

## TV party tonight

On a relatively quiet day for economic releases, the first US Presidential TV debate may be what gets the most attention.



Former Vice President Joe Biden, left, and President Donald Trump

Source: Shutterstock

### A week is a long time in markets

I've just had a week off. And not the usual sort of week off we take these days, where you can't really decide if you are at work or not, and keep looking at emails and taking work-related calls. It was a proper week off, with only the occasional delve into the online FT to keep me in touch.

It's refreshing to see how much I've missed, in a week where there was essentially nothing going on in terms of calendar releases (this often seems to be the case). The EUR's previous gains dried up and partially reversed - as did Asian FX pairs. The equity bull-run also turned tail.

Though of course, within hours of returning to work, these reversals have also petered out, denying me a trend to jump on and get excited about.

So, where to now? The default position for stocks is probably higher, but maybe not much higher, and that would tend to go with a resumption of USD weakness, though again, I suspect there's a limit to how far to follow this and this is beginning to feel very much like a nascent range-trade. Bond markets? They seem to be sitting out this whole move, with 10Y UST notes simply drifting slightly lower in terms of yield. Yields probably don't have too much further to fall, with

recent reversals coming at about 0.63/0.64%.

## Let battle commence

Part of me really doesn't want to watch the Presidential debates, and in truth, they are probably on way past my bedtime here in Asia, which will be a convenient excuse. But for those who love reality TV, and have a much higher "cringe-factor" than I have (I even struggle with Masterchef), and can cope with gaffes and gloves-off TV carnage, tonight is probably a must-watch. Get out the pretzels, plump those sofa pillows.

There will, according to my sources, be another two presidential candidate debates on October 15 and October 22. And a Vice Presidential debate on October 7 (that could actually be more fun).

Whether or not these are particularly important is another matter. The received wisdom is that winning the debates does not equate to winning the election. Moreover, with a reasonable polling lead, one could argue that Joe Biden has more to lose here than President Trump, which may play to a cautious strategy from him. Journalists famously refer to pivotal moments in debates, such as Nixon mopping his brow, or Al Gore eye-rolling George W Bush. But then who's to say that any such moments really made any difference? That's essentially my base case for these debates - cringe-worthy but unlikely to deliver an electoral car-crash for either side. And by extension, not necessarily all that market relevant. We'll know more by tomorrow.

## Day ahead

It's quiet today on the data calendar, with South Korean industrial production for August already printing a slightly disappointing -3.0%YoY outcome, a bit worse than last month's -2.4% decline, and resulting from a 0.7%MoM fall from July's production levels. This probably reflects the weaker global outlook (rather than any domestic problems), given the resurgence of Covid-19 in the US and many European countries. The debate about the weather tolerance of Covid-19 does not seem to have been properly laid to rest after early speculation. But from what I can see, and summarising some scientific studies I've read into this, although Covid-19 isn't destroyed by warm sunny weather as readily as say, influenza viruses, it really sticks around in the cold and wet. So look out for social distancing measures to tighten across the Northern Hemisphere as case numbers continue to rise.

And Prakash Sakpal has this to say about this week's scheduled Reserve Bank of India (RBI) meeting, which he notes, "...has been postponed as the RBI has failed to fill in three vacant seats on the 6-member policy committee in time for this meeting. The two-day meeting was to be concluded on Thursday, 1 October. The central bank hasn't set the new meeting date just yet. Although no policy change was a solid consensus view for this meeting, the key interest in the meeting would have been revisions to the central bank's growth and inflation view for the year given the continued rapid spread of Covid-19. The news raises concerns about macro policymaking in India, and it will exert further weakening pressure on local markets. Both government bonds and the INR have been selling off this month. The government is widely expected to hike its borrowing programme for the second half of FY2020-21 from the initially planned INR 5 trillion. The announcement is expected this week, though recent rises in yields suggest that markets have probably already factored much of this in".

## Author

### Robert Carnell

Regional Head of Research, Asia-Pacific

[robert.carnell@asia.ing.com](mailto:robert.carnell@asia.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 <http://www.ing.com>.