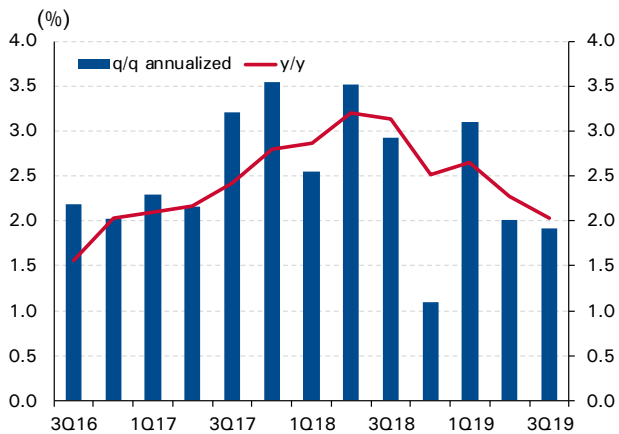


GDP growth eased slightly in Q3, but no further Fed rate cuts foreseen in 2019

- 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.

▶ 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

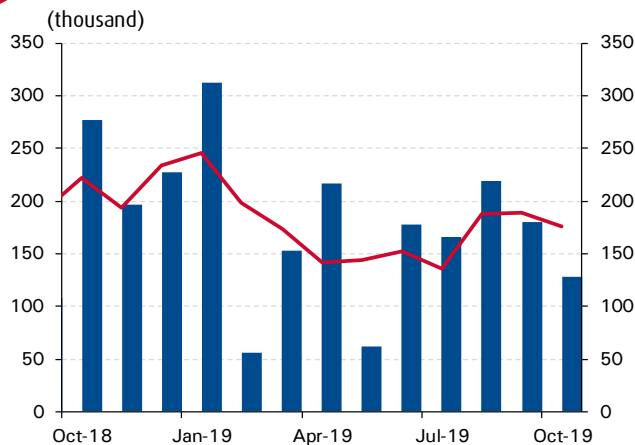
▶ Chart 2: Unemployment rate



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

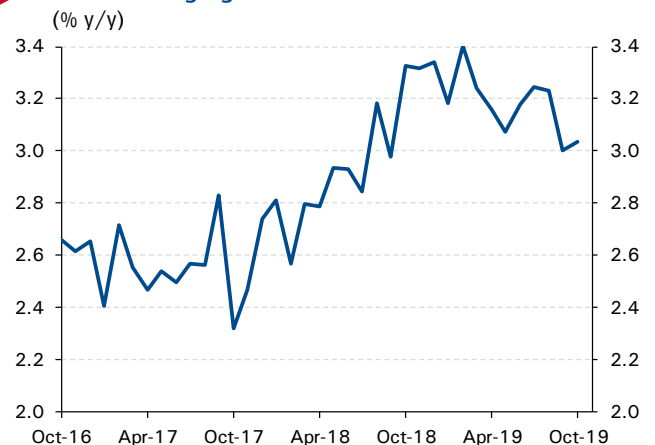
▶ Chart 3: Non-farm payrolls (new jobs)



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

Source: Refinitiv

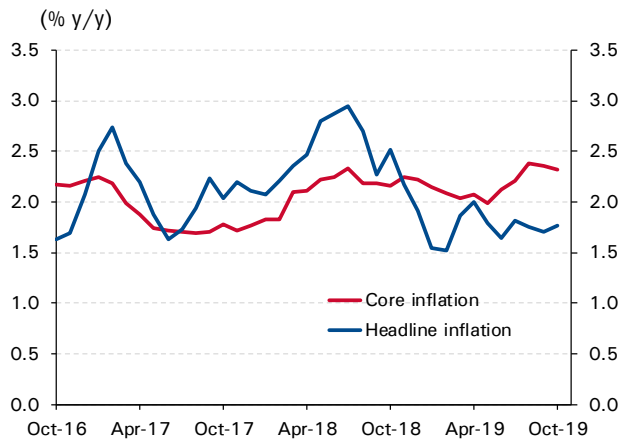
▶ Chart 4: Wage growth



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

Source: Refinitiv

Chart 5: Consumer price index inflation



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

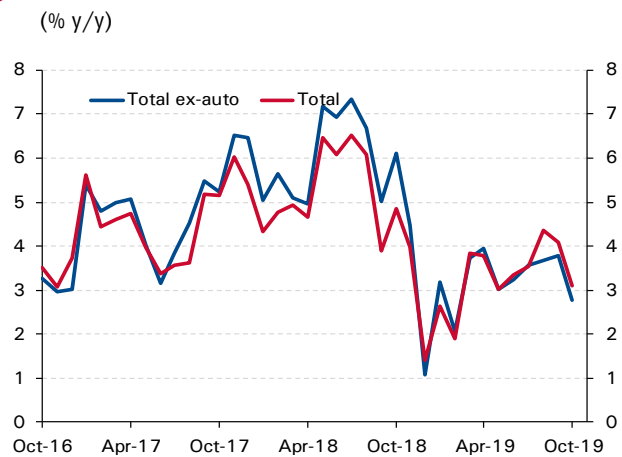
Chart 6: Commercial and industrial loans



C&I loans growth eased further in October to 4.8% from 5.9% in September on continued softness in business activity.

Source: Refinitiv

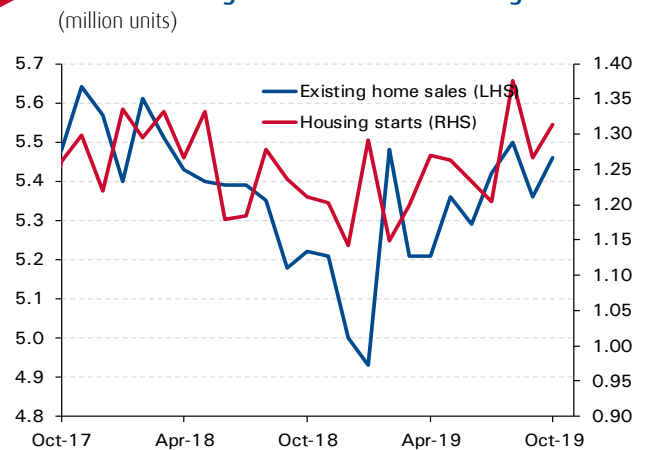
Chart 7: Retail sales



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

Source: Refinitiv

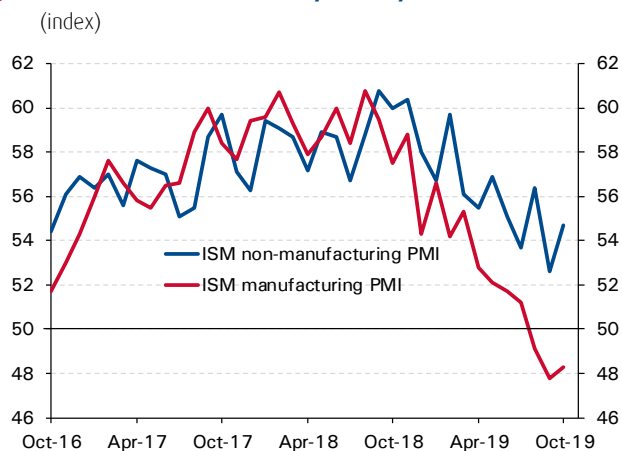
Chart 8: Existing home sales and housing starts



Housing starts and home sales rose 4% and 2% respectively m/m in October, likely helped by Fed rate cuts/ lower borrowing costs.

Source: Refinitiv

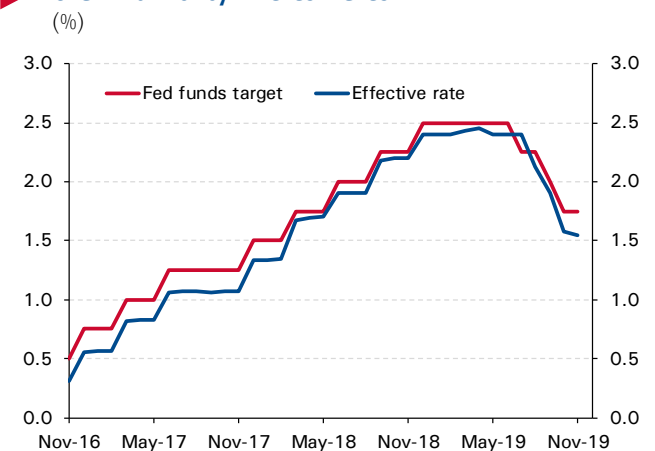
Chart 9: Business activity surveys



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

Source: Refinitiv

Chart 10: Policy interest rates

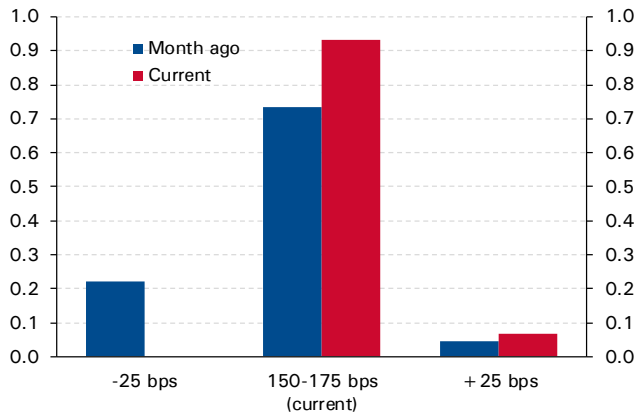


The Federal Reserve cut its target policy rate by 25 bps on Oct. 30 to a range of 1.50%-1.75% in line with expectations.

Source: Refinitiv

Chart 11: Fed rate cut outlook for end-2019

(futures market probability, as of 24 October 2019)

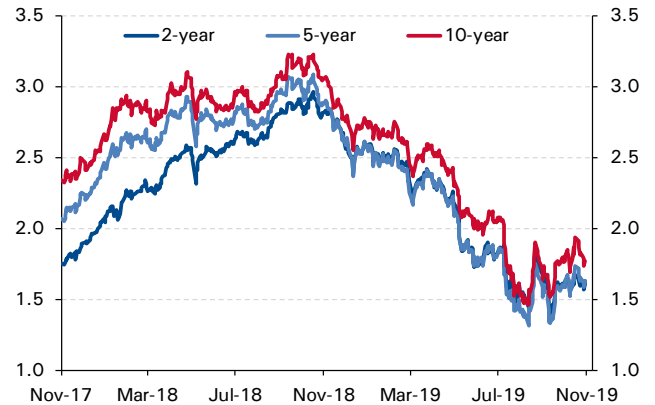


Futures markets point to a very high chance (93%) of no further policy actions this year as the Fed signaled a pause in its easing cycle.

Source: CME Group

Chart 12: Government bond yields

(%)



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

Chart 13: Stock market

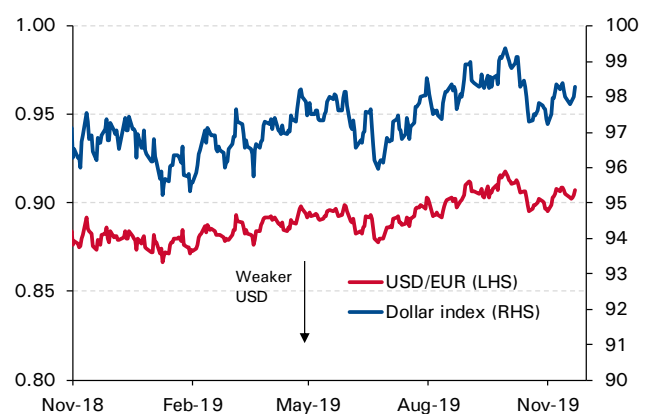
(S&P 500)



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

Source: Refinitiv

Chart 14: Exchange rates



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

Source: Refinitiv

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