

Wuhan: Trains, planes and automobiles

After struggling in the "...and in other news..." sections, Wuhan makes it into the TOP section today, as authorities clamp down on travel in and from the city.



Wuhan

The city of Wuhan is effectively quarantined

It struck me that many of our readers might know very little about Wuhan, so [here is a link to the daily-writer's almanac of wisdom, Wikipedia](#). You could have easily found this yourself, but here is a synopsis of what it says. Wuhan is the capital and most populous city in Hubei in central China with a population of about 11 million. It is a major transportation hub with roads and railways connecting it to the rest of China and is often referred to as the Chicago of China. In 2018, Wuhan produced GDP of \$224bn.

Authorities in Wuhan have suspended travel by bus, subway, ferry, and outbound flights and rail services. This sounds like a sensible precaution. The latest numbers I can find suggest 19 dead amidst 550 infections (source: People's Daily), though the infection rate is probably a gross underestimate according to some sources, so calculating a mortality rate from these numbers is fraught with problems.

Whatever the number, in China at least, and for sure in Wuhan, the economic impact of the disease is now manifesting itself not just in household's precautionary behaviour, but in the authorities' quarantine efforts.

Market reaction to this is hard to extract from other influences. With the long lunar New Year holiday's approaching, this has probably curtailed a lot of position-taking but seems generally on the weaker side. The Shanghai composite index is actually up over the last two days but down from last week, and USDCNH is looking a bit weaker and back above 6.91. I wouldn't bet against these trends near-term until we see signs of this outbreak peaking, and pressure for a greater move weaker may build over the New Year holidays.

This might also hit some of the markets in the region that have been showing some signs of improvement - Korean and Taiwan GDP in recent days, both coming in a bit stronger than had been expected. So with the KRW at 1166 now, there is perhaps some risk of further weakening for this and other Asian litmus currencies.

Asia - busy day ahead

Dragging ourselves away from viral outbreaks, ignoring Brexit, and the Trump impeachment trial and focussing on news in the region today, and we have a pretty heavy day ahead.

Bank Indonesia meets today to decide their rate policy, and [after yesterday's Bank Negara Malaysia rate cut decision](#). I suspect the odds on a rate cut from BI will have come in a bit. After all, most commentators see BI cutting before too long, and so the question that looms is "why not move now?". To which the only, and not very satisfactory responses are along the lines of "keeping your powder dry", which is fatuous excuse though a better one might be, that the economy simply isn't bad enough to warrant a rate cut, even if inflation is very low currently, and the IDR fairly robust. Maybe BI is just waiting for the 4Q GDP data, and will cut on weakness. In any event, 5 of 19 economists surveyed by Bloomberg expect a cut today. We are not among that group but have sympathy with the view.

We also get Philippine GDP today. [Our Nicholas Mapa has previewed this release here](#). But the short story is that we see some upside surprise to the consensus 6.4% view, though with lower revisions to 2019 data, Nicky sees downside risks to the government's 6.0-6.5% full-year forecast for 2019 even so. This feeds into his expectation that BSP is not done with easing yet. All reasons to take a downbeat view on the peso after any knee-jerk appreciation on today's data.

Singapore also releases CPI data for December today, Prakash Sakpal writes "...consensus is looking for an uptick in the headline inflation to 0.7% YoY from 0.6% in November but a dip in core inflation to 0.5% from 0.6%. We think higher private road transport cost was responsible for higher total inflation (the core measures excludes this component). We expect inflation in 2020 to stay within the MAS's 0.5-1.5% range (for both headline and core), which with the expectation of firmer GDP growth points to a stable MAS policy throughout the year.

And it is Australian labour market day, with figures on the employment change, and the unemployment rate the key focus. We are at the higher end of these numbers with an 18-thousand total employment estimate, which if my memory serves me right, we anticipate being the result of an unwind in the part-time employment figures but a pick up in full time. The unemployment rate should stay at around 5.2%. If so, it won't have any influence on the Feb RBA decision, which we still think leans towards a 25bp cut.

Author

Amrita Naik Nimbalkar

Junior Economist, Global Macro

amrita.naik.nimbalkar@ing.com

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