

Good MornING Asia - 13 May 2019

The US-China trade stalemate continues to weigh on markets with all eyes now on how China retaliates to the last Friday's tariff hike by the US.

In this bundle



ASEAN Morning Bytes

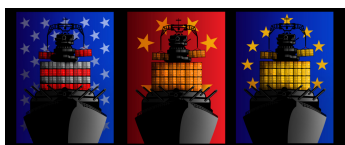
The US-China trade stalemate continues to weigh on markets with all eyes now on how China retaliates to the last Friday's tariff hike by the US.



China

China: Growth aids trade battle

Stronger-than-expected Chinese growth, coupled with fiscal and monetary firepower, will help authorities in trade negotiations as the tariff battle goes...



FX | China

China likely to retaliate to US tariff increase

The US increased tariffs on \$200 billion of Chinese goods to 25% on Friday. We believe that China will retaliate in kind, with \$30 billion worth of...



Japan

Japan: Mixed messages

In Japan, the macro picture paints a bit of a muddy picture. Both investment and net trade don't really help us much with the outlook for the rest of...

Article | 13 May 2019

ASEAN Morning Bytes

The US-China trade stalemate continues to weigh on markets with all eyes now on how China retaliates to the last Friday's tariff hike by the US.



\$7bn

Indonesia current account deficit in 1Q19

\$1.8bn wider than year ago

Worse than expected

EM Space: The risk-off continues

- **General Asia:** Lack of activity data and public holidays in some countries will make it a slow start of the week for Asian markets. But the risk-off continues with the escalation of US-China trade war after last Friday's move by the US to raise tariffs on Chinese goods. All eyes are on China's retaliation.
- **Indonesia:** 1Q19 current account deficit came in at \$7bn, beating the consensus estimate of \$6.2bn deficit. A \$1.8bn widening from a year ago sustains the Indonesian rupiah's vulnerability to the emerging market contagion. We believe Bank Indonesia will continue to train focus on market stability and leave policy on hold at the meeting this week (16 May).
- **Malaysia:** March industrial production surprised on the upside with 3.1% growth. However,

the average 2.7% IP growth in 1Q19 was a slowdown from 3.2% in the previous quarter and this should have dragged the GDP growth lower over the same quarters. Our forecast of a slowdown in 1Q19 GDP growth to 4.2% from 4.7% in 4Q18 remains on track. GDP data is due this week (16 May).

- **Philippines:** The markets are closed for the mid-term elections today, which is seen as a referendum on the Duterte regime. Meanwhile, the government is set to issue Panda or Chinese yuan (CNY)-denominated debt this week as part of its CNY 6bn issuance plan.

What to look out for: Lots of trade data from Asia

- China's April economic data (15 May)
- EU revised 1Q19 GDP (15 May)
- India April trade (15 May)
- Indonesia April trade (15 May)
- Philippines March OCW remittances (15 May)
- US April retail sales and industrial production (15 May)
- Bank Indonesia policy decision (16 May)
- Malaysia 1Q19 GDP and balance of payments (16 May)
- Singapore April NODX (17 May)

Author

Amrita Naik Nimbalkar

Junior Economist, Global Macro

amrita.naik.nimbalkar@ing.com

Alissa Lefebvre

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: Growth aids trade battle

Stronger-than-expected Chinese growth, coupled with fiscal and monetary firepower, will help authorities in trade negotiations as the tariff battle goes up a notch



The Chinese Vice Premier, Liu He, in Washington during trade talks between the United States and China

Stronger growth will help China, but trade isn't the only factor in US talks

Last month, we noted that China has enjoyed a recovery created by fiscal stimulus and monetary easing. This was demonstrated by the recent GDP figures, where first-quarter growth matched the 6.4% YoY pace seen in 4Q18. Stronger-than-expected economic growth should provide the Chinese government with extra chips when it comes to renegotiating the terms of a draft trade deal with the US.

For China, the cost of confronting the US is more broad-based than trade

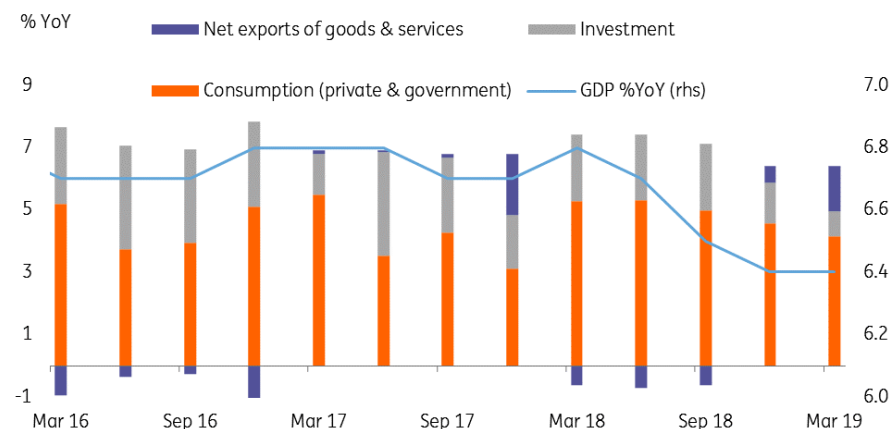
The latest turning point in the trade negotiations appears to have been triggered by disagreements over a reciprocal penalty system. But for China, the cost of confronting the US is more broad-based

than trade. The US, along with some of its allies, have aired concern over the use of Chinese-made 5G equipment. Equally, tensions have risen in the South China Sea. If China successfully renegotiates, then it has the potential to reduce some of these risks.

If China renegotiates successfully then the potential risks on 5G exports and geopolitical tension around the South China Sea will be reduced.

But let's not forget, China's negotiation chips come from fiscal stimulus and monetary easing. Domestic consumption, as reflected in retail sales, is not as bright as it seems. China may need even more fiscal stimulus and monetary easing to support a possible long-running renegotiation.

Chinese GDP is supported by “consumption” from government



Source: Bloomberg, ING

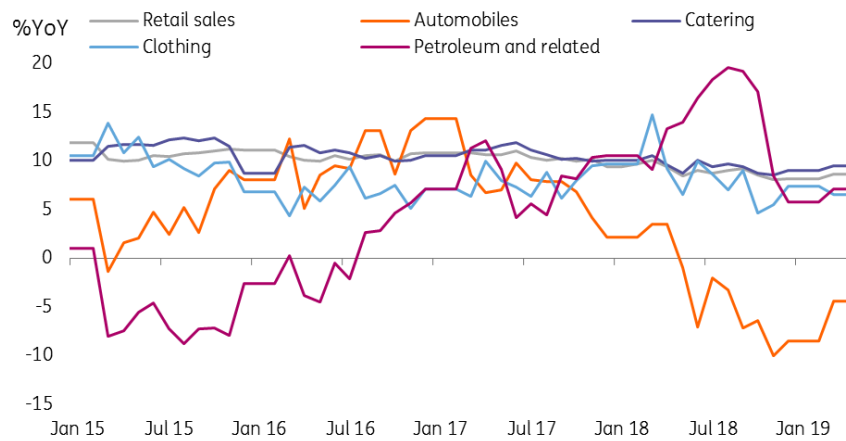
Recent actions show willingness of government to ease policy further

On the same day that the US revealed China has started renegotiating, the Chinese central bank, PBoC, restructured the system of required reserve ratios for small agricultural commercial banks. Though the extra liquidity released is a small drop of CNY280 billion out of an M2 money supply of CNY188,941 billion, it is a symbolic move that shows the willingness of the Chinese government to ease even further.

We keep our forecast for USD/CNY and USD/CNH at 6.75. But we have revised the 2Q and 3Q forecasts to 6.75 and 6.80 from 6.85. A big yuan depreciation when the trade war escalates could easily send an incorrect signal to the market that there are risks of capital flight. We have therefore kept our forecasts of USDCNY and USDCNH in a narrow range. We also keep GDP forecasts at 6.2%YoY in 2Q19 and 6.3% for 2019.

This article forms part of our Monthly Economic Update which you can find [here](#)

Consumers have been careful when it comes to spending



Source: Bloomberg, ING

Author

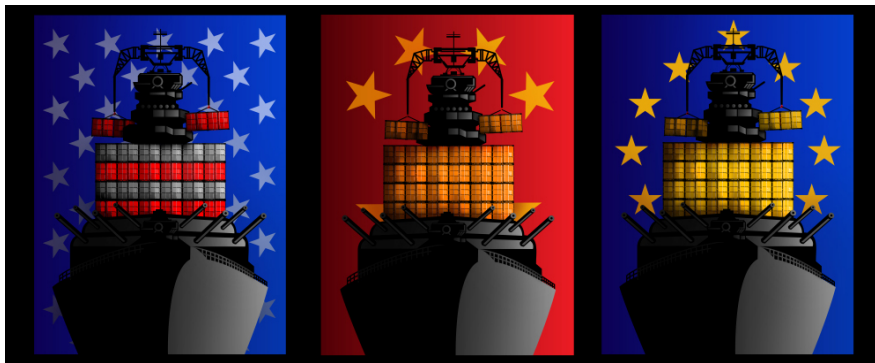
Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

China likely to retaliate to US tariff increase

The US increased tariffs on \$200 billion of Chinese goods to 25% on Friday. We believe that China will retaliate in kind, with \$30 billion worth of tariffs on US goods. This could happen either today or tomorrow. But it will become increasingly difficult for China to respond to a further round of tariff hikes



Source: Shutterstock

Retaliation from China is highly expected

We believe China will retaliate in kind, with \$30 billion worth of tariffs on US goods, the amount that the US has increased tariffs on Chinese goods today. This could be announced during a regular media briefing in the afternoon. China could also delay this tariff until Vice Premier Liu He returns to China tomorrow. In any event, this will happen very soon.

But how can China retaliate in kind if US imposes 25% tariffs on remaining goods

It is very difficult for China to retaliate in kind if the US imposes 25% tariffs on the remaining goods (about \$289.5 billion, according to [US data](#)).

What we expect is that China will apply a mix of tools to penalise the US:

- First, it will impose higher tariffs on most US goods shipped to China. But this won't make up the whole amount of tariffs imposed by the US on Chinese goods.
- Second, it will make life more difficult for US companies operating in China, possibly by stepping into M&A deals in China

However, we do not expect China to sell US Treasuries. This is a tool that China will save as a last resort, and it may not even be used in the unlikely event of a breakdown in the trade negotiations.

USDCNY is less affected but USDCNH more volatile

The yuan will be little affected by this, as the news has been expected for a few days and has already digested by the market.

In fact, the volatility decreased after the US imposed the additional tariffs on China.

We believe the yuan, USD/CNY, will continue to remain calm while USD/CNH could be more volatile. We expect that both yuan exchange rates will head to 6.75 by the end of 1H19.

Author

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

Japan: Mixed messages

In Japan, the macro picture paints a bit of a muddy picture. Both investment and net trade don't really help us much with the outlook for the rest of the year, and we aren't particularly sure whether the anticipated 1Q19 GDP (around 1%) would be a good or bad result



No questions answered

From a purely macro perspective, the last month has answered no questions about the trajectory of Japan's economy. Indeed, to the contrary, the picture is less clear than it has been for some time.

We are approaching the release of 1Q19 GDP data, which means that we have near-complete, and semi-complete high-frequency data for most of the subcomponents of GDP, as well as for inflation. The story is as follows:

1Q19 GDP may not look too bad at first glance; we are looking for something around 1.1% at a seasonally adjusted annualised rate. That would follow a 1.9% rate in 4Q18, so looks decent, albeit perhaps indicative of a slight moderation in pace.

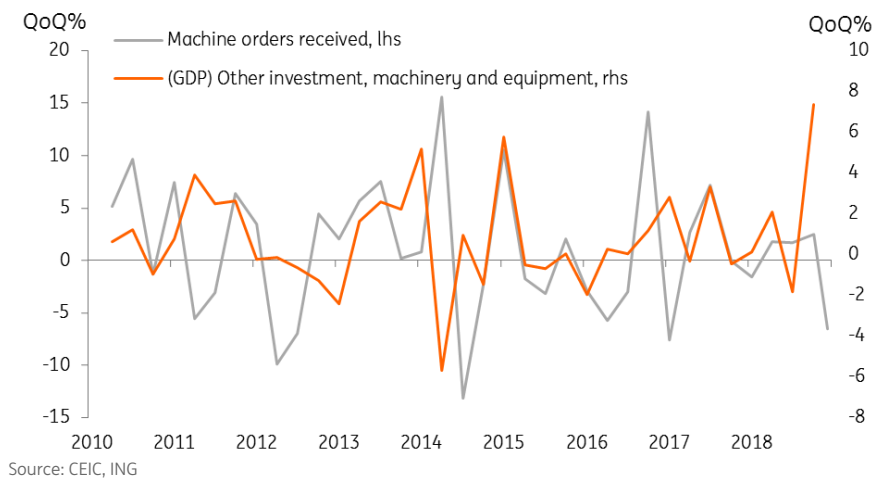
But Japanese GDP can't really be taken so literally, and is also prone to huge revisions, so aside from saying it is likely to be slower in 1Q19 than 4Q18, we can't confidently say much more at this stage.

Many mixed signals

Within this total are some real “head-scratchers”. For example, private consumer spending looks as if it could register a healthy 2% pace. But cash earnings, which had been providing some lift to the household sector, have recently crashed to low sub-1% levels, and this does not look sustainable.

On the investment side, residential investment seems to be undergoing something of a boom, prompting questions about the Bank of Japan’s purchasing of real estate investment trusts (JREITS). Business investment in plant, machinery and non-residential construction looks terrible in contrast, so the net investment picture will be determined by a largely unforecastable horse race between these two components.

Business investment (in GDP) and machine orders



Don't expect any big economic rebound

Net trade is another source of considerable uncertainty. We know that exports have been badly hit by the slowdown in global trade, the US-China trade war and the global tech slump, not to mention the slump in the auto sector. What we can't say with any precision is how this plays off against what also looks to have been a very weak quarter for imports, and whether this has led to a surge in inventories, or has been accompanied by destocking from previous inventory accumulation. We have opted for the latter, but inventories are often calculated residually by statistical agencies, so we have no confidence that this will actually turn out as forecast.

Exports are very weak, but net trade is harder to call, or how this impacts inventories

Putting this all together, it is very hard to characterise whether 1.1% is a good or a bad result for Japan, even if this is close to the figure that eventually gets published. It certainly doesn't set the economy up for a big rebound in 2Q19, but it isn't particularly worrying either.

Inflation did nudge a little higher in March, though this coincided with a further tweak to Bank of

Japan (BoJ) forward guidance that to paraphrase, guarantees no tightening of policy until at least Spring 2020, and probably not then either. This, according to BoJ was to offset misperceptions about their intentions. We don't believe there were any. But in any case, it won't help the BoJ achieve their inflation target, and even they seem to have given up on it if recent economic projections are to be taken at face value.

This article forms part of our Monthly Economic Update which you can find [here](#)

Author

Amrita Naik Nimbalkar

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

Alissa Lefebvre

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

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.