

## Good MornING Asia - 24 January 2019

The central banks in Korea and Malaysia will leave monetary policies on hold today, but some downward revisions to their GDP and inflation outlooks for 2019 are possible

### In this bundle



#### ASEAN morning bytes

General market tone: Slight risk-off. Investors will likely remain defensive as concerns about slowing global growth remain.



#### South Korea

##### Korea: Steady, but not exciting

Korea grew 2.7% in 2018, helped by a stronger-than-expected final quarter, which in turn was helped by some robust, but questionably sustainable growth in...

Article | 24 January 2019

## ASEAN morning bytes

General market tone: Slight risk-off. Investors will likely remain defensive as concerns about slowing global growth remain.



### EM Space: Positive earnings on Wall Street may lift mood slightly but gains to be capped still

- **General Asia:** Risk sentiment may carry over from a decent performance on Wall Street overnight but too many uncertainties remain as the US Senate votes on legislation to end the government shutdown. Meanwhile, global leaders at Davos sound off on expectations for slowing growth, which in turn hit the oil market overnight. Central bank meetings in Korea and Malaysia are today's highlights.
- **Malaysia:** Coming ahead of the BNM's policy announcement today (3 pm local time) is CPI data for December (12 pm). Inflation averaged at 0.5% YoY since the GST elimination in June. The GST impact will continue to be felt until mid-2019, beyond which we expect inflation to pick-up to about 2% for a full-year 2019 average of 1.6%, still well below the 2.5-3.5% government's forecast for this year. We expect the BNM to leave the policy on hold throughout this year.
- **Singapore:** December CPI inflation surprised on the upside with headline rising to 0.5% YoY from 0.3% in November and core to 1.9% from 1.7%. A sharp rise in the recreation components in the festive month stood out, though this is transitory. We don't think data to cause any jitters about the MAS policy, which after two tightening moves in 2018 will likely be left unchanged this year as risks to growth intensify.

- **Thailand:** The Election Commission announced March 24 the date for the general election after the Royal decree issued yesterday formally called for polls in 2019. The markets cheered the news and the baht strengthened to 31.67 against the USD, the level not seen since May last year. Underlying our view of the USD/THB rising past 33 level within three months is intensified political risk.
- **Philippines:** The Philippines will report 4Q 2018 GDP numbers in the morning with market consensus at 6.3% with the government forecasting growth to have settled in the “neighborhood of 7%” with state spending and consumption the likely drivers. Meanwhile, 3Q 2018 GDP growth was revised lower from 6.1% to 6.0% slower growth in manufacturing, retail trade, and financial services than previously estimated.

## What to look out for: Central bank meetings

- Philippines GDP (24 January)
- Malaysia policy meeting (24 January)
- ECB policy meeting (24 January)
- South Korea policy meeting (24 January)

### Author

#### Nicholas Mapa

Senior Economist, Philippines

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

## Korea: Steady, but not exciting

Korea grew 2.7% in 2018, helped by a stronger-than-expected final quarter, which in turn was helped by some robust, but questionably sustainable growth in government spending. In 2019, the economy will struggle to grow faster than 2-2.5%



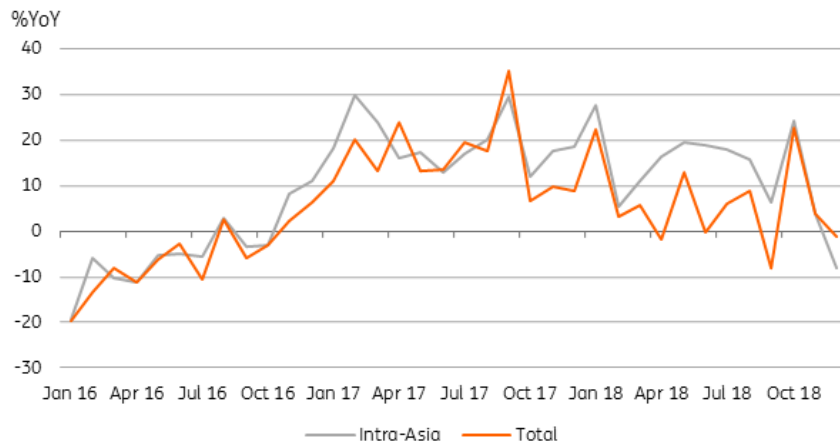
Source: Shutterstock

### Economic activity – Growth under duress

Korea is a world class manufacturer of hi-tech and an exporting powerhouse. It is the fifth largest exporting nation on the planet, though ranks 11th in terms of GDP. In normal times, this enables the economy to punch well above its weight in terms of growth and corporate pricing power. These are not normal times.

The US-China trade war will claim many victims, but the closeness of supply chains in the Asia region means that important manufacturing players like Korea cannot hope to escape its effects. We can already see some signs of this in plunging export figures, but the damage runs deeper than just exports.

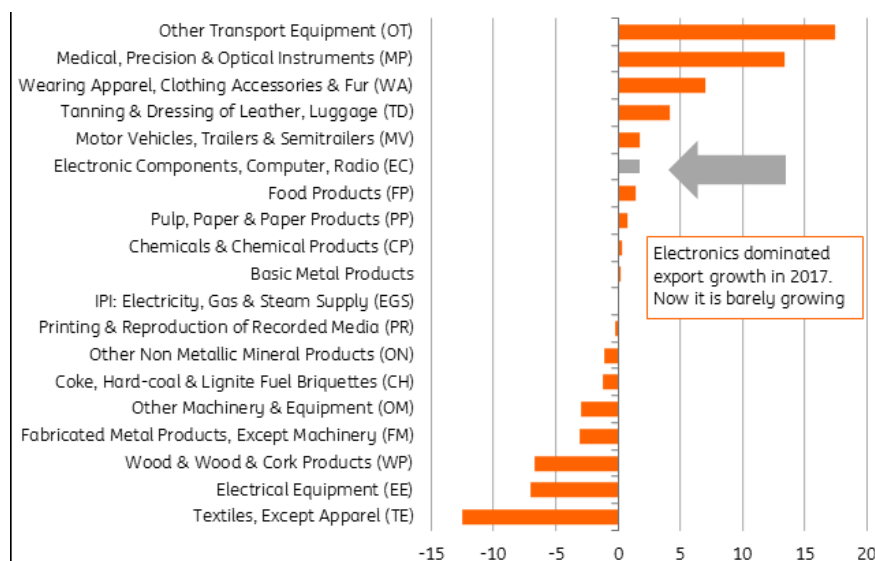
## Export Growth - Intra Asia and total



Source: CEIC

In 2017, strong export growth was almost entirely driven by a resurgence in demand for electronics. Exports and output of other goods have barely improved since the financial crisis. Now the demand for these goods is softening. Overestimations of demand have led to overcapacity in many areas. Unit pricing is falling, and together with flat demand, this is squeezing profit margins.

## Export growth by type of product

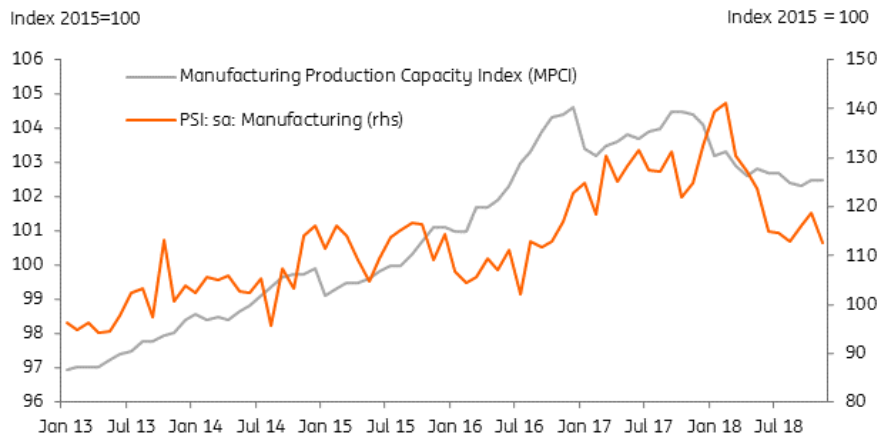


Source: CEIC

The final flourish to 2018 GDP lifted our estimates for 2019 growth. Nevertheless, 2019 GDP will likely grow only in a 2-2.5% range (ING f 2.2%), rather than 2018's 2.5-3%. Korea is not alone. All of Asia is experiencing a growth slowdown. The US-China trade war is a significant part of the problem. Even a complete unwinding of all tariffs now would not lead to a return to prior growth rates. Some permanent damage has already been done. We don't expect such a reversal of the trade war anyway.



## Production capacity index and output



Source: CEIC

With domestic demand likely to be weak and external demand not much better in 2019, we don't anticipate much change in Korea's trade or current account balances, with the forecast for 2019 of a 4.8% current account surplus close to the likely 2018 outcome.

Although the outlook for 2019 is heavily challenged, we see this as a temporary setback. Few doubt that the future of global prosperity lies in harnessing technological advancements, and that Korea is one of the best-placed economies globally to take advantage of that. It's just that at the moment, the distribution of much of that technology (5G) has not yet caught up with the hardware. That will change, if not in 2020, then surely by 2021. So this should just be a temporary, if rather lengthy, soft spot in an otherwise structurally sound and well-placed economy.

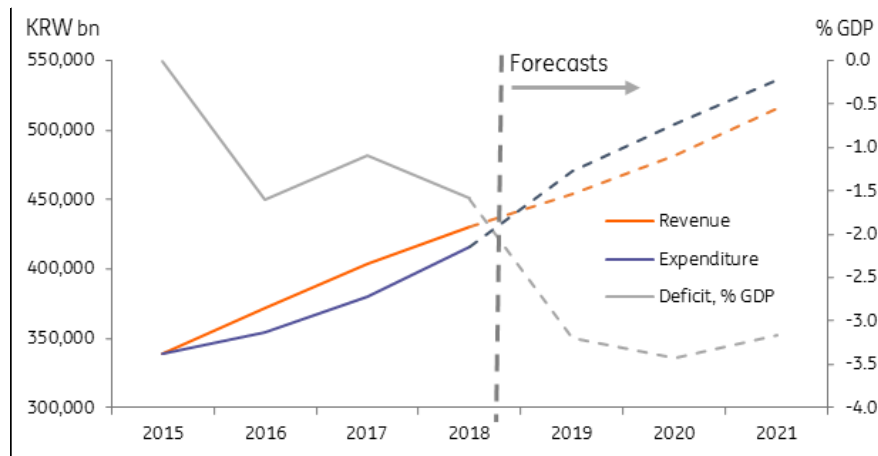
Likewise, the capacity excesses that are weighing on prices right now are in some ways not the worst sort of problem to have. This is an old-fashioned inventory excess and delivering an old fashioned growth slowdown. It also means that old-fashioned policy responses, accommodative monetary policy and easy fiscal policy, should provide some helpful offset until the excesses clear when private demand eventually returns.

## Fiscal policy – deficit widening, intentionally and unintentionally

The Ministry of Finance and Economy's published budget for 2019 shows a sizeable expansion (+9.7%) in government spending in 2019 aimed at job creation, R&D, social security, welfare spending, wellbeing and national defence.

The net impact on the economy will be less than this, with government revenues also being increased 7.6% from 2018 (an 11.6% increase in tax revenues). Officially, this should lead to a rise in the deficit of only 0.2% GDP. We suspect the deficit will rise rather more than this (ING's deficit forecast is -2.6% of GDP on a consolidated basis ex social security), as revenue assumptions from corporate earnings are likely to be overestimated, along with nominal GDP estimates. The net fiscal stimulus will probably be about 0.2% of GDP, but the additional difference between the 2018 and 2019 deficits is cyclical and doesn't count towards economic stimulus.

## Fiscal deficit (consolidated ex social security)



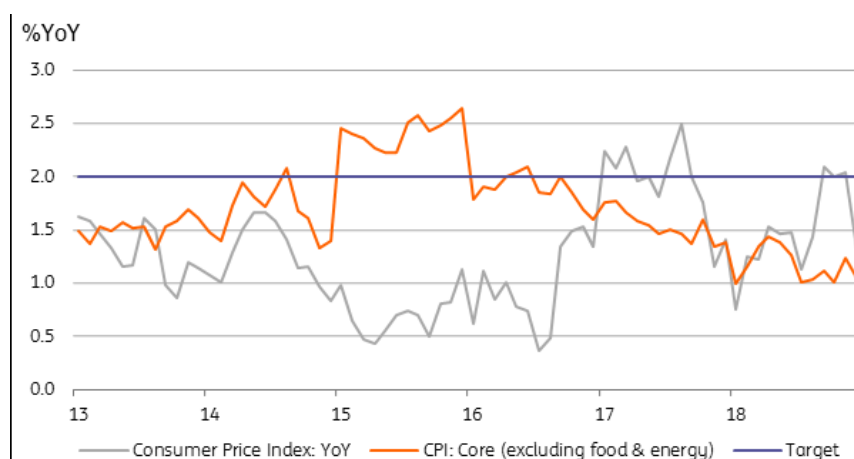
Source: ING, Ministry of Finance and Economy

## Inflation – low, likely staying low

With a headline rate of inflation of 1.3%, and the same rate for core inflation, it really does not look like there is any notable price pressure in the economy, though saying that, as recently as a month ago, inflation had been trending at 2.0% or slightly above.

Some rewinding of earlier, higher food prices seems to have accounted for most of the headline decline, and such pipeline effects were fairly obvious before they happened. We can't forecast future weather-affected food prices, but absent any near-term shocks, inflation looks set to run well below the BoK's 2.0% target for the foreseeable future. Wages growth, meanwhile, is running at a fairly decent rate in excess of 2017 rates, though minimum wage increases will be underpinning some of this increase, and this should begin to drop out of wage figures in 2019 resulting in a slower pace of growth.

## Korean inflation and BoK target



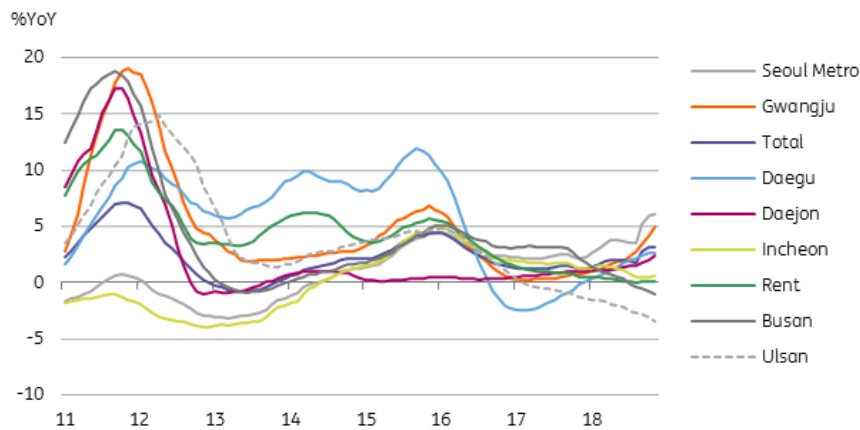
Source: CEIC

In fact, short of natural disasters or currency collapse, neither of which we are predicting, the outlook for Korean inflation remains extremely benign.

## Monetary policy – nothing for ages, and then perhaps cuts not hikes

In an ideal world, the BoK's November rate hike of 25 basis points to 1.75% would be reversed this year. And sooner rather than later. We don't see this happening. The argument for the increase was not a strong one, resting on high ratios of household debt to disposable incomes, and a somewhat (but not very) elevated rate of house price growth and falling housing affordability in the Seoul metropolitan area.

### Korean residential real estate prices %YoY



Source: CEIC

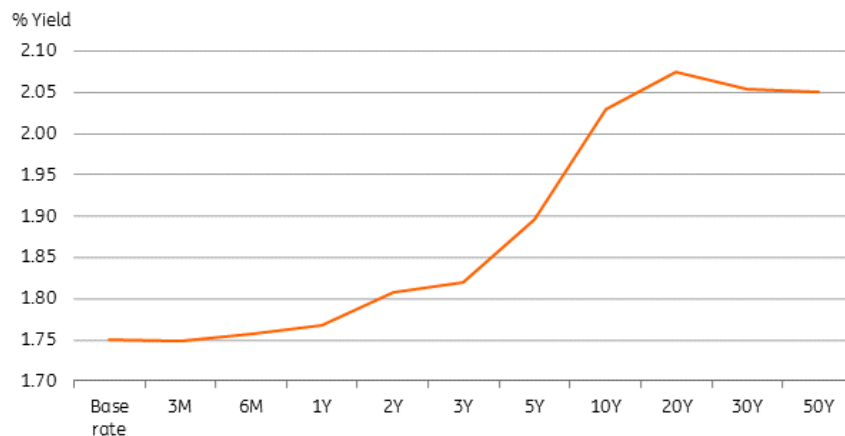
Responding to a perceived regional sectoral issue with a national policy response is always in danger of overkill, and on this occasion the timing seems to have been particularly unfortunate, coinciding almost to the day with a decline in national inflation.

We don't think 2018's hike will be reversed in 2019. Central Banks are as human as anyone else, and things would have to look spectacularly weak for them to affirm recent criticism of their hike by reversing it this year. Moreover, while we don't find the household debt argument for the hike a compelling one, household debt in Korea is high, and to that extent, now that rates have risen, we wouldn't encourage debt accumulation to go higher by cutting rates back again.

Moreover, saying that rates probably did not need to have been raised in 2018 is a different proposition to saying that they are too high now. Real rates are only slightly positive by about 40-45 basis points. That seems reasonable, though, one could make an argument for them being closer to zero as they are in many other Asian economies.



## Korean sovereign bond yield curve slope



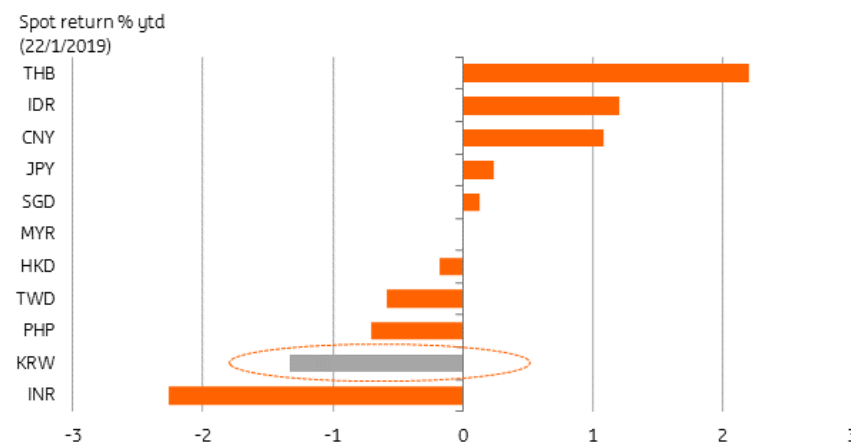
Source: Bloomberg

10Y KTBs are yielding only slightly more than 2.0% and the yield curve is exceptionally flat. Consensus forecasts for BoK base rates are also very flat, though there is a clear bias of forecasters towards tightening, recommencing next year. We are not sure that this is right. While that is probably the direction of travel, we can also see a case for rates to go down first, and the balance is probably only slightly tipped in the direction of hikes. That could change substantially.

## Currency outlook – weaker first, then stronger

We can get some hint of the outlook for the Korean won from just looking at the first 22 days of the year so far, which shows the currency to have been the second weakest in Asia year-to-date, and second only to the Indian rupee. That is not a great place to be, though the outlook is not all bad.

## Year to date Asian currency ranking



Source: Bloomberg

A lightening of the US-China trade war could play to renewed KRW strength. Though that remains a contentious call in our opinion - even despite recent optimistic noises from the US negotiating

side.

More likely, the KRW will simply passively benefit from USD weakness later in the year, as opinions about the resilience of the US economy and Fed tightening expectations are reassessed.

We still think there is some chance of a final bout of US dollar strength this quarter that could see Asian FX and the KRW, in particular, under weakening pressure before a later recovery. This would be based on markets reassessing the positive frame of mind in which they started the year. Though given recent hints from both the Fed and US government, we may have to revise this starting assumption, which would likely result in some downward revision to the USD/KRW 1130 forecasts in 2H19 - essentially the same as today's rate. We are biding our time making this decision, and recent China growth disappointments mean that our current FX call has still not passed its sell-by date.

## Forecast summary

	1Q19	2Q19	3Q19	4Q19	2019	2020	2021
GDP (%YoY)	2.1	1.7	1.9	2	1.9	2.8	2.4
CPI (%YoY)	1.7	1.7	1.4	1.8	1.7	1.6	2
Unemployment rate (eop)	4	4.1	4.2	4.1	4.1	4	3.8
Residential real estate (%YoY)	3.1	3.1	2.8	1.8	2.7	1.8	3.4
Fiscal Balance (consolidated ex soc sec)					-3.6	-4	-4
Debt/GDP (%)					41.3	43.1	45
Current a/c balance (US\$bn and % GDP)	11.6	17.5	27.5	26.5	4.8	4.6	4.6
7-day repo rate (eop)	1.75	1.75	1.75	1.75	1.75	2	2.5
10Y yields (eop)	1.9	1.8	1.7	1.7	1.7	2.3	2.7
USD/KRW (eop)	1,150	1,140	1,130	1,130	1,130	1,100	1,080

Source: ING, Bloomberg, CEIC

## Author

### 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).