

Week Ahead Economic Overview

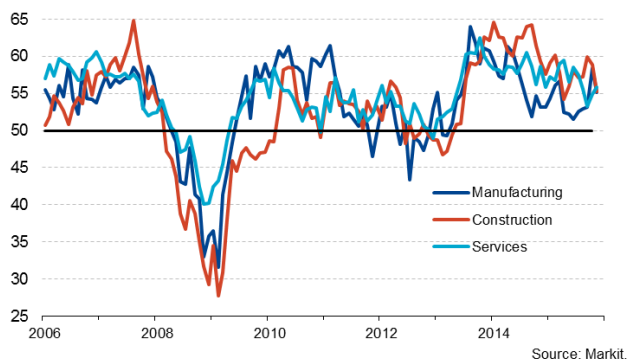
- **Bank of England and Bank of Russia announce latest monetary policy decisions**
- **US retail sales**
- **Revised GDP numbers in eurozone, Japan and Russia**

The week sees revised third quarter gross domestic product numbers for the eurozone, Japan and Russia, while retail sales and consumer sentiment numbers are the data highlights in the US. The Bank of England and the Bank of Russia also announce their latest monetary policy decisions.

It is expected that UK monetary policy will remain unchanged when the Bank of England meets on Thursday. In its November Inflation Report, the Bank made clear that interest rates are expected stay on hold until 2017, as their forecast sees only a small risk that inflation will breach its 2% target over the next two years. Although [Markit's PMI data sent a hawkish signal, pointing to further robust economic growth in the fourth quarter so far, the surveys also signalled weak price pressures](#), suggesting the Bank will indeed be in no rush to tighten policy.

UK PMI

UK PMI Output / Business Activity Index



Other important releases in the **UK** include official construction and industrial output data. [Business survey data highlighted that building output growth slowed during November](#), as housing activity posted the weakest rise since June 2013. Nonetheless, sustained growth signalled by the business survey sits in stark contrast with data from the Office for National Statistics, which recorded a 2.2% drop in construction output in the third quarter. Some rebound in the official

data therefore looks highly possible. [PMI data](#) meanwhile also suggest that the official industrial production data should start to show manufacturing acting as less of a drag on the broader economy as we move towards the end of the year.

In the final week before the Federal Reserve Bank is likely to raise interest rates for the first time since 2006, the **US** sees the release of retail sales and consumer sentiment data. Retail sales were broadly flat in October, but a pick-up in [Markit's PMI data](#) driven by robust domestic demand suggests that sales may show a revival. Economists polled by Reuters are expecting a 0.3% rise.

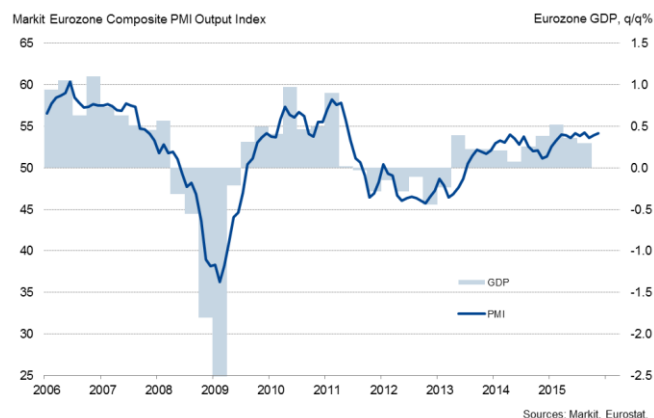
US GDP and the PMI



In building the case for a US rate hike, solid US data releases are likely to put further upward pressure on the dollar, especially against the euro.

Eurostat publishes revised third quarter GDP data for the **eurozone**, which look likely to confirm the [first estimate](#) showing the region's economy growing 0.3%. The weakness of economic growth prompted the ECB to lower the interest rate on the deposit facility to minus 0.3% and to extend its quantitative easing programme until March 2017, "or beyond, if necessary", in order to "secure the return of inflation to close to 2%". The euro gained some 3 cents on the dollar on the announcement.

Eurozone GDP and the PMI



Revised GDP numbers are also out in **Russia** and **Japan**. Preliminary results showed the Russian economy shrinking 4.1% in the third quarter, following a 4.6% contraction in Q2, as the country has been hit by falling commodity prices and imposed sanctions. While [PMI survey data point to a stabilisation of overall business activity](#), any recovery is expected to be slow. All eyes will therefore be on the Russian Central Bank, which announces its latest monetary policy decision on Friday.

Japan fell back into recession in the third quarter, according to preliminary GDP results. However, there are good reasons to read the headline GDP data with some caution ([click here for full analysis](#)). [Business survey data](#) signalled growth of economic activity in the third quarter with an acceleration evident in the fourth quarter so far. Revised third quarter numbers are issued on Tuesday.

Monday 7 December

The latest AIG Construction Index is released in Australia.

In Japan, the Cabinet Office publishes its Leading Economic Indicator.

Current account numbers are meanwhile updated in India.

Russia sees the release of international trade data.

The latest Eurozone Sentix Index is out.

Destatis issues Industrial output figures for Germany.

Tuesday 8 December

Business confidence data are issued by the National Australia Bank.

Revised third quarter GDP numbers are released in the eurozone and Japan.

Meanwhile, China sees the publication of international trade figures.

In South Africa, manufacturing output and current account data are updated.

International trade data are issued in France.

BRC retail sales and industrial output numbers are issued in the UK.

Canada sees the publication of housing starts and building permit figures.

Wednesday 9 December

Australia sees the publication of consumer sentiment data.

In Japan, business confidence figures are out.

M3 money supply information are updated in India.

Inflation numbers are issued in Brazil, China and South Africa, with the latter also seeing the release of retail sales figures.

International trade data are meanwhile published in Germany.

Mortgage and wholesale inventory numbers are issued in the US.

Thursday 10 December

The Reserve Bank of New Zealand and the Swiss National Bank announce their latest monetary policy decisions.

Labour market data are issued by the Australian Bureau of Statistics.

Revised third quarter GDP numbers are issued in Russia.

France and Greece see the release of labour market, industrial output and inflation data.

The Bank of England announces its latest interest rate decision. Moreover, trade data and the Savills UK Commercial Development Activity Report are out.

Meanwhile, initial jobless claims numbers are out in the US.

Friday 11 December

Industrial output figures are issued in India.

The Bank of Russia Board of Directors announces its latest monetary policy decision.

Germany sees the release of inflation numbers.

Current account data are updated in France, while industrial output figures are issued in Italy.

The Office for National Statistics releases construction output figures in the UK.

In the US, retail sales and producer price information are published alongside the latest Reuters/Michigan Consumer Sentiment Index.

Oliver Kolodseike

Economist

Markit

Tel: +44 149 1461 003

Email: oliver.kolodseike@markit.com

For further information, please visit www.markit.com. The intellectual property rights to the report provided herein are owned by or licensed to Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index*™ and *PMI*™ are either trade marks of Markit Economics Limited or are licensed to Markit Economics Limited. Markit is a registered trade mark of Markit Group Limited.