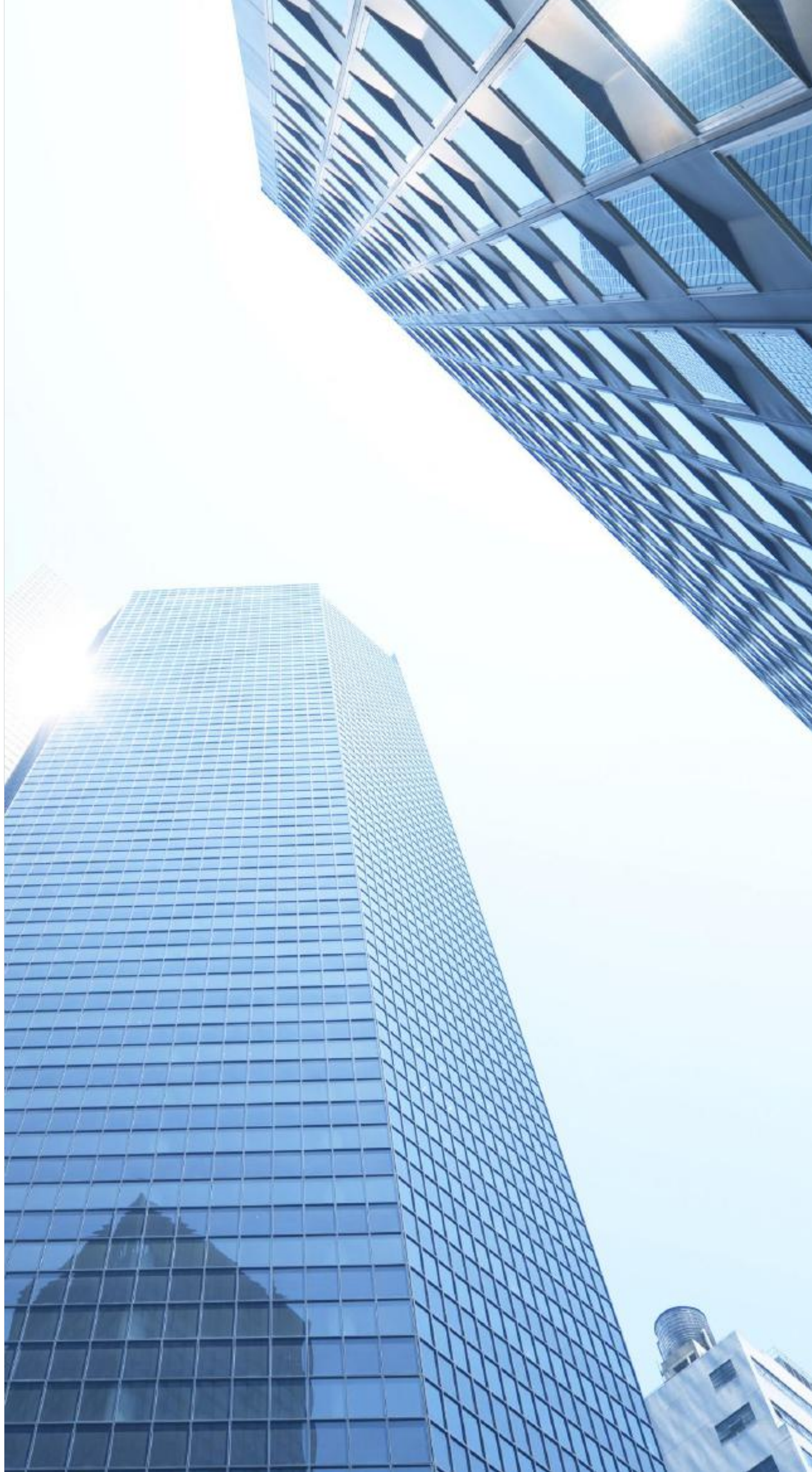
Mizuho G4 Rates & FX views

(Growth, Inflation, Rates, FX)

Jordan Rochester
Head of EMEA FICC Strategy
Mizuho EMEA
jordan.rochester@mizuhoemea.com
+44 20 7012 4091

Evelyne Gomez-Liechti
Multi-Asset Strategist
Mizuho EMEA
evelyne.gomez-liechti@uk.mizuho-sc.com
+44 20 7090 6741

August 2025



Mizuho FX, Policy and Rates Forecasts

Policy rates	19-Aug	Sep-25	Dec-25	Mar-26	Jun-26	Δ Jun26
Fed (mid point)	4.375	4.375	4.375	4.375	4.375	0bps
ECB (depo)	2.00	2.00	1.75	1.75	1.75	-25bps
BoE	4.00	4.00	3.75	3.50	3.50	-50bps
BoJ	0.50	0.50	0.75	0.75	1.00	50bps

Rates		19-Aug	Sep-25	Dec-25	Mar-26	Jun-26	Dec-26
USTs	2Y	3.76	3.90	4.00	4.05	4.05	3.70
	5Y	3.85	4.00	4.10	4.15	4.15	3.90
	10Y	4.34	4.80	5.00	5.10	5.20	4.80
	30Y	4.94	5.20	5.40	5.50	5.60	5.30
Germany	2Y	1.97	1.75	1.95	2.00	2.15	2.20
	5Y	2.33	2.20	2.50	2.65	2.80	2.90
	10Y	2.78	2.70	3.00	3.30	3.35	3.50
	30Y	3.36	3.30	3.55	3.90	3.90	3.85
UK Gilts	2Y	3.97	3.85	3.60	3.55	3.65	3.80
	5Y	4.13	4.00	3.80	3.75	3.85	4.05
	10Y	4.75	4.45	4.35	4.35	4.50	4.70
	30Y	5.62	5.25	5.10	5.05	5.10	5.20
JGBs	2Y	0.84	0.95	1.00	1.15	1.15	1.20
	5Y	1.14	1.20	1.30	1.50	1.55	1.60
	10Y	1.60	1.50	1.65	1.75	1.80	2.00
	30Y	3.14	2.75	2.95	3.00	3.00	2.80

FX	19-Aug	Sep-25	Dec-25	Mar-26	Jun-26	Dec-26
EUR/USD	1.17	1.18	1.22	1.23	1.24	1.25
USD/JPY	148	144	140	135	135	135
GBP/USD	1.35	1.39	1.39	1.38	1.38	1.39
EUR/GBP	0.86	0.85	0.88	0.89	0.90	0.90
EUR/JPY	173	170	171	166	167	169
GBP/JPY	200	200	194	187	186	188
DXY	98	97	94	93	93	92

**Fed policy forecast by Mizuho Securities US. Macro forecasts by Mizuho Research & Technologies, Ltd.*
Forecasts for USD and USTs by Mizuho EMEA.
Differences reflect the EMEA strategy teams risk assessment on the markets pricing of the outlook.

The view in short:

- **Central Banks:** No Fed cuts this year, BOE and ECB to cut by more than priced, BOJ to keep hiking (but at a slower pace) despite near term uncertainty.
- **Rates:** Bearish US duration + steepening driven by the long end (Growth, Inflation pressures + issuance + debt sustainability pressuring the long end of the curve).
- **FX:** USD weakness into H2. GBP outperformance until October. EUR to keep climbing following the 2017 playbook.

Mizuho Calls

FED	Forecast: Mizuho Securities USA (MSUSA) (Steven Ricchiuto, Alex Pelle)		Market pricing* (Fut, as of: 13:31 on 19/8)
Current rate (mid point)	4.375%	Rates remain restrictive at these levels.	
2025 Dec meeting	4.375%	No more cuts this year	3.80%
2026 Dec meeting	4.375%	Terminal rate reached in 2025	3.11%
Peak	5.375%	July 2023 - Sept 2024.	
Mizuho EMEA FICC Strategy view	*No more cuts this year, but this market may attempt a dovish push all year.*		
Balance sheet reduction: QT (active and passive)			
2025	QT ending Oct 2025, risks skewed to earlier.		

ECB	Forecast: Mizuho EMEA (Jordan Rochester & Evelyne Gomez-Liechti)		Market pricing* (Fut, as of: 13:31 on 19/8)
Current rate (depo)	2.00%	Rates remain restrictive at these levels.	
2025 Dec meeting	1.75%	25bps cuts: Dec.	1.81%
2026 Dec meeting	1.75%	Rates on hold, but risk of hikes into 2027.	1.85%
Peak	4.00%	Sep 2023 (end of hiking cycle) - June 2024 (start of cutting cycle).	
Mizuho EMEA FICC Strategy view	*We expect a lower terminal rate than the market, but German spending will embolden hawks.*		
Balance sheet - QT (active and passive)			
2025 2026	Passive QT with no APP or PEPP reinvestment.		

BoE	Forecast: Mizuho EMEA (Jordan Rochester & Evelyne Gomez-Liechti)		Market pricing* (Fut, as of: 13:32 on 19/8)
Current rate	4.00%	Rates remain restrictive at these levels.	
2025 Dec meeting	3.50%	25bps cuts: Aug, Nov, Dec.	3.82%
2026 Dec meeting	3.50%	Terminal rate reached by Dec 2025	3.58%
Peak	5.25%	Aug 2023 (end of hiking cycle) - Aug 2024 (start of cutting cycle).	
Mizuho EMEA FICC Strategy view	*CPI to have upside, but growth concerns post budget to grow among firms to trigger more cuts.*		
Balance sheet - QT (active and passive)			
Sept 2024 to 2025	£100bn	In line with recent history and towards the BoE's Preferred Minimum Range of Reserves (PMRR). Stop active QT in Oct25-Sep26.	
Sept 2025 to 2026	~£50bn		

BoJ	Forecast: Mizuho EMEA (Jordan Rochester & Evelyne Gomez-Liechti)		Market pricing* (Fut, as of: 13:33 on 19/8)
Current rate	0.50%	Still on track toward neutral rate.	
2025 Dec meeting	0.75%	Next Hike at October's meeting.	0.68%
2026 Dec meeting	1.00%	Jan 2026 to be final hike of cycle, but upside risks	0.95%
Peak	1.00%	Reaches terminal rate in 2026.	
Mizuho EMEA FICC Strategy view	*A 25bps hike in Oct. But Politics (domestic and US) and USD/JPY the key variables.*		
Balance sheet - QE			
2025	JPY 3.3tn per month (YE).		
2026	JPY 1.7tn per month (YE).		

EMEA (BoE and ECB)
Jordan Rochester: Mizuho Bank Ltd (MHBK), Head of FICC Strategy
Evelyne Gomez-Liechti: Mizuho International Plc (MHI), Mizuho EMEA Multi-Asset Strategist

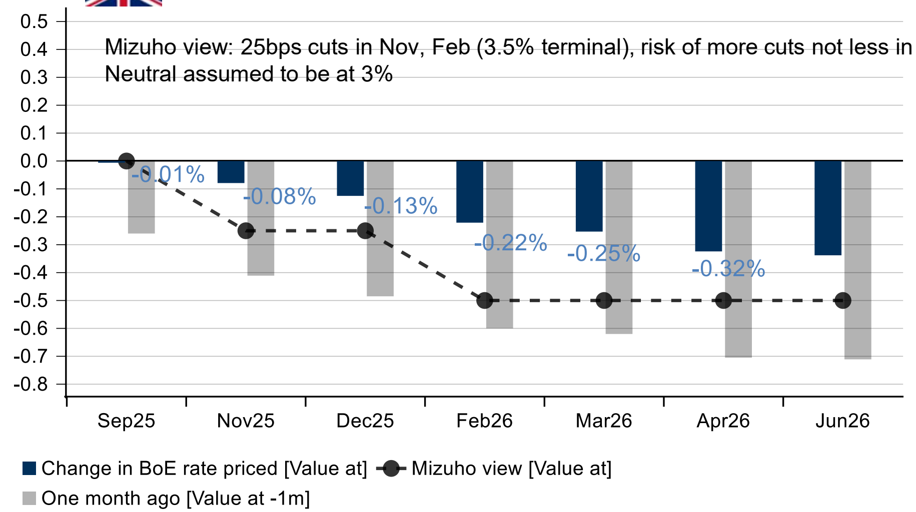
Mizuho Americas (FED) – ***sourced but not authors of this piece.***
Steven Ricchiuto: Mizuho Securities USA (MSUSA), US Chief Economist
Alex Pelle: Mizuho Securities USA (MSUSA), US Economist
Dominic Konstam: Mizuho Securities USA (MSUSA), Head of Macro Strategy

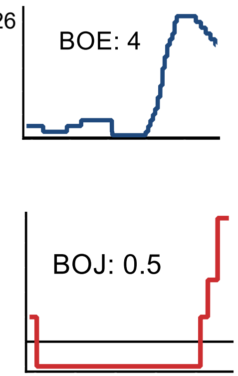
For more Mizuho Securities USA content, see the portal at RESP MIZR in the Bloomberg Terminal.

Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

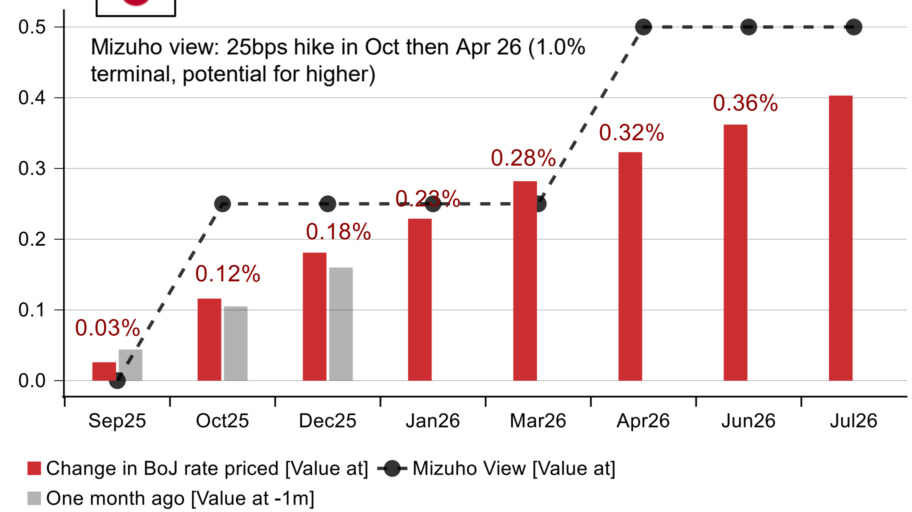
What's priced in?

BoE

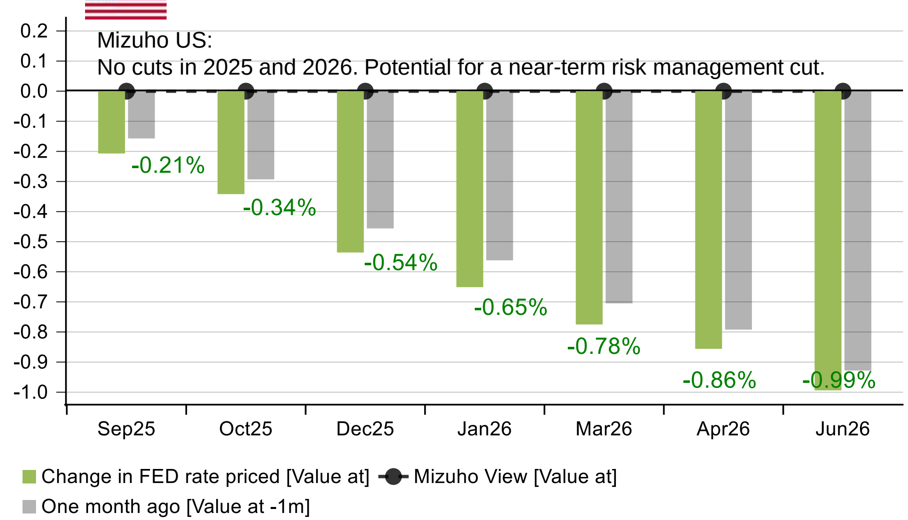


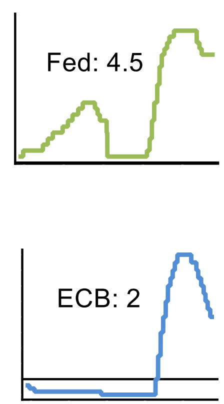


BoJ



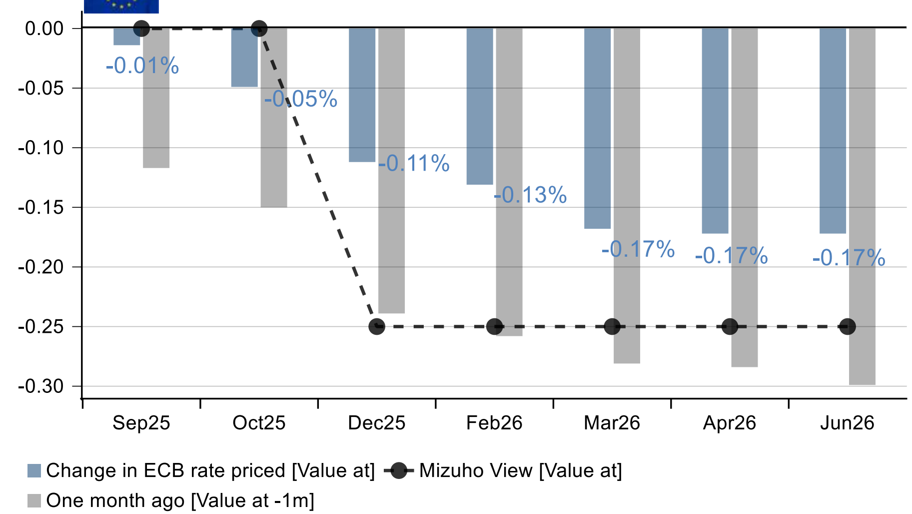
FED





ECB

Mizuho view: 25bps cuts in Dec (1.75% terminal). Risk of lower to 1.5%



Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

High Convictions & Trade Ideas

USD:

- **[STIRT]** Dec 2025-Dec 2026 Flatteners (SFRZ5Z6 flatteners). Entry: -53bps; Target: -100bps (by Dec); Stop: -60bps.
- **[Swap Spreads]** Deregulation = long 2Y USD swap spreads. Entry: -23.6bps; Target: -10bp; Stop: -30bps.

EUR:

- **[Spreads]** Long 10Y SPGB vs 10Y OAT (OAT 3.2% May35 - SPGB 3.15% Apr35 spread). Entry: 4.5bp (Date: 10th April); Target: 30bp; Stop: -5bp.

GBP:

- **[STIRT]** Long SFIZ5Z6 Flatteners. Entry: -0.25%; Target: -0.50% (by end-Nov); Stop: -0.12%.
- **[Curve]** Long UK-US 2s5s box steepener; Entry: 10bps; Target: 30bps by end Sep; Stop: 0bps.

JPY:

- **[STIRT]** BoJ to hike ahead. Pay JPY 1y1y. Entry: 85bps; Roll target to 125bps, by end-Dec; Stop 90bps.
- **[Curve]** Flatter 2s10s with a hiking cycle in place. Entry: 75bp (Date: 28th May); Target: 55bps by end Sep; Stop: 82bps.
- **[FX]** Short USD/JPY with trade deal and political hedge unwind. Entry: 148; target 145 (by mid-August, 138 year-end). Stop 149.

Trade Table

	Trade Type	Entry date	Exit date	Trade	Conviction	Rationale	Entry (bps)	Target (bps)	Stop Loss (bps)	Exit	Current	Carry PnL (bps, 1M)	P&L (bps)*	P&L (bps, net of carry)*
US	STIRT	03-Jun-25		SFRZ5-Z6 flatteners	High	Fed's 2025 DOT is now an anchor point for the front end, from here the balance of risks are towards less cuts priced in 2025 with CPI rising to 3.5% by year-end. But for 2026 pricing, this remains a market biased to cuts over hikes. Higher reciprocal tariffs in August may be the near-term trigger for a faster move.	-53	-100	-60		-67	0.0	13.5	13.5
US	Swap Spreads	28-May-25		Long 2Y USD swap spreads	Medium	The eSLR change was confirmed (eSLR to be revised from 5% to 3.5%-4.5% and from 6% to 3.5%-4.5% for their banking subsidiaries), with an open door to see UST carveouts following the 60-day comment period. Meanwhile, the Fed is expected to meet to discuss deregulation more broadly, which should support this trade.	-23.6	-10	-30		-24.57	1.64	-1.0	3.6
EU	Spreads	10-Apr-25		Long 10y SPGB (SPGB 3.15% Apr35) vs OAT (OAT 3.2% May35)	High	France's debt sustainability trajectory looks worrying and political risk premium has increased lately following the failed pension reform talks. 2026 budget negotiations will be tricky. There is also the risk of a downgrade to single-A later in the year. Spain looks attractive as there is no issuance push coming later in the year and performance YTD has been muted.	3.15	30	-5		18.05	0.15	14.9	15.6
UK	Spreads	03-Jun-25		Long UK-US 2s5s Box Steepener	Medium	UK curve to steepen as the market will price a more aggressive BoE cutting cycle in H2. Fed on hold in 2025 in our view, 50bps of cuts to price out in 2025.	10	30	0		12.32	1.10	2.3	5.2
UK	Curve	20-Aug-25		Long SFIZ5Z6 Flattener	Medium	Sticky inflation in 2025, deeper cuts to come in 2026	-25	-50	-12		-24.5	0.0	-0.5	-0.5
JPY	STIRT	03-Jun-25		Pay JPY 1Y1Y	Medium	Domestic data continues to point to the need for the BoJ to hike (solid Labour, CPI, surveys). Japan likely to secure a trade deal with the US by July to lower tariffs at least. Global risk sentiment recovery.	85	125	78		99.67	-0.05	14.7	11.0
JPY	Curve	03-Jun-25		JPY 2s10s Flattener	Low	Japan considering to trim long end bond issuance. Front end to re-price higher terminal rate for BoJ. Curve near top of recent two-year range.	75	55	80		74.20	-0.14	0.8	0.4
JPY	FX	21-Jul-25		Short USD/JPY	Medium	Extreme amounts of JPY hedging over the past two weeks that have been disappointed by a lack of a major surprise in Japanese politics. JPY has traded cheap vs rate differentials.	148	145	149		147.4	0.34	0.4	0.4
Total												3.0	31.1	9.9

Trade idea overview

What's working

USD: The US CPI report wasn't as bad as feared, which triggered a rally in front-end USD rates that also helped our **SFRZ5Z6 flattener.** We have decided to move our stop loss to lock in some profit. Jackson Hole will give us a better idea at how the Fed is thinking about 2025 cuts. We think a 50bp cut is a stretch (as Fed members will be concerned about Labour markets, but inflation rising too) and still see this as a market that is biased to price in a deeper cutting cycle in 2026 (rather than 2025). Thanks to a new Fed chair with many prospective candidates likely to make their views known on the airwaves in coming weeks.

EUR: Last week we saw a supportive risk sentiment, with equities rallying and credit spreads tightening. This was also evident in the EGB space and in our **SPGB-OAT widener,** which continues its march upwards. The hawkish rhetoric on the ECB may have to face a downturn in PMIs this week if leading indicators such as ZEW or Sentix are right.

JPY: Bessent's comments regarding the BoJ have seen markets price in a bit more for the BoJ and that has helped our **paid 1y1y swap.** The **2s10s flattener** didn't really move much this week, as the bearish rates pressure was felt across the curve. Our **short USD/JPY** trade has experienced a wild week – we have decided to transform this trade into a more "long-term macro" theme, by widening our target and stop levels as we still fully believe the BoJ will be delivering several hikes and that will put upside pressure on the JPY FX.

What's not and why?

USD: While the rally in front-end rates didn't help our **long 2Y USD swap spread position,** we continue to see dip-buying interest, especially when the 2Y spread touches -25bp. Given that we are still expecting more deregulation news and the positive carry & roll of this position, we are happy to let it run during summer.

GBP: Having been stopped out of our received Z5 position we switched into Z5Z6 flatteners after the CPI, whilst noting the recent hawkish shift has hurt **our 2s5s long UK-US box steepener** trades. We expect sticky inflation

Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

Broader Risks on our mind

- **Does the effective tariff rate pick up due to pharma and less USMCA exemptions?** Our tariff model suggests an effective tariff of 16.8%, but that is assuming 85-90% of Mexico/Canada exports to the US are exempted. If only 40% of Canadian exports make it to exemption, we could be talking about a 18.5% rate – something more difficult to digest for markets and that could pressure global growth slightly lower, prompting a more dovish CB response.
- **Will the US reform its banking sector over the summer?** SLR reform is shaping up and optimists might be disappointed. Whilst the proposal does not exempt Treasuries from eSLR, it does invite comments for a potential exemption for Treasuries held on the trading books of broker-dealer subsidiaries, which would make market risk, rather than leverage, the main constraint for Treasury market intermediation.
- **How will equities hold up as the treasury withdraws liquidity over summer with TGA build up?**
- **Will the Germans continue to ramp up issuance in Q4-25?** We have a market that is very optimistic of a big move in German spending to come (we are too). We roughly know the direction of travel (increase in new debt of €82bn in 2025 that will progressively rise to €126bn, with issuance already being revised €19bn higher for Q3-25), but not the details on broader tax/spending plans or defence spending. We will start to get the details of the 2025-26 German budgets after summer, with markets likely prone to price an issuance premia and steepen into the announcements.
- **Will the EU reform it's way out of a funk?** The Draghi plan gave EU leadership a target to aim for, but how slow will it be for the roadmap?
- **Will Ukraine/Russia find a way to a ceasefire, or will the US have to ramp up Russian sanctions and military aid?** Big implications for energy markets if there is a long-lasting ceasefire. But prolonged conflict will lead to higher European defence spending and tighter oil & natural gas markets. Secondary sanctions the key tool to consider.
- **With the welfare bill now passed,** will taxes rise once again? Or will Gilt issuance ramp up?
- **Tears in the House of Commons.** Will Chancellor Reeves remain in the job for a long time, or will she be replaced? Or will she stay in detriment of a fiscal-rules adjustment?
- **Japan's PM Ishiba, leadership in doubt?**

Colours refer to:
Tariff-related
EU-related (ECB, fiscal)
UK-related

Event Risks ahead

Timeline of risk events:

- **21-23 August:** Jackson Hole
- **29 August:** DMO publishes Gilt operations calendar for Oct-Dec.
- **Over summer?** US may look to change the Supplementary Leverage Ratio (SLR) for minimum levels of capital held at US banks. 60-day comment period ends towards the end of August.
- **Over summer?** Trump to impose potential 100% tariff on chips and semiconductors, but no detail as of yet.
- **Early Sep:** Trump's ultimatum to Russia to agree to a peace deal or face 100% tariffs (and potentially secondary tariffs).
- **Mid Sep:** German Treasury announces Q4 refunding plan
- **18 Sep:** BoE meeting (with APF QT decision).
- **28 Sep-1 Oct:** Labour party conference (what taxes will be raised?).
- **28 Oct-4 Nov:** UK Autumn Budget.
- **22-23 November:** G20 summit in South Africa.
- **Dec/Jan:** Various tariff investigation deadlines under Section 232. Copper, timber & lumber (5 Dec), Semiconductors and Pharma (27 Dec), Critical minerals and trucks (17 Jan), commercial aircraft and jet engines (26 Jan).

Rating reviews:

- **22 August:** UK (Fitch) rating review.
- **12 September:** Spain (S&P) rating review.
- **10 October:** UK (S&P) rating review, Italy (S&P) rating review.
- **24 October :** France (Moody's) rating review.
- **6 November:** UK (Moody's) rating review.
- **7 November:** Germany (Moody's) rating review.
- **21 November :** Italy (Moody's) rating review.
- **28 November :** France (S&P) rating review.

Other key events:

- **Likely in Q3/Q4:** Potential Sector-specific tariffs on copper, lumber, semiconductors, pharma.
- **18 Sep:** DNB Dutch PF Quarterly Data Update

Top themes

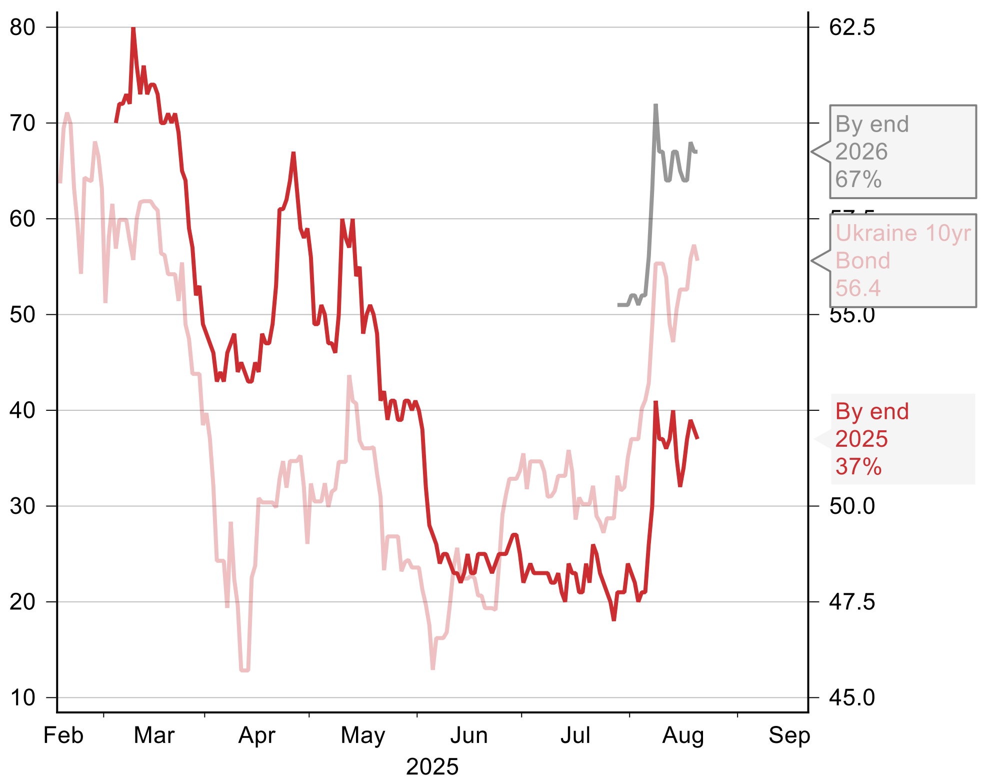
1. Russia-Ukraine ceasefire hopes weighing on energy but is it in the price?
2. Testing the dual mandate: Inflation expectations rising but Labour markets softening.
3. German short-term pain, waiting for long term gain. Issuance to ramp up and steeper curves.
4. Dutch Pension reform
5. Sticky UK inflation and noisy Labour data – long end selloff
6. A reluctant hiking cycle in Japan but with data that is hard to ignore

Theme 1: Russia-Ukraine Ceasefire hopes

- **Odds of a ceasefire in Ukraine are rising, biggest impact is in Ukraine fixed income.**
- **Oil, EURPLN and EURHUF are trading at the recent lows, so a good amount is in the price?**

Odds of a ceasefire are rising, with Ukraine bonds rallying

Will Russia-Ukraine agree to a ceasefire? Polymarket odds



What would be the market impact?

A lot depends on the strength of the ceasefire (Russia is known to break them, within hours in previous Ukraine efforts) and sanctions removal. Markets would however price in the probabilities of:

- **Lower energy and foodstuff commodities:** 🛢️ **Oil** – Oversupply expected, prices likely to fall. 🔥 **Natural Gas** – Reduced geopolitical risk could lower prices. 🌾 **Wheat** – Peace may restore Ukrainian exports, pressuring global prices. 🪙 **Gold** – Safe-haven demand to decline.
- **European Stocks to Rally:** 🏢 **Banks**, 🏭 **Manufacturing**, 🚚 **Logistics** – Especially those with **Russian exposure**.
- 🛡️ **Defence Stocks Under Pressure:** After years of strong performance, peace could reduce demand.
- 📉 **Lower Yields:** Driven by falling energy prices and inflation expectations.
- 💶 **Currency Moves: EUR** – Modest strengthening. **PLN** & **HUF** – Expected to outperform as **Ukraine reconstruction beneficiaries**.

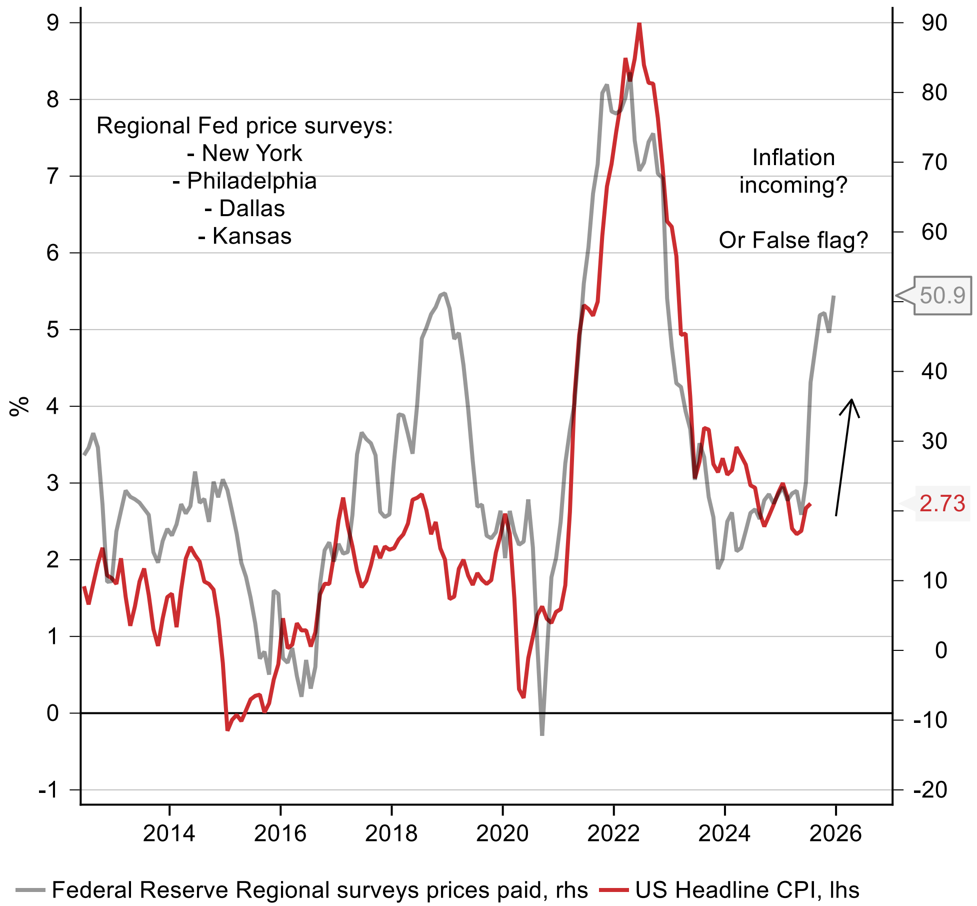
Theme 2: Testing the dual mandate: Inflation expectations up but Labour down

- **Tariff passthrough has been minimal so far, but firms are reporting strong price pressures**
- **Labour force surveys all agree, hiring is weaker and signals suggest higher unemployment ahead.**

Labour remains the key factor for this market on where the front-end trades, but NFP could rebound making September a 50/50?

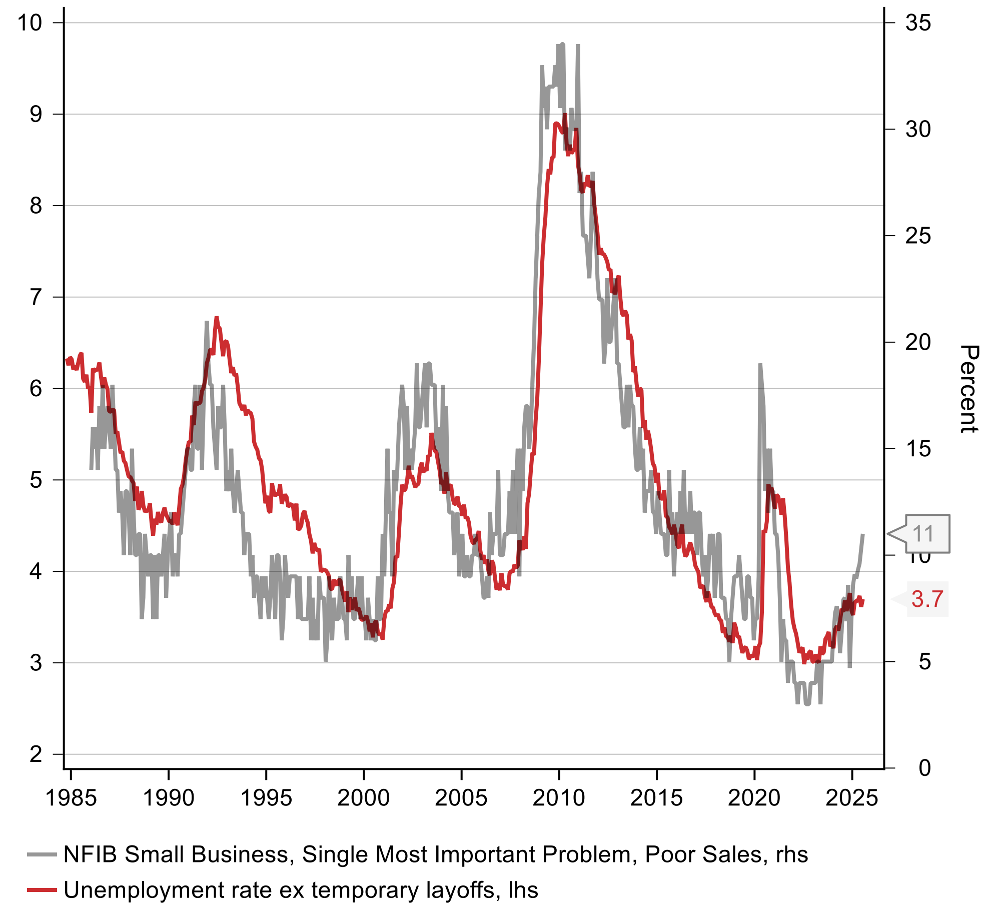
Regional Fed surveys suggest inflation incoming, but a 5-month lag

US Headline CPI led by Regional Fed surveys (five months)



NFIB shares the same message of conference board, higher UE ahead?

NFIB small business, poor sales vs Unemployment



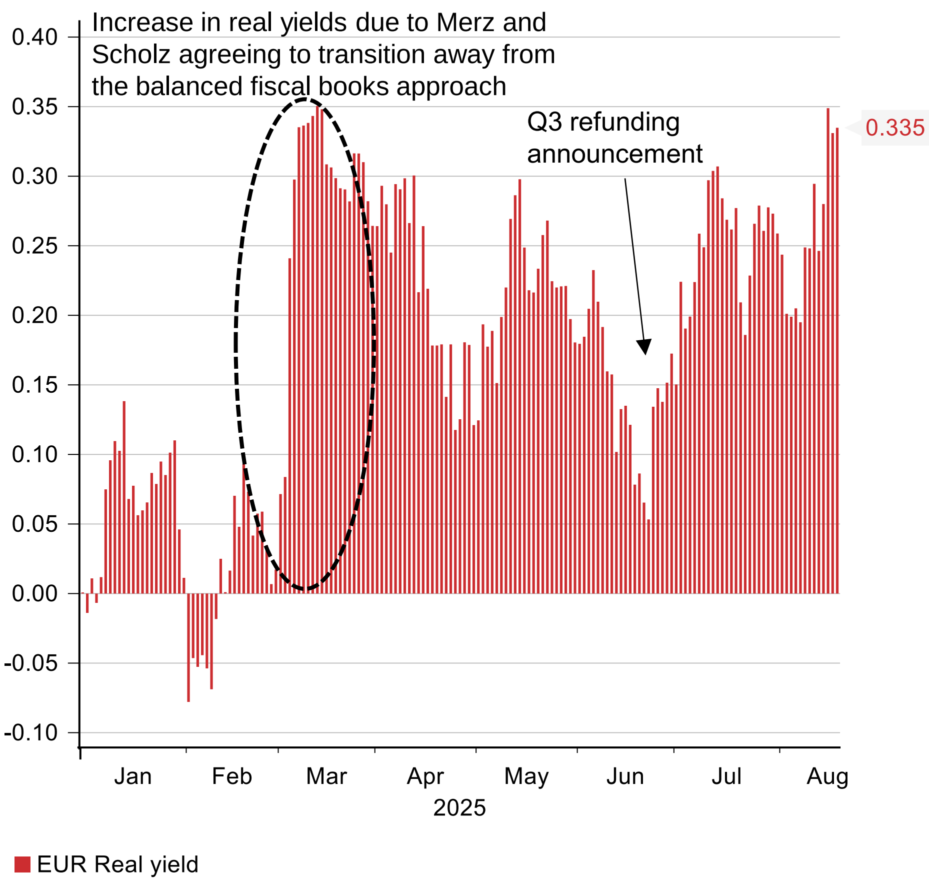
Source: Macrobond, Bloomberg

Theme 3: German issuance ramp up to come?

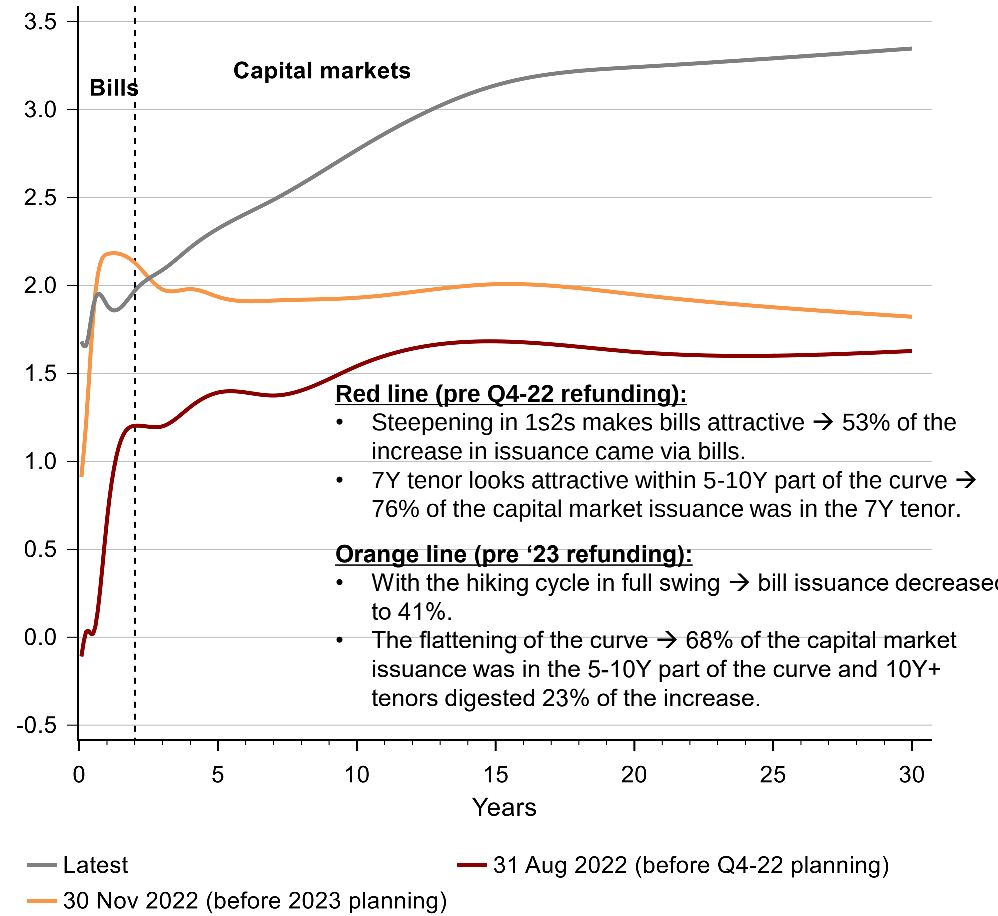
- **The German Treasury already ramped up issuance in their Q3-25 refunding (earlier than what markets were expecting), surprising us with more 10Y+ issuance vs expectations. Around mid Sep, we'll get the Q4 refunding, where we expect another €19-20bn increase in issuance. If the curve remains around current levels, we expect the 5-7Y part of the curve to bear the brunt.**
- **Don't forget about the broader debt-brake reform that the CDU/CSU has agreed with the SPD. This could increase the debt brake from 0.35% to 0.9% of GDP (which we estimate at around €23bn extra spending). German leaders are expected to start discussing this late September.**

Real EUR rates are pricing

Changes in German 10yr implied real yields



German curve snapshots



Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

Theme 4: Dutch Pension reform

- **The window for Dutch Pension Funds to transition from a Defined Benefit (DB) to a Defined Contribution (DC) model is closing. The new lifecycle investment model means less need to hedge via long-end receiver swaps. We estimate this decrease in hedging needs at around 205mn/01, with 104mn/01 (paying flow) for 2025 (at least 70% done) and 55mn/01 (paying flow) for 2026.**

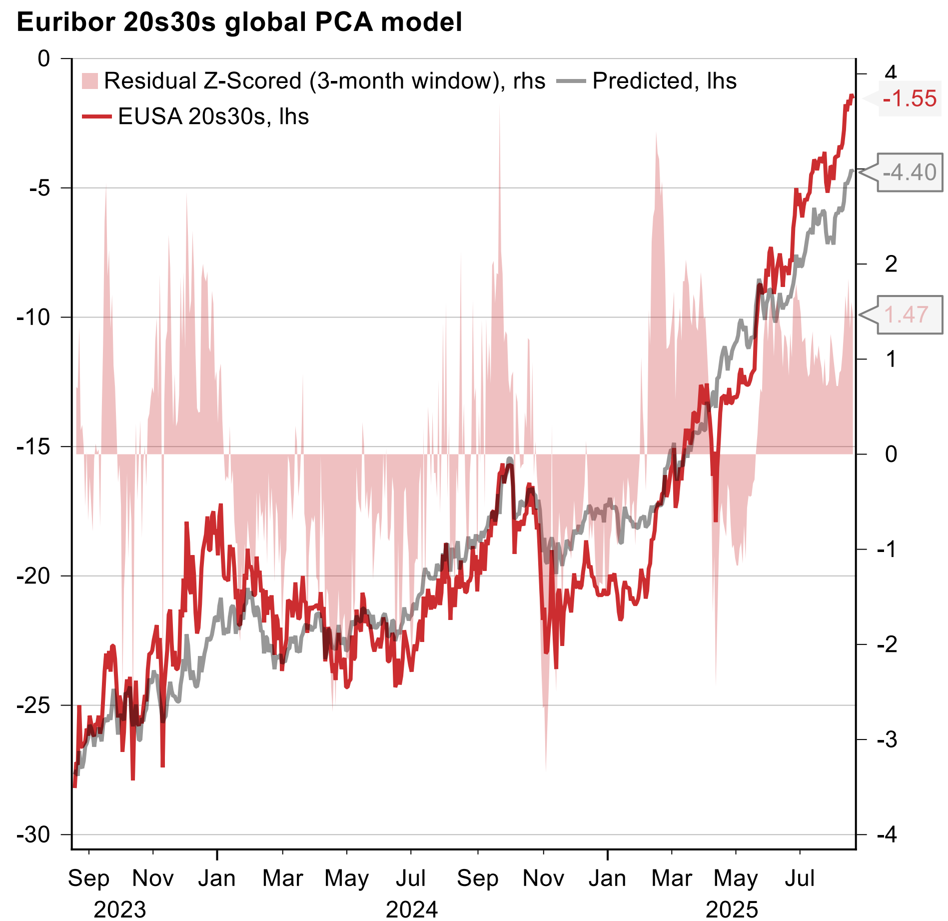
Dutch Pension funds at a glance

Pension Fund	Transition Date	Pension liabilities (EUR bn)	Relative Size (% of Total Liabilities)	Investment assets (EUR bn)	Interest rate hedges (%)	Latest Policy funding ratio (%)
ABN	01 Jan 27	20	1.5%	26	94	126
ABP	01 Jan 27	450	33.5%	519	58	114
Vervoer	01 Jan 27	29	2.2%	34	56	113
Bpf Bouw	01 Jan 26	51	3.8%	66	83	127
Detail	01 Jan 26	26	1.9%	31	74	123
PMT	01 Jan 26	76	5.7%	84	76	109
PME	01 Jan 27	49	3.6%	57	71	114
PGB	01 Jan 27	28	2.1%	33	73	117
Rabo	01 Jan 27	21	1.5%	25	94	118
PFZW	01 Jan 26	217	16.2%	247	59	110
Industry Total	**01 Jan 28**	**1343**	**100%**	**1600**	**69**	**117**

What the transition from DB to DC means in terms of DV01

Age	Interest rate cover (assumed)	No. Members (as % of total)	+1bp Theoretical DC DV01	-1bp Theoretical DC DV01	+1bp Difference DB vs DC	-1bp Difference DB vs DC
<30	15%	14%	-48	64		
30 - 34 years	23%	8%	-73	98		
35 - 39 years	31%	8%	-99	132		
40 - 44 years	39%	8%	-125	167		
45 - 49 years	48%	8%	-151	201		
50 - 54 years	56%	10%	-176	236		
55 - 59 years	64%	10%	-202	270		
60 - 64 years	72%	10%	-228	304		
65+	80%	24%	-254	339		
Total			**-164**	**219**	**-153**	**-205**

Our global PCA model suggests that part of the steepening is Dutch PF related



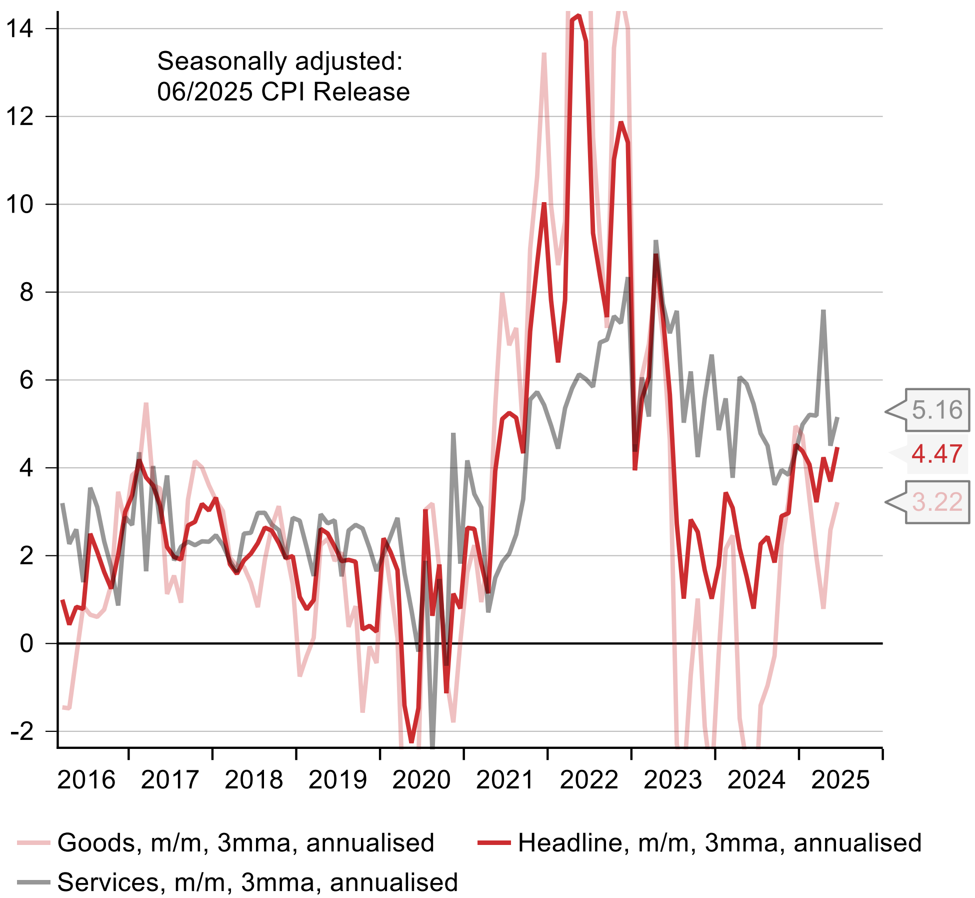
We regressed the EUSA20s30s on the first component of a PCA using SOFR, SONIA, TONAR, OAT and BTP curves. We interpret the residual as the part that is not explained by a global steepening move.

Theme 5: Sticky inflation, noisy Labour data and a hawkish turn in BoE voting?

1. **It's hard to be dovish on UK inflation with short term momentum of prices rising.**
2. **But it's the Labour market that might continue to sway the doves for cuts later this year.**

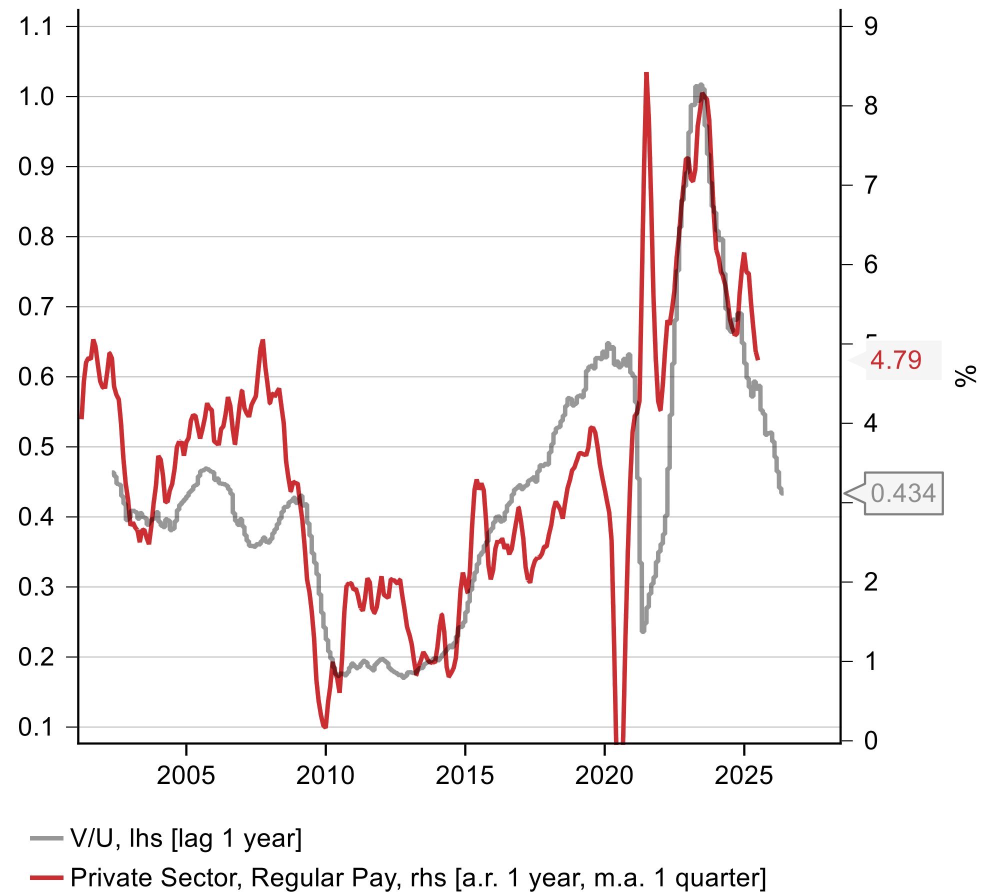
Short term momentum in UK inflation – all above 2% annualised

UK CPI short term momentum (SA m/m 3m average)



But job vacancies are in sharp decline. Labour market slack building

Vacancies/Unemployment ratio leads UK Wages by 1 year

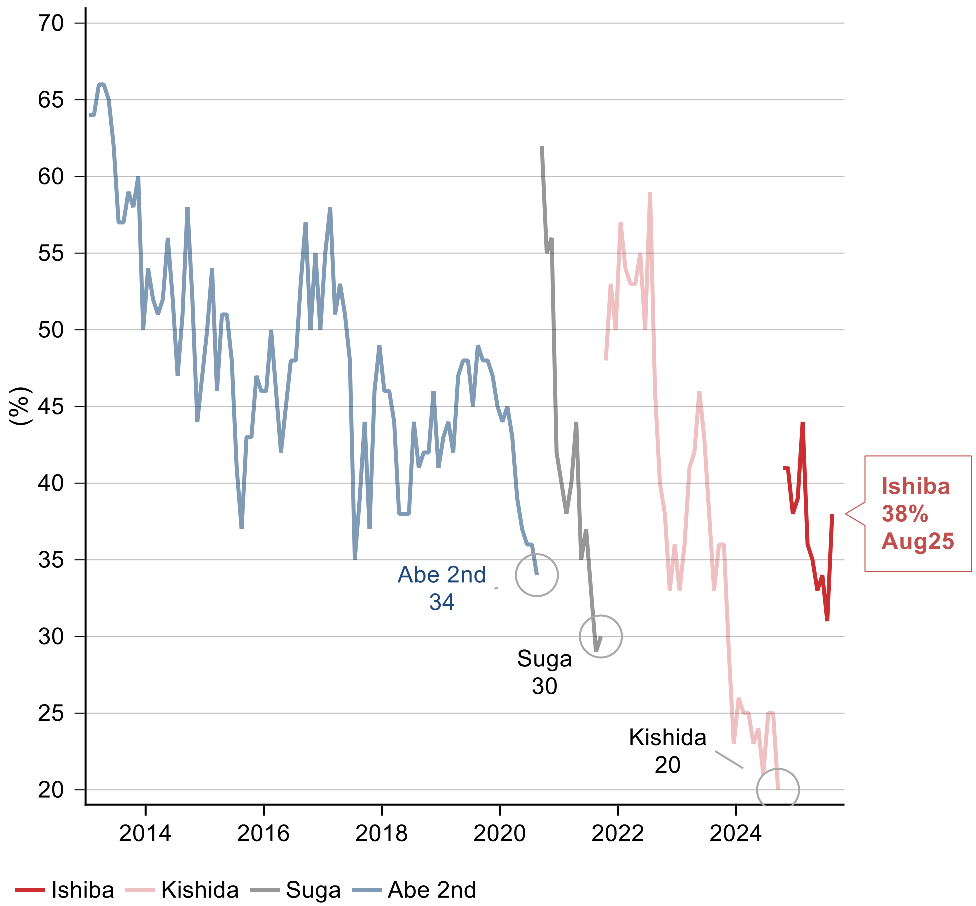


Theme 6: Japanese politics moving towards BoJ hike scenario?

1. **PM Ishiba's cabinet ratings have improved after a trade deal was struck with the US.**
2. **But it's not clear if he'll survive the year and the long end suffers as a result.**

Is PM Ishiba's cabinet rating improving? If so, leadership not at risk?

Japan, Cabinet Approval Rating



Falling political premium to support BoJ pricing?

Falling odds of PM Ishiba resigning (Polymarket)

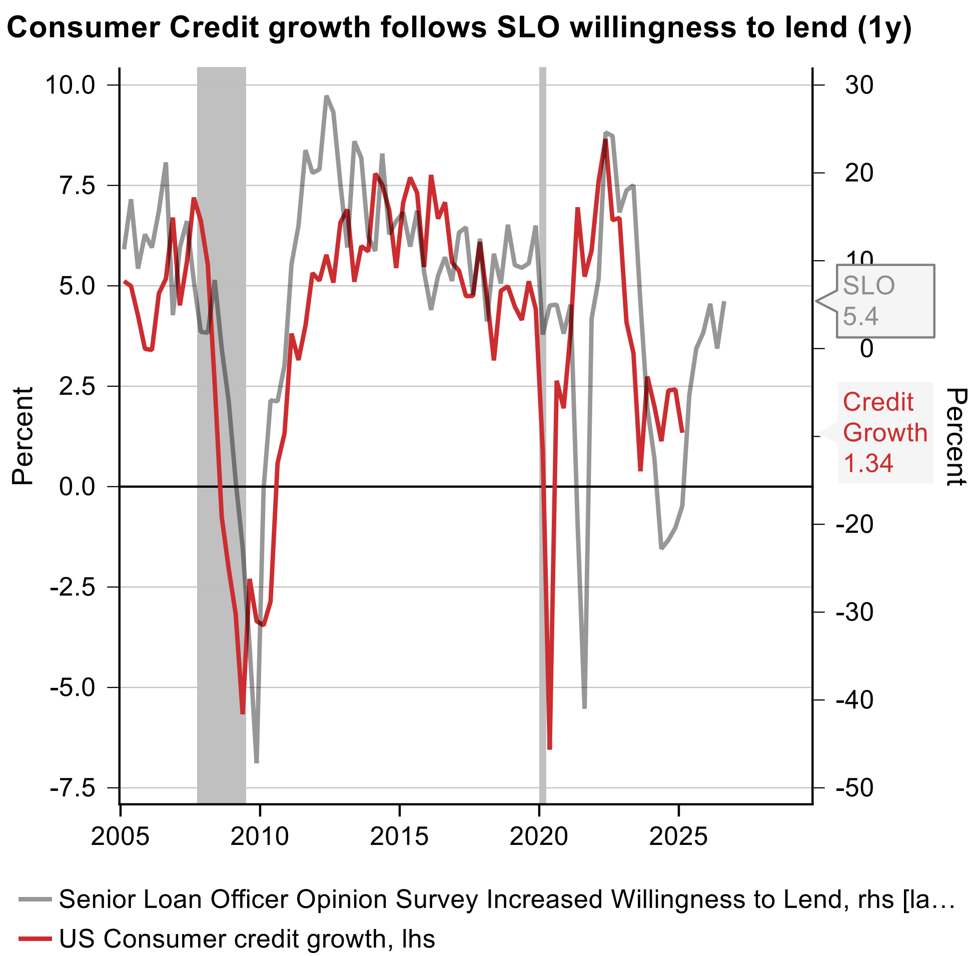
Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

USD

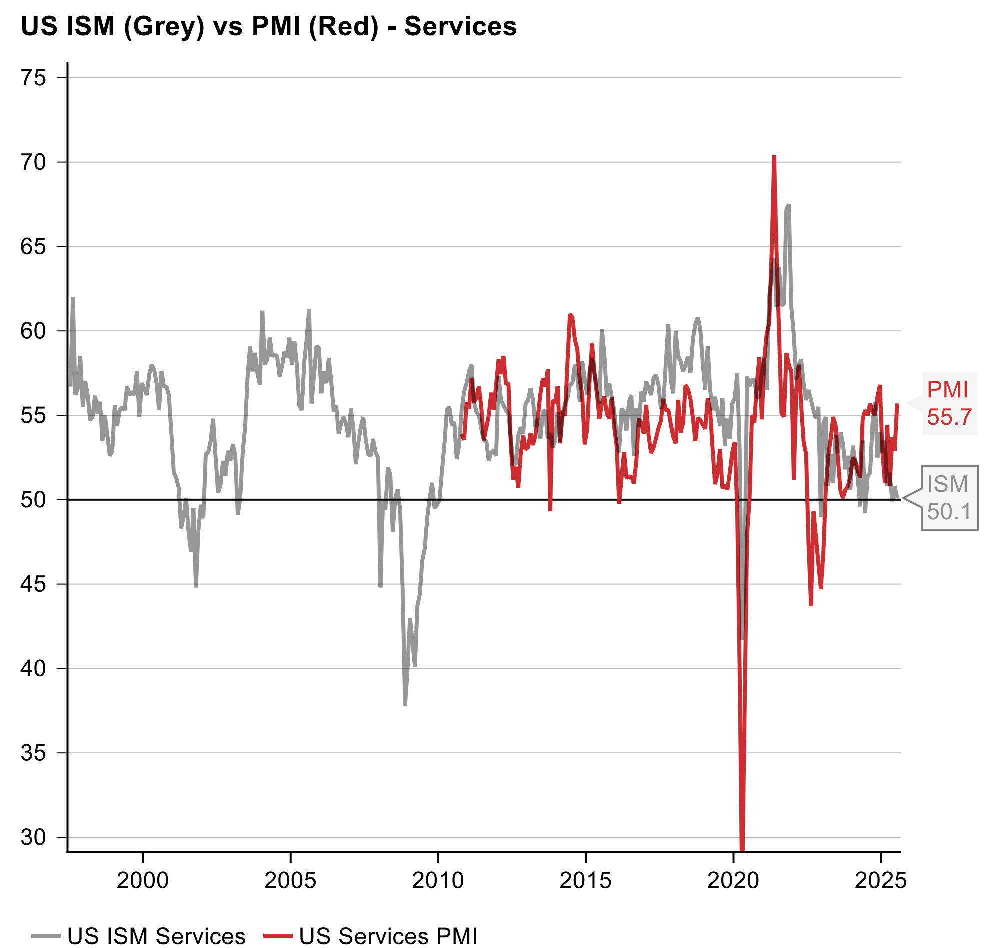
US Growth – to rebound?

- **Weak Credit growth is expected to rebound if the signal from the senior loan officer survey is a guide.**
- **Growth in US surveys is mixed, ISM notably weak but PMIs rebounding.**

Consumer Credit growth follows SLO survey by six months



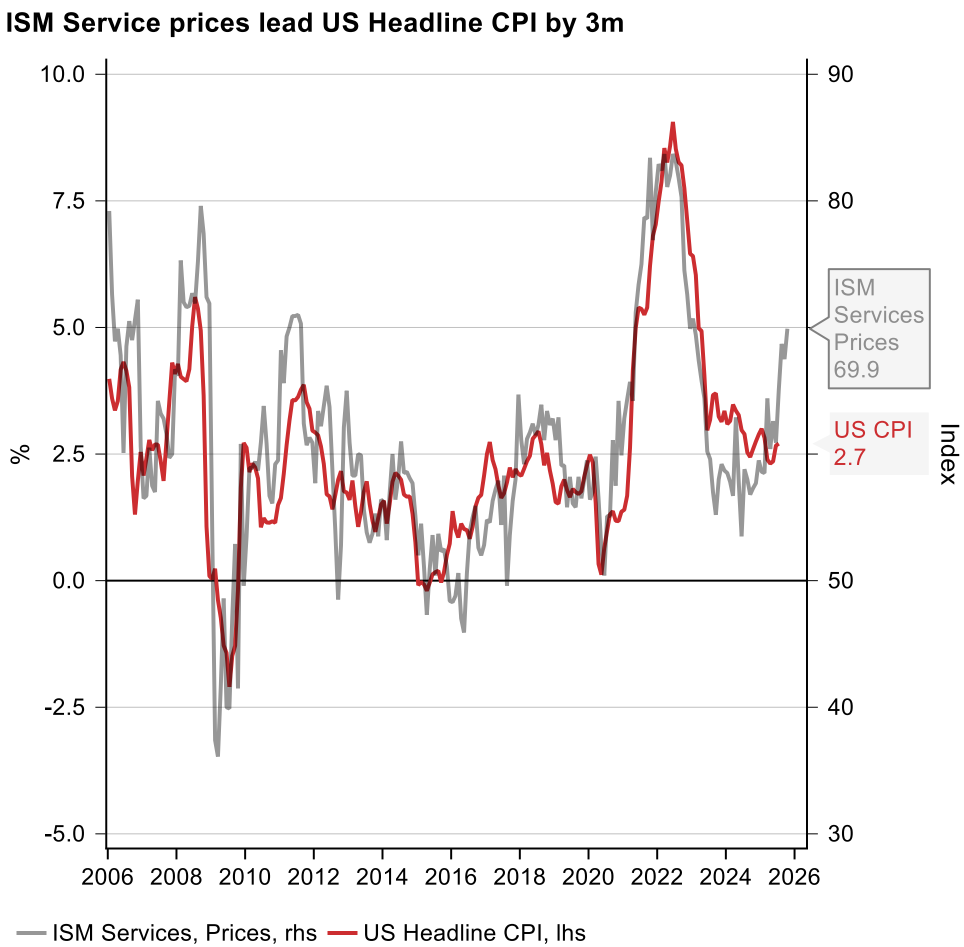
Growth depends on who you ask – ISM vs PMI Services



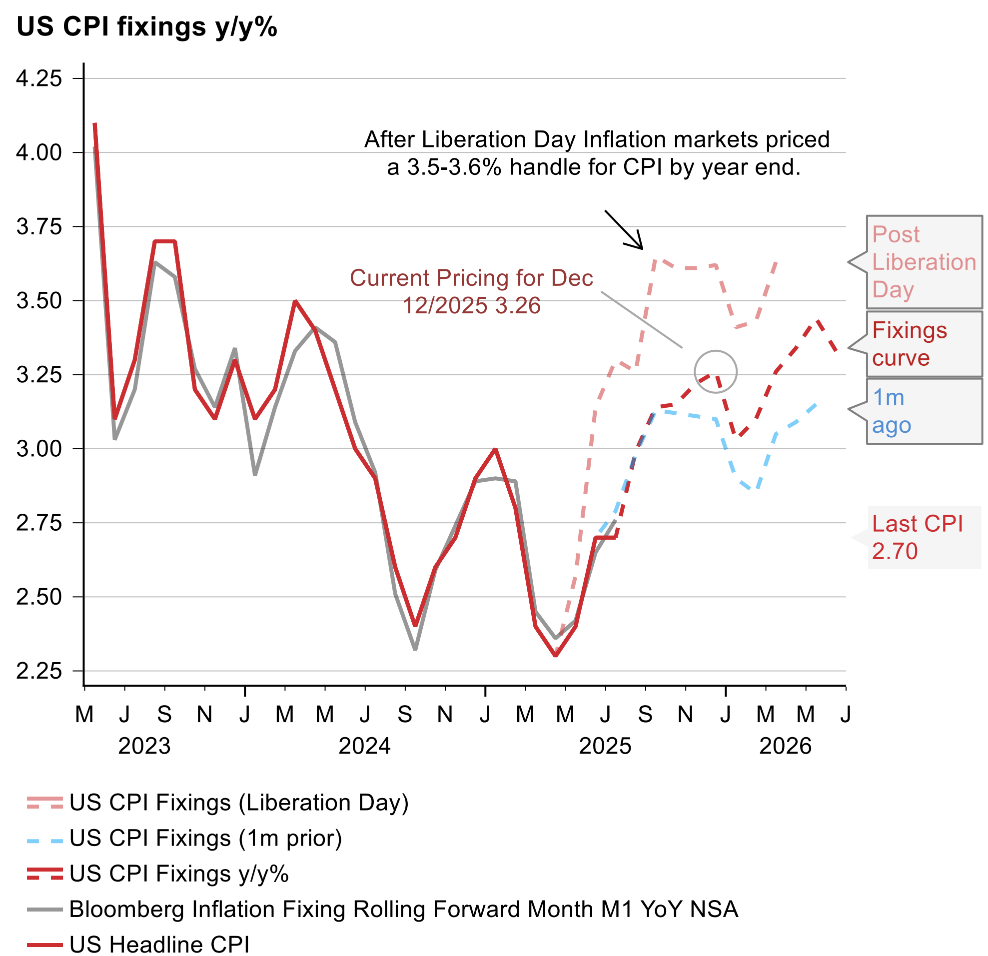
US Inflation – tariffs are one thing, have you seen services?

- **Tariff passthrough has been minimal so far, but firms are reporting strong Service price pressures.**
- **The speed of the CPI acceleration has been revised down in fixings, but still on a 3% handle for CPI.**

ISM service prices lead US headline CPI?



US CPI fixings y/y%

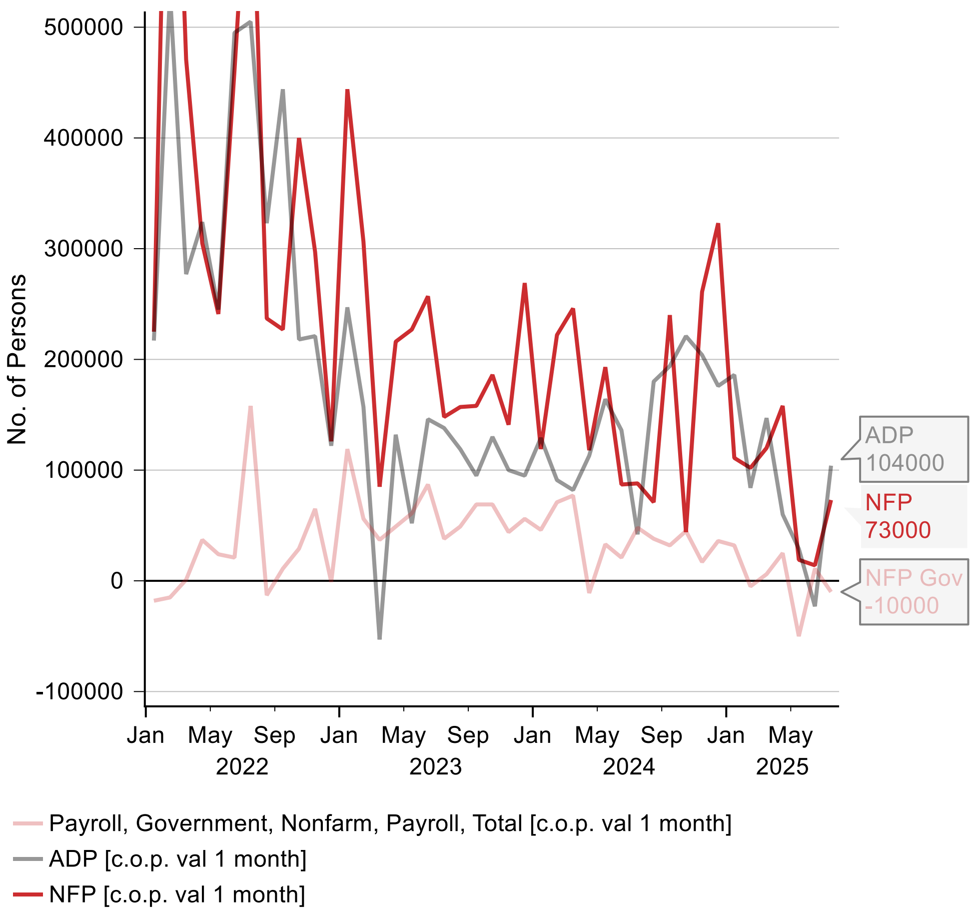


US Labour – noisy of late, but stabilization in claims gives the hawks some room

- **Noisy Labour market data but perhaps the lesson is ADP is more reliable of late, Gov hiring sluggish.**
- **Claims data has been signalling a weaker labour market but has stabilised at higher levels.**

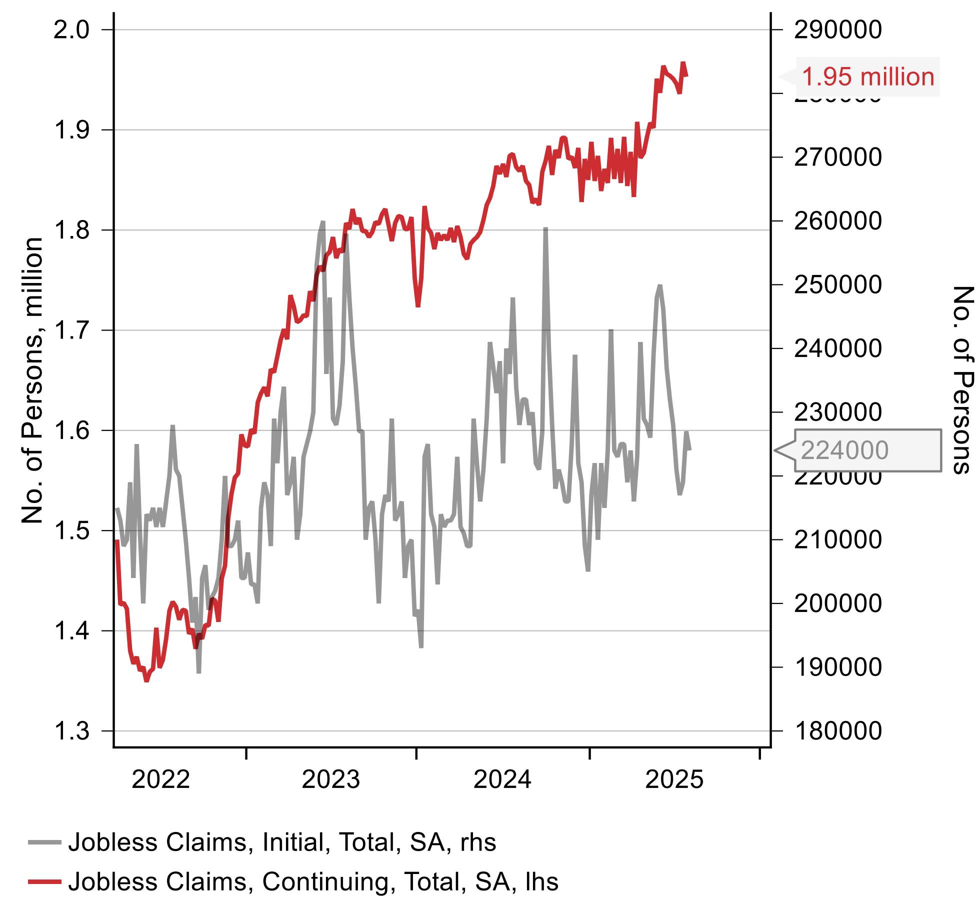
ADP becoming a better predictor of final NFP?

ADP vs NFP monthly change and government hires



US Claims data are deteriorating but not as quickly as feared

Jobless Claims, Initial and Continuing

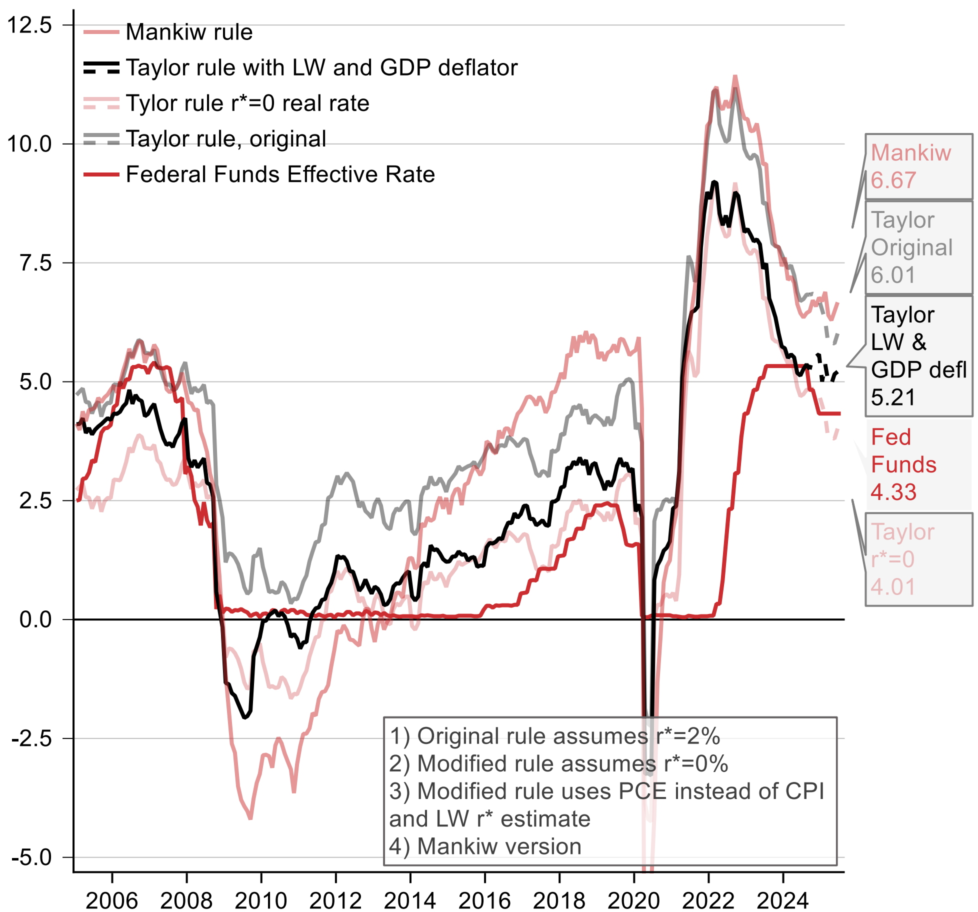


US - Fed Policy, Taylor rules and Fed speak

- **Various Taylor Rule's suggest policy is loose if anything**
- **But Fed commentary has been trending towards the more dovish side**

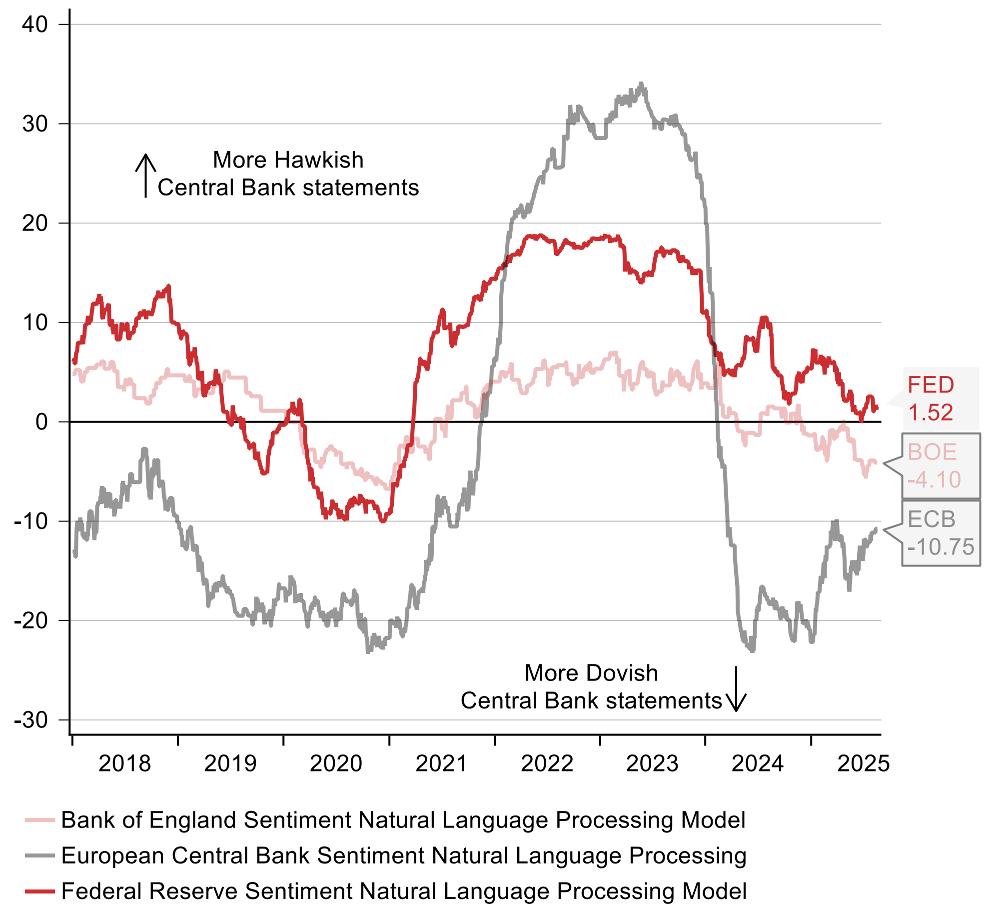
Should the Fed be cutting right now?

United States: Taylor rules together with Fed Funds and Shadow rate



Fed Speak has been shifting more dovish

Central Bank Sentiment: BBG Econ Natural Language Processing Model



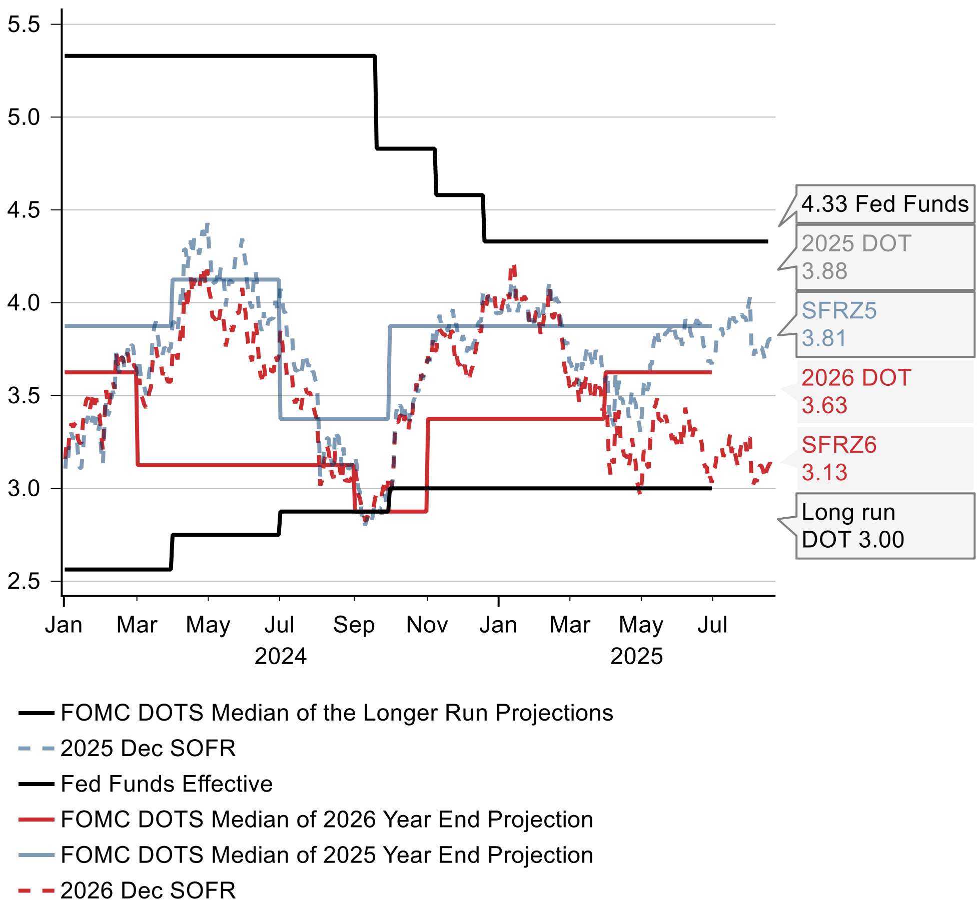
Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

USD STIRT

- **Fed pricing is anchored by the DOTs**
- **Most variations of the Taylor rule suggest policy is already loose**

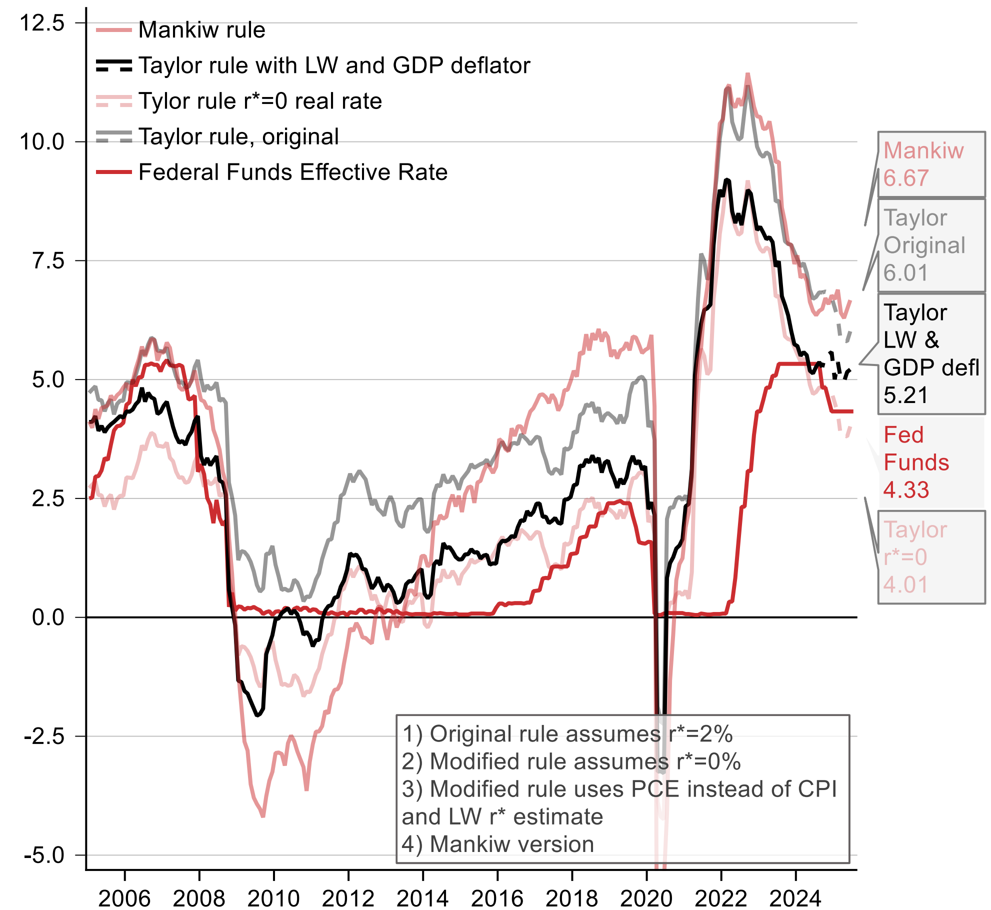
Fed pricing 2025/26

The market is anchored by the DOTs



Fed's 2025 SEP DOT vs SOFR Z5 pricing

United States: Taylor rules together with Fed Funds and Shadow rate

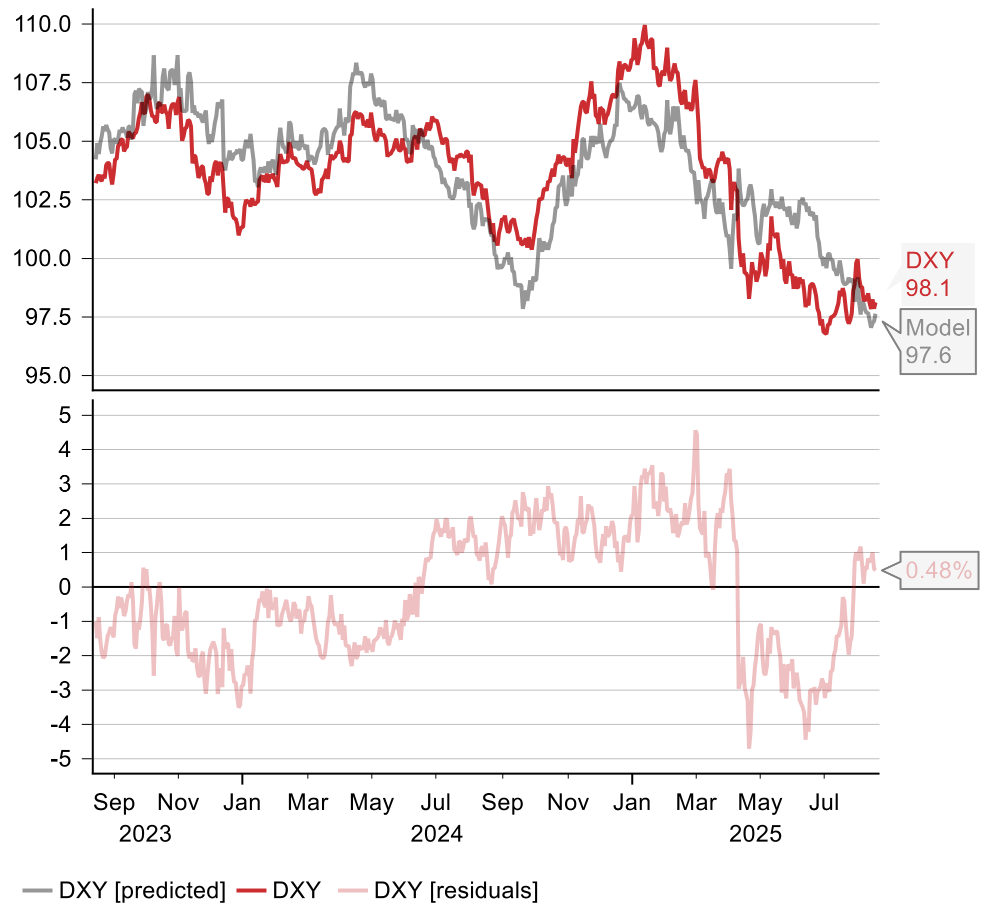


USD FX

1. **Other markets have been pointing to a weaker USD in recent weeks**
2. **DXY to sell off in H2 with European fiscal in the pipeline and higher FX hedging flows.**

DXY vs multifactor model estimates

DXY fair valuation (2y nominal, 5yr real yield spreads, SPX and Oil)



DXY forecast

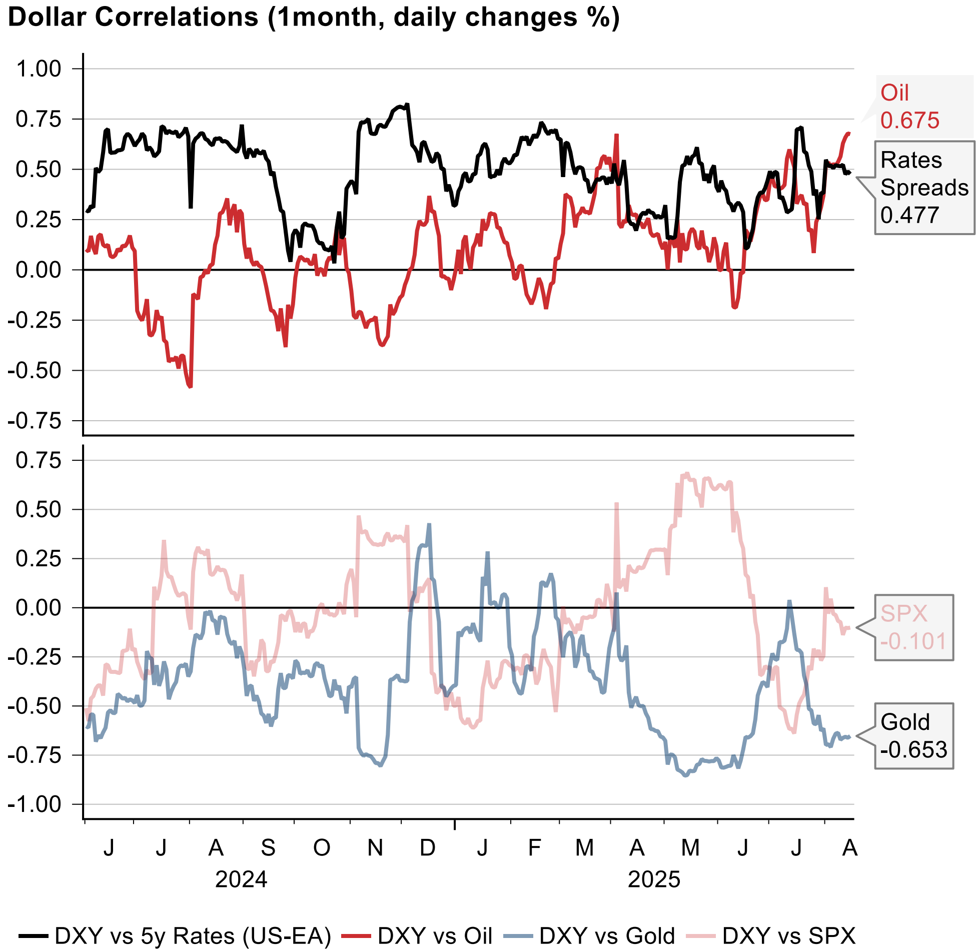
Mizuho DXY forecasts

 Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

USD FX correlations – Oil in the driver's seat?

1. **One month USD correlations argue that oil has been the more consistent driver of the USD recently, is that a Russia-Ukraine story? It also helps we've had risk on sentiment**

One-month USD correlations



Key points on USD correlations

Four reasons why the USD looks more Macro (if you can believe it):

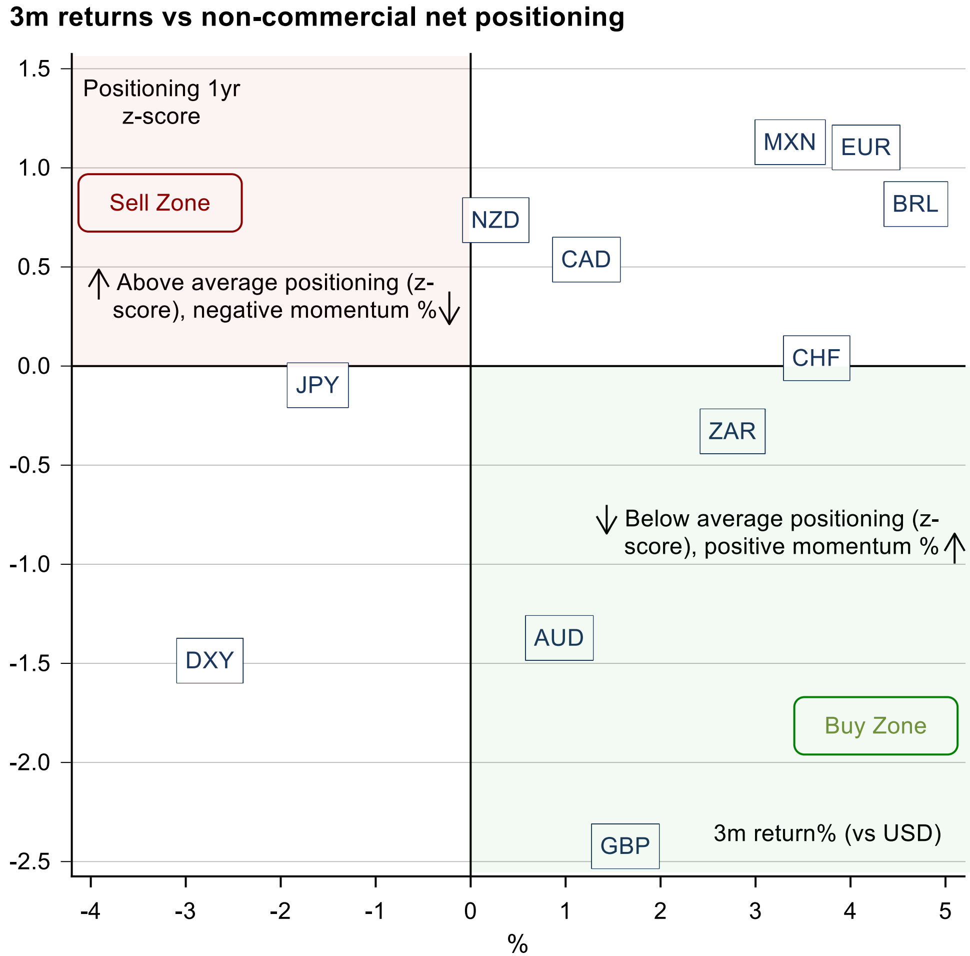
1. **Rates spreads matter again.**
2. **Terms of trade is back** (oil up = USD up). And more than rates as a driver?
3. **Risk off = USD higher**. USD is a "safe haven" once more.
4. **The "de-dollarization" flows in April/May look to have slowed**. Gold doesn't benefit as much as it did from USD weakness.

Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

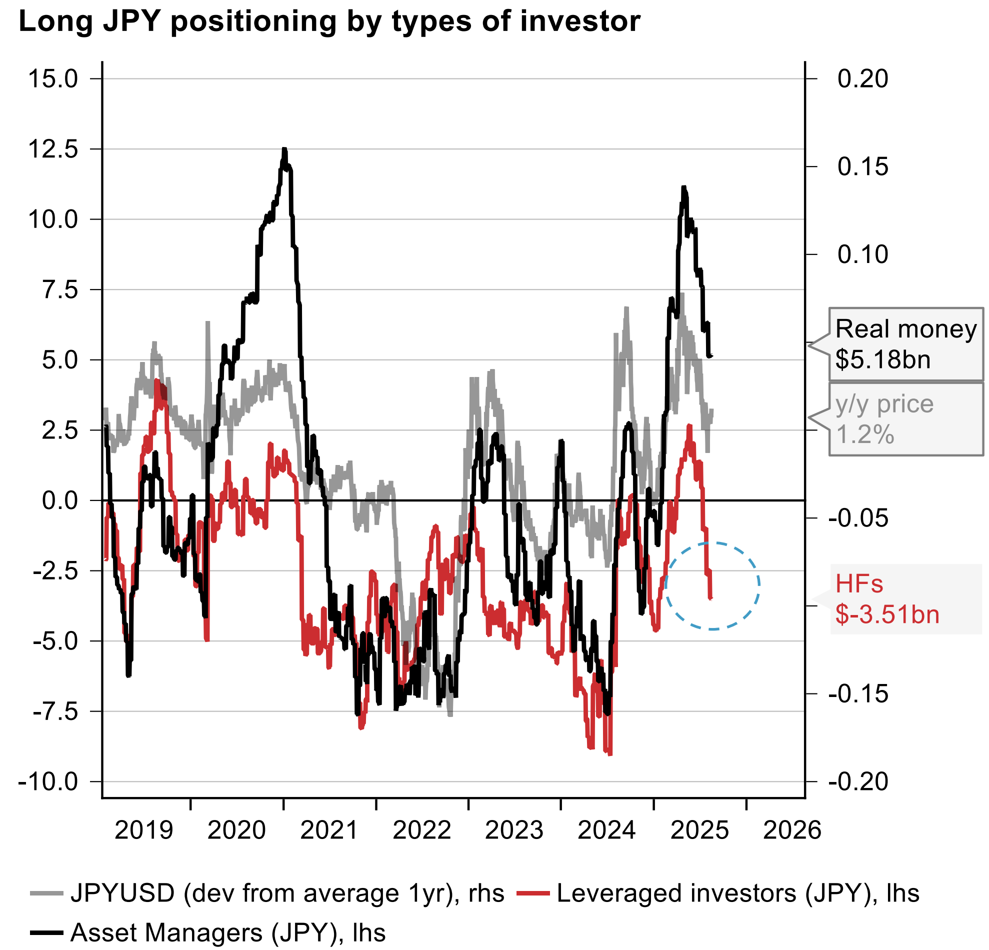
FX Positioning – GBP and AUD in the buy zone, JPY positioning less exposed

- **Overall Long JPY positioning remains, but HFs have built up a sizable short position already.**

JPY non-commercial net positioning



Breakdown into hedge funds and real money

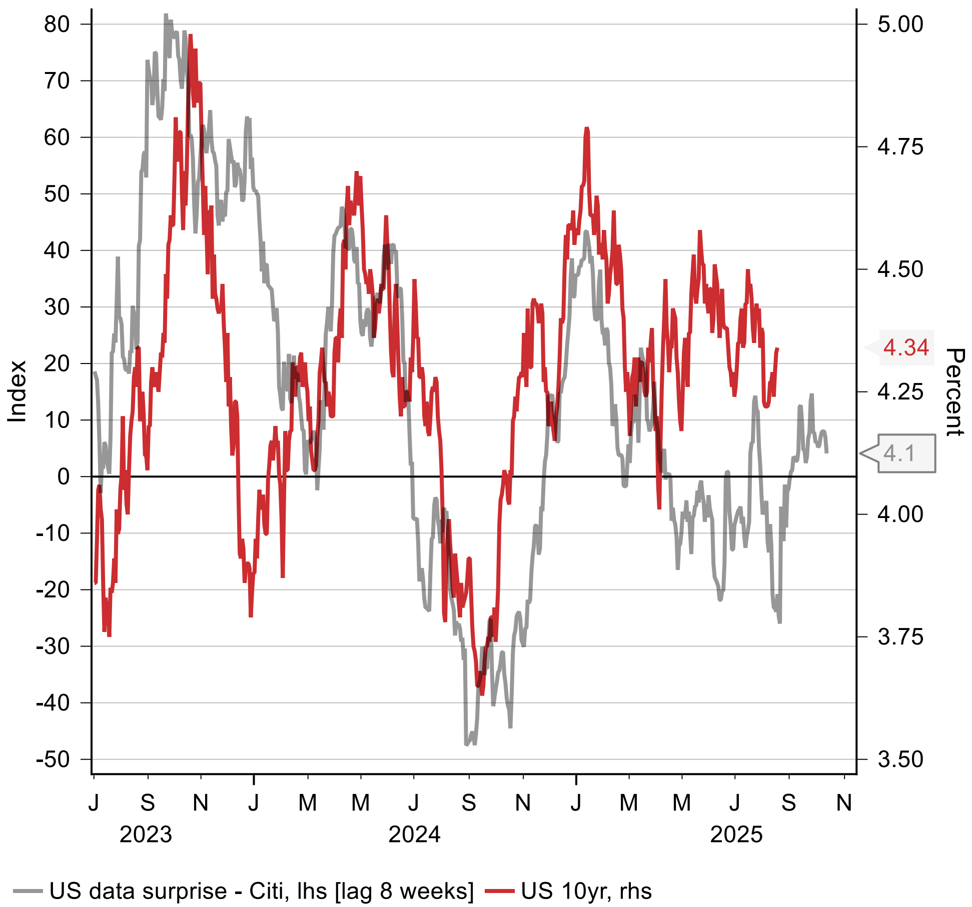


US Rates - Duration

- **10yr vs data surprises**
- **10yr vs forwards**

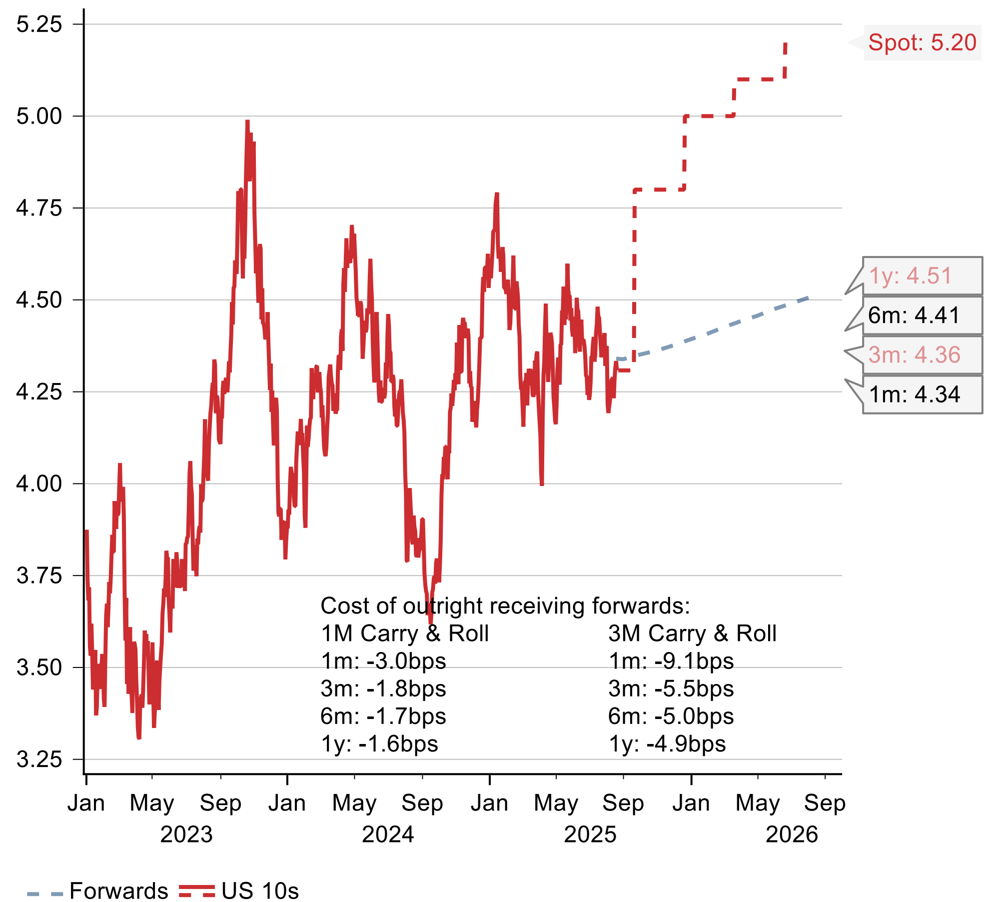
US 10y vs US Data surprises

Do data surprises lead US 10yrs?



US 10y vs forwards

US 10s vs forwards

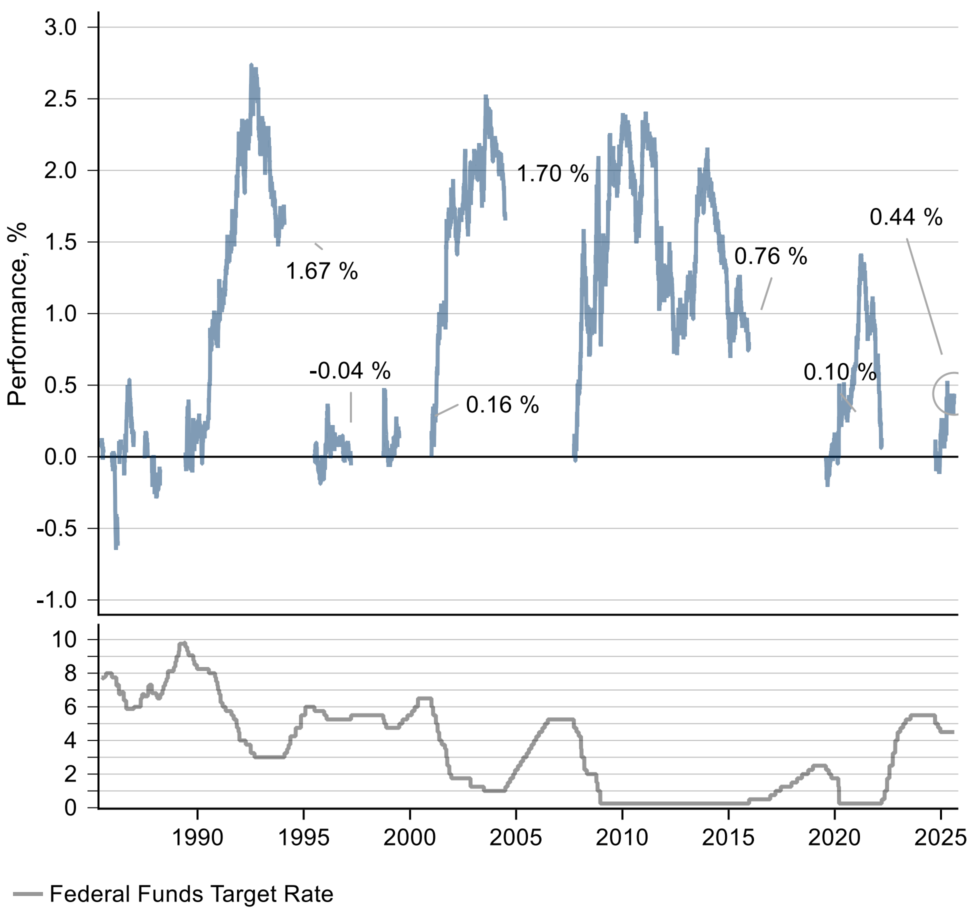


US Rates - Curve

- **2s10s**

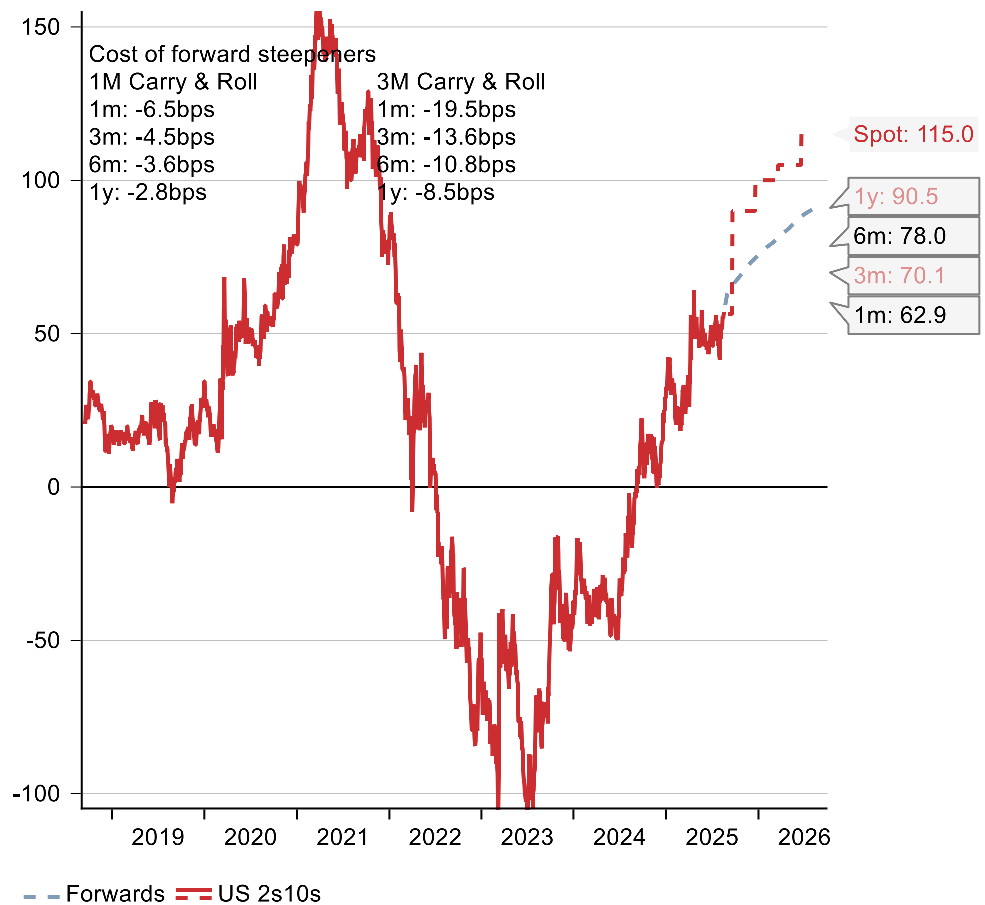
US 2s10s in cutting cycles

US 2s10s in cutting cycles



2s10s vs forwards

US 2s10s vs forwards

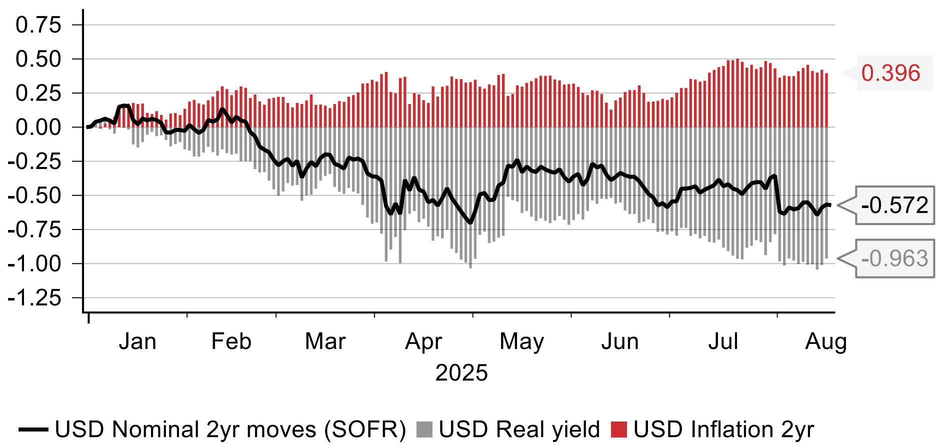


Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

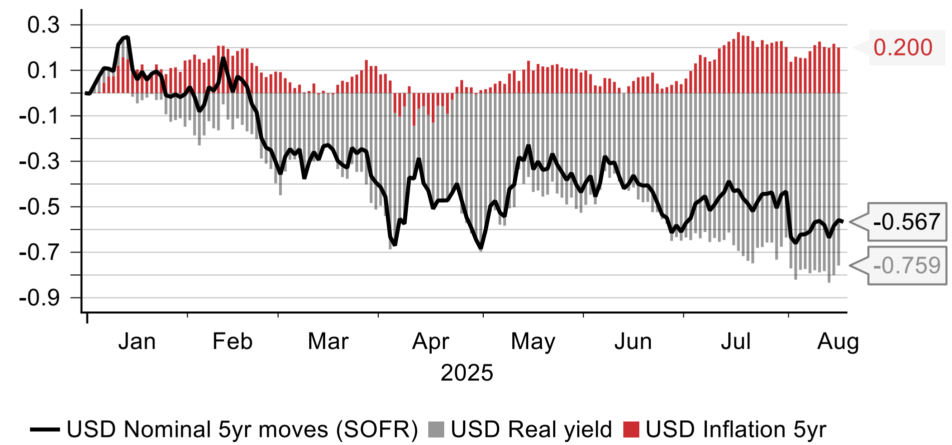
USD rates moves broken down

- **Real rates have been in the driver's seat: pricing a recession post Liberation**
- **Notable inflation premium priced into the front-end is softening – tariffs are not an issue… yet?**

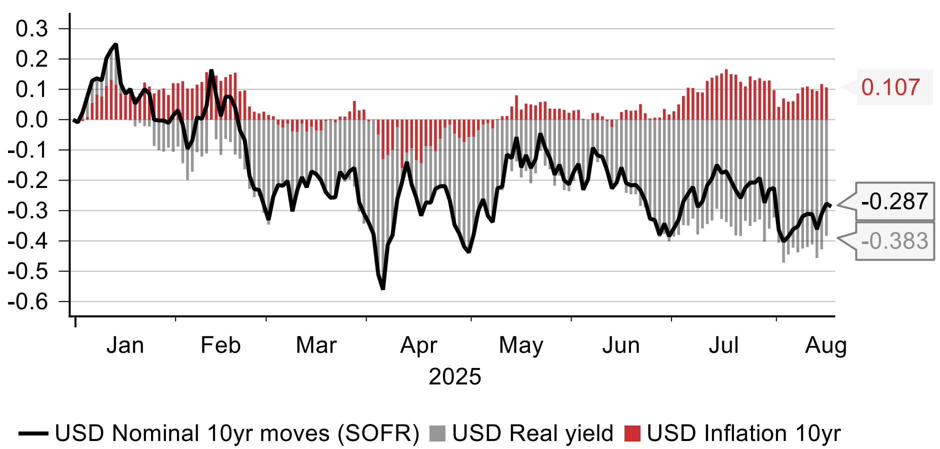
Changes in USD 2yr split into real vs inflation expectations



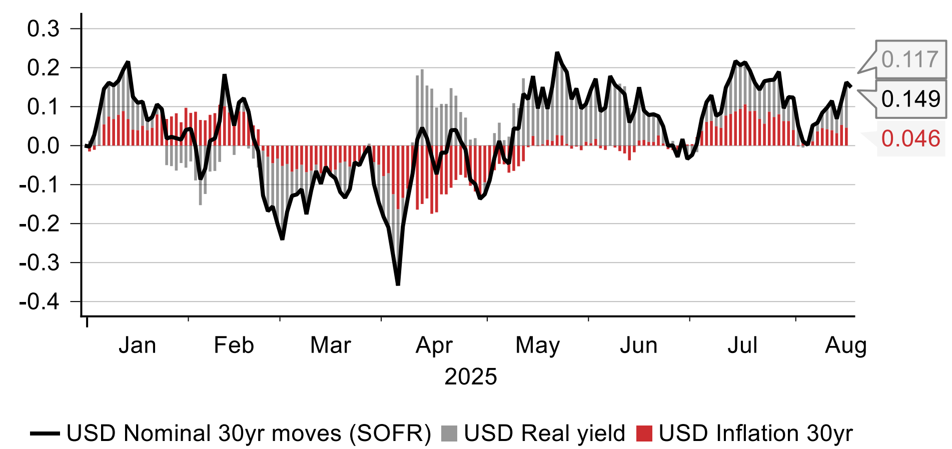
Changes in USD 5yr split into real vs inflation expectations



Changes in USD 10yr split into real vs inflation expectations



Changes in USD 30yr split into real vs inflation expectations



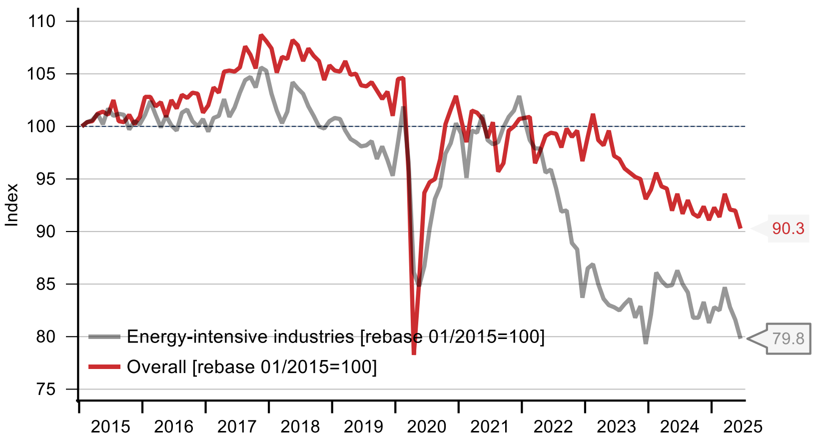
Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

EUR

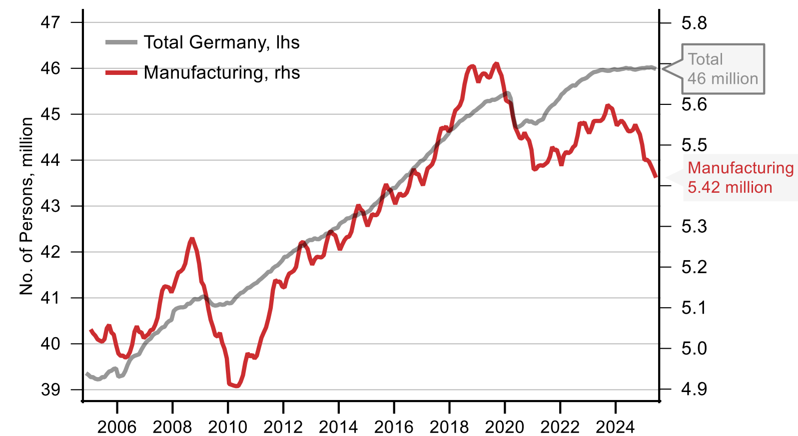
EUR – Four points on growth, surveys are optimistic but hard data less so

1) Germany's **fiscal stimulus has yet to show up in the data**, with industrial production still in decline and **2) manufacturing employment down** 2.1% this year. **3)** While rising PMIs support the ECB's growth outlook—explaining why only 11bps of rate cuts are priced by December. **4) sentiment indicators like ZEWs and Sentix turned lower in August**. Adding to the caution, **Bundesbank's high-frequency data signals a sharp slowdown**, raising the question: *could Merz's post-election fiscal optimism be overshadowed by entrenched negative trends?*

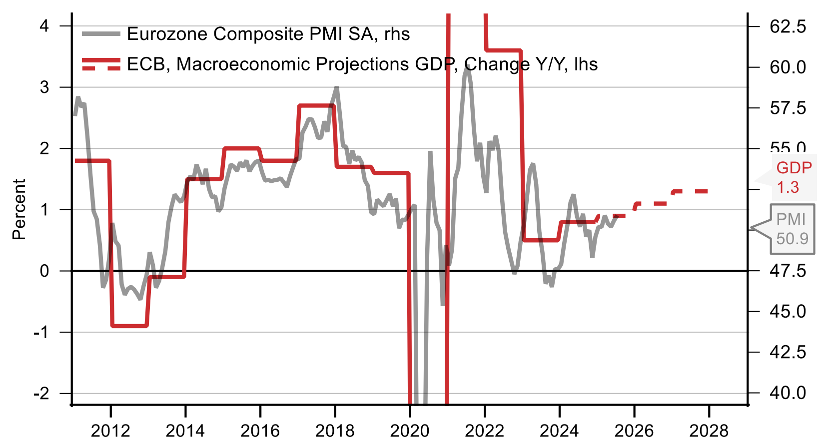
Higher energy costs strike a blow to German industry



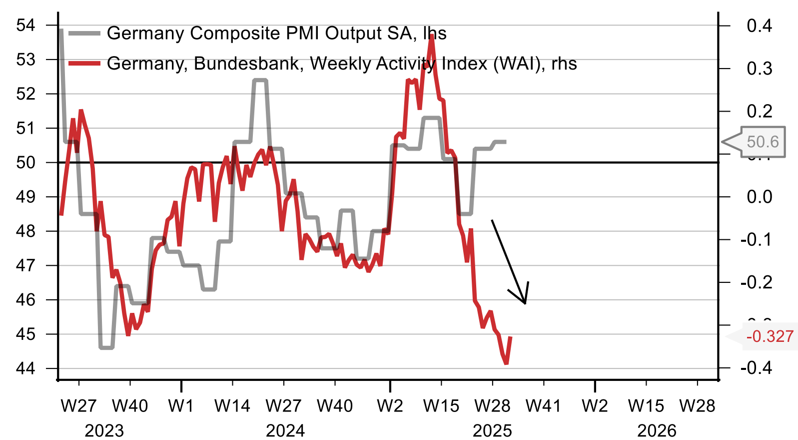
Germany, Employment



ECB GDP forecasts vs PMI



German Bundesbank Weekly Activity Indicator vs PMI

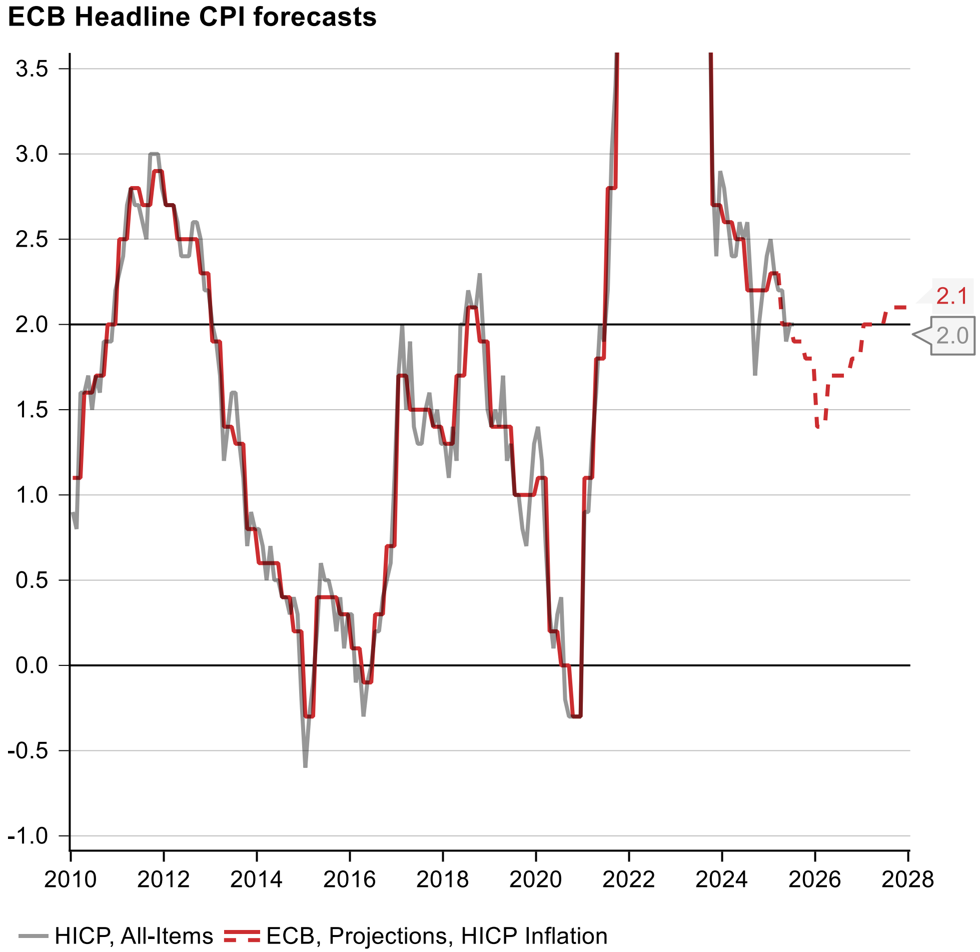


Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

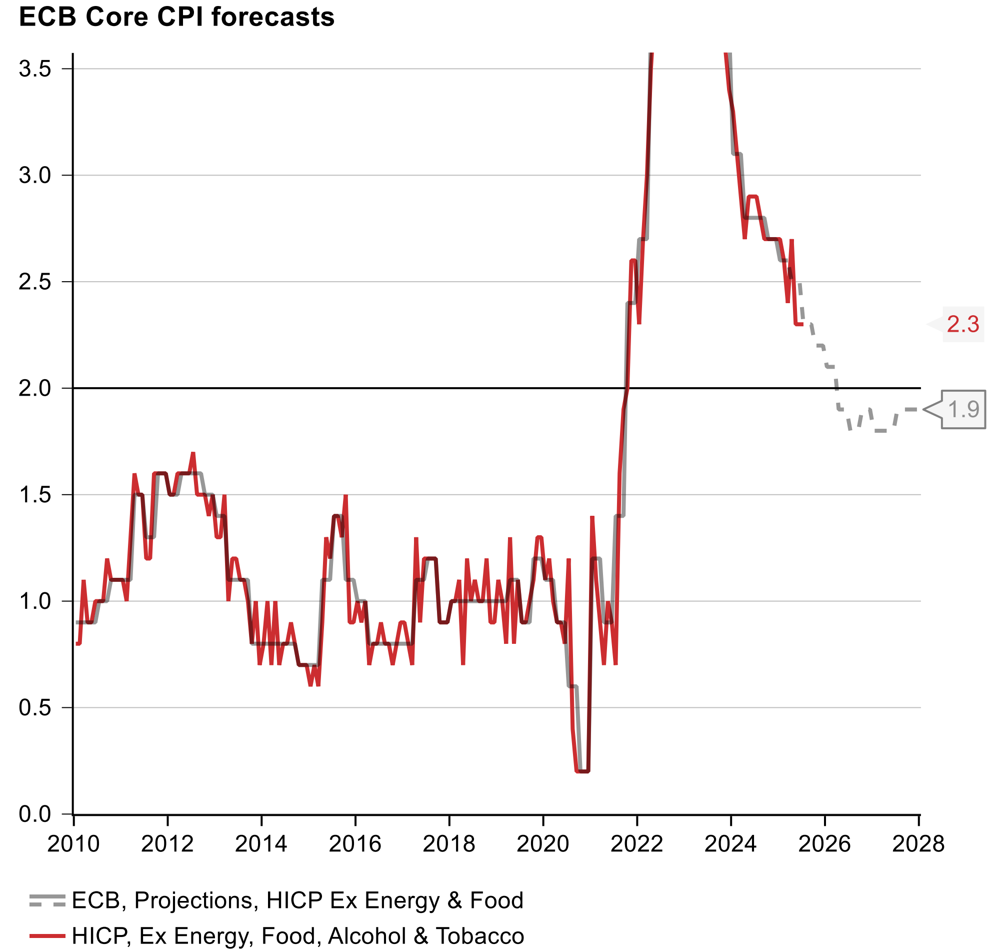
EUR Inflation – goods inflation rebounding the risk, but on track to grind lower

1. **Euro CPI is expected to cool then rebound. The near-term risk is goods inflation momentum.**
2. **Core is expected to grind lower and so far has come in line.**

ECB headline CPI forecasts



ECB Core CPI forecasts



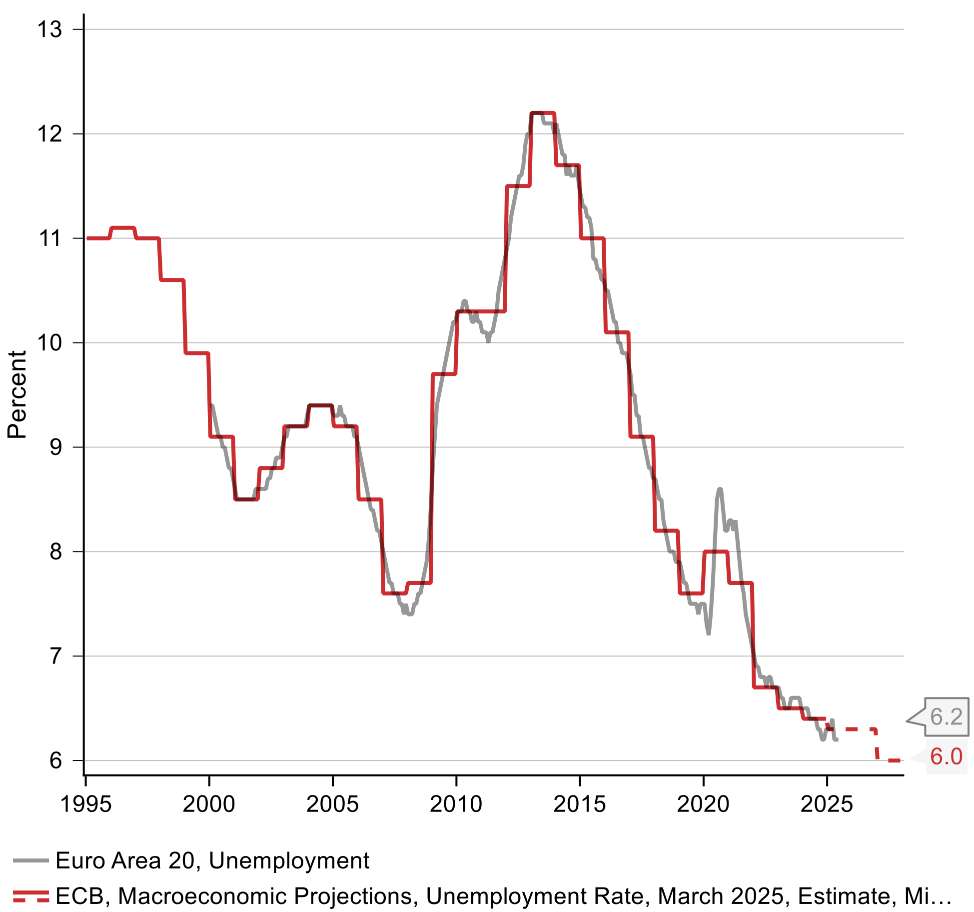
Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

EUR Labour markets – healthy but wages are slowing down quickly

1. **Falling unemployment has helped the ECB outlook**
2. **But negotiated wages have slowed sharply, could services inflation come off the boil?**

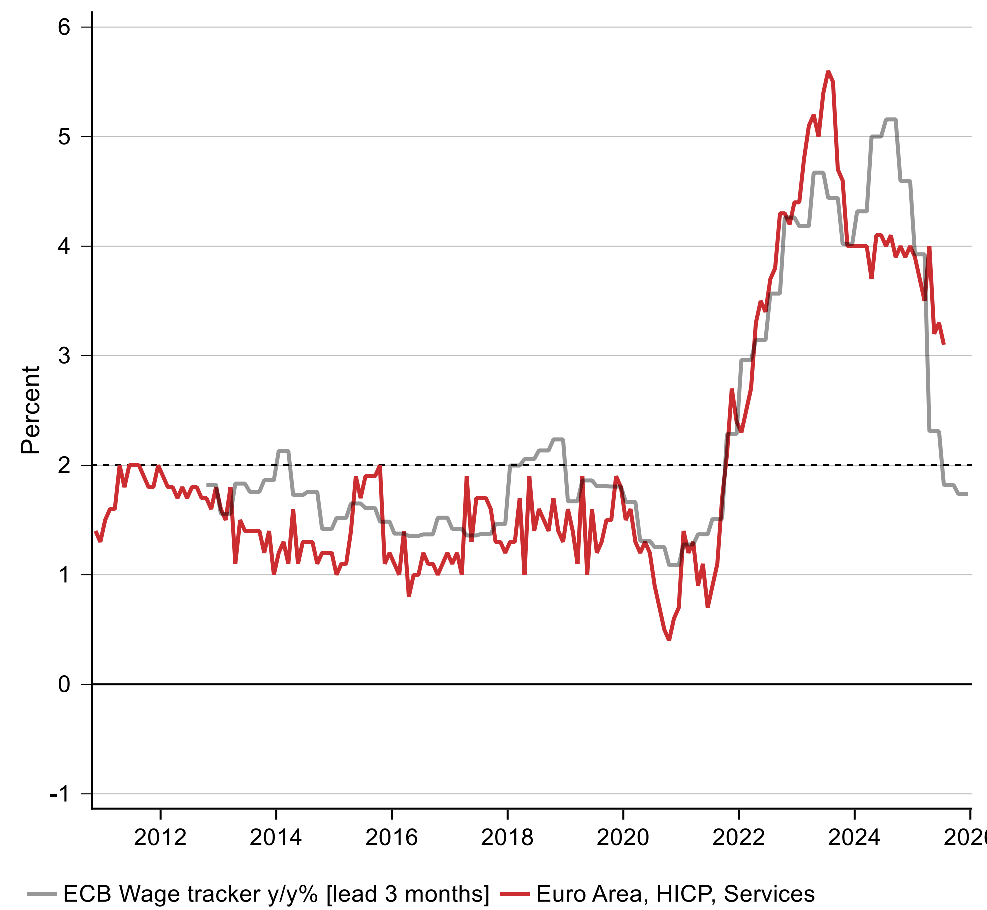
ECB unemployment forecasts

ECB unemployment forecasts



Slowing Wages to cool off Services inflation?

ECB wage tracking leads Services CPI



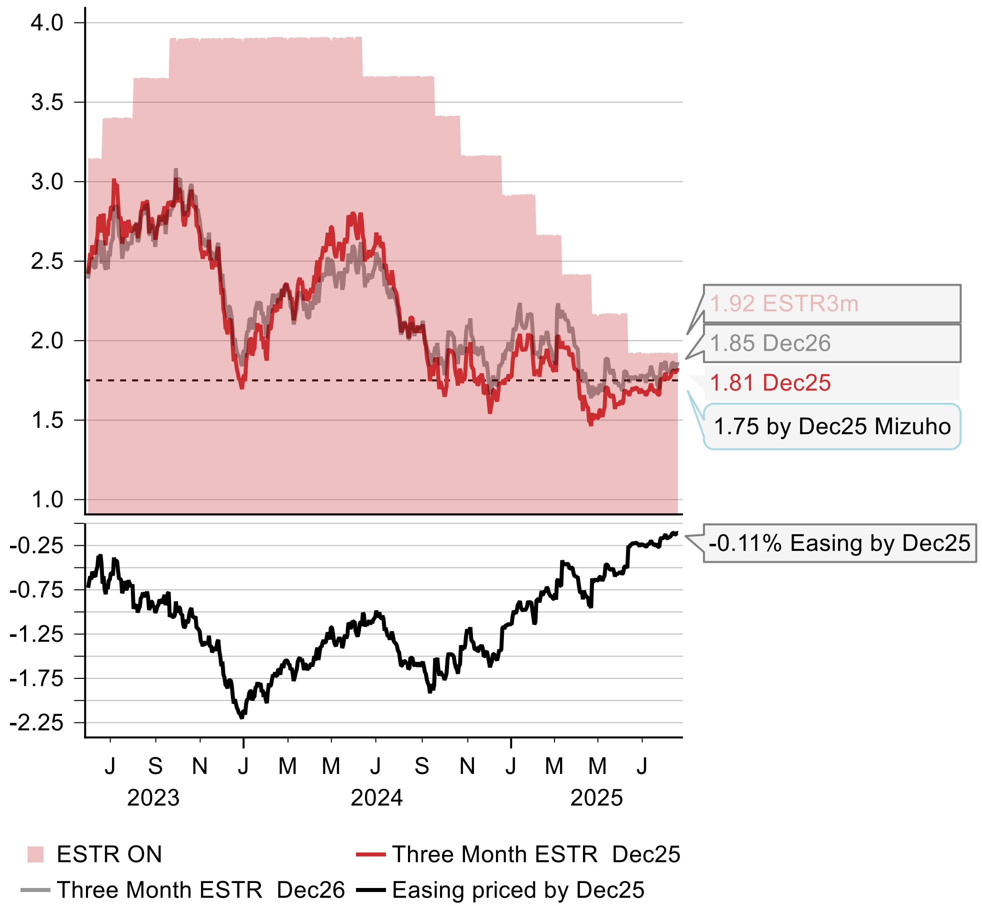
Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

EUR STIRT

- **ECB pricing in 2025 and 2026**
- **Taylor Rule estimates for the ECB**

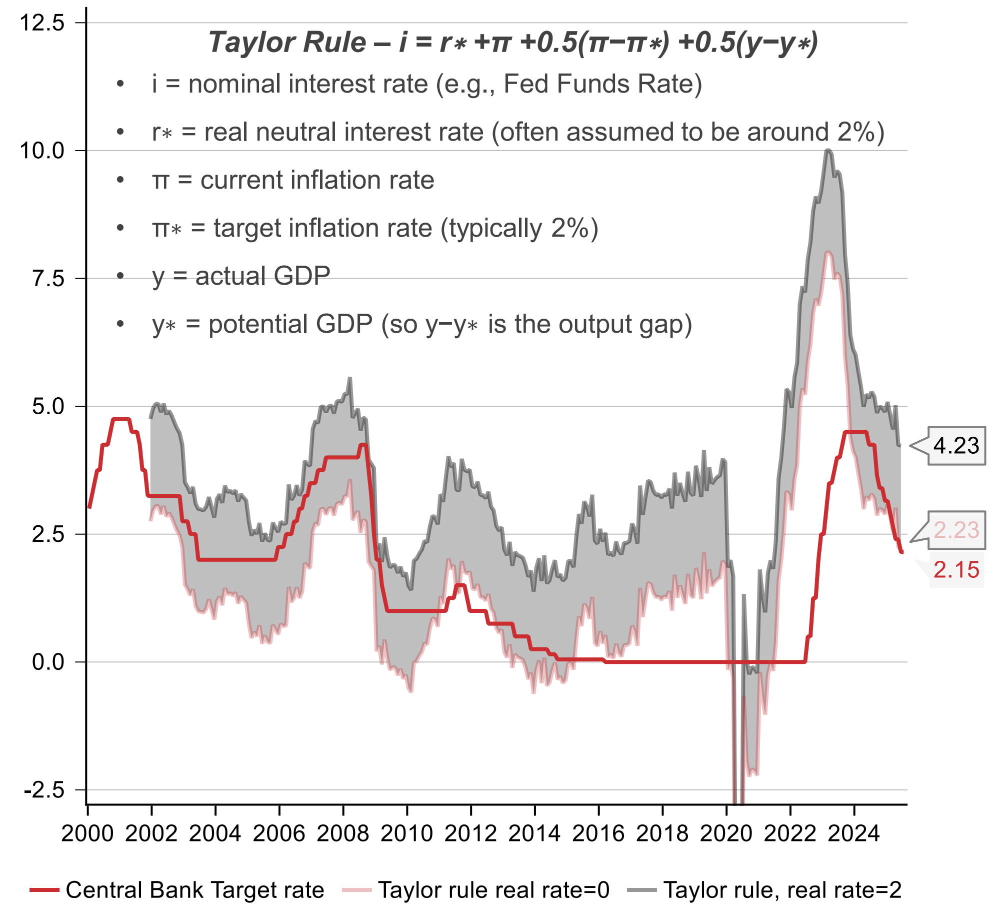
ESTR futures pricing by Dec 2025

ESTR futures pricing by Dec 2025



Taylor Rule estimates for the ECB

Euro Area: Taylor Rule



EUR/USD – Rates, equities and history point to higher

1. **The USD vs Rates correlation can be fickle but real yields point to 1.18 in EUR/USD**
2. **After a pullback, EUR looks set to continue it's 2017 playbook to 1.20-1.25?**

The USD has sold off by more than rates spreads would imply

EUR vs 5yr Real yields

It's likely the 2016/17 playbook is being used by the market

EUR/USD in 2016/17 vs today

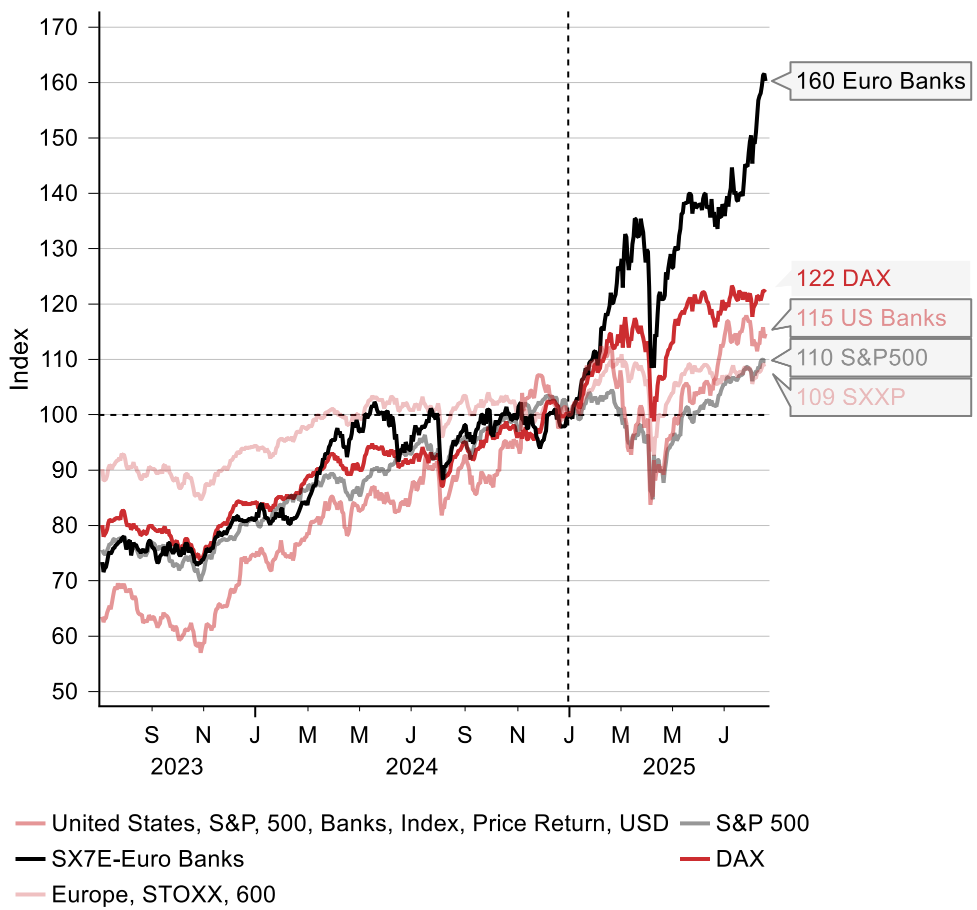
Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

MEGA not MAGA remains a strong equity theme in the bank space

1. **Make Europe Great Again - European Equities continue to outperform US (but they are catching up).**
2. **Banks have been the clear outperformer recently, Defence has been sideways of late**

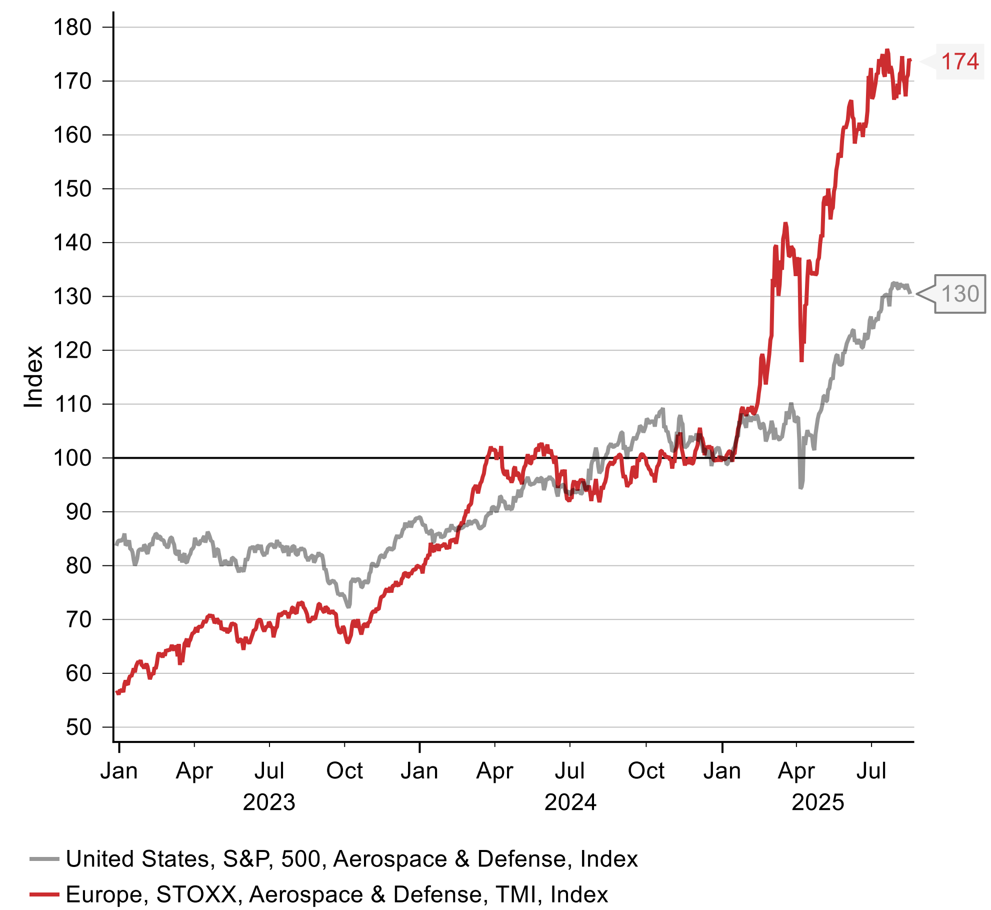
MEGA not MAGA

"MEGA not MAGA" European equities vs US YTD



And a relative defence trade too

US vs Europe, Aerospace & Defence (2024=100) in USD

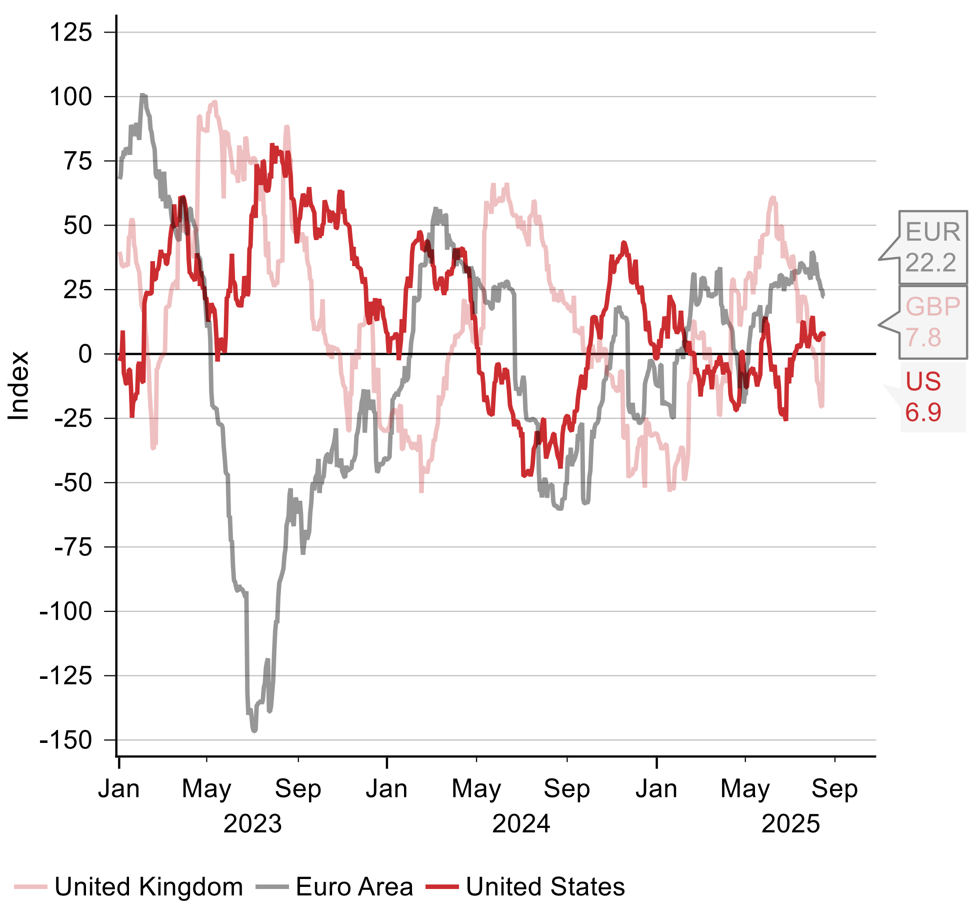


But the EUR narrative faces lower data surprises and already high FX hedges?

1. **European data surprises are in decline after a period of outperformance**
2. **Is the FX hedging narrative over for USD weakness? Danish real money didn't add to hedges in June.**

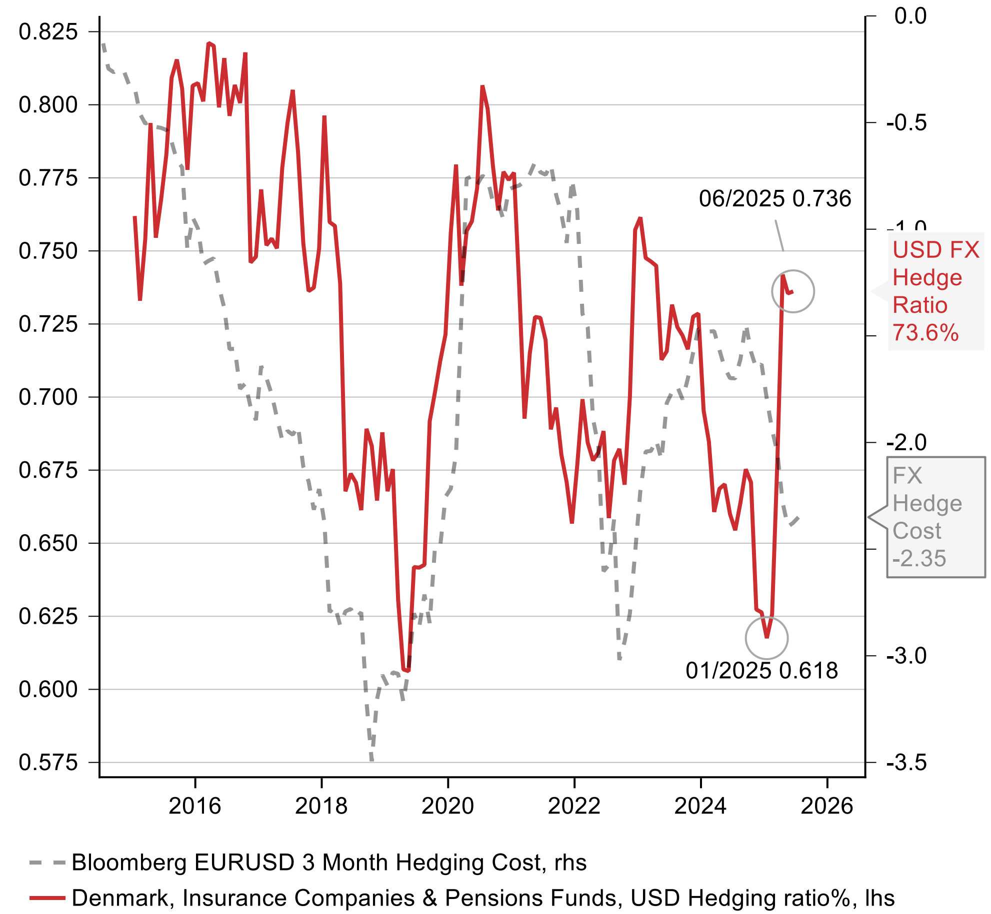
Data surprises

Leading Indicators, Citi, Economic Surprise Indices



Danish USD FX hedges shot higher in April but have been flat since

Danish Insurance Companies and Pension Fund USD exposure



Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

EUR FX

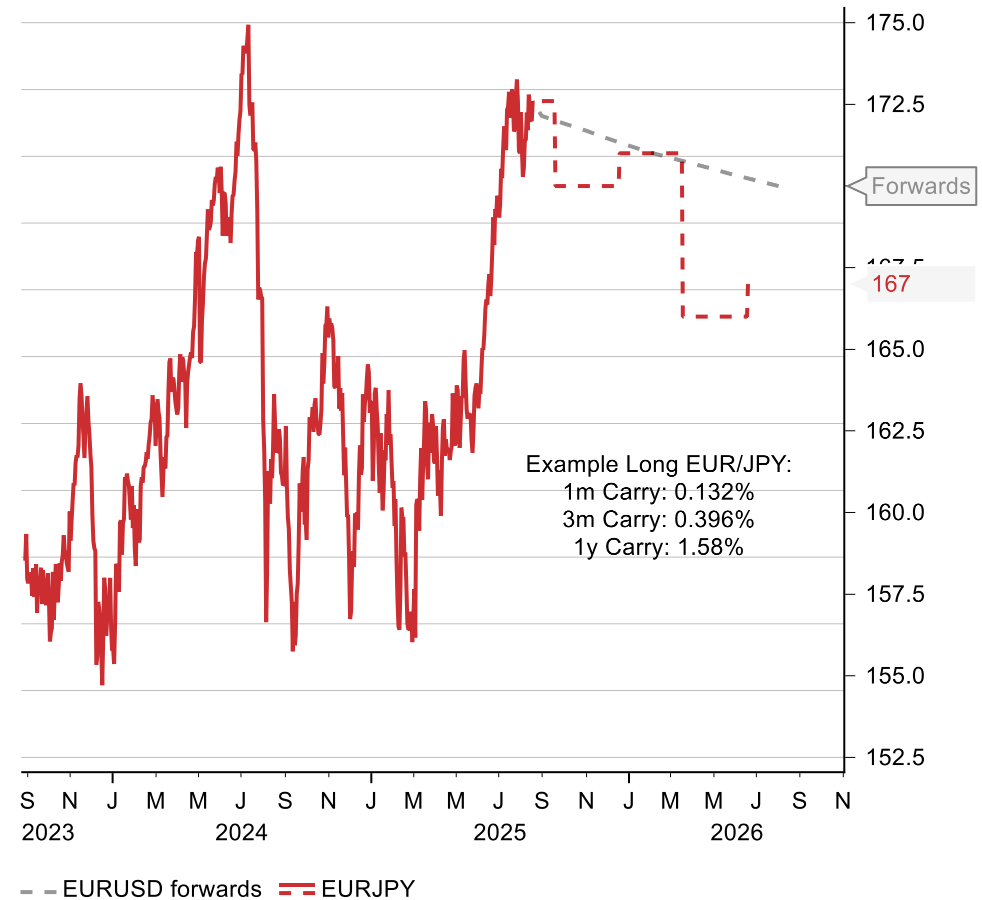
1. **EUR/USD forecasts**
2. **EUR/JPY forecasts**

EUR/USD forecasts

Mizuho EUR forecasts, higher spending = EUR up

EUR/JPY forecasts

Mizuho EUR/JPY forecasts

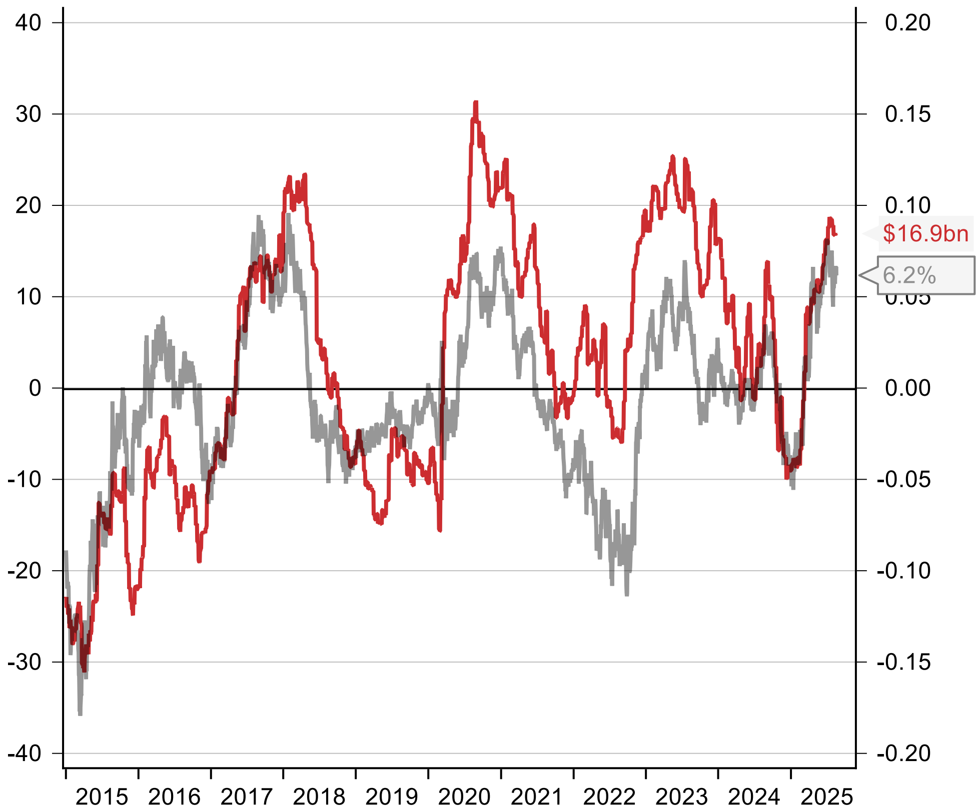


EUR FX

1. **EUR FX longs are turning?**
2. **EUR positioning by investor**

EUR FX Positioning

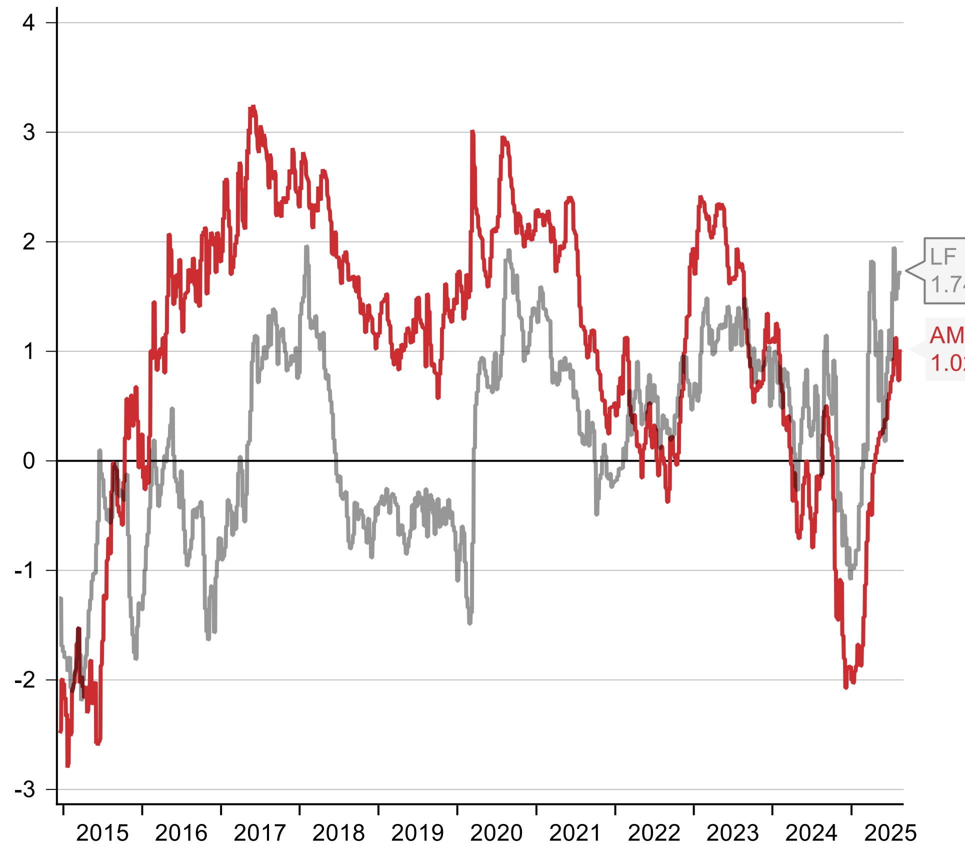
EURUSD Non-commercial net positioning



EURUSD (dev from average 1yr), rhs
EUR Non-commercial net positioning ($bn), lhs

EUR positioning by investor type, Hedge Funds look exposed

Net FX positioning by investor type (5yr z-score)



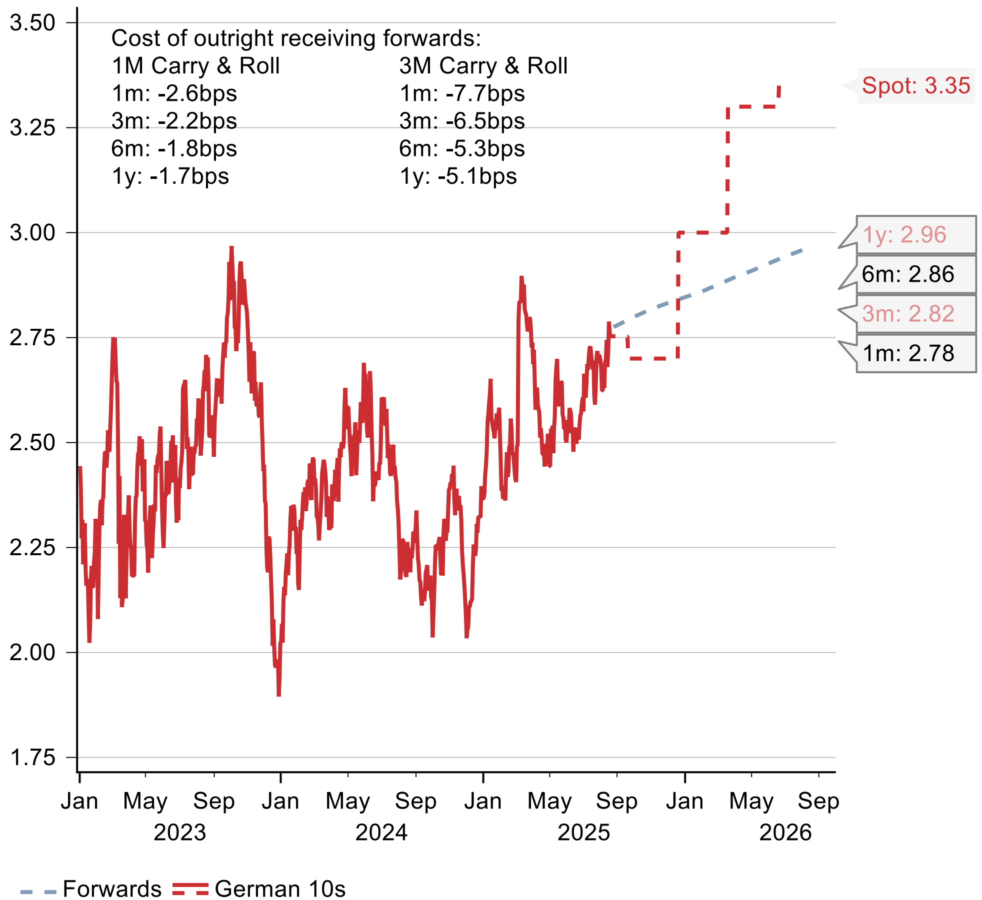
Leveraged Funds, EUR   Asset Manager/Institutional, EUR

EUR Rates - Duration

1. **German 10yr vs forwards**
2. **10yr UST-Bund spreads vs forwards**

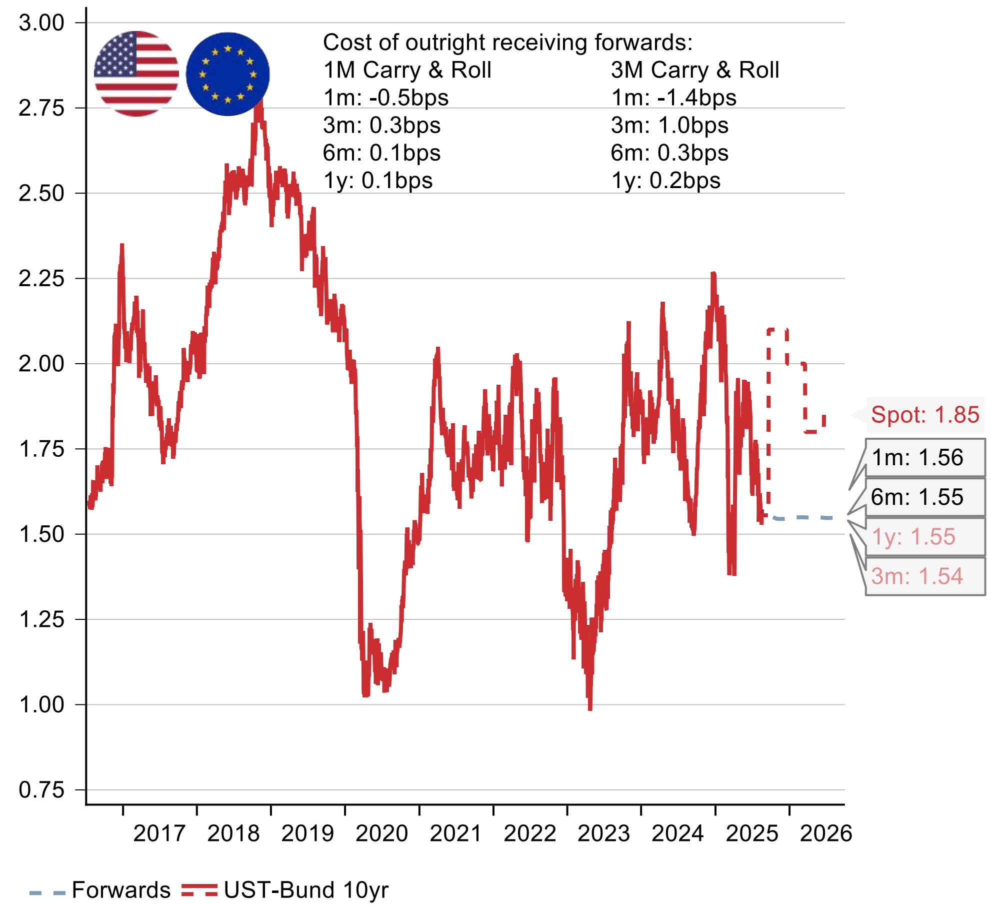
10yr Bunds

Germany 10s vs forwards



UST-Bund 10yr spread

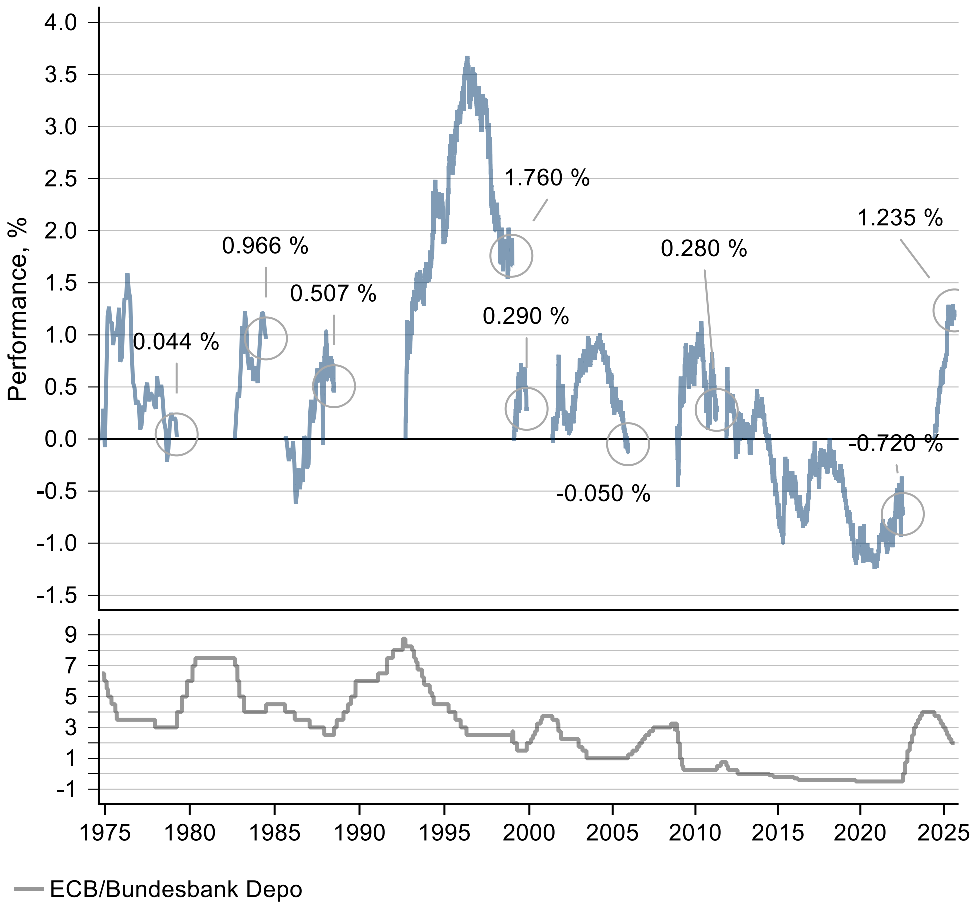
UST-Bund 10yr spread vs forwards and forecasts



1. **German 2s10s in cutting cycles**
2. **German 2s10s vs forwards**

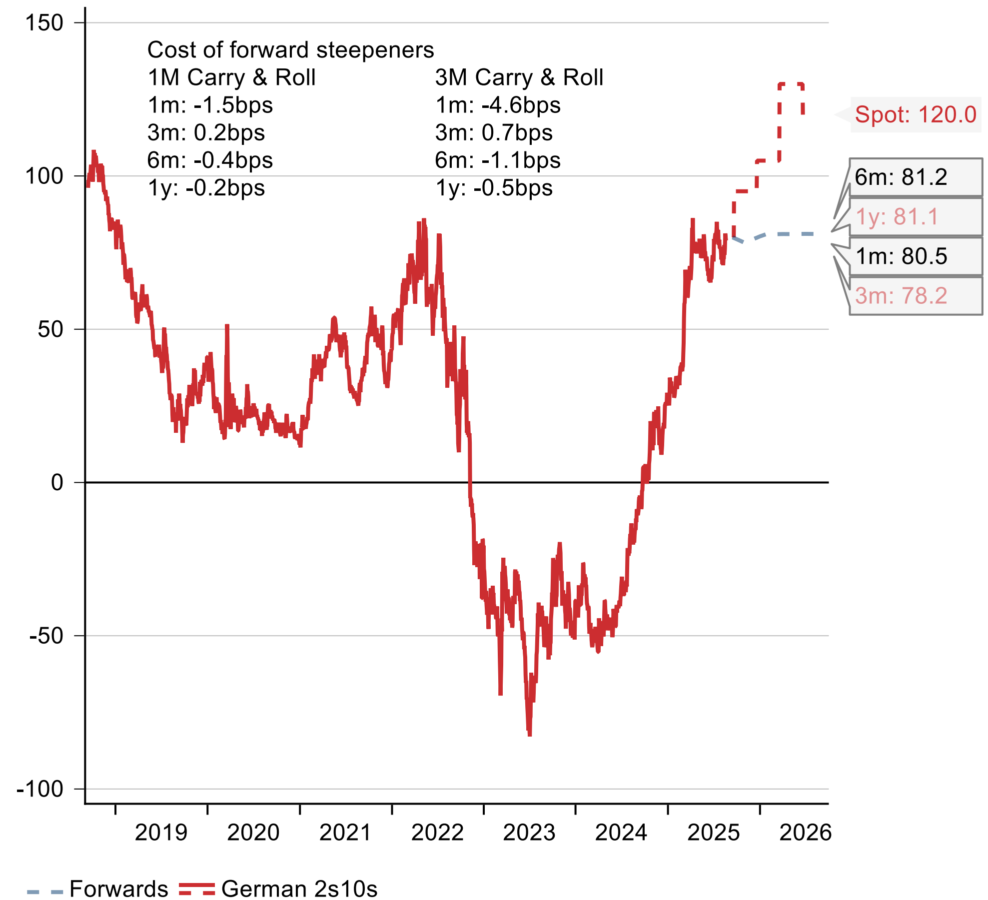
10yr Bunds

German 2s10s in cutting cycles



German 2s10s vs forwards

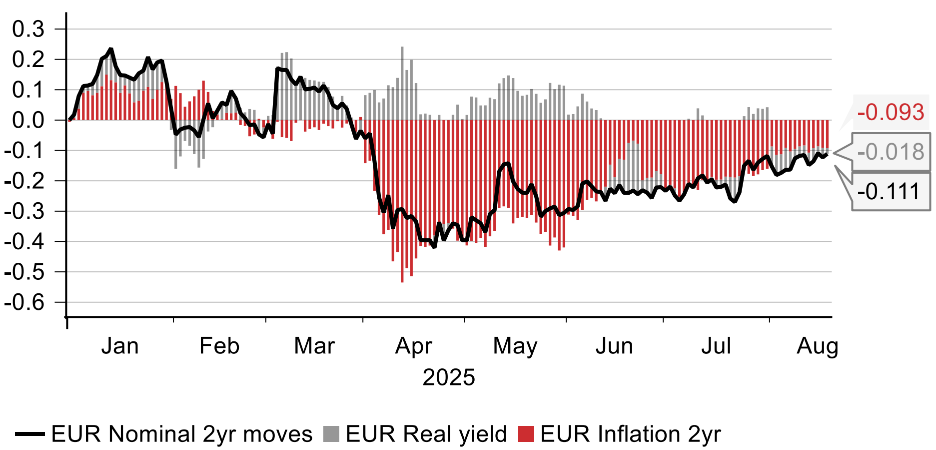
Bund 2s10s vs forwards



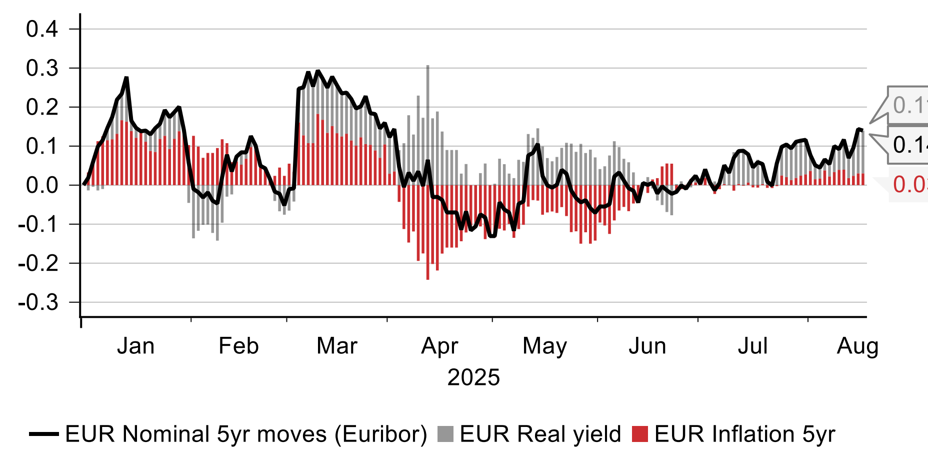
EUR rates moves broken down

- **The post Liberation Day bid in the front-end has been fading and real rates are pushing yields higher. The ECB is in a "wait-and-see" stance, which keeps inflation under control.**
- **The rise in long-term real yields is based on two key structural themes: the German bazooka story and Dutch pension reform.**

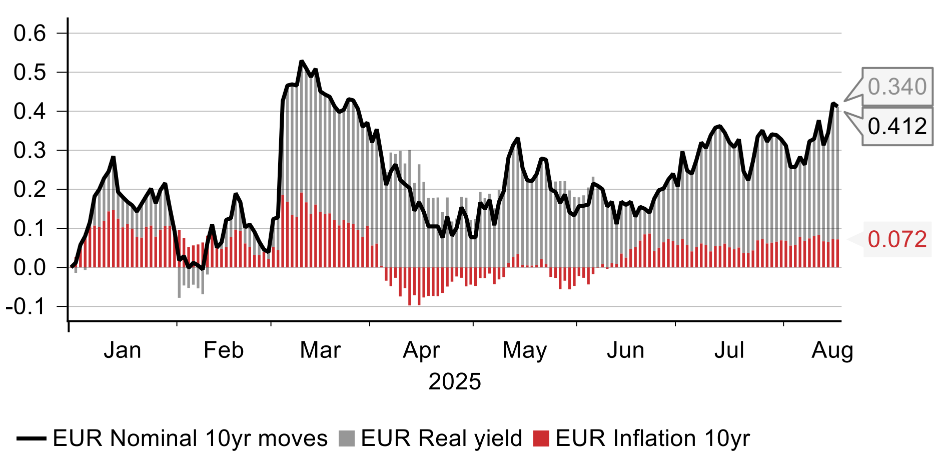
Changes in EUR 2yr split into real vs inflation expectations



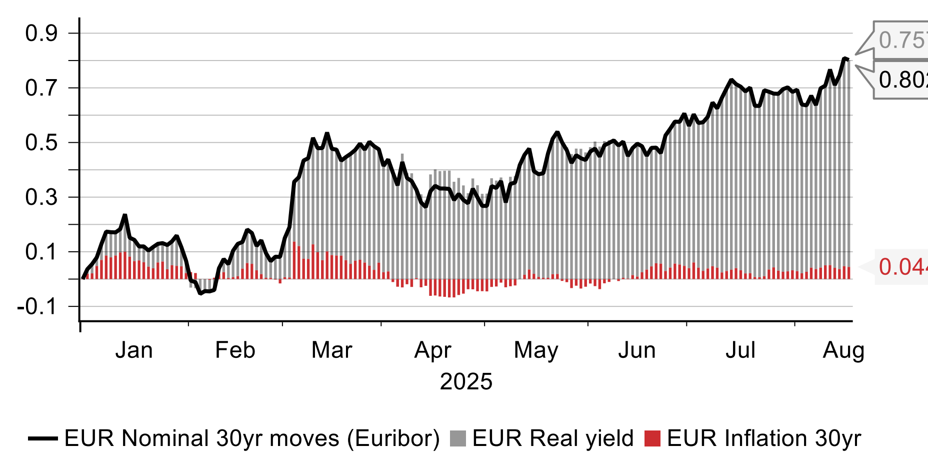
Changes in EUR 5yr split into real vs inflation expectations



Changes in EUR 10yr split into real vs inflation expectations



Changes in EUR 30yr split into real vs inflation expectations



Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

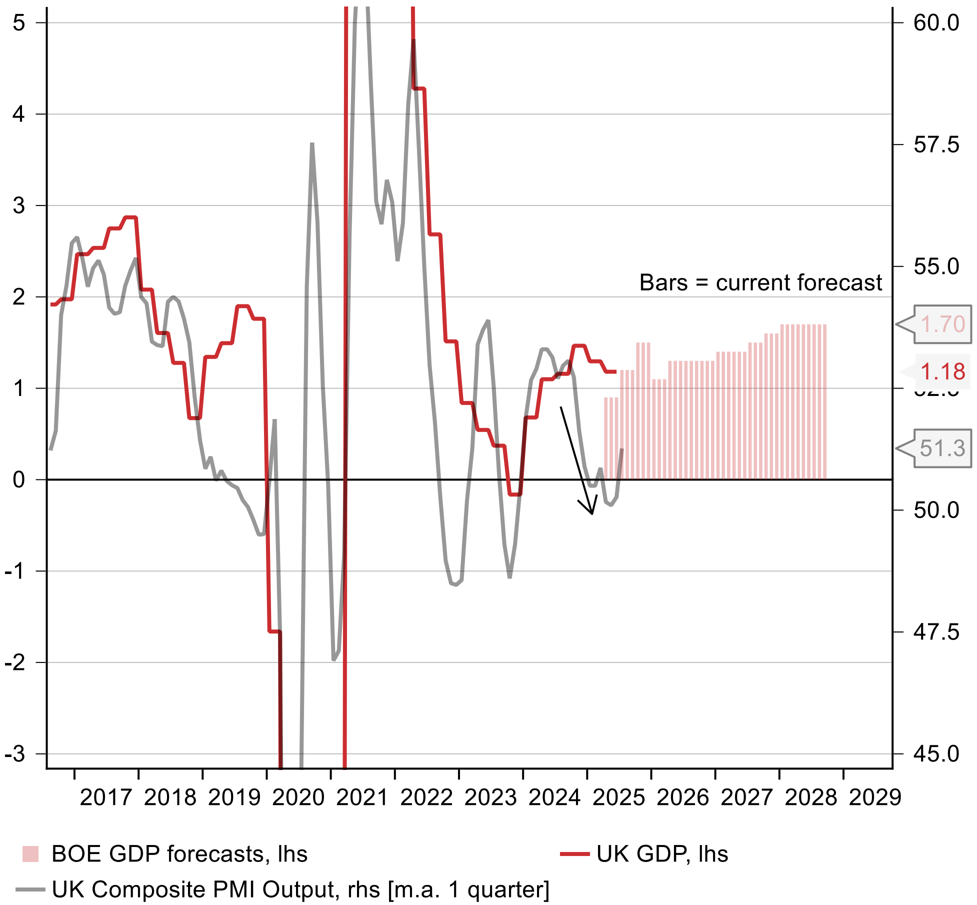
GBP

GBP Growth & Inflation – overly optimistic growth, firm inflation in 2025

1. **PMIs have rebounded but are the GDP forecasts too optimistic on housing investment (planning reform)?**
2. **The problem is inflation is expected to rise towards 4% before cooling off to 2% in 2027**

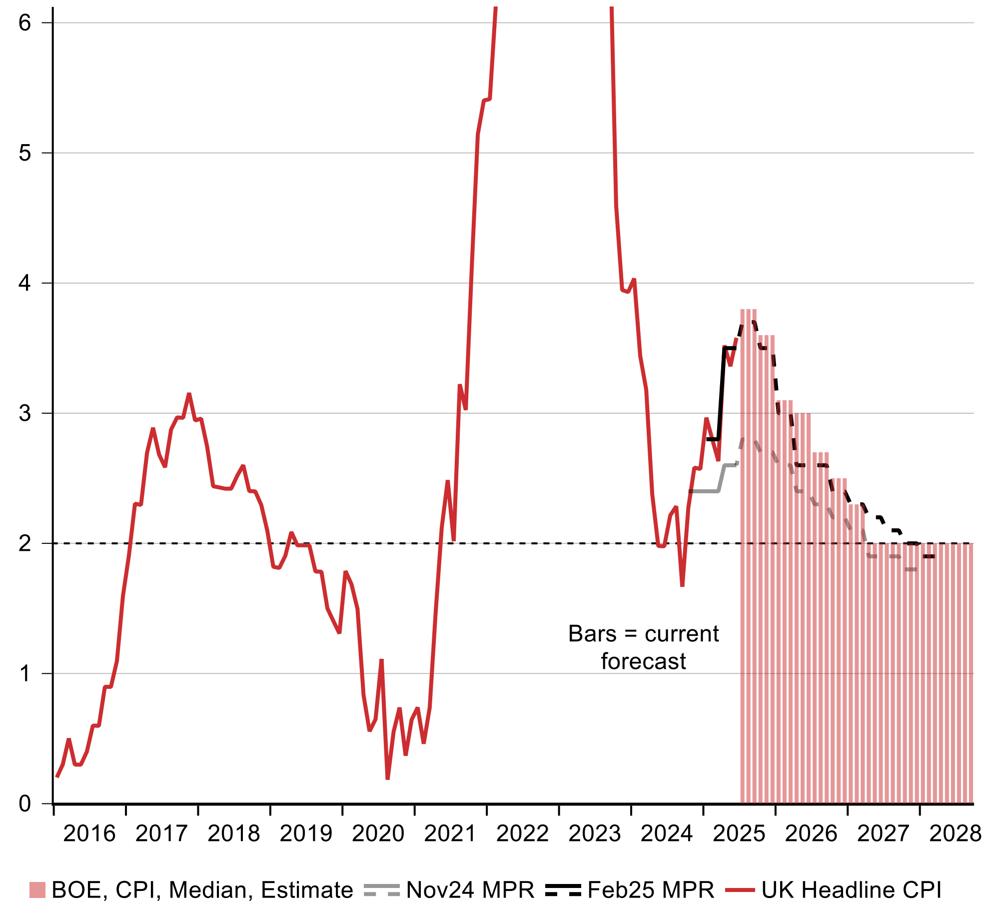
BOE GDP forecasts vs PMI

BOE GDP forecasts vs PMI



BOE inflation forecasts

BOE CPI Estimates (quarterly) vs previous MPRs

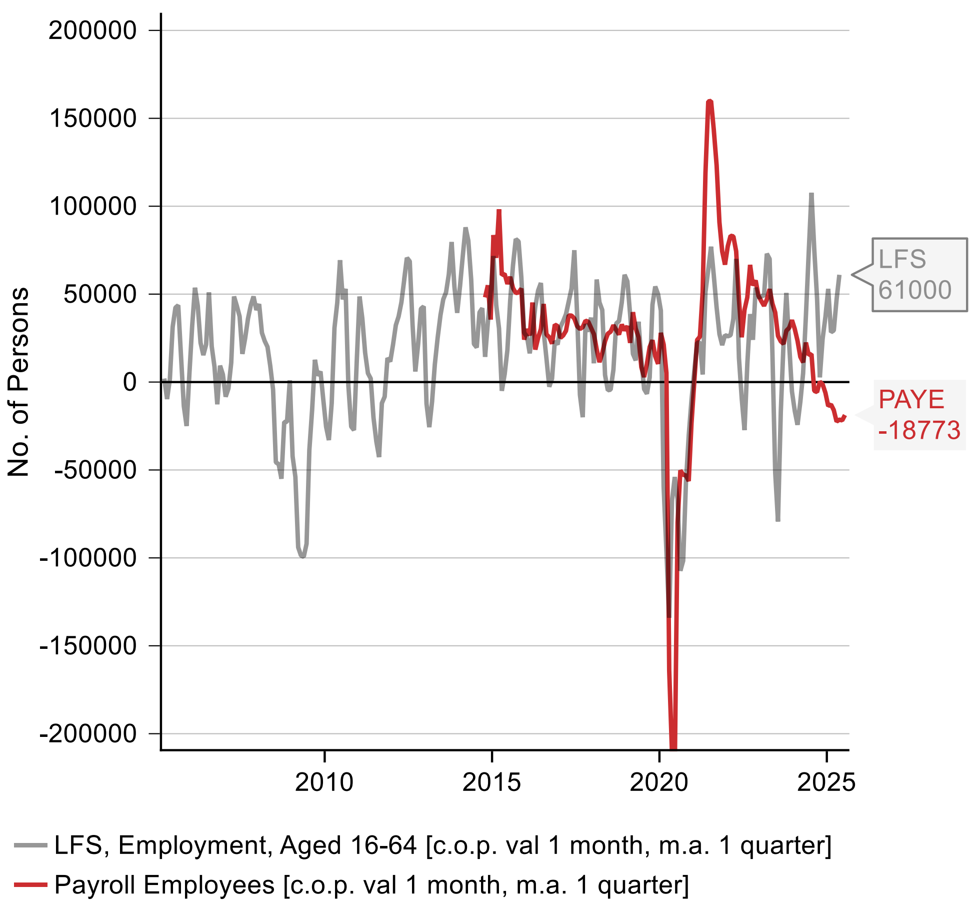


GBP Labour markets – Unemployment to rise further, but noisy data

1. **PAYE gives a gloomier picture than the LFS establishment survey**
2. **The KPMG REC report on Jobs suggest a grind higher in UK unemployment (4.7%)**

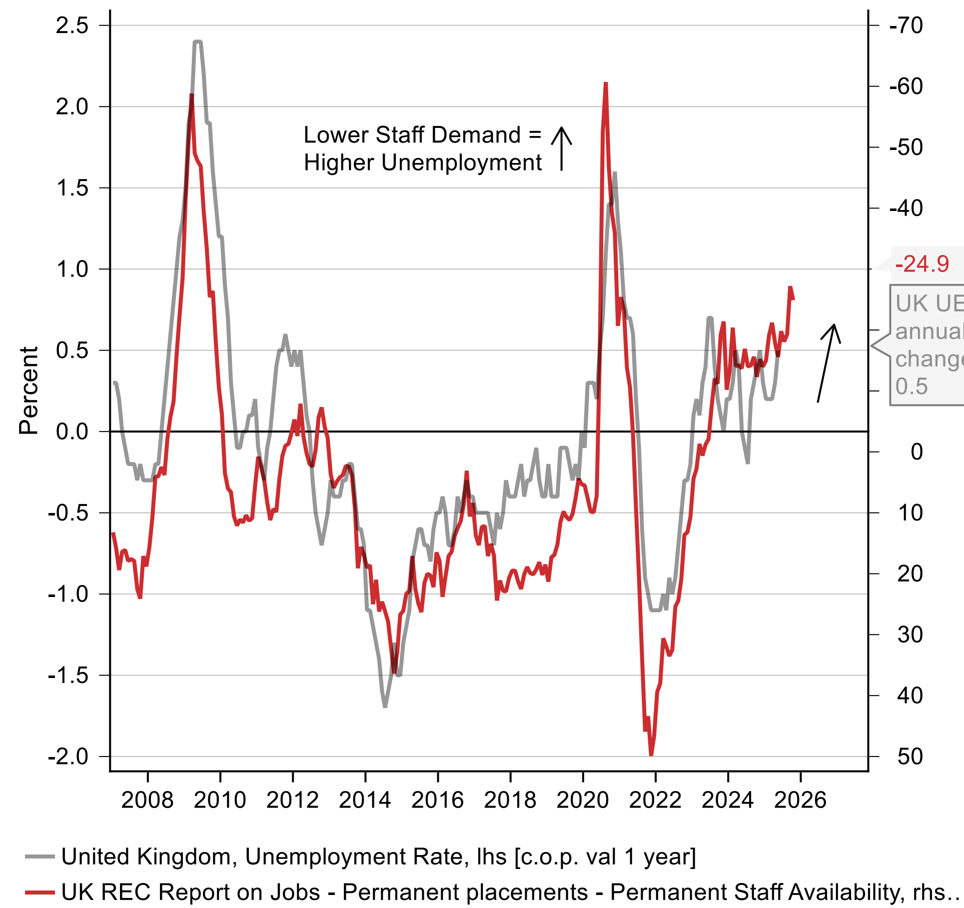
Conflicting messages on employment growth

PAYE employment growth vs LFS (3mma)



BOE inflation forecasts

UK REC points to higher unemployment ahead



GBP STIRT

- **BOE pricing**

BOE pricing (SONIA futures)

SONIA 1y1y vs Headline CPI

Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

GBP FX

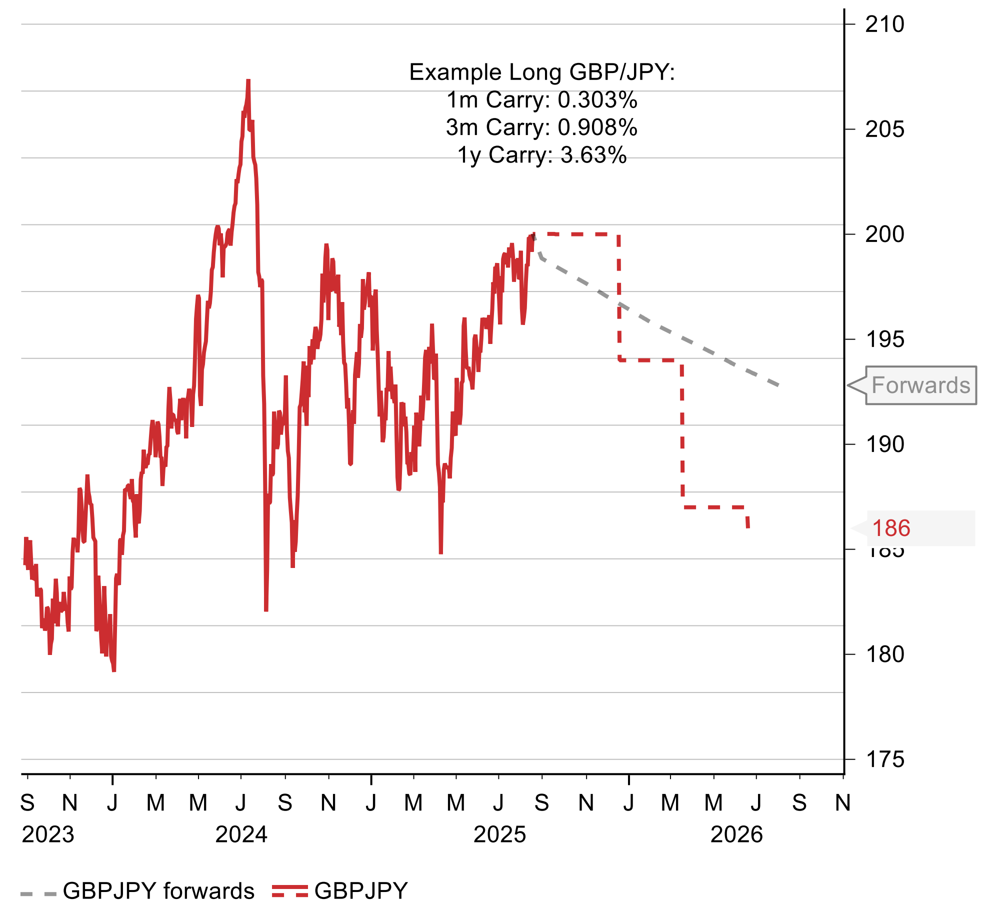
1. **GBP/USD forecasts**
2. **GBP/JPY forecasts**

GBP/USD forecasts

Mizuho GBP forecasts

GBP/JPY forecasts

Mizuho GBP/JPY forecasts

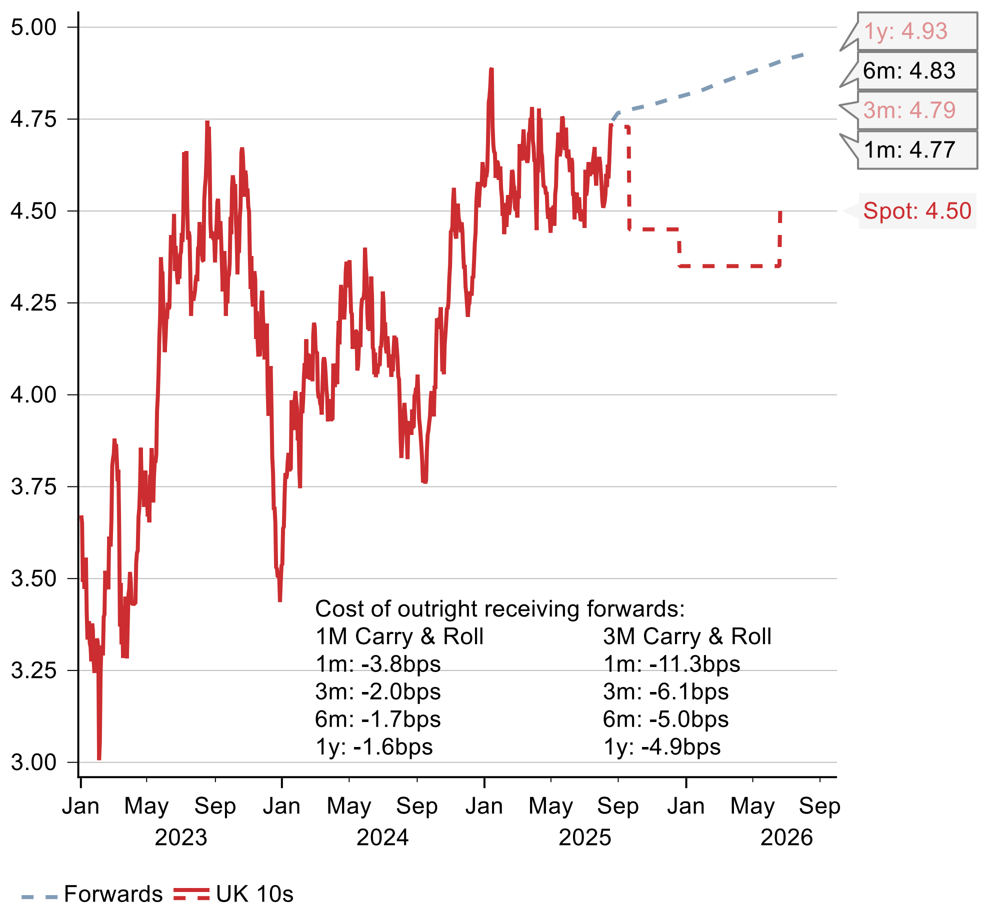


GBP Rates - Duration

1. **UK 10yr vs forwards**
2. **10yr UST-Gilt spreads vs forwards**

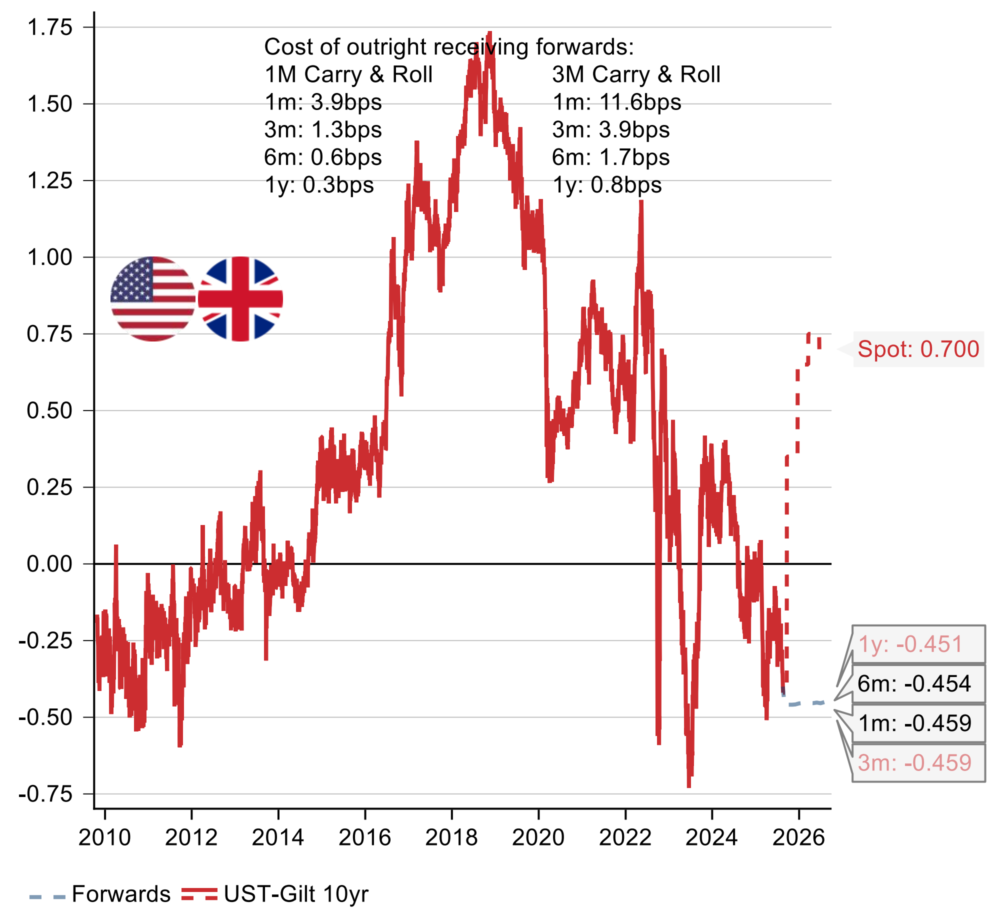
10yr Gilts

UK 10s vs forwards



UST-Gilt 10yr

UST-Gilt 10yr spread vs forwards and forecasts

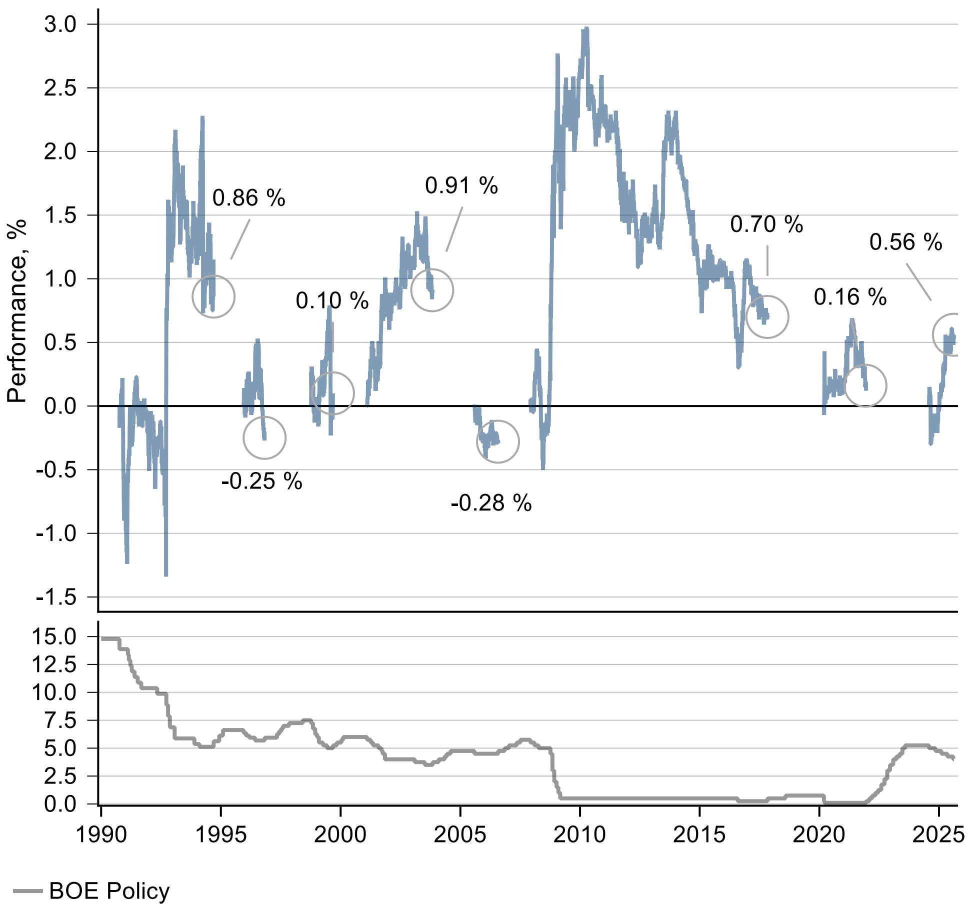


GBP Rates - Curve

1. **UK 2s10s in cutting cycles**
2. **UK 2s10s vs forwards**

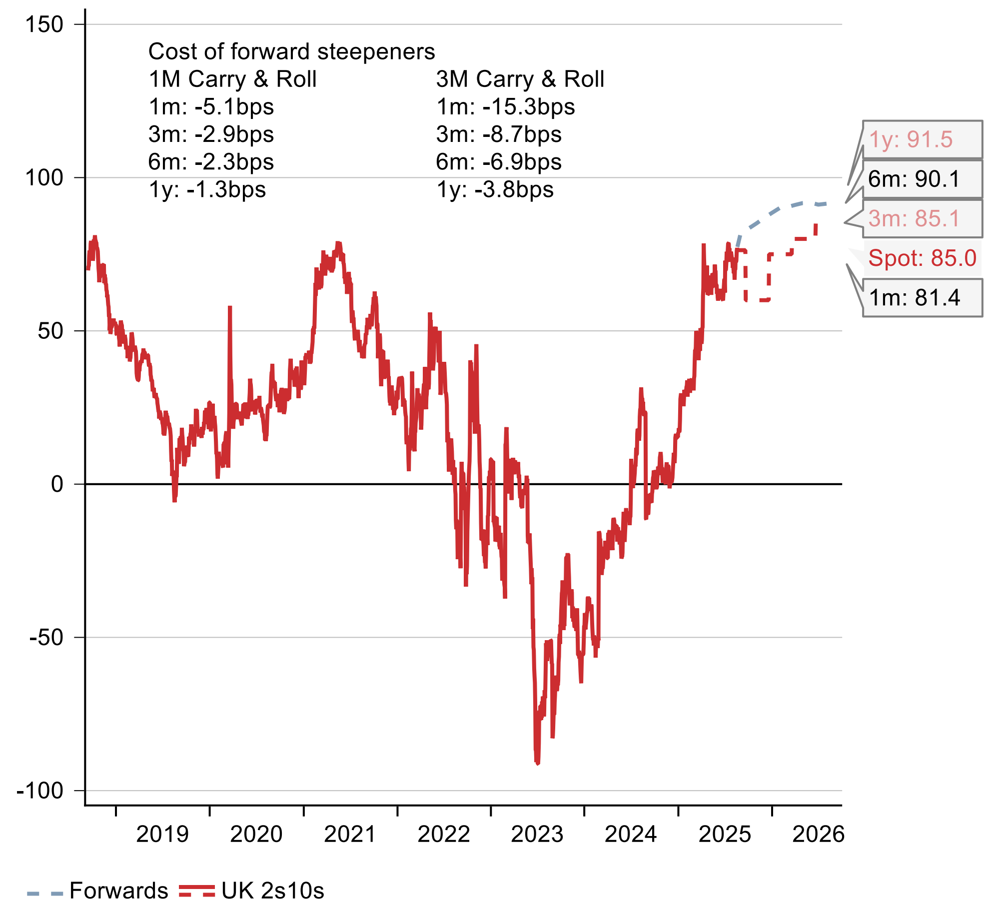
UK 2s10s

UK 2s10s in cutting cycles



UK 2s10s vs forwards

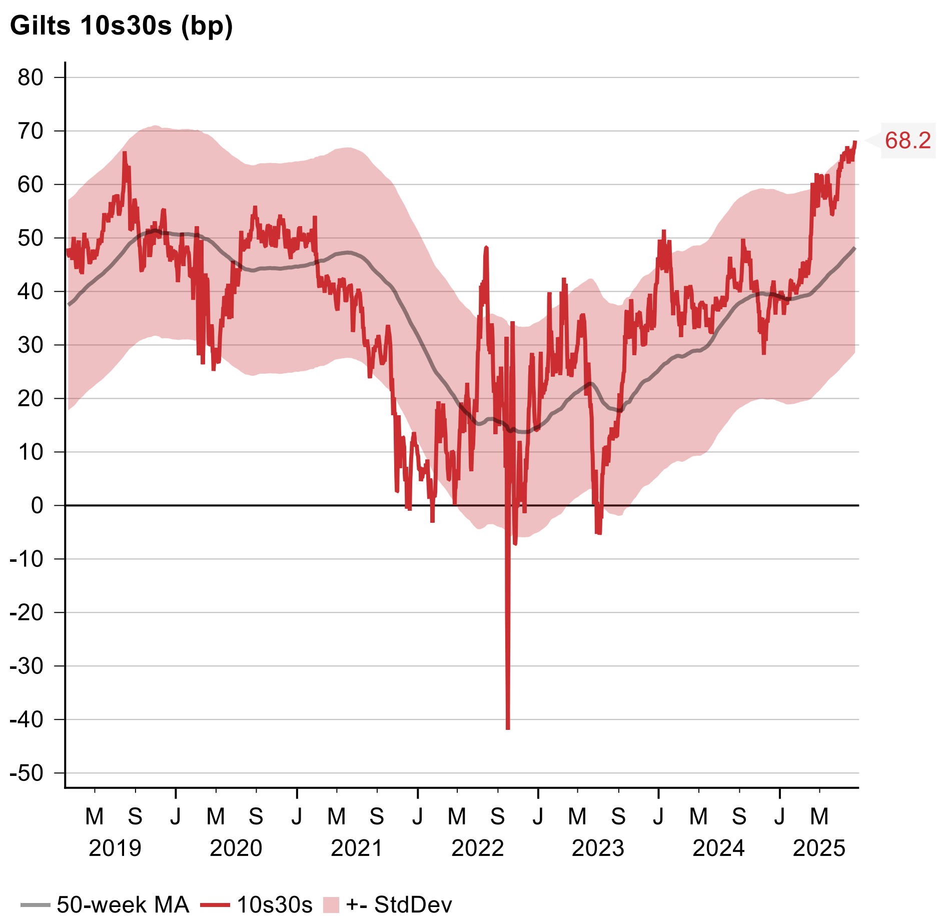
Gilts 2s10s vs forwards



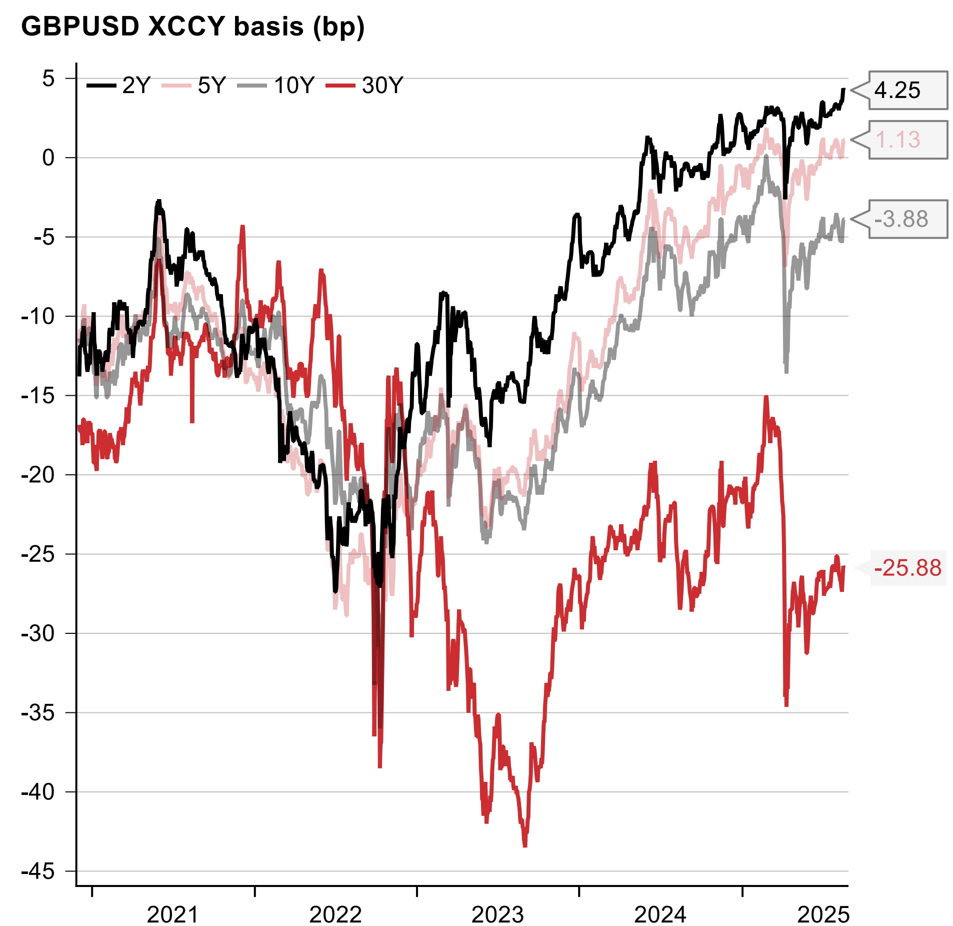
GBP Rates - Curve

1. **What's going on in the long end of the curve? Time to flatten?**
2. **DMO (via less long-end issuance) and BoE (via active QT stop) can provide support to the super long end, which remains very dislocated**

UK 10s30s



GBPUSD XCCY basis spreads



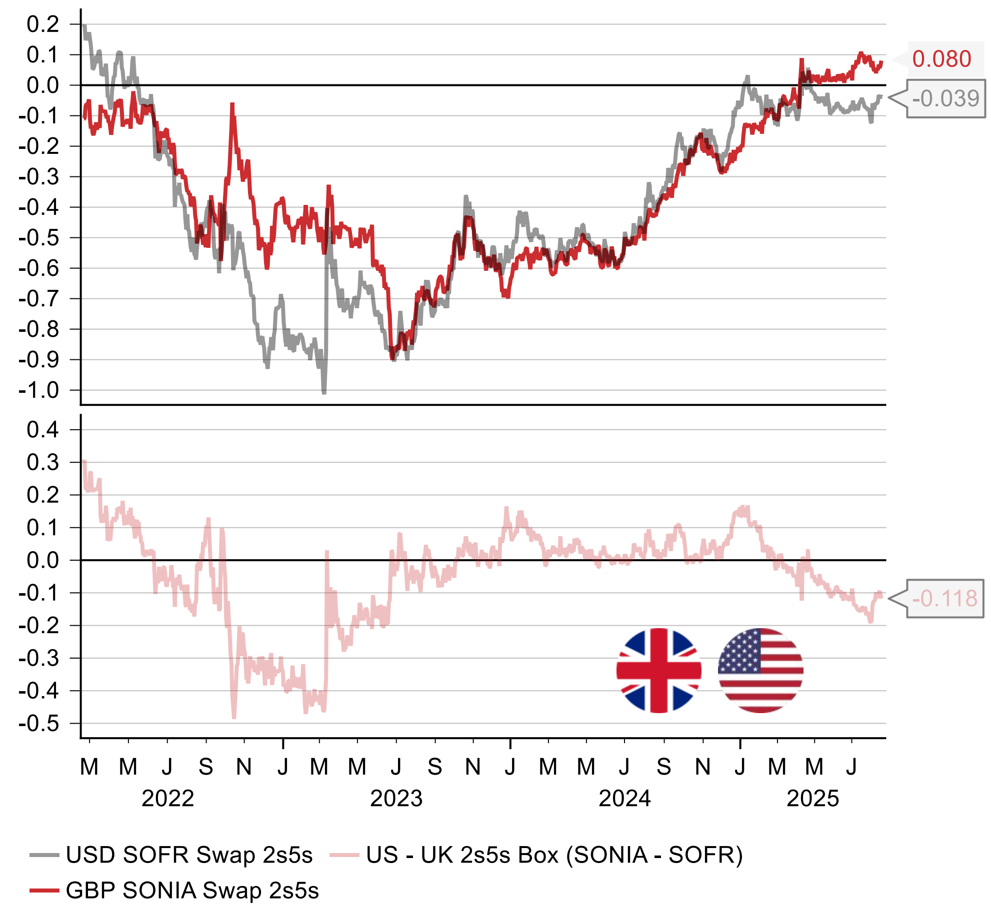
Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

GBP Rates – Curve vs US

1. **UK 2s5s to out steepen the US?**
2. **Cost of holding 2s5s steepeners (in swaps)**

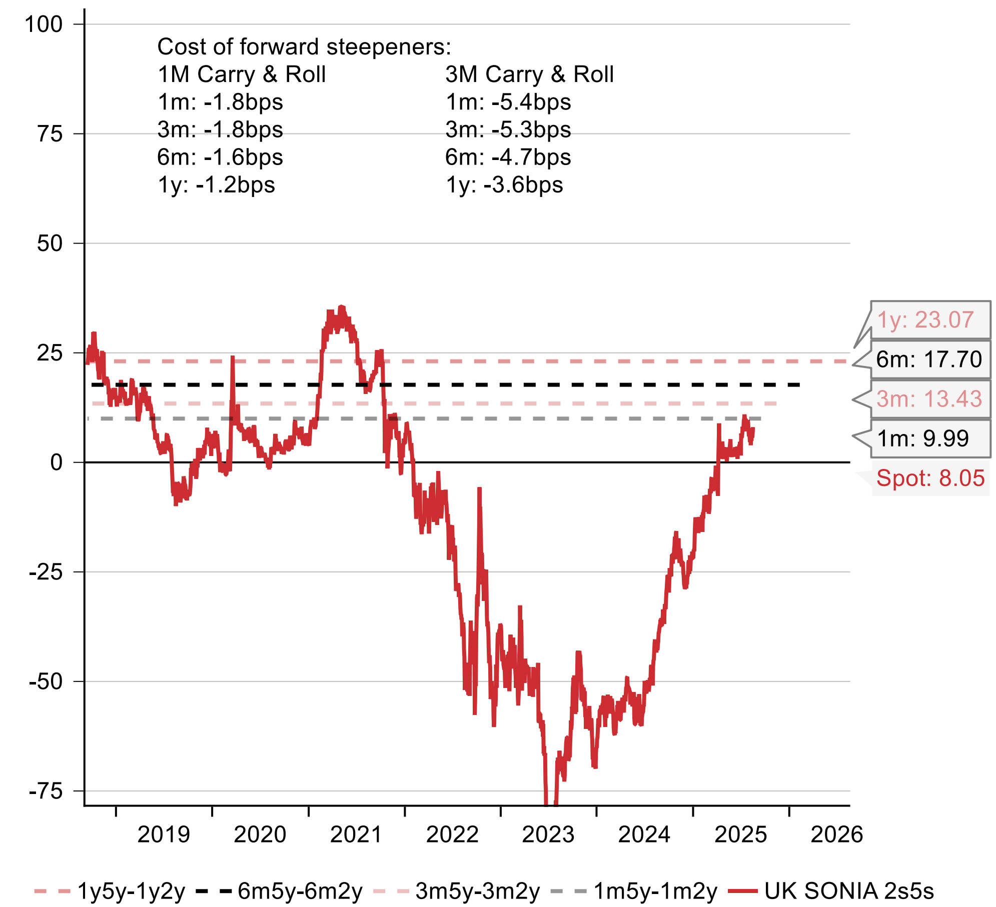
US-UK 2s5s Box spread

US - UK 2s5s Box spread



UK 2s5s (SONIA Swaps)

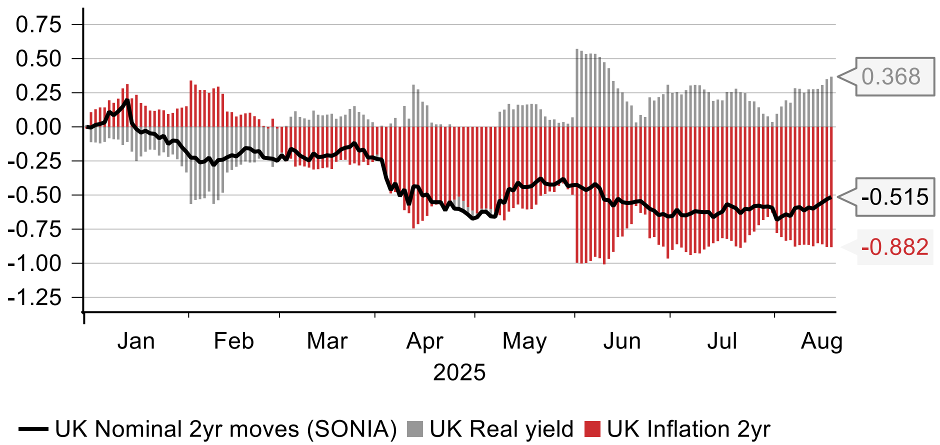
UK SONIA 2s5s vs forwards



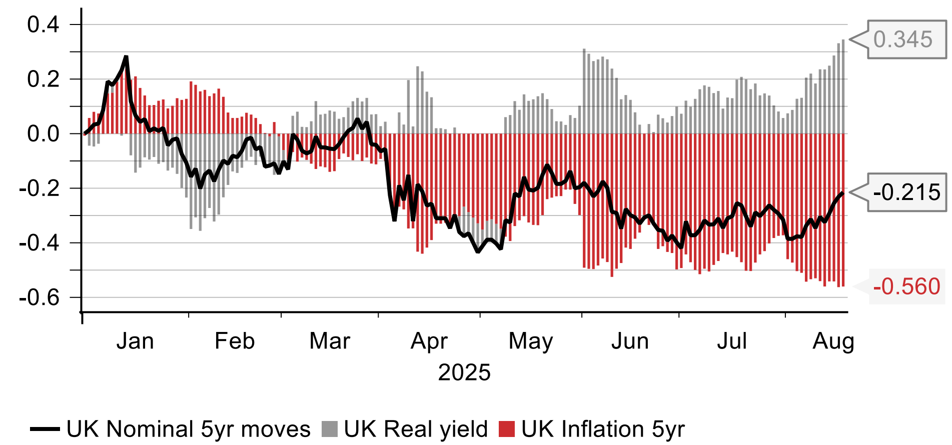
GBP rates moves broken down

- **The disinflation push has been much stronger in the UK**
- **Real rates are driving the surge in long end yields, with markets demanding an increasing term premia**

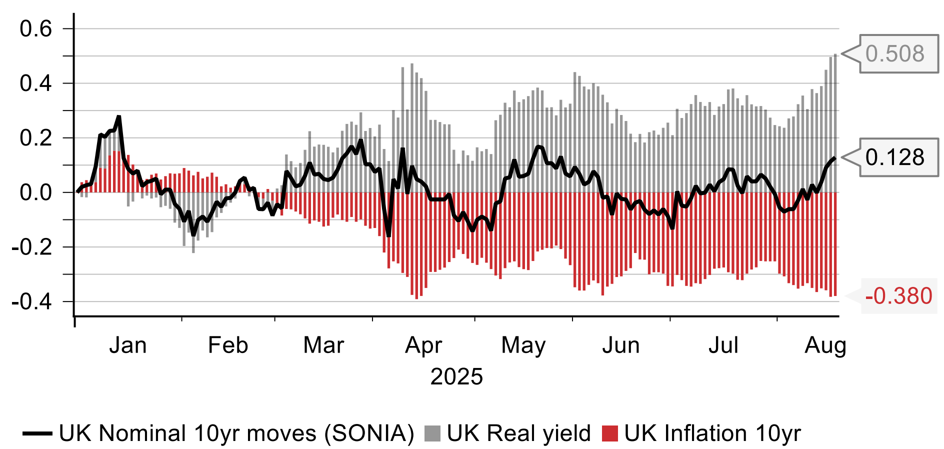
Changes in UK 2yr split into real vs inflation expectations



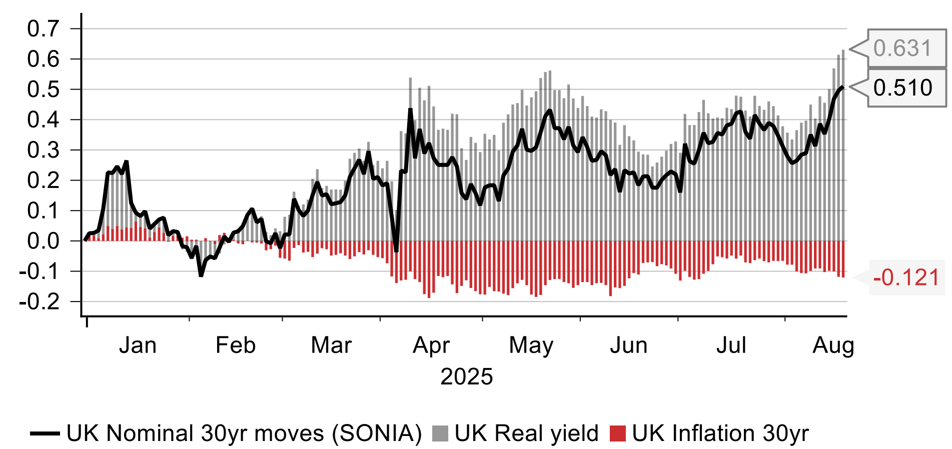
Changes in UK 5yr split into real vs inflation expectations



Changes in UK 10yr split into real vs inflation expectations



Changes in UK 30yr split into real vs inflation expectations



Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

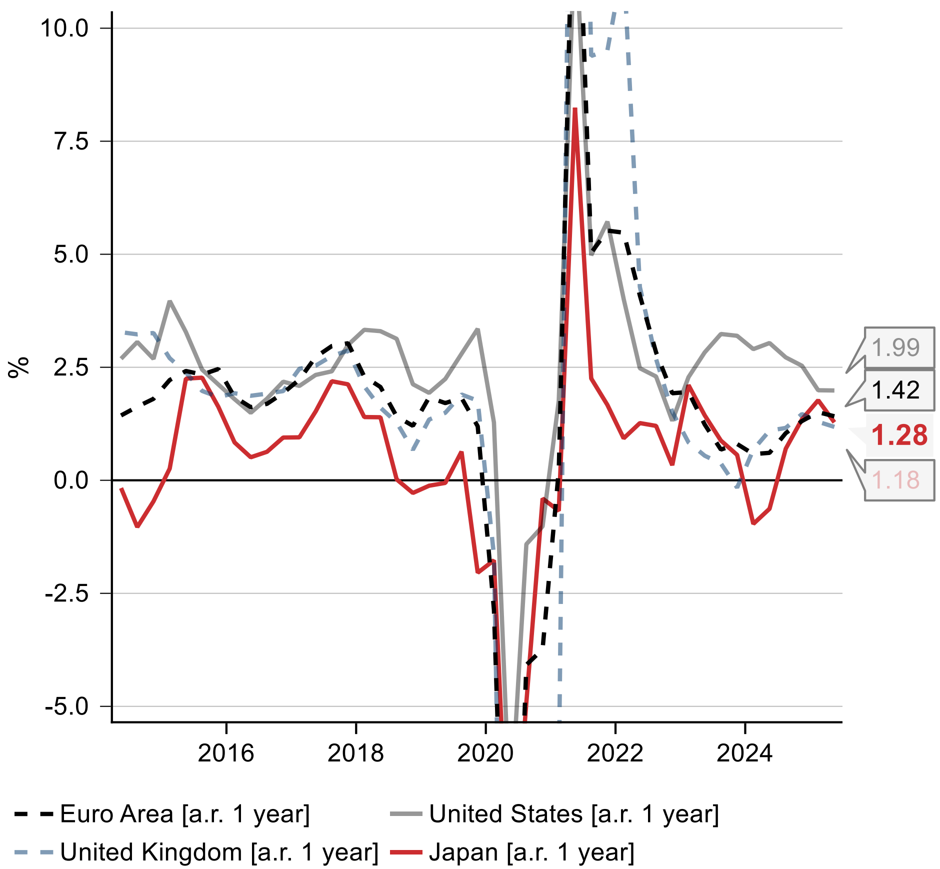
JPY

JPY Growth and Inflation

1. **Strong Tankan and PMIs along with corporate profits suggest steady growth ahead**
2. **But the output gap is negative in the BoJ's view and CPI should slow**

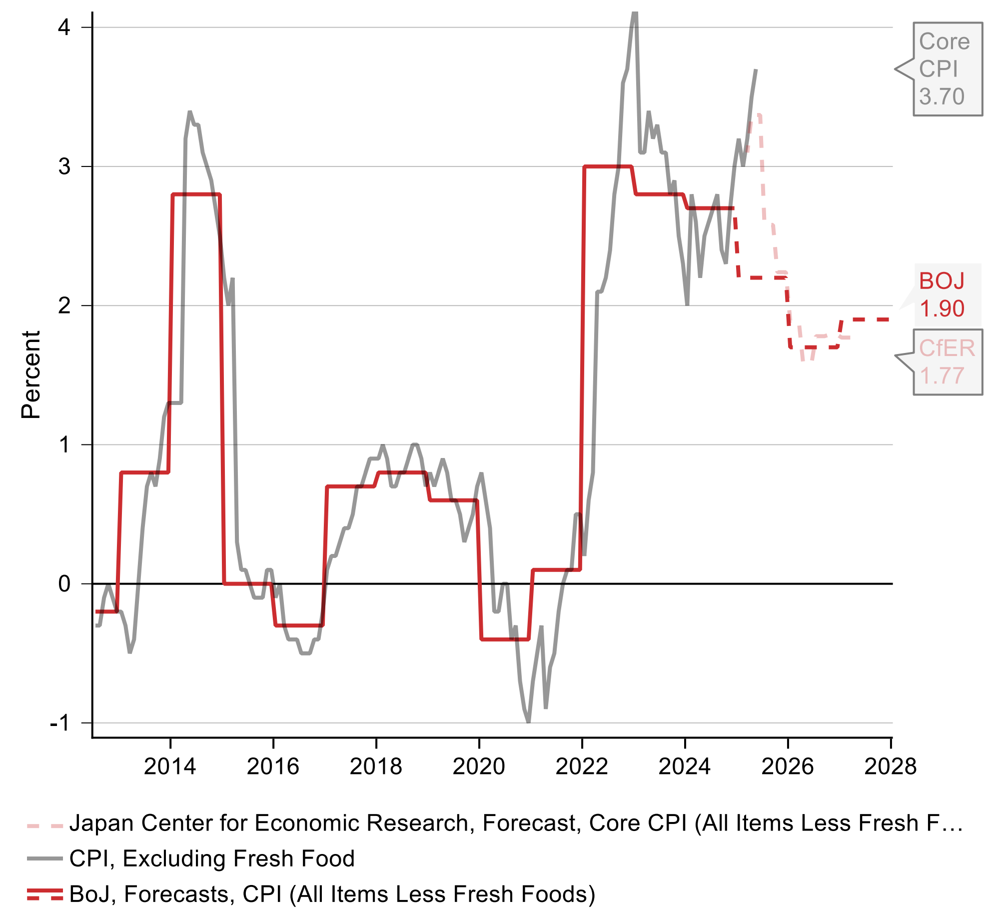
Healthier growth than the start of the year

Japan's growth has rebounded from mild recession



But a negative output gap has BoJ forecasts expecting a CPI slowdown

BOJ forecasts vs CPI (less fresh food)

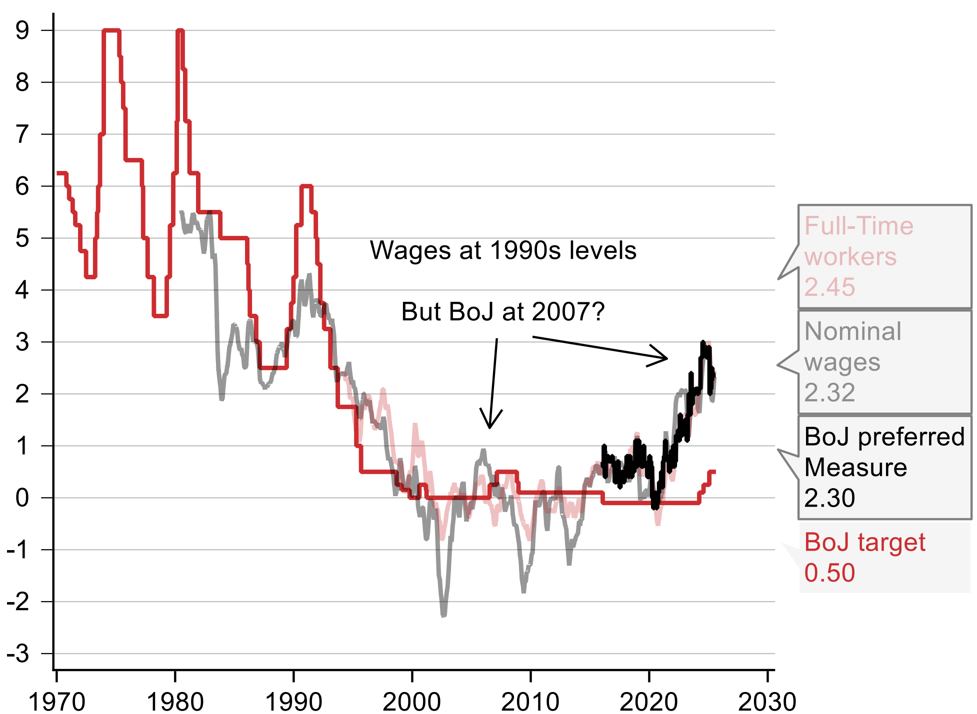


JPY Wages and Employment conditions

1. **Japan has 1990s levels of wage growth, but 2007 levels of rates**
2. **Japan has only once had this level of tight labour markets.**

Japan Wages

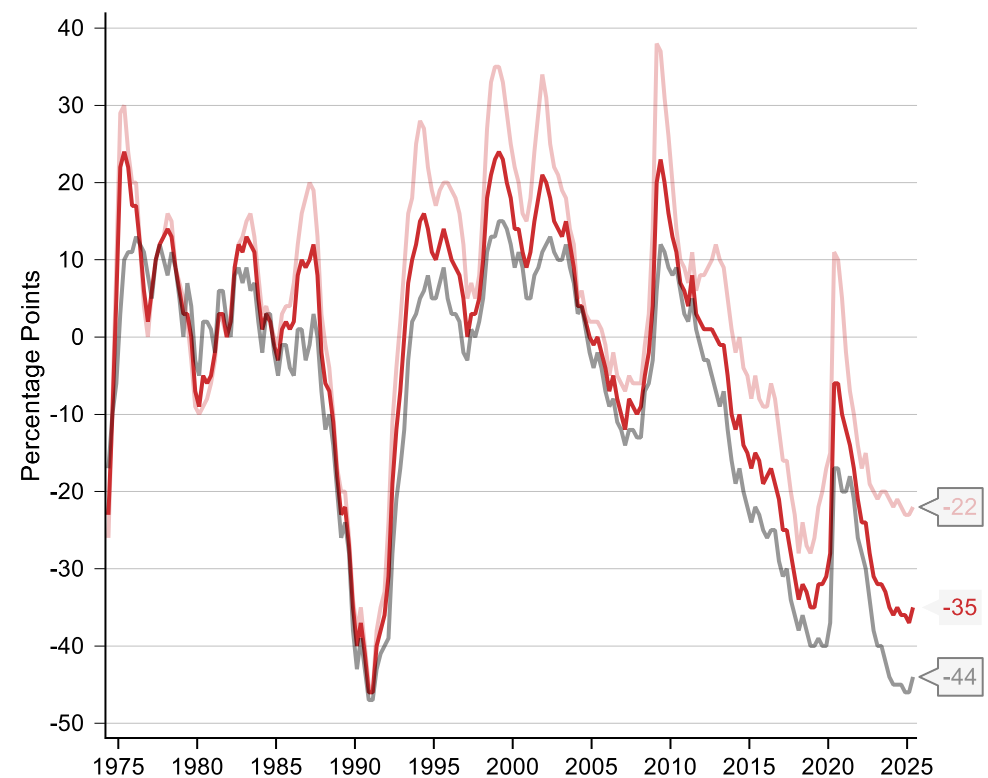
Japan Nominal Wages vs BOJ Policy



- Common Office, Full-Time Workers, scheduled cash earnings
- Contractual Cash Earnings, Scheduled, Full-Time Worker [a.r. 1 year, m.a…
- Japan Nominal Wages [a.r. 1 year, m.a. 1 quarter]
- Policy Rates, Bank of Japan

Tankan employment conditions for firms are very tight

Employment conditions, Tankan, Services vs Manufacturing



- Manufacturing, Diffusion Index, Actual Result
- Nonmanufacturing, Diffusion Index, Actual Result
- All Industries, Diffusion Index, Actual Result

JPY STIRT

- **BOJ TONAR pricing**
- **1y1y and 2yr swap vs BOJ**

What's priced for the BOJ?

BOJ policy vs TONA futures

Market Pricing of BOJ in 1yr and 2yr

BOJ policy vs Forwards and swaps

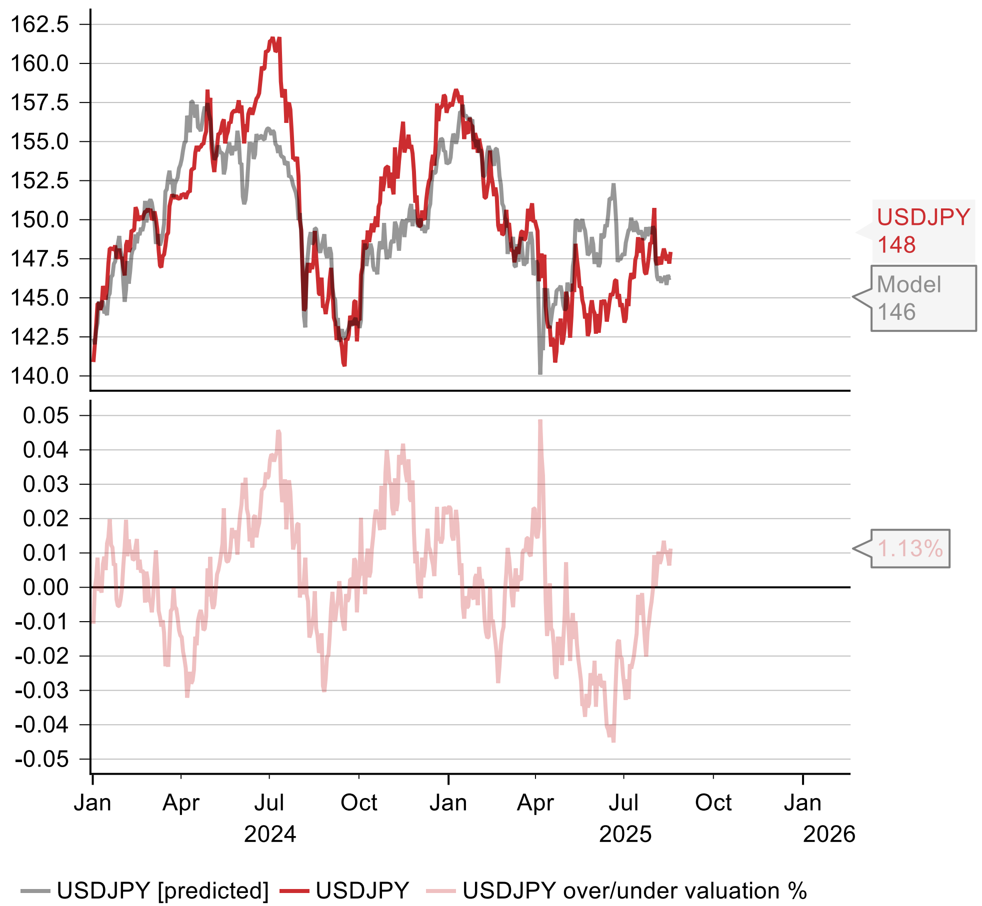
Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

JPY FX

1. USD/JPY multifactor model – short term fair value
2. USD/JPY forecasts

USD/JPY vs 10yr swap spreads

USDJPY fair valuation (2y nominal, 10yr real yield spreads, SPX and Oil)



USD/JPY forecasts

Mizuho USD/JPY forecasts

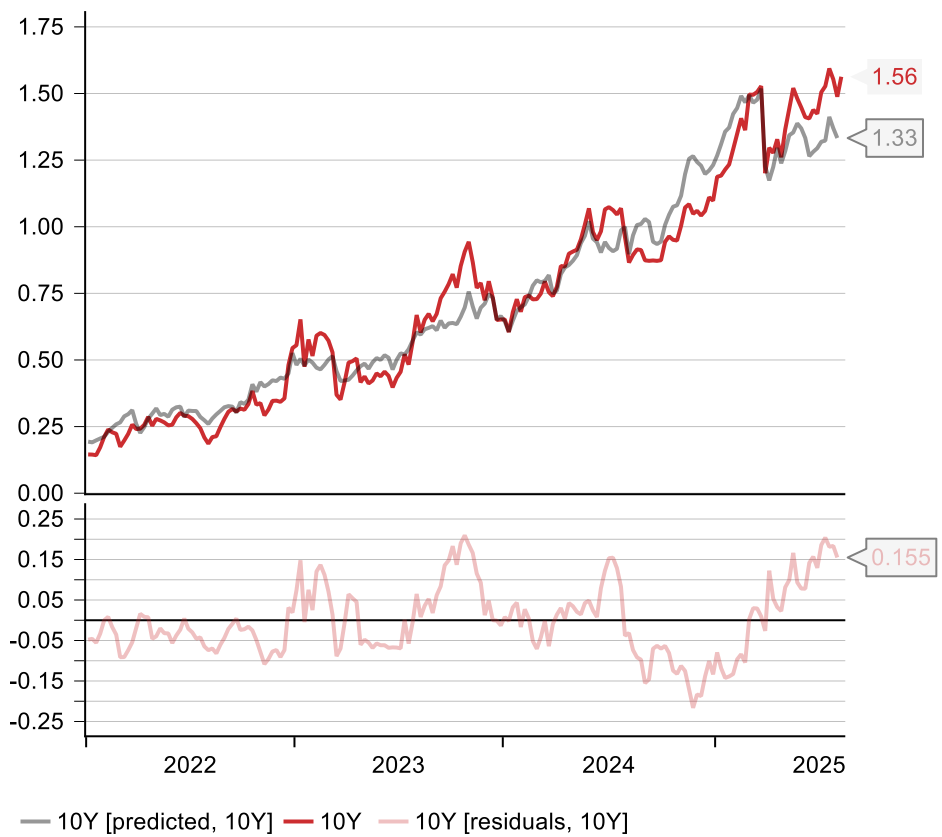
Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

JPY Rates

- **Multifactor modelling of 10yr JGB**
- **10s30s keeps steepening. Reasons: domestics are sidelined and illiquid part of the curve + fiscal expectations?**

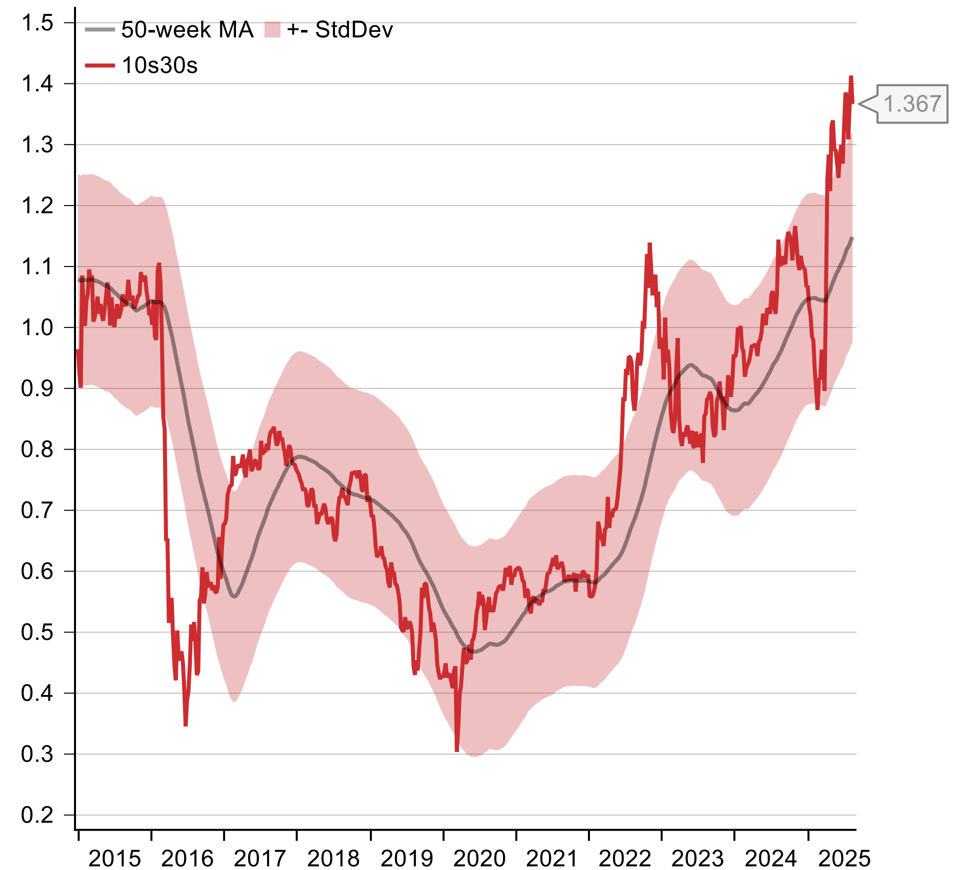
Is the 10yr trading on the cheap side?

Based on a 5year lookback regression (6m6m fwd rate, BoJ buying, 10Y BE)



When will domestic investors step into the ultra long end?

JGB 10s30s (bp) just keeps steepening



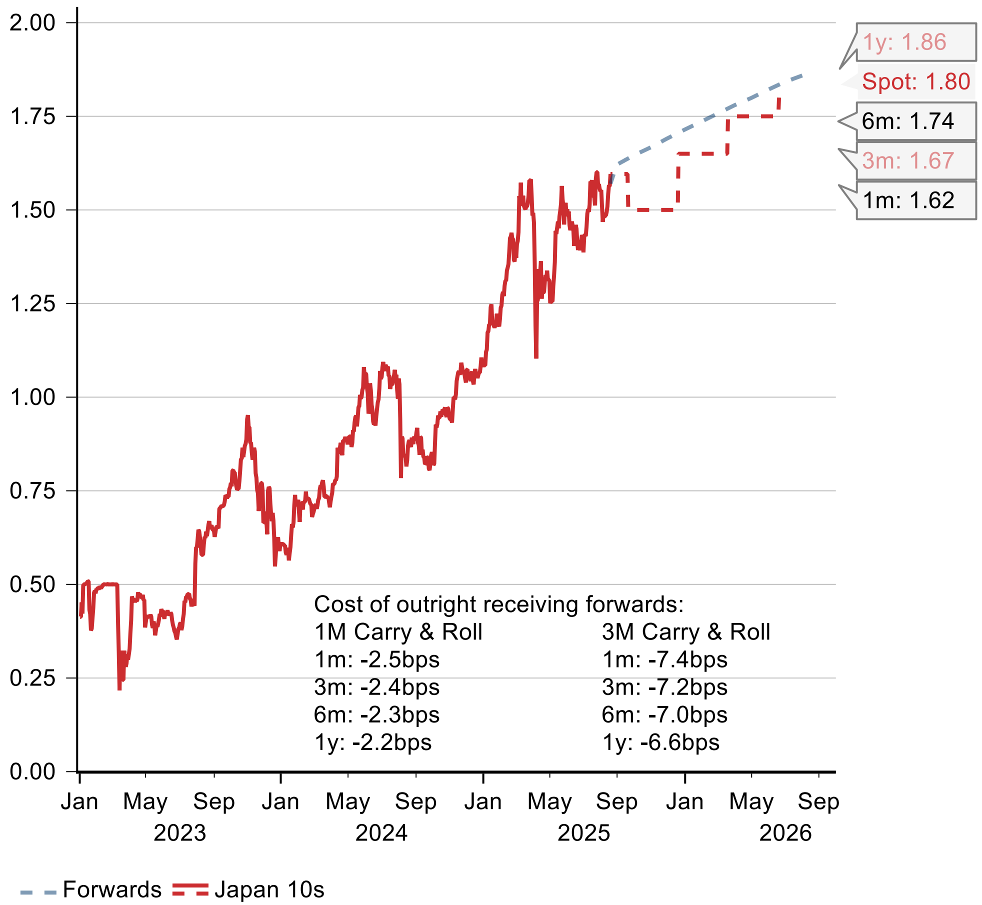
Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

JPY Rates - Duration

1. **Japan 10yr vs forwards**
2. **10yr UST-JGB spreads vs forwards**

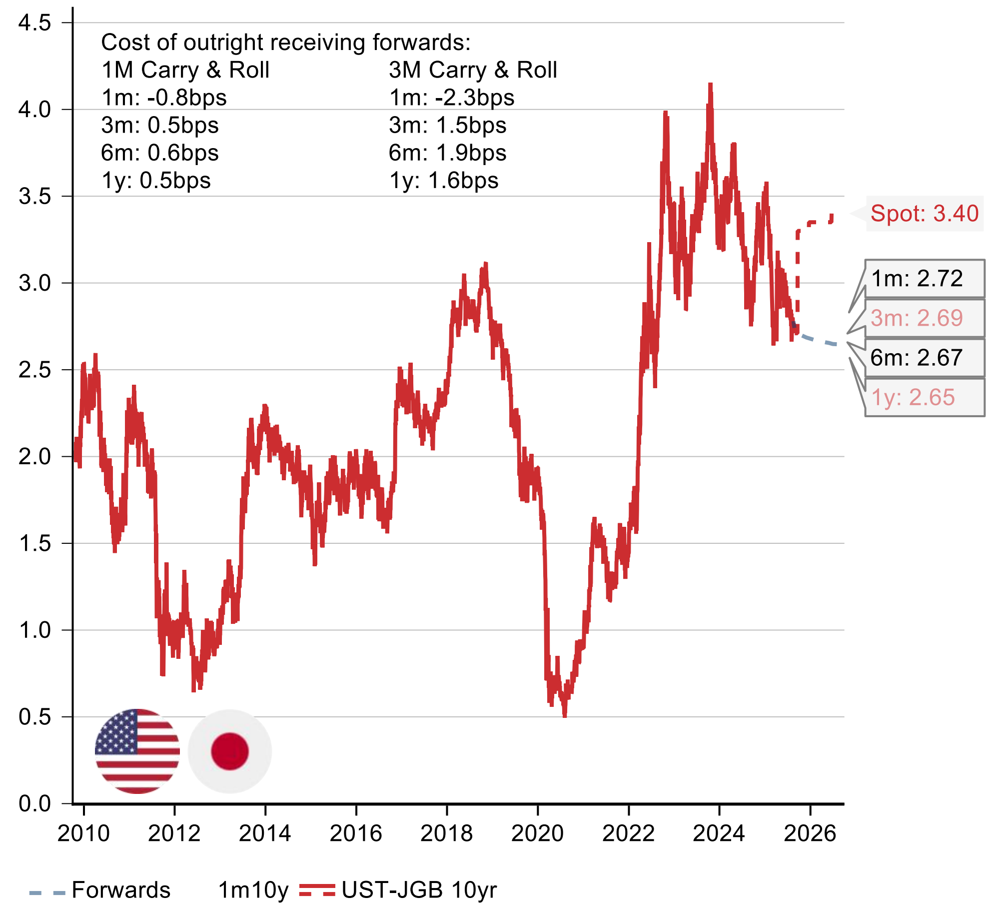
10yr JGB

Japan 10s vs forwards



UST-JGB 10yr spread

UST-JGB 10yr spread vs forwards and forecasts



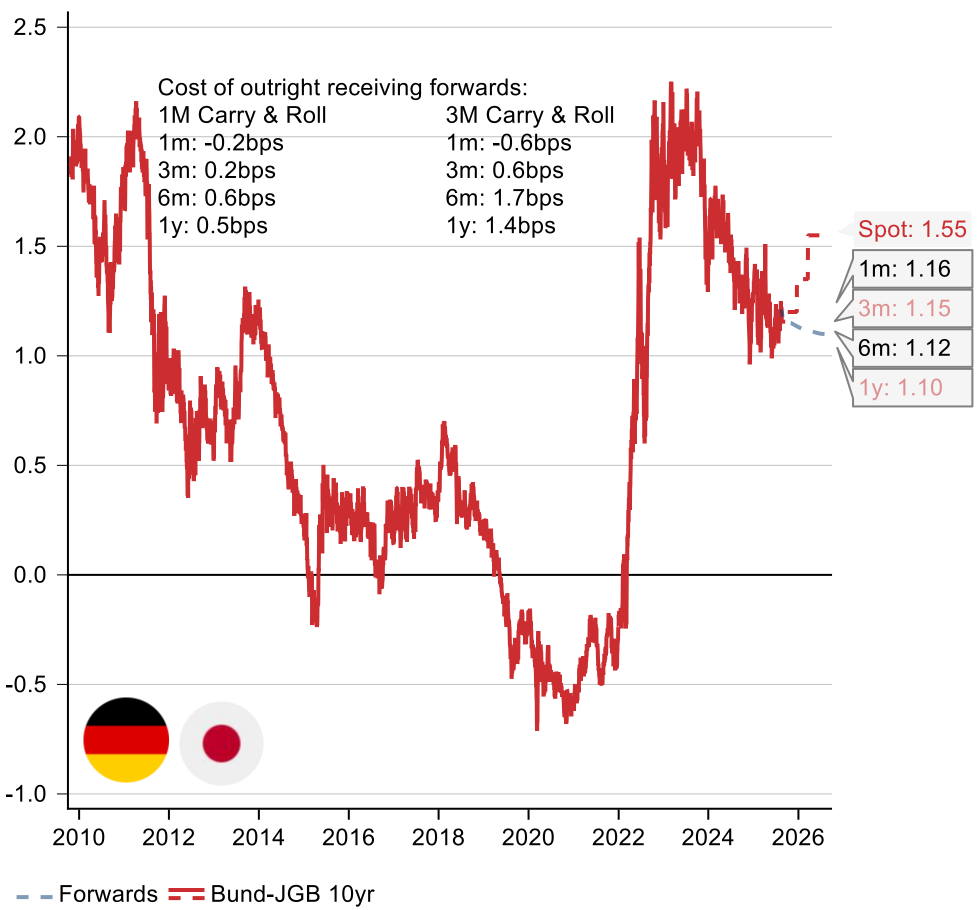
Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

JPY Rates - Spreads

1. **10yr Bund-JGB spreads vs forwards**
2. **10yr Gilt-JGB spreads vs forwards**

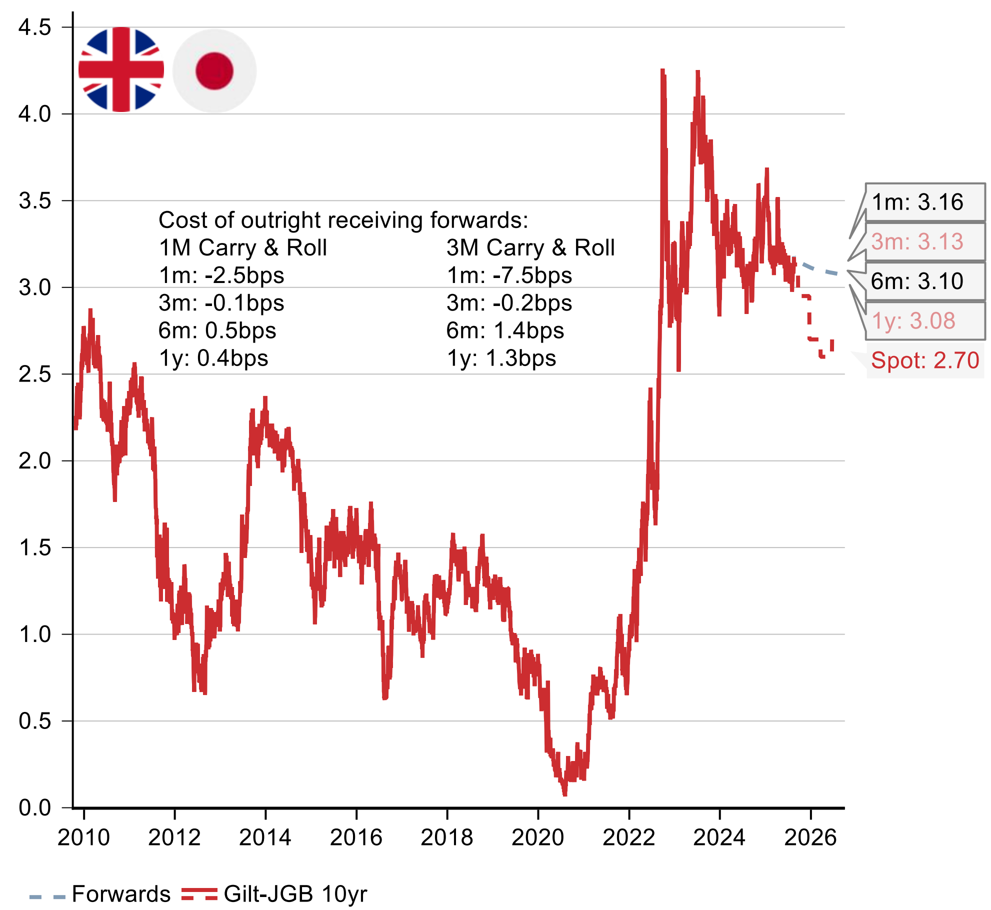
Bund-JGB 10yr spread

Bund-JGB 10yr spread vs forwards and forecasts



Gilt-JGB 10yr spread

Gilt-JGB 10yr spread vs forwards and forecasts

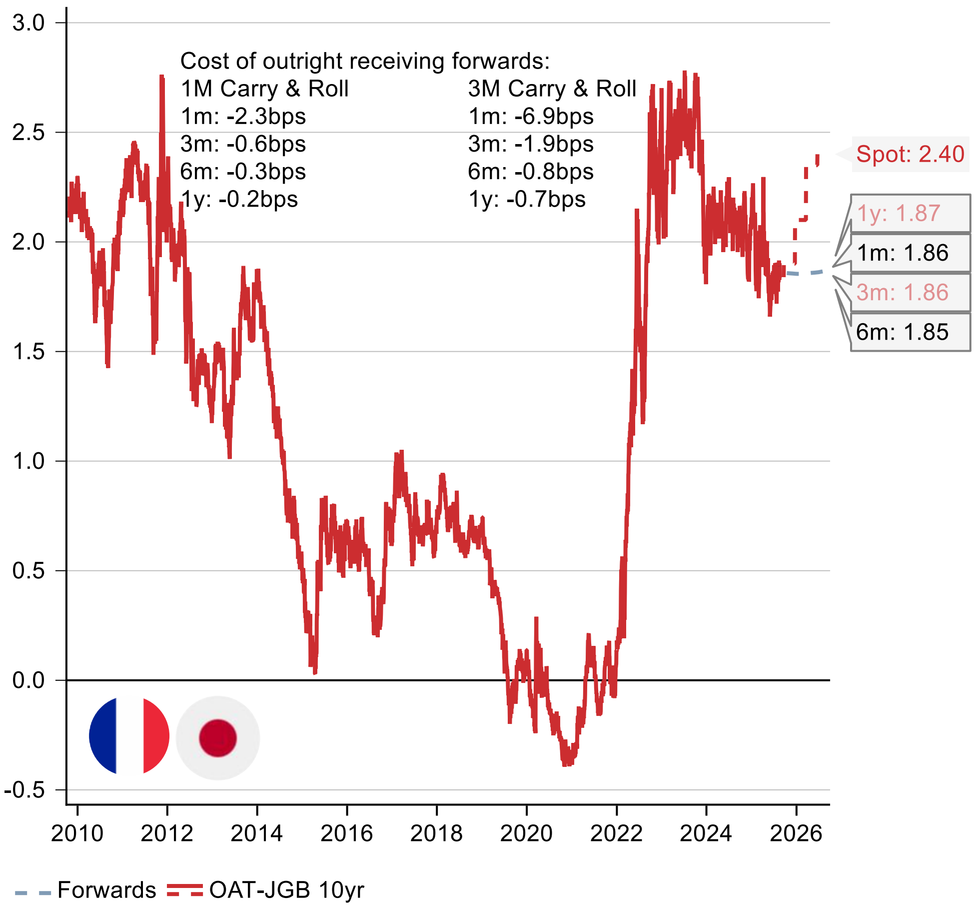


JPY Rates - Spreads

1. **10yr OAT-JGB spreads vs forwards**
2. **10yr BTP-JGB spreads vs forwards**

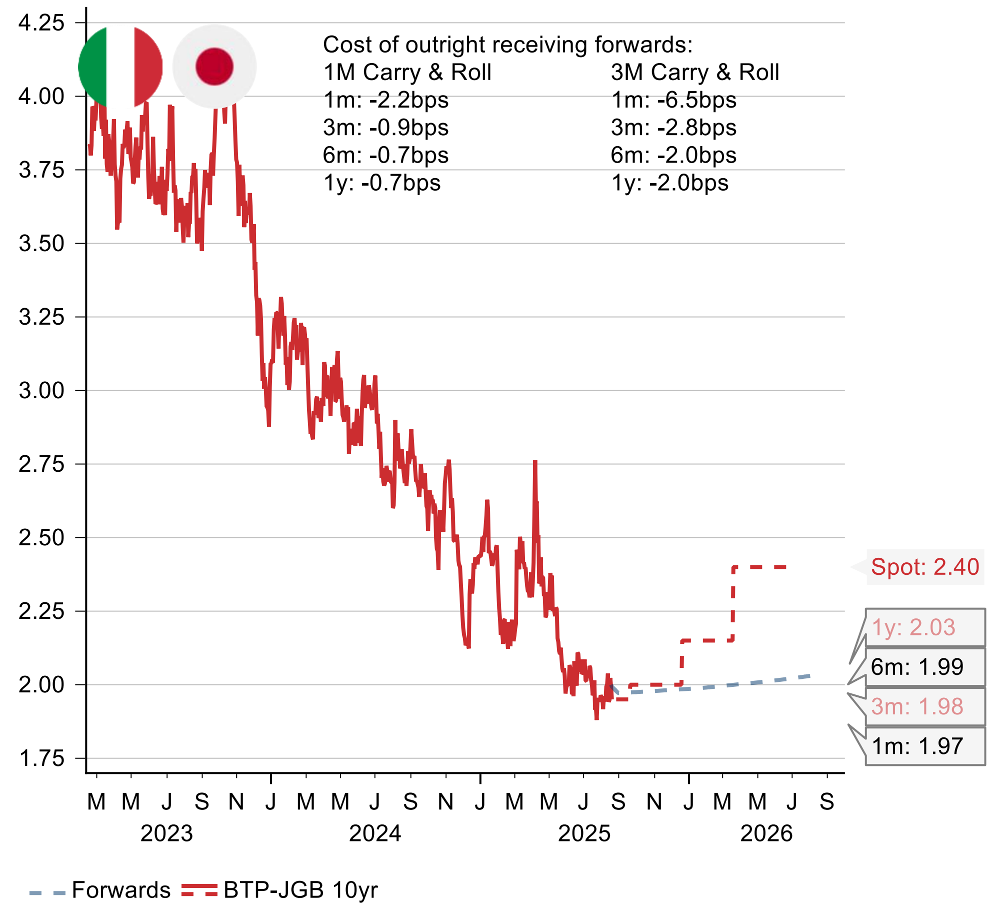
OAT-JGB 10yr spread

OAT-JGB 10yr spread vs forwards and forecasts



BTP-JGB 10yr spread

BTP-JGB 10yr spread vs forwards and forecasts

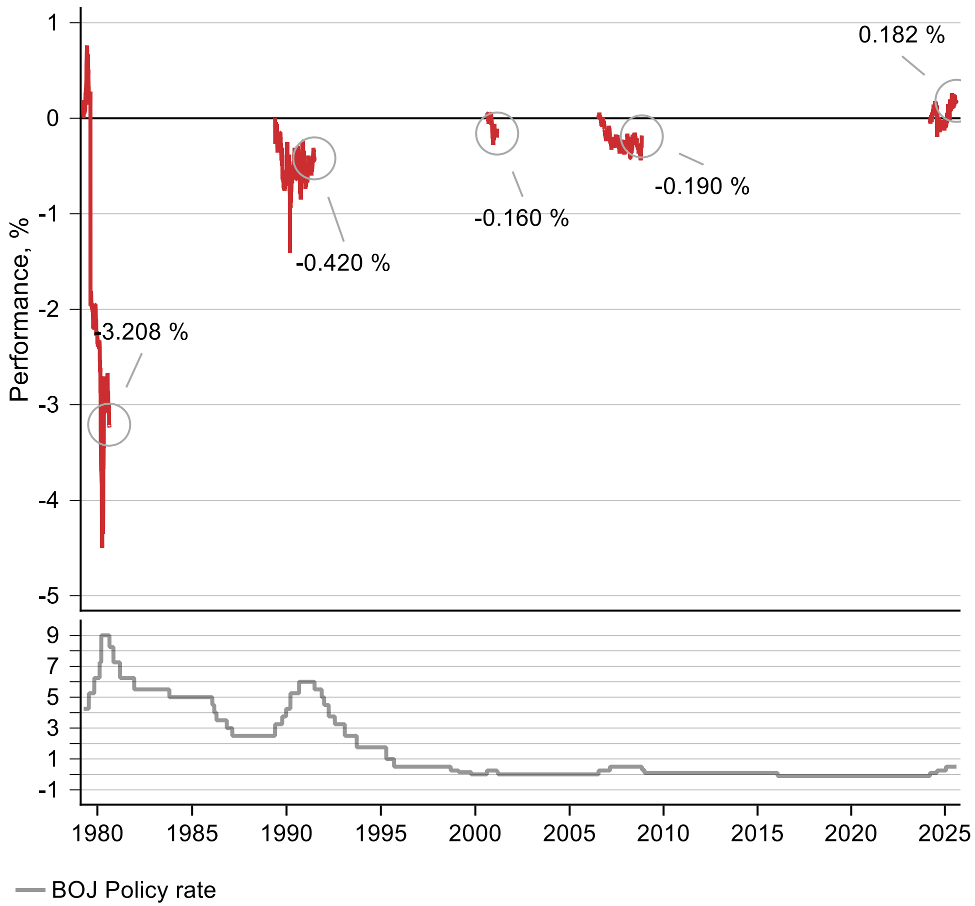


JPY Rates - Curve

1. **Japan 2s10s in hiking cycles**
2. **Japan 2s10s vs forwards**

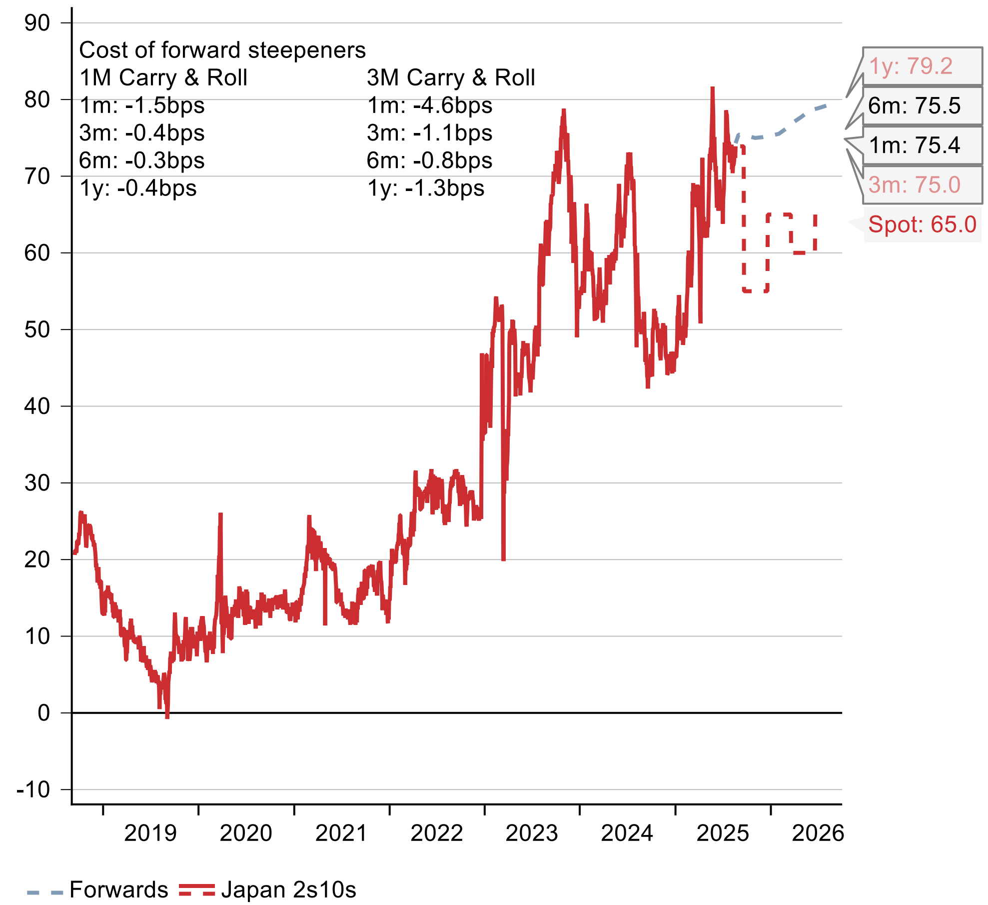
JGB 2s10s in hiking cycles

Japan 2s10s performance during hiking cycles



JGB 2s10s vs forwards

JGB 2s10s vs forwards

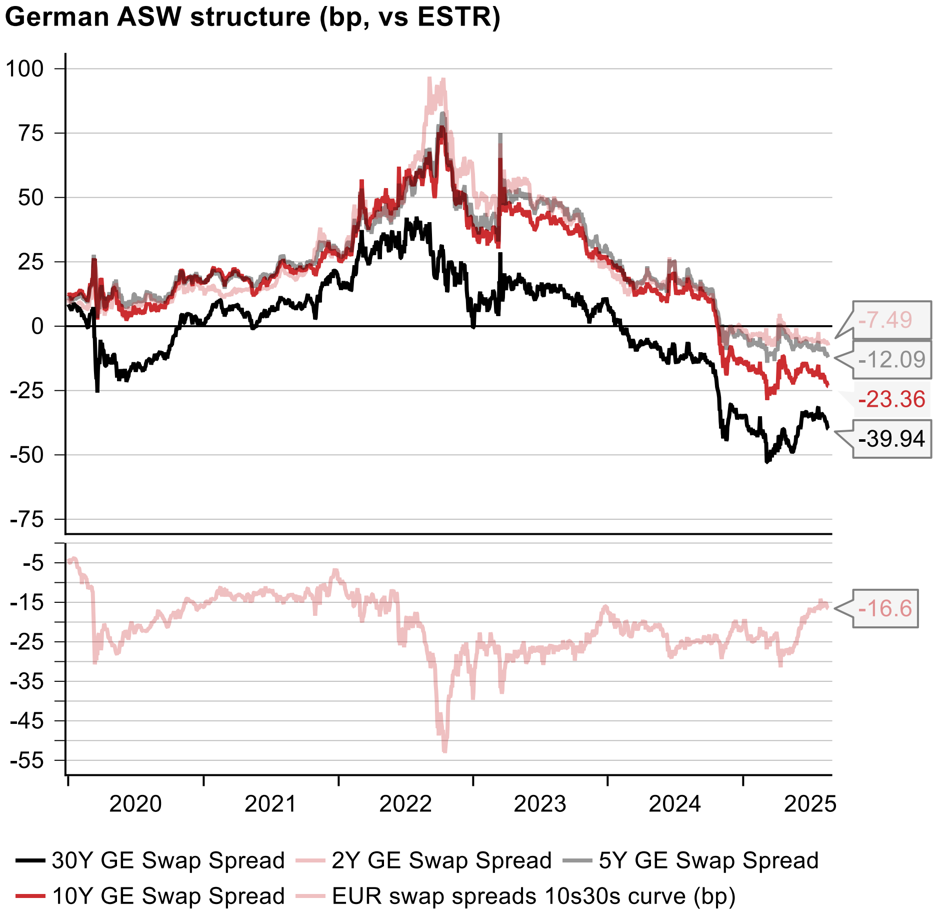


Swap Spreads

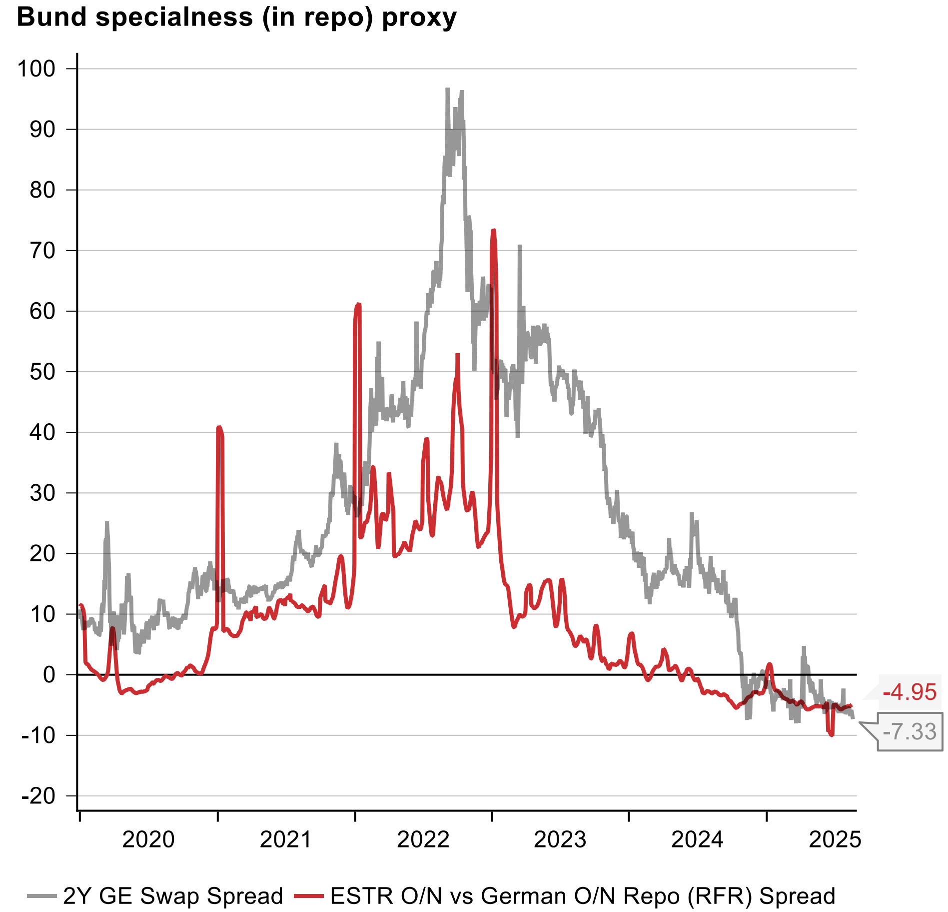
Swap spreads in detail

- **Two opposing forces: issuance (German fiscal bazooka) and the Dutch pension fund reform (adjustment to lower hedging needs and steepening in the super long end). That said, given where we expect the issuance push to be centred, it should provide a tightening pressure in EUR swap spreads, which may exacerbate the 10s30s steepening.**
- **The front end remains relatively contained as collateral abundancy and contained EUR rates vol offset the widening in the long end.**

Curve has been steepening due to FM anticipating Dutch PF flow



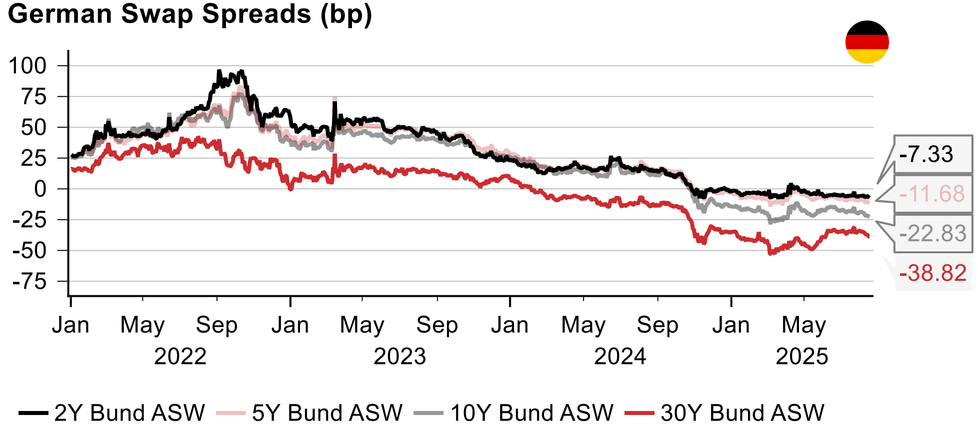
Bund specialness: a thing of the past



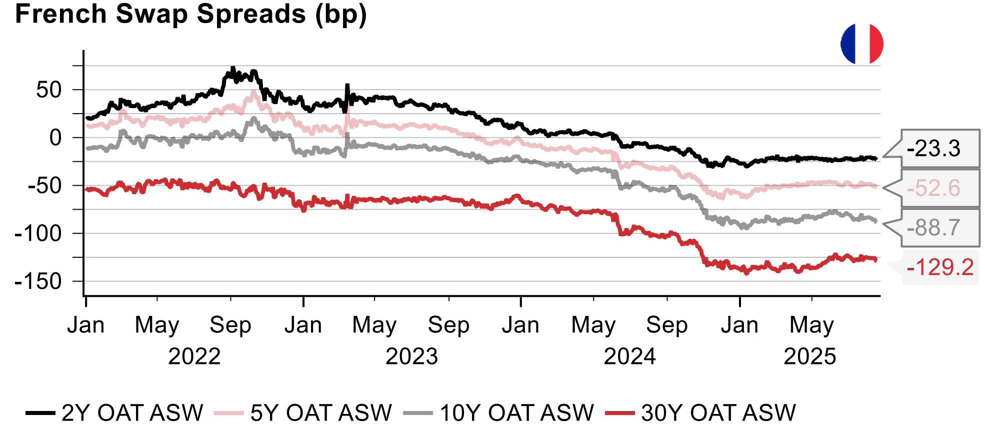
Source: Macrobond, Bloomberg

Rates – EGB Spreads (4)

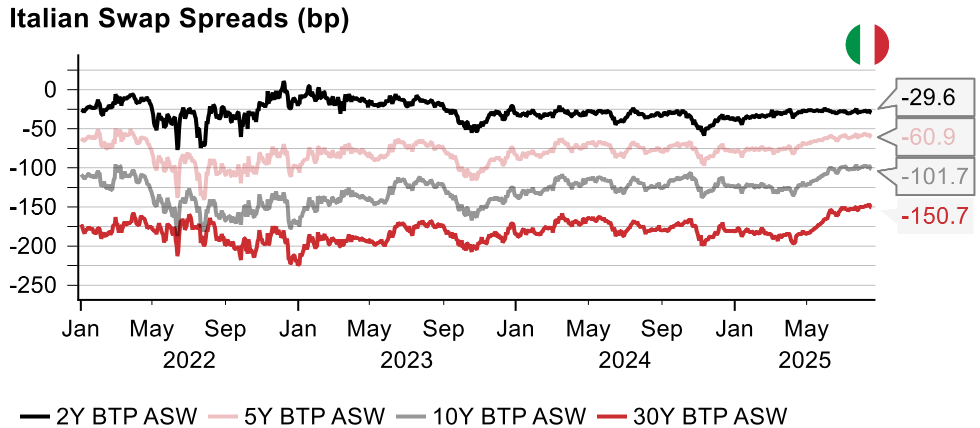
German paper to cheapen on the fiscal story



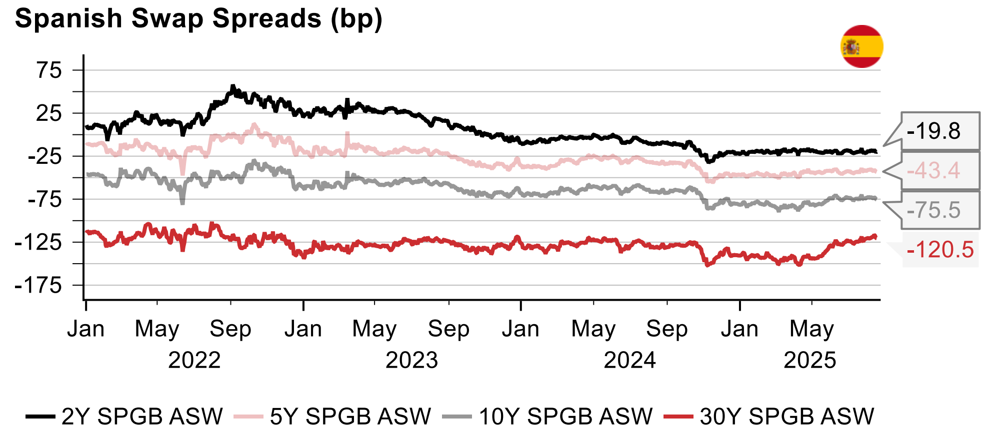
France is tricky due to politics – we wouldn't go long here



Italy looks rich and catalysts to see further performance are fading



Spanish credit is offering good value in the front end



 Source: Macrobond, Bloomberg

Swap spreads in detail

- **USD: we expect deregulation will keep providing a bid to swap spreads over the coming months, unless USD rates vol spikes and bearish USD government credit flows resume.**
- **GBP: no widening likely until Gilts become much better bid again, which can happen if the BoE makes their reaction function clearer.**

USD swap spreads looking ahead to deregulation news

Appetite for Gilts on ASW is not great given undecided BoE

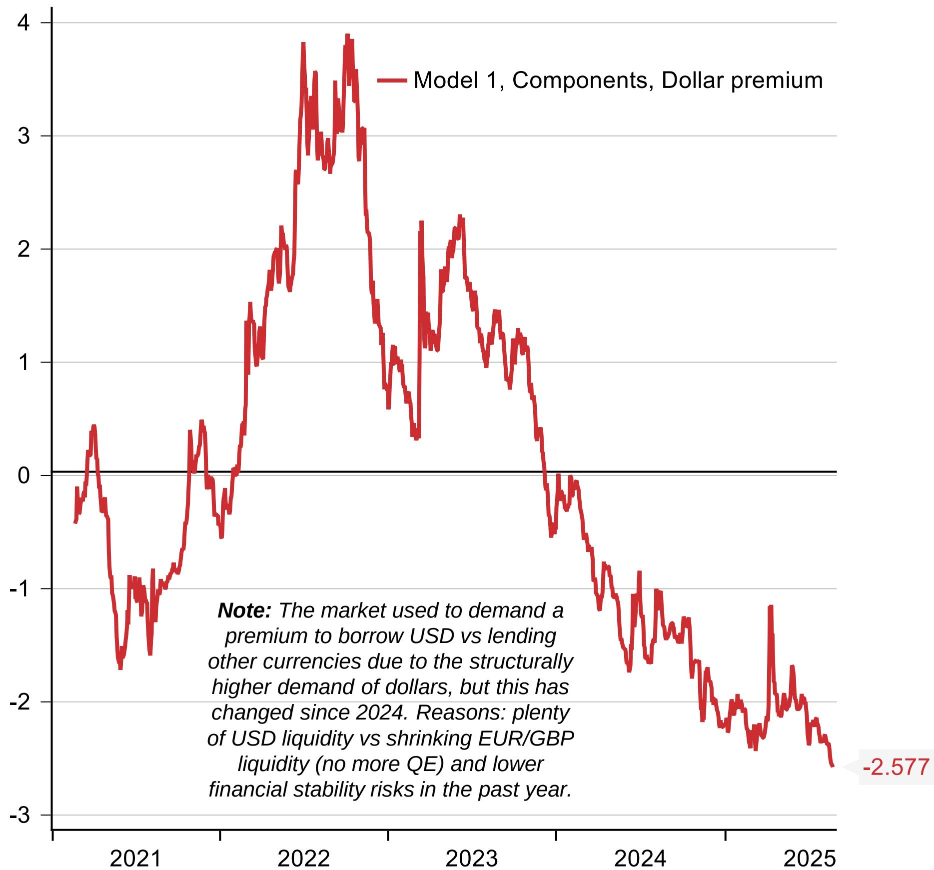
XCCY

XCCY Basis views

- **The dollar premium remains compressed. Liberation Day wasn't enough of a catalyst to bring it back.**
- **EURUSD XCCY is now driven by swap spread developments due to how important these are in terms of cross-border issuance decisions – the EURUSD XCCY curve looks too flat**

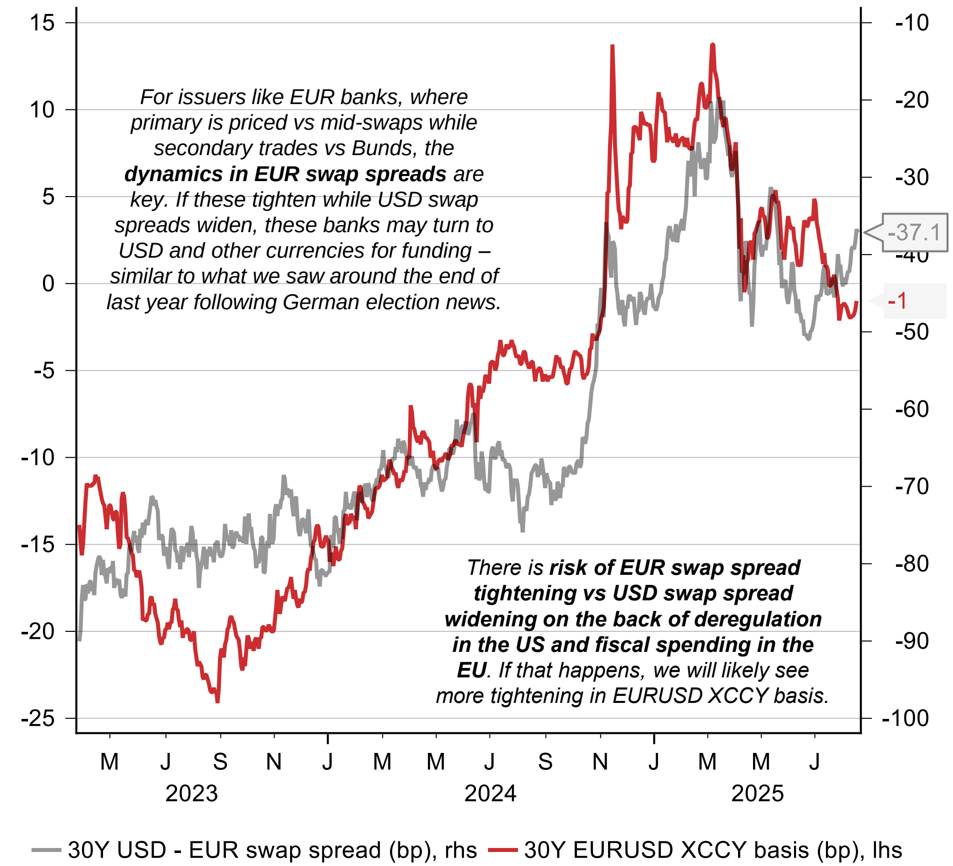
Borrowing dollars is not as costly as it was in 2022

Dollar premium proxy



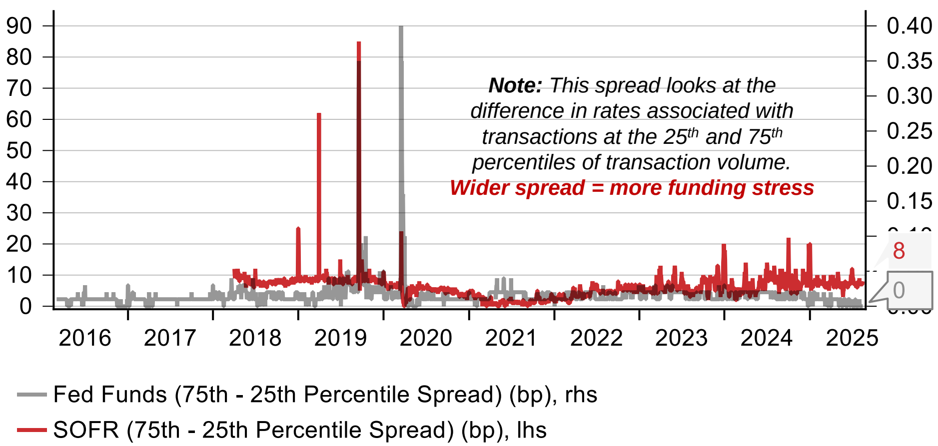
EURUSD XCCY is now driven by swap spread differential

EURUSD XCCY: driven by swap spread differentials



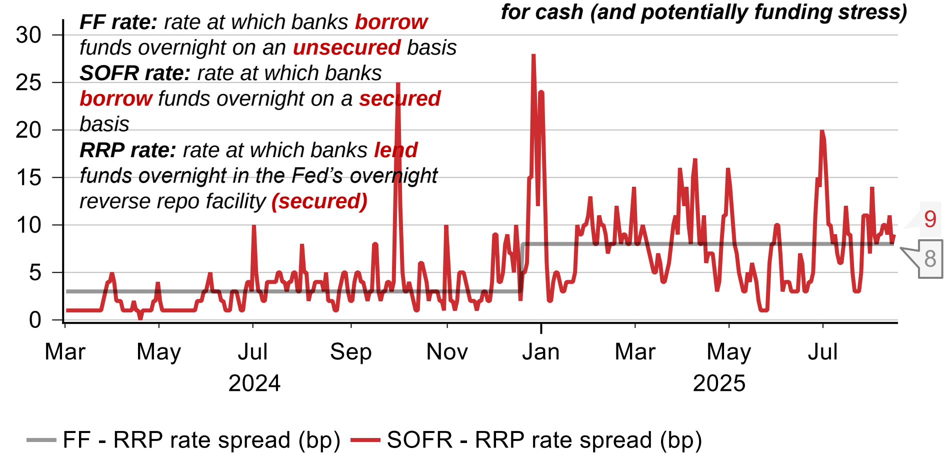
1. No major signs of stress so far, liquidity is abundant = no widening pressure in XCCY from here

Fed Funds vs SOFR dispersion

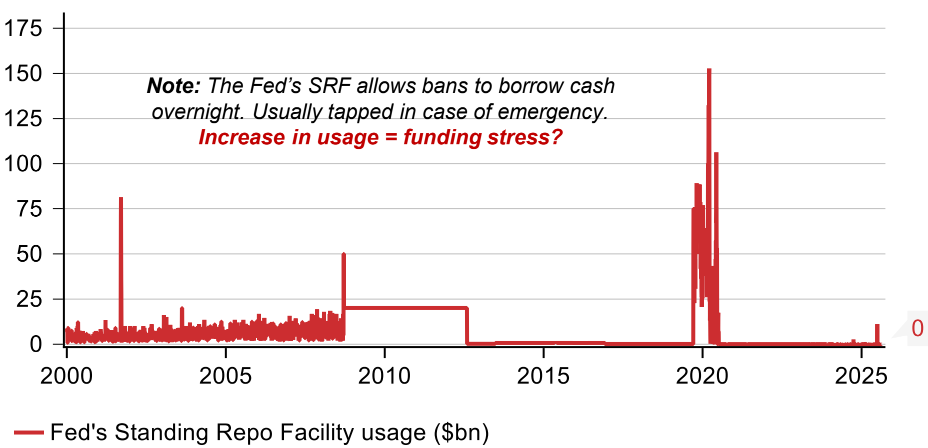


RRP spreads to SOFR and FF

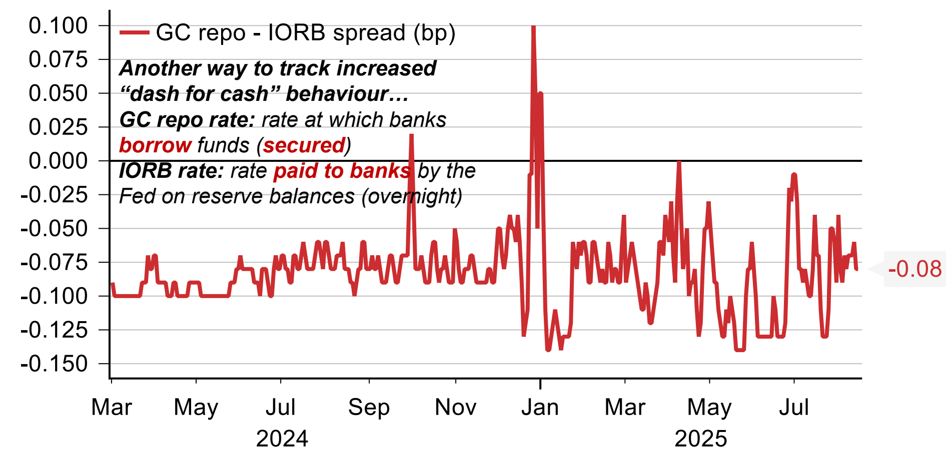
A spike in these spreads can signal a dash for cash (and potentially funding stress)



Fed's Standing Repo Facility usage ($bn)



GC repo vs IORB spread

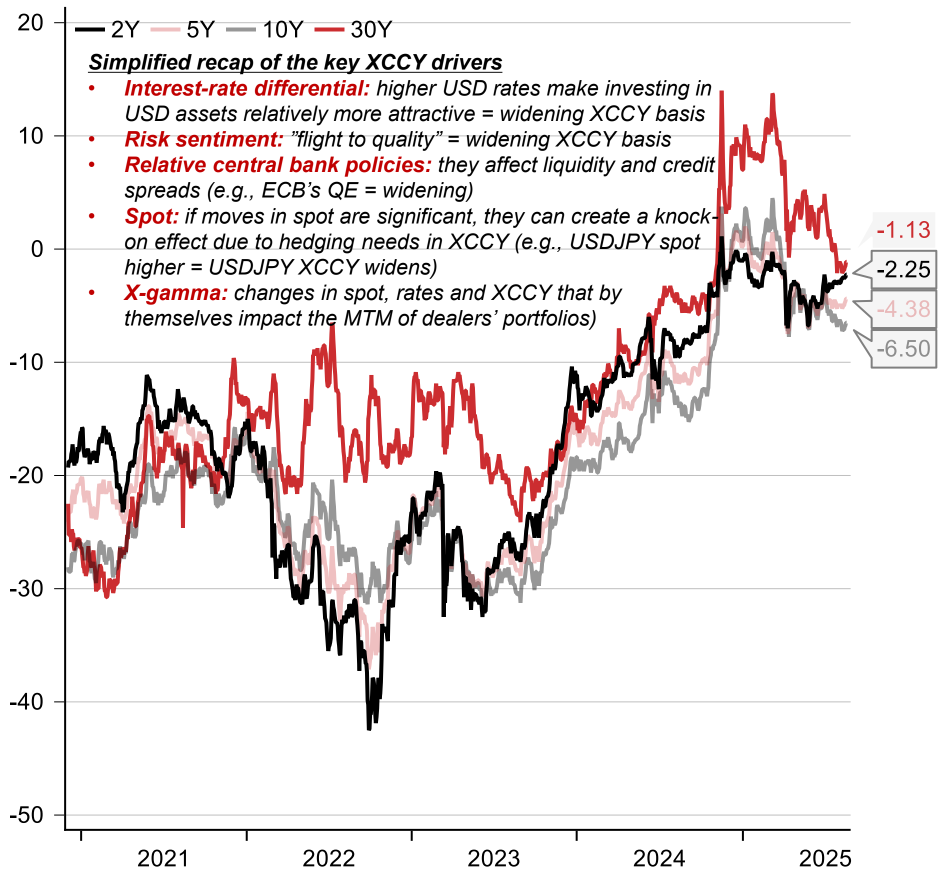


XCCY Basis views

- **The 2023-24 tightening is encountering some resistance in EURUSD, less so in USDJPY and GBPUSD. There has been a lot of reverse yankee issuance in EUR due to the tightening seen since 2024.**
- **Issuing in EUR looks especially attractive for GBP issuers in the front-end and belly.**

EURUSD XCCY

EURUSD XCCY basis (bp)



EURGBP XCCY

EURGBP XCCY Basis (bp, GBPUSD - EURUSD XCCY)

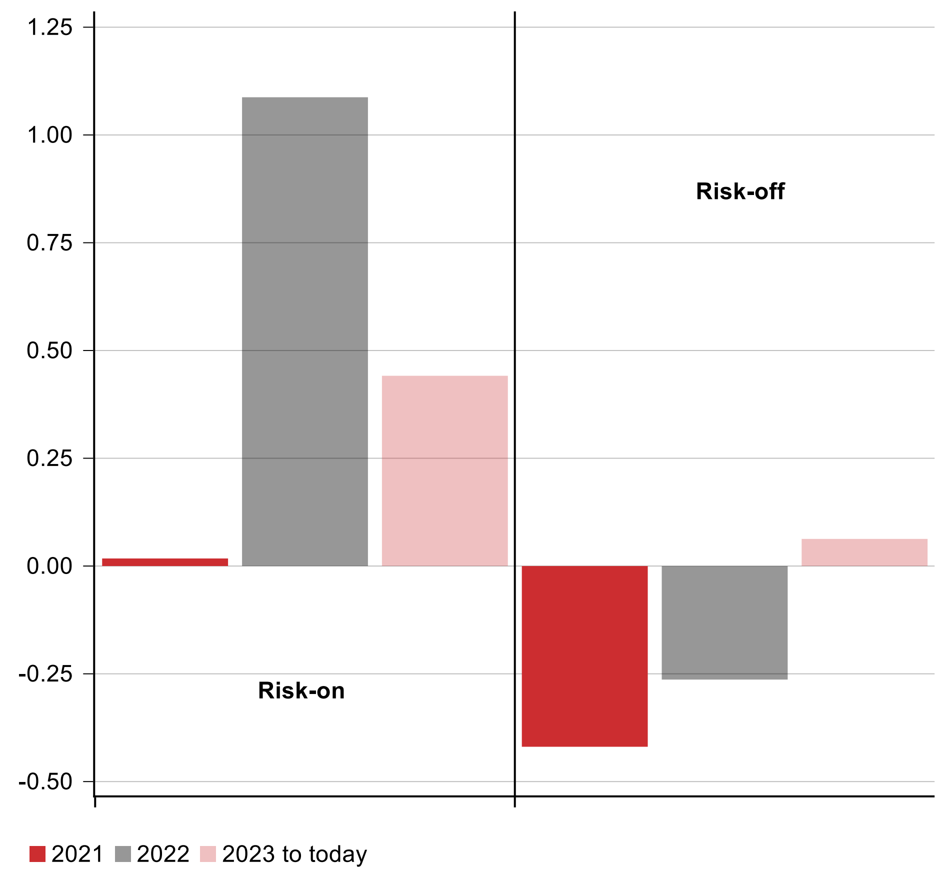
Note: *There are other considerations in the issuance/investment decision, but this is just to illustrate in a simplified way the XCCY impact*

XCCY Basis views

- **EURUSD XCCY is not as reliant to risk sentiment as before**
- **USDJPY XCCY also shows that risk-off is not that strong of a driver anymore. BoJ hikes are supporting the tightening.**

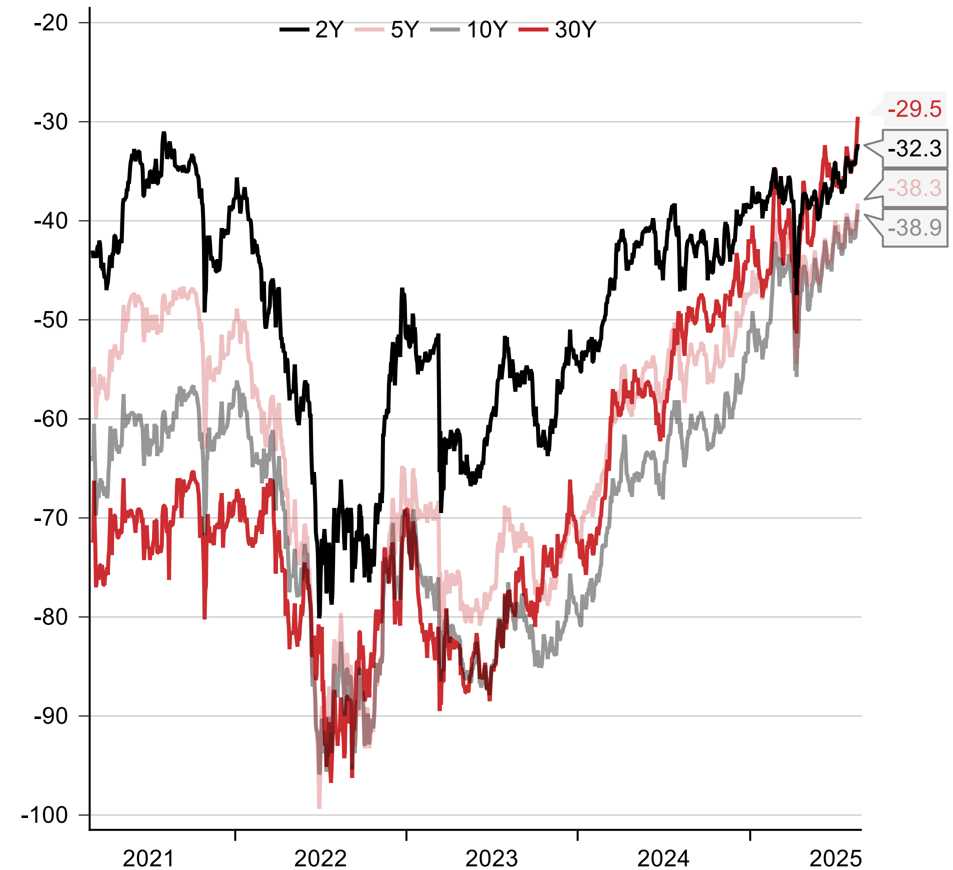
The beta to risk sentiment has decreased notably

EURUSD XCCY Beta to stocks (bp moves)



USDJPY has faded the Liberation Day widening

USDJPY XCCY basis (bp)



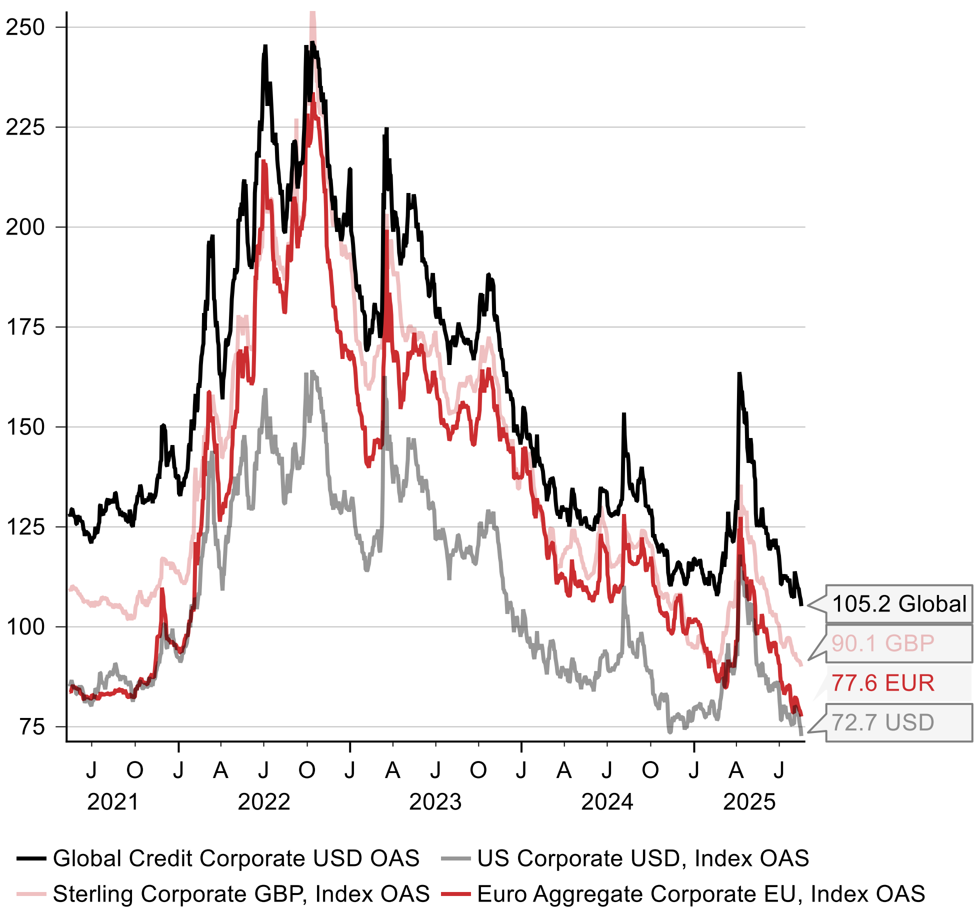
Credit Spreads

Credit spreads

- **IG credit spreads (OAS, bps)**
- **HY credit spreads (OAS, bps)**

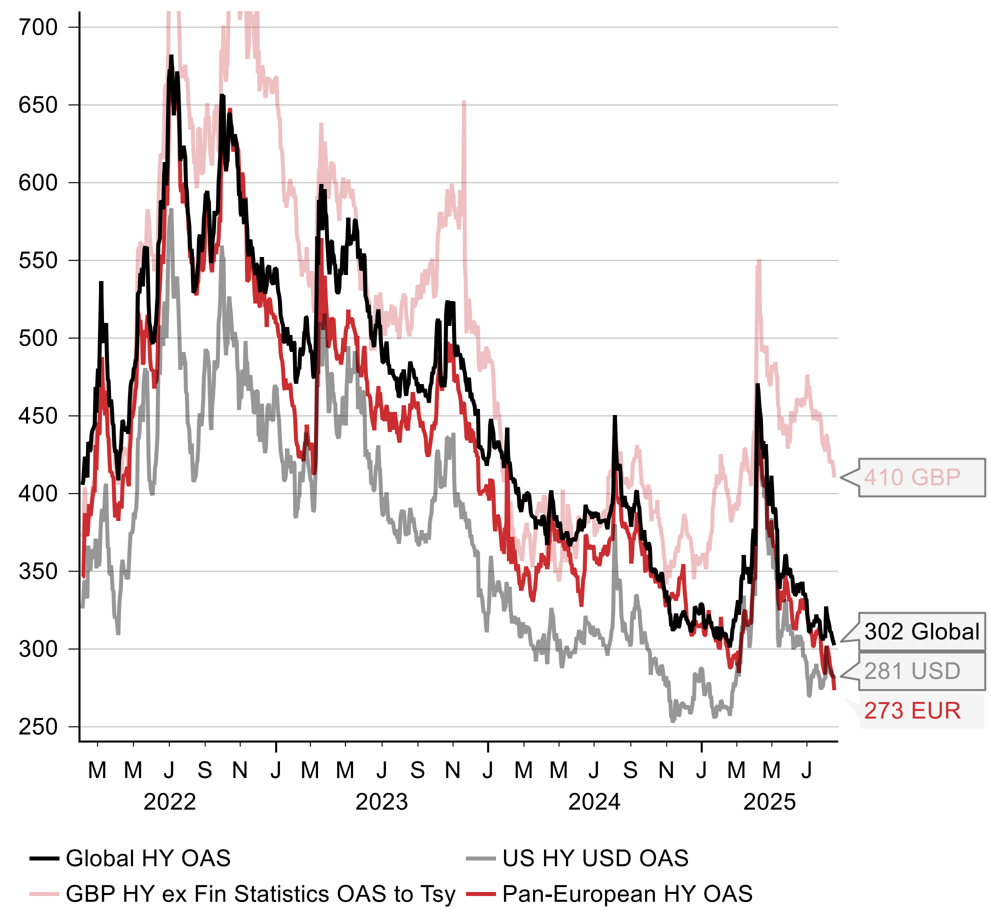
IG Credit Spreads

Investment Grade Credit - Global, Euro, US, Sterling (OAS-spread to tsy)



HY Credit Spreads

High Yield Credit - US and European (OAS-spreads to tsy, bps)

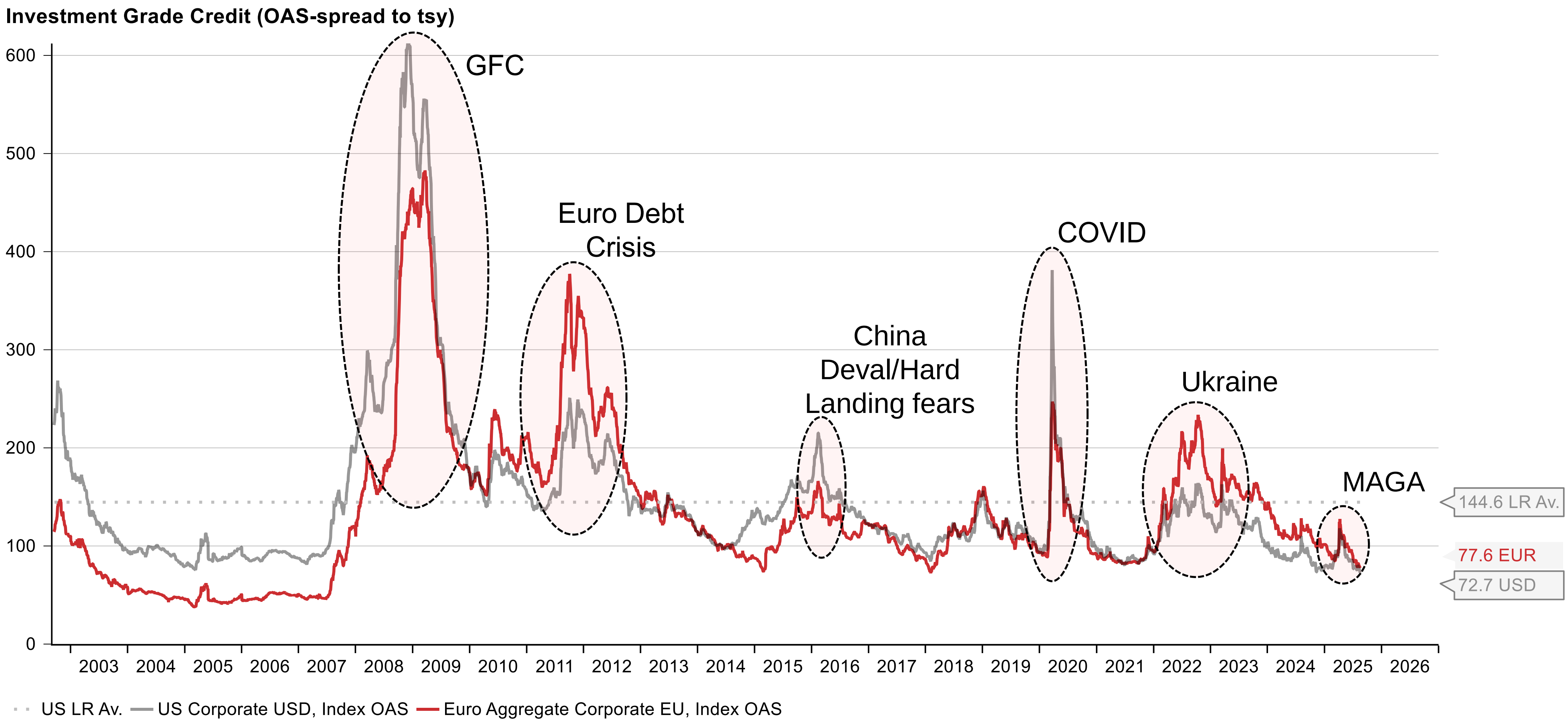


Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

Credit spreads

- **IG credit spreads (OAS, bps) – Longer History**

IG Credit Spreads – Longer History

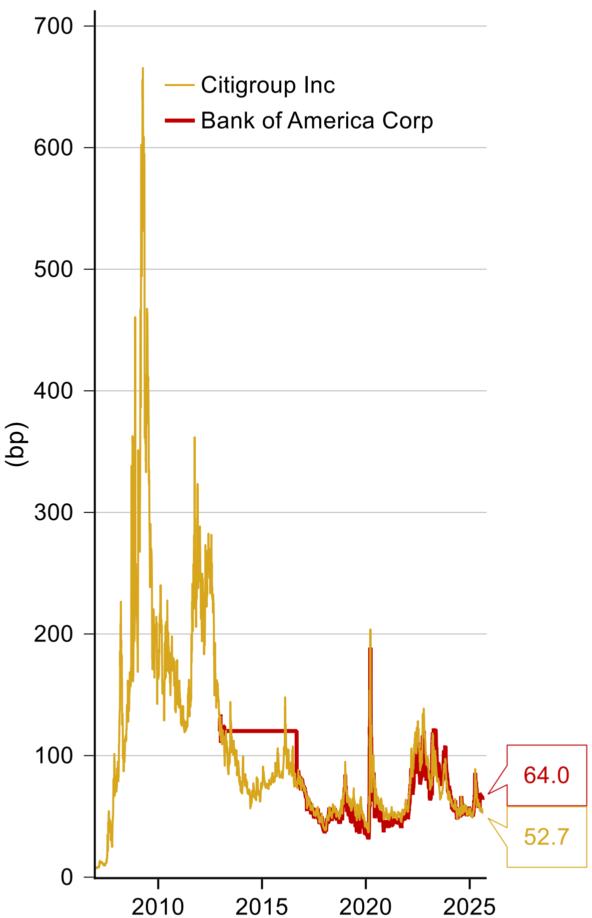


Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

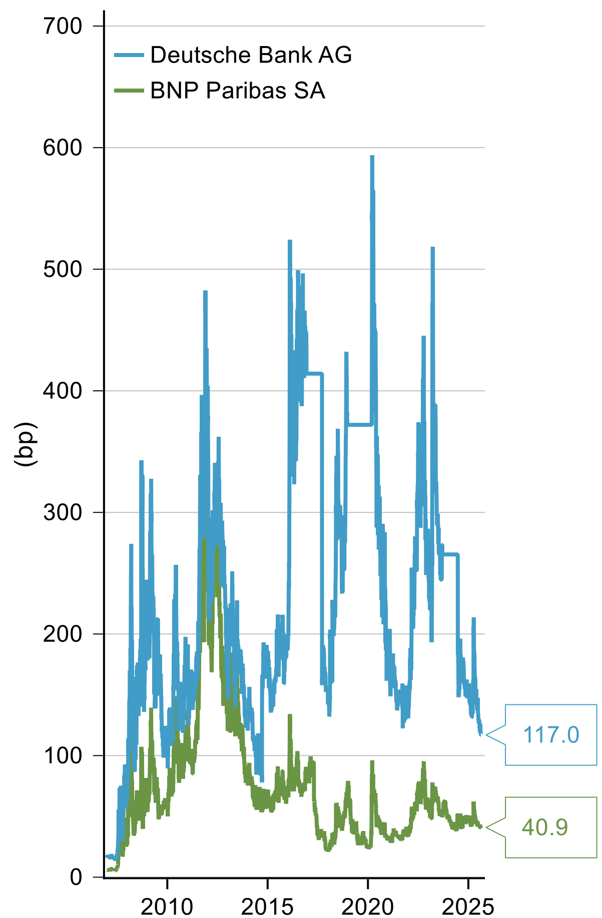
Credit - CDS of systemically important banks

- **Banking CDS**

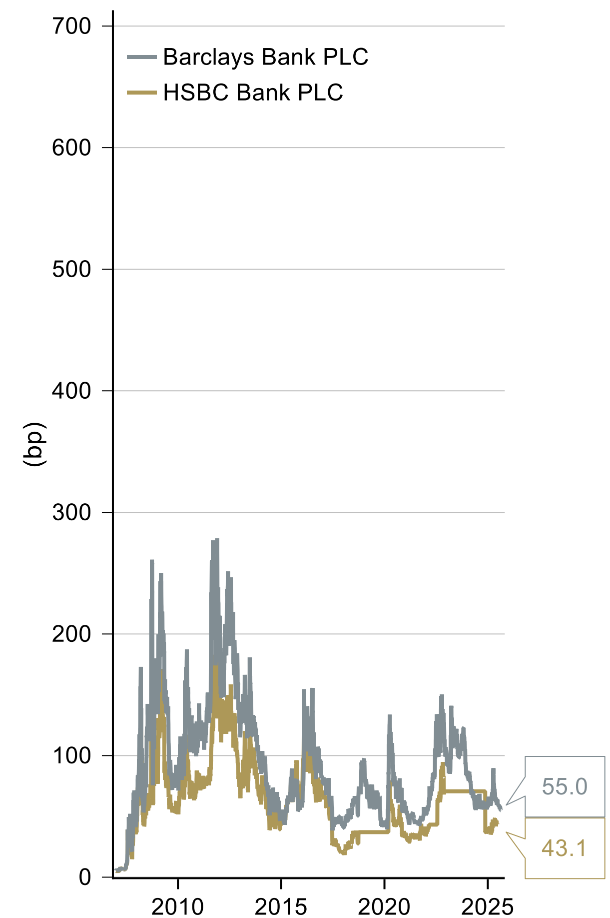
US



Germany, France



UK



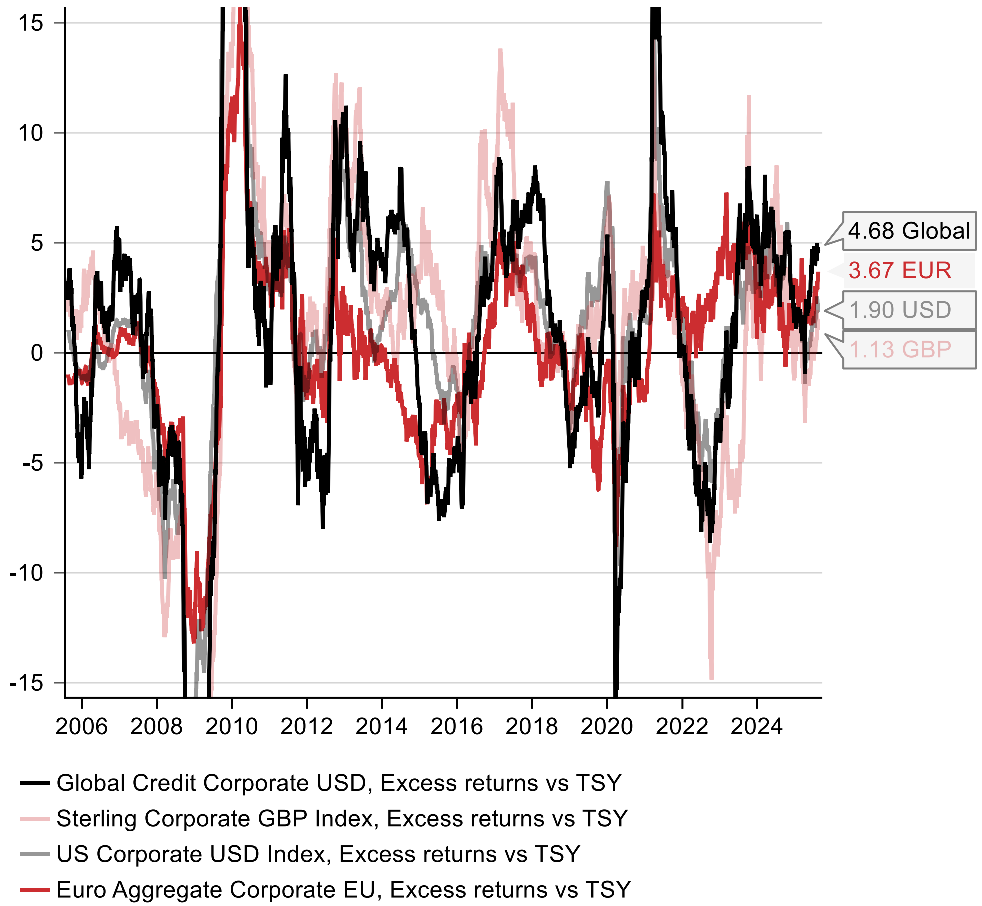
Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

Credit excess returns

- **IG credit index level excess returns**
- **HY credit index level excess returns**

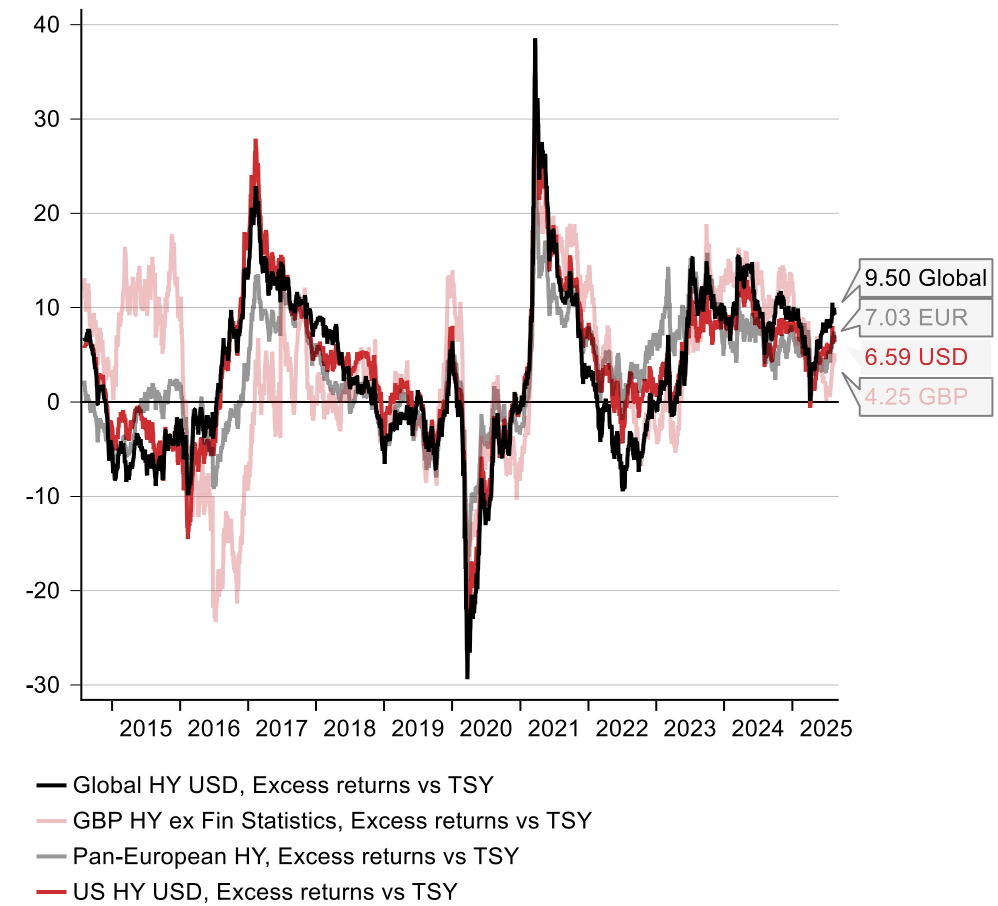
Investment Grade Credit y/y% returns

Investment Grade Credit y/y% excess returns (vs local treasury returns)



High Yield Credit y/y% returns

High Yield Credit Index y/y% - excess returns (vs local treasury returns)

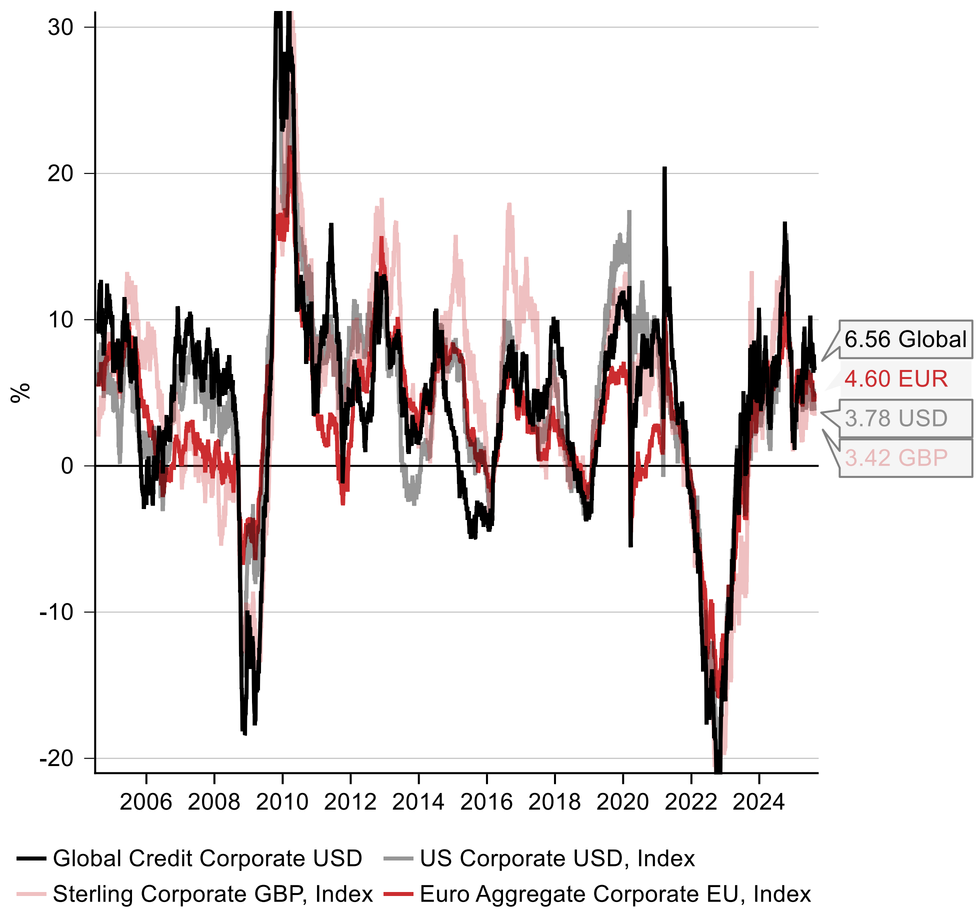


Credit returns

- **IG credit index level returns**
- **HY credit index level returns**

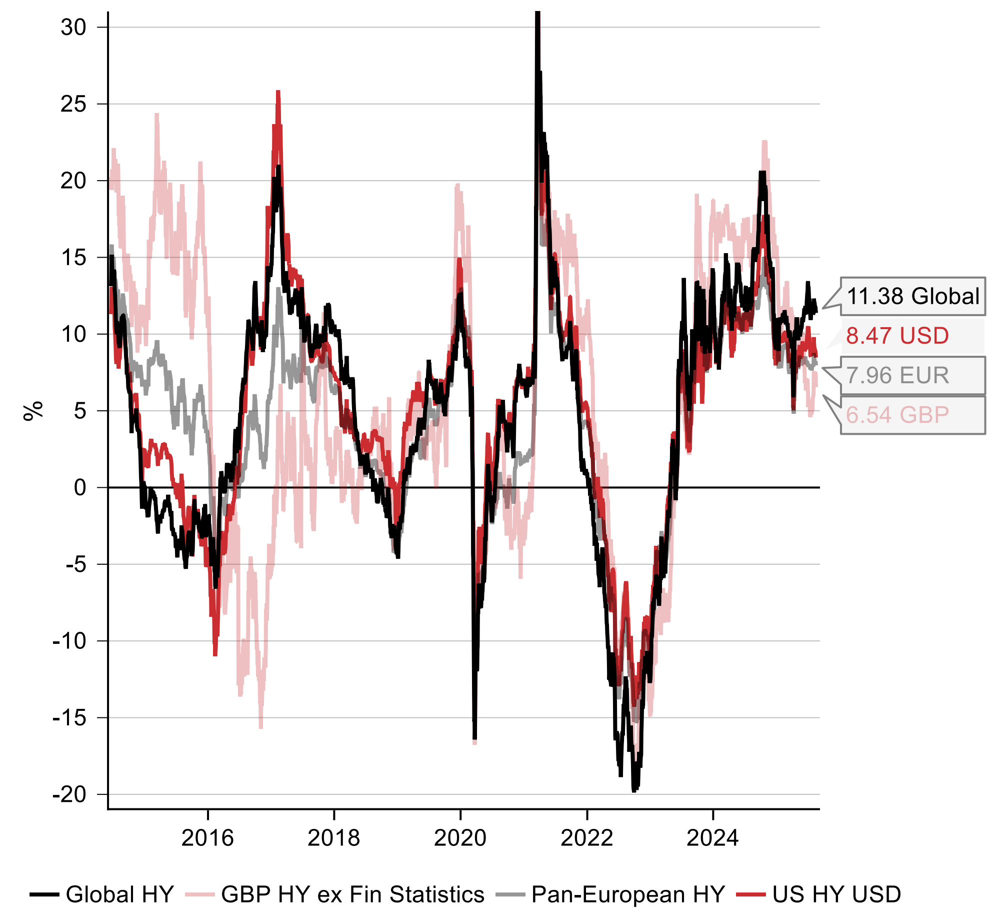
IG Credit y/y% returns

Investment Grade Credit Index y/y%



HY Credit y/y% returns

High Yield Credit Index y/y%



Source: Macrobond, Bloomberg, Mizuho EMEA FICC Strategy Team, 20 August 2025

Disclaimer

This message and its contents are subject to the following important disclaimers:

- **https://www.mizuhogroup.com/emea/who-we-are/governance/disclaimer-ficc-strategy**
- **https://www.mizuhogroup.com/emea/mar-disclosure**

Important Information

This publication has been prepared by Mizuho Bank Ltd, London Branch ("MHBK"), Mizuho International plc ("MHI") and/or their subsidiaries and branches (collectively "Mizuho EMEA"). It represents the views of the author(s). It has not been prepared in accordance with legal requirements in any country or jurisdiction designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

Disclosures required under the EU Market Abuse Regulation (EU596/2014) and UK Market Abuse Regulation in respect of "investment recommendations"

Interests/ conflicts of interest relating to the individual(s) responsible for this publication

- The individual(s) who prepared this publication (or a member of his/her household) may have a financial interest in the securities issued by an issuer subject to this publication, or derivatives thereof.
- The individual(s) who prepared this publication (or a member of his/her household) may be an officer, director or advisory board member of an issuer subject to this publication.
- The individual(s) who prepared this publication is remunerated in part on the basis of the profitability of Mizuho EMEA. The remuneration is not tied to specific investment banking transactions.

Other information regarding investment recommendations

- Unless otherwise stated in this publication:
  - The date and time any investment recommendation was completed and first disseminated is the date and time at which this publication was sent.
  - Any investment recommendation is only valid for one day or until any stated target price level is achieved if sooner.
  - Mizuho EMEA does not plan to publish updates to any investment recommendation.
  - The price of any financial instruments stated in this publication will be correct as at the date and time of the publication.
- Where a model has been used as the basis of any valuation of a financial instrument or issuer in an investment recommendation, further information about the valuation or methodology and underlying assumptions can be obtained from the author(s).
- Mizuho EMEA and the individual(s) who prepared the investment recommendation(s) set out in this publication may have had many varied views over the past 12 months, including contrary views and a large number of views are generated. Details of the author(s')'sinvestment recommendations that have been made over the last 12 months can be found at https://www.mizuhogroup.com/emea/mar-disclosure. Additional information regarding an author's 12 months publication history may be provided on request.
- Mizuho EMEA and/or its affiliates may be a market maker and/or liquidity provider in the financial instruments recommended in this publication.
- Mizuho EMEA and/or its affiliates may have been a lead manager or co-lead manager of publicly disclosed offers of financial instruments over the previous 12 months.
- Mizuho EMEA and/or its affiliates may be party to an agreement that has been in effect over the previous 12 months or has given rise during the same period to the obligation to pay or receive compensation, relating to the provision of investment services with issuers to whom the recommendation(s) relates.
- Mizuho EMEA may be party to an agreement with the issuer subject to this recommendation relating to the production of the recommendation.
- Mizuho EMEA are required to assign a "buy", "sell", "hold" (or equivalent) rating to investment recommendations. Authors' recommendations may include directional trades (i.e. buying/selling an asset outright, or going overweight or underweight a financial instrument relative to general market performance or a specific benchmark), relative value and spread trade ideas (i.e. recommendation to buy/sell a financial instrument against other financial instrument(s), or highlighting where a financial instrument is assessed as "cheap" or "rich" relative to a curve, cross asset or empirical measure). Recommendations will be assigned the rating which appears most appropriate to the author(s).
- Information regarding the proportion of "buy", "hold", "sell" recommendations published by Mizuho EMEA over the last 12 months, and the proportion of issuers corresponding to each of those categories to whom Mizuho EMEA has provided material investment services over the last 12 months can be found at https://www.mizuhogroup.com/emea/mar-disclosure
- For recommendations disseminated by Mizuho EMEA (including any substantially altered recommendations) which have been produced by a third party, refer to the original MAR disclosures referenced therein, or contact your Mizuho EMEA representative for further information.

Disclaimer

This material has been prepared by Mizuho EMEA solely for sophisticated, institutional investors and/or business clients of Mizuho EMEA to whom it is distributed. The information is not intended for retail investors or other such unsuitable persons who are otherwise restricted in accordance with US, EU, Japanese or any other applicable securities laws.

This publication contains material that is: (i) for your private information, (ii) not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction; (iii) not a prospectus or offering materials; and (iv) is based upon information that we consider reliable. This information does not constitute investment advice.

This publication may include details of instruments that have not been issued. There is no guarantee that such instruments will be issued in the future.

This material has been prepared by Mizuho EMEA solely from publicly available sources. Information contained herein and the underlying data have been obtained from, or based upon, reliable sources, but Mizuho EMEA gives no assurance that the information, data or any computations are accurate or complete. Opinions, forecasts, prices, yields, and other forward looking statements may be based on assumptions which may or may not be accurate. Any such opinions, forecasts or other information are subject to risks and uncertainties and may differ from actual results. The information is current as of the date(s) of publication but is subject to change without notice. Past performance is not indicative of future performance. Unless otherwise attributed, forecasts of future performance represent the author's estimates, based on factors they consider relevant. Actual performance may vary. Consequently, Mizuho EMEA makes no expressed or implied warranty regarding future performance. Opinions stated in this material are subject to change without notice. Additional information regarding sources may be provided on request.

Mizuho EMEA, connected companies, employees or clients may engage in the following activities, which may present a conflict of interest:

- Mizuho EMEA may perform or solicit investment banking, financial or advisory services (including acting as advisor, manager or lender) for or from the mentioned entities and issuers of the covered financial instruments. Mizuho EMEA may have managed or co-managed a public offering of the subject company's securities in the past 12 months, may have received compensation for investment banking services from the subject company in the past 12 months, and/or expects to receive or intends to seek compensation for investment banking services from the subject company in the next 3 months.

- Mizuho EMEA, its officers, directors, and employees (including persons involved in the preparation of this material) may have long or short positions in, and/or buy or sell (or make a market in) the products or derivatives (including options) of the mentioned entities. Mizuho EMEA may own a material position in the subject companies' securities.

- Mizuho EMEA, its officers, directors, and employees (including persons involved in the preparation of this material) may effect or have effected transactions contrary to Mizuho EMEA' published views.

- Mizuho EMEA may have previously provided any ideas and strategies discussed this material to Mizuho EMEA traders, who may already have acted on them.

- Mizuho EMEA provides bids and offers and may have acted as principal, may have made markets, or may have taken the other side of any order in transactions involving such covered securities or products at the time this material was published. Mizuho EMEA may engage in these transactions in a manner that is inconsistent with or contrary to any recommendations made herein.

- Mizuho EMEA's sales and trading desks are compensated based on, among other things, the profitability of Mizuho EMEA's underwriting, sales and trading activity in securities or products of the relevant asset class, its fixed income department and its overall profitability.

- Mizuho EMEA may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from the information contained herein. Those reports may reflect different assumptions, views and analytical methods.

Mizuho EMEA has information barriers and policies in place to manage any conflicts that may arise in relation to investment recommendations. See the MHBK Policy for the Management of Conflicts of Interest and the MHI Conflicts of Interest Policy Disclosure Statement for further information.

There are risks associated with the products and transactions described in this publication. EMEA does not make any representations or warranties with respect to any investments. You are responsible for exercising your own judgment (either independently or through your investment advisor) and conducting your own due diligence with respect to investments, risks and suitability (including reading any relevant offering material). Mizuho EMEA is not responsible for any losses that you may incur as a result of your investment decisions, whether direct, indirect, incidental or consequential. Derivatives and options are not suitable investments for all investors. Additional information may be provided upon request. Investors should consult their own financial, legal, accounting and tax advisors about the risks, the appropriate tools to analyse an investment, and the suitability of an investment in each investor's particular circumstances. Mizuho EMEA is not responsible for assessing the suitability of any investment. Investment decisions and responsibility for any investments is the sole responsibility of the investor. The value of financial products may go down or up as prices fluctuate. Owners of financial products may suffer losses on the original value of their purchases. Neither the author nor Mizuho EMEA accepts any liability whatsoever with respect to the use of this material or its contents.

Investors who purchase Contingent Convertible Securities (“CoCo’s”) from Mizuho EMEA confirm that their activity will be in compliance with the Financial Conduct Authority Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, as amended or replaced from time to time, which, amongst other things, restricts the marketing and sale of CoCo’s to retail clients in the European Economic Area.

United Kingdom: This material is distributed in the United Kingdom by (i) Mizuho International plc, 30 Old Bailey, London EC4M 7AU, a member of Mizuho Financial Group, Inc (MHFG) , headquartered in Tokyo, Japan. Mizuho International is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange; and (ii) Mizuho Bank Ltd, London Branch, also a member of MHFG. Mizuho Bank, Ltd is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. For the avoidance of doubt this material is not intended for persons who are Retail Clients within the meaning of the Financial Conduct Authority’s rules.

European Economic Area: This material is distributed in the European Economic Area by Mizuho Bank Europe N.V. (”MBE”), Atrium Amsterdam, 3rd Floor, Strawinskylaan 3053, 1077 ZX Amsterdam, The Netherlands. MBE is authorised and regulated by De Nederlandsche Bank (“DNB”) and the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten, “AFM”).

Dubai: Mizuho International plc (DIFC Branch) is regulated by the Dubai Financial Services Authority and is authorized to provide financial services to Professional Clients and Market Counterparties only as defined by the DFSA rulebook. Mizuho International plc (DIFC Branch) registered address is Unit 501, Level 5, The Gate Building, East Wing, Dubai International Financial Centre, Dubai, U.A.E., Tel. +971 4 279 4400. Mizuho Bank Ltd (DIFC Branch) is regulated by the Dubai Financial Services Authority. Mizuho Bank, Ltd (DIFC Branch) registered address is 5th Floor, East Wing, The Gate Building, Dubai International Financial Centre, PO Box 506607, Dubai, UAE

Japan: This material is distributed in Japan by Mizuho Securities Co., Ltd., Otemachi First Square, 5-1 Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan. In the case of bonds, Mizuho Securities will only charge the purchase price. For all other transactions, Mizuho Securities will charge a standardized commission whose amount varies according to the type of transaction. For example, a maximum commission of 1.1025% is charged against the contract amount of stocks and J-REITs (tax included). (If the value of the contract amount is less than JPY2,625 at the time of sale, we charge a brokerage commission of 94.5% of the contract amount, tax included.)

United States: This material is distributed in the United States by Mizuho Securities USA LLC (“MSUSA”) the investment banking and securities arm of Mizuho Holdings in the United States and is a member of FINRA and SIPC. It is distributed by MSUSA and MSUSA assumes responsibility for its’ content. For the avoidance of doubt, this material is not intended for persons who are Retail Clients within the meaning of the FINRA rules. US investors must effect any transaction in any security that is the subject of this material through MSUSA. For more information, or to place an order for a security, please contact your MSUSA representative by telephone at 1-212-209-9300 or by mail at 320 Park Avenue, New York, NY 10022, USA. MSUSA may act as agent for Mizuho Securities affiliate for transactions in foreign sovereign and corporate debt securities and related instruments. MSUSA does not guarantee such transactions or participate in the settlement process. The securities described herein may not have been registered under the Securities Act of 1933, and, in such case, may not be offered or sold to US persons unless they are being sold in compliance with an exemption. Please review the following links for full disclaimers and disclosures: Universal Disclosure for Mizuho Americas, Mizuho Americas Market Commentary Disclaimer, Mizuho Americas Pre-Hedging Disclosure

Hong Kong: This material is being distributed in Asia ex-Japan by Mizuho Securities Asia Limited, a member of Mizuho Financial Group, 12th Floor, Chater House, 8 Connaught Road, Central, Hong Kong.

Singapore: This material is distributed or has been approved for distribution in Singapore by Mizuho Securities (Singapore) Pte. Ltd. (“MHSS”) which is regulated by the Monetary Authority of Singapore. Any material produced by a foreign Mizuho entity, analyst or affiliate is distributed in Singapore only to “Institutional Investors”, “Expert Investors” or “Accredited Investors” as defined in the Securities and Futures Act, Chap. 289 of Singapore. Any matters arising from, or in connection with this material, should be brought to the attention of MHSS.

Australia: This material is being distributed in Australia by Mizuho Securities Asia (“MHSA”) which is exempted from the requirement to hold an Australian financial services license under the Corporation Act 2001 (“CA”) in respect of the financial services provided to the recipients. MHSA is regulated by the Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws. Distribution of this report is intended only for recipients who are “wholesale clients” within the meaning of the CA.

Brazil: This material is distributed only to professional or qualified investors according to the definitions of the Brazilian regulator Comissão de Valores Mobiliários. This material is provided for informational purposes only and does not constitute an offer to buy or sell or the solicitation of an offer to buy or sell any security or instrument. You understand and agree that Banco Mizuho do Brazil S.A. (BMB) has not made any commitment to provide you any financing, products or services with respect to any matters contemplated in this material. BMB does not have any obligation to update any of the information contained in this material and no representation, warranty or other assurance of any kind is made with respect to the accuracy, completeness, or suitability of its content.