

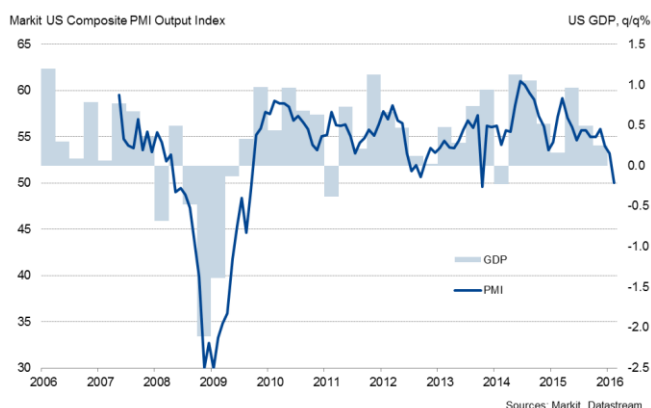
Week Ahead Economic Overview

- Worldwide monetary policy announcements
- US inflation, industrial production and retail sales
- UK labour market update
- Industrial output data for eurozone and Japan

Monetary policy will be the focus during the week, with a number of central banks (including the Bank of England and the Federal Reserve) announcing their latest interest rate decisions. Moreover, industrial production data are issued in the eurozone, Japan and the US, with the latter also seeing inflation and retail sales numbers. The UK data highlight is the latest batch of labour market data.

The US Fed is widely expected to hold off from raising rates again at its March meeting, but a hike cannot be ruled out. A hawkish mood has returned after a better-than-expected [February jobs report](#), which showed the US economy adding 242,000 jobs. Moreover, [fourth quarter GDP](#) was revised higher, [manufacturing output rose](#) in January for the first time in three months and [retail sales](#) showed a reassuring rebound.

US GDP and the PMI

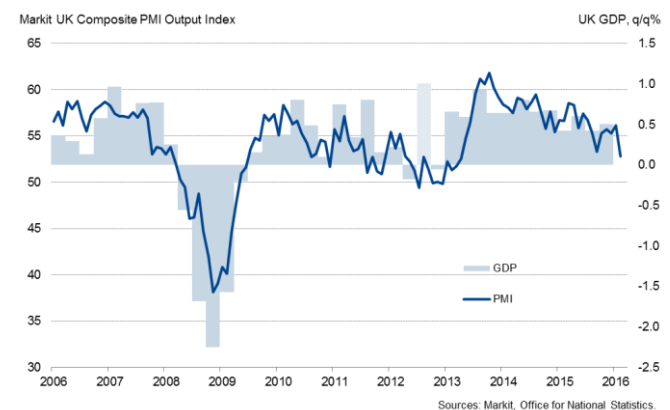


However, there's good reason for policymaker caution. Hourly wages actually fell during February, and [Markit's US PMI data](#) are sending clear signals that there is a significant risk to the world's largest economy falling into stagnation, or even contraction, in the first quarter. In a recent speech, William Dudley, president of the New York Fed has warned that "growth and inflation outlooks may be starting to tilt slightly to the downside." Updates to inflation, industrial

production and retail sales numbers will all play important roles in the Fed's assessment of the health of the US economy.

The Bank of England is also expected to keep monetary policy on hold. Not only did February's [business surveys](#) signal a substantial slowing in economic growth, the UK PMI has also moved into a territory normally consistent with the central bank cutting interest rates rather than hiking. Uncertainties around a potential "Brexit", financial market volatility, only moderate wage growth, low inflation and subdued economic growth at home and abroad are all areas of concern for policymakers.

UK GDP and the PMI



A day before the Bank of England announcement, the Office for National Statistics releases its monthly labour market update. Business surveys meanwhile point to a slowing of employment growth, with the February PMI measure the lowest since August 2013, suggesting unemployment could remain stuck at 5.1%. The wage data will also be watched for signs of further disappointment, and signs that low inflation is feeding through to weak annual pay reviews.

Meanwhile, Eurostat releases industrial production data for the **eurozone**. In December, industrial output fell 1.0%, with declines reported in France, Germany, Italy and Spain. However, national data available for January point to a rebound and we therefore expect a solid gain when Eurostat releases official numbers on Monday. However, a revival may be short-lived, as [Markit's Eurozone Manufacturing PMI](#) fell to a 12-

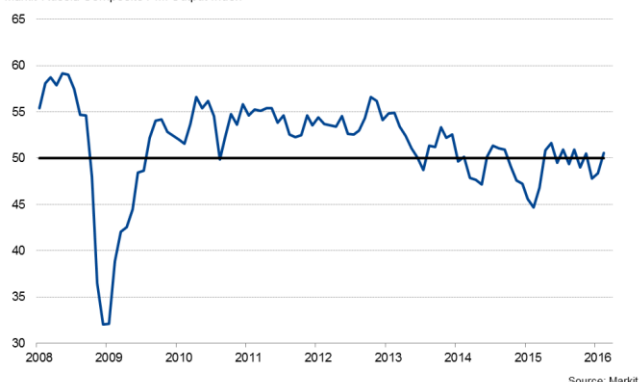
month low in February, highlighting a number of headwinds facing the region's economy.

Central banks will also meet in a number of other countries including Japan, Russia and Switzerland. While interest rates in Japan and Switzerland are in negative territory (-0.1% and -0.75%, respectively), **Russia's** key rate currently stands at 11%.

Although inflation in Russia fell from 15% in November to 8.1% in February, it is still well above the bank's inflation target of 4%. With the slump in oil prices leading to a 3.7% contraction in Russia's economy in 2015, industrial production, retail sales and wage growth all falling sharply and [business survey data](#) failing to show any meaningful growth, a rate cut is definitely on the table.

Markit Russia PMI

Markit Russia Composite PMI Output Index



Monday 14 March

India sees the publication of consumer price figures.

Eurostat updates industrial production numbers for the currency bloc.

The latest IBC Brazil Economy Watchers Index is issued.

Tuesday 15 March

The Bank of Japan announces its latest monetary policy decision.

Employment numbers are released in the eurozone.

Consumer price data are meanwhile issued in France and Italy.

The US sees the publication of retail sales, producer price and business inventories data alongside the release of the latest NAHB Housing Market Index and Johnson Redbook Index.

Wednesday 16 March

Industrial production data are released in Japan and Russia.

M3 money supply numbers are meanwhile issued in India.

South Africa sees the publication of consumer price and retail sales figures.

The Office for National Statistics provides an update on the UK labour market.

PNAD releases employment data in Brazil.

Manufacturing sales figures are published in Canada.

In the US, mortgage and industrial production numbers are issued alongside housing starts and inflation data. Furthermore, the FOMC announces its latest monetary policy decision.

Thursday 17 March

Monetary policy announcements are made in Indonesia, Norway, South Africa, Switzerland and the UK.

Employment numbers are updated in Australia.

Japan and Italy see the publication of trade data.

Eurostat issues consumer price and trade figures for the eurozone.

Meanwhile, unemployment numbers are released in Greece.

In Canada, wholesale trade data are issued.

Initial jobless claims and current account numbers are out in the US.

Friday 18 March

Bank lending data are issued in India.

China sees the release of house price figures.

In Germany and Russia, producer price numbers are published. Moreover, the Bank of Russia announces its latest monetary policy decision.

Meanwhile, labour cost data are updated in the euro area.

Consumer price and retail sales figures are out in Canada.

The Reuters/University of Michigan Consumer Sentiment Index is published in the US.

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