

Week Ahead Economic Overview

- **UK labour market update and price data**
- **Retail sales numbers, industrial production data and inflation update in the US**
- **Industrial production numbers and inflation update for eurozone**

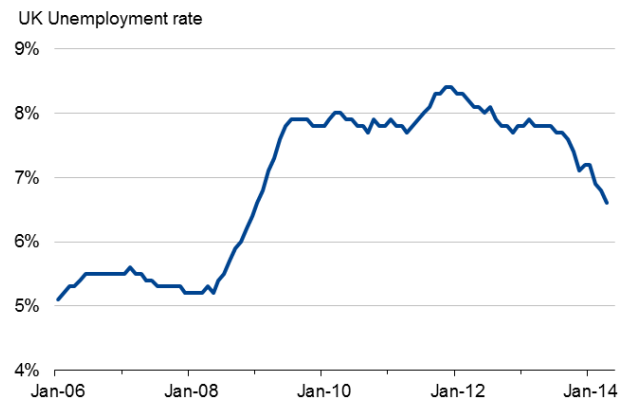
The week sees a vast amount of economic news, including updates on inflation and the labour market in the UK and industrial production numbers and consumer price data for the euro area. Meanwhile, data releases in the US include retail sales, industrial production figures and inflation.

A labour market update is one of the data highlights in the **UK**. The jobless rate looks set to drop further, after unemployment fell to the [lowest level since January 2009](#). Survey data suggest that [unemployment should continue to fall](#) from the 6.6% rate recorded for the three months to April. A jobless rate below 6% is achievable by the end of the year if anything like the current pace of job creation is sustained in coming months. However, weak pay growth and the 'cost of living crisis' remain the Achilles Heel of the economic recovery and policymakers will no doubt want to be sure that pay growth is picking up substantially before making the first move in tightening policy.

Further insights into the appropriate timing of the first increase in interest rates from their current record low will come from inflation numbers. [Consumer prices rose at an annual rate of 1.5% in May](#), down from 1.8% in April, its slowest pace since October 2009, but rising house prices confuse the policy picture.

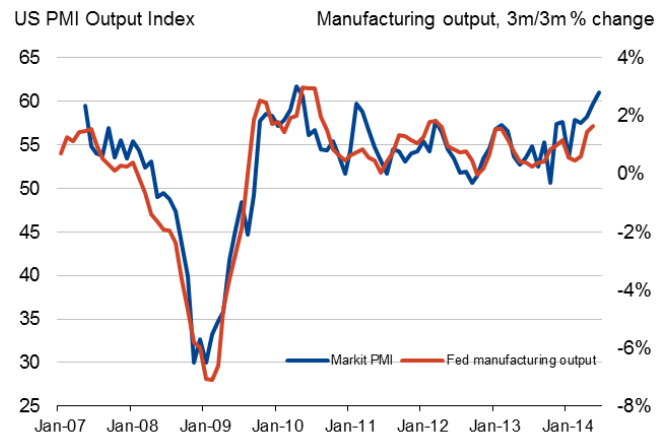
Analysts will be watching the **US** industrial production data for June for signs that an upward trend has resumed, after output fell unexpectedly in April. [Survey data for June](#) signalled the sharpest rise in manufacturing production in over four years, adding to signals that the US economy is enjoying a strong second quarter revival. Further insights into economic growth in the second quarter are given by June's retail sales data. [May data](#) suggested that retailers were on course for their best calendar quarter for over three years.

UK unemployment



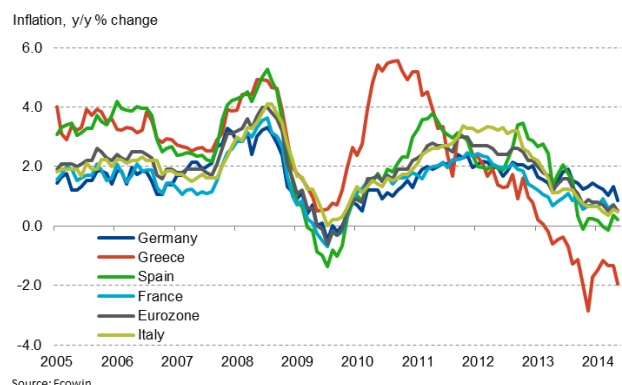
Source: Ecowin.

US manufacturing output and the PMI



Sources: Markit, Ecowin.

Eurozone inflation



Source: Ecowin.

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Industrial production numbers are also released in the **euro area**. The data for May look set to disappoint after production 'plummeted' in France, according to the statistical office INSEE and also fell in Germany and the Netherlands. It is likely that the weak production in May reflected a higher than usual number of holidays being taken (as employees bridged public holidays which fell on a Thursday on to the weekend). However, there does appear to have been some fundamental slowing in production in the region's core at least. [PMI data for June](#) pointed to the slowest rise in manufacturing for seven months as growth slowed in Germany and output fell in France.

Weak production data could put pressure on policymakers at the ECB to do more to prevent the recovery from stalling. The single currency area also sees an update on inflation numbers. A first 'flash' estimate saw consumer prices rising at 0.5% in June.

Monday 14 July

The Ulster Bank Ireland Construction PMI and UK regional PMI data are published by Markit in the early hours of Monday.

Meanwhile, industrial production data are the highlight in the eurozone.

Tuesday 15 July

The Ulster Bank Northern Ireland PMI is issued by Markit.

The BRC Retail Sales Monitor Index is out in the UK.

In Japan, revised industrial production numbers and capacity utilisation data for May are issued.

The Conference Board Leading Economic Index is published in China.

Inflation numbers are released in the UK and Italy, with the latter also seeing the publication of trade data.

ZEW publishes economic sentiment data for Germany and the euro area.

Price and business inventory data, retail sales numbers and the NY Empire State Manufacturing Index are out in the US.

Industrial output numbers are published in Russia.

Wednesday 16 July

The Bank of Japan publishes its monthly economic survey.

The UK sees an update on its labour market.

Trade balance information are meanwhile out in the euro area.

The Bank of Canada announces its latest rate decision and publishes the latest Monetary Policy Report.

Producer price numbers, capacity utilisation data and industrial production figures are released in the US.

Thursday 17 July

The IPA UK Bellwether Report is released by Markit.

Trade data are released in Japan.

Inflation numbers are out in the currency union.

Building permits, housing starts data and the Philadelphia Fed Manufacturing Survey are issued in the US.

Friday 18 July

Current account numbers are released in the eurozone.

In Canada, inflation numbers and wholesale sales data are the highlights.

The CB Leading Indicator is released in the US.

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