SEPTEMBER 14, 2026

PHILEQUITY CORNER

By Wilson Sy

PhilEquity MANAGEMENT INC.

Don't bet against the house

Last month, US support for the Japanese yen was described as "a signal of friendship." This week, US Treasury Secretary Scott Bessent sent currency traders a much stronger message: don't bet against us.

The yen has appreciated sharply in September. USD/JPY, which was trading above 160 at the start of the month, settled at 153.53 last Friday. From its July peak near 164, the yen has strengthened by more than six percent against the US dollar.

From a signal to a warning

In our August 10 article, "A signal of friendship," we discussed the extraordinary decision by the US and Japan to jointly intervene in the currency market. After USD/JPY surged to almost 164 – its weakest level in 40 years – both countries stepped in to buy yen.

The intervention brought USD/JPY down sharply. Since then, expectations of another Bank of Japan rate hike, repatriation by Japanese investors and the unwinding of yen-funded carry trades have added fundamental support to what policymakers started.

"I am the house now"

Bessent, a former hedge fund manager and one of the world's most experienced currency traders, made his position unusually clear this week.

"I am the house now, so when we intervene with the Japanese yen, I have pretty good insight into what the Japanese, what the Bank of Japan is going to do, what Japanese policymakers are going to do," Bessent said at a Southern Methodist University event in Texas on Tuesday. "And you can bet against me if you want."

Those are extraordinary words from a US Treasury Secretary. Bessent is effectively warning speculators that Washington and Tokyo remain closely aligned on the yen.

Yen breaks key technical levels

The charts are now confirming the shift. USD/JPY has broken decisively below the key psychological level of 160. More importantly, it has fallen below both its 50-day and 200-day moving averages, turning these former support levels into potential resistance.

The next major test is the 152-150 area. For years, betting against the yen was one of the easiest trades in global markets. The trade is no longer one-way.

Korean won appreciates sharply

The move is not confined to Japan. The Korean won has staged an equally dramatic recovery. USD/KRW traded above 1,560 in June and closed at 1,341 last Friday, with the won appreciating by about 16 percent against the US dollar in barely three months. A stronger yen has helped Korea because Japan and Korea compete in many export industries. Strong Korean equities and foreign capital flows have also supported the won.

The technical picture is equally strong. USD/KRW has also broken decisively below its 50-day and 200-day moving averages, suggesting that the currency rally is broadening beyond Japan.

Will the peso play catch-up?

The Philippine peso has yet to join the rally. Since the late-July yen intervention, the yen and won have led a broader move in Asian currencies. The Taiwan dollar, Indonesian rupiah, Singapore dollar, Thai baht and Chinese yuan have appreciated by about 0.5 to 2.5 percent against the US dollar. The peso, however, has lagged these moves.

But that may also leave room for the peso to play catch-up. If the yen and won remain strong and the regional currency rally broadens, some of that strength could eventually spill over to the peso. A sustained move in USD/PHP below 62 would be an encouraging signal that the catch-up has begun.

Whether the peso follows remains to be seen. But on the yen, Bessent's message is clear. He is not just warning the market.

You can bet against the house if you want—Bessent is effectively daring, challenging, and even taunting speculators.

Philequity Management is the fund manager of the leading mutual funds in the Philippines. Visit www.philequity.net to learn more about Philequity's managed funds or to view previous articles. For inquiries or to send feedback, please call (02) 8250-8700 or email ask@philequity.net.