

# Week Ahead Economic Overview

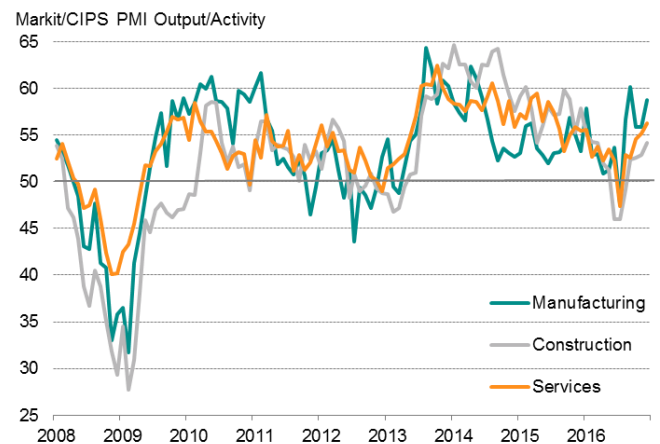
- **UK manufacturing production expected to rise, industrial production and construction output also updated**
- **PMI points to improved industrial production figures for the Eurozone**
- **The Reserve Bank of India sets future monetary policy**

UK manufacturing production numbers are expected to increase next week, highlighting further resilience of the UK economy following the EU referendum result. Meanwhile, industrial production figures across the euro area are released, providing data watchers with clues to future economic trends in the single-currency area. Finally, India will be the main focus for emerging market analysts, as the Reserve Bank determines its latest monetary policy action.

The Bank of England has raised its 2017 growth forecast for the **UK** to 2%, up from a previously predicted 1.4%. Consequently, analysts will be scrutinising upcoming data releases for signs economic growth can match the Bank's more optimistic calculations. The next opportunity will be provided when the Office for National Statistics publishes latest manufacturing and industrial production figures, along with construction output data. [PMI survey data signalled a strong end to 2016](#), most noticeably in the goods-producing sector where the PMI hit a 30-month high, leaving analysts anticipating an increase in UK manufacturing production from 1.2% in November to 2.8% for the end of 2016.

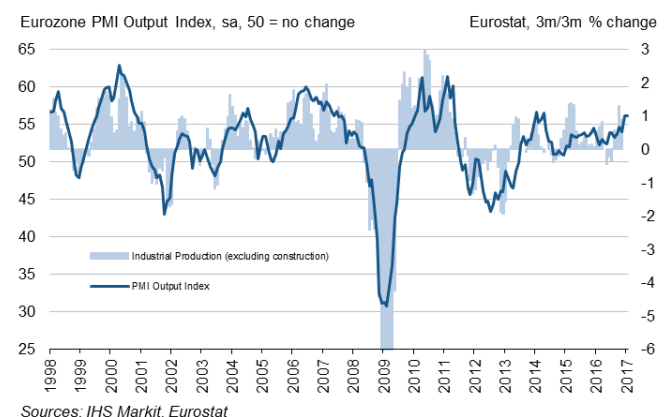
The ONS also releases latest UK trade balance figures, leaving policymakers examining for clues whether the recent slump in the pound to near 30-year lows has impacted the trade deficit from its current £4.2bn level. Meanwhile, the latest Halifax House Price Index is released during the week, offering an assessment on current conditions in the UK property market.

## UK PMI Output Index by sector



In the **eurozone**, industrial output figures will be updated for a number of major economies including **Germany, France** and **Spain**, providing data watchers with an indication on the health of the euro area. The ECB will also pay careful attention to these updates ahead of their next interest rate meeting in March. Encouragingly, the [eurozone manufacturing PMI hit a 69-month high at the start of 2017](#), suggesting that official figures are likely to pick-up over the coming months.

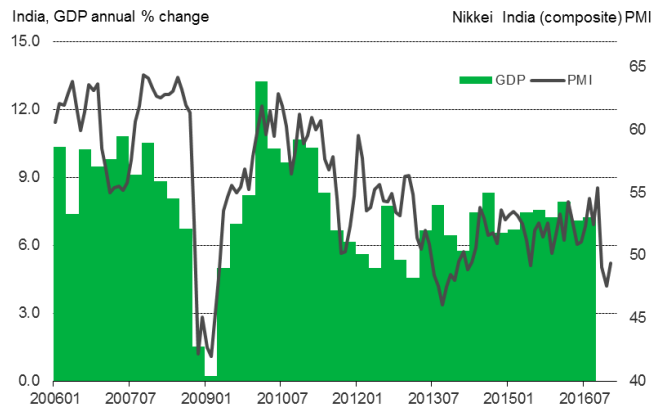
## Eurozone PMI Output Index vs Industrial Production (excluding construction)



The Reserve Bank of **India** will determine its next course of monetary policy during the week, with analysts pencilling-in a reduction in the benchmark repo rate from 6.25%. The Indian economy is still recovering from the government's shock decision to

introduce demonetisation back in November. However, recent [survey data](#) indicated signs of stabilising at the start of 2017, and policymakers will want the economy to resume its impressive growth rates shown during recent times. Indian manufacturing and industrial output data will also be made available next week.

### India GDP and the PMI



Sources: CSO, Ecowin, IHS Markit

Other key economic releases include services PMI numbers for China, construction and retail PMI results for the euro area, the latest US Michigan Consumer Sentiment Index and trade balance numbers for China.

### Monday 06 February

The week begins with an update on Australian retail sales figures.

Caixin China services PMI results for January are out, along with construction and retail PMI numbers across the euro area.

### Tuesday 07 February

Russia's consumer price index is updated.

The South African business confidence indicator is made available.

Latest German industrial production data are provided.

In the UK, the latest Halifax House Price Index is made available.

Trade balance data for the US and Canada are issued.

### Wednesday 08 February

The Reserve Bank of India and the Bank of Thailand determine their latest monetary policy action.

Spanish industrial output figures are issued.

Brazilian IPCA Inflation Index is updated.

### Thursday 09 February

Japanese capital flows and machinery orders data are updated.

Mining and industrial production numbers for South Africa are released.

Germany issues its latest trade balance figures.

Over in Greece, an update is provided on the latest unemployment rate, while industrial output figures are also realised.

The Banco de Mexico meets to set future monetary policy.

US initial jobless claims data are made available.

### Friday 10 February

In China, trade balance numbers are published, along with latest money and lending figures.

Indian manufacturing and industrial output data are issued.

Non-farm payrolls data are updated in France, along with the latest French and Italian industrial output figures.

UK manufacturing and industrial production data are released by the Office for National Statistics, while an update is also provided on trade balance figures and construction output.

Canadian employment data are released.

In the US, import and export prices data are released, along with the latest Michigan Consumer Sentiment Index.

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