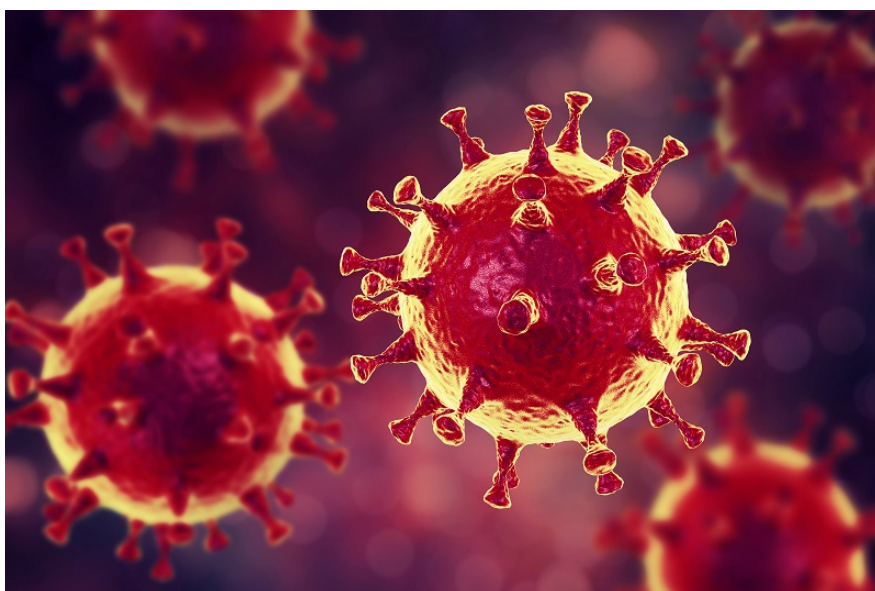


Virus concerns return

Tech stocks rebound as vaccine excitement wanes and markets refocus on surging US case numbers; Oil supported by OPEC+ deliberations on rolling cuts, but weighed by virus and demand concerns; Japan investment outlook remains weak ahead of 3Q GDP and India struggles with "stagflation"



Corona virus

Market overview

My usual starting point of extrapolating the US close into the Asian open looks more questionable than usual today, with US equity markets dominated by a return to tech stocks (NASDAQ up 2.01%) as concern over surging US Covid-19 case numbers mounts, and prospects rise for renewed lockdowns ([see also this by our strategists on the potential market impact of a vaccine](#)). Industrial stocks in the Dow Jones index didn't fare so well and ended the day slightly in the red (-0.08%), and the S&P500 was somewhat in the middle, registering small gains (+0.77%). Equity futures in Asia today are greenish, but I wouldn't bet the farm on that being the theme for the whole day, and we need other yardsticks to figure out which way the market-wind is blowing today.

The same goes for FX markets. The USD had a strong day against some of the majors yesterday, including the JPY and the EUR. But it did less well against the commodity currencies. The NZD did particularly well as [negative rate expectations were pared back](#). And in Asian EM space, it was also a mixed bag, with the THB unusually dominating the pack for a rare change, leading the KRW, and

many of the other currencies languishing. Again, no clear theme here.

It is entirely possible that oil will play more of a role in FX space in the coming days, as the market tries to disentangle the negative signals coming from the pandemic figures, from the positive noises on OPEC+ rolling their cuts into next year. [This OPEC+ view is increasingly becoming the consensus](#), the only question being whether this is for 3 or 6 months. So we should probably keep an eye on the MYR, as the region's main petro-currency.

G-7 outlook and events

As we get closer and closer to November 15th, it is worth reminding ourselves that this was once viewed as the last possible day for a Brexit deal. Time is needed for European countries to ratify any deal before the end of the year. So with each day that passes, the likelihood that we get a "deal/no-deal" decision grows. But as we have also learnt, deadlines can slip, and pragmatism can triumph if a deal looks within striking distance. Therefore we will not be surprised if Nov 15 comes and goes without any clear message on Brexit. Presumably, some sort of transition extension can be arranged if it's just a question of timing? And it's not as if all negotiations will immediately cease just because 15 Nov or even 31 Dec passes. I'm sure our UK and Brexit expert, James Smith, will have something to offer on this early next week, one way or another...

For what it is worth, the UK releases 3Q GDP data today, which of course precedes the latest lockdown. The consensus is for a 15.8% QoQ surge after the 2Q 19.8% plunge.

And Japan has released core machine orders data for September ahead of next week's 3Q GDP release. The -4.4% MoM September figure was worse than expected, though the year-on-year print beat expectations. This either means you should put no faith in consensus figures as they clearly contain no information. Alternatively, it means that because of substantial historical revisions to data like this, forecasts are a massive waste of time. It's probably both. And neither explanation helps.

I am looking for a fractionally weaker 18.6% pick up in 3Q GDP after the 28.1% decline in 2Q20 (consensus is virtually the same at +18.9%QoQ, which is no guarantee of accuracy).

India - weak output, high inflation

Prakash Sakpal has this update on Indian data due today: "CPI inflation for October and industrial production for September are due today. Inflation exceeded the Reserve Bank of India's 6% policy limit in all but one month in the year through September. We don't think October will be any different, though there might be a slight dip to 7.1% YoY (from 7.3%) on the back of a high base effect. Food and transport prices remained the main drivers of high headline inflation. Meanwhile, persistently weak domestic demand outweighed firmer exports in September to keep the negative spell on industrial production growth, although to a lesser extent (INGF -3.2% YoY vs. -8.0% in August). We will review our 3Q GDP growth forecast, currently -17.6% YoY, in light of today's IP data".

Author

Olivia Grace

Editor

olivia.grace@ing.com

Julian Geib

Junior Economist, Global Trade

julian.geib@ing.de

Zoltán Homolya

Economic research trainee

zoltan.homolya@ing.com

Amrita Naik Nimbalkar

Junior Economist, Global Macro

amrita.naik.nimbalkar@ing.com

Mateusz Sutowicz

Senior Economist, Poland

mateusz.sutowicz@ing.pl

Alissa Lefebre

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@ing.com

Michiel Tukker

Senior UK & Eurozone 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

Senior Economist, Healthcare & Technology

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@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

Deputy Global Head of Editorial 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

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 Corporate 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

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@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, 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