

Markets seem happier

Equity futures - my daily gauge of the market mood - are largely in the green today. Yet if this is a relief rally, it may prove all too short-lived



UK prime minister,
Boris Johnson

Please, no more Brexit

I wonder if you can get PTSD from following the Brexit story? Or does the feeling of exhaustion and depression from the seemingly never-ending purgatory have some other name in modern medicine/psychology? Whatever, I had to talk about it at a presentation to "Women in Finance and Treasury" yesterday. They also seemed to share my Brexit fatigue - so we mainly discussed more exciting stuff, like the Asian tech slump. That was a lot more fun.

Overnight (at least as far as Asia-based followers are concerned) the Brexit story had taken the predictable turn of parliament refusing to back PM Johnson's bid for an early October 15 election - or as opposition leader Jeremy Corbyn called it, the "poisoned apple", only, minus the apple.

So Johnson lacks a working majority in the House of Commons, partly due to the defection of one of his MPs to the LibDems, but mainly because he has fired 21 of them. He has also lost opposition to a parliamentary bill to delay Brexit until Jan 31 if no deal is secured by October 31. This bill will likely be signed off in the Lords shortly, becoming law. Which all makes it rather tricky, as Parliament has in doing this, forced Johnson to do the one thing he vowed not to do, to let this process linger past Halloween. This really is turning into his very own horror movie.

Oddly, this, and the news that HK SAR's Carrie Lam has officially buried the extradition bill - a move protestors have deemed "too little, too late" - seems to be buoying market spirits today. From a day-trading perspective, that may make sense, but if your time horizon is slightly longer than that of a Mayfly, then this seems a bit myopic.

CNY fixes stronger

China fixed the CNY fractionally stronger yesterday, at 7.0878 from the previous day's 7.0884 fix and significantly stronger than the 7.14 closing level reached by spot CNY on Wednesday. So for the moment, it looks as if the authorities want to hold the currency stable.

This does not preclude further depreciations in time, though these may be reserved for retaliation in the trade war. Some of the recent tweets from the US President exhorting China to reach a deal before the Presidential elections may be viewed by China as signs increasing worry in the US. Indeed, some of the data is beginning to highlight weakness in the business sector (e.g. the manufacturing ISM numbers the other day, which have dropped into negative territory). See an example below.

Watch out therefore for today's durable goods figures, which will add a little more to the debate about whether the US economy is being supported solely by the consumer. That's fine until the labour market softens...

China to provide further stimulus

In a sign that further liquidity assistance is on its way, Bloomberg reports that China's cabinet yesterday signaled that a reduction in required reserves for banks is looming. Both broad, and targeted reserve cuts were mentioned. We would anticipate that the PBoC would deliver this before too long, in line with our house expectations for further easing this year and next. These measures should continue to support firms suffering from a downturn in demand during the trade war.

And elsewhere in Asia...

(From Prakash Sakpal):

Malaysia: The economy continues to defy the global slump with [positive export growth](#) of 1.7% in July and a sustained strong trade surplus foreshadowing steady GDP growth in the second half of 2019. However, external headwinds to growth continue to rise. Yesterday, India raised duty on its refined palm oil imports from Malaysia by 5% to 50%. As such, we believe Bank Negara will look through the present economic strength and cut rates again, as early as next week.

Thailand: The pressure on the authorities to curb Thai baht appreciation has been rising. Yesterday, the Joint Standing Committee on Commerce, Industry, and Banking urged the Bank of Thailand and the Finance Ministry for additional measures including a withholding tax, promotion of outbound investment, and cutting the bond supply. We expect the BoT to cut the policy rate by another 25bp at the next meeting on 25 September.

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