

DisMay

Brexit Draft in tatters; no-confidence vote in PM May asked for; GBP smashed by markets; May determined to fight on, though the middle ground seems to be disappearing fast; More positively, US and China seem to be sounding more constructive over trade; ASEAN central banks get hawkish.



Theresa May holds cabinet meeting

Source: Shutterstock

"Tis only a flesh wound

UK PM Theresa May's defiant stand to push on with the UK draft leaving bill reminds me of a scene in Monty Python and the Holy Grail, where King Arthur fights the Black Knight and having cut off both of his arms, assumes the fight is his, only to hear "It's just a flesh wound, I've had worse!".

Our FX strategists have been busy overnight, [re-assessing the outlook for the GBP](#), which despite yesterday's pummelling, they feel has a further 3-4% additional downside in the event of a no-deal exit. We wait to see today if any further cabinet ministers resign, after the quitting of Raab and McVey yesterday. Leadsom and Gove must presumably be poised to jump ship?

Still, the prospects of a swift end to the Brexit saga look as far away as ever, though the new turns could make it very interesting over coming months. Our UK economists will no doubt be covering all this in much greater detail, but a few questions that would be worth answering would be:

1. If a leadership challenge set in train a move for a no-deal exit as Pro-Brexit politicians took over the steering, but that was voted down by Parliament (which seems likely) wouldn't

that lead to a General Election?

2. Is failure to get the current draft bill through parliament now the new base case?
3. And so wouldn't this also likely topple the government? (Would presumably be a "no-confidence" vote, whose loss would also spur an election).
4. And could a party take control of government by offering a more clear-cut referendum, with "leave" options defined (e.g leave with no deal, leave the single market / customs union etc)

I will get back to you as soon as we hear what they think

Then it gets interesting, because we may then finally see where Labour's true colours lie with respect to Brexit, and whether a party like the Liberal Democrats could re-emerge on a pro-European ticket. Of course, none of this is helped by the current squabbling in Europe over Italy. And weak European growth no longer makes tying one's hands to the European project look all that appealing. What a mess.

US-China...let's talk

There are more positive noises coming out of the US and China about the prospects for some sort of deal over trade. We imagine that China is prepared to make further concessions, given that its economy does really appear to be suffering, and will likely suffer more as tariffs are widened and tariff rates increased.

We imagine that the US is also prepared to hold fire on some of the remaining tariffs (conflicting comments overnight from the likes of Lighthizer and Wilbur Ross), and tariff rate increases as a sign of good faith as talks progress.

However, it seems unlikely to me that anything other than a skeleton framework for future talks could be agreed upon at the G-20 meeting, and even then, I suspect that President Trump would be inclined to leave tariff extension and tariff rate increases on a timer to push China into striking a deal.

BI and BSP hikes - BI was a surprise.

While the 25bp hike from the Philippine Central Bank (BSP) yesterday was no big surprise, it had always been a tight call, [the 25bp hike by Bank Indonesia \(BI\) was not at all expected](#). This now lifts BI's cumulative hiking to 175bp since the start of the year, and there is a chance that they do more at their December meeting. Strong growth provides the cover BI needs to hike rates again, and also the justification, as it is the principle reason for the current account deficit. BI and BSP's moves yesterday also raise the pressure on other regional central banks, the Bank of Thailand, for example, which we believe markets see as the next central bank to hike.

Today's data has already kicked off with a more-or-less consensus outcome for Singapore's non-oil domestic exports, which at 8.3%YoY, are barely any different to the 8.1% growth rate shown in September. An outsize 89.7%YoY rise in the volatile pharmaceutical sector provided almost all of the lift. The question is, can it keep doing this? It looks improbable. And is such narrow support sustainable or safe? Electronics exports fell again (-3.5%YoY) as did petrochemicals (-0.1%YoY).

Today's data highlight at 12:00 local time is Malaysian GDP. We see this coming in softer than the consensus following recent activity reports on manufacturing.

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