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Instant Thoughts

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No More Tears?

- The Japanese “Iron Lady” will not get much of a honeymoon once taking the rein.
- LDP heavyweight Taro Aso seems to have played a major role in Takaichi's ascendency.
- If Aso's allies is appointed as Finance Minister, it could be a wake-up call for re-pricing Takaichi's easing blitz to just business as usual as if Koizumi wins the race.
- USDJPY may break into the 151 handle by end of week. But we do not see the JPY trending much weaker beyond that.

Abe's effort to create a “society where all women shine” has come to a capstone. Over the weekend, Sanae Takaichi defeated Shinjiro Koizumi in a runoff for the LDP leadership, paving the way for the first woman prime minister in Japan.

The Japanese “Iron Lady” will not get much of a honeymoon once taking the rein. Bond vigilantes, consumed by the fear of fiscal apocalypse, are not in a good mood as Takaichi. With the 30-year JGB yields flickering at an exorbitant high, what becomes urgent for Takaichi is appointing the Finance Minister.

Someone should whisper to bond vigilantes that LDP heavyweight Taro Aso seems to have played a major role in Takaichi's ascendency. Even a strong-willed leader like Takaichi will have to return the favour, whether out of political calculation or winner's remorse. Recall that Aso the kingmaker rebelliously rolled out consumption tax hike under his watch. He didn't believe that cost-bursting easing is the right way of showing the middle class that they are no longer forgotten. If Aso's allies take the seat, it could be a wake-up call for re-pricing

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Takaichi's easing blitz to just business as usual as if Koizumi wins the race.

Yen bears are now reaching for the popcorn. USDJPY may break into the 151 handle by the end of this week. But we do not see the JPY trending much weaker beyond that.

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