

# Week Ahead Economic Overview

- Eurozone Q4 GDP and industrial production
- Bank of England Inflation Report
- US industrial production and retail sales

The most important economic releases of the week will come out of the eurozone, while central bank watchers will be poring over the Bank of England's Inflation Report for signals on 'forward guidance'.

The first estimate of euro area GDP for the final quarter of last year is expected to show that economic growth will have accelerated from the 0.1% expansion in the third quarter of 2013. The Eurozone Composite PMI® for the final three months of last year is [consistent with a 0.2% expansion](#).

Germany's GDP, meanwhile, is expected to have grown at a decent 0.3% pace in the fourth quarter, with PMI data suggesting the expansion picked up further pace at the start of 2014.

France is possibly set to see its economy grow marginally in the fourth quarter, but only because [rising government spending will have offset private sector weakness](#). A slight increase in Italian GDP is also on the cards, after PMI data pointed to a marked turnaround in business conditions late last year.

The single currency area also sees an update on industrial production in December. The data are likely to show an improving trend: recent Manufacturing PMI data showed that the Eurozone manufacturing recovery remained firmly on track at the start of 2014, with the [Markit Eurozone Manufacturing PMI® hitting a 32-month high](#).

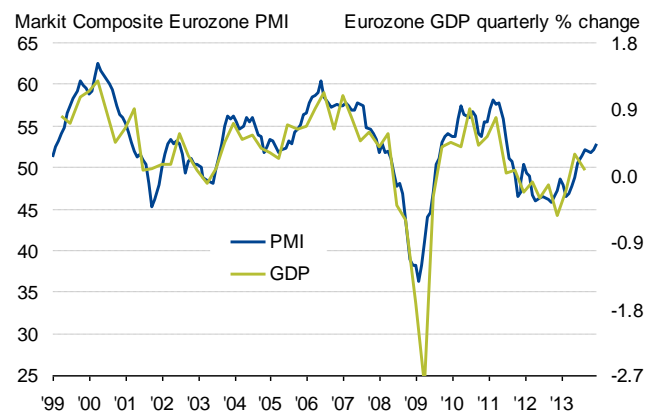
The Bank of England publishes its Inflation Report on Wednesday, which analysts will be watching closely to see if the Bank will revise its "forward guidance".

An upward revision to the GDP outlook and a benign inflation forecast will take second place to how the Bank will communicate its interest rate intentions with respect to unemployment. Some are expecting the Bank to change the unemployment rate threshold, below which higher interest rates might be considered, from 7.0% to 6.5%, given that the jobless rate is already down to 7.1%. However, it seems more likely that the Bank will instead shift the focus to a broader

range of indicators, including wage growth, as determinants of future interest rates. Regardless of how the technicalities of 'forward guidance' may change, with [inflation falling to the Bank's 2.0% target](#) for the first time in over four years in December, the main thrust of the Report is likely to remain one of policymakers stressing that low inflation means that interest rates will stay low for longer.

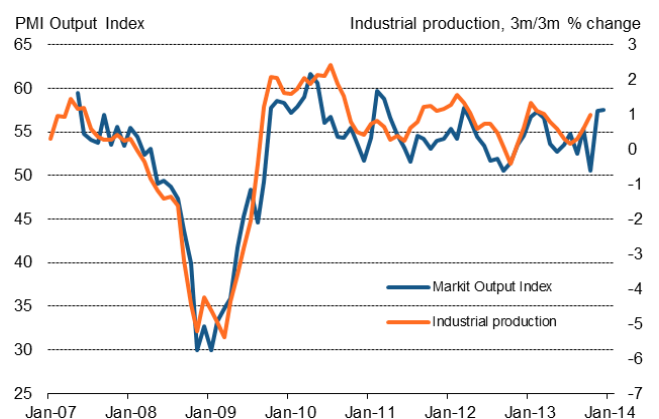
Industrial production data for January will be released in the US. Industrial output grew 0.3% in December, but [January's Markit U.S. Manufacturing PMI™](#) pointed to a slowdown due to the exceptionally cold weather that caused production and supply chain disruptions in parts of the country. US retail sales data for January are also published, which look set to have also suffered due to the extreme weather.

## Eurozone Composite PMI Output Index and GDP



Sources: Markit, Eurostat.

## US manufacturing PMI and industrial production



Sources: Markit, U.S. Federal Reserve.

### Monday 10 February

Markit releases its Emerging Markets Index, alongside the Irish Construction PMI and regional PMIs for the UK.

Industrial production data are issued in France and Italy.

In the Eurozone, the latest Sentix Indicator is published.

Japan sees an update on consumer confidence.

Housing starts data are meanwhile released in Canada.

India issues its latest trade balance.

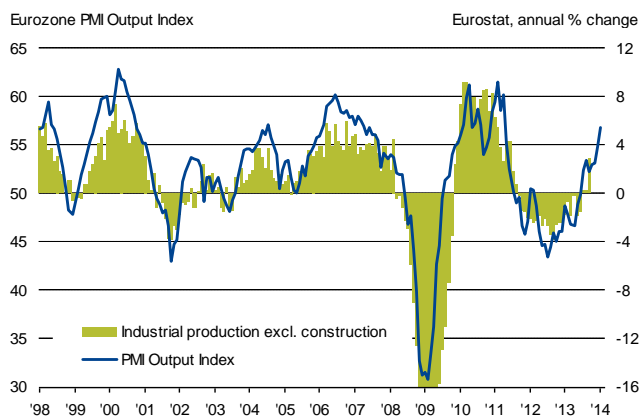
### Tuesday 11 February

January's BRC-KPMG Retail Sales Monitor is issued for the UK.

In the US, the National Federation of Independent Business releases their January business optimism index. The world's largest economy also sees an update on wholesale inventories.

Canada's Finance minister Jim Flaherty announces the federal budget.

### Eurozone manufacturing



Sources: Markit, Eurostat.

### Wednesday 12 February

The latest Savills UK Commercial Development Activity Report is released on Wednesday.

The Bank of England publishes its latest Inflation Report.

Japan sees the release of key machinery orders data alongside an update on its money supply.

China publishes an update on its trade balance.

Current account numbers are meanwhile released in France.

Industrial production data are issued for the Eurozone and India.

In Germany, the Economy Ministry presents the half-year economic outlook.

### Thursday 13 February

Inflation figures are released in Germany.

RICS publishes its latest UK house price balance, while an update on house prices is also released in Canada.

Retail sales numbers are issued in Brazil and the US, with the latter also seeing initial claims and business inventories numbers.

### Friday 14 February

Q4 GDP estimates are released across the eurozone on Friday. The single currency area also sees an update on its trade balance.

Inflation updates are issued in China and Spain.

In the US, import prices, capacity utilisation data, industrial production numbers and the University of Michigan Sentiment Index are released.

Canada releases manufacturing sales numbers.

### Germany



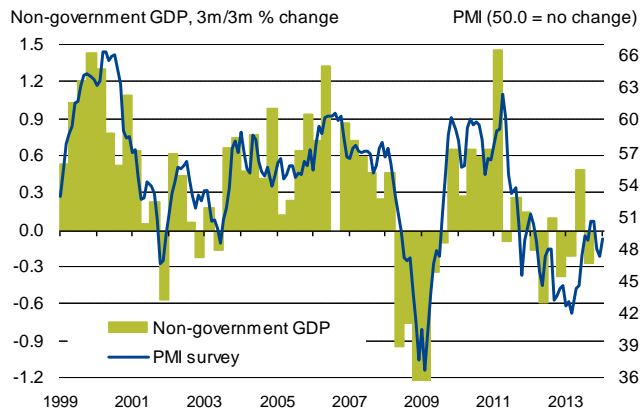
Sources: Markit, Destatis.

### Italy



Sources: Markit, Istat.

France



Sources: Markit, Ecowin.

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