

## Good MornING Asia - 19 April 2018

It feels like nothing has changed - more concern about the slope of the US yield curve and debt

### In this bundle



Canada | United States

#### More of the same

It feels like nothing has changed - more concern about the slope of the US yield curve and debt



China

#### Chinese central bank's innovative monetary policy

The new Chinese central bank governor's first monetary policy move is innovative and the impact is clear



Malaysia

#### Malaysia: Inflation slows further in March

The data might strengthen Prime Minister Najib Razak's defence against the opposition political agenda emphasising the rising cost of living in the...



Malaysia

#### Malaysian elections: Too close to call?

We expect the ruling coalition to lose some ground to the opposition but retain overall control at the upcoming elections. Expect the Malaysian ringgit to...

## More of the same

It feels like nothing has changed - more concern about the slope of the US yield curve and debt



## Some things never change

It doesn't feel as if I have been away. Markets are roughly where I left them more than 2 weeks ago, and the same stories are doing the rounds on the newswires. Top of the bill today, the slope of the yield curve, and does it / doesn't it present cause for worry?

[I have written about this before](#), at great length. So won't bore you with a repeat. But the simple answer is, no, not reliably, and less now than previously. Why? Past policies of QE. Enough said. Moreover, the fact that some members of the Fed are openly fretting about this now helps me to rant in a slightly different direction - forward guidance.

You know how more information is always good, right? Wrong. Well at least when that "information" isn't information at all, but the misguided worries of certain individuals at central banks. What I mean is this: Even the best-staffed research department at a central bank like the US Federal Reserve will tend to have a poorer grasp of where markets and indeed the economy are heading, than the collective wisdom of markets themselves. That's you and me. Not individually sadly, but collectively. So let's consider what people like the usually very sensible James Bullard and now William Dudley are now saying about the flattening yield curve, contrast it to their other colleagues, such as Eric Rosengren, and realize that one, or perhaps all of them are probably wrong.

Markets can, of course, be mispriced. And I think this is part of the problem for the yield-curve. But this too comes from years of forward-guidance aimed at keeping longer-dated yields low. That is proving a hard habit to break, even as the Fed unwinds its balance sheet. But it should get a helping hand from the other story today, the IMF's concern over burgeoning US public debt, which is set to exceed even that of Italy (as a % of GDP).

Saying all that, I think one point is worth making here, very plainly. High debt does not increase the chances of things going wrong for the economy. What high debt does is make the consequences of things going wrong in the economy considerably worse. So we can't smoothly segue from the yield curve story to US debt. Moreover, rising US debt levels are perhaps one of the strongest reasons for concluding that what is wrong with the yield curve story, is not expectations for Fed tightening, which seem broadly on the mark, or the appropriateness of that policy, which seems both restrained and reasonable to my mind, but the yield and expectations of that yield on longer-dated debt itself. Yes, markets can get it wrong too.

## \$-Bloc...nothing happening here

So the Bank of Canada (BoC) left policy rates alone last night as widely expected, and BoC Governor Stephen Poloz remarked that higher rates will be required over time. But there seems no immediate rush. The economy needs more room to grow, Poloz added. And even though Canada's central bank raised its own forecasts for GDP growth this year, they also raised their forecasts for potential growth, enabling them to sit on their hands for longer. That's a useful trick, and ties in with some comments from other central banks, namely the ECB, that as the recovery takes root, potential growth also expands. This isn't totally daft, though the ECB has stretched that argument further than is reasonable, in my view. Canada not so much. We do expect them to tighten policy later this year, but not until 3Q18.

New Zealand 1Q CPI out earlier today also indicates no urgency for the Reserve Bank of New Zealand (RBNZ) to act. At 1.1%YoY, inflation is nowhere close to requiring a policy response. Indeed, less so than ever now with the RBNZ's new dual mandate for both growth and inflation.

Moving on to Australia, labour market data today, which will likely be quite upbeat, will also still provide no strong impetus for the RBA to tighten imminently, without some movement in CPI or wages. These are stirring, but remain sufficiently subdued for us to believe no tightening will be necessary until 4Q18, for both the RBA and RBNZ.

## Author

### Amrita Naik Nimbalkar

Junior Economist, Global Macro

[amrita.naik.nimbalkar@ing.com](mailto:amrita.naik.nimbalkar@ing.com)

### Mateusz Sutowicz

Senior Economist, Poland

[mateusz.sutowicz@ing.pl](mailto:mateusz.sutowicz@ing.pl)

### Alissa Lefebvre

Economist

[alissa.lefebvre@ing.com](mailto:alissa.lefebvre@ing.com)

**Deepali Bhargava**

Regional Head of Research, Asia-Pacific

[Deepali.Bhargava@ing.com](mailto:Deepali.Bhargava@ing.com)

**Ruben Dewitte**

Economist

+32495364780

[ruben.dewitte@ing.com](mailto:ruben.dewitte@ing.com)

**Kinga Havasi**

Economic research trainee

[kinga.havasi@ing.com](mailto:kinga.havasi@ing.com)

**Marten van Garderen**

Consumer Economist, Netherlands

[marten.van.garderen@ing.com](mailto:marten.van.garderen@ing.com)

**David Havrlant**

Chief Economist, Czech Republic

420 770 321 486

[david.havrlant@ing.com](mailto:david.havrlant@ing.com)

**Sander Burgers**

Senior Economist, Dutch Housing

[sander.burgers@ing.com](mailto:sander.burgers@ing.com)

**Lynn Song**

Chief Economist, Greater China

[lynn.song@asia.ing.com](mailto:lynn.song@asia.ing.com)

**Michiel Tukker**

Senior European Rates Strategist

[michiel.tukker@ing.com](mailto:michiel.tukker@ing.com)

**Michal Rubaszek**

Senior Economist, Poland

[michal.rubaszek@ing.pl](mailto:michal.rubaszek@ing.pl)

**This is a test author**

**Stefan Posea**

Economist, Romania

[tiberiu-stefan.posea@ing.com](mailto:tiberiu-stefan.posea@ing.com)

**Marine Leleux**

Sector Strategist, Financials

[marine.leleux2@ing.com](mailto:marine.leleux2@ing.com)

**Jesse Norcross**

Senior Sector Strategist, Real Estate

[jesse.norcross@ing.com](mailto:jesse.norcross@ing.com)

**Teise Stellema**

Research Assistant, Energy Transition

[teise.stellema@ing.com](mailto:teise.stellema@ing.com)

**Diederik Stadig**

Sector Economist, TMT & Healthcare

[diederik.stadig@ing.com](mailto:diederik.stadig@ing.com)

**Diogo Gouveia**

Sector Economist

[diogo.duarte.vieira.de.gouveia@ing.com](mailto:diogo.duarte.vieira.de.gouveia@ing.com)

**Marine Leleux**

Sector Strategist, Financials

[marine.leleux2@ing.com](mailto:marine.leleux2@ing.com)

**Ewa Manthey**

Commodities Strategist

[ewa.manthey@ing.com](mailto:ewa.manthey@ing.com)

**ING Analysts**

**James Wilson**

EM Sovereign Strategist

[James.wilson@ing.com](mailto:James.wilson@ing.com)

**Sophie Smith**

Digital Editor

[sophie.smith@ing.com](mailto:sophie.smith@ing.com)

**Frantisek Taborsky**

EMEA FX & FI Strategist

[frantisek.taborsky@ing.com](mailto:frantisek.taborsky@ing.com)

**Adam Antoniak**

Senior Economist, Poland

[adam.antoniak@ing.pl](mailto:adam.antoniak@ing.pl)

**Min Joo Kang**

Senior Economist, South Korea and Japan

[min.joo.kang@asia.ing.com](mailto:min.joo.kang@asia.ing.com)

**Coco Zhang**

ESG Research

[coco.zhang@ing.com](mailto:coco.zhang@ing.com)

**Jan Frederik Slijkerman**

Senior Sector Strategist, TMT

[jan.frederik.slijkerman@ing.com](mailto:jan.frederik.slijkerman@ing.com)

**Katinka Jongkind**

Senior Economist, Services and Leisure

[Katinka.Jongkind@ing.com](mailto:Katinka.Jongkind@ing.com)

**Marina Le Blanc**

Sector Strategist, Financials

[Marina.Le.Blanc@ing.com](mailto:Marina.Le.Blanc@ing.com)

**Samuel Abettan**

Junior Economist

[samuel.abettan@ing.com](mailto:samuel.abettan@ing.com)

**Franziska Biehl**

Senior Economist, Germany

[Franziska.Marie.Biehl@ing.de](mailto:Franziska.Marie.Biehl@ing.de)

**Rebecca Byrne**

Senior Editor and Supervisory Analyst

[rebecca.byrne@ing.com](mailto:rebecca.byrne@ing.com)

**Mirjam Bani**

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

[mirjam.bani@ing.com](mailto:mirjam.bani@ing.com)

**Timothy Rahill**

Credit Strategist

[timothy.rahill@ing.com](mailto:timothy.rahill@ing.com)

**Leszek Kasek**

Senior Economist, Poland

[leszek.kasek@ing.pl](mailto:leszek.kasek@ing.pl)

**Oleksiy Soroka, CFA**

Senior High Yield Credit Strategist

[oleksiy.soroka@ing.com](mailto:oleksiy.soroka@ing.com)

**Antoine Bouvet**

Head of European Rates Strategy

[antoine.bouvet@ing.com](mailto:antoine.bouvet@ing.com)

**Jeroen van den Broek**

Global Head of Sector Research

[jeroen.van.den.broek@ing.com](mailto:jeroen.van.den.broek@ing.com)

**Edse Dantuma**

Senior Sector Economist, Industry and Healthcare

[edse.dantuma@ing.com](mailto:edse.dantuma@ing.com)

**Francesco Pesole**

FX Strategist

[francesco.pesole@ing.com](mailto:francesco.pesole@ing.com)

**Rico Luman**

Senior Sector Economist, Transport and Logistics

[Rico.Luman@ing.com](mailto:Rico.Luman@ing.com)

**Jurjen Witteveen**

Sector Economist

[jurjen.witteveen@ing.com](mailto:jurjen.witteveen@ing.com)

**Dmitry Dolgin**

Chief Economist, CIS

[dmitry.dolgin@ing.de](mailto:dmitry.dolgin@ing.de)

**Nicholas Mapa**

Senior Economist, Philippines

[nicholas.antonio.mapa@asia.ing.com](mailto:nicholas.antonio.mapa@asia.ing.com)

**Egor Fedorov**

Senior Credit Analyst

[egor.fedorov@ing.com](mailto:egor.fedorov@ing.com)

**Sebastian Franke**

Consumer Economist

[sebastian.franke@ing.de](mailto:sebastian.franke@ing.de)

**Gerben Hieminga**

Senior Sector Economist, Energy

[gerben.hieminga@ing.com](mailto:gerben.hieminga@ing.com)

**Nadège Tillier**

Head of Corporates Sector Strategy

[nadege.tillier@ing.com](mailto:nadege.tillier@ing.com)

**Charlotte de Montpellier**

Senior Economist, France and Switzerland

[charlotte.de.montpellier@ing.com](mailto:charlotte.de.montpellier@ing.com)

**Laura Straeter**

Behavioural Scientist  
+31(0)611172684  
[laura.Straeter@ing.com](mailto:laura.Straeter@ing.com)

**Valentin Tataru**  
Chief Economist, Romania  
[valentin.tataru@ing.com](mailto:valentin.tataru@ing.com)

**James Smith**  
Developed Markets Economist, UK  
[james.smith@ing.com](mailto:james.smith@ing.com)

**Suvi Platerink Kosonen**  
Senior Sector Strategist, Financials  
[suvi.platerink-kosonen@ing.com](mailto:suvi.platerink-kosonen@ing.com)

**Thijs Geijer**  
Senior Sector Economist, Food & Agri  
[thijs.geijer@ing.com](mailto:thijs.geijer@ing.com)

**Maurice van Sante**  
Senior Economist Construction & Team Lead Sectors  
[maurice.van.sante@ing.com](mailto:maurice.van.sante@ing.com)

**Marcel Klok**  
Senior Economist, Netherlands  
[marcel.klok@ing.com](mailto:marcel.klok@ing.com)

**Piotr Poplawski**  
Senior Economist, Poland  
[piotr.poplawski@ing.pl](mailto:piotr.poplawski@ing.pl)

**Paolo Pizzoli**  
Senior Economist, Italy, Greece  
[paolo.pizzoli@ing.com](mailto:paolo.pizzoli@ing.com)

**Marieke Blom**  
Chief Economist and Global Head of Research  
[marieke.blom@ing.com](mailto:marieke.blom@ing.com)

**Raoul Leering**  
Senior Macro Economist  
[raoul.leering@ing.com](mailto:raoul.leering@ing.com)

**Maarten Leen**  
Head of Global IFRS9 ME Scenarios  
[maarten.leen@ing.com](mailto:maarten.leen@ing.com)



**Maureen Schuller**

Head of Financials Sector Strategy

[Maureen.Schuller@ing.com](mailto:Maureen.Schuller@ing.com)

**Warren Patterson**

Head of Commodities Strategy

[Warren.Patterson@asia.ing.com](mailto:Warren.Patterson@asia.ing.com)

**Rafal Benecki**

Chief Economist, Poland

[rafal.benecki@ing.pl](mailto:rafal.benecki@ing.pl)

**Philippe Ledent**

Senior Economist, Belgium, Luxembourg

[philippe.ledent@ing.com](mailto:philippe.ledent@ing.com)

**Peter Virovacz**

Senior Economist, Hungary

[peter.virovacz@ing.com](mailto:peter.virovacz@ing.com)

**Inga Fechner**

Senior Economist, Germany, Global Trade

[inga.fechner@ing.de](mailto:inga.fechner@ing.de)

**Dimitry Fleming**

Senior Data Analyst, Netherlands

[Dimitry.Fleming@ing.com](mailto:Dimitry.Fleming@ing.com)

**Ciprian Dascalu**

Chief Economist, Romania

+40 31 406 8990

[ciprian.dascalu@ing.com](mailto:ciprian.dascalu@ing.com)

**Muhammet Mercan**

Chief Economist, Turkey

[muhammet.mercan@ingbank.com.tr](mailto:muhammet.mercan@ingbank.com.tr)

**Iris Pang**

Chief Economist, Greater China

[iris.pang@asia.ing.com](mailto:iris.pang@asia.ing.com)

**Sophie Freeman**

Writer, Group Research

+44 20 7767 6209

[Sophie.Freeman@uk.ing.com](mailto:Sophie.Freeman@uk.ing.com)

**Padhraic Garvey, CFA**

Regional Head of Research, Americas

[padhraic.garvey@ing.com](mailto:padhraic.garvey@ing.com)

**James Knightley**

Chief International Economist, US

[james.knightley@ing.com](mailto: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](mailto:martin.van.vliet@ing.com)

**Karol Pogorzelski**

Senior Economist, Poland

[Karol.Pogorzelski@ing.pl](mailto:Karol.Pogorzelski@ing.pl)

**Carsten Brzeski**

Global Head of Macro

[carsten.brzeski@ing.de](mailto:carsten.brzeski@ing.de)

**Viraj Patel**

Foreign Exchange Strategist

+44 20 7767 6405

[viraj.patel@ing.com](mailto:viraj.patel@ing.com)

**Owen Thomas**

Global Head of Editorial Content

+44 (0) 207 767 5331

[owen.thomas@ing.com](mailto:owen.thomas@ing.com)

**Bert Colijn**

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto:bert.colijn@ing.com)

**Peter Vanden Houte**

Chief Economist, Belgium, Luxembourg, Eurozone

[peter.vandenhoute@ing.com](mailto:peter.vandenhoute@ing.com)

**Benjamin Schroeder**

Senior Rates Strategist

[benjamin.schroeder@ing.com](mailto:benjamin.schroeder@ing.com)

**Chris Turner**

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

[chris.turner@ing.com](mailto:chris.turner@ing.com)

**Gustavo Rangel**

Chief Economist, LATAM

+1 646 424 6464

[gustavo.rangel@ing.com](mailto:gustavo.rangel@ing.com)

**Carlo Cocuzzo**

Economist, Digital Finance

+44 20 7767 5306

[carlo.cocuzzo@ing.com](mailto:carlo.cocuzzo@ing.com)

# Chinese central bank's innovative monetary policy

The new Chinese central bank governor's first monetary policy move is innovative and the impact is clear



Source: Shutterstock

The People's Bank of China (PBoC) has cut reserve ratio requirement (RRR) by one percentage point for banks that had a required ratio of 17% or 15%. If banks had a lower ratio, they will not enjoy the RRR cut.

The cash then released by the one percentage RRR needs to be used to repay existing medium-term lending facility (MLF) that banks have borrowed from the central bank at a high interest-rates. This would lower interest costs for the banks, but the extra liquidity will not go into the loan market.

---

*This could be a pre-emptive move because if there was a trade war between China and the US, Chinese SMEs are the ones most likely to get hurt*

---

If the banks don't have much to repay then the extra cash from the RRR cut needs to be used to

lend to small and medium-sized enterprises (SMEs), and these lending activities would be included in the coming macro-prudential assessment (MPA) by the central bank.

## The impact is lower interest costs for Chinese SMEs

By doing so, there would be CNY400billion net released of cash after banks repay their MLF.

And this CNY400billion is likely to be used on SMEs unless banks wish to contradict the central bank at their macro-prudential assessment, which we believe is unlikely.

## PBoC's intention is also clear

Given that we know the impact of this innovative monetary policy, the intention of the central banks seems to be clear.

In the middle of a financial deleveraging reform, PBoC needs to raise interest costs for some financial activities, especially shadow banking but at the same time it does not want small firms to suffer from higher interest costs and this policy should serve this purpose well.

This could be a pre-emptive move because if there was a trade war between China and the US, Chinese SMEs are the ones most likely to get hurt.

## Financial deleveraging yielding some results

The banks that benefit from this RRR cut are in general likely to face lower interest costs, and we think the central bank is now confident that the financial deleveraging reform is yielding some positive results.

But it does not mean that the central bank would relax tightening liquidity via daily open market operations. We believe that this "soothing" measure means financial deleveraging will continue and short-end interest rate would continue to rise after this RRR cut.

As exchange and interest rate policy has little linkage in China, we don't think this RRR cut would change the yuan's appreciation path.

We maintain our forecast of USD/CNY at 6.10 by the end of the year.

## Author

### Iris Pang

Chief Economist, Greater China

[iris.pang@asia.ing.com](mailto:iris.pang@asia.ing.com)

# Malaysia: Inflation slows further in March

The data might strengthen Prime Minister Najib Razak's defence against the opposition political agenda emphasising the rising cost of living in the general election next month



# 1.3%

CPI inflation in March 2018

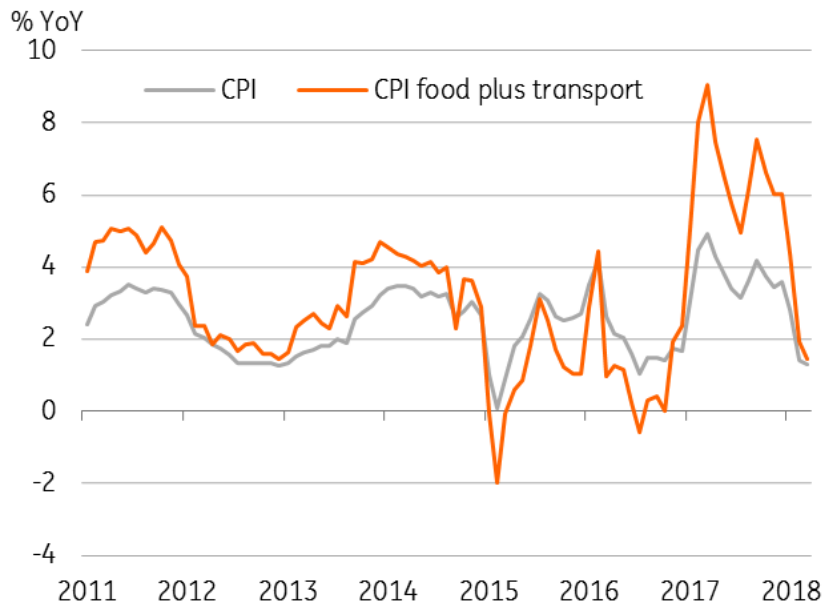
Lowest in 20 months

Lower than expected

## Another downside inflation surprise

Contrary to the consensus of acceleration, Malaysia's consumer price inflation slowed to 1.3% year-on-year in March from 1.4% in February. The consensus was centred on 1.6%. This is the lowest print in 20 months. The transport component remained a key driver of lower inflation (-1.5% vs. -0.3% in February), while a lower food component also contributed (2.8% vs. 3.0%). Clothing and communication were the other drags. Core inflation, which strips out food and fuel-related components from total CPI, also slowed to 1.7% in March from 1.8% in February.

## Food, transport drag CPI inflation lower



Source: Bloomberg, ING

## On track to meet BNM's 2-3% forecast

The data puts 1Q18 headline CPI inflation at 1.8%, a sharp dip from 3.5% in 4Q17 and 4.2% in 1Q17, whereas core inflation slowed to 1.9% from the previous quarter. The central bank (Bank Negara Malaysia) forecasts total inflation in the 2-3% range this year. We see inflation rising to the top end of this range by the middle of the year, but retracing back to the low end toward year-end. Our forecast for full-year average inflation is 2.4% (consensus 2.9%).

## Good news for PM Najib before election

The CPI data may strengthen Prime Minister Najib's defence against the opposition political agenda emphasising the rising cost of living in the general election next month (9 May). Malaysia's growth and inflation dynamic remains positive for local financial assets, including the Malaysian ringgit (MYR). However, political uncertainty surrounding general elections is likely to cloud prospects for some time, as reflected by a pause in the MYR appreciation trend since the announcement of elections earlier this month.

## No change in our BNM policy view

We reiterate our forecast of one more 25bp hike in Bank Negara Malaysia's policy rate to 3.50% in third quarter, after the political uncertainty lifts, and our forecast of the USD/MYR ending the year at 3.72 (spot 3.89, consensus 3.85).

### Author

**Amrita Naik Nimbalkar**

Junior Economist, Global Macro

[amrita.naik.nimbalkar@ing.com](mailto:amrita.naik.nimbalkar@ing.com)

**Mateusz Sutowicz**

Senior Economist, Poland

[mateusz.sutowicz@ing.pl](mailto:mateusz.sutowicz@ing.pl)

**Alissa Lefebvre**

Economist

[alissa.lefebvre@ing.com](mailto:alissa.lefebvre@ing.com)

**Deepali Bhargava**

Regional Head of Research, Asia-Pacific

[Deepali.Bhargava@ing.com](mailto:Deepali.Bhargava@ing.com)

**Ruben Dewitte**

Economist

+32495364780

[ruben.dewitte@ing.com](mailto:ruben.dewitte@ing.com)

**Kinga Havasi**

Economic research trainee

[kinga.havasi@ing.com](mailto:kinga.havasi@ing.com)

**Marten van Garderen**

Consumer Economist, Netherlands

[marten.van.garderen@ing.com](mailto:marten.van.garderen@ing.com)

**David Havrlant**

Chief Economist, Czech Republic

420 770 321 486

[david.havrlant@ing.com](mailto:david.havrlant@ing.com)

**Sander Burgers**

Senior Economist, Dutch Housing

[sander.burgers@ing.com](mailto:sander.burgers@ing.com)

**Lynn Song**

Chief Economist, Greater China

[lynn.song@asia.ing.com](mailto:lynn.song@asia.ing.com)

**Michiel Tukker**

Senior European Rates Strategist

[michiel.tukker@ing.com](mailto:michiel.tukker@ing.com)

**Michal Rubaszek**

Senior Economist, Poland

[michal.rubaszek@ing.pl](mailto:michal.rubaszek@ing.pl)

**This is a test author**



**Stefan Posea**

Economist, Romania

[tiberiu-stefan.posea@ing.com](mailto:tiberiu-stefan.posea@ing.com)

**Marine Leleux**

Sector Strategist, Financials

[marine.leleux2@ing.com](mailto:marine.leleux2@ing.com)

**Jesse Norcross**

Senior Sector Strategist, Real Estate

[jesse.norcross@ing.com](mailto:jesse.norcross@ing.com)

**Teise Stellema**

Research Assistant, Energy Transition

[teise.stellema@ing.com](mailto:teise.stellema@ing.com)

**Diederik Stadig**

Sector Economist, TMT & Healthcare

[diederik.stadig@ing.com](mailto:diederik.stadig@ing.com)

**Diogo Gouveia**

Sector Economist

[diogo.duarte.vieira.de.gouveia@ing.com](mailto:diogo.duarte.vieira.de.gouveia@ing.com)

**Marine Leleux**

Sector Strategist, Financials

[marine.leleux2@ing.com](mailto:marine.leleux2@ing.com)

**Ewa Manthey**

Commodities Strategist

[ewa.manthey@ing.com](mailto:ewa.manthey@ing.com)

**ING Analysts**

**James Wilson**

EM Sovereign Strategist

[James.wilson@ing.com](mailto:James.wilson@ing.com)

**Sophie Smith**

Digital Editor

[sophie.smith@ing.com](mailto:sophie.smith@ing.com)

**Frantisek Taborsky**

EMEA FX & FI Strategist

[frantisek.taborsky@ing.com](mailto:frantisek.taborsky@ing.com)

**Adam Antoniak**

Senior Economist, Poland

[adam.antoniak@ing.pl](mailto:adam.antoniak@ing.pl)

**Min Joo Kang**

Senior Economist, South Korea and Japan

[min.joo.kang@asia.ing.com](mailto:min.joo.kang@asia.ing.com)

**Coco Zhang**

ESG Research

[coco.zhang@ing.com](mailto:coco.zhang@ing.com)

**Jan Frederik Slijkerman**

Senior Sector Strategist, TMT

[jan.frederik.slijkerman@ing.com](mailto:jan.frederik.slijkerman@ing.com)

**Katinka Jongkind**

Senior Economist, Services and Leisure

[Katinka.Jongkind@ing.com](mailto:Katinka.Jongkind@ing.com)

**Marina Le Blanc**

Sector Strategist, Financials

[Marina.Le.Blanc@ing.com](mailto:Marina.Le.Blanc@ing.com)

**Samuel Abettan**

Junior Economist

[samuel.abettan@ing.com](mailto:samuel.abettan@ing.com)

**Franziska Biehl**

Senior Economist, Germany

[Franziska.Marie.Biehl@ing.de](mailto:Franziska.Marie.Biehl@ing.de)

**Rebecca Byrne**

Senior Editor and Supervisory Analyst

[rebecca.byrne@ing.com](mailto:rebecca.byrne@ing.com)

**Mirjam Bani**

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

[mirjam.bani@ing.com](mailto:mirjam.bani@ing.com)

**Timothy Rahill**

Credit Strategist

[timothy.rahill@ing.com](mailto:timothy.rahill@ing.com)

**Leszek Kasek**

Senior Economist, Poland

[leszek.kasek@ing.pl](mailto:leszek.kasek@ing.pl)

**Oleksiy Soroka, CFA**

Senior High Yield Credit Strategist

[oleksiy.soroka@ing.com](mailto:oleksiy.soroka@ing.com)

**Antoine Bouvet**

Head of European Rates Strategy

[antoine.bouvet@ing.com](mailto:antoine.bouvet@ing.com)

**Jeroen van den Broek**

Global Head of Sector Research

[jeroen.van.den.broek@ing.com](mailto:jeroen.van.den.broek@ing.com)

**Edse Dantuma**

Senior Sector Economist, Industry and Healthcare

[edse.dantuma@ing.com](mailto:edse.dantuma@ing.com)

**Francesco Pesole**

FX Strategist

[francesco.pesole@ing.com](mailto:francesco.pesole@ing.com)

**Rico Luman**

Senior Sector Economist, Transport and Logistics

[Rico.Luman@ing.com](mailto:Rico.Luman@ing.com)

**Jurjen Witteveen**

Sector Economist

[jurjen.witteveen@ing.com](mailto:jurjen.witteveen@ing.com)

**Dmitry Dolgin**

Chief Economist, CIS

[dmitry.dolgin@ing.de](mailto:dmitry.dolgin@ing.de)

**Nicholas Mapa**

Senior Economist, Philippines

[nicholas.antonio.mapa@asia.ing.com](mailto:nicholas.antonio.mapa@asia.ing.com)

**Egor Fedorov**

Senior Credit Analyst

[egor.fedorov@ing.com](mailto:egor.fedorov@ing.com)

**Sebastian Franke**

Consumer Economist

[sebastian.franke@ing.de](mailto:sebastian.franke@ing.de)

**Gerben Hieminga**

Senior Sector Economist, Energy

[gerben.hieminga@ing.com](mailto:gerben.hieminga@ing.com)

**Nadège Tillier**

Head of Corporates Sector Strategy

[nadege.tillier@ing.com](mailto:nadege.tillier@ing.com)

**Charlotte de Montpellier**

Senior Economist, France and Switzerland

[charlotte.de.montpellier@ing.com](mailto:charlotte.de.montpellier@ing.com)

**Laura Straeter**

Behavioural Scientist

+31(0)611172684

[laura.Straeter@ing.com](mailto:laura.Straeter@ing.com)

**Valentin Tataru**

Chief Economist, Romania

[valentin.tataru@ing.com](mailto:valentin.tataru@ing.com)

**James Smith**

Developed Markets Economist, UK

[james.smith@ing.com](mailto:james.smith@ing.com)

**Suvi Platerink Kosonen**

Senior Sector Strategist, Financials

[suvi.platerink-kosonen@ing.com](mailto:suvi.platerink-kosonen@ing.com)

**Thijs Geijer**

Senior Sector Economist, Food & Agri

[thijs.geijer@ing.com](mailto:thijs.geijer@ing.com)

**Maurice van Sante**

Senior Economist Construction & Team Lead Sectors

[maurice.van.sante@ing.com](mailto:maurice.van.sante@ing.com)

**Marcel Klok**

Senior Economist, Netherlands

[marcel.klok@ing.com](mailto:marcel.klok@ing.com)

**Piotr Poplawski**

Senior Economist, Poland

[piotr.poplawski@ing.pl](mailto:piotr.poplawski@ing.pl)

**Paolo Pizzoli**

Senior Economist, Italy, Greece

[paolo.pizzoli@ing.com](mailto:paolo.pizzoli@ing.com)

**Marieke Blom**

Chief Economist and Global Head of Research

[marieke.blom@ing.com](mailto:marieke.blom@ing.com)

**Raoul Leering**

Senior Macro Economist

[raoul.leering@ing.com](mailto:raoul.leering@ing.com)

**Maarten Leen**

Head of Global IFRS9 ME Scenarios

[maarten.leen@ing.com](mailto:maarten.leen@ing.com)

**Maureen Schuller**

Head of Financials Sector Strategy

[Maureen.Schuller@ing.com](mailto:Maureen.Schuller@ing.com)

**Warren Patterson**

Head of Commodities Strategy

[Warren.Patterson@asia.ing.com](mailto:Warren.Patterson@asia.ing.com)

**Rafal Benecki**

Chief Economist, Poland

[rafal.benecki@ing.pl](mailto:rafal.benecki@ing.pl)

**Philippe Ledent**

Senior Economist, Belgium, Luxembourg

[philippe.ledent@ing.com](mailto:philippe.ledent@ing.com)

**Peter Virovacz**

Senior Economist, Hungary

[peter.virovacz@ing.com](mailto:peter.virovacz@ing.com)

**Inga Fechner**

Senior Economist, Germany, Global Trade

[inga.fechner@ing.de](mailto:inga.fechner@ing.de)

**Dimitry Fleming**

Senior Data Analyst, Netherlands

[Dimitry.Fleming@ing.com](mailto:Dimitry.Fleming@ing.com)

**Ciprian Dascalu**

Chief Economist, Romania

+40 31 406 8990

[ciprian.dascalu@ing.com](mailto:ciprian.dascalu@ing.com)

**Muhammet Mercan**

Chief Economist, Turkey

[muhammet.mercan@ingbank.com.tr](mailto:muhammet.mercan@ingbank.com.tr)

**Iris Pang**

Chief Economist, Greater China

[iris.pang@asia.ing.com](mailto:iris.pang@asia.ing.com)

**Sophie Freeman**

Writer, Group Research

+44 20 7767 6209

[Sophie.Freeman@uk.ing.com](mailto:Sophie.Freeman@uk.ing.com)

**Padhraic Garvey, CFA**

Regional Head of Research, Americas

[padhraic.garvey@ing.com](mailto:padhraic.garvey@ing.com)

**James Knightley**

Chief International Economist, US

[james.knightley@ing.com](mailto: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](mailto:martin.van.vliet@ing.com)

**Karol Pogorzelski**

Senior Economist, Poland

[Karol.Pogorzelski@ing.pl](mailto:Karol.Pogorzelski@ing.pl)

**Carsten Brzeski**

Global Head of Macro

[carsten.brzeski@ing.de](mailto:carsten.brzeski@ing.de)

**Viraj Patel**

Foreign Exchange Strategist

+44 20 7767 6405

[viraj.patel@ing.com](mailto:viraj.patel@ing.com)

**Owen Thomas**

Global Head of Editorial Content

+44 (0) 207 767 5331

[owen.thomas@ing.com](mailto:owen.thomas@ing.com)

**Bert Colijn**

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto:bert.colijn@ing.com)

**Peter Vanden Houte**

Chief Economist, Belgium, Luxembourg, Eurozone

[peter.vandenhoute@ing.com](mailto:peter.vandenhoute@ing.com)

**Benjamin Schroeder**

Senior Rates Strategist

[benjamin.schroeder@ing.com](mailto:benjamin.schroeder@ing.com)

**Chris Turner**

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

[chris.turner@ing.com](mailto:chris.turner@ing.com)

**Gustavo Rangel**

Chief Economist, LATAM

+1 646 424 6464

[gustavo.rangel@ing.com](mailto:gustavo.rangel@ing.com)

**Carlo Cocuzzo**

Economist, Digital Finance

+44 20 7767 5306

[carlo.cocuzzo@ing.com](mailto:carlo.cocuzzo@ing.com)

## Malaysian elections: Too close to call?

We expect the ruling coalition to lose some ground to the opposition but retain overall control at the upcoming elections. Expect the Malaysian ringgit to remain among Asia's outperforming currencies this year



Source: Shutterstock

Our base case assumes a continuation of Prime Minister Najib Razak's ruling Barisan Nasional coalition, but as the wave of electoral surprises around the globe in the last two years have shown uncomfortable coalitions cannot be ruled out. So it wouldn't be a total surprise if Malaysian voters took the same route on 9 May.

### **What does all of this mean for the markets?**

We believe that strong domestic demand supported by election spending and the positive terms of trade shock from rising global commodity prices will sustain the economy on a strong footing in 2018 and beyond. But until a clear direction from these elections emerges, the Malaysian ringgit (MYR) will remain in a narrow range trading around 3.90.

We reiterate our forecast of one more Bank Negara Policy rate hike to 3.50% in the third quarter, once political uncertainty lifts, and we forecast the USD/MYR ending the year at 3.72. (spot rate 3.89, the consensus for end-2018 3.84).



## ➔ 14th general elections

Prime Minister Najib Razak's ruling Barisan Nasional (BN) coalition faces a stronger opposition than it has done in previous elections. The BN lost its two-thirds majority at the 12th general election in 2008, and its performance continued to deteriorate to the lowest number of parliamentary seats at the following election in 2013 due to falling support of Chinese voters (14% down from 35% in 2008 and 75% in 2004).

The contest this time is against the opposition coalition, Pakatan Harapan (or Alliance of Hope), led by former Prime Minister Dr Mahathir Mohammad who led the country for over two decades until 2003. The third big player is the Pan Malaysia Islamic Party (PAS), which traditionally has been a dominant party outside the opposition coalition, and could be the king-maker in the event of a stalemate.

Formed in September 2015, the Pakatan Harapan coalition is comprised of four political parties, which include:

1. **Democratic Action Party (DAP)**  
The second largest political party after PM Najib's United Malay National Organization party
2. **Peoples Justice Party (PKR)**  
Formed by jailed opposition leader Anwar Ibrahim who served as the Deputy Prime Minister and Finance Minister under Dr Mahathir but was ousted and jailed in 1999
3. **National Trust Party (Amanah)**  
Formerly Malaysia Workers' Party
4. **Malaysian United Indigenous Party (PPBM)**  
Dr Mahathir's newly formed political party

## ➔ The political economy

The backdrop of a solid economy places incumbent PM Najib in a strong position in the upcoming elections as the economy delivered a highly respectable 5.9% rate of growth in 2017 and is projected to grow by 5.5-6% this year.

Administered price rises have caused inflation to spike to about 4% in 2017 amplifying the rising cost of living, one of the political issues for this election. But the effect has waned in 2018 with inflation dipping back below 2%. We expect it to settle close to the low end of the official 2-3% forecast range for 2018.

The Malaysian Ringgit (MYR) has been among Asia's best-performing currencies appreciating 11% against the USD in 2017 and a further 4% appreciation so far in 2018. Even though the unit's advance has been halted recently, possibly due to re-pricing for increased political uncertainty through the vote in May, we expect it to remain among Asia's outperformers this year.

## ➔ Too close to call

However, it's still a tough call whether the ruling coalition BN will retain power, giving PM Najib a third term in office. Despite the current strength of the economy, the united opposition front will most likely contest the election on an economic agenda ranging from the rising cost of living and goods and services tax to corruption under the current administration, most notably, the 1MDB saga.

In three cabinet reshuffles to oust opponents since 2015, PM Najib consolidated his position for this year's vote and appears confident of winning another term. The fact he's called an early election ahead of the scheduled deadline of August 2018, seems to suggest that's the case. Recent fast-tracked passage of the "Anti-Fake News bill" is alleged to be silencing the opposition campaign against the Najib administration.

The 1MDB issue could still be an important factor influencing voter decisions even though PM Najib himself seems to have come out clean from this scandal. Najib has also continued to raise his image in local and international politics – for instance, his recent trip to the US portrayed Malaysia as a global player. But the outcome will depend on how the BN coalition performs relative to the last election in 2013 which itself was a disappointing outcome for BN. Fewer parliamentary seats than it currently holds could trigger a BN leadership crisis threatening PM Najib's position.

### 13th Dewan Rakyat and State Assembly Seat Positions (2013-18)

	Total	Seats held by						
	seats	BN	DAP	PKR	Amanah	PPBM	PAS	Other
<b>Dewan Rakyat</b>	<b>222</b>	<b>133</b>	<b>38</b>	<b>30</b>			<b>21</b>	<b>0</b>
<b>Total state assembly</b>	<b>587</b>	<b>334</b>	<b>97</b>	<b>49</b>	<b>7</b>	<b>3</b>	<b>77</b>	<b>20</b>
Perlis	15	13		1			1	
Kedah	36	20	2	4	1	2	7	
Kelantan	45	11		1	1		31	1
Terengganu	32	17		1			14	
Penang	40	10	19	10			1	
Perak	59	31	18	5	1		4	
Pahang	42	30	7	2	1		2	
Selangor	56	11	14	13	2		13	3
Negeri Sembilan	36	21	11	3				1
Malacca	28	21	3				1	3
Johor	56	37	13	1	1	1	3	
Sabah	60	45	3	5				7
Sarawak	82	67	7	3				5

Source: Malaysia election statistics on Wikipedia

Source: Wikipedia

The BN held 129 of 222 Lower House (Dewan Rakyat) seats in the last parliament dissolved on April 6. And its latest standing in the State Legislative Assemblies was 334 out of 587 seats (or 57% of total seats) with ruling in 10 out of 13 legislative assemblies. The BN is most vulnerable in four state legislative assemblies (Kedah, Terengganu, Perak, and Negeri Sembilan) where they hold only a few more seats above the simple majority. The vulnerability in Kedah and also in Johor stems from Mahathir's party (Malaysia United Indigenous Party), which currently holds one seat each and may gain more ground. The Pakatan Harapan coalition currently dominates in two legislative assemblies (Penang and Selangor), while the PAS rules Kelantan state.

## Why is this such a close election?

### Positives for PM Najib

- Strong economy with sustained 5% + GDP growth and falling CPI, currently 1.3% at 20-month low
- Rising foreign direct investment into Malaysia; up 64% to US\$1bn in 2016, although followed by a 7% fall in 2017
- Increased policy support to small and medium-sized enterprises
- Continued pro-growth financial policies with higher social and infrastructure spending in the FY2018 budget and continued fiscal consolidation despite rising public spending
- PM Najib's solid grip on the government after frequent cabinet reshuffles since 2015, in which he appointed loyalists to key posts and sacked ministers who opposed to his rule.
- BN's strong showing at the Sarawak state elections and retaining power in two by-elections in 2016
- Steady support of Malay voters, at about 60% in the last three elections.

### Negatives for PM Najib

- Stronger opposition and weakening support of Chinese voters
- Re-appearance of Dr. Mahathir in rural Malay heartland
- Possible leadership crisis in the event BN fails to achieve a clear mandate to form the next gov.
- Lingering impact of 1MDB scandal despite PM's efforts to come out clean on this and boost his image in the latest state visit to the US
- Dissatisfaction over rising cost of living for masses. The budget may have addressed some of this, though it will take more long-term measures to address the issue

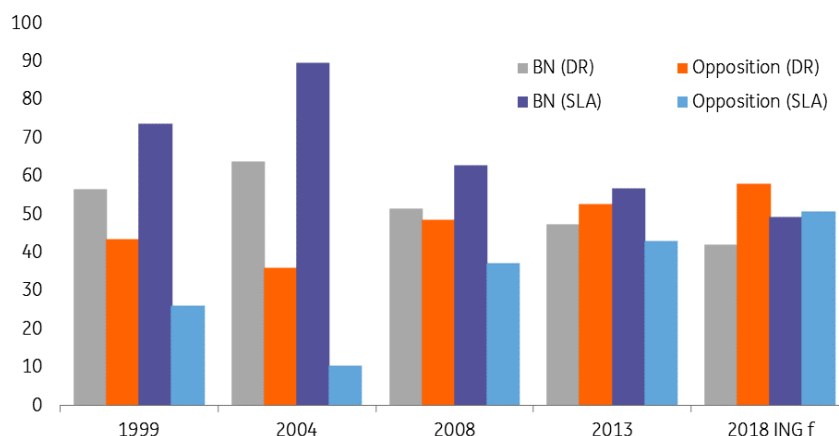
## ➔ Possible outcomes

This election could go one of three ways:

1. A clear mandate for the BN coalition;
2. A standoff or hung-parliament, or;
3. An end of BN rule altogether.

A clear win for BN is likely to be the most market-friendly outcome ensuring that political and economic policies continue. A standoff could mean stretched-out political wrangling to form the next government, which could destabilise the economy and the markets for some time.

## Dwindling voter support for Barisan Nasional



DR: Dewan Rakyat or Lower House, SLA: State Legislative Assemblies

Source: ING, Wikipedia

We think the third scenario of a complete election surprise is the most unlikely outcome and is largely being ruled out by markets currently. But a surprise new government led by Dr Mahathir would inherit a strong economy as a launch pad to consolidate power for the future, possibly

paving the way for his son, Mukhriz Mahathir, to be his successor. Mukhriz was forced out after a short stint as chief minister of Kedah and could regain that post if the opposition gains control of this state.

Having ruled the country for two decades, Dr Mahathir may provide strong leadership, to begin with. However, Dr Mahathir's old age (92 years) and potential political cracks with key allies especially his former rival Anwar Ibrahim, could cast a shadow on the stability of any Mahathir administration.

## Key Economic Forecasts

	2017	1Q18	2Q18F	3Q18F	4Q18F	2018F	2019F
Real GDP (% YoY)	5.9	5.6	5.5	5.2	5.5	5.5	5.3
CPI (% YoY)	3.9	1.9	2.6	2.8	2.3	2.4	2.6
BNM o/n policy rate (% eop)	3.00	3.25	3.25	3.50	3.50	3.50	3.75
3M interbank rate (% eop)	3.44	3.70	3.80	3.95	4.05	4.05	4.20
10Y govt. bond yield (% eop)	3.91	3.95	4.10	4.20	4.30	4.30	4.50
MYR per USD (eop)	4.05	3.86	3.85	3.78	3.72	3.72	3.50

Sources: CEIC, Bloomberg, ING forecasts

## Author

### Amrita Naik Nimbalkar

Junior Economist, Global Macro

[amrita.naik.nimbalkar@ing.com](mailto:amrita.naik.nimbalkar@ing.com)

### Mateusz Sutowicz

Senior Economist, Poland

[mateusz.sutowicz@ing.pl](mailto:mateusz.sutowicz@ing.pl)

### Alissa Lefebvre

Economist

[alissa.lefebvre@ing.com](mailto:alissa.lefebvre@ing.com)

### Deepali Bhargava

Regional Head of Research, Asia-Pacific

[Deepali.Bhargava@ing.com](mailto:Deepali.Bhargava@ing.com)

### Ruben Dewitte

Economist

+32495364780

[ruben.dewitte@ing.com](mailto:ruben.dewitte@ing.com)

### Kinga Havasi

Economic research trainee

[kinga.havasi@ing.com](mailto:kinga.havasi@ing.com)

### Marten van Garderen

Consumer Economist, Netherlands  
[marten.van.garderen@ing.com](mailto:marten.van.garderen@ing.com)

**David Havrlant**  
Chief Economist, Czech Republic  
420 770 321 486  
[david.havrlant@ing.com](mailto:david.havrlant@ing.com)

**Sander Burgers**  
Senior Economist, Dutch Housing  
[sander.burgers@ing.com](mailto:sander.burgers@ing.com)

**Lynn Song**  
Chief Economist, Greater China  
[lynn.song@asia.ing.com](mailto:lynn.song@asia.ing.com)

**Michiel Tukker**  
Senior European Rates Strategist  
[michiel.tukker@ing.com](mailto:michiel.tukker@ing.com)

**Michal Rubaszek**  
Senior Economist, Poland  
[michal.rubaszek@ing.pl](mailto:michal.rubaszek@ing.pl)

**This is a test author**

**Stefan Posea**  
Economist, Romania  
[tiberiu-stefan.posea@ing.com](mailto:tiberiu-stefan.posea@ing.com)

**Marine Leleux**  
Sector Strategist, Financials  
[marine.leleux2@ing.com](mailto:marine.leleux2@ing.com)

**Jesse Norcross**  
Senior Sector Strategist, Real Estate  
[jesse.norcross@ing.com](mailto:jesse.norcross@ing.com)

**Teise Stellema**  
Research Assistant, Energy Transition  
[teise.stellema@ing.com](mailto:teise.stellema@ing.com)

**Diederik Stadig**  
Sector Economist, TMT & Healthcare  
[diederik.stadig@ing.com](mailto:diederik.stadig@ing.com)

**Diogo Gouveia**

Sector Economist

[diogo.duarte.vieira.de.gouveia@ing.com](mailto:diogo.duarte.vieira.de.gouveia@ing.com)

**Marine Leleux**

Sector Strategist, Financials

[marine.leleux2@ing.com](mailto:marine.leleux2@ing.com)

**Ewa Manthey**

Commodities Strategist

[ewa.manthey@ing.com](mailto:ewa.manthey@ing.com)

## ING Analysts

**James Wilson**

EM Sovereign Strategist

[James.wilson@ing.com](mailto:James.wilson@ing.com)

**Sophie Smith**

Digital Editor

[sophie.smith@ing.com](mailto:sophie.smith@ing.com)

**Frantisek Taborsky**

EMEA FX & FI Strategist

[frantisek.taborsky@ing.com](mailto:frantisek.taborsky@ing.com)

**Adam Antoniak**

Senior Economist, Poland

[adam.antoniak@ing.pl](mailto:adam.antoniak@ing.pl)

**Min Joo Kang**

Senior Economist, South Korea and Japan

[min.joo.kang@asia.ing.com](mailto:min.joo.kang@asia.ing.com)

**Coco Zhang**

ESG Research

[coco.zhang@ing.com](mailto:coco.zhang@ing.com)

**Jan Frederik Slijkerman**

Senior Sector Strategist, TMT

[jan.frederik.slijkerman@ing.com](mailto:jan.frederik.slijkerman@ing.com)

**Katinka Jongkind**

Senior Economist, Services and Leisure

[Katinka.Jongkind@ing.com](mailto:Katinka.Jongkind@ing.com)

**Marina Le Blanc**

Sector Strategist, Financials

[Marina.Le.Blanc@ing.com](mailto:Marina.Le.Blanc@ing.com)

**Samuel Abettan**

Junior Economist

[samuel.abettan@ing.com](mailto:samuel.abettan@ing.com)

**Franziska Biehl**

Senior Economist, Germany

[Franziska.Marie.Biehl@ing.de](mailto:Franziska.Marie.Biehl@ing.de)

**Rebecca Byrne**

Senior Editor and Supervisory Analyst

[rebecca.byrne@ing.com](mailto:rebecca.byrne@ing.com)

**Mirjam Bani**

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

[mirjam.bani@ing.com](mailto:mirjam.bani@ing.com)

**Timothy Rahill**

Credit Strategist

[timothy.rahill@ing.com](mailto:timothy.rahill@ing.com)

**Leszek Kasek**

Senior Economist, Poland

[leszek.kasek@ing.pl](mailto:leszek.kasek@ing.pl)

**Oleksiy Soroka, CFA**

Senior High Yield Credit Strategist

[oleksiy.soroka@ing.com](mailto:oleksiy.soroka@ing.com)

**Antoine Bouvet**

Head of European Rates Strategy

[antoine.bouvet@ing.com](mailto:antoine.bouvet@ing.com)

**Jeroen van den Broek**

Global Head of Sector Research

[jeroen.van.den.broek@ing.com](mailto:jeroen.van.den.broek@ing.com)

**Edse Dantuma**

Senior Sector Economist, Industry and Healthcare

[edse.dantuma@ing.com](mailto:edse.dantuma@ing.com)

**Francesco Pesole**

FX Strategist

[francesco.pesole@ing.com](mailto:francesco.pesole@ing.com)

**Rico Luman**

Senior Sector Economist, Transport and Logistics

[Rico.Luman@ing.com](mailto:Rico.Luman@ing.com)

**Jurjen Witteveen**

Sector Economist

[jurjen.witteveen@ing.com](mailto:jurjen.witteveen@ing.com)

**Dmitry Dolgin**

Chief Economist, CIS

[dmitry.dolgin@ing.de](mailto:dmitry.dolgin@ing.de)

**Nicholas Mapa**

Senior Economist, Philippines

[nicholas.antonio.mapa@asia.ing.com](mailto:nicholas.antonio.mapa@asia.ing.com)

**Egor Fedorov**

Senior Credit Analyst

[egor.fedorov@ing.com](mailto:egor.fedorov@ing.com)

**Sebastian Franke**

Consumer Economist

[sebastian.franke@ing.de](mailto:sebastian.franke@ing.de)

**Gerben Hieminga**

Senior Sector Economist, Energy

[gerben.hieminga@ing.com](mailto:gerben.hieminga@ing.com)

**Nadège Tillier**

Head of Corporates Sector Strategy

[nadege.tillier@ing.com](mailto:nadege.tillier@ing.com)

**Charlotte de Montpellier**

Senior Economist, France and Switzerland

[charlotte.de.montpellier@ing.com](mailto:charlotte.de.montpellier@ing.com)

**Laura Straeter**

Behavioural Scientist

+31(0)611172684

[laura.Straeter@ing.com](mailto:laura.Straeter@ing.com)

**Valentin Tataru**

Chief Economist, Romania

[valentin.tataru@ing.com](mailto:valentin.tataru@ing.com)

**James Smith**

Developed Markets Economist, UK

[james.smith@ing.com](mailto:james.smith@ing.com)

**Suvi Platerink Kosonen**



Senior Sector Strategist, Financials

[suvi.platerink-kosonen@ing.com](mailto:suvi.platerink-kosonen@ing.com)

**Thijs Geijer**

Senior Sector Economist, Food & Agri

[thijs.geijer@ing.com](mailto:thijs.geijer@ing.com)

**Maurice van Sante**

Senior Economist Construction & Team Lead Sectors

[maurice.van.sante@ing.com](mailto:maurice.van.sante@ing.com)

**Marcel Klok**

Senior Economist, Netherlands

[marcel.klok@ing.com](mailto:marcel.klok@ing.com)

**Piotr Poplawski**

Senior Economist, Poland

[piotr.poplawski@ing.pl](mailto:piotr.poplawski@ing.pl)

**Paolo Pizzoli**

Senior Economist, Italy, Greece

[paolo.pizzoli@ing.com](mailto:paolo.pizzoli@ing.com)

**Marieke Blom**

Chief Economist and Global Head of Research

[marieke.blom@ing.com](mailto:marieke.blom@ing.com)

**Raoul Leering**

Senior Macro Economist

[raoul.leering@ing.com](mailto:raoul.leering@ing.com)

**Maarten Leen**

Head of Global IFRS9 ME Scenarios

[maarten.leen@ing.com](mailto:maarten.leen@ing.com)

**Maureen Schuller**

Head of Financials Sector Strategy

[Maureen.Schuller@ing.com](mailto:Maureen.Schuller@ing.com)

**Warren Patterson**

Head of Commodities Strategy

[Warren.Patterson@asia.ing.com](mailto:Warren.Patterson@asia.ing.com)

**Rafal Benecki**

Chief Economist, Poland

[rafal.benecki@ing.pl](mailto:rafal.benecki@ing.pl)

**Philippe Ledent**

Senior Economist, Belgium, Luxembourg  
[philippe.ledent@ing.com](mailto:philippe.ledent@ing.com)

**Peter Virovacz**  
Senior Economist, Hungary  
[peter.virovacz@ing.com](mailto:peter.virovacz@ing.com)

**Inga Fechner**  
Senior Economist, Germany, Global Trade  
[inga.fechner@ing.de](mailto:inga.fechner@ing.de)

**Dimitry Fleming**  
Senior Data Analyst, Netherlands  
[Dimitry.Fleming@ing.com](mailto:Dimitry.Fleming@ing.com)

**Ciprian Dascalu**  
Chief Economist, Romania  
+40 31 406 8990  
[ciprian.dascalu@ing.com](mailto:ciprian.dascalu@ing.com)

**Muhammet Mercan**  
Chief Economist, Turkey  
[muhammet.mercan@ingbank.com.tr](mailto:muhammet.mercan@ingbank.com.tr)

**Iris Pang**  
Chief Economist, Greater China  
[iris.pang@asia.ing.com](mailto:iris.pang@asia.ing.com)

**Sophie Freeman**  
Writer, Group Research  
+44 20 7767 6209  
[Sophie.Freeman@uk.ing.com](mailto:Sophie.Freeman@uk.ing.com)

**Padhraic Garvey, CFA**  
Regional Head of Research, Americas  
[padhraic.garvey@ing.com](mailto:padhraic.garvey@ing.com)

**James Knightley**  
Chief International Economist, US  
[james.knightley@ing.com](mailto: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](mailto:martin.van.vliet@ing.com)

**Karol Pogorzelski**

Senior Economist, Poland

[Karol.Pogorzelski@ing.pl](mailto:Karol.Pogorzelski@ing.pl)

**Carsten Brzeski**

Global Head of Macro

[carsten.brzeski@ing.de](mailto:carsten.brzeski@ing.de)

**Viraj Patel**

Foreign Exchange Strategist

+44 20 7767 6405

[viraj.patel@ing.com](mailto:viraj.patel@ing.com)

**Owen Thomas**

Global Head of Editorial Content

+44 (0) 207 767 5331

[owen.thomas@ing.com](mailto:owen.thomas@ing.com)

**Bert Colijn**

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto:bert.colijn@ing.com)

**Peter Vanden Houte**

Chief Economist, Belgium, Luxembourg, Eurozone

[peter.vandenhoute@ing.com](mailto:peter.vandenhoute@ing.com)

**Benjamin Schroeder**

Senior Rates Strategist

[benjamin.schroeder@ing.com](mailto:benjamin.schroeder@ing.com)

**Chris Turner**

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

[chris.turner@ing.com](mailto:chris.turner@ing.com)

**Gustavo Rangel**

Chief Economist, LATAM

+1 646 424 6464

[gustavo.rangel@ing.com](mailto:gustavo.rangel@ing.com)

**Carlo Cocuzzo**

Economist, Digital Finance

+44 20 7767 5306

[carlo.cocuzzo@ing.com](mailto: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](http://www.ing.com).