

Coronavirus - markets think its all over

I'm reading reports talking of "containment" and "vaccine breakthroughs". There is little if any substance to these claims, indeed, the numbers tell a different story



Vaccine

Source: Shutterstock

Hype getting the better of us?

Talk of an existent nCov vaccine entered the ING Singapore research office this morning. Needless to say, it got pretty short shrift from me, even if the "perpetrator" was simply trying to start a reasoned debate (I may have been listening to too much Professor Brian Cox on the radio and getting a bit dogmatic in my old age).

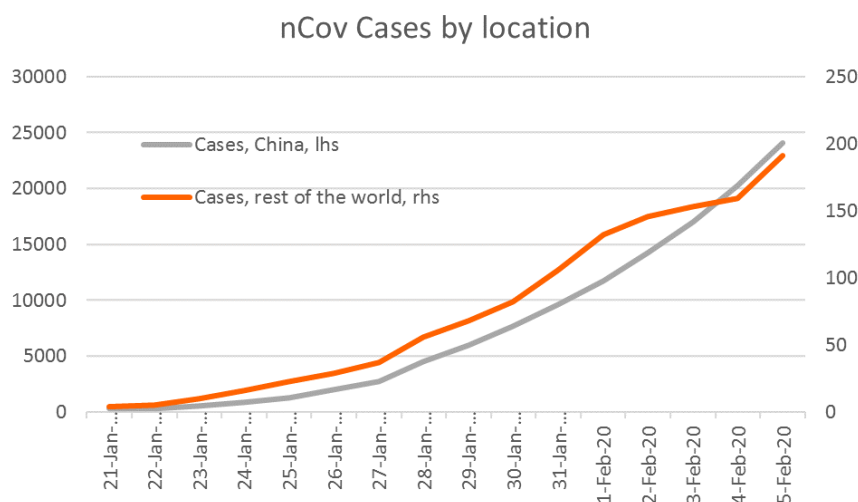
But don't take my word for it, [here is a fairly recent article talking about the limits to vaccine development and testing](#), with the key limitation being the latter, part - testing. No company or government is going to release a vaccine for use on their population without being pretty sure it will not give rise other issues - birth defects for example. So realistically, we are talking many months for something new to come onto the market. In the meantime, using existing drugs like the Remsdivir, where testing is underway in China may offer a quicker route to treatment, though it would be a push to describe this as a "cure".

Then normally sensible commentators, including some of my daily "Go-to's" are talking about "containment". I guess this shows that you can be perfectly sensible when you are talking about things you know, but once you step outside that safety cordon, you become a babbling idiot.

Below are my latest updates of the WHO figures - these lag other sources by 12 hours or so (where the figures are already considerably higher), but they are confirmed cases and do come with a reliable history so we can compare the change over time.

Without being more outspoken, I think you would be hard put to back up the claim that either nCov is peaking, or that it is contained from the chart below. The key to that last remark is the non-China cases, where new cases are no longer dominated by Chinese tourists. Containment might still turn out to be the case. I certainly hope so. But on the back of these figures, I can see little justification for the extent of the market's rally if it is entirely a relief move over the nCov outbreak.

nCov 2019 cases by location



Source: WHO
nCov cases by location

Impeachment trial over - President Trump remains in office

The results of the impeachment trial of President Trump were rarely in any doubt, and I think it is very unlikely that the market's rally has anything to do with the outcome. At least we can put this behind us, and maybe concentrate on some economic figures? That is probably wishful thinking. The Democrat race is looking quite a heated contest, especially given the debacle of the Iowa result reporting. President Trump's approval ratings are on the up - and that might have very little to do with what he is doing or saying, but what is happening in his opposition's camp. Meanwhile, the US economy might not be booming, but it appears to be reasonably solid. Tomorrow's labour report will add weight to that debate.

Asia update - more rate cuts on the way?

(Back to Economics again, this from Prakash Sakpal)

Thailand: The Bank of Thailand (BoT) followed up counterparts in China and Malaysia in cutting policy rates to curb the economic risks stemming from the coronavirus outbreak and its impact on tourism. We believe the central bank will want to remain ahead of the curve in its policy response to the evolving situation. If so, another cut at the next meeting in March makes sense as a timely, and probably more effective, boost to the economy ([read more here](#)).

Singapore: The Monetary Authority of Singapore in a statement yesterday downplayed any policy easing. The statement noted there was sufficient room within the policy band to accommodate easing of S\$NEER in line with weakening economic conditions due to the outbreak of 2019-nCov. The number of infections in Singapore rose to 28 yesterday, overtaking Thailand (25) to take third place after China and Japan. The MAS' view of a modest recovery in growth this year (compared to 0.7% in 2019) remains at risk. We don't rule out an easing if things continue to deteriorate. We will certainly know how things stand before the next meeting in April.

India: Will the Reserve Bank of India go with the flow and cut policy rates again at their meeting today? There is unanimous consensus behind an 'on-hold' policy as inflation recently spiked above the RBI's 2-6% target. Governor Shaktikanta Das also has warned against persistent inflation risks ahead. The rapid easing last year through both monetary and fiscal channels has yet to bear fruit, while India isn't at grave risk from the coronavirus just yet. However, if there is anything that could tip the RBI towards further easing, it is the recent sharp fall in global oil prices. If this persists, this could knock a few points from inflation.

(...and from Nicky Mapa in Manila)

Indonesia: Indonesia posted a 5.0% expansion in 4Q19, translating to a similar growth reading for the full year, missing forecasts and the official government target. The disappointing growth print will likely prod Bank Indonesia (BI) to cut policy rates at their next policy meeting with the easing more likely given the ongoing hit to sentiment from the global virus episode.

Philippines: Bangko Sentral ng Pilipinas (BSP) holds its first policy meeting for the year today, with investors pricing in a likely rate cut by the central bank. Dovish comments from Governor Diokno point to a 25 bps rate cut today despite inflation jumping to 2.9% in January. Expect the Peso to come under pressure temporarily after the rate cut.

Author

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