

Week Ahead Economic Overview

- **US industrial production and retail sales data**
- **Bank of England monetary policy announcement**
- **Trade and industrial output data in eurozone**

After a turbulent start to the year for investors around the globe, the week sees important data that could further move stock markets. In the US, industrial production and retail sales data are released while the eurozone sees the publication of trade numbers. Moreover, the Bank of England announces its latest monetary policy decision.

Policy makers in the **US** will be watching the economic data flow carefully to gauge the pace of future rate hikes. Manufacturing was a particularly weak spot in [Markit's PMI data](#), with the headline [PMI falling to its lowest level since October 2012](#), suggesting that official industrial production data are likely to disappoint when released by the Board of Governors of the Federal Reserve on Friday.

US manufacturing output and the PMI



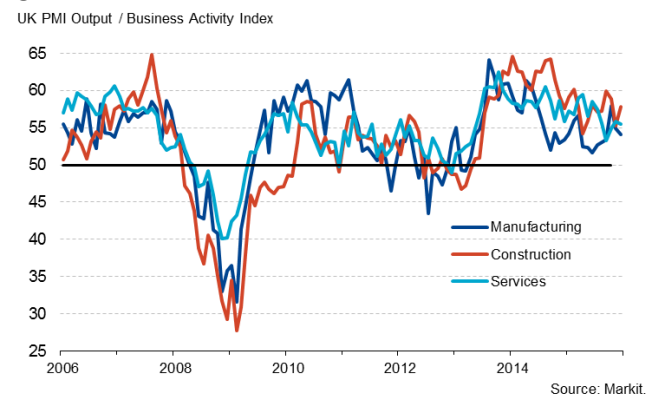
US retail sales data are also updated on Friday and will provide information on consumer spending trends at the end of 2015. After [November saw a marked improvement in retail sales](#), as consumers benefitted from low inflation and falling fuel prices and sales were buoyed by Black Friday, it would not be surprising to see some pay-back in December.

Other important releases in the US include producer price data and the latest Reuters/Michigan consumer sentiment Index.

It is widely seen as unlikely that the Bank of England will follow the Fed in raising interest rates in the **UK** any time soon. Not only do the Monetary Policy Committee look set to leave rates unchanged when they meet on Thursday, but policymakers are also expected to sit on their hands throughout the first half of 2016. [PMI data showed that economic growth slowed in the final quarter of 2015](#) and Chancellor George Osborne recently stated that the UK faces a 'cocktail' of serious threats from a slowing global economy.

The Office for National Statistics releases construction and industrial output data during the week to provide a clearer picture of GDP growth in the fourth quarter. While business survey data pointed to further solid growth of building activity in December, manufacturing data pointed to a near-stagnation of factory production, partly linked to a deterioration in exports.

UK PMI

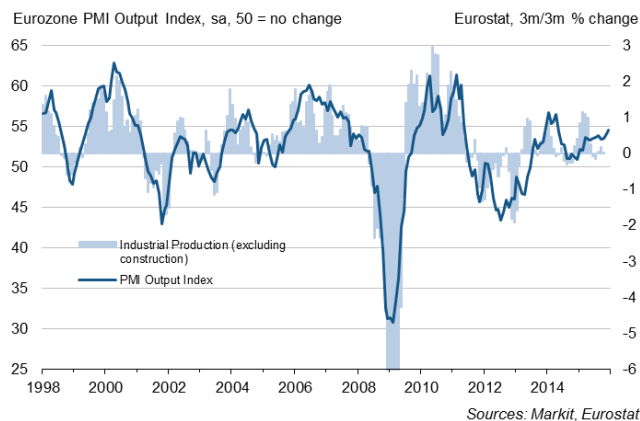


Eurostat data offer some insight into future euro area policy making during the week with the release of industrial production and trade data. The European Central Bank stepped up its quantitative easing programme at the end of last year in the light of low inflation and subdued growth and, with consumer price inflation still remaining well below the ECB's target, a further easing cannot be completely ruled out if the activity data disappoint

Eurozone policymakers will be hoping to see factory output increase again after [rising 0.6% in October](#), following declines in each of the previous two months. With the [Markit Eurozone Manufacturing PMI](#) rising to its highest level in over one-and-a-half years in

December 2015, we should expect the sector to make a meaningful contribution to euro GDP numbers in Q4.

Eurozone industrial output and the PMI



The trend in new export business also improved in December, according to PMI data, suggesting that the weak euro helped boost competitiveness of eurozone manufacturers. Official trade data showed goods exports up 1% in October 2015, compared to October 2014. November figures are out on Friday.

Other important releases include the Eurozone Sentix Indicator, 2015 GDP numbers in Germany and inflation figures in France and Greece.

Monday 11 January

Trade data for December are published in India.

The latest eurozone Sentix Index is released.

In Spain, industrial output numbers are issued.

UK regional PMI results are released.

Housing starts figures are meanwhile out in Canada.

Tuesday 12 January

In Japan, consumer confidence numbers are released by the Cabinet Office.

Consumer price data are issued in India and Russia, with the latter also seeing the publication of industrial output figures.

Manufacturing output data are updated in South Africa.

Germany sees the release of wholesale price numbers.

The Office for National Statistics publishes industrial output numbers for the UK.

The latest NFIB Business Optimism Index is issued in the US.

Wednesday 13 January

China sees the release of trade data.

Eurostat issues latest industrial production numbers for the currency union.

Consumer price figures are meanwhile published in France and Greece.

The latest UK Commercial Development Activity Report is out.

In Brazil, retail sales data are out.

Mortgage applications numbers are issued in the US.

Thursday 14 January

Employment data are issued in Australia by the Australian Bureau of Statistics.

Japan sees the publication of machinery orders figures.

Wholesale price numbers are meanwhile out in India.

In South Africa, mining production figures are issued.

Official GDP data for 2015 are released in Germany.

Industrial production numbers for Italy are published by ISTAT.

The Bank of England announces its latest monetary policy decision. Moreover, the latest IPA UK Bellwether Report is released.

Service sector growth data are published in Brazil.

The US sees the release of initial jobless claims numbers.

Friday 15 January

Australia sees the release of mortgage lending data.

Trade numbers are issued by Eurostat for the eurozone.

In France, budget balance numbers are updated, while Italy and Spain see the release of consumer price data.

Construction output numbers for the UK are issued by the Office for National Statistics.

The US sees the release of industrial production, retail sales and producer price data, while the latest Reuters/Michigan Consumer Sentiment Index is also published.

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