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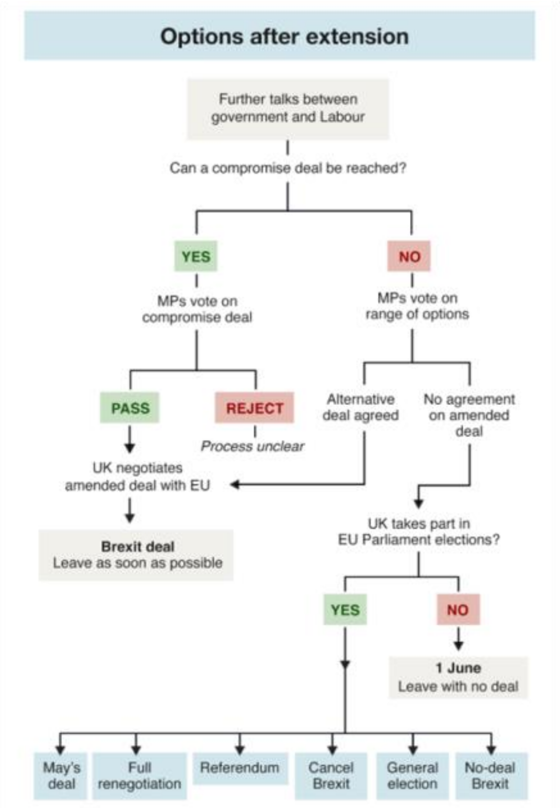
Slower pace of global growth. International Monetary Fund (IMF) lowered its FY19 global growth forecast to 3.3% from previous 3.5% in its latest World Economic Outlook (WEO), which is the third downgrade in the last six months. It is also the weakest forecast since global financial crisis in 2009. Furthermore, IMF is also projecting a decline in growth this year for 70% of global economy. However, IMF expects global economy to pick up in the second half of this year, hence leaves its FY20F unchanged at 3.6%. All in all, we view that the cut is still reasonable given the unsettled trade dispute between US-China and the possibility of no-deal Brexit scenario which would shake the global economy.

Brexit postponement after originally due to leave EU on 29 March 2019 and the first extension on 12 April. After numerous negotiations between UK, EU, and within the UK itself, Brexit is delayed until 31 October 2019. UK must now participate in the European elections on 23 May, otherwise it will have to leave EU on 1 June without a deal. However, the UK has the option to leave earlier if an agreement is ratified by members of the House of Commons (MPs). We view Brexit to continue causing some overhang in the market till it is finalized and advise investors to be on the lookout for any changes.

Brexit Possibilities



Source: BBC, Sinarmas Investment Research

Fed minutes summary. Federal Reserve officials voted to hold rates unchanged on their March 19-20 policy meeting and also signaled greater conviction to hold rates steady for the remainder of the year, although they have prepared themselves to move interest rates higher or lower if it is necessary. Despite economy is forecasted to grow above trend with low unemployment, policy makers maintain their concerns on external drags, such as slowing EU growth, the potential of disruptive Brexit and the ongoing Trump trade war. Domestically, softening data on consumer spending and housing, muted inflation pressures have pushed the Fed to the sidelines. With Fed offer little surprise, markets were mostly unmoved.

Slight drop in Malaysia's palm oil stockpiles. In Mar-19, MPOB recorded its stockpiles at 2.92mn tons dropped by 4.6% MoM. Despite it was the first time drop below 3mn tons level since Oct-18, yet it was still slightly below consensus at 2.87mn tons. The decline, despite production still up by 8.2% MoM to 1.67mn tons, was on the back of robust exports that significantly jumped 22.4% MoM to 1.62mn tons. Rise in exports came from several key destinations such as China (+113.5% MoM), Pakistan (+66.9% MoM), Turkey (+396.7% MoM), and Nigeria (+519.7% MoM). Rising exports from China were estimated on China's commitment to export more CPO from Malaysia as well as the uncertain trade deal between US-China. Maintaining our view, production is expected to be moderate until the middle of year following the low production cycle while demand should keep on climbing in April and May, as buyers anticipate for Ramadhan and Lebaran period. **All those factors should maintain stockpiles both in Indonesia and Malaysia, giving some support for CPO price in the near-term.**

The January 2019 Retail Sales Survey performed by Bank Indonesia revealed Retail Sales Index at 218.1 or reflecting a 7.2% YoY growth. The figure slightly decelerated from that of in December 2018 and was lower than the targeted growth of 10%. The sales returned to normal levels after Christmas and New Year season. By segment, the key sales drivers in January 2019 were clothing and cultural and recreational goods which grew by 27.9% and 21.5% YoY respectively. The business segment which grew the least was information and communication equipment which declined by 14.2% YoY. Geographically based, retailers located in Surabaya reported the most expansive sales growth in Jan'19 with 51.2% YoY growth. Whereas, Bandung's RSI was down by 10.9% YoY. The RSI is expected to grow faster in Feb'19 on the back of higher demand during Chinese Lunar New Year period.

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