

Good MornING Asia - 4 October 2018

What do yield curve pessimists talk about now that the 2s10s slope has steepened? And what's in store from India's central bank policy meeting on Friday?

In this bundle



India

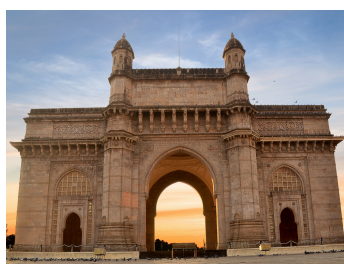
Bond yields: Not so flat now

What do yield curve pessimists talk about now that the 2s10s slope has steepened?



ASEAN Morning Bytes

General market tone: wait and see. Global markets continue to be on edge, awaiting further developments on the trade front, while oil prices remain...



India

India: Never underestimate central banks

The key question for markets ahead of the central bank meeting this Friday is whether it will overlook the rupee's weakness? We won't be...

Bond yields: Not so flat now

What do yield curve pessimists talk about now that the 2s10s slope has steepened?



Source: Bloomberg

Does a higher bond yield signal better, or worse times ahead...better surely?

US 10Y Treasuries have risen - really sharply, from the low 3's recorded earlier this week, and are now at about 3.18%, after the largest single-day upswing since November 2016, according to Bloomberg.

To be honest, the US data was pretty good! The private ADP survey of employment was very strong at 230K, and in my personal opinion, is better jobs data than Friday's official labour market report. The non-Manufacturing ISM index, at 61.6, reached its highest apparently (same source) since August 1997, with a massive leap in the employment index. To put it in perspective, this was just 3 months into the UK's Blair government - I had just started work in the private sector after 4 years with the UK government. My hair still had colour and I was about 30kg lighter (but was I happy?). This ISM release is a relatively small survey, and spikes this high don't usually last. Indeed, they often seem to mark a peak for the economy, with sometimes rapid deceleration within a year or so.

But I can't deny the data were good, very good. And if this is reflected in Friday's labour report (especially on wages - the market is bored of jobs gains), albeit, with a healthy dose of adjustment for the impact of the recent Hurricane's ([see also James Knightley's report on this](#)), yields at this level could stick around or conceivably go higher. We are already within 2bp of our house-call for end of year yields at 3.20%, and not far from our 1Q19 peak call of 3.30%. Maybe there is a little upside to even these numbers. Our new October forecasts will be released shortly.

Fed speakers don't give yields cause for a turnaround

Although a handful of Fed speakers in a single day is enough to have you thinking of the towers of Babel, the overall message of cautious tightening continuing seems loud and clear. There was one slightly worrying note from Chairman Jerome Powell, which, with reference to the neutral rate of interest, said that although the Fed may go past neutral in hiking, "we're a long way" from that. If this was meant as a comforting comment, it only suggests that rates have a lot further to rise. I don't think this is what he meant to imply.

Cause for happiness, or concern?

So with US yields rising on a tide of good news, should we be happy or worried? Well, that depends where you live. Here in Asia, the US story is a double-edged sword. Normally, one side of that sword would be the implied gains in Asian exports to the US and the rest of the G-7 based on soaring domestic demand there. But that edge has been thoroughly blunted by US trade policies. The other side, higher global interest rates, and a stronger USD are certainly not helpful. Today, Asian FX appears to be struggling to hold a line, with even robust units like the SGD and THB feeling the pressure, and of course, the more fragile IDR, INR and PHP are under greater pressure.

Eyes on the RBI

With the calendar in Asia still pretty bare today, most of the conversation is looking towards tomorrow's RBI rate policy meeting, which Prakash Sakpal has written about in a [new note](#).

While a 25bp hike is looking almost a given (if they don't the INR will get crushed), there are concerns over liquidity within the financial system, and additional measures may also be needed to provide the INR with support even with a 25bp rate hike. Prakash has moved up his end of year USDINR forecast to 75.0 as we are already knocking on the door of his earlier 73.5 forecast.

Could a 50bp hike be envisaged? Basically, we wouldn't rule it out, though it would be out of character for the RBI, with another 25bp hike in December our base case. Even then, without additional supporting measures, we would imagine INR support from this unexpected move might prove short-lived.

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 see. Global markets continue to be on edge, awaiting further developments on the trade front, while oil prices remain elevated. Friday's NFP report may mirror the ADP jobs numbers showing a substantial gain in the labor market



International theme: ADP and ISM numbers in-line with strong US growth story

- US economic data continues to print on the upside with numbers on jobs and the services industry support the Fed's tightening bias. Markets will continue to monitor trade developments and oil prices for further direction.

EM Space: Good US data spells some pressure for EM Asia

- **General Asia:** Asian markets will likely continue to move sideways albeit with a downward bias after US Treasury yields climbed on robust economic data out from the United States. Trade concerns and sustained elevated levels for oil prices will also likely weigh on sentiment.
- **Thailand:** The Bank of Thailand minutes revealed that the MPC focused on the timing to begin policy normalization, which it said was data-dependent. However, MPC continued to assess the current accommodative policy stance appropriate for the economy. The BoT maintained growth forecasts at 4.4% for 2018 and 4.2% forecast for 2019, and inflation

forecast at 1.1% for both years, with the balance of risks tilted on the downside for both forecasts. We are re-considering a view of the BoT starting the policy normalization by mid-2019.

- **Indonesia:** Bank of Indonesia (BI) kept up its use of rhetoric to help stabilize the floundering currency with Governor Warjiyo indicating that although pressures on the IDR persist, he sees the IDR recovering next year as measures to provide support for the currency gain ground. He also sounded off on possible rate hikes in the near term as he vowed to stay “ahead of the curve”, hinting at possible rate action at its next meeting should IDR remain above the 15,000 level.
- **Philippines:** The much-anticipated stock issuance of San Miguel Food is “on-track” and is scheduled for November according to the CEO of the company. The planned issuance will likely attract foreign players and help bring in anywhere from \$1 to 1.5 billion inflows into the Philippines. This issuance together with the planned ROP issuance by the government could help alleviate pressure on the Peso and help it close at 53 by year-end.
- **Philippines:** The NFA has received the go signal to begin bidding out 3 contracts for 250,000 MT worth of rice after hurdling some administrative paperwork. Importations can begin as early as 18 October with imports seen to arrive as early as end-November which could help alleviate inflation pressure on the food basket. Furthermore, the initial batch of rice worth 250,000 MT arrived last 27 September, pushing up rice stocks to 5,000,000 and possibly helping lower October domestic inflation.

What to look out for: US NFP

- Argentina-IMF credit line request (on-going)
- Philippine inflation (5 October)
- Central bank meeting India (5 October)
- US non-farm payrolls (5 October)

Author

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

India: Never underestimate central banks

The key question for markets ahead of the central bank meeting this Friday is whether it will overlook the rupee's weakness? We won't be surprised by more than a 25 basis point hike, but still, we revise our end-year forecast for USD/INR to 75 from 73.5



Source: Shutterstock

A confounding consensus on RBI policy

The [recent media headline about the Reserve Bank of India](#) possibly abandoning the rupee was eye-catching but was based on the increased stress in India's financial system due to a beleaguered non-bank finance company going bust and the resulting tighter liquidity conditions.

The fact that higher interest rates will compound the liquidity problem was a setback for the consensus view on the RBI policy. Until the troubles surfaced to batter local markets around two weeks ago, the consensus was biased towards a 25 basis point hike at the next meeting. However, since then, things have become pretty indecisive with almost half of the analysts expecting a 25bp hike and the remaining expecting no hike at all.

We have been in the rate hike camp all along.

6.75% ING forecast
RBI repurchase rate

Will the RBI overlook the weak rupee?

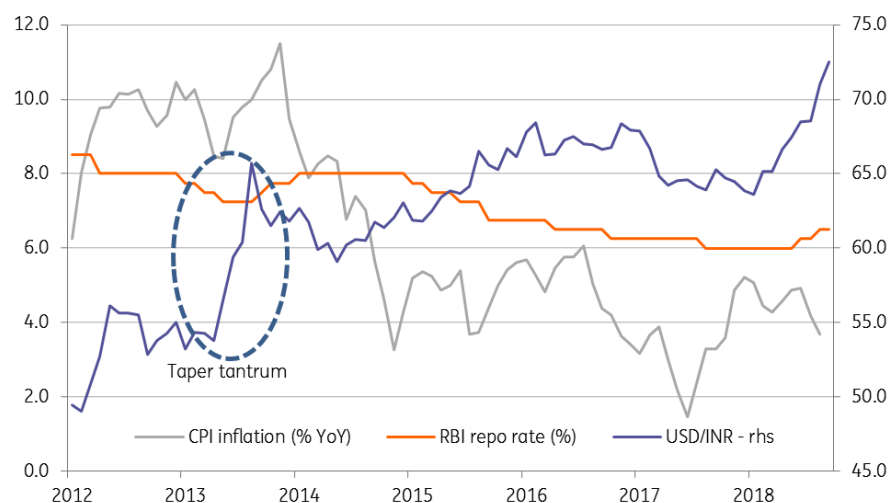
The usual central bank response to a weak currency is aggressive policy tightening, like Indonesia and the Philippines, who have had 150 bp rate hikes recently. But the odds of the RBI following their footsteps seems to be constrained by the central bank's 4% (+/- 2%) inflation mandate, a potential slowdown in growth due to the ongoing trade war, and troubles in the financial system.

We won't be surprised if the central bank hikes more than 25bp, though for now, our base case remains only a 25bp hike and another move in December

The latest rupee sell-off is a mirror image of the sell-off in 2013 and the RBI's response back then was just as lacklustre as it is today. Despite domestic inflation running in double-digits in 2013, they only lifted the policy rate twice by 25bp in September and October 2013.

If history is any guide, then the RBI upping its ante on tightening measures may be a remote possibility, just as the consensus view for the upcoming policy meeting stands.

A lacklustre response to currency turmoils



Source: Bloomberg, CEIC, ING

As other support measures have been failing

Other currency support measures, including import tariffs, relaxation of foreign borrowing limits for

manufacturing companies, removal of withholdings on masala bonds have all failed to do much.

The RBI has allowed commercial banks to dig into their statutory reserves to ease the liquidity crunch. There have been some traces of the central bank intervening in the foreign exchange market to support the currency, but not a lot. The \$22.6bn fall in the country's foreign reserves since the onset of currency market turmoil in April represents the largest capital flight from any Asian economy.

Even as the government has moved to bail the troubled infrastructure finance company out, the uncertainty surrounding restructuring of the company continues to be an overhang on financial markets.

Never underestimate central banks

However, we also find it hard to believe that the central bank will turn a blind eye to the currency problem. Although inflation has been anchored within the RBI's target, it certainly is more of a transitory phase, especially when global oil price are rising and the hit from this on the country's current account deficit is already being compounded by depreciating the currency.

The USD/INR rate has almost hit our 73.50 end-year forecast, which is why we now revise our forecast upward to 75.0 (spot 73.3)

Any central bank in the world will want to be pre-emptive rather than reactive to future inflation expectations and in India's case expectations remain elevated.

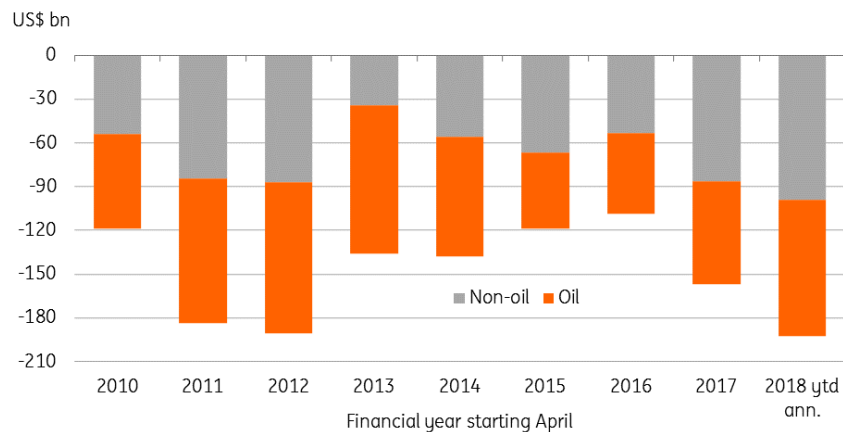
Never underestimate central banks, when it comes to preventing a crisis from eroding investor confidence in the economy and the currency. Indeed the currency and the financial sector troubles will top the agenda for the RBI policy committee this week and an extra policy thrust can't be completely ruled out. This is why we won't be surprised if the RBI does hike more than 25bp this Friday, though our baseline remains only a 25bp now and another like move in the next meeting in December.

Another downgrade of INR forecast

Whether the aggressive policy move (if we get one at all) will eventually keep the rupee from losing further ground remains a perennial question given the lingering risks of a wider trade deficit from high oil imports and elevated inflation expectations. Add to this the political risks becoming a more prominent sentiment driver for markets going into the election year and any additional policy thrust may still prove to be inadequate in an environment of a strong US dollar.

The USD/INR rate has almost hit our 73.50 end-year forecast, which is why we now revise our forecast upward to 75.0 (spot 73.3).

Oil is swelling the trade deficit



Source: Bloomberg, CEIC, ING

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.