Good MornING Asia - 10 September 2018

The risk aversion continues to be a key theme for the markets as President trump doubles down tariffs threat to $267bn of Chinese products, on top of $50bn already implemented and $200bn in the pipeline

In this bundle

Malaysia

Malaysia: Economy off to a good start in third quarter

The balanced economic risks underpin our view of the Malaysian ringgit (MYR) regaining its status as an Asian outperformer once the external uncertainty...

Article | 10 September 2018

Asian MornING Bytes

General market tone: Risk off International theme: US jobs point to Fed Hike, Trump doubles down Emerging markets: Investors await word on the trade front

International theme: NFP points to Fed hike, Trump doubles down

- US labour data continues to point to a tightening path for the Fed as NFP beat the market consensus and wage growth cemented a rate hike in September.
- On the trade front, Canada and the US remain in limbo on discussions, with the Canadian dairy tariff the stumbling block to an agreement. China's trade surplus reported over the weekend hit a nerve with President Trump who pledged tariffs on an additional $200 billion of goods on top of the negotiated $200 billion.

EM Space: Market awaits word on the trade front

- **General Asia:** Asian markets will likely remain on the backfoot and await any developments related to the dual trade issues with the US in talks with both Canada and China.
- **Malaysia:** Strong July exports and industrial production data last week suggested that the economy was off to a good start in the third quarter. But weak investment will weigh down GDP growth amid growing anti-foreign investment policy. The government reportedly cancelled three China-backed oil and gas pipeline projects. Markets are on holiday today for

the King's birthday.
- **Philippines:** Governor Espenilla reversed his initial stance to take a more forceful tone, indicating a strong monetary policy response to the inflation surge and reviving Asian financial crisis-era measures to curb speculative trading in the Peso spot market. Trade data will be released on Tuesday with expectations for another $3 billion trade deficit seen to pressure the spot market higher anew.

What to look out for?

- China CPI inflation 09/10/2018
- EZ ECB meeting 9/13/2018
- PHL trade data 9/11/2018
- US CPI inflation 9/13/2018
- US Retail sales 9/14/2018
- US-China trade negotiations (on-going)
- Argentina-IMF credit line request 09/04/2018 (on-going)

Author

Amrita Naik Nimbalkar
Junior Economist, Global Macro
amrita.naik.nimbalkar@ing.com

Alissa Lefebre
Economist
alissa.lefebre@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.schroder@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

Report | 7 September 2018

Asian FX Talking: Gauging the fallout

While Asian markets have seen some contagion from the troubles in Turkey and Argentina, the selling has not been indiscriminate. Indeed, some countries in the region have shown signs of resilience. Read our report to find out which currencies we think may be able to withstand the pressure and which are more vulnerable

Source: iStockphoto

Author

Iris Pang
Chief Economist, Greater China
iris.pang@asia.ing.com

Article | 7 September 2018 **China**

China: Ready to strike back

China is gearing up to respond to an expected escalation in US trade agression. Counter-measures against US exports and US business interests look likely, while fiscal and monetary stimulus aims to support the Chinese economy

The first train linking China and Kazakhstan is a boost to the Belt and Road initiative

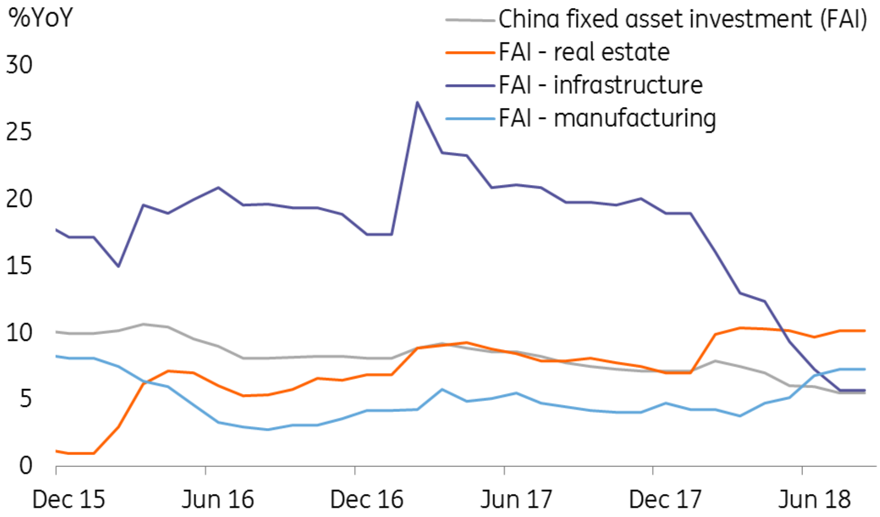
Trade war with the US likely to escalate

On 3 August China's Ministry of Commerce announced a $60 billion list of goods on which to impose tariffs ranging from 5% to 25%. This came after US President Trump said he would increase the tariff rate on the next $200 billion of goods to be hit from 10% to 25%. Together with the US's previous tariffs on $50 billion of Chinese exports, this would mean nearly half of China's exports to the US are covered by tariffs. This will have a major impact on China's export, manufacturing and logistics sectors, and therefore the economy as a whole.

China's retaliatory tariffs will not be enough to match the US like-for-like because China imports much less from the US than it exports. For this reason, China is very likely to impose qualitative retaliation (behind the border obstacles than make it more difficult for US companies to compete in Chinese markets) when the US imposes the next tariffs in order to fully match. The form that qualitative retaliation will take is uncertain, and how harsh these measures will be is also not known. Qualitative retaliation is open-ended in nature, and could create much more uncertainty in the market than simple tariffs.

The Chinese response will depend on how far the US goes with its next round of tariffs. Negative feedback from US companies could pressure the US government to trim the list of goods hit by tariffs, and lower the rate imposed. In that case, China would not retaliate as harshly and the dynamic between the two sides might change for the better. This may lead to risks subsiding gradually.

Chinese fixed asset investment



Source: Bloomberg

Support measures to help the domestic economy

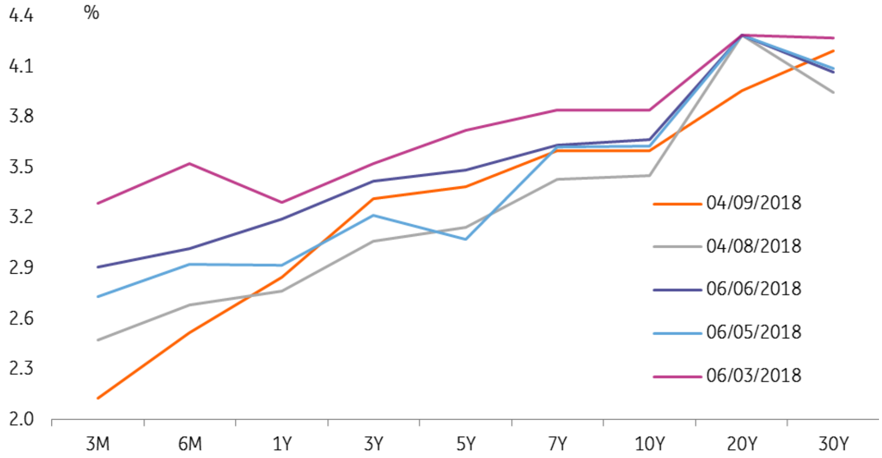
China has put fiscal stimulus and monetary easing in place in order to offset the damage from trade war as much as possible. The front end of the sovereign curve has fallen, suggesting that risks in the Chinese economy are rising.

The State Council announced a CNY2.6 trillion fiscal stimulus package in August, and has also requested that local governments prepare a pool of backup infrastructure investment projects. Fiscal stimulus could increase to CNY5 trillion in 2H18 with another CNY5 trillion in 1H19, particularly if this has to offset the negative impact from the full $200 billion in added tariffs should the US carry out its threats in full. For China's leaders, keeping manufacturing activities stable so that jobs are secured is a key priority.

In addition, the Chinese central bank (PBOC) has eased liquidity and guided interest rates lower. Liquidity is ample, with a net injection of CNY195.5 billion from the Medium Lending Faciities in August. 3M SHIBOR has fallen from 4.155% at the end of June to 2.878% on 4 September. We expect a targeted required reserve ratio (RRR) cut of 50 bps in October in order to direct liquidity to smaller enterprises and so avoid a liquidity crunch as the export environment deteriorates.

The central bank has also restarted the counter-cyclical factor in the USDCNY daily fixing mechanism which, together with the 20% reserves on short yuan forwards, has slowed the yuan's depreciation.

Chinese sovereign yield curve



Source: Bloomberg

Author

Iris Pang
Chief Economist, Greater China
iris.pang@asia.ing.com

Article | 7 September 2018

Taiwan: Another month of weak exports

It's been another month of weak Taiwan exports. There should be temporary support from handset sales in September but Taiwan's dependence on this industry means the economy is vulnerable to external risks

Source: Shutterstock

Another month of weak export growth

Exports grew 1.9% year on year in August, down from 4.7% in July, while imports grew moderately at 7.9% YoY in August, down from 26.12% YoY in July.

Exports of electric parts grew only 1.3% YoY, which is very slow growth, and integrated circuit exports grew at a mere 0.4% YoY in August from 7.0% YoY in July.

We expect September to be a better month for Taiwan exports because of the scheduled handset sales in the month.

Taiwan's export and manufacturing sector depends too much on handsets

Taiwan's export growth depends too much on the handset industry, and there won't be new handset releases every month, which means the sector is vulnerable to external risks. This underlines our worry on the Taiwan economy that if the US imposes tariffs on $200 billion worth of goods and China retaliates, Taiwan's manufacturers would be hurt via the supply chain, although handsets are still excluded from the tariff lists so far.

A weaker currency won't make exports shine

With this backdrop, a weaker Taiwan dollar won't particularly help Taiwan's exports.

The spot price is now at 30.77, and we expect USD/TWD to reach 31.00 by the end of 2018, which is largely a result of a strong dollar due to risk-off sentiment from the escalation of trade tensions.

Author

Iris Pang
Chief Economist, Greater China
iris.pang@asia.ing.com

Article | 7 September 2018 Malaysia

Malaysia: Economy off to a good start in third quarter

The balanced economic risks underpin our view of the Malaysian ringgit (MYR) regaining its status as an Asian outperformer once the external uncertainty lifts. Our end-year forecast for the USD/MYR rate is 4.25

Source: Shutterstock

First strong July trade figures and then strong industrial production, both suggesting that the Malaysian economy is off to a strong start in the third quarter. The country's GDP growth is slowing but the economy isn't falling off a cliff. The balanced economic risks underpin our view of the Malaysian ringgit (MYR) regaining its status as an Asian outperformer once the external uncertainty lifts. Our end-year forecast for the USD/MYR rate is 4.25, revised recently from 4.35 (spot 4.14).

2.6% July industrial production growth

Higher than expected

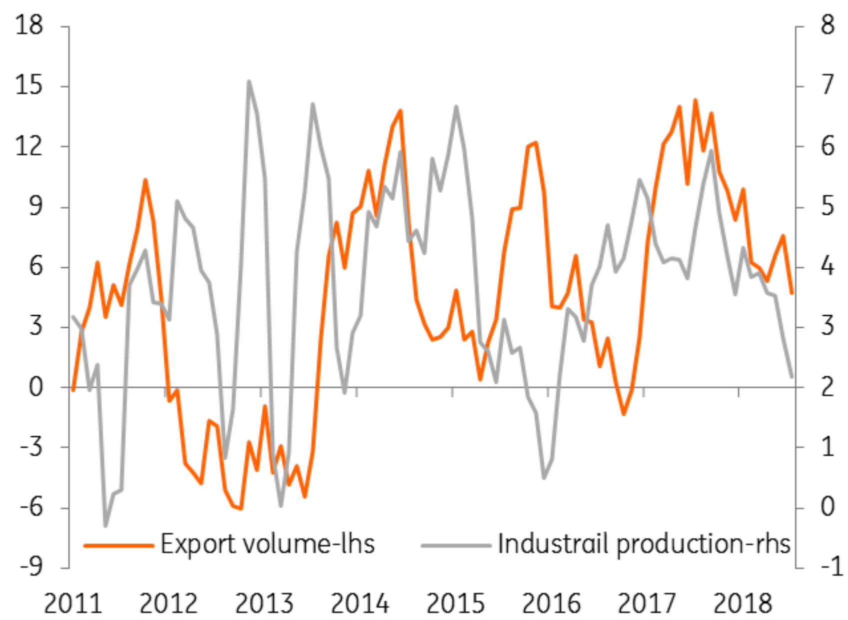
Manufacturing activity firmed up in July

Following on from a surprisingly strong export performance in July, industrial production grew by 2.6% year-on-year in that month, surpassing the consensus estimate of 1.4%. The acceleration from 1.1% growth rate in June comes as faster export growth boosted manufacturing, while utility growth also quickened and mining posted the smallest decline in three months.

Among other manufacturing indicators including sales, employment in the sector and wages, all were firm. The manufacturing sales growth of 9.6% was the fastest since January. So was the productivity growth as implied by growth in sales per employee of 7.6%.

Both exports and production growth are slowing on a trend basis (see figure), which will be associated with the slowdown in GDP growth. However, a sharp GDP slowdown in 2Q18 to 4.5% from 5.4% in the previous quarter was partly a function of the high base-year effect. With the base effect continuing in play in the remainder of the year, we expect GDP growth to settle around 4% in the second half of the year, for a full-year average growth of 4.5%.

Exports and industrial production growth (year-on-year, 3-month moving average)



Source: Bloomberg, CEIC, ING

Balanced economic risks

The commodity currencies have started to feel the heat in the recent emerging market currency sell-off. The MYR isn't spared with a 1.3% depreciation since mid-August, shifting it from being an Asian outperformer to one of the underperformers. Besides emerging market contagion, PM Mahathir's rhetoric against foreign investors should have added to the currency weakness. The central bank (BNM) seems to be accommodating the MYR weakening pressure as long as it's from external factors, while the currency enjoys decent support from the trade and current account surpluses.

We view economic risks as balanced and see no need for any central bank policy support, either for the economy or for the currency.

Author

Amrita Naik Nimbalkar
Junior Economist, Global Macro
amrita.naik.nimbalkar@ing.com

Alissa Lefebre
Economist
alissa.lefebre@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.schroder@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

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.