GDP growth eased slightly in Q3, but no further Fed rate cuts foreseen in 2019

- Annualized GDP growth was 1.9% in Q3, beating expectations of 1.6% and following a 2.0% expansion in Q2.
- The unemployment rate edged up to 3.6% in October on higher labor force participation, softer job creation.
- Core inflation edged down to 2.3% in October on lower shelter, used cars and electricity prices.
- C&I loan growth eased further in October to 4.8% on a continued weakness in business activity.
- The manufacturing ISM improved in October, but remained in contraction for the third consecutive month.
- US stock indices reached all-time highs in November before losing momentum on trade concerns.

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**Chart 1: Real GDP growth**

Annualized GDP growth was 1.9% in Q3, beating expectations of 1.6% and following a 2.0% expansion in Q2.

Source: Refinitiv

**Chart 2: Unemployment rate**

The unemployment rate edged up to 3.6% in October from 3.5% (Sept.) on higher labor force participation and softer job creation.

Source: Refinitiv

**Chart 3: Non-farm payrolls (new jobs)**

Nonfarm payrolls rose by 128,000 in October, beating market expectations, from an upwardly revised 180,000 in September.

Source: Refinitiv

**Chart 4: Wage growth**

Wage growth was steady at 3.0% in October amid higher unemployment, slower economic growth and low inflation.

Source: Refinitiv
Core inflation edged down to 2.3% in October from 2.4% the previous month on lower shelter, used cars and electricity prices.

Source: Refinitiv

Retail sales grew 3.1% in October, down from 4.1% in September, despite a modest monthly pick-up of 0.3%.

Source: Refinitiv

The manufacturing activity index improved slightly in October, but remained in contraction territory for the third consecutive month.

Source: Refinitiv

The Federal Reserve cut its target policy rate by 25 bps on Oct. 30 to a range of 1.50%-1.75% in line with expectations.

Source: Refinitiv
Futures markets point to a very high chance (93%) of no further policy actions this year as the Fed signaled a pause in its easing cycle.

Source: CME Group

US stock indices reached all-time highs in November before losing momentum later in the month on trade concerns.

Source: Refinitiv

The 10-year treasury yield fell to 1.78% as of Nov. 25 from a 4-month high of 1.93% earlier in the month amid renewed trade uncertainty.

Source: Refinitiv

The dollar appreciated in November on expectations of no further Fed rate cuts, trade optimism, and a weaker Euro.

Source: Refinitiv