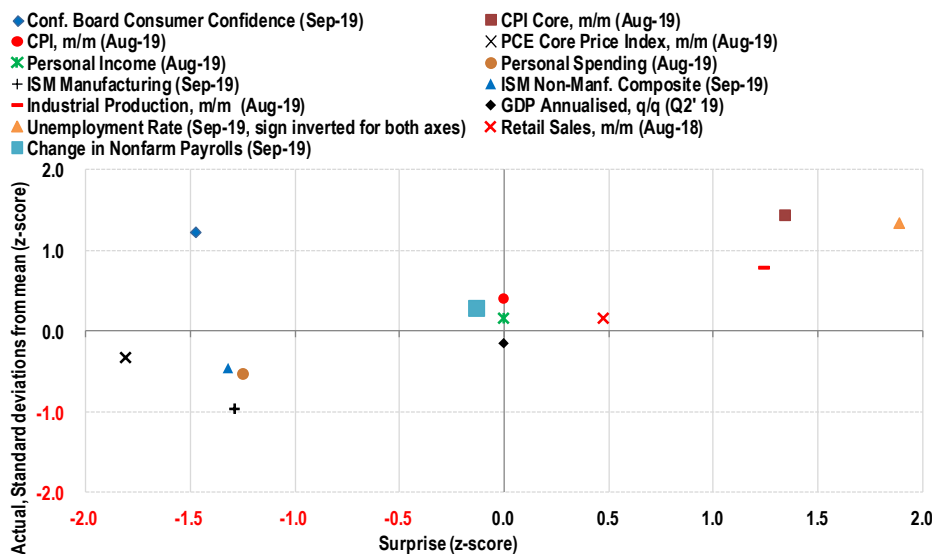# Pulse

United States : key data send conflicting signals

Although August industrial production and retail sales beat expectations, key data with respect to September have sent conflicting signals. Both the manufacturing and non-manufacturing ISM came in below expectations, creating a lot of nervousness in the run-up to the release of the all-important labour market data. They brought relief with 136.000 jobs having been added in September (versus a Bloomberg consensus of 145.000) and, in particular, an unemployment rate of 3.5%, which is well below the consensus of 3.7%. The labour market is of particular importance for household spending, even more so considering that the Conference Board consumer confidence index has also disappointed in September. The ambiguous signal coming from the recent data releases complicates the task of economic forecasters in assessing the pace of slowdown of the US economy. It is also a challenge for the Federal Reserve in deciding whether to ease policy further. In our view, the FOMC will proceed with further rate cuts.

Legend:
- ♦ Conf. Board Consumer Confidence (Sep-19)
- ● CPI, m/m (Aug-19)
- ✖ Personal Income (Aug-19)
- + ISM Manufacturing (Sep-19)
- — Industrial Production, m/m (Aug-19)
- ▲ Unemployment Rate (Sep-19, sign inverted for both axes)
- ■ Change in Nonfarm Payrolls (Sep-19)
- ■ CPI Core, m/m (Aug-19)
- ✕ PCE Core Price Index, m/m (Aug-19)
- ● Personal Spending (Aug-19)
- ▲ ISM Non-Manf. Composite (Sep-19)
- ♦ GDP Annualised, q/q (Q2' 19)
- ✕ Retail Sales, m/m (Aug-18)

Note: z-score is a score which indicates how many standard deviations an observation is from the mean: z=(x-µ)/σ where x: observation, µ: mean, σ: standard deviation. On the X-axis, x corresponds at the last known surprise for each indictor represented on the graph, µ and σ corresponds respectively to the mean and the standard deviation of the last 24 value for monthly data and the last 8 quarters for quarterly data. On the Y-axis, x corresponds a

t the last known value of indicator, µ and σ corresponds respectively to the mean and the standard deviation for this indicator since 2000 (for China since 2011).

Indicators preview

Important releases next week are the Caixin PMI in China, the Banque de France industrial sentiment index and, in the US, the sentiment index of the University of Michigan. In Japan, attention will focus on the leading indicator, the Eco Watchers survey as well as machine orders. In the US we will have producer and consumer prices. Of particular importance is the publication of the minutes of the latest FOMC meeting, given the disagreement about the decision to cut the policy rate.

Date	Country/Region	Event	Period	Survey	Prior
10/07/2019	Japan	Leading indicator CI	Aug.	--	93.7
10/08/2019	China	PMI Composite (Caixin)	Sep.	--	51.6
10/08/2019	China	PMI Services (Caixin)	Sep.	52.0	52.1
10/08/2019	Germany	Industrial production CVS MoM	Aug.	--	-0.6%
10/08/2019	USA	NFIB Small Business Optimism	Sep.	102.5	103,1
10/08/2019	USA	PPI Ex Food and Energy MoM	Sep.	0.2%	0.3%
10/08/2019	Japan	CVS Eco watchers survey	Sep..	--	42.8
10/09/2019	Japan	Machine orders y/y	Sep.	--	-37.0%
10/09/2019	France	Industrial sentiment index (Banque de France)	Sep.	--	99
10/09/2019	USA	Minutes of FOMC meeting	Sep.18	--	--
10/09/2019	China	Total financing CNY	Sep.	1.8e+12	1.98e+12
10/10/2019	Japan	Core Machinery Orders MoM	Aug.	--	-6.6%
10/10/2019	Japan	Core Machinery Orders YoY	Aug.	--	0.3%
10/10/2019	Germany	Exports CVS MoM	Aug.	--	0.7%
10/10/2019	France	Industrial production MoM	Aug.	--	0.3%
10/10/2019	United Kingdom	GDP MoM	Aug.	--	0.3%
10/10/2019	USA	CPI MoM	Sep.	0.1%	0.1%
10/11/2019	Germany	CPI EU Harmonized MoM GM	Sep.	--	-0.1%
10/11/2019	USA	University of Michigan sentiment	Oct.	92.3	93.2

Source: Bloomberg, BNP Paribas

BNP PARIBAS

The bank
for a changing
world