

# Week Ahead Economic Overview

- **Service PMI results to provide insight into global industry trends in June**
- **Non-farm payroll numbers to add to policy debate at the Fed**
- **Bank of England releases Financial Stability Report**

As markets continue to digest the potential impact of Brexit, economic data will provide an important steer on the health of the UK and global economies at the time of the referendum. Insights into central bank reaction to the Brexit shock will also be provided as the Bank of England and Reserve Bank of Australia make announcements.

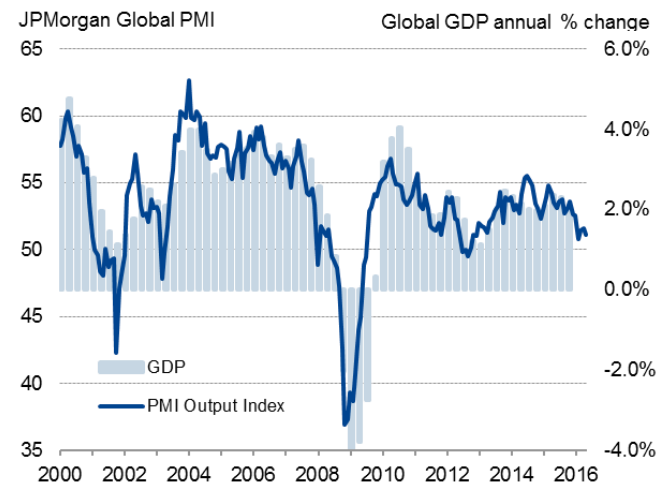
The Bank of England's Financial Policy Committee is slated to reveal which macroprudential tools it can use to minimise any damage from the UK's decision to leave the EU on Tuesday. Expectations have risen that the Bank will announce initiatives to boost bank lending as well as possibly ease lenders' capital requirement ratios.

The Reserve Bank of Australia will also be watched to see how other central banks are likely to react to the global market volatility caused by Brexit, and the extent to which the turmoil could affect global risk appetite.

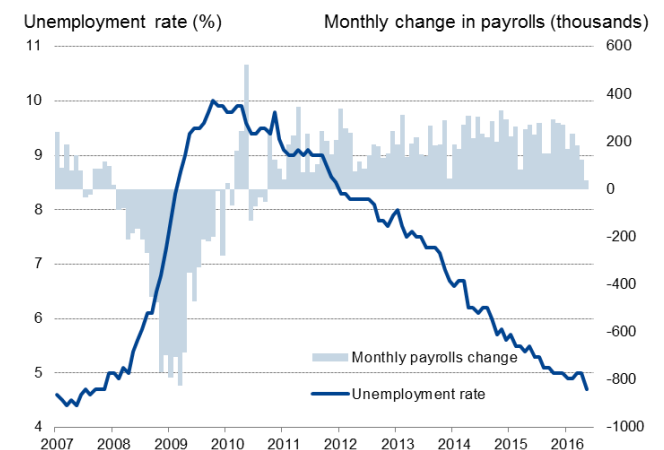
Construction and services PMI data for June will meanwhile provide comprehensive insights into economic trends at the end of the second quarter, with data collection spanning the UK's EU referendum. Markets will be watching for signs of early impact not just in the UK but also any wider spill-over to the Eurozone and global economies.

In addition to the PMIs, house price data from Halifax will reveal the extent to which the housing markets may have been unsettled by the vote. Official data on trade and industrial production will also feed into second quarter UK economic growth estimates, which [PMI data have already suggested](#) looks likely to disappoint, as business uncertainty hit demand in the lead up to the vote.

## Global PMI data will be updated for June



## US non-farm payrolls and unemployment



In the US, the Fed is striking an increasingly cautious tone amid worries about market uncertainty caused by Brexit. Policymakers will therefore be eager to see non-farm payroll data at the end of the week as well as the latest PMI data, published by both Markit and the ISM. Non-farm payrolls are expected to rise by 175,000 according to a Reuters poll, with [Markit's flash PMI data](#) pointing to a 140,000 rise. The unemployment rate is expected to tick up from 4.7% to 4.8%.

While there's a lack of policy meetings in Asia, PMI data for China and Japan will be eagerly anticipated by policymakers, keen to see signs that recent malaise might be lifting. There are hopes that Japan's decision to defer a planned sales tax increase will boost demand, while in China the data will be scanned for

signs of how successfully the economy is transitioning away from manufacturing to services, and whether the latter can take up the growth baton from [struggling factories](#).

In the Eurozone, the PMIs will be accompanied by official data on industrial production in Germany, France and Spain, as well as French and German trade data, all of which will be eyed for signs for whether stronger than expected first quarter economic growth might be sustained into the second quarter, and whether the ECB may therefore need to inject more stimulus.

### Monday 4 July

In Australia, building permit data are released.

Eurostat issues producer price numbers for the currency union, while Sentix publishes its latest investor confidence index.

The Markit/CIPS UK Construction PMI Report is out.

### Tuesday 5 July

Service and whole economy PMI results are released worldwide.

Australia sees the publication of trade balance numbers. Moreover, the Reserve Bank Australia announces its latest interest rate decision.

In Russia, consumer price figures are out.

Retail sales data are meanwhile released in the eurozone.

The Bank of England publishes its latest Financial Stability Report.

Factory orders numbers are out in the US.

### Wednesday 6 July

Bank lending and M3 money supply data are released in India.

Germany sees the publication of factory orders numbers, while industrial production figures are out in Spain.

Markit releases June's Eurozone Retail PMI results.

In Canada, trade data are released.

The US sees the publication of ADP employment, mortgage application and trade numbers.

### Thursday 7 July

Global sector PMI results are published by Markit.

Japan sees the publication of its Lead Indicator for May.

Business confidence numbers are meanwhile issued in South Africa.

Destatis releases industrial production figures for Germany.

In France, current account and trade balance data are published, while Greece updates its unemployment numbers.

Halifax house price and industrial output figures are out in the UK.

Canada sees the release of building permit numbers.

Initial jobless claims data are issued in the US.

### Friday 8 July

Bank lending and current account data are issued in Japan.

Trade figures are out in Germany and the UK, while inflation numbers are out in Greece.

France sees the publication of industrial output and budget balance data.

In Canada and the US, labour market figures are updated.

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