

Week Ahead Economic Preview

- **Worldwide release of IHS Markit Manufacturing PMI data will provide insights into global economic growth and price trends at start of 2018**
- **The Fed decides on monetary policy**
- **Q4 GDP data for euro area, France, Spain, Russia and Taiwan**
- **US nonfarm payroll and PCE Price Index**
- **Euro area inflation**

Worldwide releases of IHS Markit Manufacturing PMI surveys will provide all-important, up-to-date signals of global economic growth and price trends at the start of 2018. A number of countries are also announcing fourth quarter GDP numbers for 2017, while markets will be on tenterhooks ahead of the Fed policy meeting, given the recent sharp dollar depreciation.

Other key data highlights include US nonfarm payrolls and PCE prices, eurozone jobs and inflation figures, as well as Japanese household spending and retail sales data.

Euro area growth and inflation

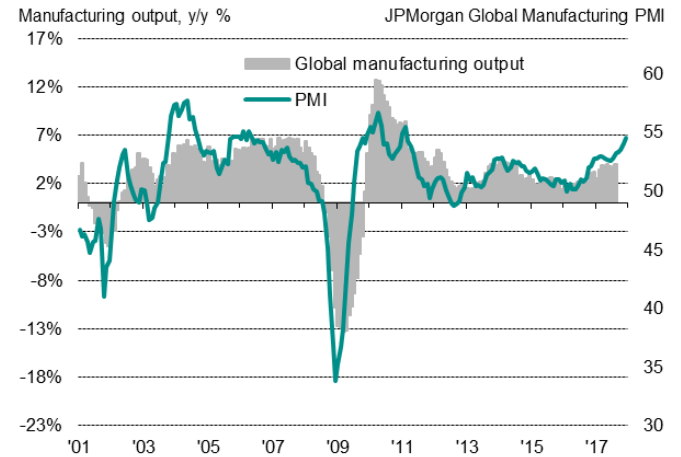
Preliminary estimates of euro area fourth quarter GDP figures are eagerly awaited by analysts, and are widely expected to be strong given the recent flow of positive data. [IHS Markit PMI data](#) signalled an impressive 0.8% expansion in the final three months of 2017, higher than the 0.6% in the third quarter.

[Flash PMI surveys](#) indicated that the eurozone also got off to a flying start in 2018. Updates to the final eurozone manufacturing PMI will reveal more details.

The European Central Bank meanwhile kept its monetary policy unchanged at its January meeting and sought to dampen expectations that it may soon rein-in monetary stimulus before it sees stronger evidence that the inflation target is achieved. As such, updates to inflation numbers will be keenly watched. Nevertheless, the strong start to the year signalled by the flash PMI has prompted many independent forecasters to up their growth of inflation projections, and as such will provide more ammunition to hawks on the ECB Governing Council in coming meetings.

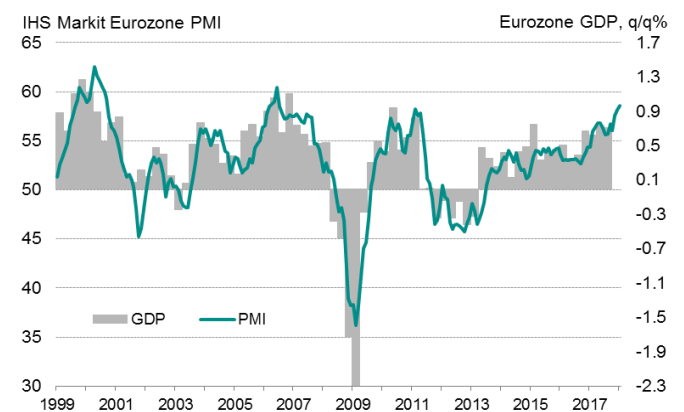
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Global manufacturing



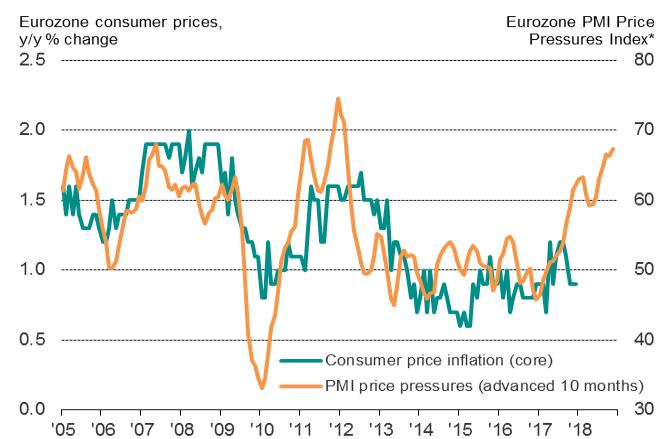
Sources: IHS Markit, JPMorgan

Eurozone PMI and economic growth



Sources: IHS Markit, Eurostat

Eurozone inflation



Sources: IHS Markit, Eurostat

No Fed hike expected

Although expectations are for the Fed to maintain current settings, analysts are focusing on any rhetoric over the timing of the next rate hike, which is widely expected to be as soon as March. Market expectations are pricing in over 70% probability of a rate move at the March FOMC meeting.

Traders will also watch out for official comments from the Fed concerning the impact of the recent sell-off in the US dollar. Meanwhile, nonfarm payrolls will also be gleaned for indications of the US economy's health at the start of 2018, which will affect future policy moves. [Flash PMI surveys](#) indicated a mixed but broadly encouraging start to 2018 for the US economy, including another solid employment gain.

Japan consumption indicators

In Japan, updated data for household spending and retail sales will be keenly watched for fresh signs of personal consumption behaviour at the end of last year, especially after the government upgraded its assessment of the Japanese economy, citing stronger growth in private consumption. Recent [flash PMI](#) data added to bullish signs on the health of the economy. However, wage growth has remained weak despite a tight labour market, which will likely continue to restrict personal spending.

Monday 29 January

UK Nationwide housing prices (Jan)

Brazil consumer confidence (Jan)

US PCE price index, personal income and spending (Dec)

US Dallas Fed Manufacturing Index (Jan)

Tuesday 30 January

Japan household spending, unemployment rate and retail sales (Dec)

Australia business confidence (Dec)

Germany inflation (Jan prel.)

Euro area, France and Spain GDP (Q4 prel.)

Eurozone business confidence (Jan)

UK consumer credit and mortgage lending and approvals (Dec)

Mexico GDP (Q4 prel.)

US Case-Shiller home price (Nov)

Wednesday 31 January

Japan industrial production and housing starts (Dec)

Japan consumer confidence (Jan)

Australia inflation (Q4) and private sector credit (Dec)

India FY2016-17 GDP and infrastructure output (Dec)

Taiwan GDP (Q4 prel.)

Germany retail sales (Dec) and unemployment data (Jan)

France inflation (Jan)

Euro area inflation (Jan) and unemployment rate (Dec)

Italy unemployment rate (Dec)

UK consumer confidence (Jan)

US ADP employment data (Jan)

US pending home sales (Dec), employment cost index (Q4) and Chicago PMI (Jan)

FOMC policy meeting

Brazil unemployment rate (Dec)

Thursday 1 February

Worldwide release of IHS Markit Manufacturing PMI data

Australia building permits (Dec)

South Korea, Indonesia and Thailand inflation (Jan)

Brazil industrial production (Dec) and trade (Jan)

Friday 2 February

Manufacturing PMI data for ASEAN and Malaysia

UK Construction PMI

Euro area PPI (Dec)

US nonfarm payrolls, unemployment rate, average earnings and vehicle sales (Jan)

US factory orders (Dec) and Michigan consumer surveys (Jan)

Russia GDP (Q4 prel.)

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