

Good Morning Asia - 1 April 2019

I'm making no cheap jokes about today's vote by UK's MPs on Brexit alternatives...that space will be amply filled by others. Elsewhere, China bounces back on fiscal stimulus. Japan's Tankan falls as expected, Australia's housing slows a bit more slowly, and South Korea's trade data soften further.

In this bundle



All fool's day vote

I'm making no cheap jokes about today's vote by UK's MPs on Brexit alternatives...that space will be amply filled by others. Elsewhere, China...



China

China: fiscal stimulus pushes up PMI

China's official manufacturing PMI beat consensus in March. We believe this was mostly the result of fiscal stimulus on new infrastructure production,...



China

China's stimulus is working but debt and external political pressure is growing

China's ongoing trade war with the US will hurt the jobs market and spending power. While this is being countered by stimulus measures, debt levels...



Asia Morning Bites

ASEAN Morning Bytes

General market tone: Wait and see. Investors will likely focus on key economic releases from the US to get more clues to the threat of recession.

Opinion | 1 April 2019

All fool's day vote

I'm making no cheap jokes about today's vote by UK's MPs on Brexit alternatives...that space will be amply filled by others. Elsewhere, China bounces back on fiscal stimulus. Japan's Tankan falls as expected, Australia's housing slows a bit more slowly, and South Korea's trade data soften further.



Yet another vote

Here are a couple of good articles to set you up for the week - a week when I find myself having to say, once again, (and with little confidence), "By the end of this week, we should have a better idea of where Brexit is going". Though by now, that refrain will be wearing very thin. I don't blame you for doubting me. I don't really believe it myself. [The first note is by our very own James Smith](#), from deep within Brexitland. The second is from the BBC, and a bit hard to find from their news site, but pops up readily enough on google after a search on Brexit news. That article [runs through 8 alternatives to PM May's Brexit draft treaty](#), which was soundly defeated again last week.

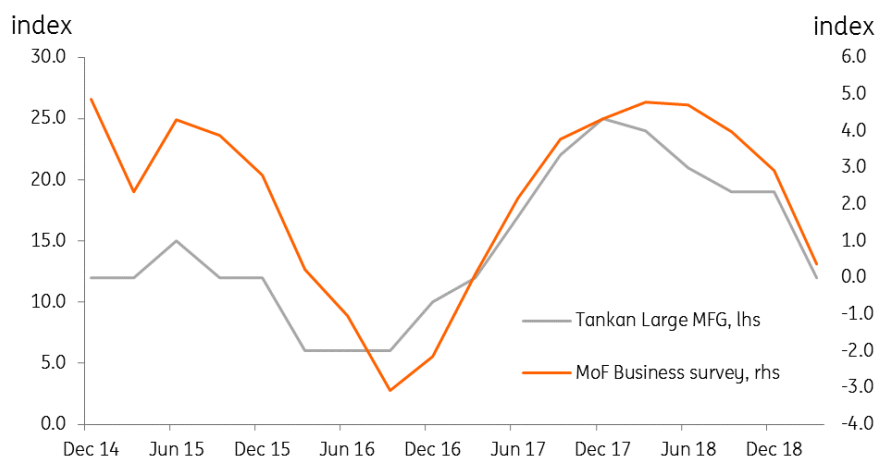
As James Smith notes, the Customs Union vote, which was one of two front runners last Friday, without actually getting a majority, might eke out some more gains today, though such a Brexit may throw Parliament into turmoil. This wasn't the Brexit that Brexiteers were hoping for, but it is maybe one of the few forms of Brexit the Remainers could accept. Bearing in mind the split across the country on Brexit, I think one could argue reasonably that a compromise Brexit might be something that all sides ought to coalesce around as minimizing the misery for all concerned,

rather than treating this as a winner-takes-all event and risking a damaging no deal Brexit. Another 24 hours will show whether this is the case (maybe). Meanwhile, we read on various newswires that Conservative MPs are preparing for a snap election.

China data better news for Australia and AUD

In the bundled version of this note, our Greater China Economist, Iris Pang, has written up the [strong PMI results from over the weekend](#), and she also has [a longer piece out today on the Chinese economy](#). The news, for now, is constructive. With markets recently poising themselves for a US, if not a global recession, the evidence that China has not lost control of its economy is welcome. This is a message that won't be lost elsewhere, including Australia. Hawks on the RBA will note this China news, as well as their own March CoreLogic house price index, showing monthly Australian house prices declining more slowly at 0.7% MoM from 0.9% in February. The AUD is looking reasonably bid today. Our sub-0.70 AUDUSD forecast for 2Q19 took a knock from the Fed's dovish tilt. We are reviewing whether we need to amend it, though it remains in place for now, with somewhat lower conviction than previously.

Tankan survey - Large Manufacturing and MoF business survey



Tankan weak, Korean trade data soft

Japan's 1Q19 Large Manufacturing Tankan index came in at 12, down from 19 in 4Q18, and a little softer than the consensus 13, though in line with the MoF's earlier business survey. You have to dig quite hard amongst the various subcomponents to come up with positive news in this release, which is a sign that perhaps you should not bother, and instead, accept the headline for what it is. We recently chopped out a consumption tax hike from our forecasts. It's maybe time the government acknowledged that this is again looking difficult to implement.

Korea's March Exports fell 8.2%YoY (consensus 7.0%YoY, ING f -7.4%). This was a bit weaker, though not massively so than the preliminary 20-day figure, so the market impact may not be substantial. The KRW has been sliding since it briefly got as low as 1123 helped by Fed dovishness, and we haven't given up hope of a break above the 1140 range top that hasn't been exceeded since last November. More data like this will help.

Asia Day ahead

More PMI data dominate today's Asia calendar, with the variance in results likely to be dominated by local factors than any broader themes like global trade or tech slump.

Inflation from Thailand and Indonesia are the only other stand-outs today. Neither looks likely to trouble markets unduly, with both at the lower end of their target ranges.

Author

Alissa Lefebre

Economist

alissa.lefebvre@ing.com

Deepali Bhargava

Regional Head of Research, Asia-Pacific

Deepali.Bhargava@ing.com

Ruben Dewitte

Economist

+32495364780

ruben.dewitte@ing.com

Kinga Havasi

Economic research trainee

kinga.havasi@ing.com

Marten van Garderen

Consumer Economist, Netherlands

marten.van.garderen@ing.com

David Havrlant

Chief Economist, Czech Republic

420 770 321 486

david.havrlant@ing.com

Sander Burgers

Senior Economist, Dutch Housing

sander.burgers@ing.com

Lynn Song

Chief Economist, Greater China

lynn.song@asia.ing.com

Michiel Tukker

Senior European Rates Strategist

michiel.tukker@ing.com

Michal Rubaszek

Senior Economist, Poland

michal.rubaszek@ing.pl

This is a test author

Stefan Posea

Economist, Romania

tiberiu-stefan.posea@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Jesse Norcross

Senior Sector Strategist, Real Estate

jesse.norcross@ing.com

Teise Stellema

Research Assistant, Energy Transition

teise.stellema@ing.com

Diederik Stadig

Sector Economist, TMT & Healthcare

diederik.stadig@ing.com

Diogo Gouveia

Sector Economist

diogo.duarte.vieira.de.gouveia@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Ewa Manthey

Commodities Strategist

ewa.manthey@ing.com

ING Analysts

James Wilson

EM Sovereign Strategist

James.wilson@ing.com

Sophie Smith

Digital Editor

sophie.smith@ing.com

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Adam Antoniak

Senior Economist, Poland

adam.antoniak@ing.pl

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Coco Zhang

ESG Research

coco.zhang@ing.com

Jan Frederik Slijkerman

Senior Sector Strategist, TMT

jan.frederik.slijkerman@ing.com

Katinka Jongkind

Senior Economist, Services and Leisure

Katinka.Jongkind@ing.com

Marina Le Blanc

Sector Strategist, Financials

Marina.Le.Blanc@ing.com

Samuel Abettan

Junior Economist

samuel.abettan@ing.com

Franziska Biehl

Senior Economist, Germany

Franziska.Marie.Biehl@ing.de

Rebecca Byrne

Senior Editor and Supervisory Analyst

rebecca.byrne@ing.com

Mirjam Bani

Sector Economist, Commercial Real Estate & Public Sector (Netherlands)

mirjam.bani@ing.com

Timothy Rahill

Credit Strategist

timothy.rahill@ing.com

Leszek Kasek

Senior Economist, Poland

leszek.kasek@ing.pl

Oleksiy Soroka, CFA

Senior High Yield Credit Strategist

oleksiy.soroka@ing.com

Antoine Bouvet

Head of European Rates Strategy

antoine.bouvet@ing.com

Jeroen van den Broek

Global Head of Sector Research

jeroen.van.den.broek@ing.com

Edse Dantuma

Senior Sector Economist, Industry and Healthcare

edse.dantuma@ing.com

Francesco Pesole

FX Strategist

francesco.pesole@ing.com

Rico Luman

Senior Sector Economist, Transport and Logistics

Rico.Luman@ing.com

Jurjen Witteveen

Sector Economist

jurjen.witteveen@ing.com

Dmitry Dolgin

Chief Economist, CIS

dmitry.dolgin@ing.de

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Egor Fedorov

Senior Credit Analyst

egor.fedorov@ing.com

Sebastian Franke

Consumer Economist

sebastian.franke@ing.de

Gerben Hieminga

Senior Sector Economist, Energy

gerben.hieminga@ing.com

Nadège Tillier

Head of Corporates Sector Strategy

nadege.tillier@ing.com

Charlotte de Montpellier

Senior Economist, France and Switzerland

charlotte.de.montpellier@ing.com

Laura Straeter

Behavioural Scientist

+31(0)611172684

laura.Straeter@ing.com

Valentin Tataru

Chief Economist, Romania

valentin.tataru@ing.com

James Smith

Developed Markets Economist, UK

james.smith@ing.com

Suvi Platerink Kosonen

Senior Sector Strategist, Financials

suvi.platerink-kosonen@ing.com

Thijs Geijer

Senior Sector Economist, Food & Agri

thijs.geijer@ing.com

Maurice van Sante

Senior Economist Construction & Team Lead Sectors

maurice.van.sante@ing.com

Marcel Klok

Senior Economist, Netherlands

marcel.klok@ing.com

Piotr Poplawski

Senior Economist, Poland

piotr.poplawski@ing.pl

Paolo Pizzoli

Senior Economist, Italy, Greece
paolo.pizzoli@ing.com

Marieke Blom
Chief Economist and Global Head of Research
marieke.blom@ing.com

Raoul Leering
Senior Macro Economist
raoul.leering@ing.com

Maarten Leen
Head of Global IFRS9 ME Scenarios
maarten.leen@ing.com

Maureen Schuller
Head of Financials Sector Strategy
Maureen.Schuller@ing.com

Warren Patterson
Head of Commodities Strategy
Warren.Patterson@asia.ing.com

Rafal Benecki
Chief Economist, Poland
rafal.benecki@ing.pl

Philippe Ledent
Senior Economist, Belgium, Luxembourg
philippe.ledent@ing.com

Peter Virovacz
Senior Economist, Hungary
peter.virovacz@ing.com

Inga Fechner
Senior Economist, Germany, Global Trade
inga.fechner@ing.de

Dimitry Fleming
Senior Data Analyst, Netherlands
Dimitry.Fleming@ing.com

Ciprian Dascalu
Chief Economist, Romania
+40 31 406 8990
ciprian.dascalu@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

Sophie Freeman

Writer, Group Research

+44 20 7767 6209

Sophie.Freeman@uk.ing.com

Padhraic Garvey, CFA

Regional Head of Research, Americas

padhraic.garvey@ing.com

James Knightley

Chief International Economist, US

james.knightley@ing.com

Tim Condon

Asia Chief Economist

+65 6232-6020

Martin van Vliet

Senior Interest Rate Strategist

+31 20 563 8801

martin.van.vliet@ing.com

Karol Pogorzelski

Senior Economist, Poland

Karol.Pogorzelski@ing.pl

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

Viraj Patel

Foreign Exchange Strategist

+44 20 7767 6405

viraj.patel@ing.com

Owen Thomas

Global Head of Editorial Content

+44 (0) 207 767 5331

owen.thomas@ing.com

Bert Colijn

Chief Economist, Netherlands

bert.colijn@ing.com

Peter Vanden Houte

Chief Economist, Belgium, Luxembourg, Eurozone

peter.vandenhoute@ing.com

Benjamin Schroeder

Senior Rates Strategist

benjamin.schroeder@ing.com

Chris Turner

Global Head of Markets and Regional Head of Research for UK & CEE

chris.turner@ing.com

Gustavo Rangel

Chief Economist, LATAM

+1 646 424 6464

gustavo.rangel@ing.com

Carlo Cocuzzo

Economist, Digital Finance

+44 20 7767 5306

carlo.cocuzzo@ing.com

China: fiscal stimulus pushes up PMI

China's official manufacturing PMI beat consensus in March. We believe this was mostly the result of fiscal stimulus on new infrastructure production, not a recovery from external demand. Since activity growth was pushed by fiscal stimulus, we expect this kind of growth will continue to support the economy during 2019



Surprisingly good manufacturing PMI

China's official manufacturing PMI rose to 50.0 in March from 49.2 in February. Among all sub-indices, production, new orders, prices, and purchasing activities all showed gains (i.e. above 50). But new export orders and orders placed by customers stayed in contraction territory (i.e. below 50), though by less than the previous month.

50.5 China official manufacturing PMI

Better than expected

Fiscal stimulus working

For the manufacturing PMI sub-indices as a whole, we believe the improvement was the result of the fiscal stimulus' infrastructure projects. These projects are mainly new metro lines and toll roads. And this matches with the sub-index on construction business activities at 61.7 in the non-manufacturing index, which rose to 54.8 from 54.3.

These activities have pushed up some commodity prices, for example, iron and copper. Thus, upstream manufacturers that are in the mining industry should be among the first producers to enjoy the positive outcome of the fiscal stimulus.

In the latter part of 2019, when the production process goes from upstream suppliers to downstream products for metro lines and toll roads, eg, equipment, more manufacturers will enjoy positive growth.

But this is not led by external demand

We have to admit that this PMI report is mainly driven by China's own fiscal stimulus. Though new export orders' reading improved, it was still only at 47.1 in March (from 45.2 in February), indicating that export orders were still shrinking, albeit at a slower pace. This implies that external demand has not improved. Moreover, trade negotiations are still ongoing. Even if there is a trade deal, we believe that the monitoring system will create continuous uncertainties on China-US bilateral trade.

More improvement in manufacturing PMI in the coming months

We expect fiscal stimulus in China will continue. Therefore, domestic demand will continue to lead to an increase in new orders and production in the manufacturing PMI. If the external environment does not deteriorate further, we believe that the fiscal stimulus and monetary easing on private firms should be large enough to keep economic growth above 6.0%, which is in line with our forecast of 6.3% growth in 2019.

Author

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

China's stimulus is working but debt and external political pressure is growing

China's ongoing trade war with the US will hurt the jobs market and spending power. While this is being countered by stimulus measures, debt levels will increase. China's tourists have helped lower the current account to almost zero, but that might all change in 2019. China is likely to face more external political pressure as it continues to grow



Source: Shutterstock

Asian young woman in old traditional Chinese dresses in the Temple of Heaven in Beijing, China.

With stimulus in place, Chinese growth is likely to be above 6%

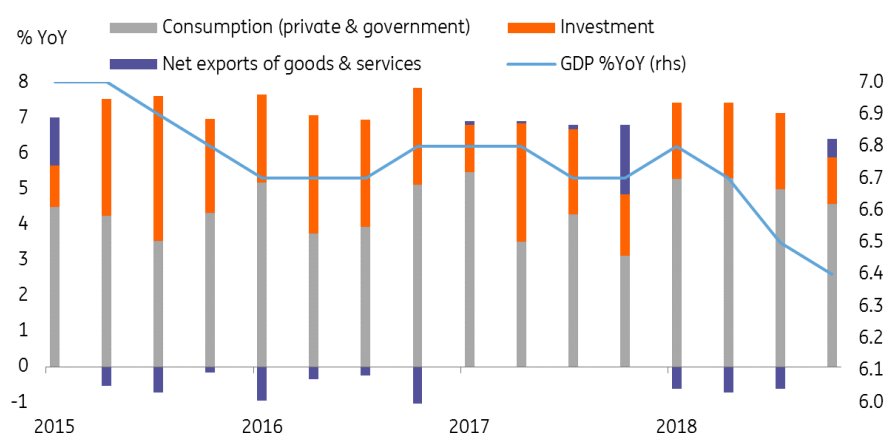
With a sizeable stimulus and monetary easing in place, we expect the Chinese economy to grow above the 6% lower boundary target set by the government.

The 'two sessions' meetings held in early March set a fiscal stimulus package of CNY 4 trillion, of which around half was tax and fee cuts. The other half is coming via local government infrastructure projects, including new metro lines and toll roads. Aside from the stimulus, some local governments have quietly relaxed housing regulations too.

With a sizeable stimulus and monetary easing in place, we expect the Chinese economy to grow above the 6% lower boundary target set by the government

On the monetary side, the central bank has adopted a targeted approach. This directs extra liquidity flows mainly to small private firms, which have been the hardest hit by the ongoing US-China trade war. On top of targeted liquidity for private firms, we expect four required reserve ratio (RRR) cuts in total. We've revised down each cut to 0.5 percentage points from one percentage point after the central bank governor said there is limited room for cuts in 2019.

Quarterly GDP growth



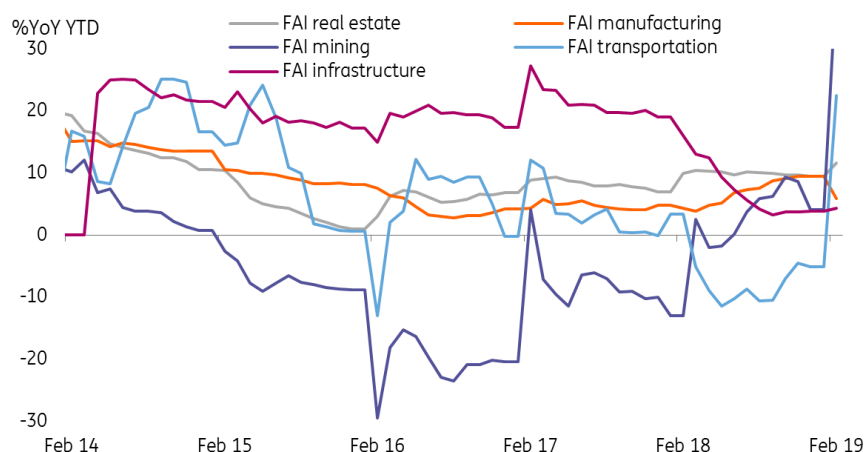
Source: ING, CEIC

PPI is more likely to inflate but CPI will be modest given low wage growth

As government spending continues on new metro lines and toll roads, we expect construction material prices to go up for most of 2019. This will not only prevent producer prices (PPI) from heading towards deflation but also give industrial profits a boost in some sectors.

We believe wage growth will be low in 2019, reflecting the challenges faced by export-related manufacturers and the subdued demand for electronics due to the trade war. This will limit consumer price inflation, but we don't expect CPI to fall into negative territory, as the consumer price basket has a large necessity component.

Stimulus aimed at transportation and mining



Source: ING, Bloomberg

Debt is growing, but it all depends on the progress of trade talks

As stimulus increases, so does debt in various parts of the economy.

Tax and fee cutting directly increase the central government's fiscal deficit, targeted at 2.8% of GDP. In China, the actual deficit is usually one percentage point above the planned deficit.

Infrastructure investment is mostly funded by the issuance of local government special bonds. These bonds are categorised as corporate bonds because the local government has no guarantee on the bonds. We also think local governments are unlikely to take any responsibility if there are defaults on these bonds until the number increases to a level that catches market attention.

The duration of the trade war is a critical factor in evaluating how fast debt levels will grow, as the current debt issuance supports infrastructure investment to stimulate a weakening economy

If there was an outbreak of large-scale onshore bond defaults, the potential remedy would be placing these credits into 'debt-to-equity-swap' schemes, which can isolate bad credits from the good ones, and these bad credits would eventually be disposed of by asset management companies.

This is what happened in 2016 when smaller state-owned enterprises defaulted during the overcapacity cutting reforms. After the clean up of overcapacity companies, the overall debt level of the country fell from a peak of 262% of GDP in February 2017, to 250% in March 2018. But now, debt levels have increased again to 253% of GDP due to the issuance of local government special bonds to tackle the impact of the trade war.

The duration of the trade war is a critical factor in evaluating how fast debt levels will grow, as the current debt issuance supports infrastructure investment to stimulate a weakening economy.

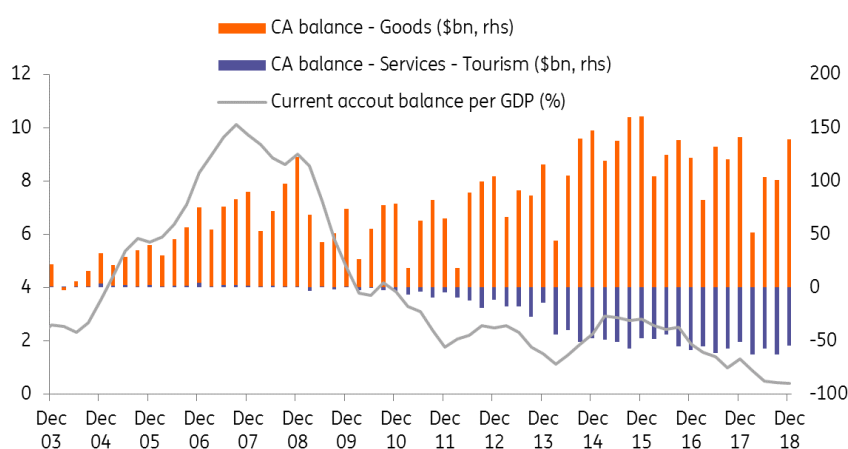
Current account near balance thanks to outbound tourism

The chart below shows that an increase in outbound tourism has been the main factor behind the narrowing current account surplus, which as a percentage of GDP is now close to zero.

As wage growth slows in 2019, there will be fewer Chinese tourists going abroad, so tourism may not be as big a negative factor in China's current account in 2019.

But, if a trade deal between China and the US is sealed this year, then China will import more US products. It's still unclear if China will cut imports from the rest of the world to maintain an overall trade surplus or will allow the balance to move into deficit.

Goods contribute positively to China's current account while services do the opposite



Source: ING, Bloomberg

Massive capital outflows are not really a concern

We have to remember China's capital account isn't completely open, which is why we don't believe there is a high chance of massive capital outflows, because even if there's a demand for fund outflows, there aren't many channels to do this.

On the other hand, we expect the cross border regulator (SAFE) to slowly open up the capital account, only for the easy part of the opening up process. For example, [SAFE has slightly relaxed the regulations of cross border cash pooling](#) to provide convenience for usual transactions made by multinational companies.

In the extreme case of market panic, we believe the central bank is likely to impose a strict policy on outflows.

Central bank is practicing a semi-free floating yuan by following the dollar

Given that we expect the current account to be almost balanced in 2019, and the capital account still isn't fully open, we believe the yuan exchange rate will be what the central bank claims will be "more flexible" according to market movements. This isn't really a new thing, as the USD/CNY

exchange rate has been broadly following the dollar index since mid-2016.

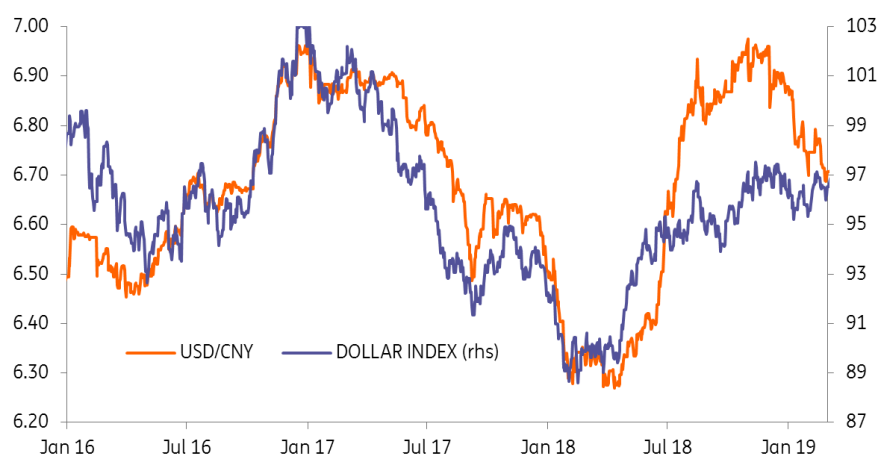
Another step in the preparation of a free-floating currency is to make the daily USD/CNY fixing mechanism more transparent, but this change is unlikely to take place in 2019

To pave the way for a truly free-floating currency, the central bank needs to reform interest rates. [Yi Gang commented that there would be interest rate liberalisation](#). For example, taking China sovereign yields as the risk-free interest rate to facilitate a market-based pricing mechanism for financial products.

Another step in the preparation of a free-floating currency is to make the daily USD/CNY fixing mechanism more transparent, but this change is unlikely to take place in 2019, given it's full of uncertainties, and the central bank won't want more risks in the market.

In case there's a quick turn towards negative market sentiment, we expect the central bank to impose a higher reserve ratio on short yuan positions. The last increase was in 2018 from 0% to 20%.

USD/CNY exchange rate has largely followed the dollar index since 2016



Source: ING, Bloomberg

External political challenges

Aside from the trade war initiated by the US, external pressure from other countries is also growing. China faces an increasingly tough external political climate as it grows in terms of economic ability, international influence, and its technology development ability.

China is trying to build a new set of institutional platforms more suitable for its growth. For example, the Belt and Road Initiatives which are paired with the Asian Infrastructure Investment Bank (AIIB); and the Boao forum, which is seen as the Asian Davos.

These Chinese platforms have caused some international unrest. Will the increasing influence of China weaken the power of existing players in the world? Though simultaneously, the rest of the world wants to tap into the Chinese consumer market because of its sheer population size and the growing middle-class.

These contrasting viewpoints will complicate how countries, especially in the developed world, interact with China.

Headwinds are tackled by stimulus measures

Overall, we believe that despite the trade tension, China can grow by 6.3%.

There will still be lingering uncertainties from the trade negotiation even if there is a deal. But the scale of fiscal stimulus and the central bank's flexible liquidity management should provide enough support for the economy to face the headwinds.

Overall, we believe that despite the trade tension, China can grow by 6.3%

The USD/CNY exchange rate will follow the dollar index. As the Federal Reserve probably isn't hiking in 2019, we may see the yuan appreciate more this year, instead of depreciating.

As such, our forecasts of USD/CNY and USD/CNH at 6.75 by the end of 2019 from 6.88 at the end of 2018 remain intact.

China	2017	2018	1Q19F	2Q19F	3Q19F	4Q19F	2019F	2020F
Real GDP (% YoY)	6.9	6.6	6.2	6.2	6.3	6.3	6.3	6.2
CPI (% YoY)	1.6	2.1	2.0	2.3	2.5	2.5	2.3	2.5
PBOC 7D reverse repo rate (% eop)	2.50	2.55	2.55	2.55	2.55	2.55	2.55	2.55
10Y govt. bond yield (% eop)	3.90	3.30	3.10	3.00	2.90	2.80	2.80	2.80
CNY per USD (eop)	6.507	6.879	6.740	6.850	6.850	6.750	6.750	6.700

Source: ING, Bloomberg

Author

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

ASEAN Morning Bytes

General market tone: Wait and see. Investors will likely focus on key economic releases from the US to get more clues to the threat of recession.



EM Space: US retail sales and job numbers will be the focus for the week

- **General Asia:** Traders will be focused on the release of advance retail sales from the US on Monday and the jobs numbers out on Friday for direction. Over the weekend Fed speakers attempted to downplay recession fears with Randal Quarles even expecting a rate hike “at some point” as the economy recovers. Trade talks between the US and China may also add flavor for the week.
- **Indonesia:** Bank Indonesia Deputy Governor Dody Budi Waluyo shot down initial speculation that the central bank would turn dovish in the near term to track the change in tone of the Fed. The official indicated that the central bank’s main focus remained stability and that they needed to maintain the attractiveness of Indonesian domestic financial markets to attract foreign players. Waluyo also maintained that the economy remained safe amid current global economic weakening.
- **Philippines:** The Bangko Sentral ng Pilipinas (BSP) forecasts inflation to settle at the 3.1-3.9% range with market players expecting price gains to have reached 3.4% for March. Food prices will likely be the main drag on inflation with upside pressure still emanating from the steady rise in crude oil prices. The 2nd month of inflation below target will start to help

convince the BSP to finally ease policy, perhaps at the May 9 meeting.

What to look out for: Market looks to US data for clues

- South Korea trade (1 April)
- China Caixin PMI (1 April)
- Thailand inflation (1 April)
- US retail sales and PMI (1 April)
- Indonesia inflation (1 April)
- South Korea (1 April)
- RBA meeting (2 April)
- US durable goods (2 April)
- US ADP employment, PMI services (3 April)
- India RBI meeting (4 April)
- Philippines inflation (5 April)
- US NFP (5 April)

Author

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.