MIZUHO

Vishnu Varathan | Tan Boon Heng | Tan Jing Yi

WEEK AHEAD

Mizuho Bank, Ltd. Asia and Oceania Treasury Department

Tel: 65-6805-2000 Fax: 65-6805-2095

Subscribe to our YouTube Channel https://www.youtube.com/@MizuhoMacroViews

12-Jul-2024

One MIZUHO Building the future with you

Economic Calendar

•Survey results from Bloomberg, as of 12 Jul 2024; The lists are not exhaustive and only meant to highlight key data/events

G3

Date	Country	Event	Period	Survey*	Prior
15 Jul	US	Empire Manufacturing	Jul	-8.0	-6.0
	EZ	Industrial Production WDA YoY	May	-3.9%	-3.0%
16 Jul	US	Retail Sales Advance/Ex Auto and Gas MoM	Jun	0.2%/0.3%	0.1%/0.1%
	EZ	Trade Balance SA	May	--	19.4b
	JP	Tertiary Industry Index MoM	May	0.1%	1.9%
	GE	ZEW Survey Expectations/Current	Jul	42.0/-73.0	47.5/-73.8
17 Jul	US	Building Permits/Housing Starts	Jun	1395k/1300k	1399k/1277k
	US	Industrial Production MoM	Jun	0.3%	0.7%
	EZ	**CPI/Core YoY**	**Jun F**	**2.5%/2.9%**	**2.6%/2.9%**
	US	Federal Reserve Releases Beige Book			
18 Jul	US	Initial Jobless Claims		--	222k
	US	Philadelphia Fed Business Outlook	Jul	2.9	1.3
	US	Leading Index	Jun	-0.3%	-0.5%
	EZ	**ECB Main Refinancing Rate**		**4.25%**	**4.25%**
	JP	Trade Balance	Jun	-¥231.0b	-¥1220.1b
19 Jul	EZ	ECB Current Account SA	May	--	38.6b
	JP	**Natl CPI/Ex Fresh Food, Energy YoY**	**Jun**	**2.8%/2.2%**	**2.8%/2.1%**

Asia

Date	Country	Event	Period	Survey*	Prior
15-18 Jul	CH	FDI YTD YoY CNY	Jun	--	-28.2%
15 Jul	CH	Industrial Production YoY	Jun	5.0%	5.6%
	CH	**GDP YoY/SA QoQ**	**2Q**	**5.0%/1.0%**	**5.3%/1.6%**
	CH	FAI/Property Investment YTD YoY	Jun	3.8%/-10.5%	4.0%/-10.1%
	CH	Retail Sales YoY	Jun	3.3%	3.7%
	CH	**1-Yr Medium-Term Lending Facility Rate**		**2.50%**	**2.50%**
	CH	First day of the four-day Third Plennum			
	ID	Exports/Imports YoY	Jun	5.8%/8.7%	2.9%/-8.8%
	IN	Exports/Imports YoY	Jun	--	9.1%/7.7%
	IN	Wholesale Prices YoY	Jun	3.6%	2.6%
	PH	Overseas Cash Remittances YoY	May	3.0%	3.1%
17 Jul	SG	Non-oil Domestic/Electronics Exports YoY	Jun	-1.2%/-	-0.1%/21.9%
	ID	**BI-Rate**		**6.25%**	**6.25%**
18 Jul	AU	Unemployment Rate/Emp. Change	Jun	4.1%/20.5k	4.0%/39.7k
	MY	Exports/Imports YoY	Jun	3.3%/16.9%	7.3%/13.8%
19 Jul	**MY**	**GDP YoY**	**2Q A**	**4.7%**	**4.2%**
	PH	BoP Overall	Jun	--	$2000m

Week-in-brief: Shaky and Shifty Positions

- Aside from **shaky political positions**, increasingly even as a slew of **central banks** kept rates on hold this week, their **stance** may increasingly be **shifting**. In addition, **fiscal positions also look precarious**.
- The softer US CPI was undoubtedly the key driver behind the plunge in UST yields and saw markets bring forward expectations for rate cut, **fully pricing in the first cut in September.**
- In terms of central bank action, RBNZ **kept rates unchanged** but their **dovish statement saw markets bring forward their pricing for a rate cut** and the NZD underperformed.
- Similarly, looking ahead, the **ECB** is **set to hold rates** on 18 July but their **conviction to hold will continue to be tested especially considering that sticky services inflation and wage growth risks have been played down in recent weeks. Meanwhile, even as OAT-Bund spreads narrowed this week, fiscal worries in France have certainly not abated.**
- In EM Asia, the **BoK also held rates**. As we had postulated in our preview, they displayed a clear inclination to "**examine** the timing of a **rate cut**" but at the same their statement added three **fresh constraints of assessing the impacts of foreign exchange markets, housing prices in Seoul and its surrounding areas, and household debt on financial stability.** Notably, these three constraints **all lean towards a hold**: 1. KRW remains the underperformer YTD among Asian peers except for the JPY. 2. Housing prices in Seoul have increased and 3. Household loan growth also remained strong. In fact, with only 2 members out of 7 open to a cut in the next three months, barring a discernible turn in the three conditions listed, **a Q4 cut remains our baseline view**.
- In Malaysia, the BNM had a relatively similar statement as they kept their rate hold and the MYR remains supported by the lack of need for pipeline easing or calibration.
- While the THB has managed to outperformed this week, **scrutiny on political and fiscal risks are set to grow**. Thailand's government announced that 24 July will be the date where **all details** of their **digital wallet plans will be revealed**. On the same day, the courts will also continue to hear the **case for removal of Prime Minister Srettha** on ethical violations of the constitution.
- For the next week, Bank Indonesia is set to stand pat on Wednesday amid the brief respite afforded by the IDR and contained inflation trajectory. That said, **IDR risks have certainly not abated** give the intensifying scrutiny on **fiscal path ahead** amid **the back and forth on assurances on fiscal deficit and reports on President-elect Prabowo attempts to remove the fiscal deficit ceiling.**
- Malaysia's Q2 GDP on Friday is set to accelerate on strong manufacturing production driven by on-going electronics demand and resilient services activity amid improving consumer confidence and ample household liquidity from loans and EPF withdrawals. The latter's financial prudence remains in doubt given the already dire retirement needs shortfall.
- All in, even as UST yields soften, markets will continue to ponder if shaky political and fiscal positions imply that EM-Asia FX have undergone a structural shift.

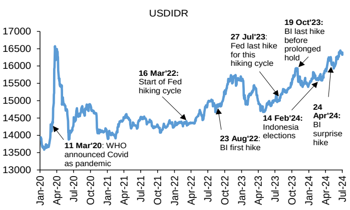
China: Slower Growth Amid Dwindling Monetary Support

- China's economic activity is expected to moderate further in June, with a continued slowdown in credit growth. Although the official manufacturing PMI held steady in June, there was a decline in both production and new orders. Notably, the textile, petroleum and coal industries also showed signs of weakness. Moreover, the construction PMI showed a significant slowdown in June due to heavy rainfalls.
- Services PMI slowed due to lackluster performance in the financial market and real estate sector. Although daily property sales in major Chinese cities picked up at the end of June, caution remains as it is too early to declare a recovery in the property market.
- Meanwhile, external demand remains firm amid improving export revenue.
- Given still weak consumer sentiments as reflected by a subdued CPI print for June, we also expect YoY growth in retail sales to moderate in June weighed down also by the recent deterioration in sales of passenger vehicles.
- All in, even as Q2 growth may meet the 5% mark, China's full year growth is expected to miss the official target of 5% with a growth moderation in the second half of the year with ongoing property market weakness and declining local fiscal revenue.
- Nonetheless, the PBoC is expected to avoid significant easing measures in the coming months, the focus turns to local governments who are likely to accelerate their property support following the roadmap outlined by China's recent property stimulus package.

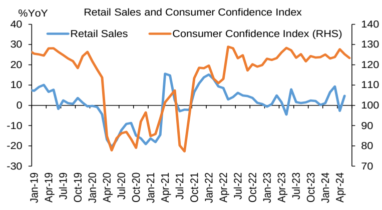
ECB: No Progress, No Cuts, For Now

- With **headline CPI barely moderating from 2.6% in May to 2.5% in June and core inflation sticky at 2.9%,** the **ECB is already widely excepted to keep rates at 4.25%** next week. That said, EUR bulls may find little cause for rallies given that officials remain rather optimistic around the inflation outlook even if their speech were laced with caveats on avoiding policy commitments.
- While the services inflation printing at 4.1% YoY is concerning, **ECB officials appear to have dialed back its importance in recent weeks.**
- Focusing on the overall CPI gauge, ECB President Lagarde emphasized that there is no need for services inflation to hit 2% as it can be offset by other components. ECB's Panetta also stated that the ECB should not be overly worried on services inflation and wage growth.
- Most speakers have stated that **one more cut can be delivered with ease.**
- Even the more hawkish likes of Bundesbank President Nagel who said that the ECB is not on auto pilot, still re-iterated expectation that the 2% goal will be reached by end of 2025 **at the latest**.
- Accordingly, at this juncture, OIS markets are pricing in **at least one cut by October and two cuts by end-Q1 2025. On top of inflation, the ECB will also be occupied by fiscal concerns in France leading to OAT selloff and the associated fragmentation risks which has weighed on the EUR.**
- Consequently, the focus is on the possibility of buying OATs using the Transmission Protection Instrument which has never been used. Admittedly, the budget deficit in France appears to have ruled out eligibility given the **need to be compliant with EU fiscal framework** and the lack of spillovers to other EZ countries appears to also rule out the **criteria of "disorderly" market dynamics.**
- Furthermore, intervention considerations need to balance between signalling the severity of the problem and moral hazard against the confidence of the ECB's tool box.
- On balance, EUR's recovery is laden with a strong douse of caution amid heightening uncertainty.

BI: Respite, Not Relief



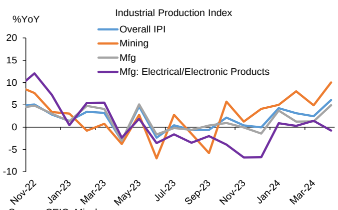
Source: Bloomberg; Mizuho



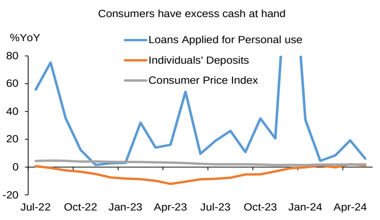
Source: CEIC; Mizuho

- Bank Indonesia (BI) is set to stand at the upcoming meeting (17 July).
- The decision to hold at June's meeting is telling of BI's reluctance to use the policy rate as the primary tool to anchor IDR-stability and **IDR has enjoyed some respite since the last meeting**, appreciating by ~1.7% and outperformed regional currencies.
- **But this is not a relief for the IDR, insofar as fiscal concerns have arguably intensified**. Following assurances that the free lunch programmes will be scaled-down and fiscal deficit would remain within 3% of GDP, latest reports that **president-elect Prabowo is intending to scrape the fiscal deficit and debt-to-GDP ratio will not sit well with markets**.
- Increasingly, **Prabowo appears to be taking on a different view on fiscal positioning from the incumbent and even with his own advisors, which hints at potential friction and fractures within the new government**. And if BI auctions are of any indications, SRBI yields have edged higher while bid-to-cover ratios are lower since the last meeting, which could suggest some holding back by investors.
- Macrofundamentals are broadly supportive of a hold. **Inflation remains moderate** while food inflation eased slightly in June. Nonetheless, **downside risks to growth have increased slightly**, especially as the major holidays have mostly passed alongside a contraction in consumer confidence in May and June.
- Meanwhile, commodities exports remain a mixed bag. Export volumes of palm oil fell in Jan-Apr period compared to a year ago, while coal, iron and mineral fuels held up although prices remain soft.
- Wariness of growth prospects could see BI continued to signal dovish inclinations at this meeting, with caveats that cuts could take place should fiscal woes ease.
- Notwithstanding this, BI has been rather circumspect on Fed rate cuts, only seeing a higher possibility of a cut "late this year" (vs markets' pricing of two).
- Accordingly, we also expect BI's cut to reveal in late 4Q conditional on discernible rupiah gains.

Malaysia Q2 GDP: Going Strong



Source: CEIC; Mizuho



Source: CEIC; Mizuho

- We expect Malaysia's growth to accelerate from Q1 (4.2% YoY) on multiple pillars of growth.
- **Manufacturing** should continue to see robust growth as high frequency indicators point to higher industrial production in April (4.8% YoY vs average 2.1% YoY in Q1), as well as an acceleration of manufactured goods and heavy equipment exports in April and May.
- **Agriculture** should see some acceleration as the **higher palm oil production seen in April and May is likely to offset the fall in natural rubber production** on a YoY basis.
- **Services** growth should remain robust (Q1: 4.7% YoY) amid **improving consumer confidence and indications that Malaysia consumers have ample cash** at hand.
- In addition to loans applied for personal use exceeding inflation, Employees' Provident Fund members have withdrawn RM7.81bn (~0.4% of GDP) in cash from their accounts as of July 10, since the account restructuring and allowing of withdrawals in May 2024.
- While the financial sustainability of such spending remains a question (especially as loans applied is much higher than individuals' deposits growth), more consumer-exposed sectors like services should enjoy spillovers in the near term.
- Nonetheless, **construction** growth could see some moderation after the stellar expansion in Q1 (11.9% YoY) even as growth remains supportive as foreign direct investments continue to flow in.
- **Mining & quarrying** growth could also moderate (Q1: 5.7% YoY) as industrial production suggests some indications of slower growth (Apr-May 1.3% YoY higher vs Q1: 5.9%).
- All in, growth prospects look steady and overall growth for 2024 looks on track to fall within official target range of 4.0-5.0%.

Forex Rate

	Close*	Chg^	% Chg^	Week Forecast		
USD/JPY	159.13	-1.640	-1.02%	158.00	~	162.00
EUR/USD	1.0879	0.0052	0.48%	1.065	~	1.090
USD/SGD	1.3435	-0.006	-0.47%	1.3410	~	1.3640
USD/THB	36.188	-0.385	-1.05%	36.10	~	37.00
USD/MYR	4.6693	-0.0394	-0.84%	4.640	~	4.700
USD/IDR	16138	-140	-0.86%	16,190	~	16,400
JPY/SGD	0.8441	0.004	0.52%	0.849	~	0.842
AUD/USD	0.6772	0.004	0.59%	0.663	~	0.684
USD/INR	83.54	0.055	0.07%	83.4	~	83.8
USD/PHP	58.385	-0.135	-0.23%	57.9	~	58.6

^Weekly change.

FX: Stirred, Not Shaken

- **US CPI print stirred a USD pullback flex, but did not shake off underlying policy calculus**.
- Post CPI, movements by JPY was most exaggerated, most probably due to BoJ interventions.
- For other curencies, gains were more modest, underscoring underlying caution. So while markets are stirred into some FX action, decisive and durable impetus to extend rallies are not evidenced.
- Instead, policy calculus could see further differentiation of strength.
- For example, GBP's continued resilience would be hinged on BOE's "open" positioning towards rate cuts, while higher odds of a cut could pressure the NOK and NZD.
- Norway's cooler-than-expected inflation cast doubts on Norges Bank's determination to hold rates for the rest of the year; while RBNZ signalled possible tempering of policy restrictiveness as inflation slows.

EM-Asia: Stronger, Not Strength

- **EM Asia currencies were broadly stronger against the USD, but this is in large part buoyed by a softer USD instead of resilient strength especially as the CNH still remains soft.**
- Caution remains, as ahead of Plennum, active CNY traders are absent. While CNH saw some post-CPI gains this was modest, and not out-of-whack with DXY moves. And looking to next week, CNH moves might be wary of incremental boost.
- Nonetheless, THB outperformed on spillovers from the JPY boost, as well as initial reactions on the marginally downsized digital wallet plans to around THB450 (from THB500bn) and some net inflows this week. Nonetheless, this still does not absolve fiscal worries and pipeline upsized bond issuances and would likely restrain further gains.

Bond Yield (%)

9-Jul	2-yr	Chg (bp)^	10-yr	Chg (bp)^	Curve
USD	4.512	-9.2	4.222	-5.6	Steepening
GER	2.817	-6.2	2.506	-4.5	Steepening
JPY	0.319	-1.4	1.049	-1.2	Steepening
SGD	3.202	-9.6	3.075	-12.1	Flattening
AUD	4.146	-8.5	4.321	0.1	Steepening
GBP	4.073	-3.1	4.124	0.0	Steepening

Stock Market

	Close	% Chg
S&P 500 (US)	5,584.54	0.31
Nikkei (JP)	41,190.68	0.68
EuroStoxx (EU)	4,992.11	0.26
FTSE STI (SG)	3,497.12	2.53
JKSE (ID)	7,314.79	0.85
PSEI (PH)	6,648.23	2.39
KLCI (MY)	1,618.94	0.49
SET (TH)	1,330.91	1.44
SENSEX (IN)	80,708.21	0.89
ASX (AU)	7,959.28	1.75

UST: Slope Shifts

- While US CPI had undoubtedly mauled UST bears with UST yields plunging across the curve, the **underlying bull steepening has not gone unnoticed**.
- Given that markets are already fully pricing in a September cut and also 3 cuts by Jan 2025, **UST bulls may want to slow down their challenges** against a Fed which has warned against bumpy dis-inflation paths. Accordingly, UST 2Y yields is likely to trade in the 4.45-4.65% range with some downside bias in the lower half.
- Nonetheless, we continue to see a tendency for UST yield curve steepening as investors **reduce duration** amid the increasing prospects of Trump 2.0 consipring with buoyant oil prices. Consequently, we expected 10Y yields to trade in the 4.15-4.35% range with upside bias.

FX Brief:

1) JPY: While intervention pain is now evident even if not explicitly confirmed by the MoF, buoyancy is still hard to shake off given the UST-yield gap. Resumption of slow crawl upwards to 161.

2) EUR: After failing to test 1.09, EUR bulls may look to consolidate around mid-1.08 especially amid unresolved French fiscal woes.

3) AUD: Jobs report in focus to backstop 67 cents as revelation of China woes set to hold back AUD bulls looking for RBA hike.

4) CNH: Third Plennum focus to aid stability in a bid to project confidence. Rallies remain subject to fade barring unexpected announcement of concrete policy or significant strategy shift.

5) INR: Rising oil price hurt the rupee this week even as RBI pushes back on rate cut expectations.

6) SGD: Cautious mood ahead of China's Third Plennum and limited upside to EUR on political woes could temper strength towards 1.34 handle.

7) IDR: Overly dovish comments at BI meeting or further news on Prabowo's intention to scrape fiscal/debt ceiling could retest 16300 levels.

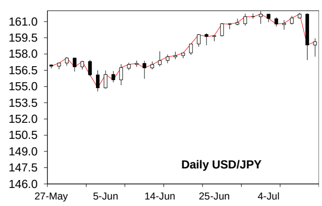
8) THB: Enjoying positive spillovers from JPY gains this week alongside the weaker UST yields. Downsized wallet plans does not absolve of worrying fiscal trajectory.

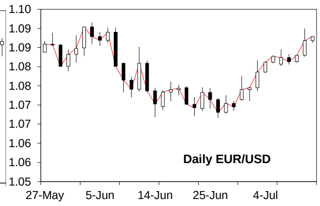
9) MYR: Likely to retain traction below 4.7; but any gains from policy surprise in China likely to dissipate quickly.

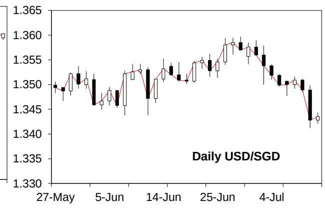
10) PHP: Plausibility of August cut and ongoing South China sea tensions restrain gains below 58 handle.

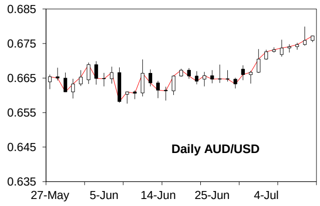
11) KRW: BoK hold being interpreted dovishly amid tech sell-off saw more restrained gains.

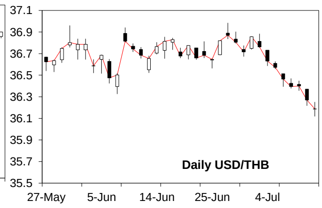
12) TWD: Outflows from equities and dividend payments alongside resurgent China pressures via warplanes saw TWD weakened despite exports outperformance. Notably, rising import expenditures may imply fading tailwinds for the TWD ahead.

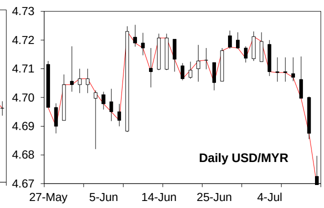


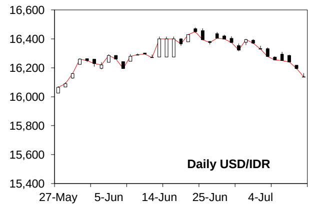


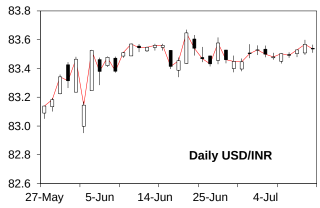


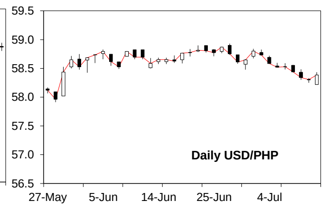


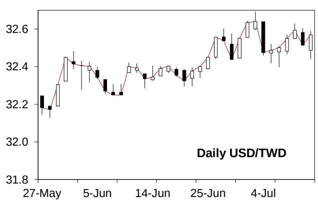


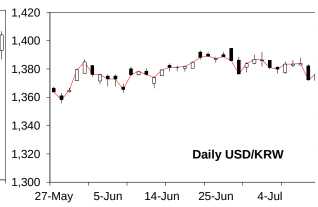


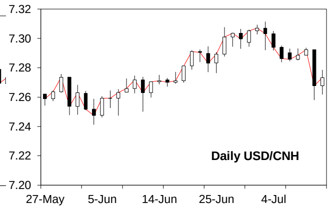












MARKET COMMENTARY DISCLAIMER

COUNTRY SPECIFIC DISTRIBUTION INFORMATION

Australia: This document is intended only for persons who are sophisticated or professional investors for the purposes of section 708 of the *Corporation Act 2001* (Cth) of Australia ("**Corporations Act**"), or "wholesale clients" for the purpose of section 761G of the Corporations Act. It is not intended for and should not be passed on, directly or indirectly, to other classes of persons/investors in Australia. In Australia, Mizuho Bank, Ltd. Sydney Branch ("**MBSO**") is an authorised deposit-taking institution regulated by the Australian Prudential Regulation Authority in accordance with the *Banking Act 1959* (Cth), and holds an Australian financial services licence number 231240 (**AFSL**). Mizuho Securities Asia Limited (ABRN 603425912) and Mizuho Securities (Singapore) Pte. Ltd. (ARBN 132105545) are registered foreign companies in Australia and are each exempt from the requirement to hold an AFSL under the *ASIC Corporations (Repeal and Transitional) Instrument 2023/588*. MHSA is licensed by the Hong Kong Securities and Futures Commission under Hong Kong laws and MHSS is licensed by the Monetary Authority of Singapore under Singapore laws, which laws differ from Australian laws respectively.

Costa Rica: Nothing in this document constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. This document is published solely for information purposes, it does not constitute an advertisement and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. In accordance with lo cal laws, it does not constitute a public offering of securities under Regulations for Public Offering of Securities (National Counsel of Financial System Supervision, article 11 of Session Act 57 1-2006), and therefore cannot be understood and interpreted as an implicit or explicit offering that intends to place, issue, negotiate or trade securities transmitted by any means to the pub lic or to certain groups. This document will not be disclosed to groups of more than 50 investors.

Guatemala: This document does not constitute an offering under the rules of the Ley del Mercado de Valores y Mercancías (Stock Exchange Act, Decree 34-96 of the Congress of the Republic of Guatemala), and any of its amendments, including without limitation, Decree 49 -2008 of the Congress of the Republic of Guatemala, and its applicable regulation (Governmental Accord 557-97). The document will not be registered for public offering with the Securities Market Registry of Guatemala (Registro del Mercado de Valores y Mercancías), because the products will not be offered or sold: (1) to any person in an open market, directly or indirectly, by means of mass communication; (2) thro ugh a third party or intermediary to any individual person or entity that is considered an institutional investor, including entities that are under the supervision of the Guatemalan Superintend ency of Banks (Superintendencia de Bancos), the Guatemalan banking regulator, the Guatemalan Social Security Institute (Instituto Guatemalteco de Seguridad Social) and its affiliates; (3) through a third party or intermediary to any entity or vehicle used for purposes of collective investment; or (4) to more than 35 individual persons or entities.

Hong Kong: This document, when distributed in Hong Kong ("**HK**"), is distributed by MHSA or MBHK, depending of the Mizuho entity which you are a client of.

Japan: This document is intended only for certain categories of persons to whom a foreign securities broker is allowed to carry out regulated activities under the relevant articles of the Financial Instruments and Exchange Act (the "**Act**") and the subordinate legislative instruments (as amended), including but not limited to Financial Services Providers who ar e engaged in an Investment Management and certain Financial Institutions subject to conditions and limitations in Article 17 -3(i) of the Order for Enforcement of the Act. It is solely for the use of such investors and shall not be distributed, forwarded, passed on or disseminated to any other person. This document is solely for the purpo se of supplying general information and shall not constitute any investment or financial advice in relation to any products or services.

Malaysia: These documents shall be distributed solely to existing subscribers or clients of Mizuho Securities, and do not constitute an invitation, offer, or recommendation to subscribe for or purchase any securities mentioned therein. These materials also do not, whether directly or indirectly, refer to a prospectus in respect of securities of a corporation; in the case of a unit trust scheme or prescribed investment scheme, a prospectus in respect of any unit of the unit trust scheme or prescribed investment scheme, as the case may be; an issue, intended issue, offer, intended offer, invitation or intended invitation in respect of securities; or another notice that refers to a prospectus in relation to an issue, intended issue, offer, intended offer, invitation or intended invitation in respect of securities. Whilst there may be statements concerning securities and/or derivatives of a ce rtain corporation or entity in these materials, we wish to highlight that these do not constitute, whether directly or indirectly, any form of advice, recommendation, encouragement, promotion, a nalysis, report or inducement to take any action , i.e., to buy, sell, or hold any securities and/or derivatives, nor is it a form of inducement for the reader to take any position regarding a particular class, sector, or instrument in relation to the securities and/or derivatives so mentioned.

New Zealand: This document is intended only for persons who are "wholesale investors" and "wholesale clients" under the Financial Markets Conduct Act 2013 ("**FMCA**"), as persons who are an "investment business", meet relevant investment activity criteria, are "large" or are a "government agency", in each case within the meaning of clauses 37 to 40 of Schedule 1 of the FMCA. It is not intended for, and should not be reproduced or distributed in any form to any other person in New Zealand. This docu ment is distributed in New Zealand by MHSA or MHSS, which are licensed in their respective jurisdictions but are not registered as overseas companies or financial service providers in New Zealand or licensed under the FMCA. Nothing in this document constitutes or is supplied in connection with a regulated offer nor an offer to the public within the meaning of the FMCA.

Singapore: This document is distributed in Singapore by MBSG or MHSS, a holder of a capital markets services licence and an exempt financial adviser regulated by the MAS. Nothing in this document shall be construed as a recommendation, advertisement or advice to transact in any investment product mentioned here in.
Where the materials may contain a recommendation or opinion concerning an investment product, MHSS is exempted from complying with sections 34, 36 and 45 of the Financial Advisers Act 2001 of Singapore. This document is only intended for distribution to "institutional investors", "accredited investors" or "e xpert investors", as defined under the Financial Advisers Regulations, and is solely for the use of such investors. It shall not be distributed, forwarded, passed or disseminated to any other pers on.

South Korea: This document is distributed in South Korea by Mizuho Securities Asia Limited, Seoul branch solely acting as a broker of debt securities under the Korea Financial Investment Services and Capital Markets Act.

Switzerland: This document is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any financial instrument or to adopt any investment strategy mentioned in this document. The information contained on this document shall n ot be construed to be an advertisement for any of the financial instruments or services mentioned herein.

Taiwan: This document distributed via MHSA or MHSS from outside Taiwan shall not be re-distributed within Taiwan and does not constitute recommendation of, and may not be used as a basis for recommendation of, securities within Taiwan. This document may not be distributed to the public media or used by th e public media without prior written consent of MHSA or MHSS (as the case may be).

Thailand: This document does not constitute any investment or financial advice or any general advice in relation to any products or services and, when distributed in Thailand, is intended only for "institutional investors", as defined in the Notification of the Office of the Securities and Exchange Commission No. Gor Thor. 1/2560 Re: Provision of Advice to the Public which is not classified as the undertaking of Investment Advisory Business dated 12 January 2017 (as amended). It is solely for the use of such investors and shall not be distributed, forwarded, passed on or disseminated to any other person. The distribution of this document to such institutional investors in Thailand, is solely for the purpose of supplying general information, without charge. It neither constitutes any intention to conduct, or any engagement in any securities business, service business, investment or f inancial advisory business, or any other business in Thailand, for which Thai licensing is required, nor marketing, offering, solicitation or sale of any products, securities, or services to c ustomers, potential customers or any person in Thailand.

United Arab Emirates (excluding the Dubai International Financial Centre and the Abu Dhabi Global Market): This document is intended only for persons who qualify as professional investors as defined in the Securities and Commodities Authority ("**SCA**") Rulebook. It is not intended for or should not be passed on, directly or indirectly, to other classes of persons/investors in the United Arab Emirates. The contents of this document have not been reviewed or approved by, or deposited with, the Central Ban k of the United Arab Emirates, SCA or any other regulatory authority in the United Arab Emirates. If you do not understand the contents of this document you should consult an authorise d financial adviser.

United Kingdom / Germany / European Economic Area: This document is being distributed in the United Kingdom by Mizuho International plc ("**MHI**"), 30 Old Bailey, London EC4M 7AU. MHI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regu lation Authority and is a member of the London Stock Exchange. This document may be distributed in the European Economic Area by MHI or Mizuho Securities Europe GmbH ("**MHEU**"), Taunustor 1, 60310 Frankfurt, Germany. MHEU is authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**"). For the avoidance of doubt this report is not intended for persons who are Retail Clients within the meaning of the FCA's or the BaFin's rules. Details of organizational and administrative controls for the prevention and avoidance of conflic ts of interest can be found at https://www.mizuhoemea.com.

United States: This document is being distributed in the United States by Mizuho Securities USA LLC ("**MSUSA**") and is the responsibility of MSUSA. The content of publications distributed directly to US customers by non-US members of Mizuho Securities is the responsibility of such member of Mizuho Securities which distributed it. US investors must affect any order for a security that is the subject of this document through MSUSA. For more information, or to place an order for a security, pleas e contact your MSUSA representative by telephone at 1-212-209-9300 or by mail at 1271 Avenue of the Americas, New York, NY 10020, USA. MSUSA acts as agent for non -US members of Mizuho Securities for transactions by US investors in foreign sovereign and corporate debt securities and related instruments. MSUSA does not guarantee such transactions or participate in the settl ement process.