

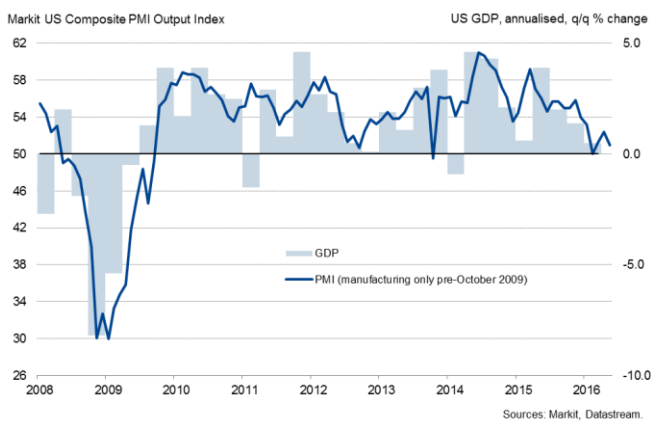
Week Ahead Economic Overview

- **Monetary policy announcements in Japan, the UK and the US**
- **Eurozone industrial production and inflation updates**
- **Chinese retail sales and industrial output data**

All eyes will be directed at the **US** on Thursday, when the FOMC announces its decision on whether or not to raise interest rates. Central banks in Japan and the UK also announce their latest policy decisions during the week, while the eurozone updates industrial production and inflation numbers and retail sales figures are out in China.

The prospect of a US rate hike in June almost entirely disappeared after the [latest Jobs Report](#) showed non-farm payrolls rising at the slowest pace since 2010. Moreover, with latest comments from Janet Yellen indicating that current rates remained appropriate, it seems likely that the Fed will postpone any decision on hiking until at least July, leaving a June rate hike as only a remote possibility.

US GDP and the PMI

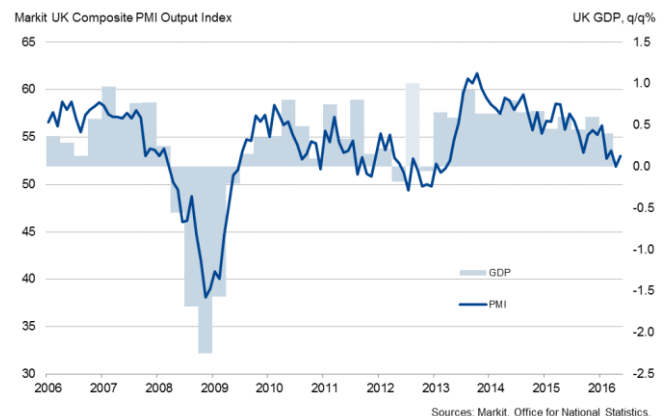


There are a number of notable data releases in the US during the week as well, with retail sales, industrial production and inflation numbers all published. The data will provide insight into whether the US economy is showing signs of rebounding after a weak first quarter, doubts on which were cast as [PMI data signalled that the US economy lost momentum again in May](#).

The outcome of the monetary policy meeting at the Bank of **Japan** is also somewhat uncertain. The bank surprised markets by leaving interest rates unchanged at its April meeting, but doesn't appear to have ruled out additional stimulus amid uncertainty over the global economy and financial market volatility. Recent PMI results support the case for more stimulus, with the [data signalling a possible return to contraction in the second quarter](#).

It is meanwhile highly unlikely that the Bank of England will change its policy stance just a week before the EU referendum. [Uncertainty over the outcome of the vote is having a detrimental impact to businesses](#), according to a survey, and a change in monetary policy would further unsettle markets. **UK** economic growth slowed in the first quarter of the year and survey data available for the second quarter so far point to a further slowing. The [PMI is indicative of just 0.2% growth](#).

UK GDP and the PMI



Inflation and labour market data will also be in focus in the UK. Consumer prices rose just 0.3% in April and inflation remained well below the Bank of England's target of 2%, while the jobless rate held steady at 5.1%. Latest survey data showed, however, that the hiring trend weakened. A further fall in the unemployment rate therefore looks unlikely for now.

The European Central Bank will be watching the data flow as it stands ready to add more stimulus if needed. The bank has recently raised its inflation outlook for the region marginally to 0.2% for 2016 (previously 0.1%), with Draghi stating that "inflation rates should

recover further in 2017 and 2018". Consumer price data will therefore be eyed for signs that the stimulus programme is working and price pressures are picking up. Industrial production numbers are also out during the week and are expected to show an improvement from the 0.8% decline seen in March. National data for Germany and Spain were better than expected and should help the region's overall industry to have grown in April.

Industrial production and retail sales data are out in **China** and will provide analysts with important information on the health of the Chinese economy. Caixin PMI results pointed to only sluggish growth in May, with [manufacturing remaining in decline](#).

Monday 13 June

Consumer price numbers are out in India.

In China, industrial production and retail sales data are issued by the National Bureau of Statistics.

Tuesday 14 June

NAB business confidence data are released in Australia.

The Japanese Ministry of Economy, Trade and Industry issues updated industrial production and capacity utilisation figures.

In India, wholesale price numbers are published.

Current account numbers are meanwhile issued in South Africa.

Industrial production and employment data for the eurozone are released by Eurostat.

Italy, Spain and the UK see the publication of consumer price figures.

Retail sales numbers are out in Brazil and the US.

Wednesday 15 June

In Australia, consumer sentiment numbers are published.

Revised first quarter GDP results are released in Russia, while retail sales figures are out in South Africa.

Meanwhile, Eurostat issues trade data for the currency union.

France sees the publication of inflation figures.

The Office for National Statistics releases latest labour market data.

Manufacturing sales numbers are out in Canada.

In the US, mortgage application and industrial production figures are issued. Moreover, the Federal Reserve announces its latest monetary policy decision.

Thursday 16 June

Australia sees the release of employment data.

The Bank of Japan announces its latest monetary policy decision.

Industrial production numbers are meanwhile updated in Russia.

Eurostat publishes inflation data for the currency bloc.

Retail sales figures are out in the UK. Moreover, the Bank of England announces its latest monetary policy decision.

The US sees the publication of initial jobless claims, current account, consumer price and real earnings numbers.

Friday 17 June

Russia and Canada see the release of latest inflation data.

Current account numbers are published in the eurozone.

In Italy, trade figures are out.

Building permit and housing starts data are meanwhile issued in the US.

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