

Trump denied phasing out tariffs on imports from China. A setback on hopes of an earlier agreement between US-China came after Donald Trump said he had yet to agree to scrap tariffs on Chinese goods. The statement from Donald Trump came a day after China's Commerce Ministry said that Beijing had agreed with Washington to lift existing trade tariffs between the two countries in phases on last Thursday (7/11). Gao Feng, a spokesperson for China's Commerce Ministry, said that both sides should simultaneously undo existing additional tariffs in the same proportion to reach phase one deal, and that is an important condition for signing a preliminary agreement. However, the US president said that he was keen on a deal with China, while both sides are working to sign what the White House has described as a "phase one" deal. Trump is also pushing for Xi to travel to farm state of Iowa for the signing ceremony. Despite the positive response from the market last week, we expect the ongoing trade war between the US and China will remain at the spotlight this week, and any further development on the trade deal could be both a catalyst or a negative sentiment to the market.

Indonesia's economy expanded by 5.02% YoY in 3Q19, slightly above consensus estimate at 5.0% but lower than 5.05% figure in 2Q19. On QoQ basis, the economy grew by 3.06% (vs 4.2% QoQ figure in 2Q19). Weaker government spending amid post-elections (+0.98% YoY) paired with slowing export growth (+0.02% YoY) dragged the growth to the lowest pace this year. However, solid private consumption growth at 5.01% YoY helped in supporting economy expansion during the quarter. On the other hand, investment growth was quite sluggish in 3Q19, growing at a slower rate of 4.21% YoY (vs 5.01% YoY in 2Q19), the lowest pace since 3Q16, following a weaker growth in machine & equipment as well as building & structures. All in all, despite challenges on the external front, we see Indonesia continues to show a resilient growth boosted by solid growth in household consumption that contributes more than 56% of the total economy.

Indonesia's 3Q19 CAD came in slightly better at 2.66% of GDP, or USD7.7bn. This was lower from 2.93% CAD, or USD8.2bn, in 2Q19 amidst lower oil imports. However, the number was worse than consensus estimates of USD7.1bn. The improvement was driven by better import control and decreasing the dependency on oil imports through the implementation of B20. All in all, the results is still in line with Bank Indonesia's projection of 2.5% - 3%.

MSCI Equity Indexes November 2019 Review. MSCI has just announced the changes in constituents for the MSCI Global Standard Indexes and MSCI Global Small Cap Indexes. For the constituents in JCI index, ACES and EXCL will be added into MSCI Global Indonesia Index while SCMA will be deleted from this index. Meanwhile for MSCI Small Cap Indonesia Index, the additions will be ERAA, ITMG, ISAT, RIMO, SMSM, and SCMA. On the other hand, several constituents such as ACES, DOID, BWPT and IIKP will be taken out from the small cap index. This changes will take place as of the close of November 26, 2019.

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