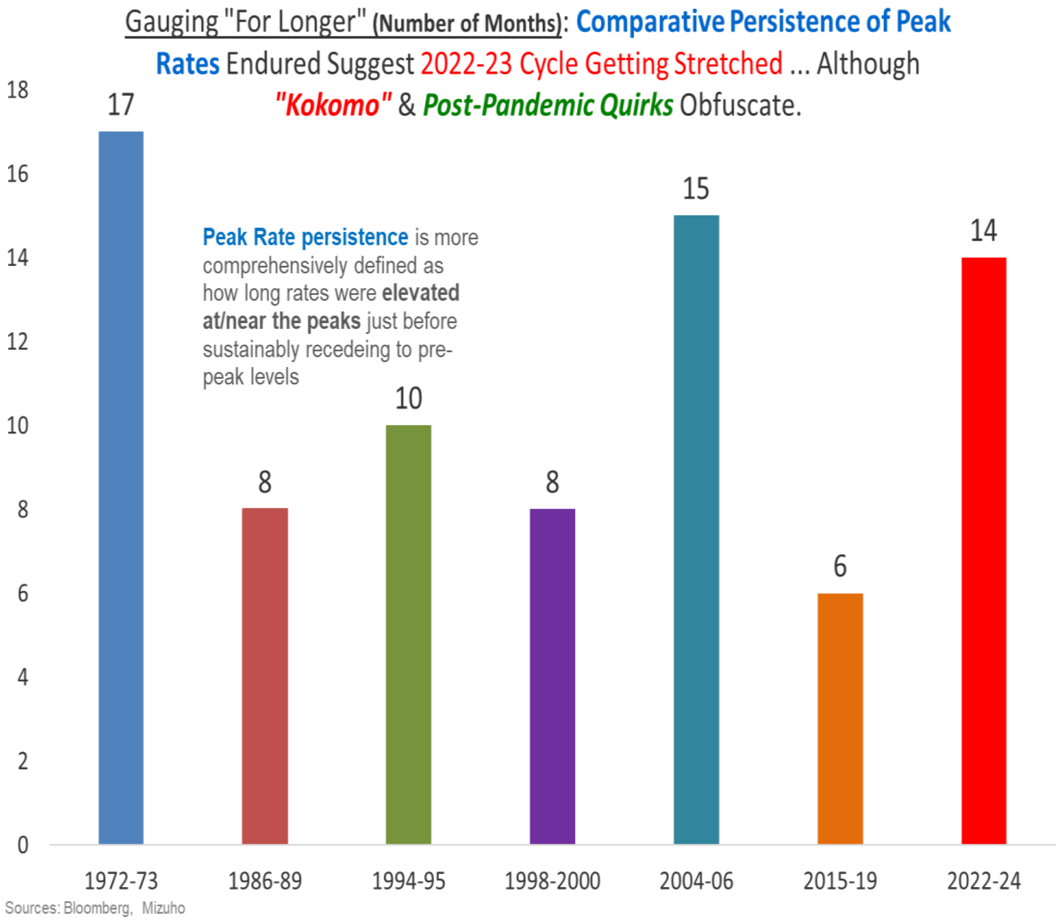
Goldilocks Threatened

Between Pivot Cheer & (Fed) Fumble Fears



"A man that flies from his fear may find that he has only taken a short cut to meet it."

- J.R.R Tolkien

"I find your lack of faith disturbing"

- Darth Vader, Star Wars

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September 2024

Fed Stance: Is Kokomo to Jerry Maguire too Little to Late?

1. Fed's "Type-2" Miscalculation Risk

a. Cooling Inflation Accentuate **Exceptionally Tight Conditions**
b. Especially Risky Given **Stress from Tightening** US **Consumer Cashflows**
c. & Risk of ***Lagging*** Jobs Deterioration that May Soon **Demand Sharper Pivot**
d. Risk View t Fed: **Deeper Cuts by H1 2025!**
e. Sahm Rule's Recession Gauge Reveals **Fragile "Goldilocks" Assumptions**

2. Spillover Risks … *via Unintended JPY Shocks*

a. Hyper-sensitivity to US Recession Risks & Attendant FOMC Bets
b. Between Goldilocks Pivot & Recession Fears is "Risk Off" & Volatility
c. Box Item: **JPY Carry Unwind Risks**
d. USD/JPY a *Conduit for Risk Retrenchment*

3. Challenging Received Wisdom on Bearish Pivot USD

a. Bearish USD on Peak Fed is Common, But **Not Without Exception**
b. USD Retains Some Relative Policy Advantage …
c. Not to Confuse Peak USD for Bearish USD

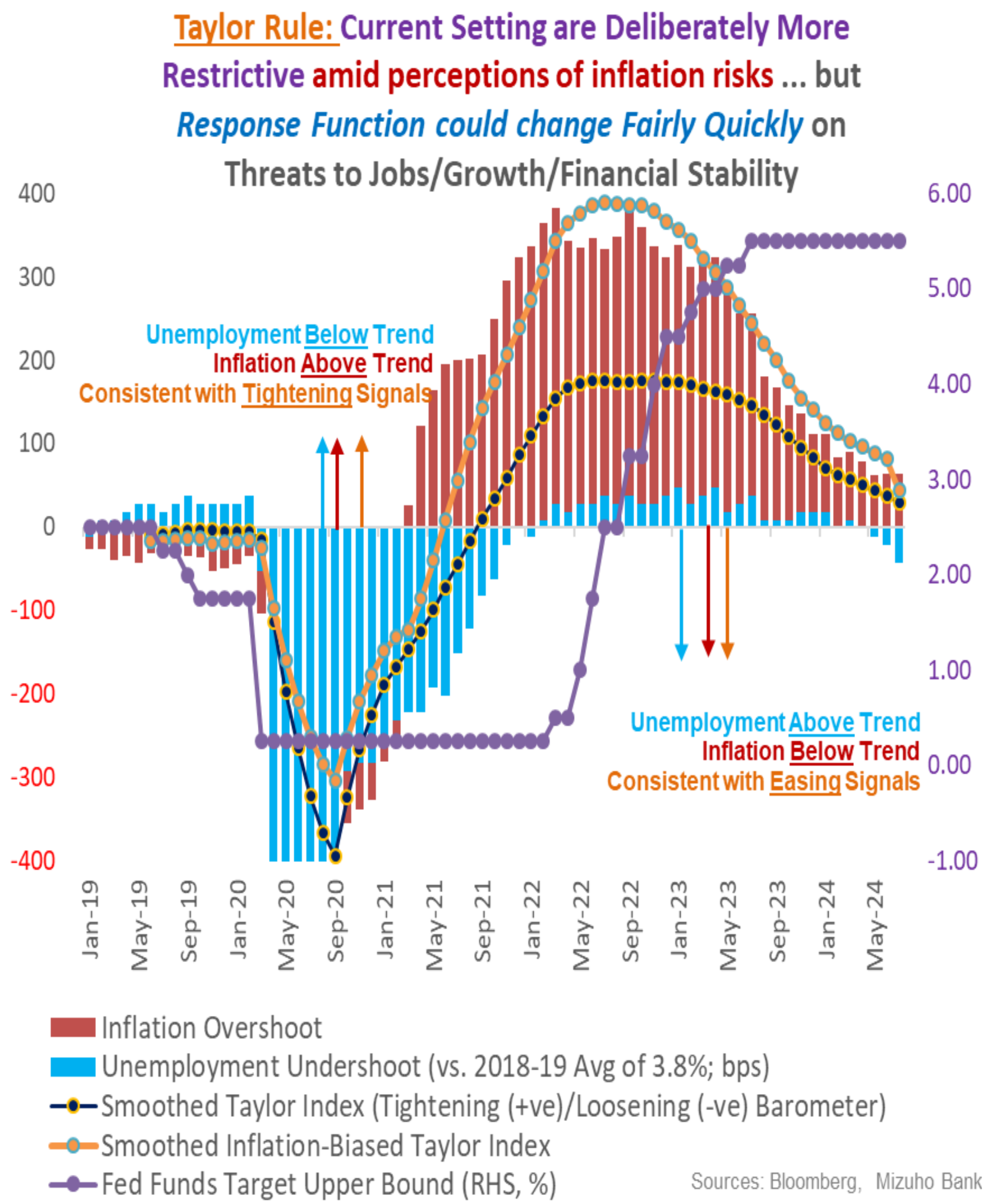
4. Why AXJ Reversion is Not Guaranteed?

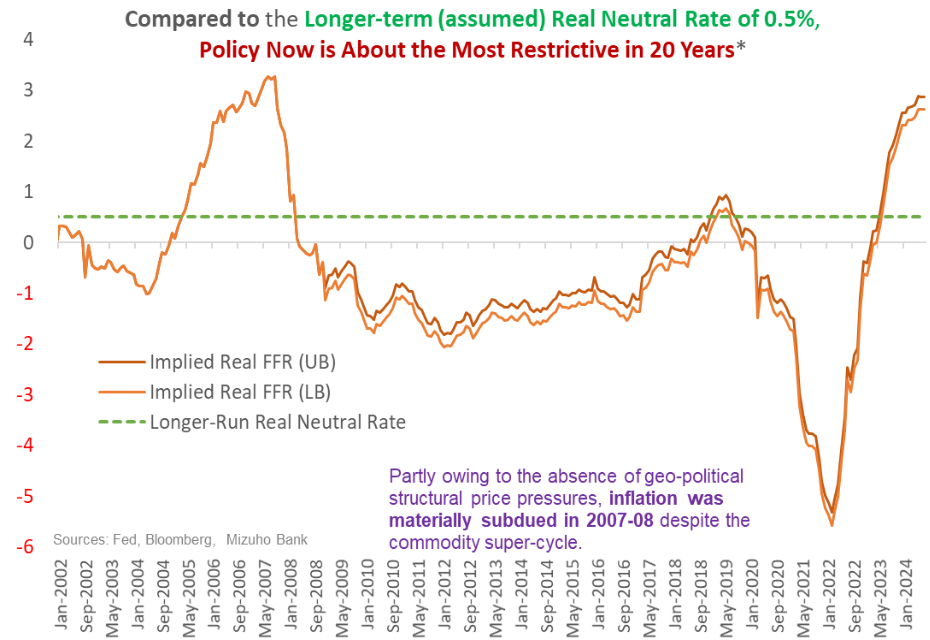
a. AXJ Relative Under-performance On a Conspiracy of Eroding Advantages
b. Specific Structural Factors
c. Carry Unwind Risks on JPY Upside Volatility

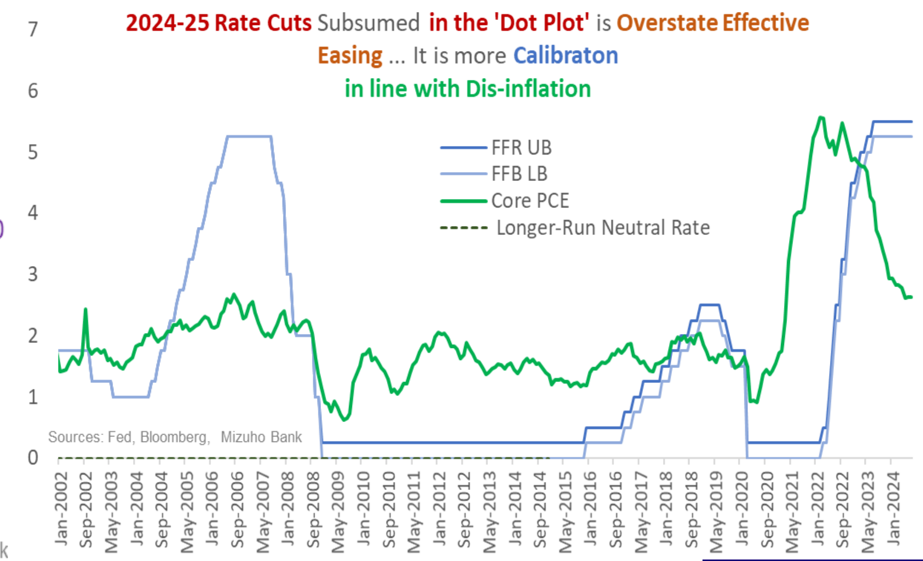
5. Especially in the Context of CNH Risks

a. China & Attendant CNH Risks Loom Large
b. Exceptional CNY Pressures Amplifies Policy Conundrum ...
c. CNY Carry Unwind is a Distraction …. Sympathetic Drag is the Bigger AXJ Threat

1a. Conditions are Exceptionally Tight – Taylor Rule Does Not Require Such Restriction







1b. Especially as Consumer Cash-flow Constraints Intensify, Threatening Demand Resilience

Chart 1: Aggregate personal savings compared with the pre-pandemic trend

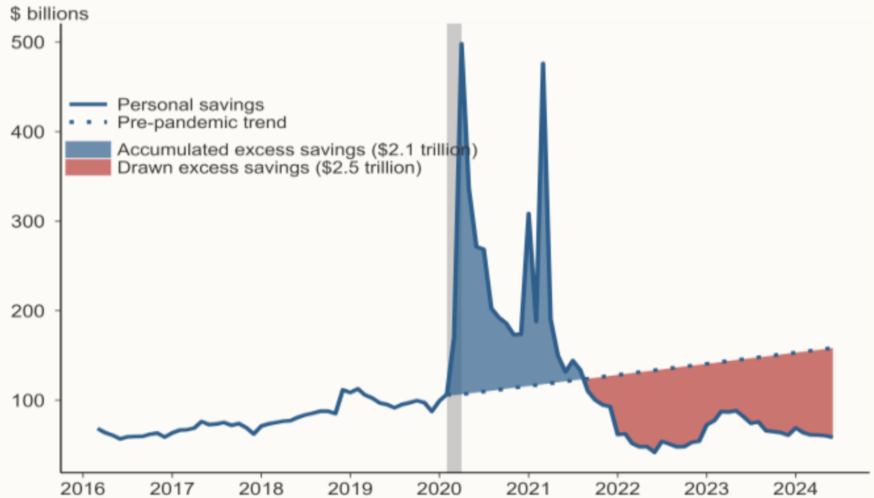
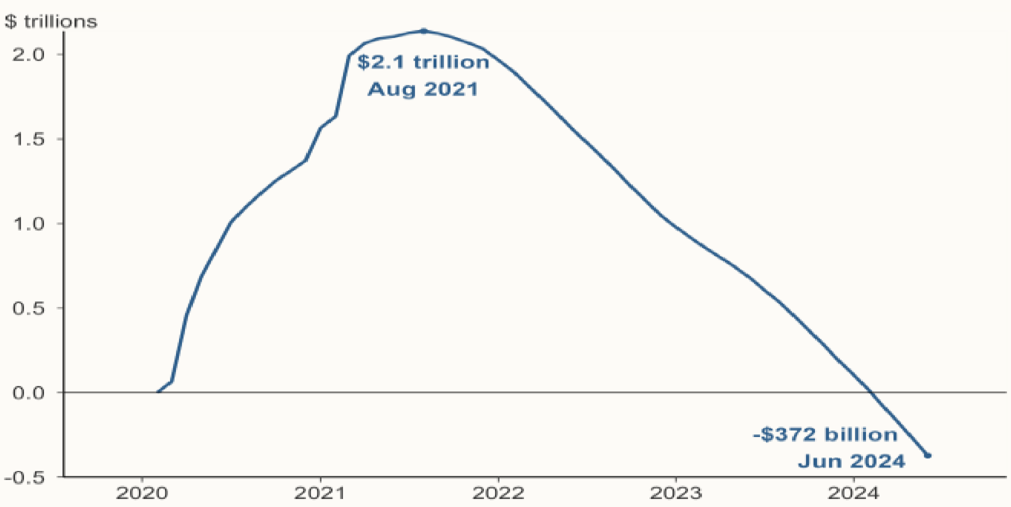
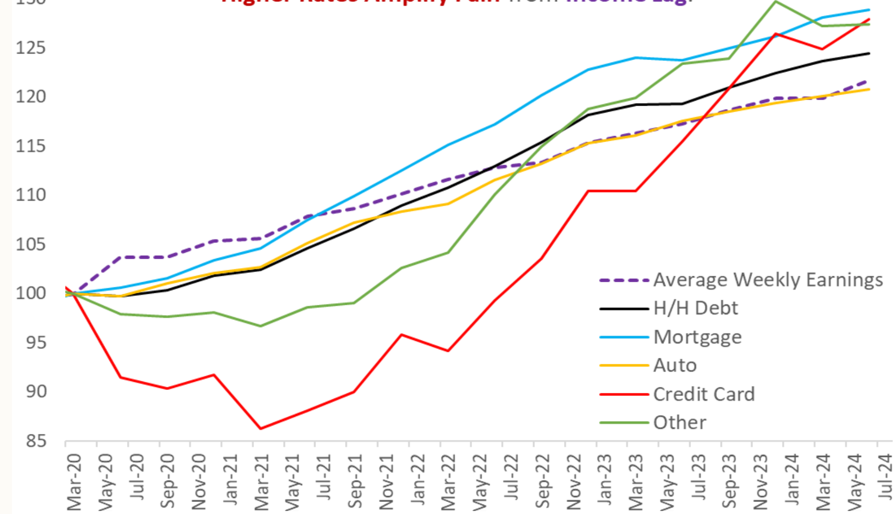


Chart 2: Cumulative aggregate pandemic-era excess savings



Source: Bureau of Economic Analysis and authors' calculations.

Household Debt Since COVID (Mar 2020): **Sharper Surge in Unsecured Debt** (CC & Others) as Pandemic Savings Drawn Down. **Higher Rates Amplify Pain** from **Income Lag**.



"Chicken & Egg" Debt-Default Dynamics: **Default Rates have shot up** (direction and speed of travel worrying!) and is at "cusp of GFC" levels.

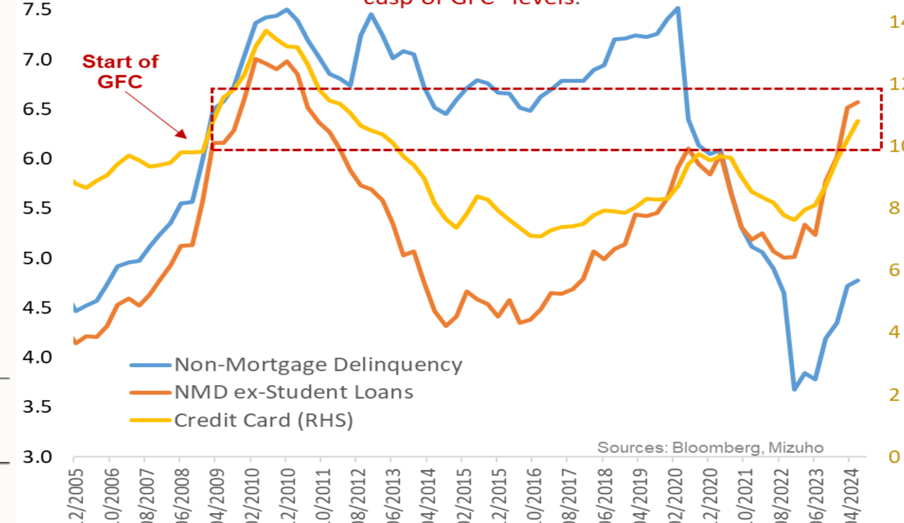


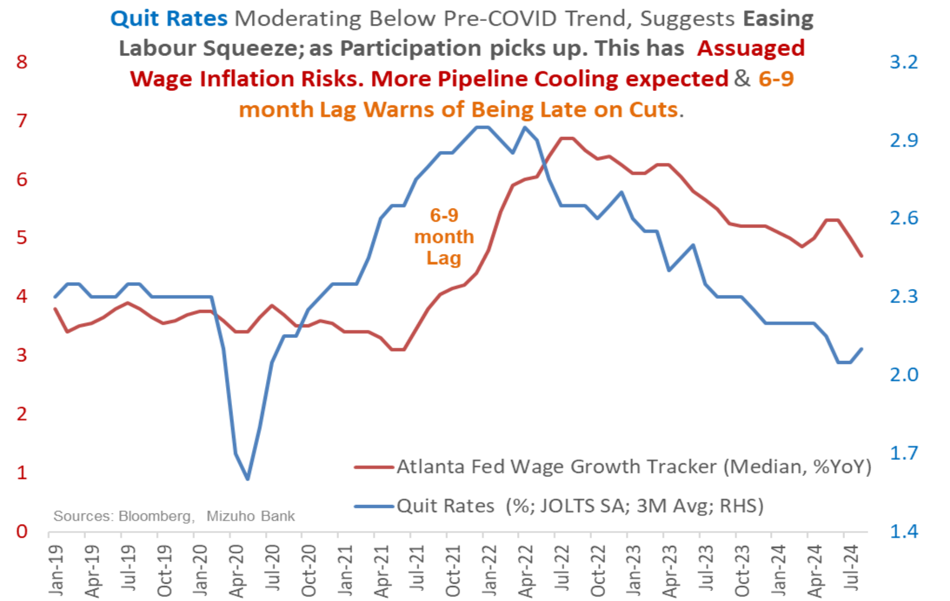
Chart from Bloomberg, San Francisco Fed,

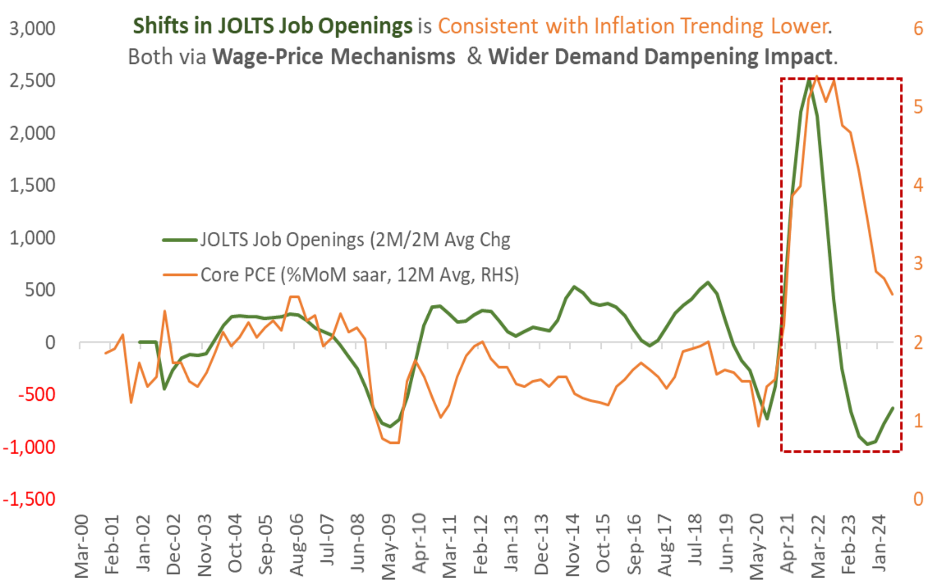
1c. Alongside Cooling Jobs/Wages, *Type 2 Error* May Abruptly Shift Fed Response

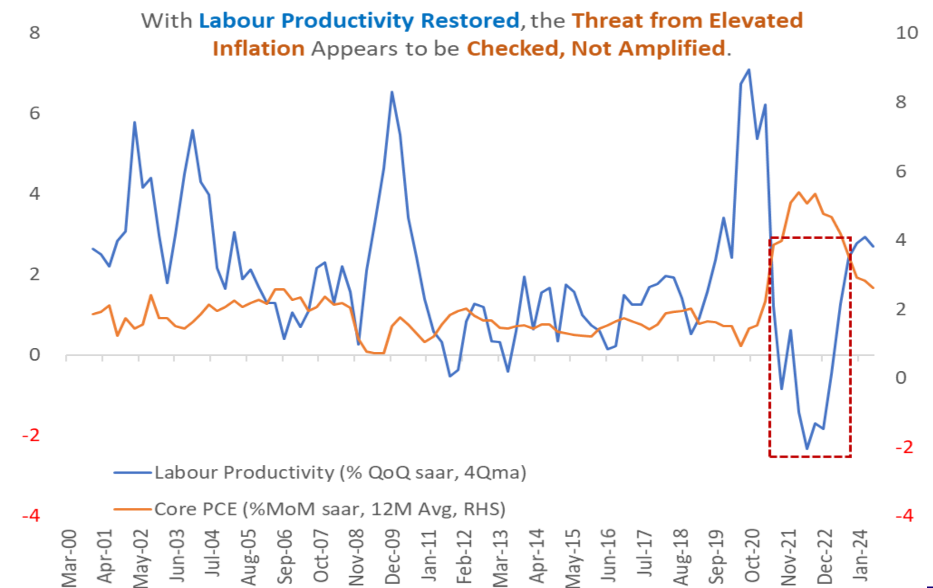
US Consumer - Tightening Cash-flows

- Drawdown of savings, increased credit (and attendant servicing burden) and softening wage gains translate into tighter consumer cash-flows.
- In turn the hit on demand will have negative multiplier effects at the margin, which significantly dampen growth outcomes; even if an outright recession is averted.
- For a Fed that is decidedly not setting out to break something, this will be a jolt out of the Type 2 error resulting from the earlier Type-1 error.

"Type-1" Error: Wrongly rejecting null hypothesis of inflation risks.
"Type-2 Error: Wrongly failing to reject null hypothesis of persistent inflation risks







1d. Fed's "Type-2" Error Risks – *Flipping "Higher for Longer" to "Too High for too Long"*

	End-2021	End-2022	End-2023	2024				2025				2026		2027	
			Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	Q3 25	Q4 25	H1 26	H2 26	H1 27	H2 27
Fed Funds Target Rate Ceiling	0.25	4.50	5.50	5.50	5.50	5.25	4.75	3.75	3.25	2.75	2.50	2.50	2.75	2.75	3.00
Fed Funds Target Rate floor	0.00	4.25	5.25	5.25	5.25	5.00	4.50	3.50	3.00	2.50	2.25	2.25	2.50	2.50	2.75
UST 2Y Yields	0.73	4.43	4.25	4.62	4.75	3.80	3.18	2.70	2.66	2.52	2.21	2.38	2.36	2.44	2.47
UST 10Y Yields	1.51	3.87	3.88	4.25	4.40	3.78	3.56	3.22	3.32	3.30	3.12	3.26	3.28	3.32	3.44

Sources: Bloomberg, Mizuho Forecasts

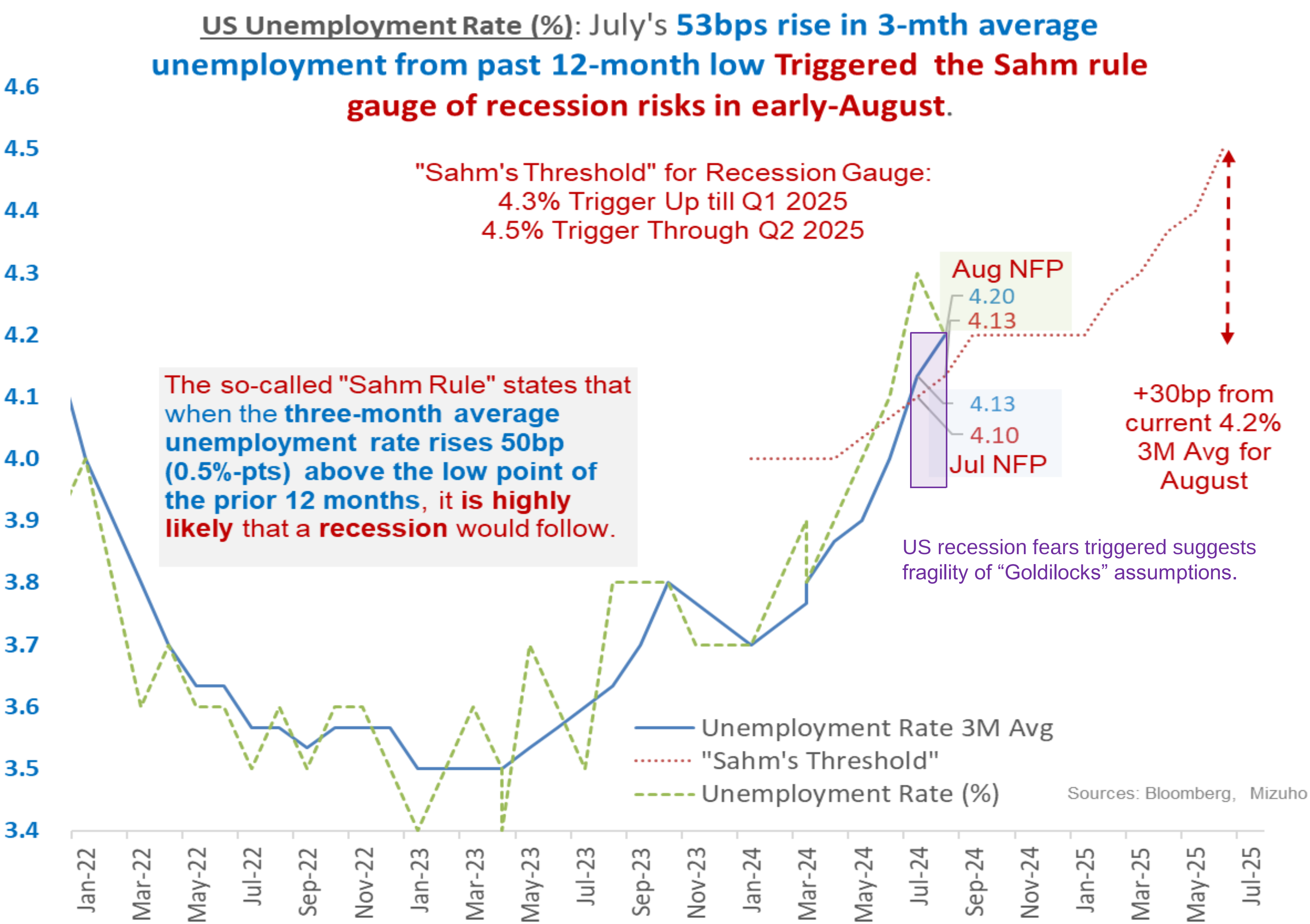
"Too High for Too Long" Risks Defer but Don't Diminish Fed Rate Cuts
- The quirks of post-pandemic durability in demand defer Fed rate cuts vis-à-vis past Fed cycles.
- But 'Type-2' error (from overcompensating for "transitory") of "too high, for too long" are accentuated now
- Which accentuates the risks of having to catch-down more hurriedly with belated rate cuts.

"2024 Runway Curtailed, but 2-3 Cuts Likely …
- Barring a crisis (not our base case), rate cut run-way for 2024 is constrained by data-watching and elections.
- July FOMC virtually ruled out. September, November and December are "live".
- 50-75 bps of rate cuts still on the table, with 50bp being most likely.

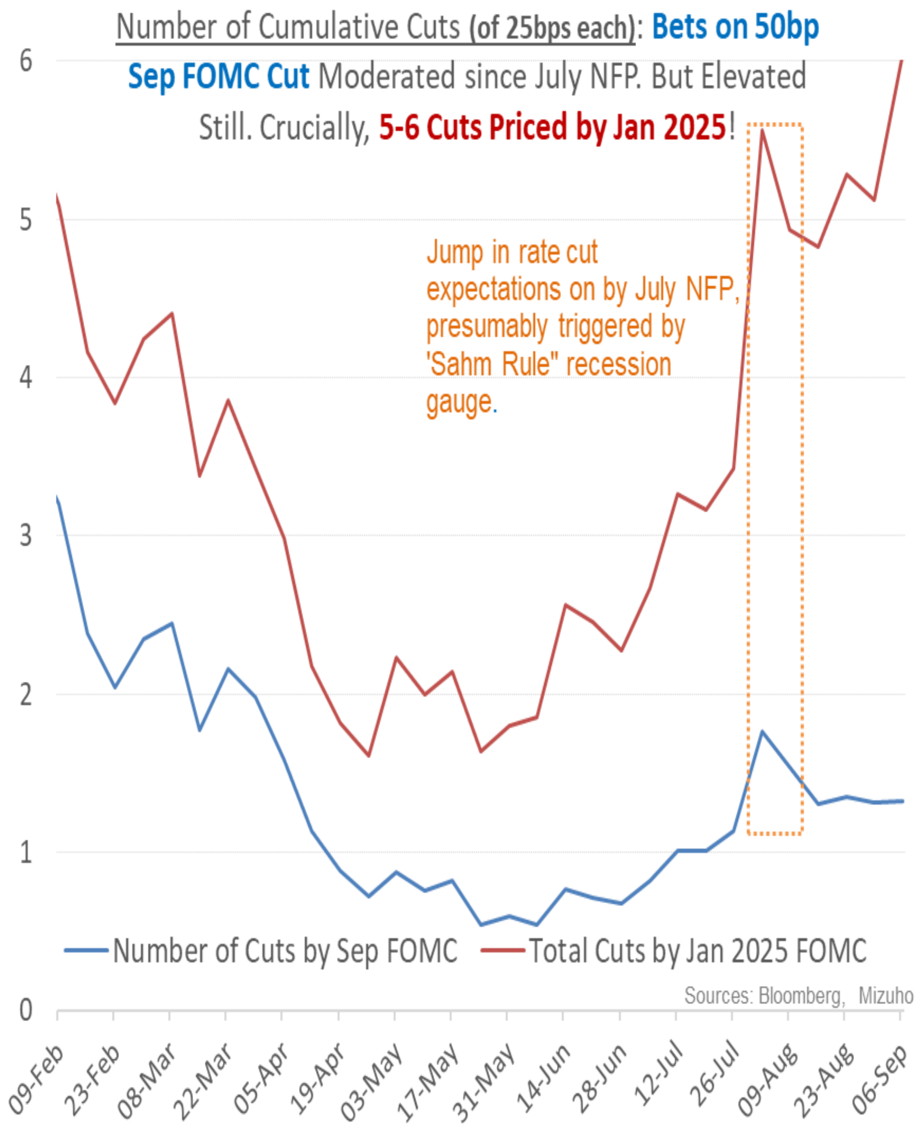
Rate Cuts to Gather Pace in H1 2025
- Sharper demand softening alongside rapid slowdown set to diminish wage-price spiral risks.
- Consequently, Fed rate cuts will gather pace in H1 2025 so as to alleviate acute policy restriction.
- Up to 200bp of rate cuts by mid-2025 is not as outlandish. Fact is, 3.25-3.50% is likely still restrictive.

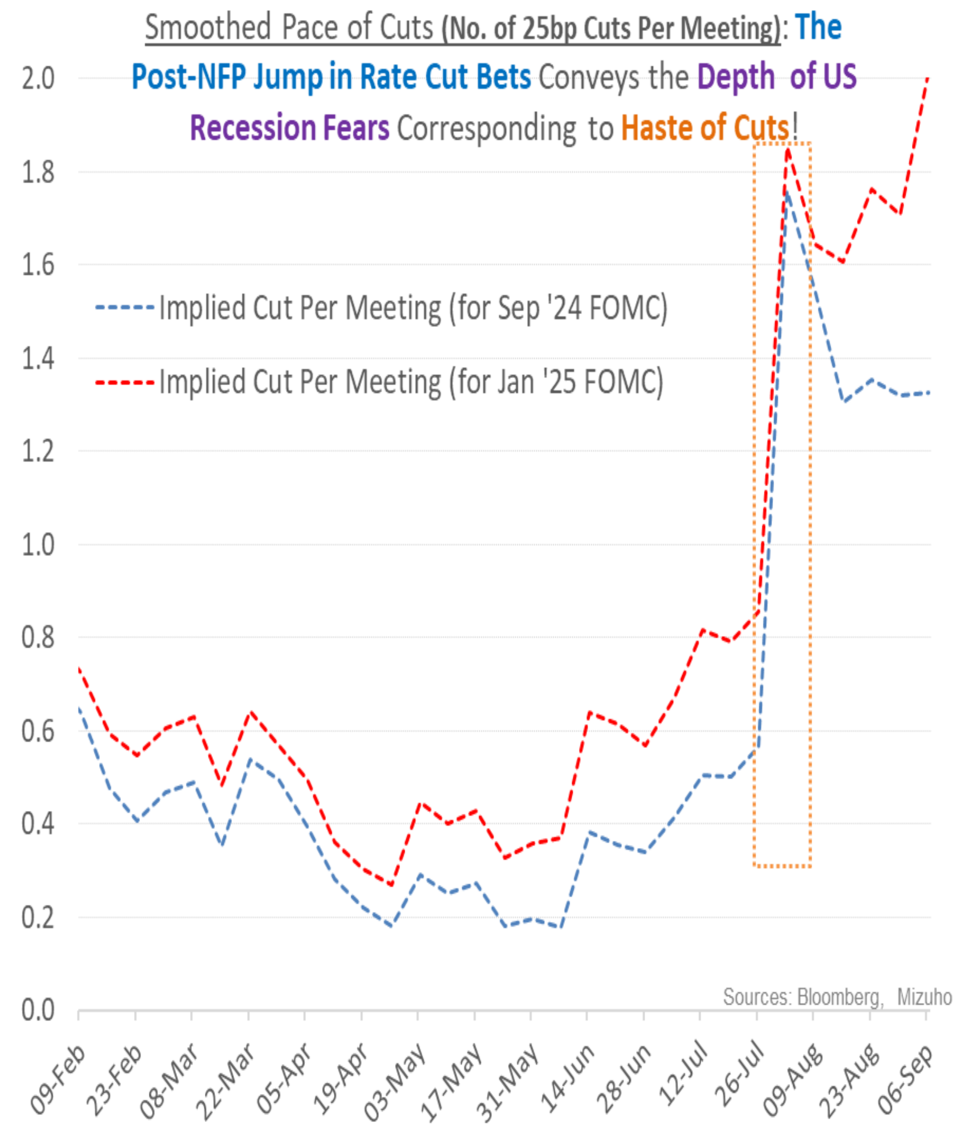
Consumer Slowdown, Not Crisis
- Brisker cuts are premised on sharper consumption slowdown amid tightening cash-flows ➔ Not so soft landing
- And not a crisis from a balance sheet shock – for which far deeper and larger rate slashing will be required.

1e. US Economy: 'Sahm' Fears About Flawed Soft Landing Assumptions?

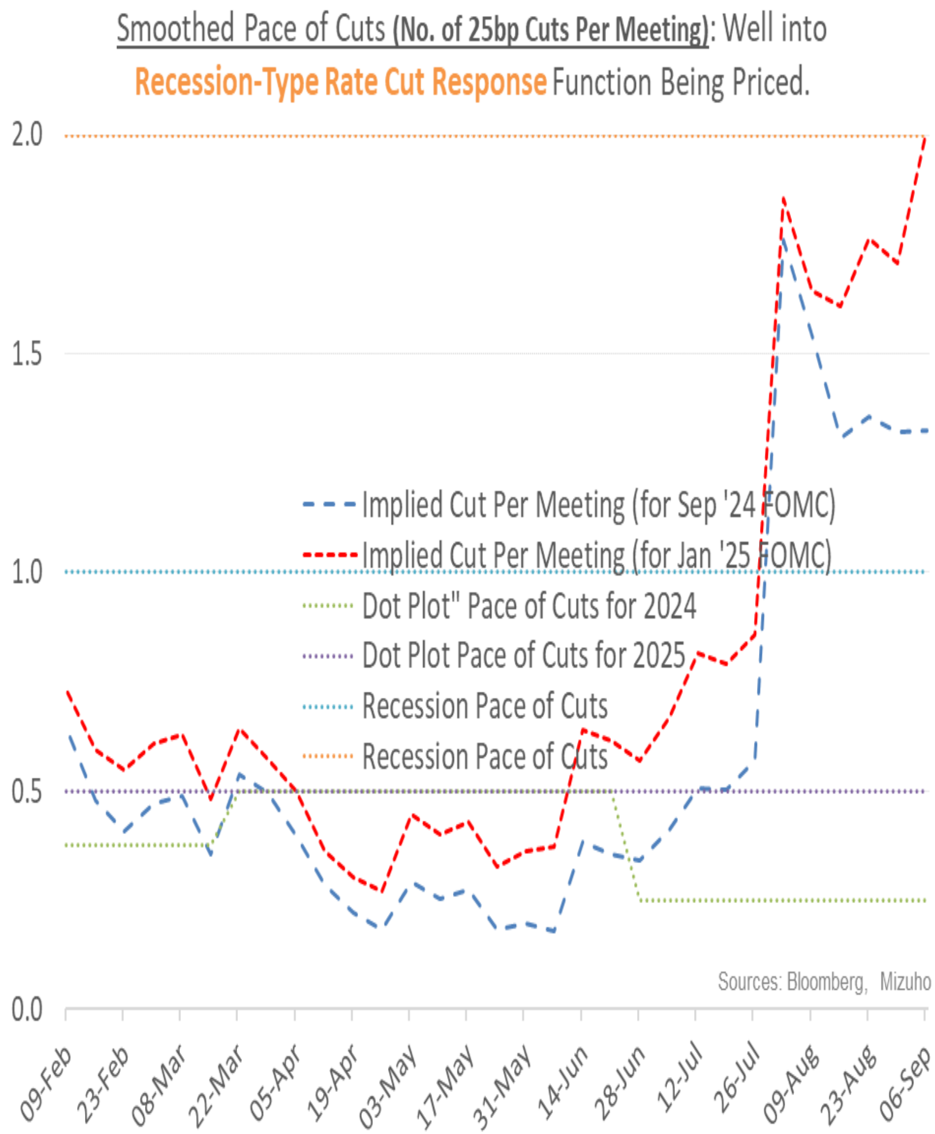


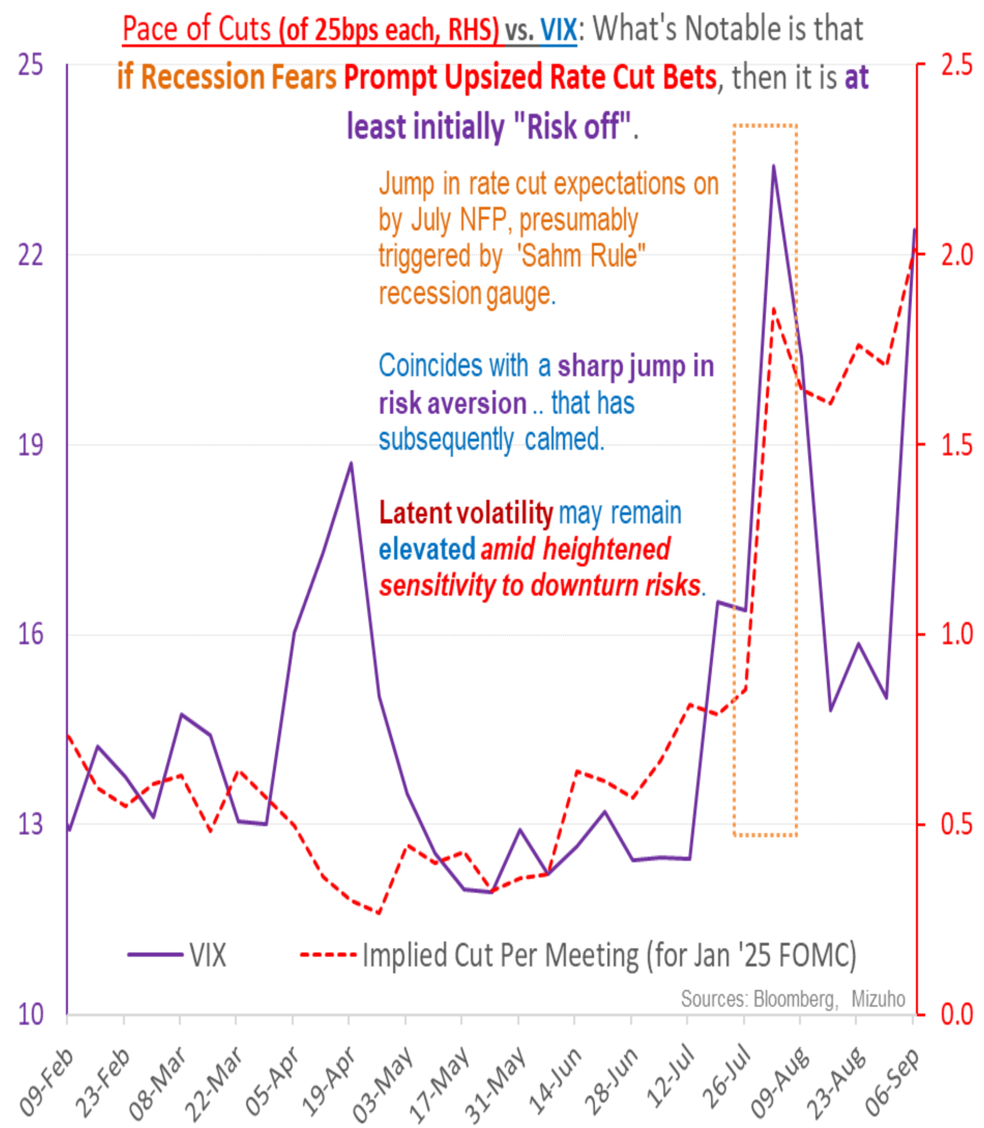
2a. Hyper Sensitivity to US Recession Risks & Fed Response





US Jobs – Teetering on US Recession Fears & Attendant Risk Off





2c. THAT JPY Squeeze – Time-line & Thoughts

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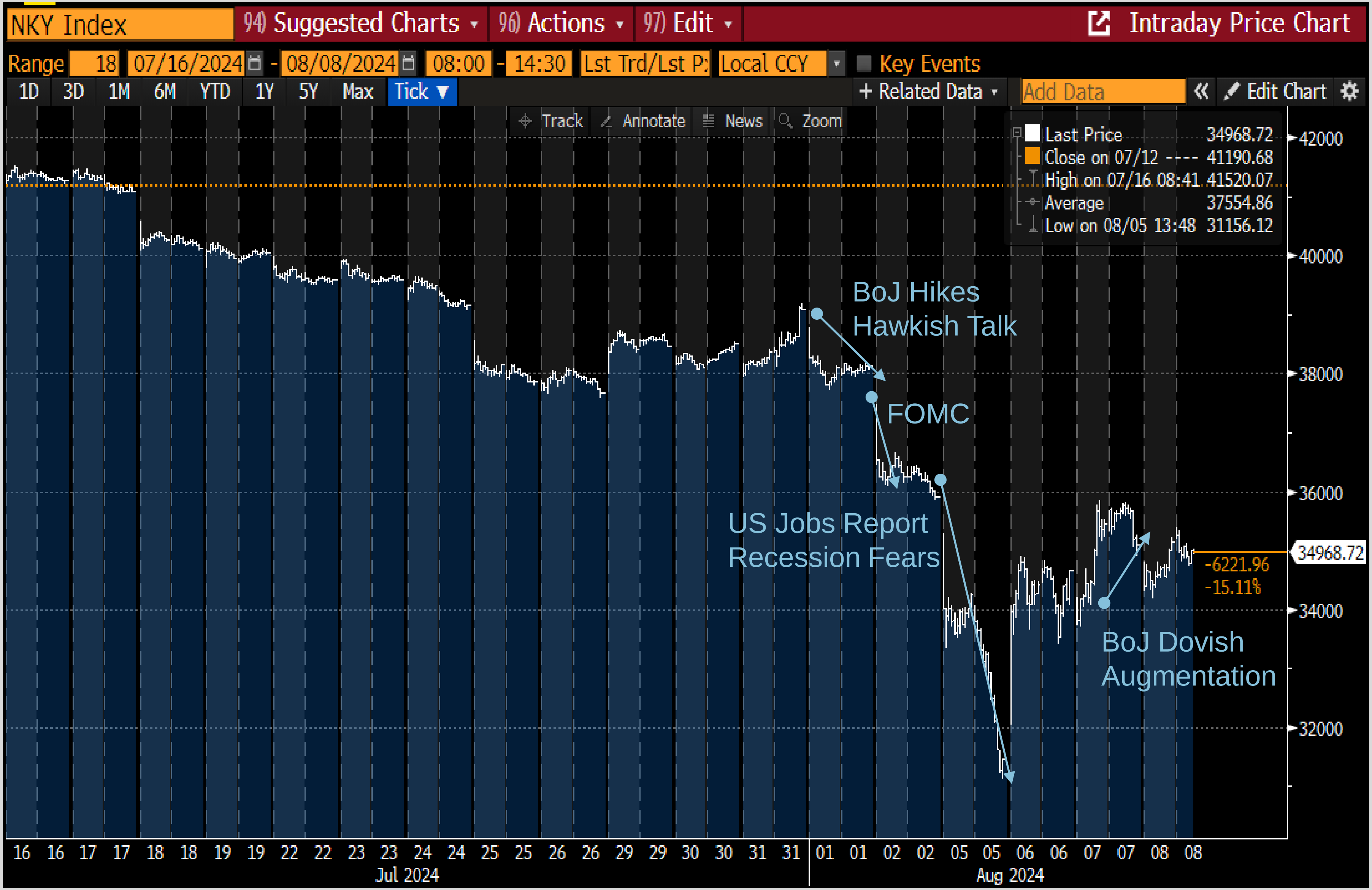
2c. & Corresponding Nikkei Plunge



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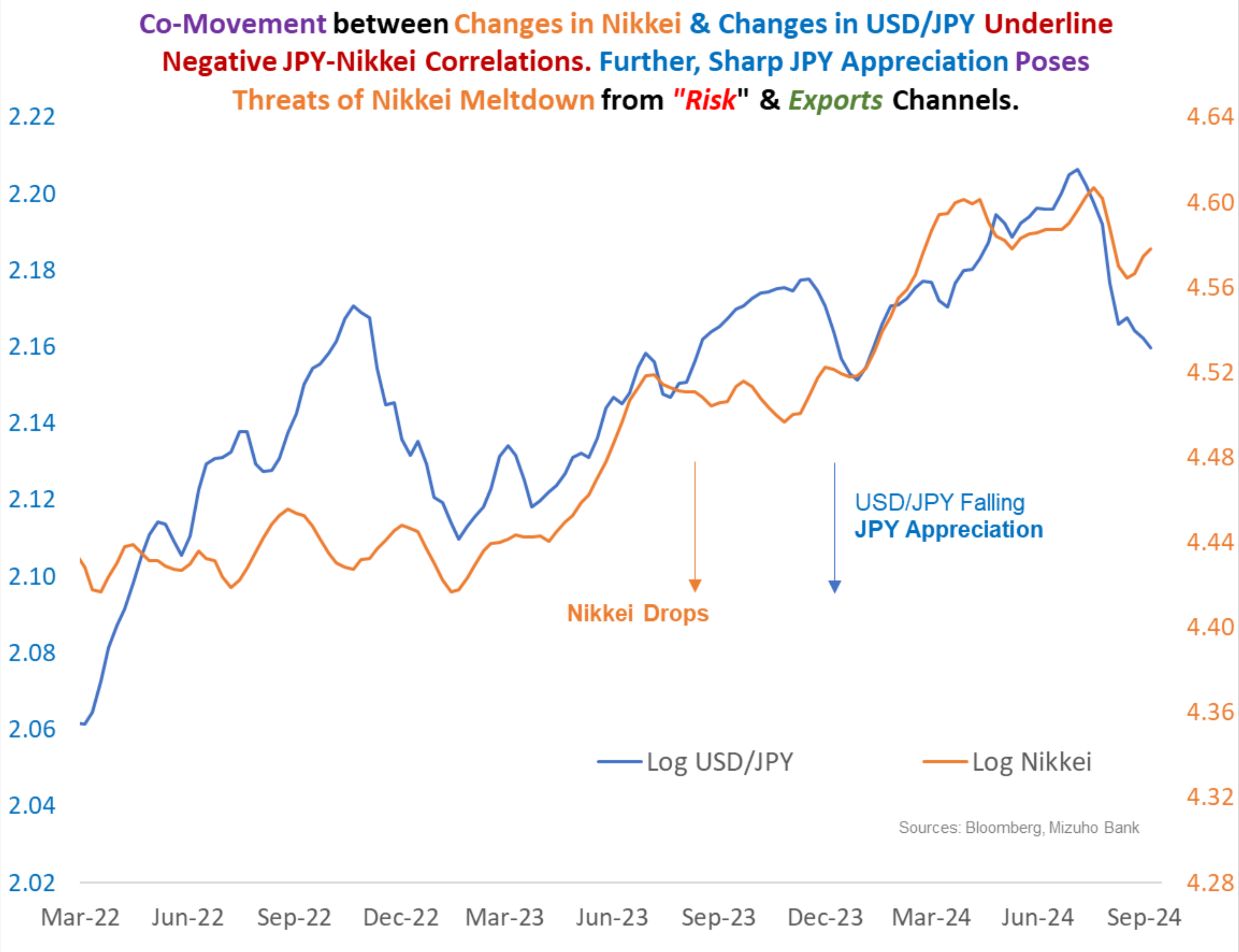
2c. JPY-Nikkei: The BoJ Blame Game



2c. JPY Carry Unwind Risks – Main Take-Aways

1. **JPY Carry Unwind Risks** are **<u>NOT</u> Exclusively BoJ-Driven**.
2. So, although *BoJ's dovish* caveat (no hikes if markets are unstable) *only partially mitigates JPY carry unwind*.
3. Instead, **Fed pivot expectations** (this time via softer NFP) are a **huge swing factor**.
   - ❖ *This is but a manifestation of our long-held view that (earlier) JPY depreciation pressures were a "BoJ problem with a Fed solution", with the Fed solution (rate cuts) now posing the other extreme problem of too sharp a surge/rebound in JPY (and attendant JPY carry unwind).*
4. Corresponding **sharp shifts in Fed rate cut bets** impacts *via Fed-BoJ divergence* expectations.
5. Which consequently *compress UST-JGB spreads* and drag *USD/JPY sharply lower.*
6. In turn, this **sudden and sharp JPY surge "squeezes out" concentrated JPY-funded carry trades**.
7. Inevitably, **JPY-funded** "**carry unwind**" is ***most* detrimental to high-yielding assets**. But not just.
8. **Negative JPY-Nikkei correlation** from acute JPY squeeze may also **adversely impact global equities**.
9. In all, the **threat of global "risk off" involving adverse feedback loop with carry unwind persists**.

Policy Implications:

- **i.** **<u>BoJ</u>**: Dial-back in tightening checks, but doesn't kill adverse (strong) JPY-Nikkei (plunge) spiral.
- ii. **<u>Fed</u>**: Markets become especially sensitized to sharp swings in pivot bets.
- **iii.** **<u>Fed-BoJ</u>**: Any accentuation of Fed-Boj divergence will amplify JPY volatility risks.

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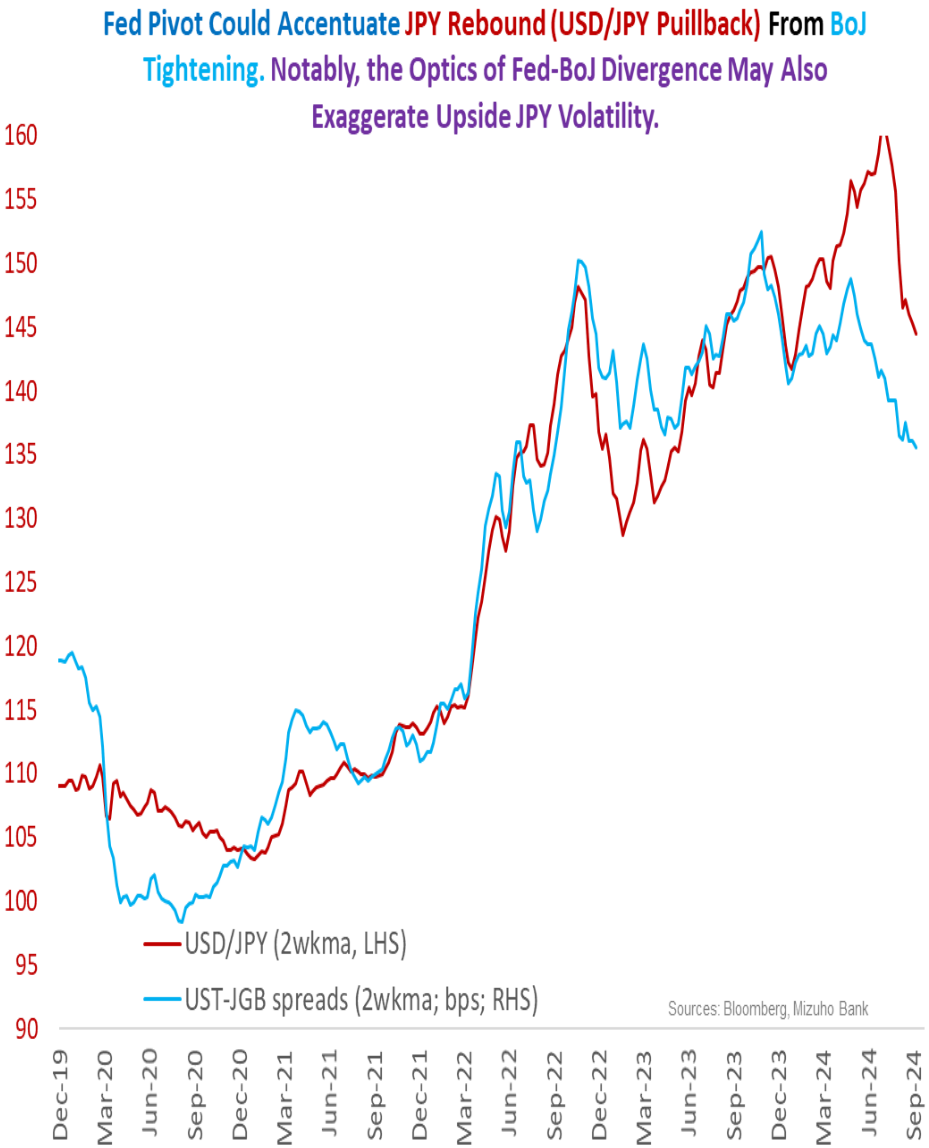
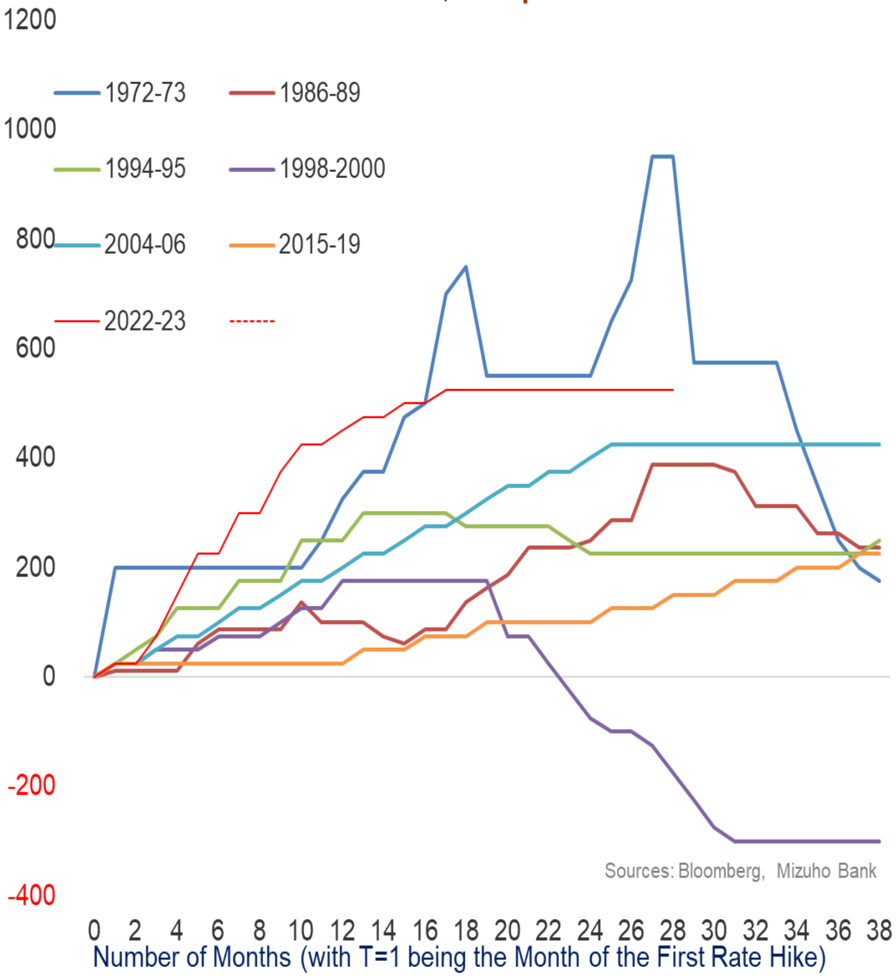
2d. Fed-BoJ & JPY Correlations: Fed's Greater Sway on JPY & "Carry Unwind" Contagion

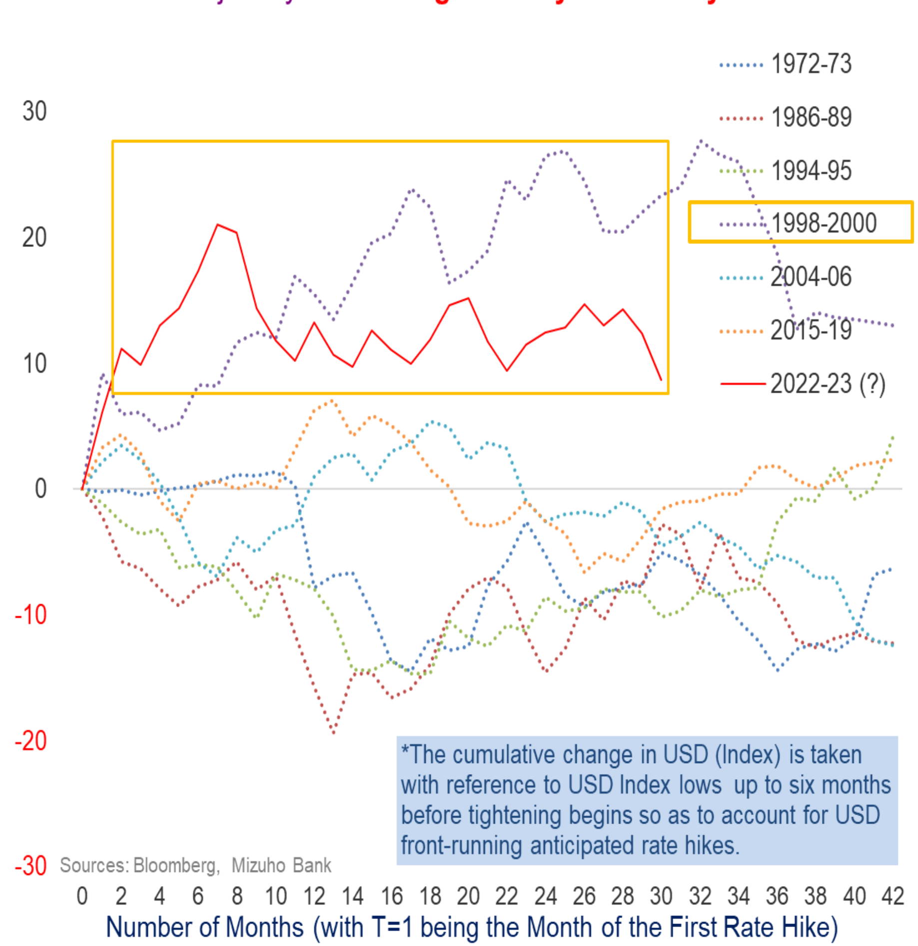


3a. Policy Nuance: Not All Pivots are Created Equal! "Competitive Pivot"/US Exceptionalism

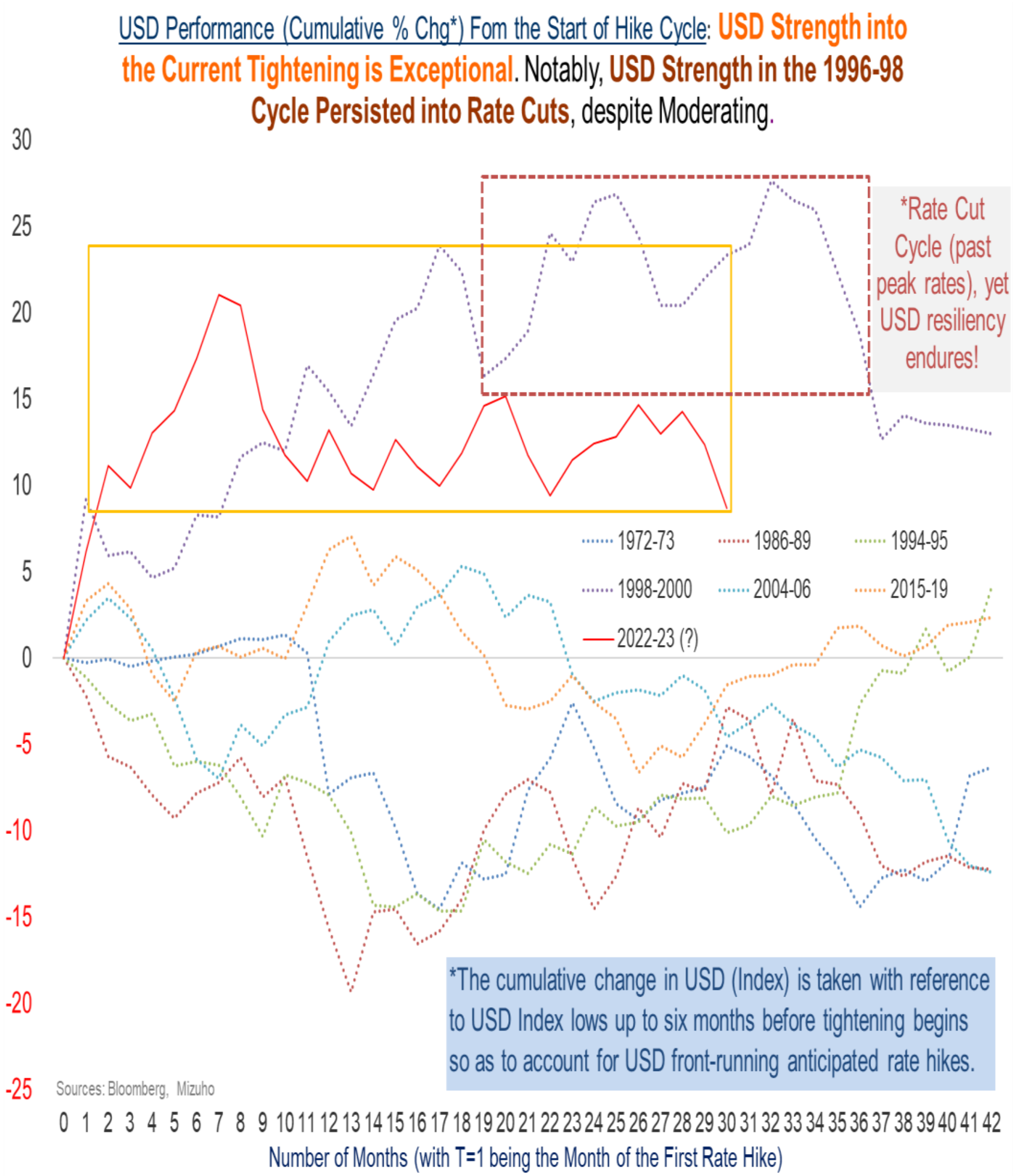
Fed Hiking Cycle (Cumulative Rate Hikes; bp): **Although not the Greatest Amplitude of Rate Hikes** (1970s More Brutal, with >700bp of Hikes), **this Cycle Marks the Fastest Pace of Hikes; 525bps Over 17 Months**.



Corresponding USD Performance (Cumulative % Chg*): **Notably, the Current Rate Hike Cycle Has Resulted in the Sharpest Phase of USD Strength in the First 8-9 months**; moderating below corresponidng 1998-2000 Trajectory but **still significantly more buoyed**.

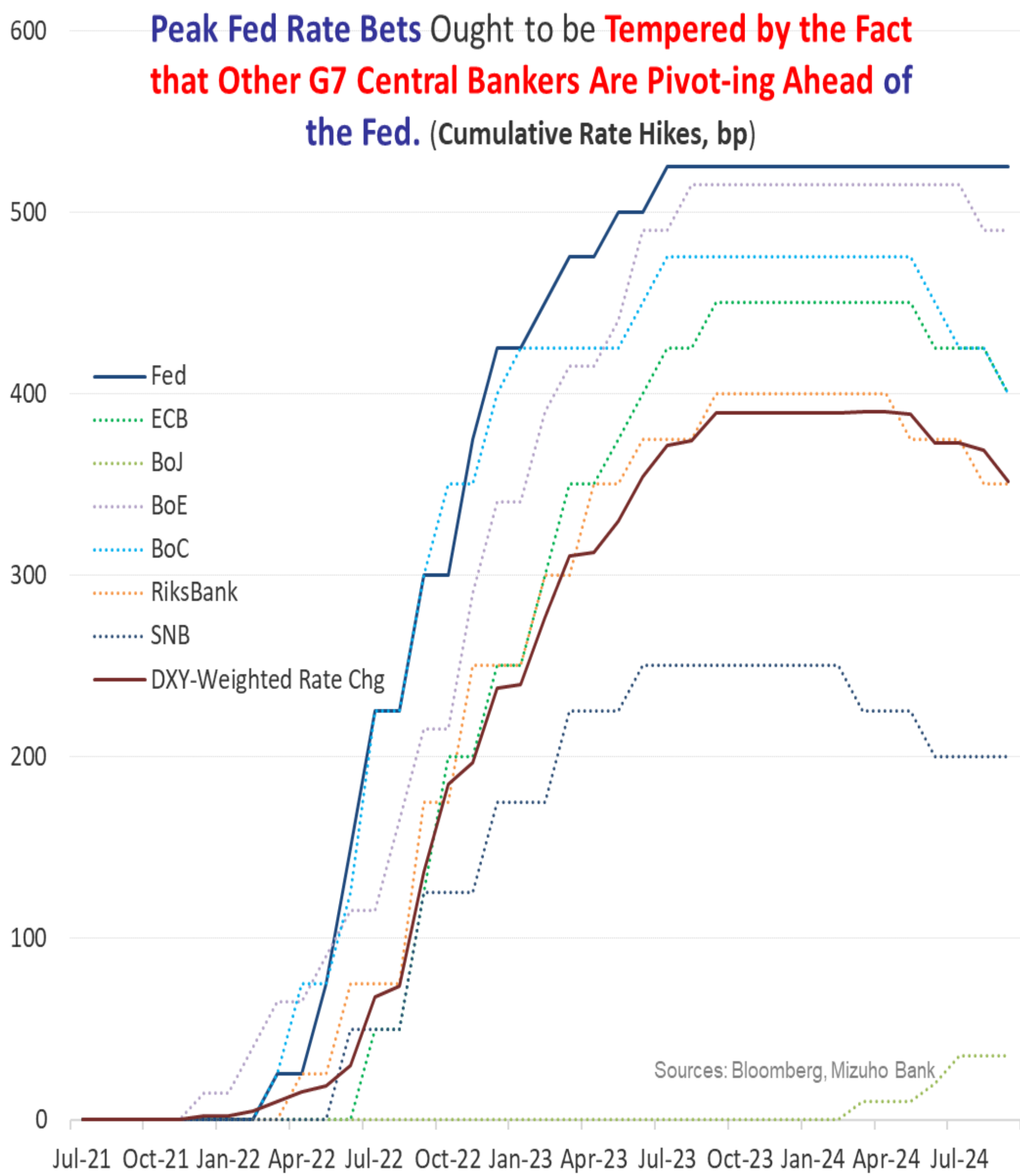


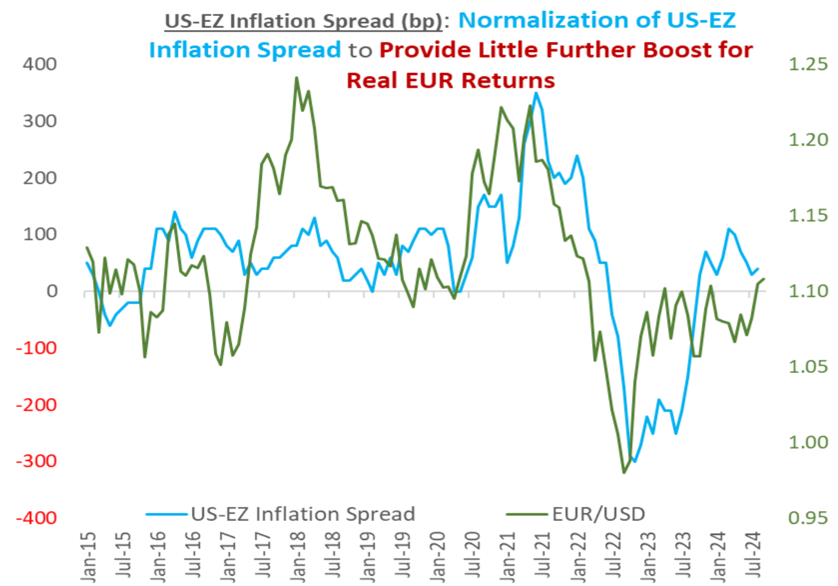
3a: Corresponding USD Response is Not the Usual "Peak USD ahead of Peak Fed"

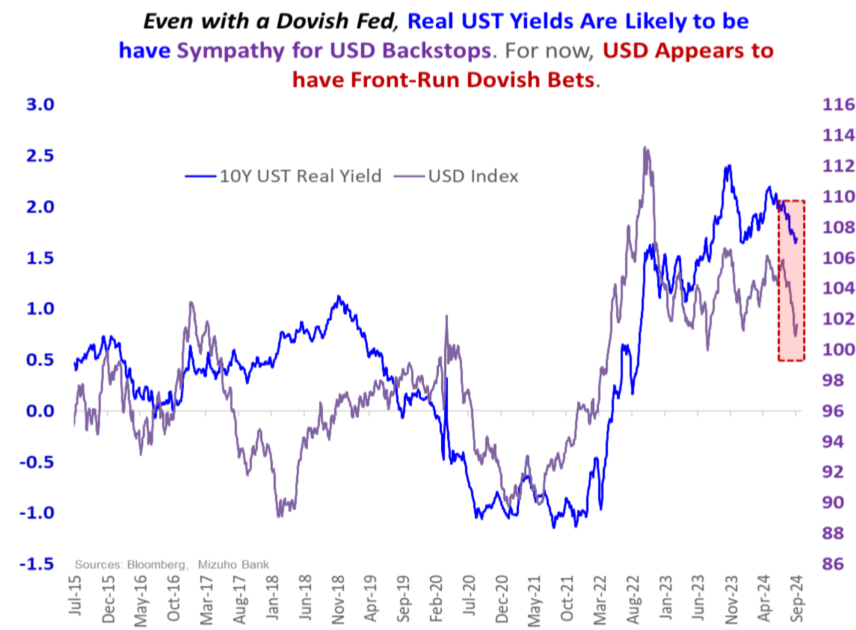


- Arguably, the most **profound challenge to AXJ reversion** (recovering to pre-Fed hike levels) **is persistent, defiant USD strength** *in the context of Fed pivot, which is typically consistent with more pronounced USD pullback.*
- This **anomalous USD strength so late into the Fed tightening cycle is not merely a cyclical blip but a structural feature of** *with uncharacteristic USD resilience into Fed easing ahead*; whereby ***USD may soften*** (from elevated levels), ***but not fully surrender rate hike gains*** as relative US exceptionalism and geo-politics conspire.
- **Admittedly, USD peaked** (in October 2022), **ahead of peak Fed rate** (reached in July 2023), *consistent with the idea of USD front-running the Fed.*
- And to be sure, **a mellower USD as the Fed settles into rate cuts into 2025 is our base case.**
- *Nonetheless,* **further USD declines** *anticipating, or coinciding with Fed cuts,* **may fall significantly short of expectations** pegged to most previous cycles.
- In which case, **commencement of Fed rate cuts alone is not sufficient to fully restore AXJ to pre-2022 levels** given USD dominance be slow to fade.

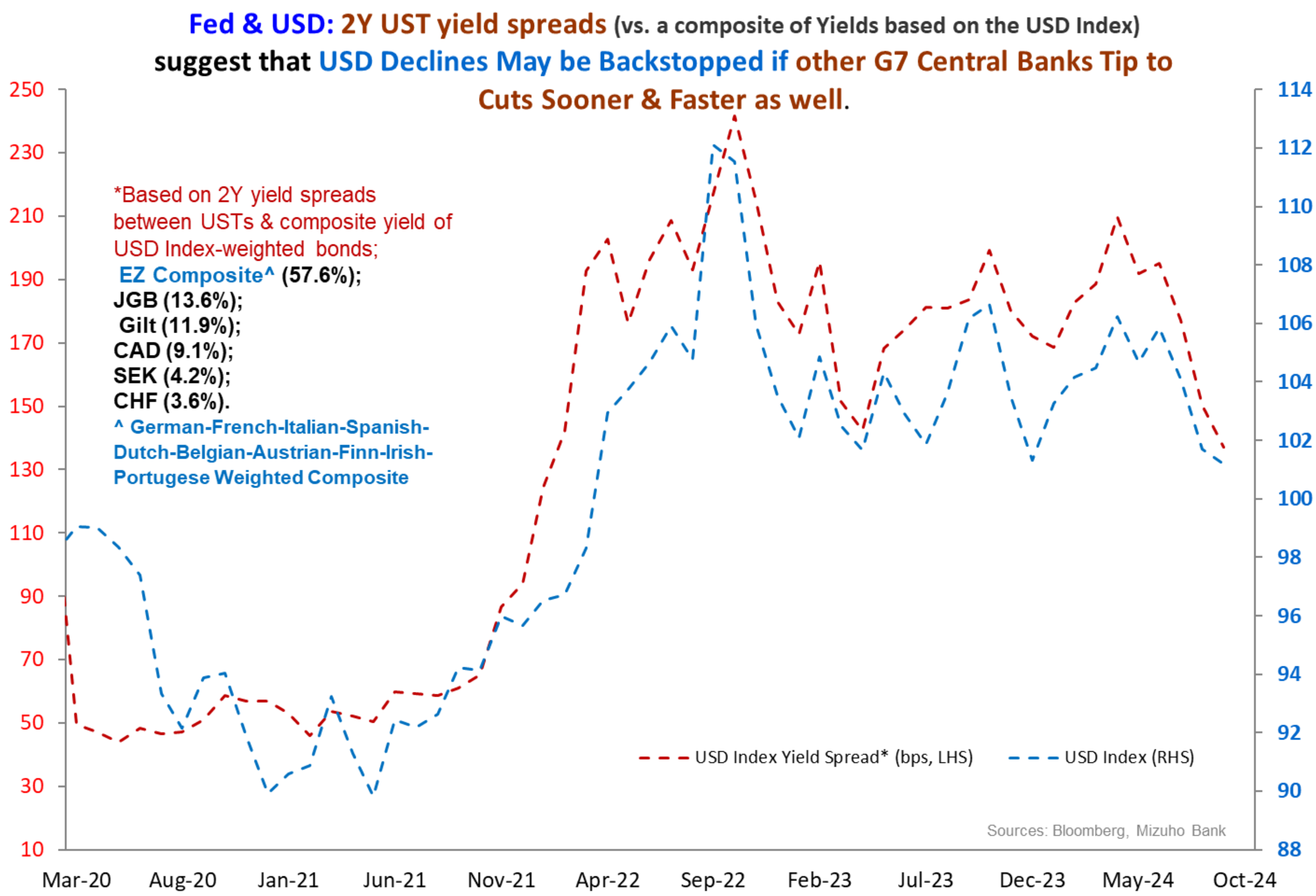
3b: Relative Rate Strength Understate "Competitive Pivot" Inclination Shifts



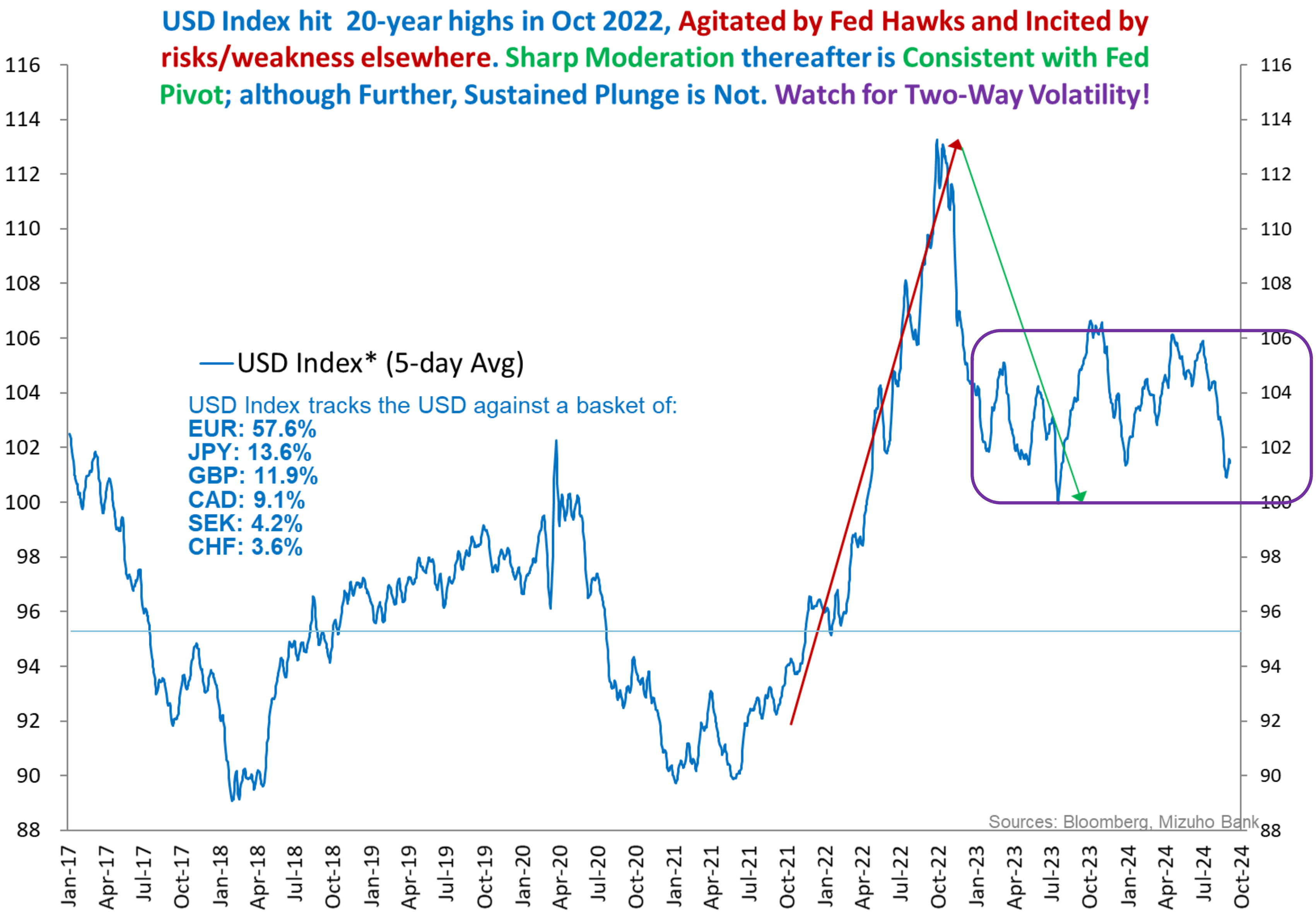




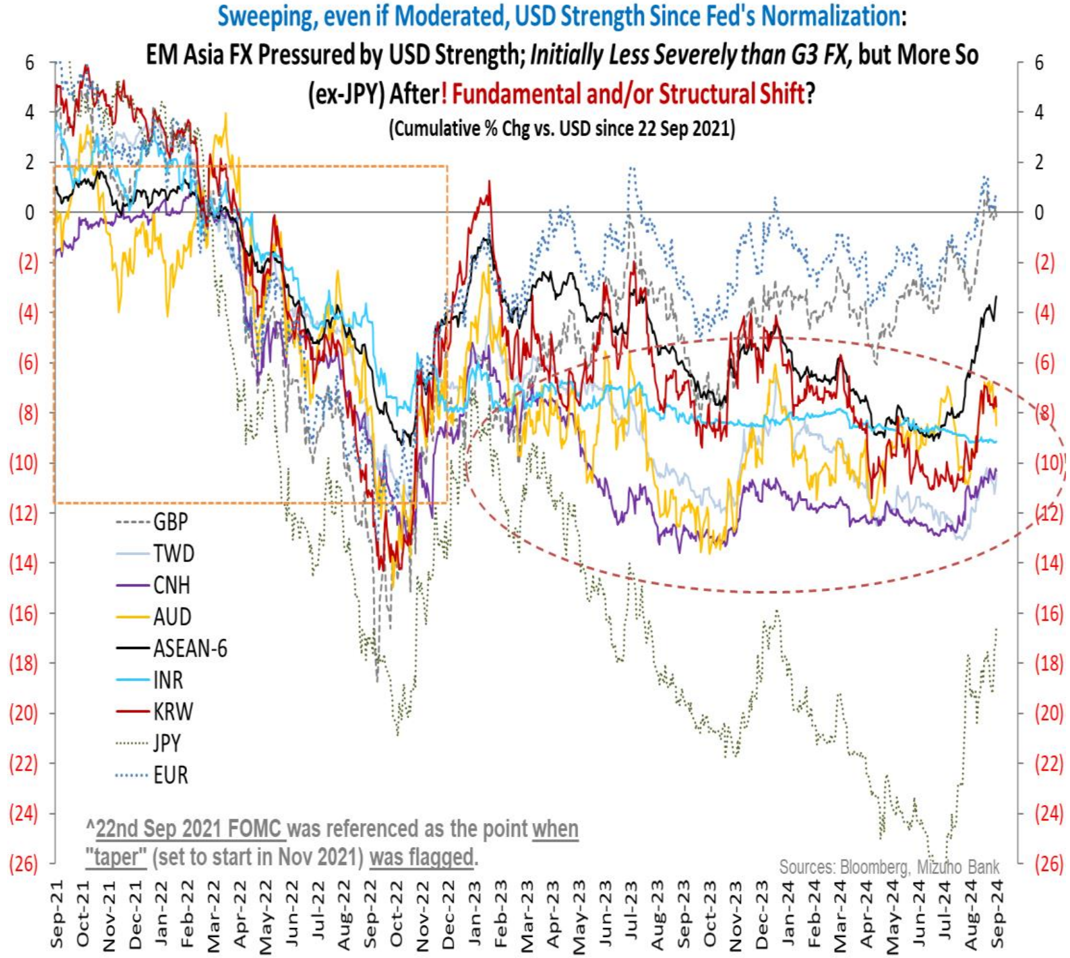
3b: Yield Spreads Better Capture Scope for Backstop .. That Shows Up as USD Resiliency

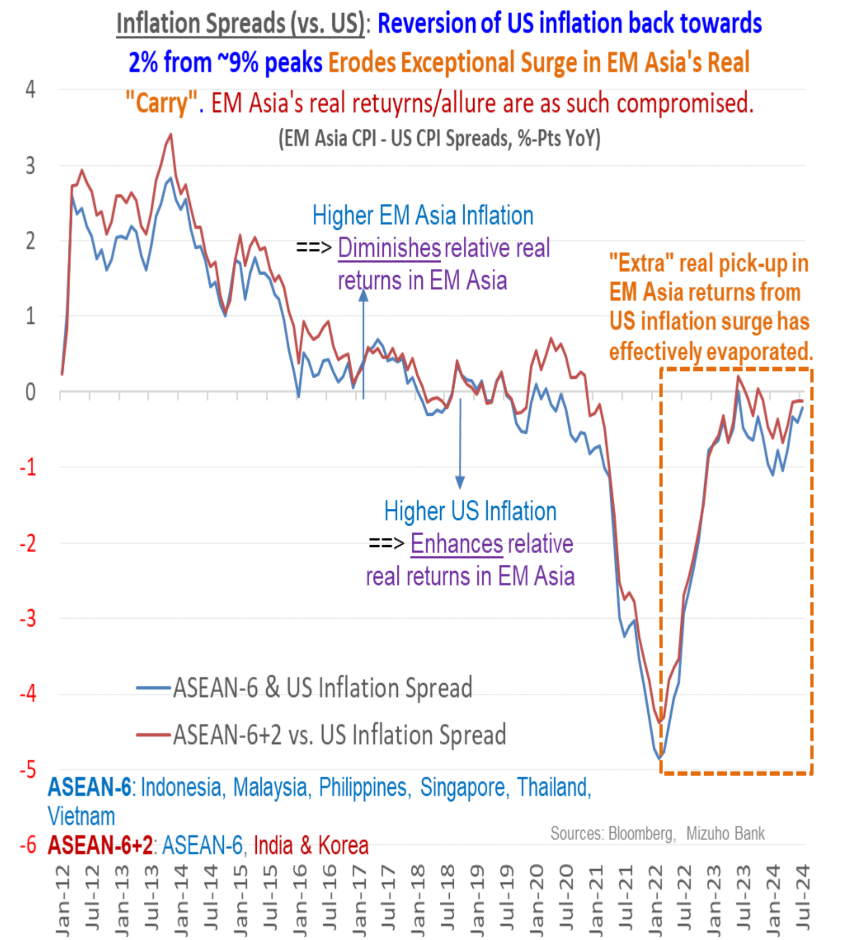


3c: Peak USD is Not the Same as a Bearish USD



4a. Relative AXJ Under-performance is Worth Analyzing … Notable Hysteresis Risks





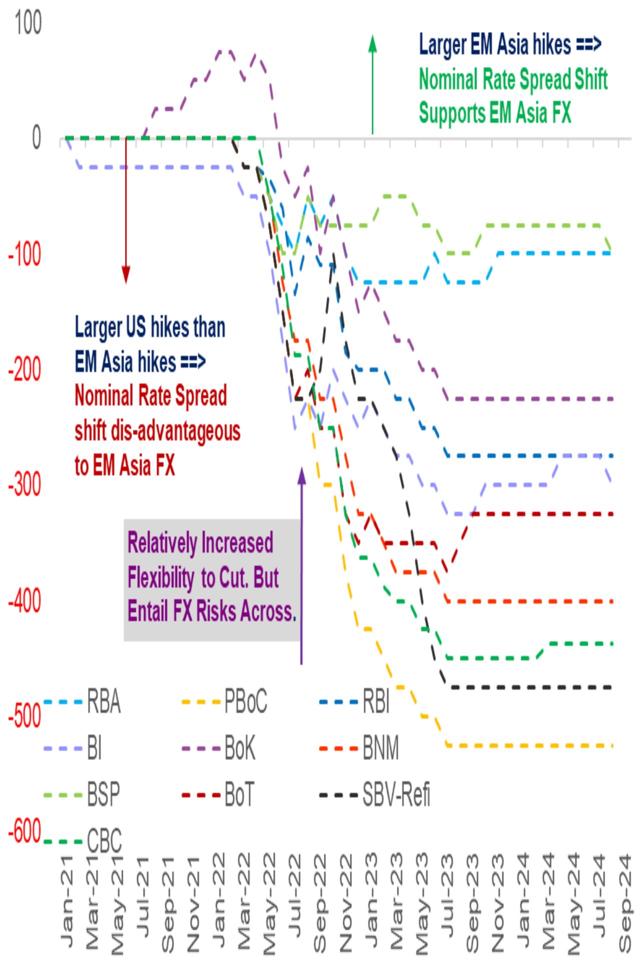
- Received wisdom is that a **Fed pivot*** is **associated with** (often anticipatory) **USD decline**.
- The result is a **"pivot USD" primed for a broad-based slide** *as policy sands begin to shift from tightening to easing.*
- And the ***assumption of attendant AXJ reversion (to pre-Fed tightening strength) is arguably embedded* in this "pivot USD" thesis**. In other words, **Asia FX recouping losses over the Fed's tightening cycle (coinciding with reversal of USD gains**.

- ***But this time***, a **Fed pivot is no guarantee that AXJ will revert** to pre-Fed tightening strength.
- Instead, **AXJ reversion is liable to be dampened**, **delayed** and **differentiated**. And under certain circumstances possibly even denied for specific Asia FX.
- This owing to a conspiracy of *anomalous USD-Fed cycle dynamics*, accentuated by *unusual policy shifts*, *geo-political disruptions* and *specific CNY risks* compounding *structural cracks.*

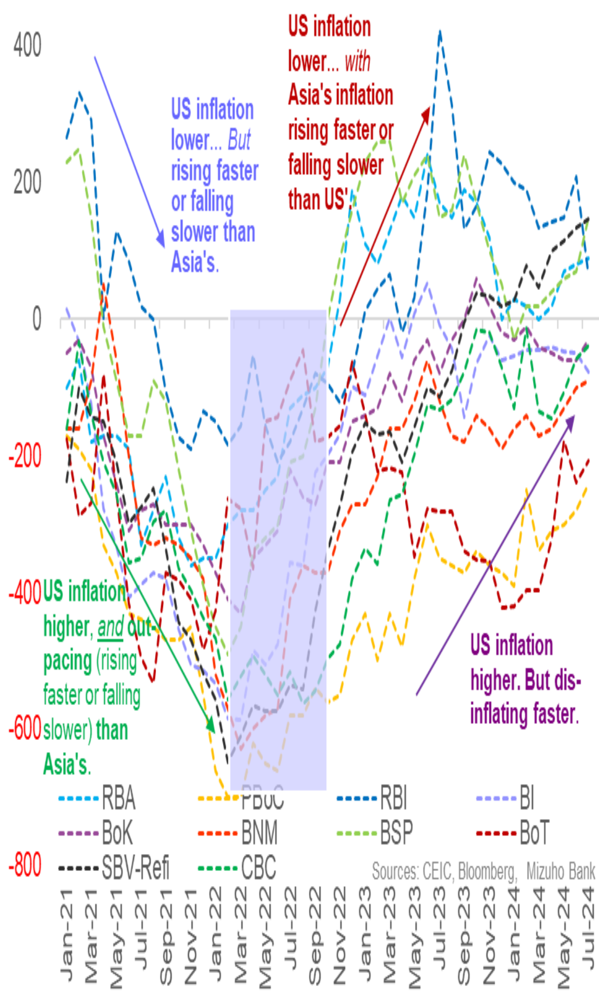
*The reference to Fed policy inflection from tightening/rate hikes to loosening/rate cuts.

4a. Relative Real Yield Advantage Against US is Overstated

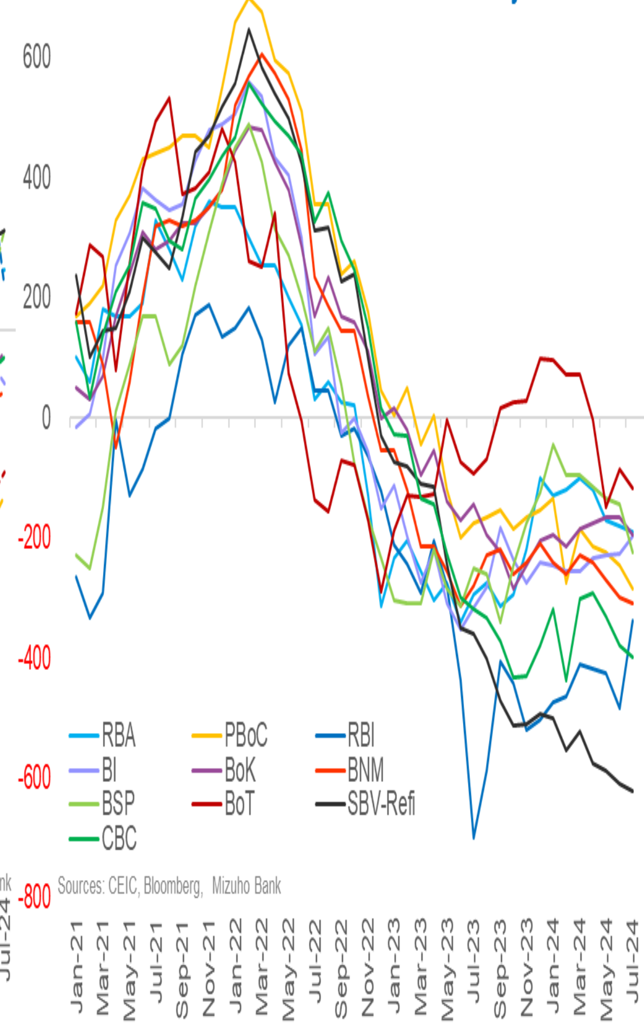
Change in Nominal Policy Rate Spread (vs. Fed; since end-2020; bp): Nominal Rate Spread Shifts are Negative as Fed Out-Hawked. EM Asia Central Bankers Have Varying Scope to Start Cuts .



Inflation Spread (vs. US; bp): Since "Inflection" since mid-2022, US dis-inflation has out-paced EM Asia's dis-inflation.



Real Rate Spread (vs. Fed; bp): Persistently Negative Real Rate Spreads Demand Interim Restraint on Rate Cuts amid FX Volatility Risks.



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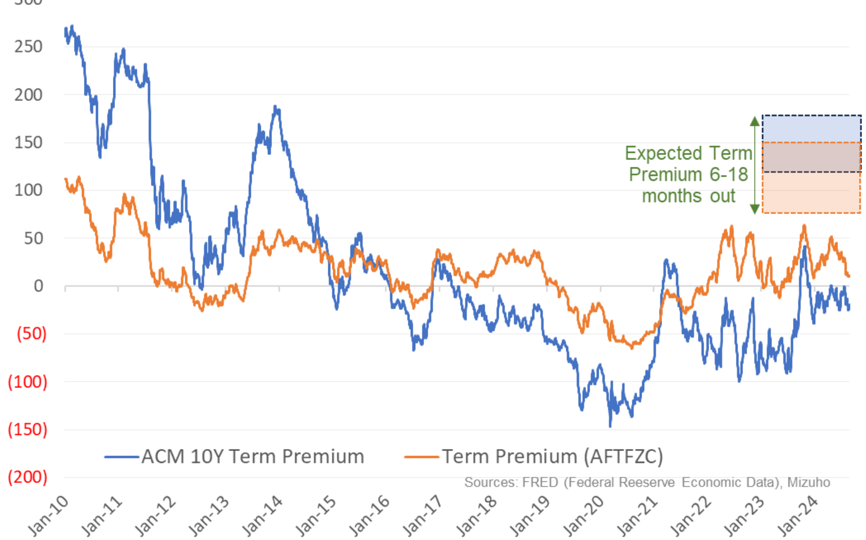
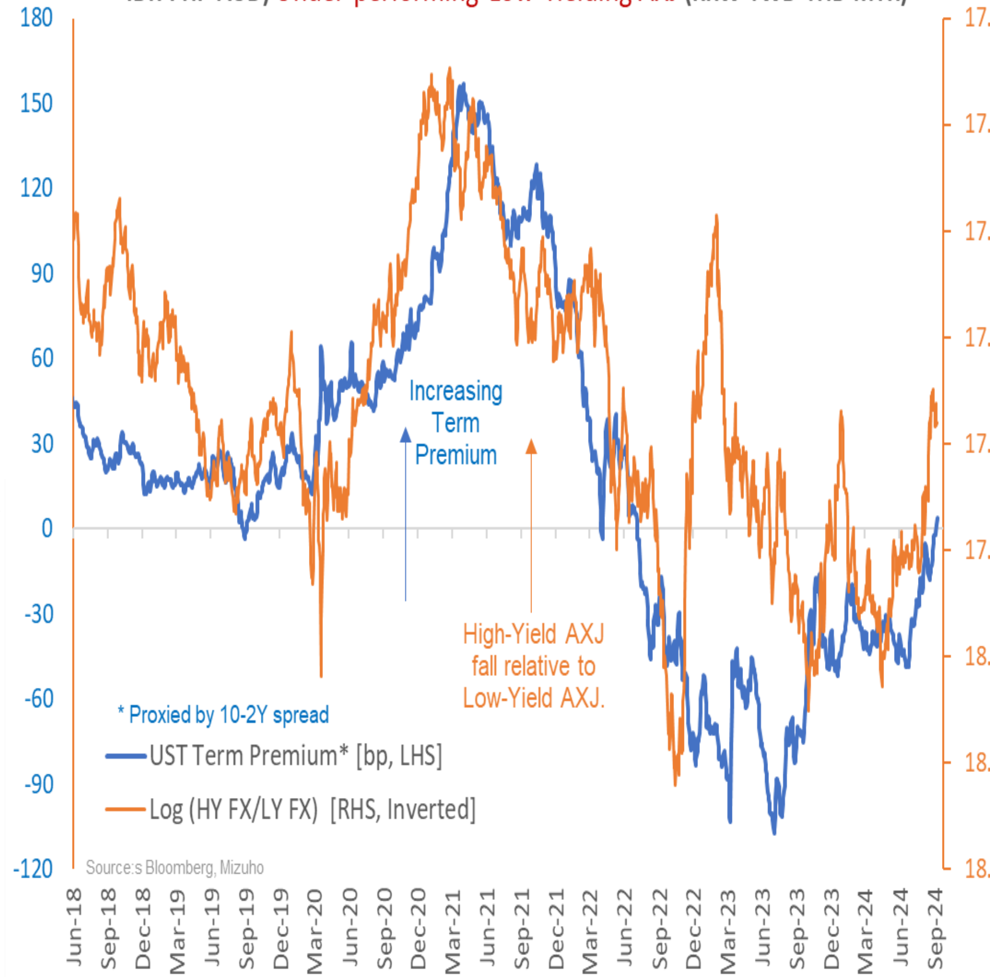
4a. Steeper UST Curve an Additional Interim Risk

Modelled 10Y UST Term Premia (bp): A **Sustained & Structural Pick-up in Term Premium** Expected … **Regardless of US Election Outcome**.



Bull Steepening on Rate Cuts & Bear Flattening on Rate Hikes Well-Established

Rising UST Term Premium is Consistent with **High-Yielding AXJ** (INR-IDR-PHP-AUD) **Under-performing Low-Yielding AXJ** (KRW-TWD-THB-MYR)



4b. Relative AXJ Under-performance: Specific Structural Factors

- Finally **structural and (economy-)specific deterioration affecting various AXJ currencies**, to varying degrees, could also **impair pre-Fed hike reversion of AXJ**.
- Some key, but non-exhaustive factors include *property-financial sector stress* (VND) to *political tensions* (VND, THB, KRW) to *accentuated geo-political threats* (TWD, PHP) to as follow.
- And *FX reserves* is notably asymmetric insurance, whereby *inadequacy* imposes a risk premium associated with structurally weaker currencies (e.g. VND) but on other hand, a notable build-up in FX reserves (e.g. INR) is no guarantee of currency boost/recovery
- In fact, *structural reforms* to boost manufacturing under "Make in India" is partly premised on a more competitive rupee, which underpins the case for rupee not reclaiming all of Fed hike losses.
- In any case, with the exception of SGD, which was boosted by an unprecedented magnitude of S$NEER appreciation (allowing it to keep pace with the USD), **reversion to pre-Fed rate hike levels in AXJ would require substantial AXJ appreciation**.
- Which is a **high bar in the current risk climate**; amid heightened geo-political threats, fragile economic recovery and overarching China/CNH risks.

	DXY	CNH	CNY	KRW	TWD	SGD	THB	MYR	IDR	INR	VND	AUD	PHP
Sep '21 FOMC (Taper Flagged)	93.3	6.47	6.47	1,176	27.7	1.35	33.4	4.18	14,241	73.6	22,770	0.726	50.3
Mar '22 FOMC (Since First Hike)	98.7	6.36	6.35	1,220	28.4	1.36	33.3	4.20	14,321	76.2	22,862	0.735	52.3
Average of Taper Flag & First Hike	96.0	6.41	6.41	1,198	28.0	1.36	33.3	4.19	14,281	74.9	22,816	0.731	51.3
Latest (August Avg)	102.4	7.16	7.16	1,354	32.3	1.32	34.9	4.43	15,812	83.9	25,074	0.663	57.2
% Appreciation for "Reversion"*	**-6.3%**	**11.6%**	**11.7%**	**13.0%**	**15.3%**	**-2.8%**	**4.6%**	**5.9%**	**10.7%**	**12.0%**	**9.9%**	**10.2%**	**11.4%**

* reversion to average of Sep'21 & Mar'22 Levels

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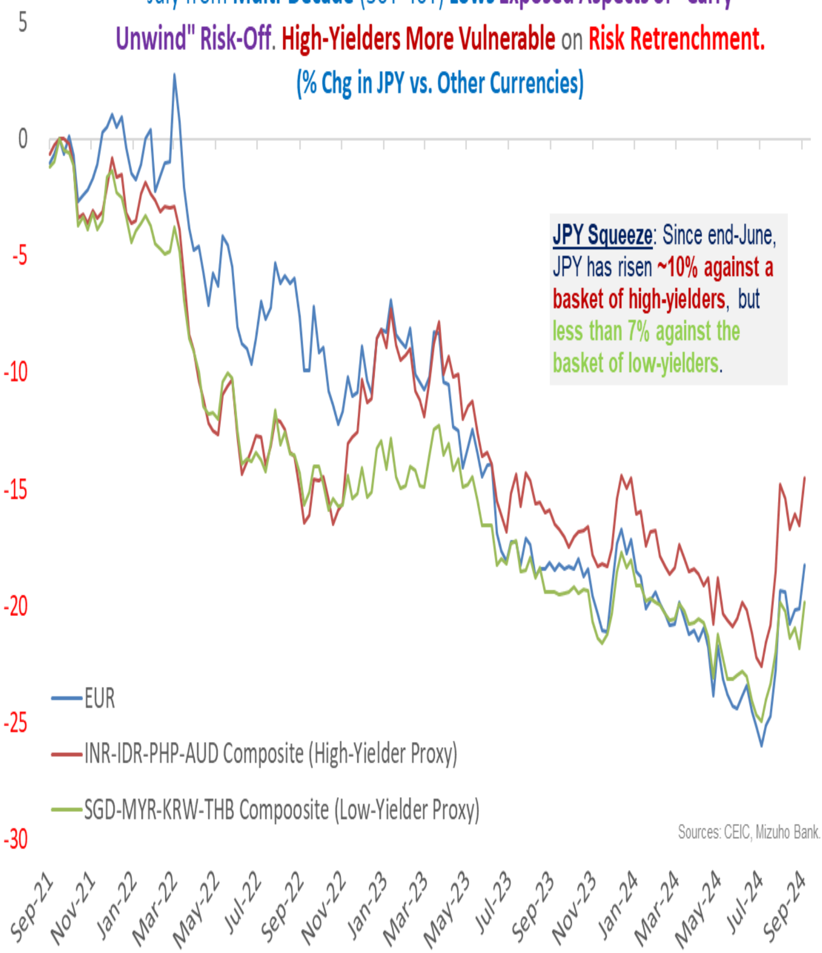
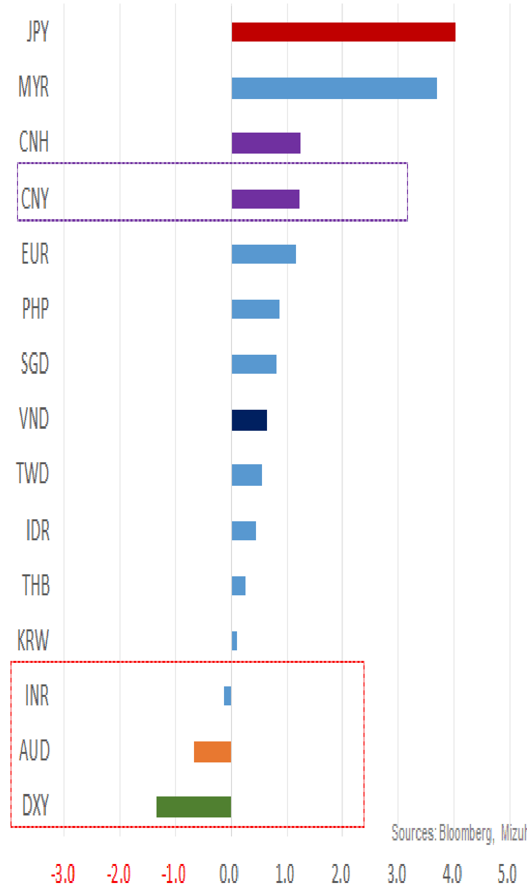
4c. JPY Squeeze & Consequent Carry Unwind is a Lingering Risk for AXJ

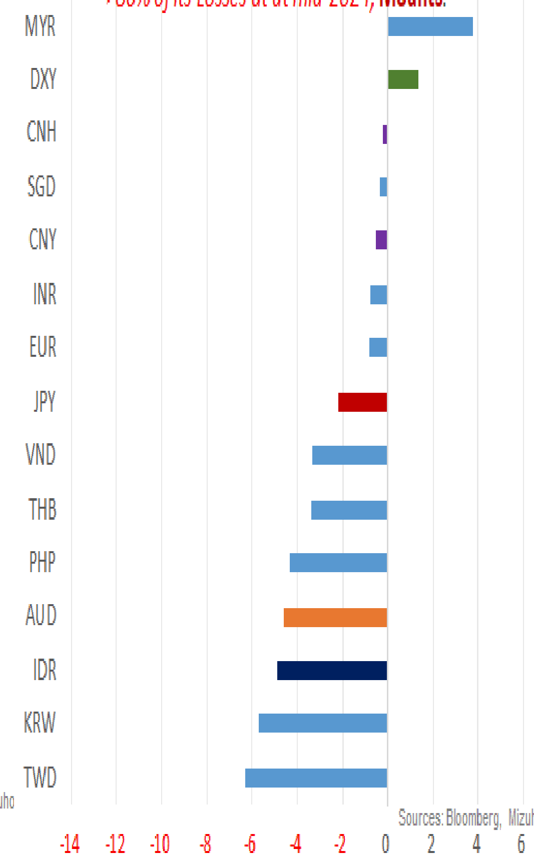
JPY/Cross (since Fed Tightening Signal in Sep 2021): Sharp JPY Squeeze since July from **Multi-Decade** (30Y-40Y) **Lows Exposed Aspects of "Carry Unwind" Risk-Off**. **High-Yielders More Vulnerable** on **Risk Retrenchment.** (% Chg in JPY vs. Other Currencies)



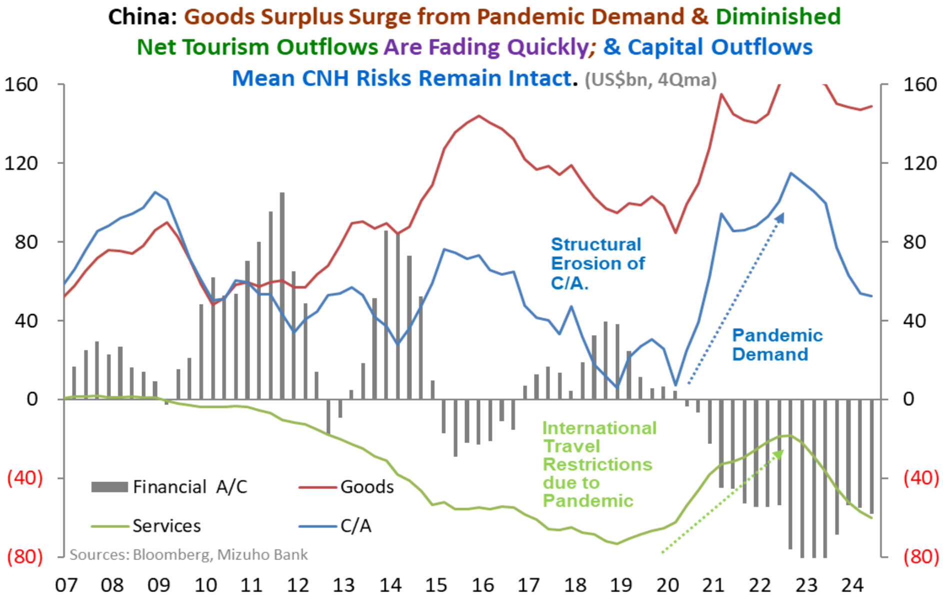
BoJ-US Jobs Trigger (End July to 5th Aug): EM Asia FX moves Mostly **Playing off Weaker USD** and **CNH Buoyancy**. But **JPY Carry Unwind a Latent Risk.**

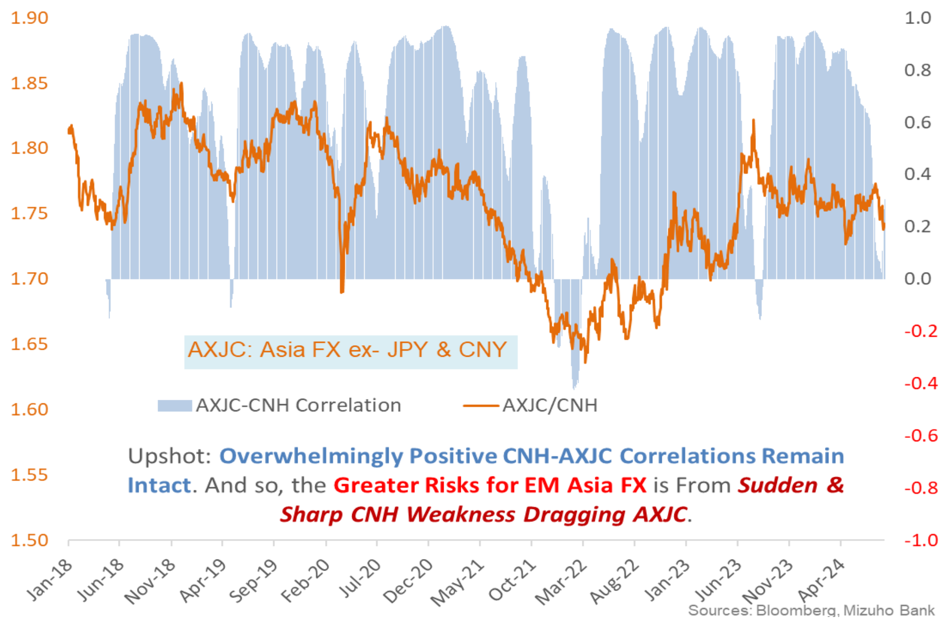


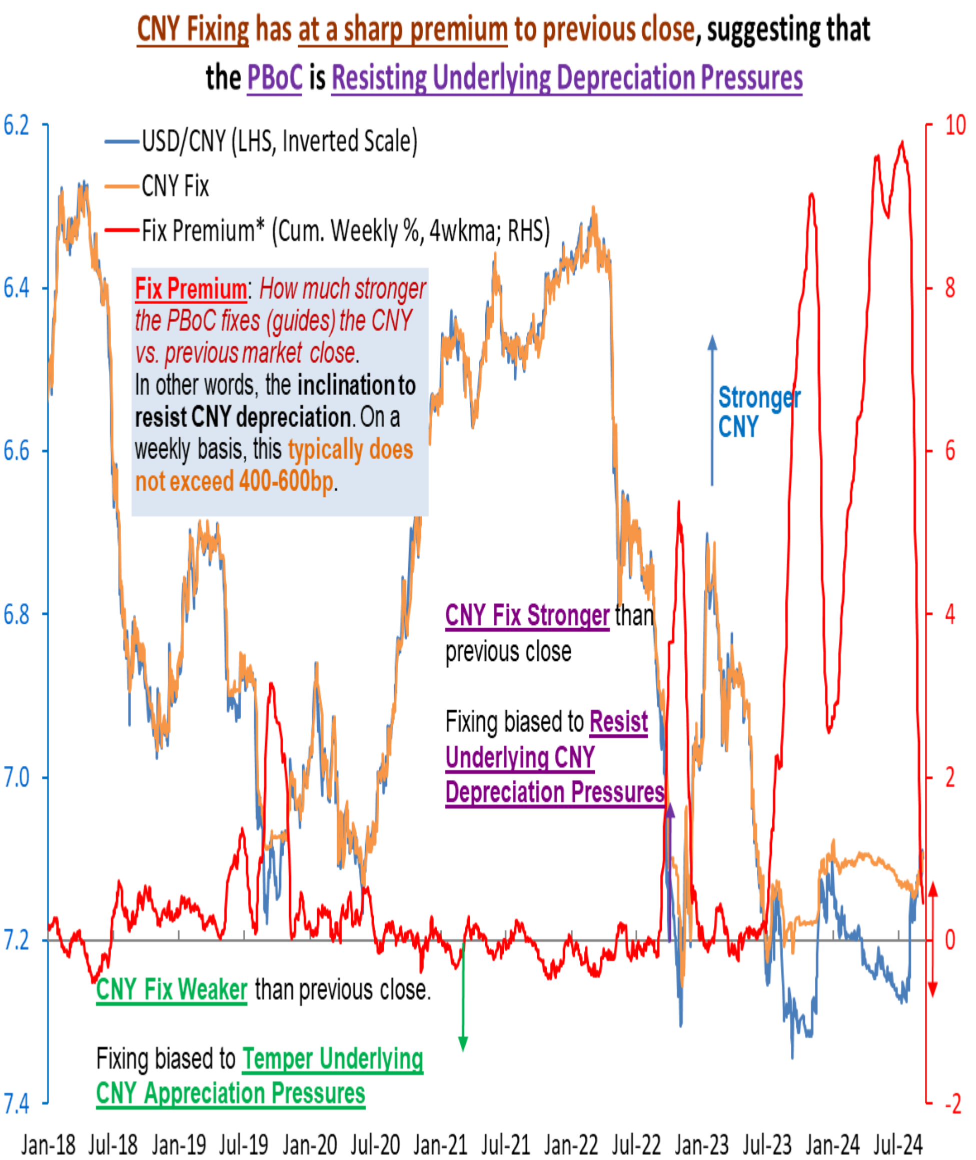
YTD (End-2023 to 5th Aug): But **EM Asia FX Remain Compromised More Broadly**. And **AXJ Pressures Can Re-emerge** if **JPY Squeeze**, *which has Reclaimed >80% of its Losses at at mid-2024*, **Mounts.**



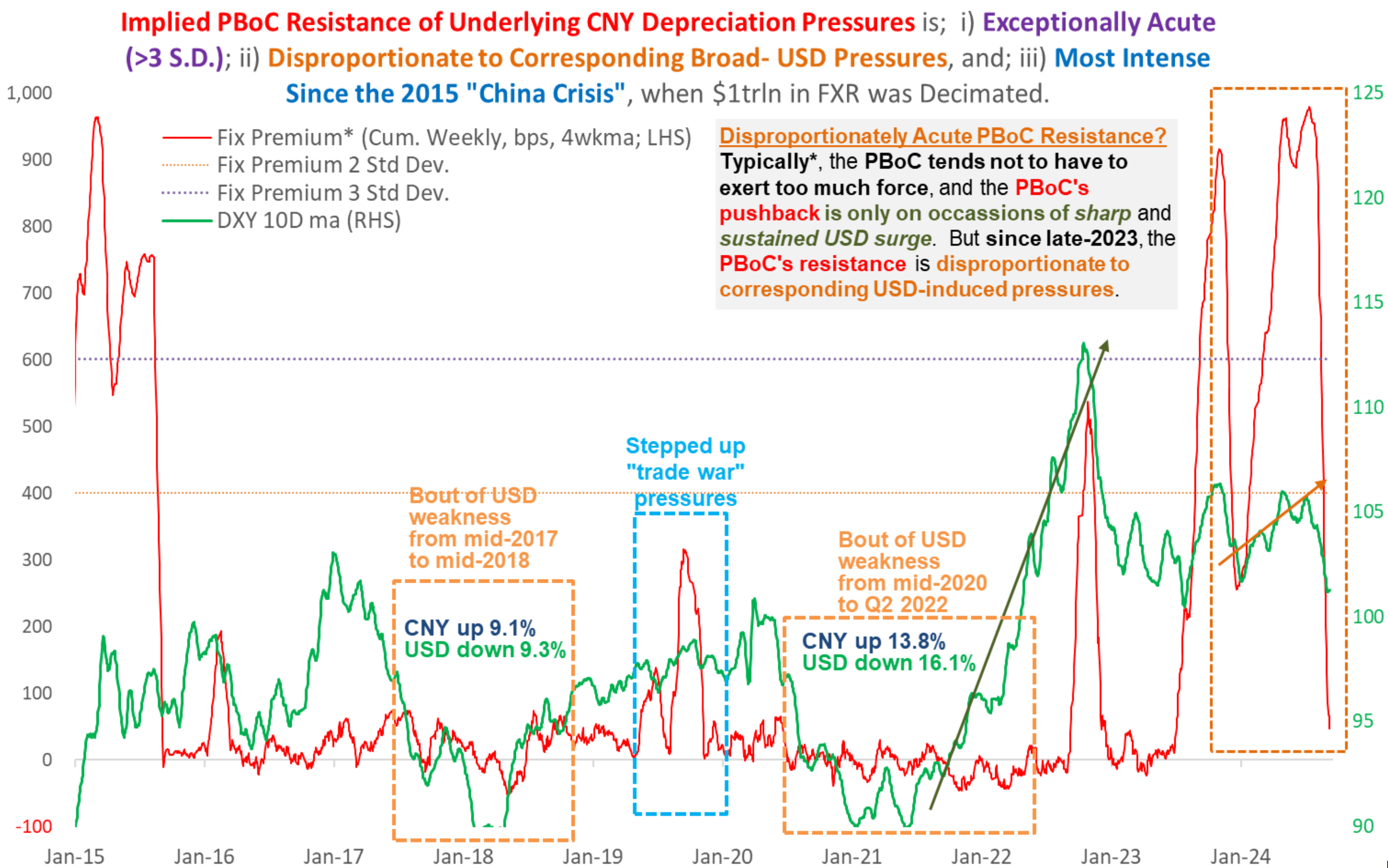
5a. CNH Depreciation Pressures though the Biggest Threat to AXJ



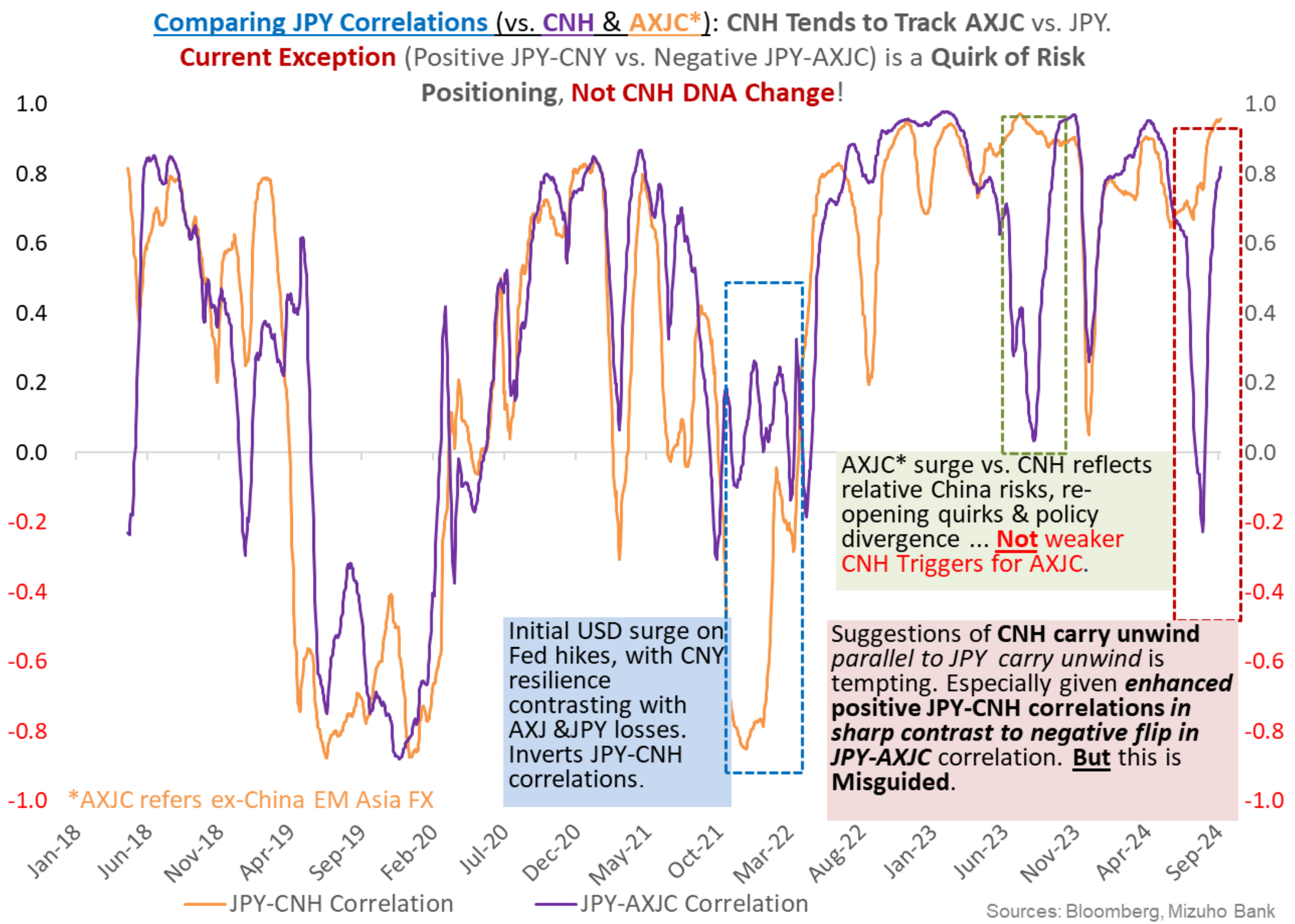




5b. China Factor: Disproportionate Pressures a Reflection of China-specific Risk (Spill-over)



5c. CNY "Carry" Unwind is a Far Cry from JPY "Carry"



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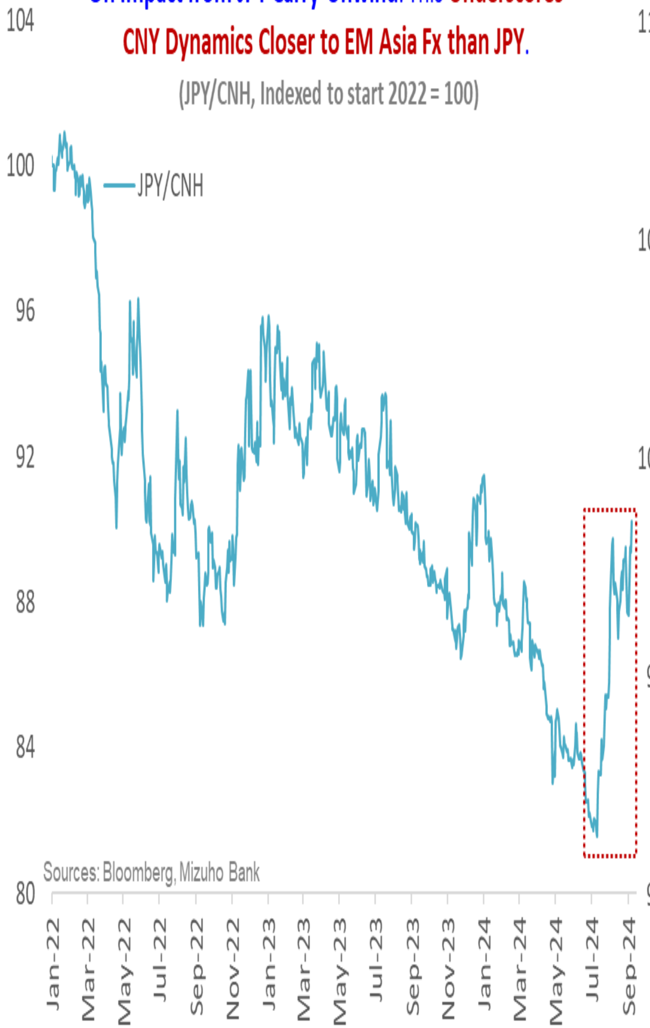
5c. Mixed CNH Outcomes Speak to Different DNA … CNH Drag is Still the Bigger Risk

For one, **Sheer Strength of JPY/CNH Squeeze** Suggests **CNH is Not Immune From Adverse "Risk Off" Knock-On Impact from JPY Carry Unwind.** This **Underscores CNY Dynamics Closer to EM Asia Fx than JPY.**

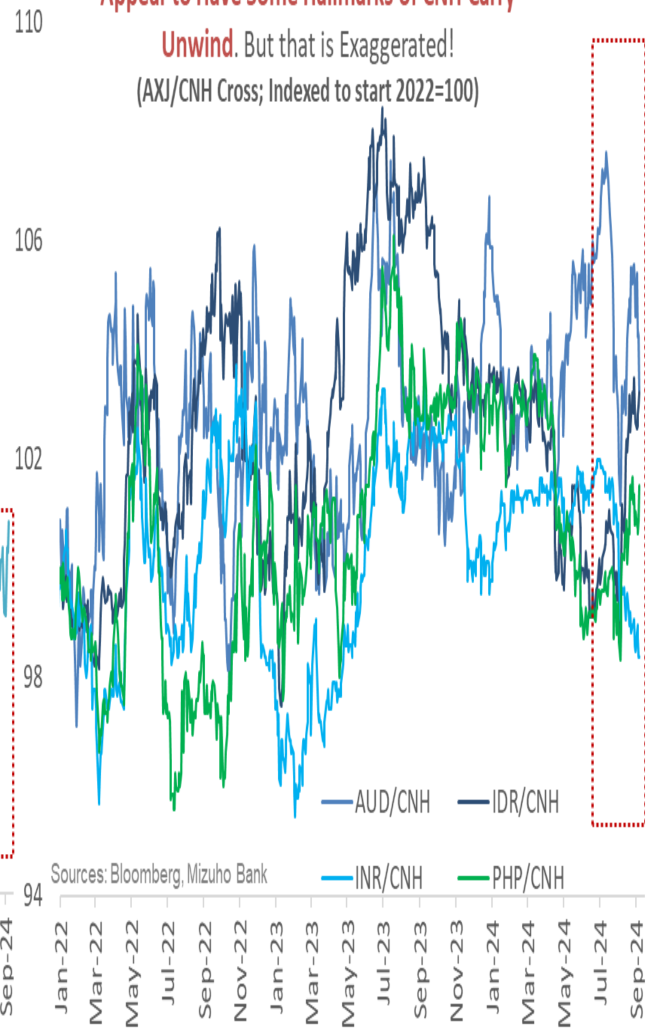
(JPY/CNH, Indexed to start 2022 = 100)



Sources: Bloomberg, Mizuho Bank

Relative Higher-Yielders vs. CNH: Admittedly, **High Yielders** (typically more prone to JPY carry Unwind) **Appear to Have Some Hallmarks of CNH Carry Unwind**. But that is Exaggerated!

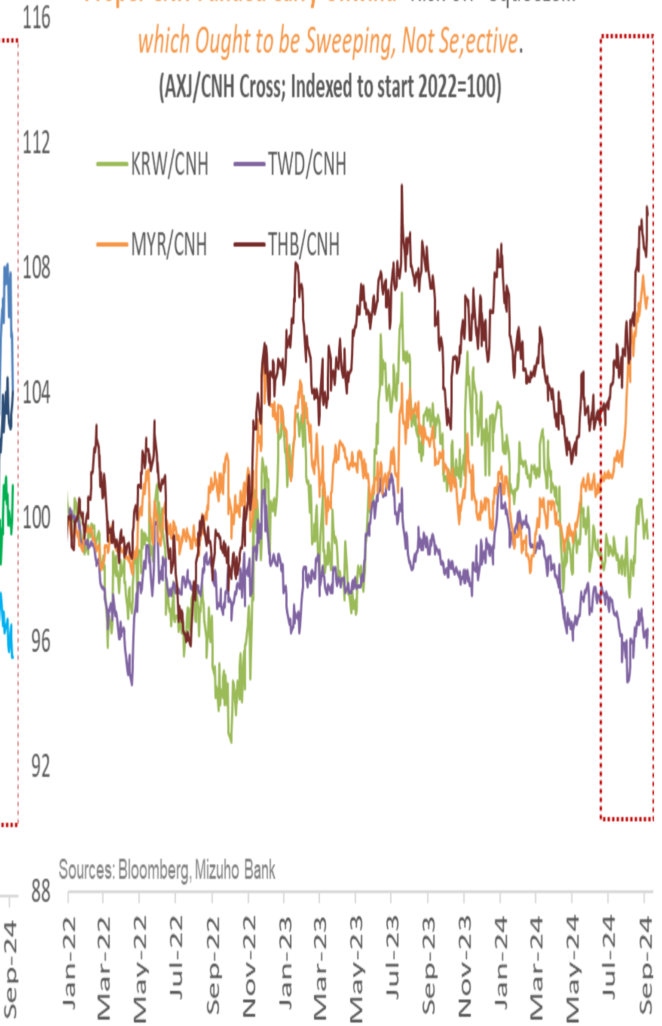
(AXJ/CNH Cross; Indexed to start 2022=100)



Sources: Bloomberg, Mizuho Bank

Relative Low-Yielders vs. CNH: Notably, CNH performance **vs. Low-Yielders** Far More Mixed. **Rejects Proper CNH-Funded Carry Unwind** "Risk off" Squeeze… *which Ought to be Sweeping, Not Se;ective*.

(AXJ/CNH Cross; Indexed to start 2022=100)



Sources: Bloomberg, Mizuho Bank

FX: A Bumpy Path for AXJ amid Policy, Elections, Geo-Political & China Risks

FX Forecasts	Sep 24	Dec 24	Mar 25	Jun 25	Sep 25	Dec 25
USD/INR	81.5 - 86.6 (83.8)	80.2 - 87.5 (84.5)	78.4 - 84.9 (82.2)	78.0 - 83.7 (80.9)	78.1 - 83.3 (80.5)	78.5 - 83.3 (80.5)
USD/KRW	1220 - 1440 (1330)	1240 - 1410 (1340)	1220 - 1350 (1280)	1200 - 1350 (1250)	1190 - 1290 (1240)	1190 - 1290 (1240)
USD/SGD	1.277 - 1.340 (1.310)	1.293 - 1.373 (1.342)	1.299 - 1.368 (1.335)	1.294 - 1.353 (1.330)	1.300 - 1.365 (1.325)	1.286 - 1.358 (1.318)
USD/TWD	31.1 - 33.7 (32.1)	30.6 - 33.5 (32.5)	30.3 - 32.9 (31.3)	29.7 - 31.9 (30.6)	29.3 - 31.5 (30.2)	29.3 - 31.4 (30.2)
USD/IDR	15050 - 15990 (15680)	15830 - 17020 (16350)	15840 - 16960 (16200)	15800 - 16640 (16000)	15290 - 16600 (15800)	15000 - 16280 (15500)
USD/MYR	4.27 - 4.67 (4.45)	4.29 - 4.61 (4.52)	4.27 - 4.68 (4.46)	4.20 - 4.63 (4.38)	4.12 - 4.46 (4.32)	4.14 - 4.41 (4.28)
USD/PHP	54.3 - 59.1 (56.5)	55.8 - 59.3 (58.4)	55.0 - 59.5 (57.8)	55.0 - 59.4 (57.2)	54.1 - 59.0 (56.8)	54.6 - 57.7 (56.4)
USD/THB	33.2 - 35.9 (34.2)	33.6 - 36.7 (35.6)	34.0 - 37.2 (35.0)	33.8 - 36.2 (34.8)	33.3 - 35.6 (34.2)	32.6 - 34.8 (33.5)
USD/VND	24400 - 25300 (24900)	24700 - 25600 (25100)	24800 - 25300 (24900)	24600 - 25200 (24800)	24500 - 25100 (24700)	24400 - 25000 (24600)
AUD/USD	0.635 - 0.702 (0.673)	0.625 - 0.689 (0.652)	0.643 - 0.698 (0.673)	0.639 - 0.720 (0.686)	0.682 - 0.740 (0.708)	0.687 - 0.747 (0.715)

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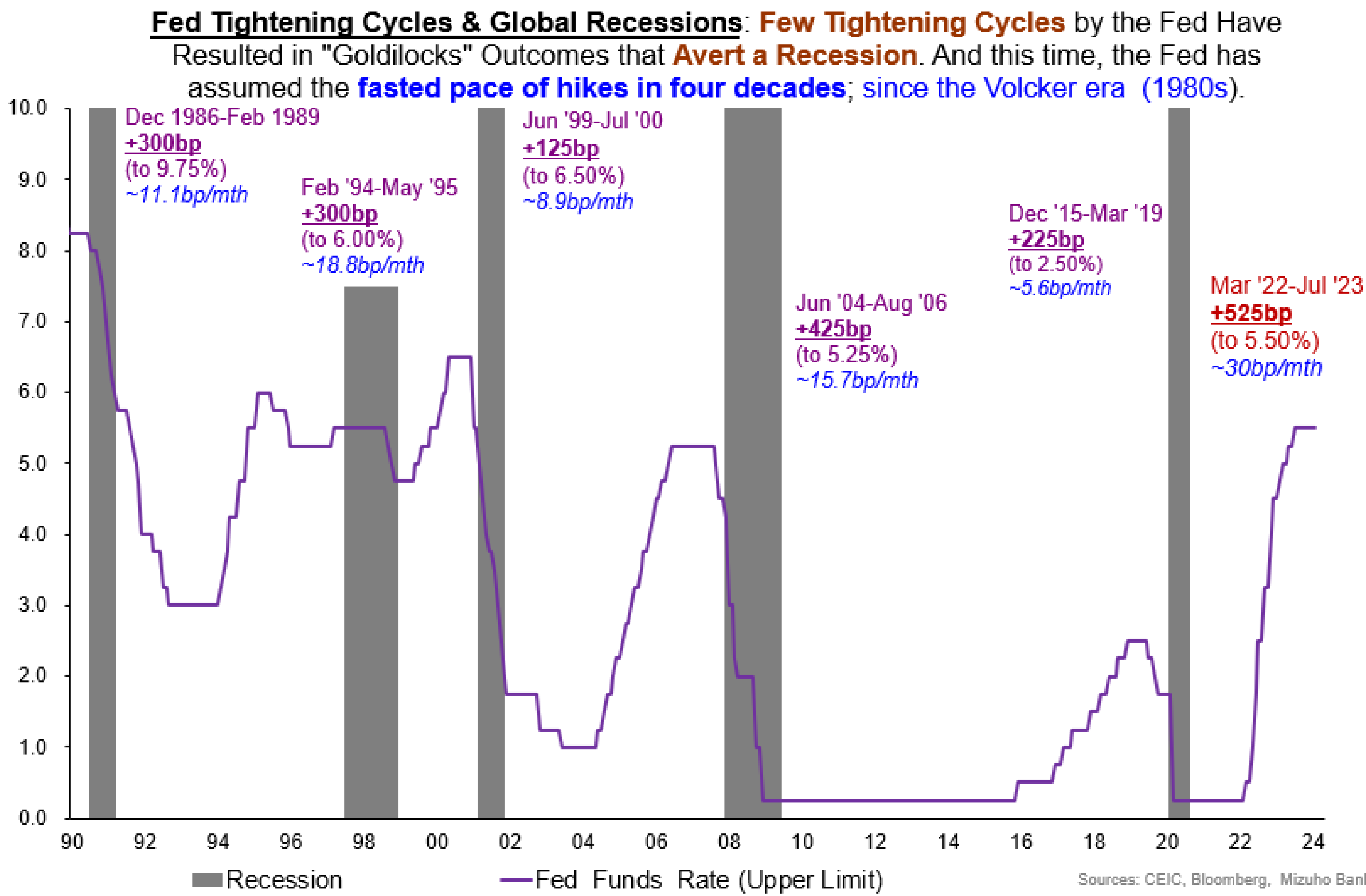
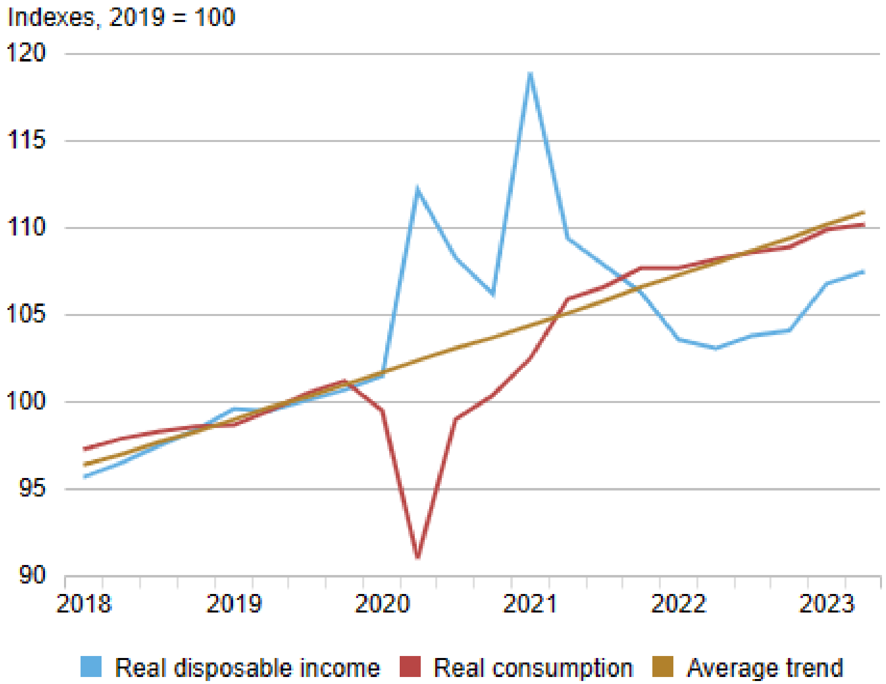
Appendix - Historically, Aggressive Rate Hikes Have Seldom Been Without Economic Pain



Appendix - US (Consumer) Exceptionalism – Exuberance Exhausted?

U.S. Consumption Back to Trend but Income Lags

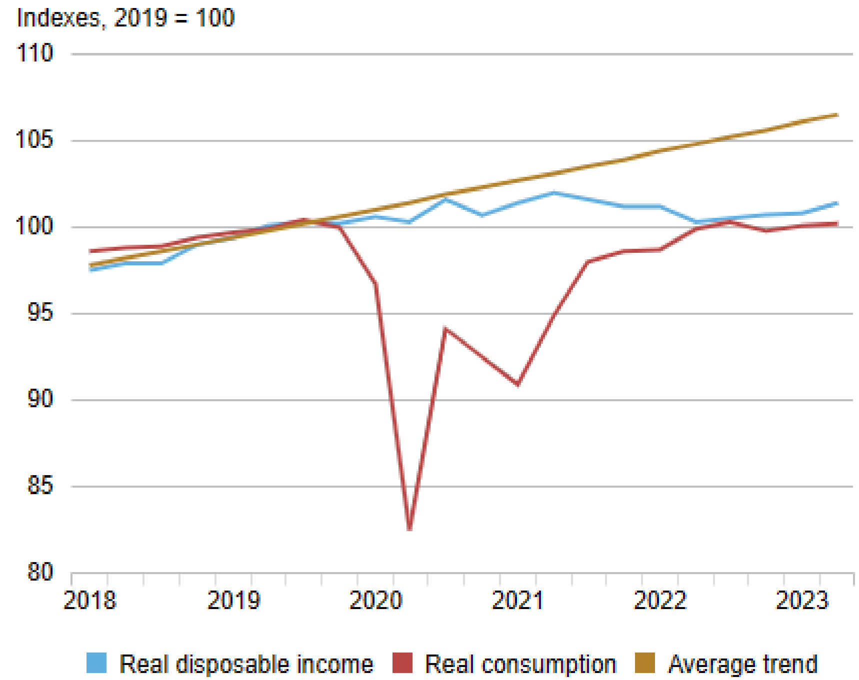
United States: Real Income and Consumption Indexes



Sources: Bureau of Economic Analysis, Integrated Macroeconomic Accounts; authors' calculations.
Note: The average trend for consumption and income is based on growth from the fourth quarter of 2014 to the fourth quarter of 2019.

Foreign Income and Consumption Tracking Below Trend

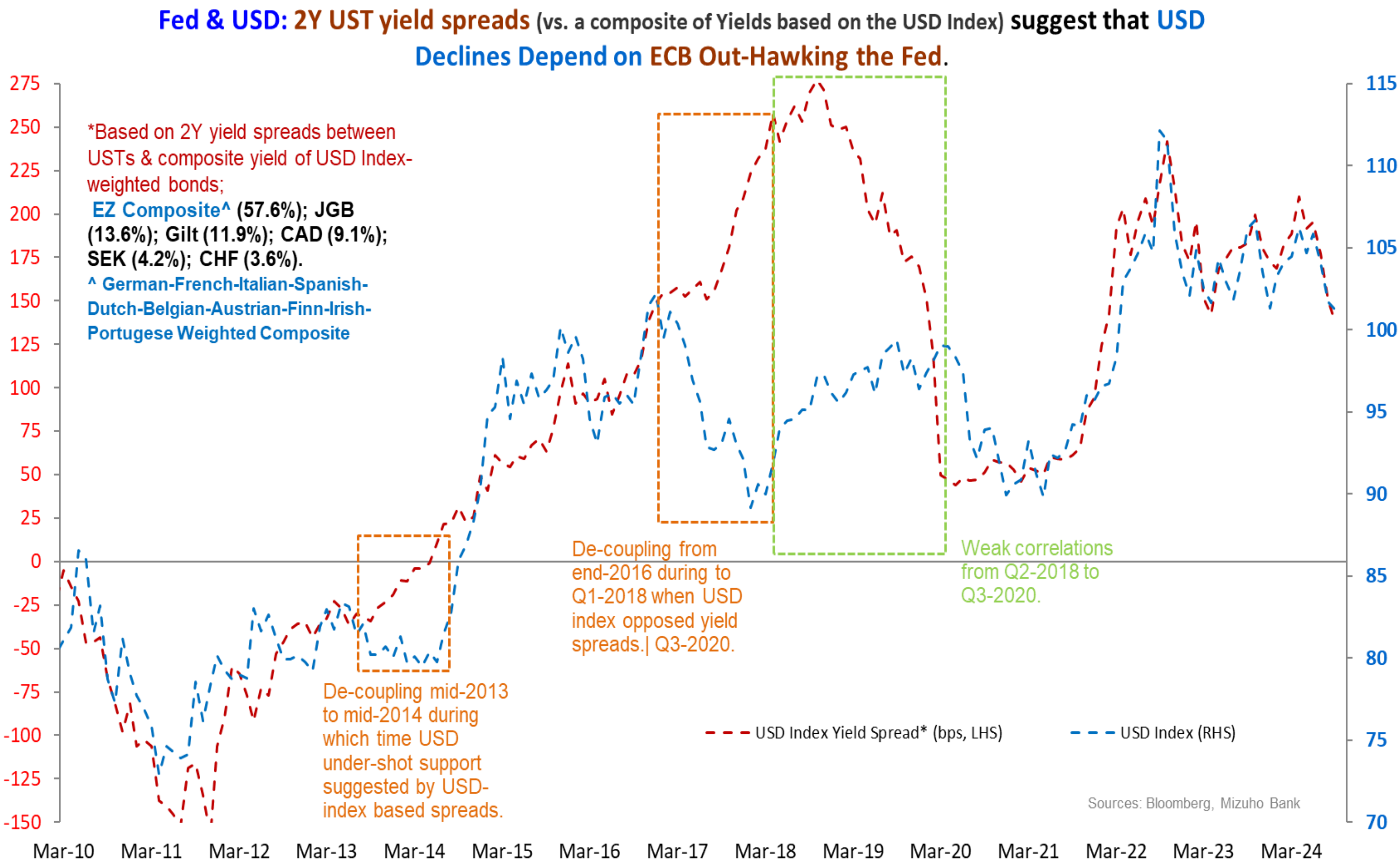
Foreign Economies: Real Income and Consumption Indexes



Sources: Eurostat; UK National Statistical Office; Japanese Cabinet Office; Statistics Canada; authors' calculations.
Notes: The foreign high-income series is a GDP-weighted average of the euro area, Japan, the United Kingdom, and Canada. Disposable income data for the second quarter of 2023 in Japan have not yet been released. Income for that quarter is extrapolated from the first quarter of 2023 at the average growth since the first quarter of 2022. Japan represents about 15 percent of the foreign index.

Source: Federal Reserve Bank of New York

Appendix - USD-Spreads Caveat: Correlation Shifts & De-Coupling Cloud the Outlook!



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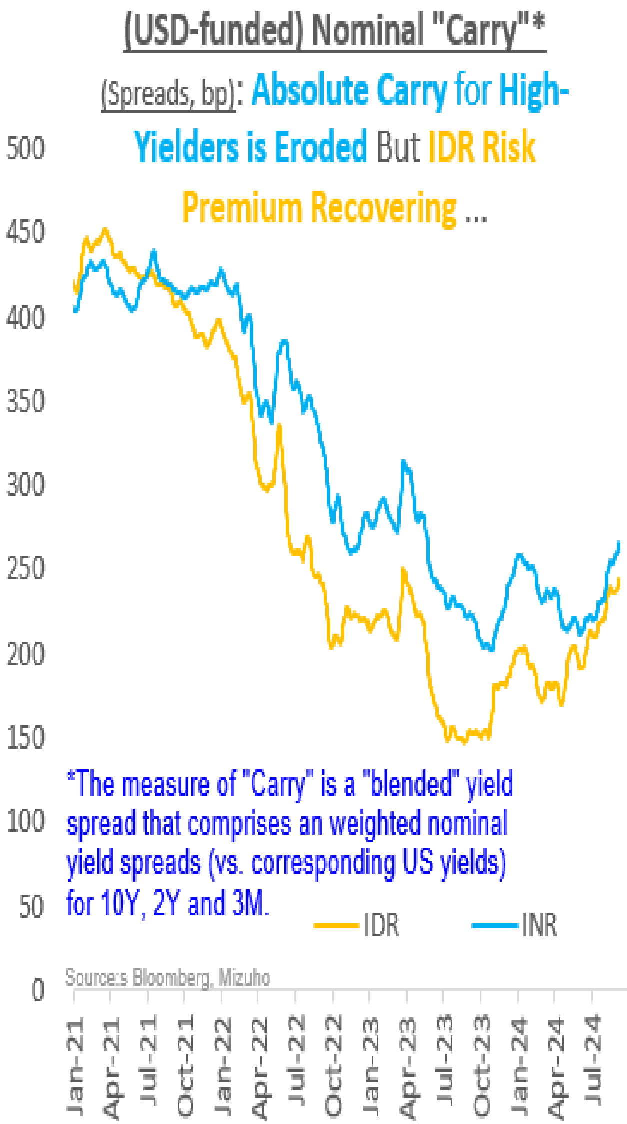
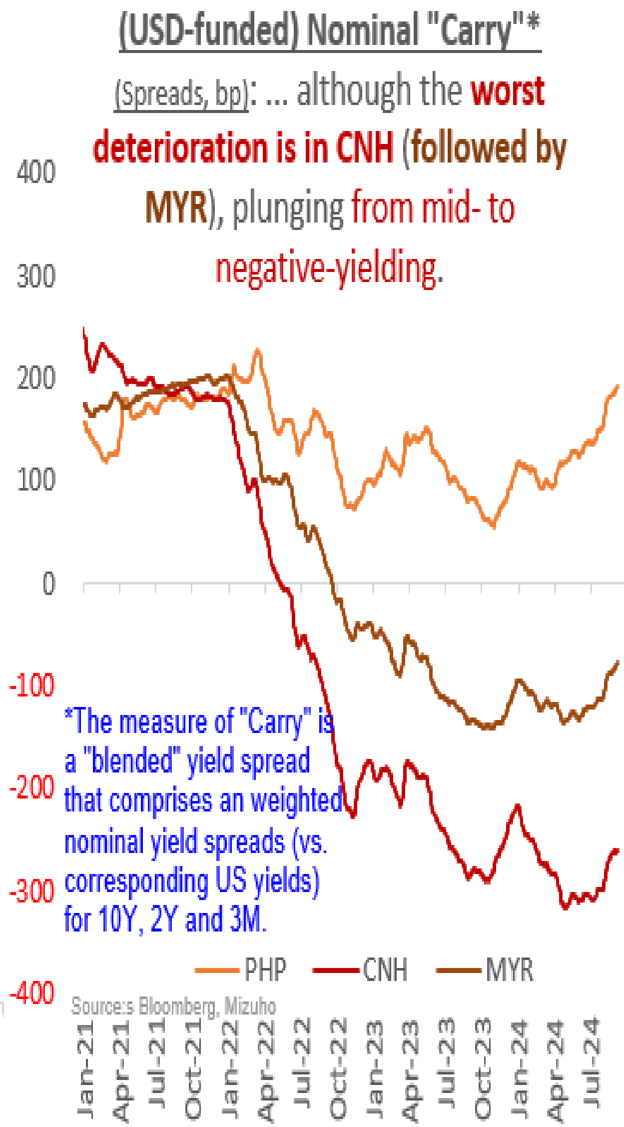
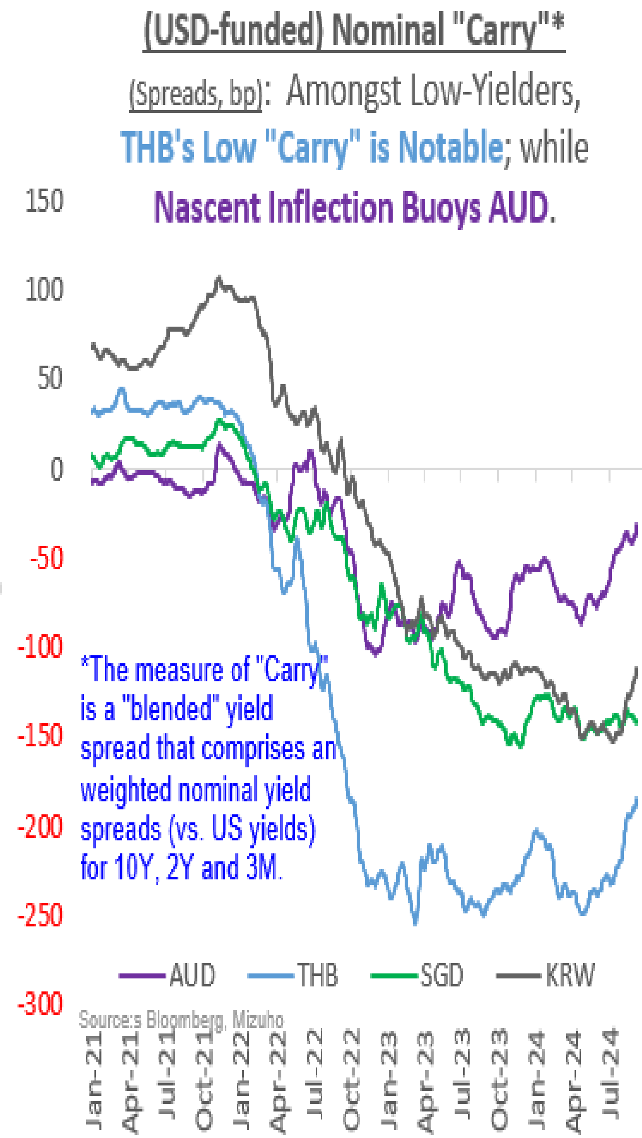
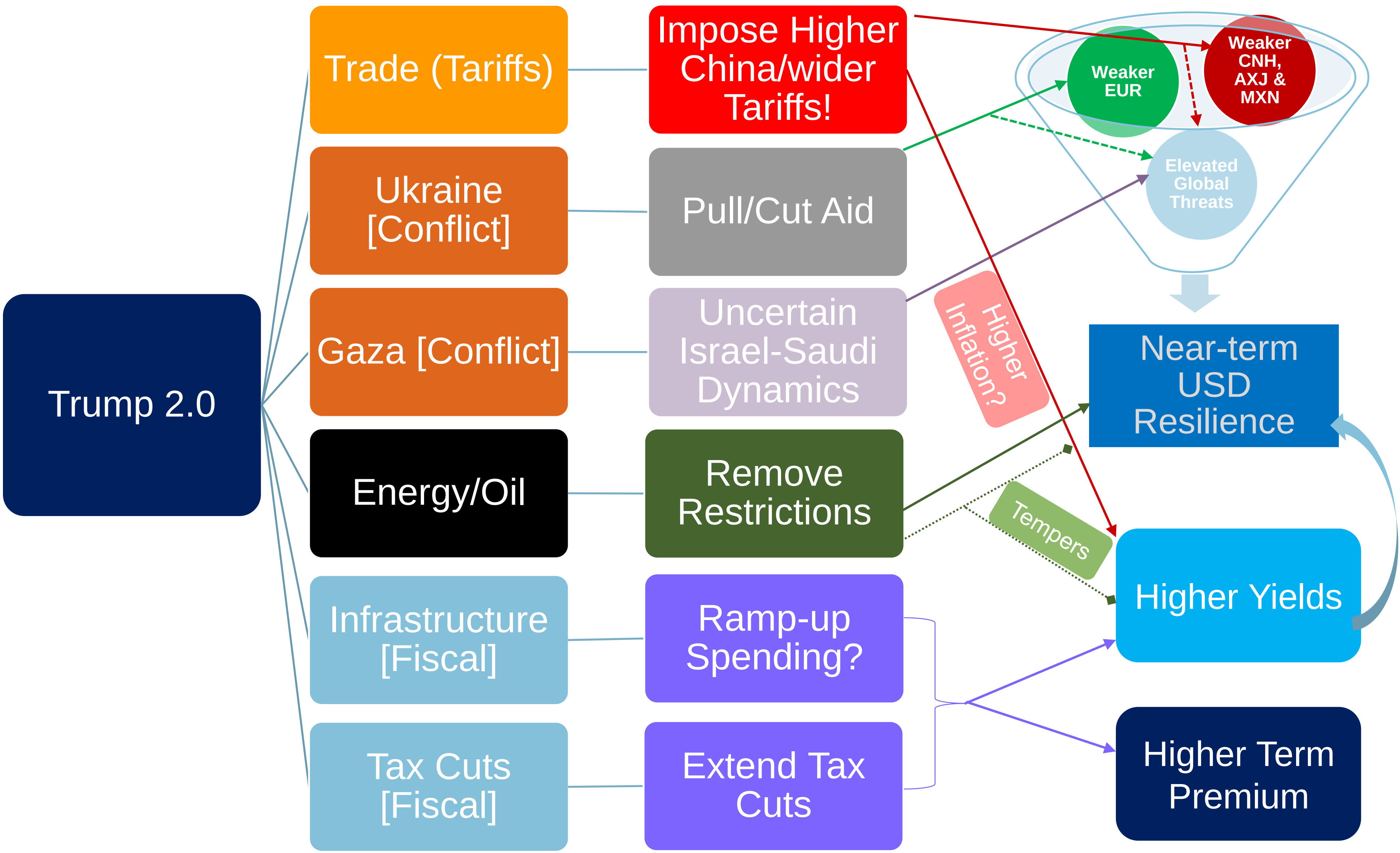
Appendix – Carry vs. USD Remains Unconvincing



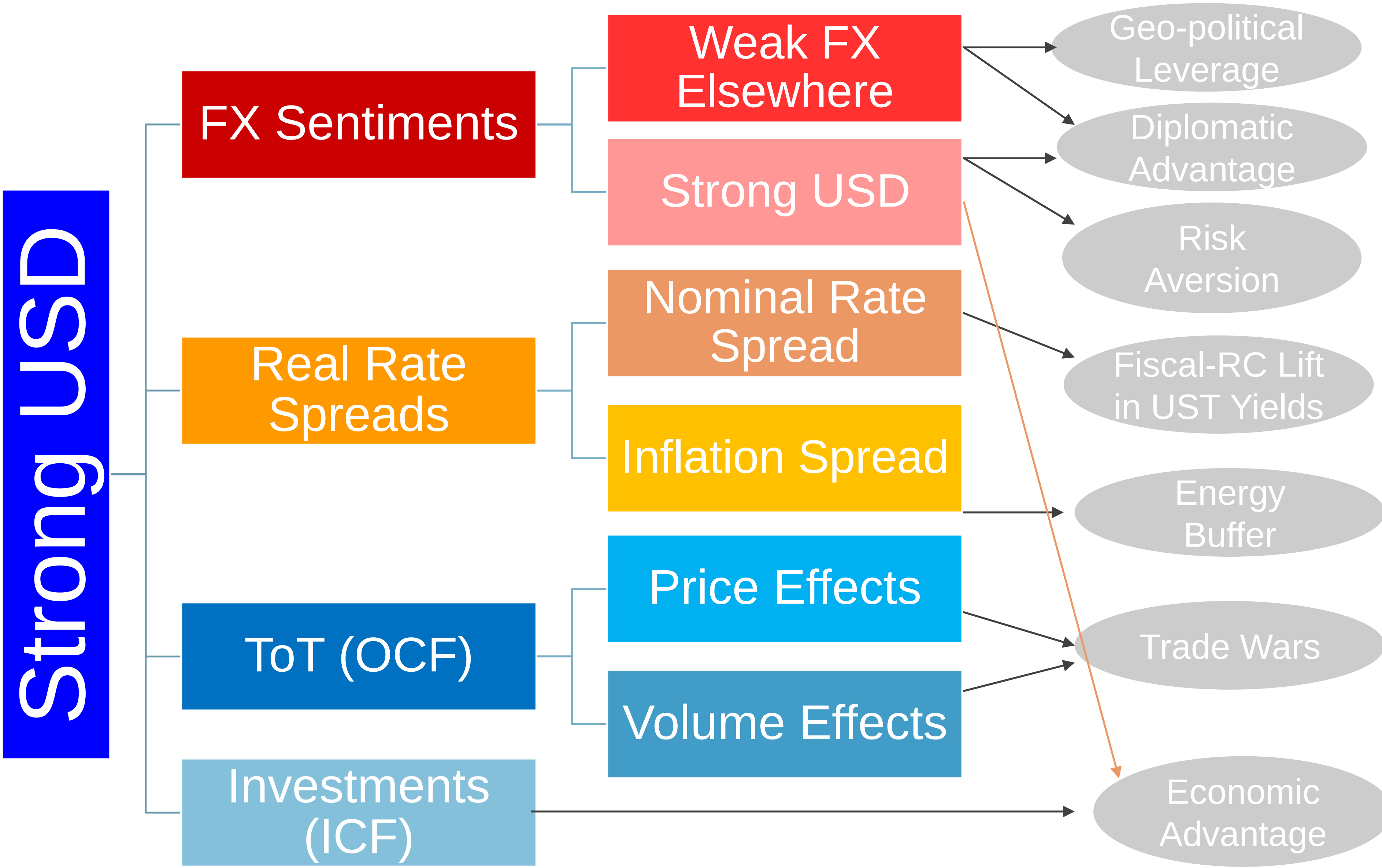




Appendix - Politics: Trump 2.0 (US Elections): Bracing for Geo-economic Blows

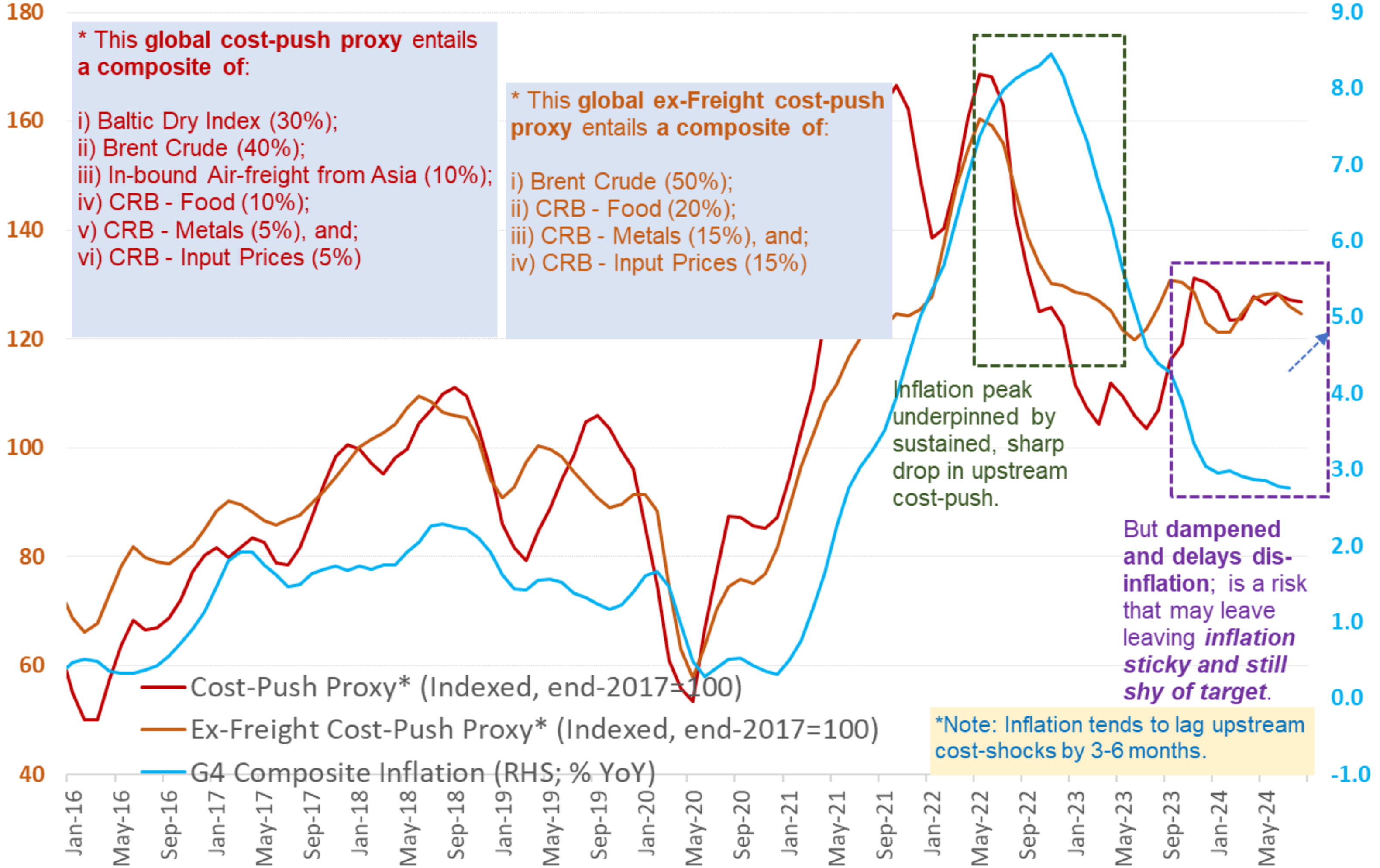


Appendix - Channels of "Dollar Trump"



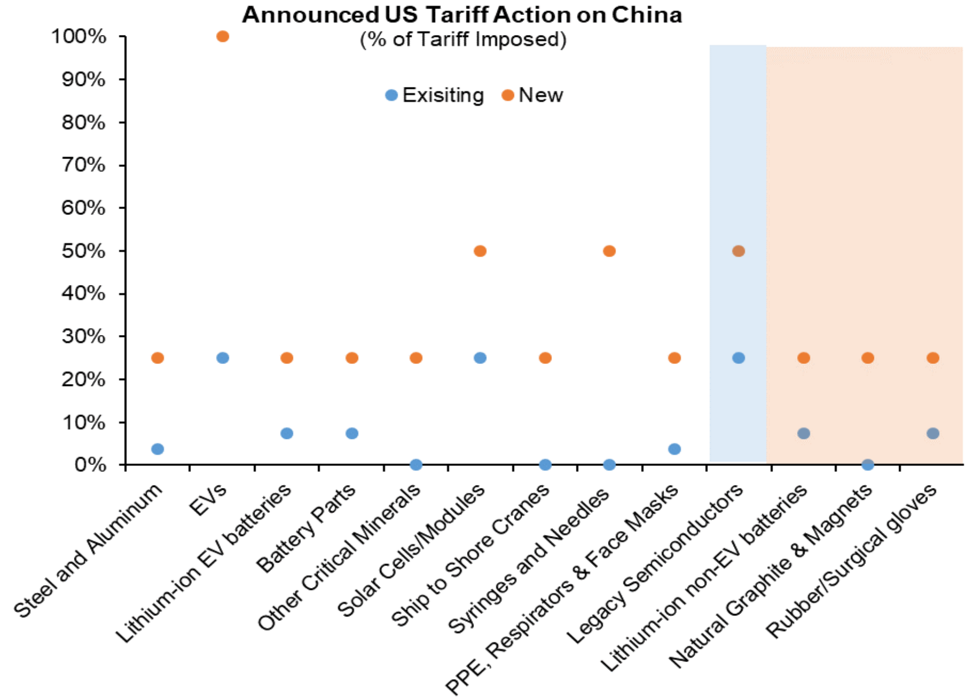
Appendix – Global Cost Push Risks

Global Inflation has Peaked Decisively, **but Flares of Upstream Cost-Push Suggest** *somewhat* **Impeded**, *perhaps* **Interrupted, Dis-inflation.** In any case, **Rendered Inconveniently Sticky**. Lagged, Partial, Upturn Not Ruled out.

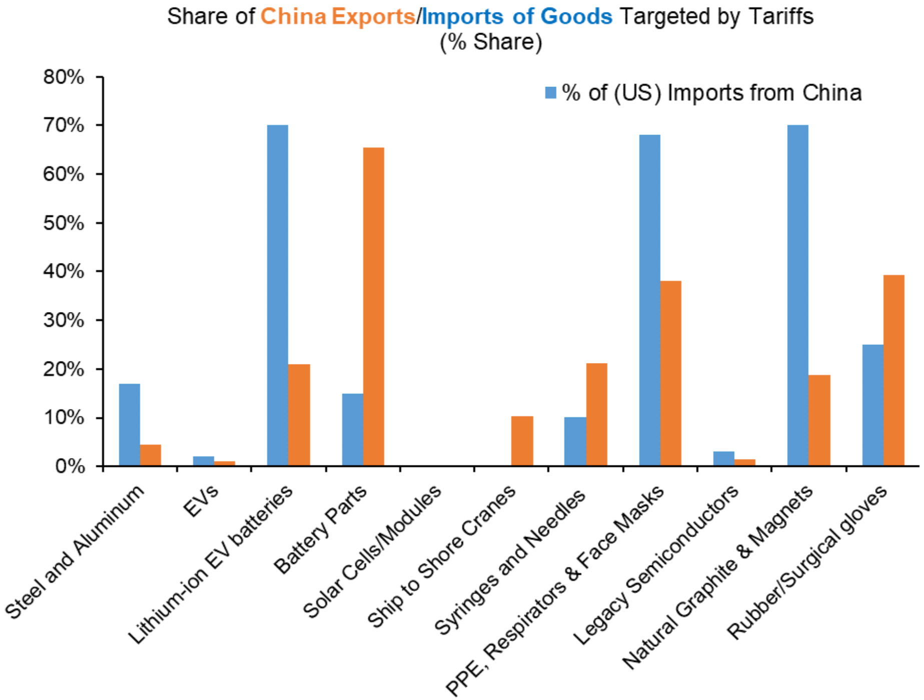


Sources: Bloomberg, Mizuho Bank

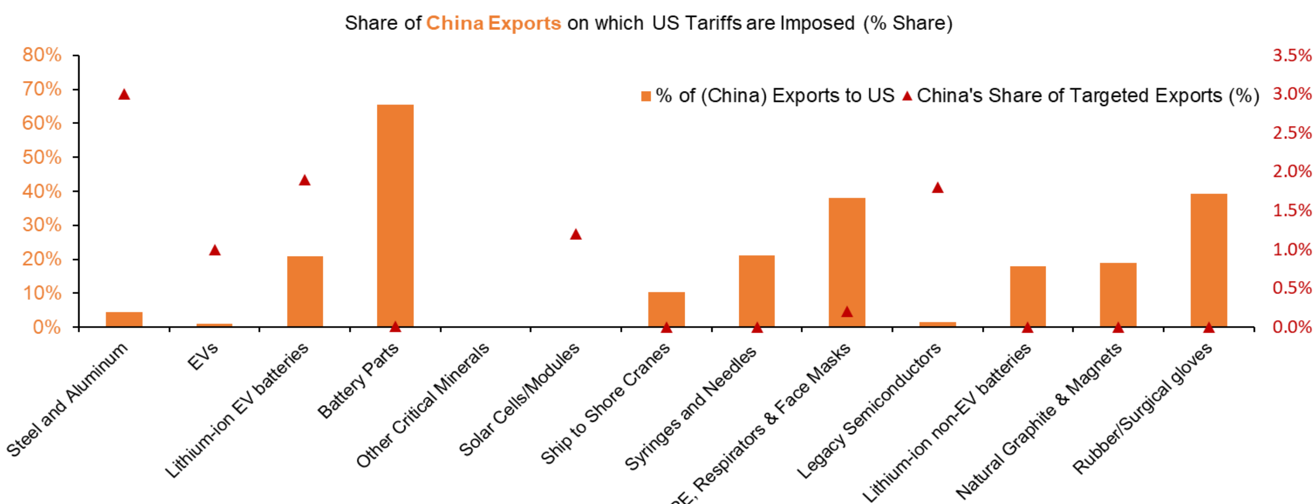
Appendix: Geo-Political Flares to Watch



Source: The White House; Mizuho Bank

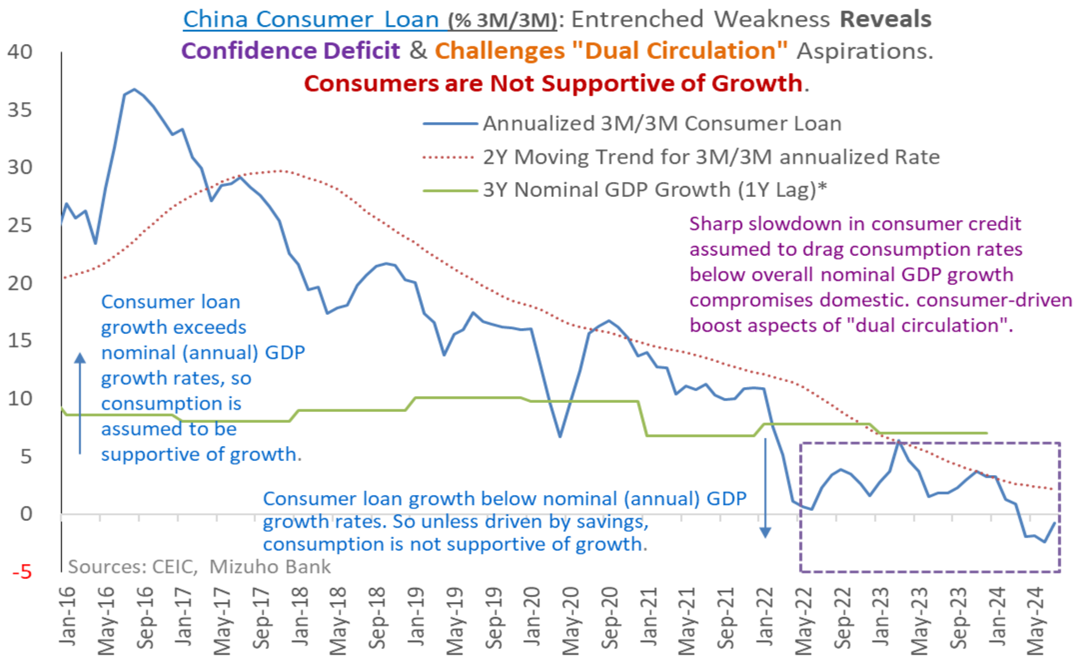


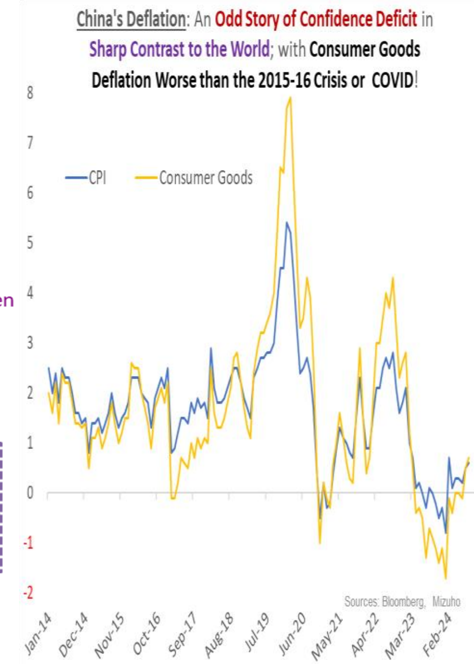
Source: The White House; Mizuho Bank

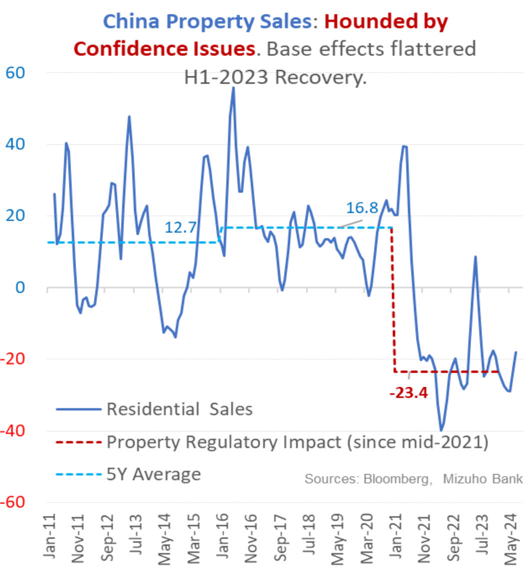


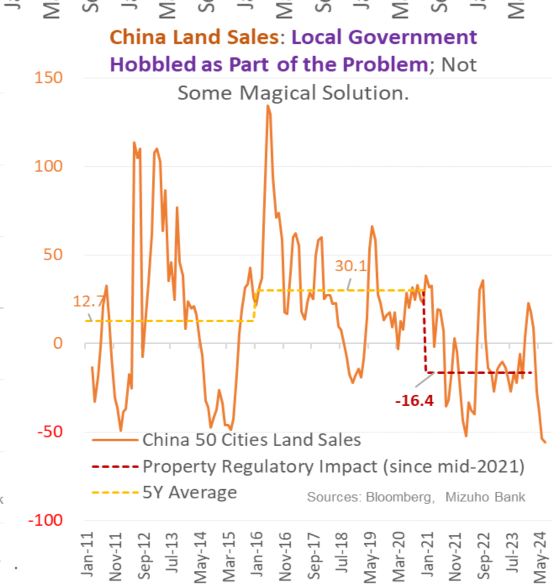
Source: The White House; Mizuho Bank

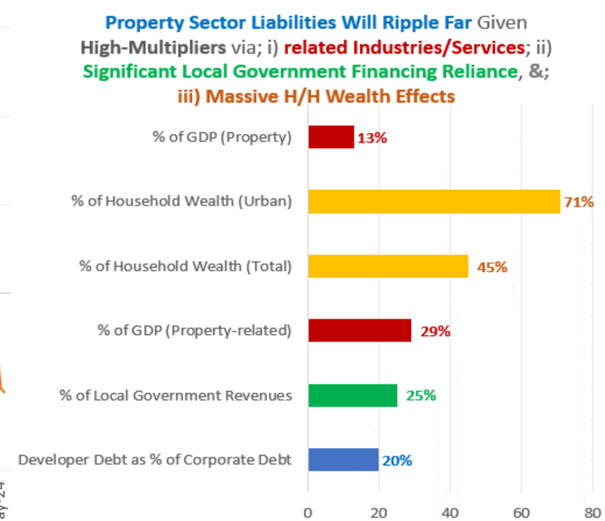
Appendix: China Consumer Confidence Impaired











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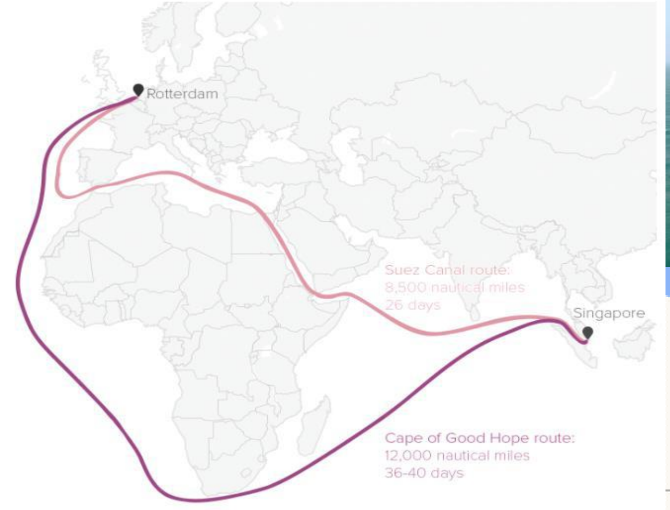
Appendix-Geo-Politics: Conflict, Production & Passage

<u>Straits of Hormuz:</u>
Conflict risks
Most critical Oil choke point – Iran risk
20-22MBpD of Oil (~$1.2b worth)
Most of Saudi's Oil passage
~20-25% od seaborne Oil Passage
➔ as Large as a Doubling in Prices!



<u>Red Sea:</u>
Conflict risks - Houthi Rebels
Could disrupt passage of Oil
~12% of global shipping (~$1trln)
CoGH detour adds 3-4 weeks to Asia routes
➔ approximated to be 20% of shipping capacity impact

<u>Panama Canal:</u>
Water Crisis
(Non Conflict Risk)

Appendix: “Common Prosperity” is Short-hand for CCP Legitimacy & Control

Demographics:
- Incentives for 3 Children
- **Homes** for families
- For-Profit” Tuition Ban

Inequality/Social Mobility:
- Fair Wage Practices
- “9-9-6” Crackdown
- **Housing** for “living, not speculation”

Financial/Housing Excesses:
- “Three Red Lines”

Economic Progress

Financial Stability

Legitimacy of CCP

Climate Goals:
- Industrial Leap
- Global Political Leadership

Implicit “Industrial Policy” Bias:
- Boost for children
- Anti- “Lying Flat”, “Idol”, gaming etc
- Building High-Tech competencies

“Dual Circulation”/Anti-US:
- **Economic Security**
- **Geopolitical Posturing**
- **Domestic welfare (> consumption)**

Social Stability

Political Control

Data Control | Social Narrative | Moral Authority
- Tech/Platform Regulatory Tightening
- Pressures on Idol Culture, “Lying Flat”, online gaming etc.
- **Environmental Goals** for Social Welfare

Sources: Bloomberg Mizuho Bank