovers around 65 cents while USD/SGD still buoyed above mid-1.29

China: Upbeat Trade Performance

- **China's exports in September surpassed market expectations**, supported by demand from more diversified markets. Exports rose 8.3% YoY—the fastest pace since March—with non-US shipments contributing 12.5ppt. Exports to Africa and the EU surged 56.4% and 14.2% respectively, reaching multi-year highs. In contrast, exports to the US and ASEAN markets remained subdued. Shipments to the US continued to fall sharply (-27% YoY), while ASEAN saw a milder gain of 15.6%. On a sectoral basis, the export momentum was led by high-tech goods, including general machinery (+25%), electronic integrated circuits (+33%), and LCD panels (+17%).

- Imports also surprised on the upside, rising 7.4% YoY—the strongest in over a year. The improvement was broad-based, led by mechanical & electrical goods (+10%) and high-tech products (+14%). Iron ore and copper ore imports posted double-digit gains, likely due to seasonal demand. Soybean imports rose just 1.7% in value, but volume growth accelerated to 13%, with Argentina and Brazil as key suppliers.

- The strong import momentum narrowed China's trade surplus to USD 90.5 billion, the lowest this year.

MAS & SGD: Tariffs Threats: Partly Diffused Not Defused

- Singapore's growth has shown **unexpected resilience**, through (and **defying** worse case fears from) **Trump 2.0 tariff assaults**. That this has gone **beyond anticipatory stockpiling to front-run tariffs** is notable; especially for a small and open economy. This has firstly **validated the MAS' gradual** and **graduated approach to easing**, **including the current pause**. Nonetheless, the **outlook** on *tariff-related risks* remains **exceptionally obscured**.

- More worryingly, it is **headline-driven** (party dictated by Trump's mercurial tendencies). Alongside the **unspecified quantum** and **timing** of **further sectoral tariffs**, means that **susceptibility to bouts of tariff shocks in 2026** simply cannot be ruled out. To be sure, being *deferred/phase*d and *diffused* (by lower effective rate amid offset) is *of some relief*, but **no guarantee of fully deflecting further shocks**.

MAS Stance: Necessarily then, the **MAS has no preset course for policy**. Current policy sweet spot has **scope for easing**, but ***only to be exploited on adverse demand shocks***.

Rich S$NEER: In turn, **S$NEER is likely to remain rich** (strong side of policy bands, other than episodes of dips on acute "risk off").

Relatively Strong SGD: Accordingly, *SGD is likely to be relatively buoyed* in tandem and *USD/SGD forward points set to remain deeply negative.*

DATA/EVENTS

Yesterday	Actual	Exp.	Prior
(GE) Zew Survey Expectations (Oct)	39.3	41.1	37.3
(SG) GDP YoY (3Q A)	2.9%	2.0%	4.4%
MAS Monetary Policy Decision			

Today	Actual	Exp.	Prior
(JP) Industrial Production YoY (Aug F)		--	-1.3%
(US) Empire Manufacturng (Oct)		-1.8	-8.7
(CH) CP/PPI YoY (Sep)		-0.2%/-2.3%	-0.4%/-2.9%
(IN) Exports/Imports YoY (Sep)			5.1%/3.0%

FX OUTLOOK

FX	Close (NY)	Open*	Daily %Δ	Forecast		
USDJPY	151.84	151.75	▼0.29%	150.00	-	154.00
EURUSD	1.1607	1.1603	+0.32%	1.1500	-	1.1700
GBPUSD	1.3320	1.3322	▼0.10%	1.3300	-	1.3500
AUDUSD	0.6486	0.6492	▼0.45%	0.6410	-	0.6550
DXY	99.0	--	▼0.22%	97.0	-	99.4
USDCNY	7.1372	--	+0.09%	7.0900	-	7.1500
USDCNH	7.1402	7.1401	+0.03%	7.0900	-	7.1700
USDHKD	7.7740	7.7740	▼0.08%	7.7600	-	7.8200
USDSGD	1.2984	1.2984	▼0.02%	1.2750	-	1.3050
USDKRW	1428	1428	+0.00%	1405	-	1435
USDTWD	30.76	--	+0.22%	30.30	-	31.00
USDINR	88.80	--	+0.14%	87.60	-	89.50
USDIDR	16575	--	+0.09%	16500	-	16800
USDMYR	4.231	4.230	+0.08%	4.180	-	4.250
USDPHP	58.24	--	▼0.01%	57.90	-	58.80
USDTHB	32.79	32.62	+0.22%	32.2	-	33.0
USDVND	26355	26356	+0.04%	26300	-	26600

*Open is as at 8am HKT/SGT.

MARKET MOVES

Bond Yields	2Y Close	10Y Close	2Y Δ (bps)	10Y Δ (bps)
UST (US)	3.482	4.033	-2.1	-0.1
JGB (JP)	0.883	1.648	-3.0	-3.3
Bunds (GE)	1.932	2.609	-0.8	-2.6
Gilts (UK)	3.895	4.589	-4.8	-6.8
AGB (AU)	3.422	4.234	-4.8	-5.8
SGS (SG)	1.414	1.741	-1.4	-4.0
CGB (CN)	1.411	1.832	0.1	-0.8
KGB (KR)	2.502	2.891	0.4	-1.8
SDL (IN)	5.760	6.506	12.1	-1.4

G3 Equities	Close	Net Chg	Daily %Δ
S&P500 (US)	6644.31	-10.41	▼0.16%
Nasdaq (US)	22521.7	-172.91	▼0.76%
DJIA (US)	46270.46	202.88	+0.44%
N225 (JP)	46847.32	-1241.48	▼2.58%
STOXX50 (EU)	5552.05	-16.14	▼0.29%

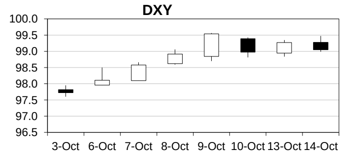
Commodity	Close	Net Chg	Daily %Δ
COPPER (LME)	10,632.87	-414.41	▼3.75%
IRON ORE (CN)	105.49	1.44	▼1.69%
GOLD	4,142.94	32.67	+0.79%
SILVER	51.43	-0.09	▼2.89%
OIL (BRENT)	62.39	-0.93	▼1.47%
OIL (WTI)	58.70	-0.79	▼1.33%
NATURAL GAS	3.03	-0.94	▼1.79%

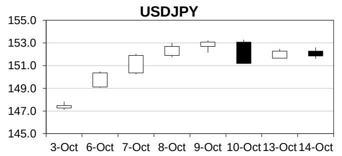
Cross FX	Close (NY)	Open*	Daily %Δ
EUR/JPY	176.24	176.07	+0.03%
GBP/JPY	202.245	202.147	▼0.39%
JPY/SGD (100yen)	0.8551	0.8556	+0.27%
JPY/HKD (100yen)	5.1201	5.1231	+0.22%
CNH/JPY	21.264	21.261	▼0.45%
CNH/HKD	1.0892	1.0892	▼0.17%
EUR/GBP	0.87143	0.871	+0.43%
AUD/NZD	1.1348	1.1364	▼0.27%
EUR/CNH	8.2871	8.2847	+0.34%
GBP/CNH	9.5107	9.5117	▼0.07%
CNY/HKD	1.0892	1.0892	▼0.17%
EUR/HKD	9.023	9.0202	+0.24%
SGD/HKD	5.9875	5.9874	▼0.06%

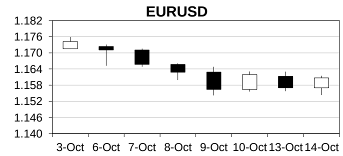
*Open is as at 8am HKT/SGT.

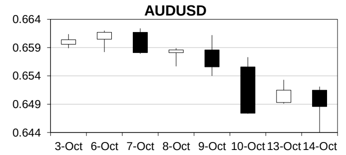
Asia Equities	Close	Net Chg	Daily %Δ
ASX (AU)	5110.22	3.38	+0.07%
STI (SG)	4354.52	-35.32	▼0.80%
SHCOMP (CN)	3865.229	-24.27	▼0.62%
SZCOMP (CN)	2439.835	-47.39	▼1.91%
HSI (HK)	25441.35	-448.13	▼1.73%
SENSEX (IN)	82029.98	-297.07	▼0.36%
JSE (ID)	8066.522	-160.68	▼1.95%
KLSE (MY)	1611.46	-3.73	▼0.23%
PSE (PH)	6076.22	23.89	+0.39%
SET (TH)	1266.38	-20.60	▼1.60%
VNINDEX (VN)	1761.06	0.00	▼0.23%

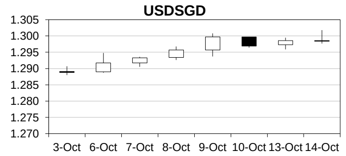
CHARTS

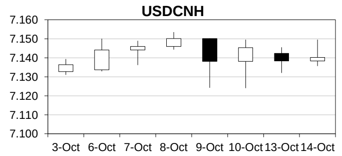


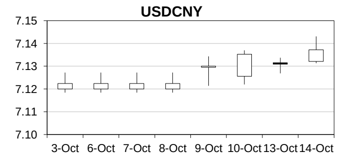


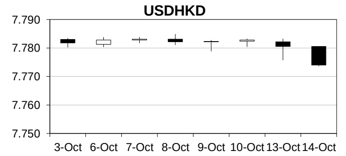


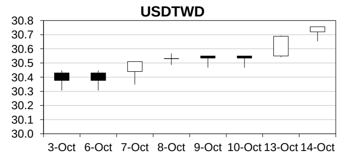


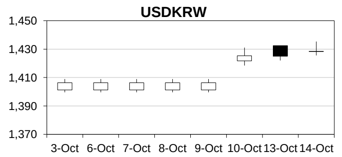


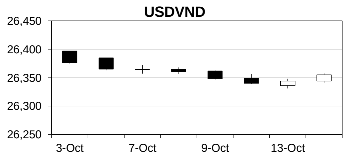


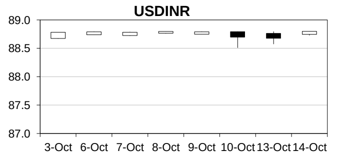


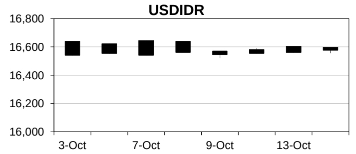


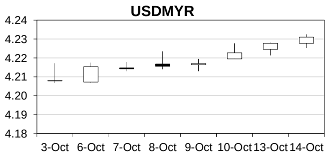


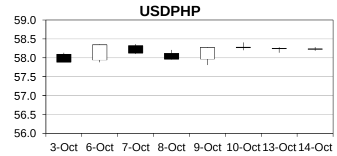


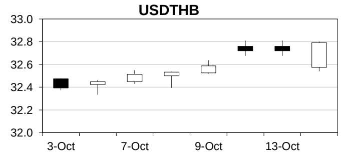


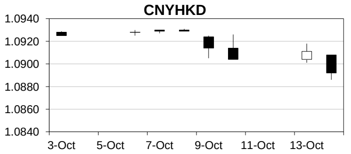


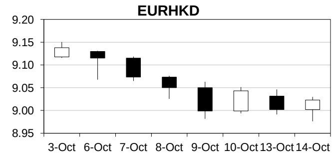


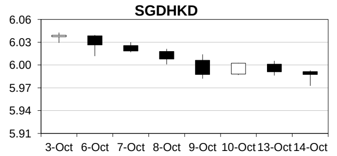


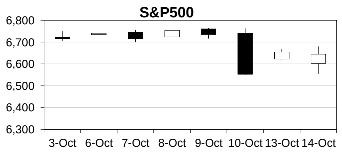


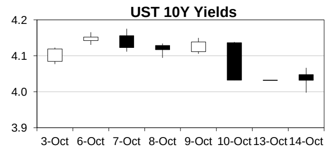


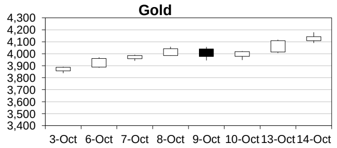


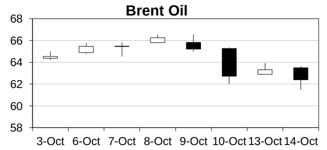












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