

Week Ahead Economic Overview

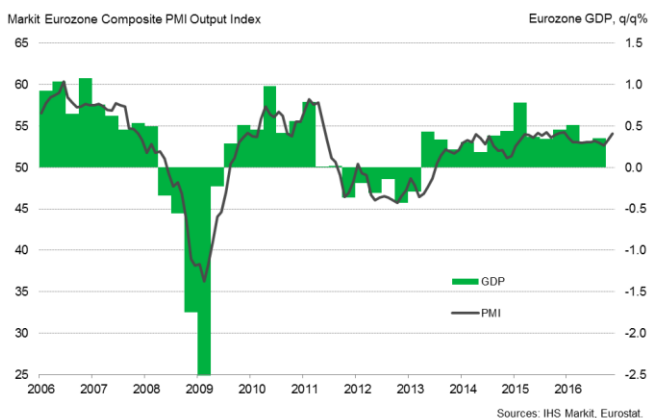
- **Central bank announcements in eurozone, Canada and India**
- **Service sector and whole economy PMI results**
- **Industrial production numbers released across Europe**
- **US factory orders and trade data**

A number of central banks around the world announce their latest monetary policy decisions in a week that also sees service sector and whole economy PMI results providing more information on global economic trends. Moreover, official industrial production data are published across Europe.

Markets will be watching the weekend's referendum in Italy, and there's the possibility of the ECB temporarily increasing purchases of Italian bonds if borrowing costs in the country spike higher as a result of the vote.

ECB rate setters will also meet on Thursday to discuss the future of monetary policy in the euro area. It is widely expected that bank boss Mario Draghi will announce an extension of the ECB's quantitative easing programme beyond March. However, the latest business survey data and official unemployment numbers have raised the possibility that the ECB may start tapering its asset purchases next year if economic conditions continue to improve. The [Eurozone Manufacturing PMI rose to a near three-year high](#) while official unemployment data showed the jobless rate falling to its lowest level since mid-2009.

Eurozone GDP and the PMI

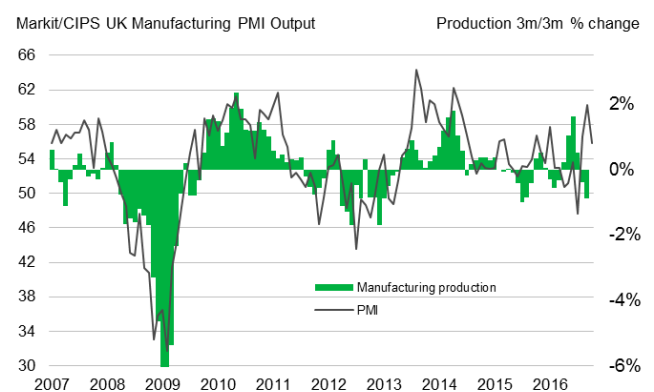


Important economic data releases in the euro area include retail sales numbers, revised third quarter GDP figures, retail and services sector PMI results and industrial output data in Germany and Spain.

Over in the **UK**, markets will be watching service sector PMI, industrial production and construction output results to see whether the country can sustain the [0.5% expansion seen in the third quarter](#).

Although the UK Manufacturing PMI fell further in November from September's 27-month high, the data still signal a robust upturn in the sector, helped by the weak exchange rate boosting exports. Manufacturing should therefore contribute positively to overall economic growth in the fourth quarter. The Office for National Statistics releases official industry data on Wednesday. The latest IHS Markit forecast predicts industrial production to grow modestly for the remainder of the year.

UK manufacturing output and the PMI



Official construction output numbers are meanwhile released on Friday and policymakers will hope to see a rebound from the 1.1% decline over the third quarter ([which was the weakest performance in four years](#)). The downturn had been signalled by business survey data which have since revived, pointing to growth in the fourth quarter so far.

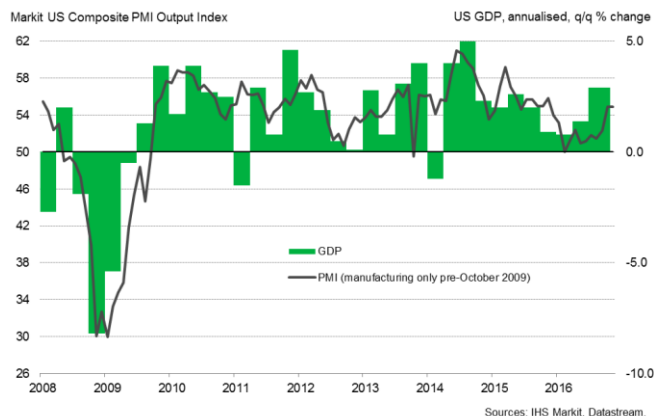
The central banks of **Canada** and **India** also announce their latest monetary policy decisions during the week.

Policymakers in Toronto have “*actively discussed*” further easing of monetary policy after they left rates unchanged at 0.5% in October. However, with GDP rising 3.5% (annualised) in the third quarter, it is likely that the overnight interest rate will remain unchanged.

In India, the repurchase rate currently stands at 6.25% and IHS Markit expects a further 50 basis points rate cut between December 2016 and April 2017 amid a deflationary effect of demonetisation. More information on the health of India’s economy in the fourth quarter will be provided by Nikkei service sector PMI results (out on Monday).

A rate hike in the **US** on December 14th seems almost certain given the minutes of the last FOMC meeting and stronger-than-expected third quarter GDP growth. Nonetheless, analysts will be monitoring the economic data flow carefully for information on how the US economy is faring in the fourth quarter. Factory orders, trade and productivity data are out on Tuesday while final services PMI results are released on Monday. [Flash PMI results indicated that the economy is expanding at a respectable annualised rate of 2.5% in the fourth quarter.](#)

US economic growth and the PMI



Monday 5 December

Service sector PMI results are published worldwide.

Business inventories numbers and the AIG Services Index are released in Australia.

Consumer confidence figures are out in Japan.

Retail sales numbers and the latest Sentix Index are meanwhile published in the eurozone.

Spain sees the release of industrial production data.

Tuesday 6 December

The Reserve Bank of Australia announces its latest monetary policy decision. Moreover, the country sees the release of current account numbers.

In Russia, consumer price figures are updated.

Third quarter GDP results are meanwhile issued in South Africa.

Eurostat issues revised GDP numbers for the euro area. Moreover, the Eurozone Retail PMI is out.

In Germany, industrial orders figures are published by Destatis.

The British Retail Consortium releases retail sales data.

Trade numbers are issued in Canada.

Factory orders, trade and revised productivity figures are out in the US.

Wednesday 7 December

Global sector PMI data are released.

Third quarter GDP results and the AIG Construction Index are published in Australia.

The Reserve Bank of India announces its latest monetary policy decision, while the country also sees the release of M3 money supply data.

In South Africa, business confidence numbers are updated.

Industrial production data are out in Germany.

Industrial output data and the latest Halifax House Price Index are published in the UK.

The Central Bank of Canada announces its latest monetary policy stance.

Thursday 8 December

Australia and China see the release of trade data.

Revised third quarter GDP results are meanwhile published in Japan.

Manufacturing and mining production figures are out in South Africa.

The European Central Bank announces its latest monetary policy decision.

In Canada, building permit and housing starts numbers are updated.

Initial jobless claims figures are published in the US.

Friday 9 December

Mortgage lending data are published in Australia.

Business confidence numbers are updated in Japan.

In China, consumer price figures are released.

South Africa sees the publication of current account data.

Destatis issues updated trade numbers in Germany.

The Office for National Statistics issues construction output and trade data in the UK.

The latest Michigan Consumer Sentiment Index is released in the US.

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