

Good Morning Asia - 18 October 2018

Lifting a key overhang on currency markets, the US Treasury didn't label China as a currency manipulator. But the risk of higher US interest rates continues to weigh on markets

In this bundle



ASEAN Morning Bytes

General market tone: Risk-off. Minutes from the latest Fed minutes showed that almost all members of the FOMC remained in favor of raising rates, despite...



South Korea

5 reasons why Korea does not need to hike (they still might)

We don't think the Bank of Korea (BoK) will hike at this Thursday's meeting, and we don't believe a hike is what the Korean economy needs. But...



Singapore

Singapore's non-oil domestic exports weaker than expected

Non-oil domestic exports (NODX) rise 8.3%YoY, -4.3%MoM. Pharmaceuticals growth again prevents a bigger export headache.

Article | 17 October 2018

ASEAN Morning Bytes

General market tone: Risk-off. Minutes from the latest Fed minutes showed that almost all members of the FOMC remained in favor of raising rates, despite criticism from the White House



International theme: Risk sentiments swings on earnings and FOMC minutes

- Risk tone swung about on Wednesday as markets reacted to earnings reports from major corporates while also taking their cue from the FOMC minutes.

EM Space: US refrains from calling China a “manipulator”

- **General Asia:** Risk sentiment in the region will likely track the dour sentiment at the end of trading on Wall Street with risks of higher rates seen to weigh on markets. The US Treasury pulled back from calling China a currency manipulator, possibly to soothe some tension between the two sides as the trade war continues.
- **Indonesia:** Indonesia recorded a budget deficit of 1.35% of GDP, much lower than the level recorded in 3Q 2017 and down from 2% in 2Q 2018. The government attributed the improvement to improved tax collections, which were up 16.5%. The improved deficit numbers will limit the need for the government to borrow aggressively, helping boost investor appetite for Indonesian bonds overnight.

- **Philippines:** The government granted the petition for a transport fare increase of PHP 1.00 for jeepneys, the iconic, soon-to-be-extinct, mini-buses used by Filipinos. The almost 10% increase in transport costs will likely exert further upward pressure on CPI inflation in the coming months and will likely call the BSP to action with another 25 bps rate hike at its December meeting.

What to look out for: Fed speakers

- Bank of Korea meeting (18 October)
- US initial jobless claims (18 October)
- Fed Bullard (18 October)
- Fed Kaplan (19 October)

Author

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

5 reasons why Korea does not need to hike (they still might)

We don't think the Bank of Korea (BoK) will hike at this Thursday's meeting, and we don't believe a hike is what the Korean economy needs. But government pressure is building, and we may see Governor Lee hint at a hike in November.



Source: Shutterstock

Governor Lee Ju-yeol has sent mixed messages

As far as forward guidance goes, BoK Governor Lee has provided a little for everyone recently. For the seven of 18 consensus hawks looking for a policy rate hike to 1.75% from 1.5% at this meeting, comments that inflation was no impediment to a rate hike now the headline rate was close to 2.0%, house prices high and household debt worrisome, the outcome must seem fairly clear.

But the Governor has also been clear to point out that structural issues such as household debt are not a monetary issue alone. He has also noted that the house price problem is largely a Seoul-only phenomenon. And any hike that is administered would have to be set against the expectation that the BoK will be revising down their GDP forecasts in their latest assessment.

We're reasonably comfortable in forecasting no change to rates this month, and will provide

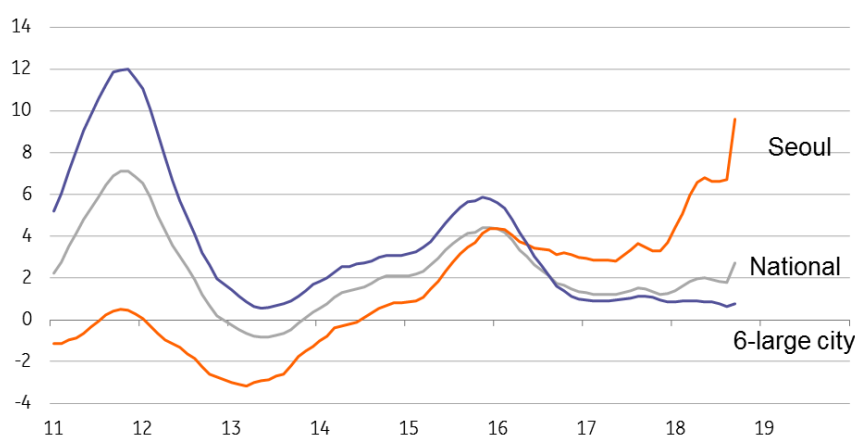
some more detail in the coming paragraphs. But we are less comfortable with our no change in rates this year. We may get a signal on Thursday 18th October that a November hike is coming. In which case, we will not ignore it and will change our current forecasts for no change this year. That doesn't mean we will agree with it.

Reasons not to hike 1: Housing

As I said, we don't see a rate hike as imminent. Nor does it seem like an effective policy response to Korea's economic stresses. Here are a few reasons why...

- **Housing:** As the chart below shows, Korean house price growth is a Seoul phenomenon. A 6-big city measure produced by Kookmin Bank shows house price inflation outside Seoul to be very low, and on broader measures, there are a number of cities with declining house prices. So popping a Seoul house price bubble may squash weaker housing markets in other regions. This does not seem a desirable, or a finessed policy response.

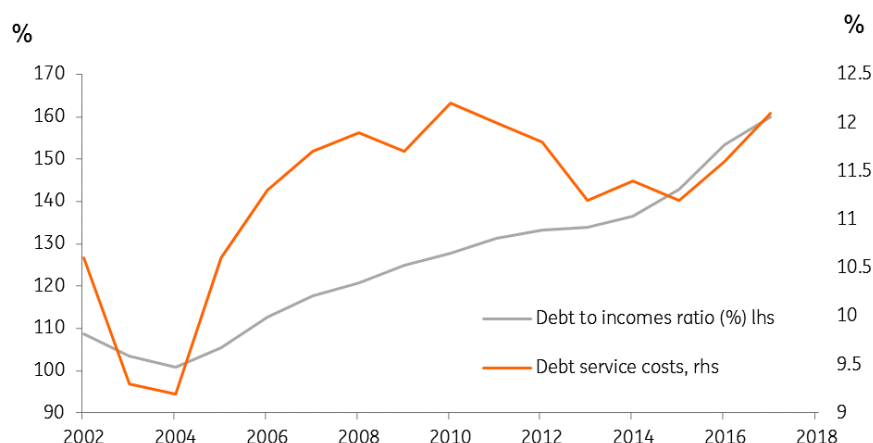
House prices outside Seoul flat to falling



Reasons not to hike 2: Household debt

- **Household debt:** A similar argument applies to the household debt problem. Yes, Korean household debt is high, at nearly 160% of incomes. Most of this is mortgage related. And much of it will reflect the Seoul house price situation. Is a national interest rate increase an appropriate response to a regional market issue? Or would some more targeted macroprudential measure be more effective for a lower cost in terms of foregone economic growth. The answer is pretty clear to us, so why not to the Government and BoK?

Household debt to incomes ratio



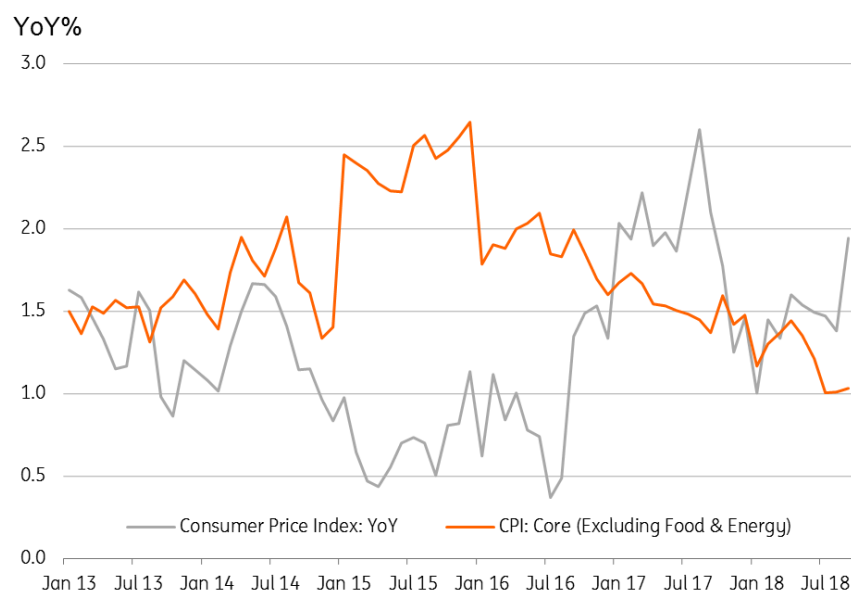
Reasons not to hike 3: Official growth forecasts

- Economic Outlook:** The Korean growth outlook has deteriorated this year, with softer exports and production growth as well as weaker labour market data spoiling the picture. GDP for 2018 and 2019 was forecast respectively at 2.9% and 2.8% in the BoK's July outlook update. Both these figures are likely to need downgrading. That seems an odd backdrop against which to be raising rates. This is why any rate hike decision will likely be postponed to November to avoid the glaring inconsistency it would otherwise generate. It doesn't really make it any less inconsistent though...

Reasons not to hike 4: Inflation

- Inflation:** At 1.9%, the headline inflation rate is not far from the BoK's 2% target. Unlike the GDP backdrop, this is slightly more convenient from a reporting perspective. But besides some higher energy and food price-related inflation (stemming from higher crude oil prices and weather affected food prices) core inflation is very steady at only 1.0%. Given time, the food and energy price increases will drop out of the index. There is no evidence of second-round price effects. And with the labour market softening, there are not likely to be any in the future either. Inflation, therefore, does not warrant higher rates even if it does not create the reporting dilemma of GDP.

Korean Inflation



Reasons not to hike 5: Rate divergence

- Rate divergence:** The divergence of Korean and US rates is only problematic if it results in a weaker Korean won (KRW). And even then, it really isn't a big deal. Korea has no external debt problem, having run a current account surplus for decades. Indeed, a softer economy and the additional currency competitiveness it would deliver might be quite helpful. Any imported inflation would, as noted, also likely only have transitory effects on the inflation rate. In any case, it is not as if Korea's regional trading competitors have seen tremendous currency strength recently. In fact, quite the opposite. So if Korea bucked this trend, it might find itself with a quickly uncompetitive currency.

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

Singapore's non-oil domestic exports weaker than expected

Non-oil domestic exports (NODX) rise 8.3%YoY, -4.3%MoM.
Pharmaceuticals growth again prevents a bigger export headache.



Container yard

Pharma does all the hard work, electronics looks weak...again

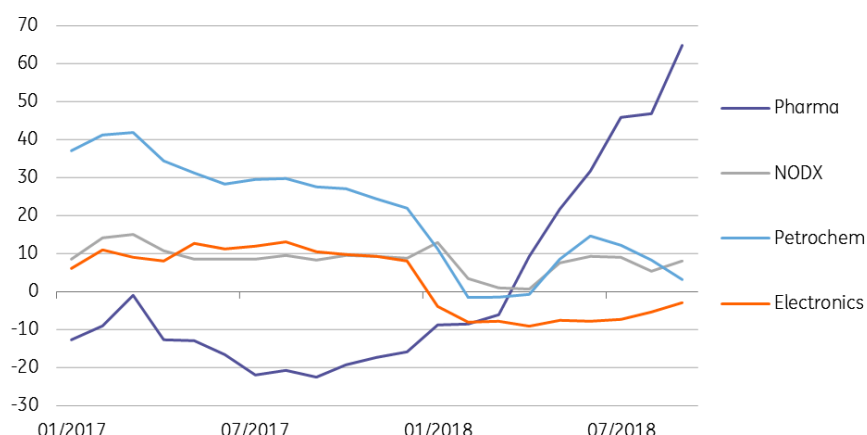
There are some rather predictable export trends emerging at an industry level: Singapore's electronics exports were lower than the same month a year ago, for the tenth consecutive time in September. Admittedly the year-on-year decline is reducing. But September is usually a very weak month anyway for electronics exports. All those electronic components destined for electrical consumer durable goods will already have been exported ahead of the gift-giving season in the West, so there is little comfort to be gleaned there.

There isn't all that much life in the petrochemical sector either, which is 1.5% lower than a year ago. That's a bit worrying. This sector should be a good litmus test for regional activity...

So were it not for another stellar performance by the pharmaceutical industry, showing a 67.5%YoY gain, exports overall would have looked dreadful.

Given the vagaries of year on year data and inconsistent base effects, the chart below shows the data in year-to-date year-on-year form, which irons out some of the wrinkles. Again, the message is, pharma looks awesome, everything else looks distinctly moribund.

Non-Oil Domestic Exports (year to date year-on-year)



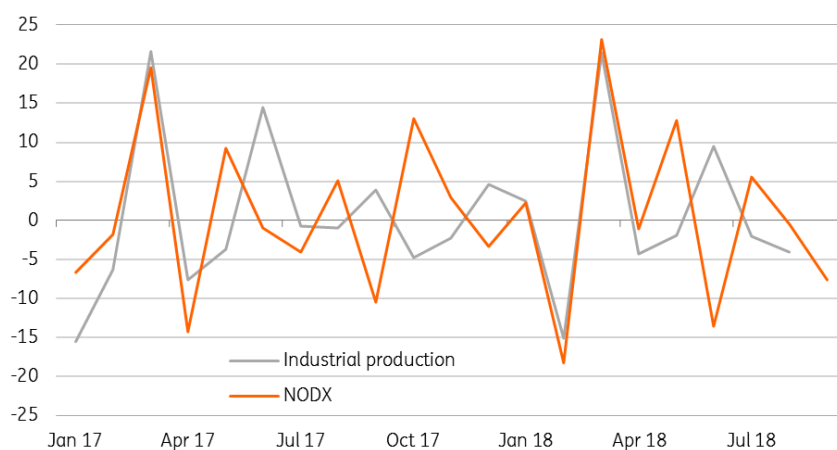
Exports and production linked - sort of

Although there is clearly a longer term relationship between non-oil domestic exports and industrial production in Singapore, it is not particularly tight. What then, is the relationship between monthly moves in these indicators? Does the September NODX tell us anything about the later release of industrial production, and hence GDP growth?

Well, it turns about that the answer is yes, albeit somewhat unreliably. The month-on-month percentage change in non-seasonally adjusted NODX does move with industrial production - much of the time in the same month. Where deviations occur, it looks as if the NODX data tends to provide a one month lead over the production numbers. So it seems, production responds to export demand, sometimes with a lag, rather than exports responding to production. That sort of makes sense.

In this case, with production playing catch up with exports, a decline in unadjusted production data would equate to a negative year on year result, and potentially, some downward revision to the advance 3Q18 GDP figure (was 2.6%YoY).

NODX and Industrial production, MoM% (non-seasonally adjusted)



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

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.