The Journal

4 November 2019

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Fed cuts rate by another 25 bps and signals it is stopping for now. Fed officials actions marked the third rate cut in 2019 and mentioned they will continue to monitor incoming data. The FOMC removed a key clause that said they were committed to "act as appropriate to sustain the expansion." This was replaced by "monitor the implications of incoming information for the economic outlook as it assesses the appropriate path of the target range for the federal funds rate." Powell also mentioned that monetary is in a good place. Their move was widely expected by the market. Post the Fed's announcement, Trump continued to attack the Fed, pushing for lower rates. The Fed repeated concerns on uncertainties in the economic outlook, weak exports, and faltering business confidence. All in all, the Fed delivered what the market wanted after a tumultuous year where Powell confused the market through his statements. What comes next depends on global conditions and progress on U.S.-China trade deal.

U.S. GDP rose a better-than-expected 1.9% in the third quarter vs. 1.6% consensus expectation as consumers spending remains robust. GDP growth came down slightly from 2% in the previous quarter. The bright spots came from consumer spending and government expenditure as personal consumption expenditures rose at an annualized rate of 2.9%, down from the previous quarter's 4.6% pace, and government spending grew 2%. Weakness stems from business spending amidst trade uncertainties. Overall, the data was quite robust and better than expected.

U.S. recorded a strong October jobs report. U.S. unemployment rate was reported at 3.6%, inched higher than September's reading which stood at 3.5%. The unemployment rate was in-line with consensus estimate and remained around its lowest level since 1969. The US Bureau of Labor Statistics also reported that October Nonfarm Payrolls increased by 128k, higher than consensus expectation of 89k with restaurants and bars led the way in hiring. The figures signaled optimism across businesses at present.

Flat October inflation reading. Indonesia recorded monthly inflation of 0.02% in Oct-19, bringing YTD inflation of 2.22%. On annual basis, inflation was recorded at 3.13%, declined from 3.39% in the previous month. The inflation was mainly driven by 0.45% MoM increase in processed F&B and tobacco products, followed by 0.3% MoM rise in healthcare which mostly came from higher drug prices. Meanwhile, food prices posted 0.41% MoM decline due fall of chilli, egg, fish, garlic, and potato prices. In addition, transport, communication and financial services segment also down by 0.08% MoM on lower airline ticket prices. Core inflation rised by 0.17% MoM / 3.2% YoY. Indonesia inflation level should remain subdued this year at the lower end of BI's target of 3.5% +- 1%, while moving to next year we forecast inflation to pick up due to the potential adjustment of utilities and cigarette prices.

Weak Indonesia October's PMI. Purchasing Manager Index (PMI) of Indonesia which was reported by IHS Markit contracted to 47.7 from the Sept's figure of 49.1. The third quarter of 2019 recorded PMI of 49.2, which is the lowest number since 2016. IHS Markit reported that new demand from manufacturing sector keep declining at the fastest rate since 2015, while export realization also dropped. On the other hand, manufacturing production also continue to decreased for the last 4 months at the fastest pace since the last 4 years. Moreover, the recruitment activity has been slowing down with number of workers also declining since July.

Strong China PMI amidst trade war with US. China's factory activity unexpectedly expanded at the fastest pace in over two years in October as new export orders rose and plants ramped up production. The Caixin/Markit PMI for October rose to 51.7 from 51.4 in September, marking the third straight month of expansion. New export orders for Chinese manufacturers bounced back into expansionary territory for the first time in five months even as a long trade war between the United States and China wears on. The Caixin survey showed that total new orders increased at the fastest clip in over six years, while growth in production picked up to the highest since the end of 2016. However, the survey also showed that the labor market remained subdued, with an employment sub-index dropping from the previous month and contracting at the fastest rate since September last year.

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