

Good MornING Asia - 2 July 2019

It would be easy to blame the US-China trade war spat for the extremely poor economic data coming out of Asia. But we think there's far more to it than that

In this bundle

Video

Watch: Rob Carnell on the 'unremittingly bad' economic news from Asia

It would be easy to blame the US-China trade war spat for the extremely poor economic data coming out of Asia. But ING's Rob Carnell suggests...



Asia Morning Bites

ASEAN Morning Bytes

General market tone: Wait and watch. Setting the mixed tone for markets today, escalation of geopolitical tensions in the Gulf region counters the...



Australia

RBA Preview: A tough call, but not a hard decision

There are good reasons for the Reserve Bank of Australia to cut at its meeting on Tuesday. Good ones to pause too. This is a hard one to call. One...

By Francesco Pesole



Thailand

Thailand: Weak June inflation provides another reason for a rate cut

We continue to expect a 25 basis point cut in the Bank of Thailand's policy rate in the current quarter. However, that would be a mere reversal of the...

Watch: Rob Carnell on the 'unremittingly bad' economic news from Asia

It would be easy to blame the US-China trade war spat for the extremely poor economic data coming out of Asia. But ING's Rob Carnell suggests there's far more to it than that



What's to blame for the 'unremittingly bad' economic data from Asia

[Watch video](#)

Author

Amrita Naik Nimbalkar

Junior Economist, Global Macro

amrita.naik.nimbalkar@ing.com

Mateusz Sutowicz

Senior Economist, Poland

mateusz.sutowicz@ing.pl

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

ASEAN Morning Bytes

General market tone: Wait and watch. Setting the mixed tone for markets today, escalation of geopolitical tensions in the Gulf region counters the positive investor sentiment from rising expectations of the US Fed easing.



EM Space: Oil moves higher on attacks in the Middle East

- **General Asia:** Attacks on two oil tankers caused oil prices to rise with the US blaming Iran for the attacks. Economic data from the US supports growing expectations of the Fed easing, while the markets await more economic data out from the US and China today.
- **Indonesia:** Finance minister Indrawati indicated that the government was aware of the downside risks to the country's economic growth momentum, which are mostly external in nature - the trade war and China's moderating growth. But she also highlighted the need for improvement in investments to maintain the overall growth momentum.
- **Thailand:** Moody's sees Thailand's aging society, moderate competitiveness, and labour skill shortages as key headwinds to growth going forward, while the economy is likely to benefit from continued domestic and foreign investment via the Eastern Economic Corridor (EEC) project as well as potential supply chain relocation due to the US-China trade conflict. Moody's investment grade, Baa1 rating on Thai sovereign credit has been in place since 2003, and it's on par with other main rating agencies – S&P and Fitch.

What to look out for: China retail sales and US retail sales

- Thailand GIR (14 June)
- China retail sales, industrial production (14 June)
- US retail sales, consumer sentiment (14 June)

Author

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

RBA Preview: A tough call, but not a hard decision

There are good reasons for the Reserve Bank of Australia to cut at its meeting on Tuesday. Good ones to pause too. This is a hard one to call. One thing's clear, they haven't stopped easing yet



Source: Shutterstock

Reserve Bank of Australia Governor Philip Lowe

1.25%

RBA current cash rate target

Consensus is for a cut to 1.0%

A cut or a pause - it doesn't really matter

Whether or not the RBA decides that a back-to-back cut is warranted at this meeting, or whether they decide to leave things for a bit and ease further at a future meeting, say August, will make very little difference to the economy. Not will it make much difference to the unemployment rate outlook, and consequently the future for inflation relative to its 2-3% target. So, let's take a look at the pros and cons.

All those in favour...

The following is not an exhaustive list, but represents what we believe to be the main arguments for a rate cut at this week's meeting.

1. The market has priced it in (78% anyway), though simply doing what the market wants merely increases its appetite for more. It's a dangerous way to play policy, as the US Fed will likely soon find out.
2. The consensus forecast leans slightly in favour of a cut, with the big Australian Bank Chief Economists, many with an RBA pedigree, almost all veering towards a cut. But then they may be being swayed by the market pricing. There could be a bit of what the statisticians call multicollinearity here, or in English, 1 and 2 are different ways of saying the same thing.
3. The rate cut last month won't be enough to make a meaningful dent in the RBA's inflation target gap, so more needs to be done.
4. With the Fed leaning towards an easing, this diminishes the likely effectiveness of the AUD depreciation channel, so the RBA will need to do more than if they were keeping policy unchanged. Indeed, the AUD has recovered back to over 0.70 since its run at 0.68, and the RBA would probably like to see it back below 0.70 again.

All those against...

On the other side of the argument:

1. Since last month's decision, there has been minimal newsflow - services and manufacturing PMIs have actually improved. 1Q19 GDP at 0.4% wasn't all that bad. The labour data was weak, but that often precedes a better month, with part-time jobs converting to full-time. Importantly, we have no new data on inflation or wages.
2. Knowing full well they have limited ammunition, the RBA will be keen not to squander it unnecessarily. If a cut isn't needed this month, then a further rate cut is best saved until it *is* needed. It would be awkward to need to cut in several months and have nothing left.
3. The Trade war hasn't actually got any worse, and the Osaka meeting at least opens the door to a deal at some stage, though maybe not imminently.
4. The Fed didn't cut at their last meeting, though it looks pretty clear that it is only a matter of time. Nevertheless, there is no catch-up to be done.

And the winner is...

For completeness, here are some of the most recent quotes from RBA governor, Phillip Lowe, with our take on whether they represent a marginal argument for cutting (dovish) or a pause (hawkish).

- Philip Lowe is "very hopeful" that policy rates will not need to go into negative territory (hawkish)
- "A cut of a quarter percent in interest rates has helped but realistically, it, by itself, is not going to be enough" (dovish)
- "...it's reasonable to expect a further cut in interest rates at some point, whether it will be (at the July 2 policy meeting) in Darwin or at some other point. We'll have to wait and see." (dovish)

- "I don't expect that we'll have to get down to the very low interest-rates that other countries did. We have the capacity to do it if we need to" (hawkish)
- "What we're hoping to do is put ourselves on a better path and we don't need a massive change in interest rates to do that." (hawkish)
- "Fiscal policy and structural policies have a role to play, so I'm hopeful, and I think it's realistic to expect us to be able to keep away from these very low rates and unconventional measures." (hawkish)
- "It's clearly the case that a weaker U.S. dollar, whether that would come from lower U.S. interest rates, would be a complication for us. Because a weaker U.S. dollar, all else equal, means a stronger Australian dollar and we don't need that at the moment. (dovish)

As we said at the beginning, it doesn't really matter all that much what the RBA does at this meeting. We think the balance of risks is actually that the RBA pauses, but they will raise rates soon after if so; in the greater scheme of things, the difference between a cut and a pause is marginal.

AUD: the long-term outlook remains clouded

The trade truce between the US and China has been a short-lived boosting factor for AUD, as a weak Chinese PMI read lifted concerns on the export-oriented Australian economy. Given such contrasting drivers, the RBA meeting will be crucial to either fuel a further drop or a rebound in AUD/USD.

We believe that, on the day, the balance of risks for the AUD appears skewed to the upside, considering that the markets may have overstated (78%) the probability of a rate cut at this meeting. Furthermore, the persistent market's short positioning on the AUD suggests a higher potential for upside pressure as positions are squared.

In the longer term, external factors will likely be the predominant drivers of AUD/USD and the lack of a clear resolution in the US-China trade tensions suggests that a re-escalation is still possible. A cut in July or August by the RBA may, therefore, have a limited impact on the long-term AUD outlook. As long as the central bank maintains its easing bias, the upside potential for AUD will likely be limited, leaving it to trade-related news to move the market.

Author

Francesco Pesole

FX Strategist

francesco.pesole@ing.com

Thailand: Weak June inflation provides another reason for a rate cut

We continue to expect a 25 basis point cut in the Bank of Thailand's policy rate in the current quarter. However, that would be a mere reversal of the hike in late 2018, not much of a stimulus to the sagging economy. We are now adding one more 25bp rate cut to our policy rate forecast in the last quarter of the year



Source: Shutterstock

0.9% June and 1H19 inflation rate

Inflation slides below 1%, again

Thailand's consumer price index (CPI) rose by 0.9% year-on-year in June, slower than the consensus of 1.1% (we expected no change from the 1.2% rate of inflation in the previous month). Core inflation of 0.5% YoY was in line with expectations of a slight slowdown from May. Food and transport have been the key inflation drivers recently. A sharp negative swing in transport inflation (-1.6% vs. 0.1% in May) more than outweighed an acceleration in food inflation (3.1% vs. 2.8%).

The year-to-date inflation rate also is 0.9% - unchanged from the same period last year. We expect the inflation outturn for the rest of the year to remain benign, especially with strong currency appreciation this year keeping imported inflation at bay and anaemic domestic demand limiting any upside at home. The Commerce ministry cut its 2019 inflation forecast to 1.0% from 1.2%. Our 1% annual inflation forecast remains on track though with the risks tilted more to the downside than the upside.

Strengthening calls for BoT easing

This inflation data further strengthens our call for Bank of Thailand policy easing. The case for easing is very clear (see our latest note explaining [why the central bank should ease policy](#)). It's not just us, the government has also added its voice to the easing cause. On the day the BoT policy meeting started last week (26 June) when the bank left policy on hold, Deputy Prime Minister Somkid Jatusripitak said that "It can't go against the trend if the economic situation continues to be like this".

While the BoT left the policy rate unchanged last week, the statement was largely dovish and was accompanied by a downgrade of the central bank's growth forecast for 2019 to 3.3% from 3.8%. We take this as a signal that a rate cut is just around the corner. We continue to expect a 25bp rate cut in the current quarter, more likely at the next meeting on 7 August rather than at the 25 September meeting. However, that would still only be a reversal of the hike in late 2019, and not provide much stimulus to a sagging economy. We are therefore adding one more 25bp rate cut to our policy forecast in the fourth quarter, taking the policy rate to 1.25% by end-2019.

Author

Amrita Naik Nimbalkar

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

Mateusz Sutowicz

Senior Economist, Poland
mateusz.sutowicz@ing.pl

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.