

Happy (Trade / Brexit) Friday

Some better news for once on trade and Brexit - the next 24 hours could be decisive one way or another for one or both of these issues.



Asian beach

Source: Shutterstock

Not just happy Friday - Lazy Friday too.

In case the concept of "Lazy Friday" is new to you, let me enlighten. You have worked hard all week. It is Friday. You are tired, and though you resisted the notion of calling in sick and turned up to work as usual, the likelihood of you doing anything very productive over the next 10 hours or so is pretty remote. Tidying your desk, emptying your email inbox, catching up on expenses or personal chores, an extended lunch break. Such are the ways of a "Lazy Friday".

In fact, some people have taken this concept to such an art form, that they practice it every day. French Economist, Corrinne Maier, wrote a book on it, "Bonjour Laziness: Why hard work doesn't pay" (available in all good booksellers and online - you can find your own link!). By way of providing this note with some balance, shortly after publication, Corrinne was fired from her job.

Taking a leaf out of Corrine's book I am going to leverage the effort of my colleagues today, whilst I will be kicking back and relaxing (hoping that I don't go the same way as Corrinne of course!)

First up Brexit:

Our Brexit expert, James Smith, sent me some notes overnight: I'm sure he is planning on publishing later today, so I've trimmed them back quite a lot so I don't steal all of his thunder. But the following is all down to him. No effort from me. Interesting to see he retains his somewhat pessimistic stance:

"The pound has received a substantial boost following a surprisingly positive joint statement from UK prime minister Johnson and Irish Taoiseach Varadkar. Both sides said they could see a "pathway to a deal".

However a lot needs to happen in the next week - a deal being agreed and approved over the next week or so **still seems unlikely** (my emphasis).

Up until now, the gulf between the EU and the UK has been pretty wide, and the thorniest issue of all relates to customs. Varadakar's optimistic tone after the meeting and his suggestions that a deal was possible has led to speculation that there has been a climbdown from London.

There has long been speculation that the British government could pivot back to the so-called Northern Ireland only backstop. This was the EU's original backstop proposal, and would involve NI remaining in the single market for goods. But could this fly in the House of Commons?

There is undoubtedly an increased willingness to get a deal done. But a lot will depend on the details which are not available. The EU's Chief Negotiator Barnier will reportedly sit down with UK officials on Friday (**today**) to see if a deal is possible - and this will be a key 'make-or-break' moment.

But the bar still seems high. It's possible that these positive signals reflect an aversion on both sides to being seen walking out of negotiations. Britain is almost certainly heading for an election later this year, and the optics surrounding UK-EU talks may well play a role in campaign messaging.

So, for now, our base case remains that **no deal** will be agreed before 19 October, after which there will be another Article 50 extension followed by a UK election later this year"

Next - what would a US-China currency deal look like

Continuing the shameless plagiarism, next up, Head of FX Strategy, Chris Turner, writes about what a US-China currency deal may look like. Remember, the next 24 hours will show whether a narrow deal has been achieved (we don't hold out much hope of a broader deal - on which [see also this from Raoul Leering](#), but also [this from former Australian PM Kevin Rudd](#), one of our "Think Outside" contributors). And within this, the US is apparently pushing for a currency arrangement to prevent future currency manipulation. A form of an agreement had, apparently, been laid out earlier in the year before talks broke down. [Chris takes a look at what this might look like](#).

For those practicing Lazy Friday and too lazy to follow the link - the key element will likely be regular reporting of FX intervention data, lifting concepts included in the USMCA trade deal. Chris notes that Korea, for example, has started publishing such data on a 6-month aggregate basis

(with a 3-month lag).

For once, President Trump has been uncharacteristically cryptic about the chances of a deal today, after earlier suggesting that talks were going very well (see Tweet below).

Pensions - the other angle of low rate damage

For those with access to Bloomberg, Cameron Crise is on the money as usual in his Daybreak column. I have laid out the household angle of how low rates hurt activity often enough in this note, but I haven't spelled out how the corporate angle works - though I have made the same arguments often enough verbally.

Crise runs through the funding gap problems for corporations as interest rates keep falling, which is another reason why we don't see low rates spurring investment, as profits have to be increasingly shoveled into the bottomless pit of the pensions fund.

See, I'm not the only critic of Central Banks' current low rate obsession.

Asia today

It's a bit busier than usual in Asia today. India, Indonesia and Malaysia all release production data for August. Malaysia is also slated to deliver its 2020 budget.

Ahead of next week's 3Q19 GDP release and MAS (Monetary Authority of Singapore) meeting, we also get Singapore's August retail sales data. The consensus here is for a nasty 4.3%YoY decline, which would set up the MAS to trim the nominal effective SGD appreciation path to flat from a modest appreciation currently.

China's monetary supply data for September still hasn't been released and will either come today, or over the weekend.

And on the political front, India's PM Modi is due to meet China's President Xi in an unofficial summit as tension at their mutual border grows.

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