

Week Ahead Economic Overview

- **Flash PMI™ results to give insights into economic trends in December**
- **Bank of England minutes plus UK inflation, labour market update and retail sales numbers**
- **FOMC meeting and industrial production data in the US**
- **Eurozone inflation final reading**

Flash PMI™ data from Markit will provide the first insights into the health of the world's largest economies at the end of the fourth quarter. Other standouts in a busy week for data watchers are inflation numbers and retail sales data in the UK plus minutes from the latest Bank of England meeting. Moreover, the FOMC announces its latest interest rate decision and inflation numbers are out in the eurozone.

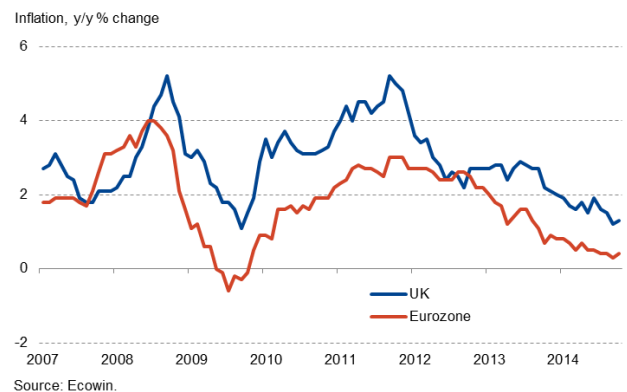
The Bank of England issues minutes from its [December meeting](#) and it is likely that Martin Weale and Ian McCafferty again voted to hike interest rates by 0.25% from their current record low of 0.5%, as they have done continually since August. However, while the [recent downward revisions to the Bank's inflation projections](#) paint an even more dovish picture for interest rates, the possibility of increasing numbers of the Monetary Policy Committee having voted for higher interest rates cannot be ruled out.

The **UK** also sees an update on consumer prices for November. An easing is expected after [inflation picked up slightly](#) from September's five-year low in October. The Bank of England expects the rate of inflation to drop below 1.0% in coming months, meaning Mark Carney will need to write an open letter to the Chancellor explaining the shortfall against the Bank's 2.0% inflation target.

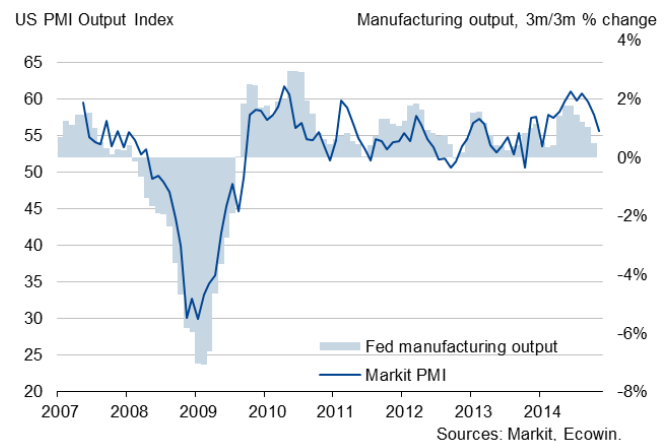
An update on the [labour market](#) is meanwhile likely to show the jobless rate falling further from the current level of 6.0%, while retail sales data will give further insight into UK consumer spending in the fourth quarter. [Visa card spending data](#) point to an upturn in spending, linked in part to Black Friday.

The Board of Governors of the Federal Reserve will announce their latest interest rate decision. The

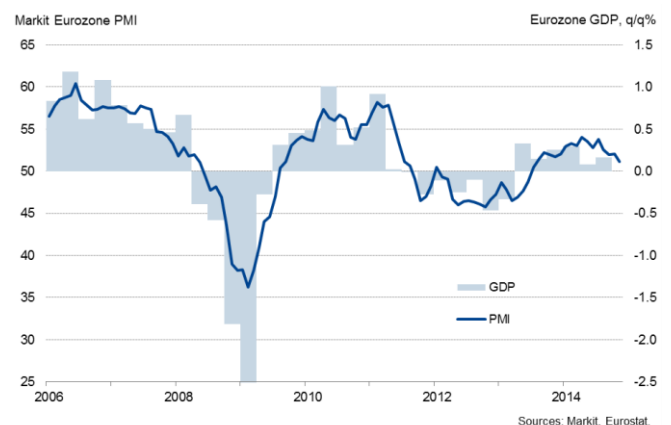
UK and eurozone inflation



US manufacturing production and the PMI



Eurozone GDP and the PMI



meeting comes at a time of [robust economic growth](#) and a [healthy labour market](#). However, with the Fed being alert to worries about the potential damage that any premature tightening of policy could cause, and [survey data suggesting that growth in the US looks to have eased](#), the most likely scenario remains one of rates staying on hold until mid-2015.

Further insights into how the **US** is performing in the final quarter of the year are meanwhile given by industrial production data and flash PMI results. While the [US continued to outperform all other major economies apart from the UK in November](#), growth has slowed markedly since earlier in the year, with PMI data currently signalling GDP growth of approximately 2.5%. [Official industrial production](#) data also suggested that growth has eased at the start of the fourth quarter and policymakers will be interested to see whether PMI and industrial output data have strengthened.

Data watchers will keep a close eye on December's flash PMI results for the **eurozone**, after [economic growth eased to a 16-month low in November](#), dragged down by a [stagnating manufacturing sector](#). The survey data for the fourth quarter so far suggest that the region's GDP is on course to grow a mere 0.1%, with the possibility of a renewed downturn in the New Year, unless demand starts showing signs of reviving.

Final inflation numbers for November are also released for the currency union, after an initial flash estimate showed consumer prices rising just 0.3%, with energy prices down 2.5%. Other important data releases for the eurozone include the Ifo Index in Germany, INSEE business climate data in France and industrial orders numbers in Italy.

The release of flash PMI data for **China** will provide a timely update on whether manufacturing growth picked up in December. Official data showed factory output rising at the second-weakest rate since 2009 in October and [weaker-than-expected export and inflation data](#) give more leeway for the Chinese authorities to add further stimulus to the economy.

Markit also releases flash manufacturing PMI data for **Japan**, which will give further insight into fourth quarter trends after November's data showed Japan's factories enjoying another month of moderate production growth, allaying fears that the country's recession extended into the fourth quarter.

Monday 15 December

The week kicks off with the release of the Bank of Scotland Report on Jobs.

Meanwhile, the Bank of Japan publishes the latest results of its Tankan business sentiment survey.

Wholesale price data are issued in India, while Russia sees the publication of industrial output numbers.

The Confederation of British Industry releases its latest CBI Industrial Trends Survey.

In Brazil, job growth data are issued.

Industrial production numbers, the NY Empire State Manufacturing Index and the NAHB Housing Market Index are all out in the US.

Tuesday 16 December

Flash PMI results for Japan, China, the eurozone and the US are released by Markit.

ZEW issues an update on German economic sentiment, while Eurostat releases trade balance data for the currency union.

Inflation numbers are meanwhile out in the UK.

The Swedish Central Bank announces its latest interest rate decision.

In Canada, manufacturing sales figures are out, while the US sees the release of housing starts data.

Wednesday 17 December

The UK Household Finance Index is published by Markit.

In Japan, trade data are issued, while third quarter GDP numbers are updated in New Zealand.

Russia sees the release of inflation numbers and unemployment data.

The Bank of England publishes minutes from its December meeting, while unemployment and wage data are also out in the UK.

The European Central Bank's Governing Council and General Council meet, but no interest rate decision is scheduled. However, inflation numbers and labour costs data are issued for the euro area.

Canada sees the publication of wholesale trade information.

In the US, inflation numbers, real earning data and current account information are out and the Federal

Reserve's Federal Open Market Committee announces its latest interest rate decision.

Thursday 18 December

The Bank of Japan holds its last monetary policy meeting of the year.

Producer price data are released in South Africa.

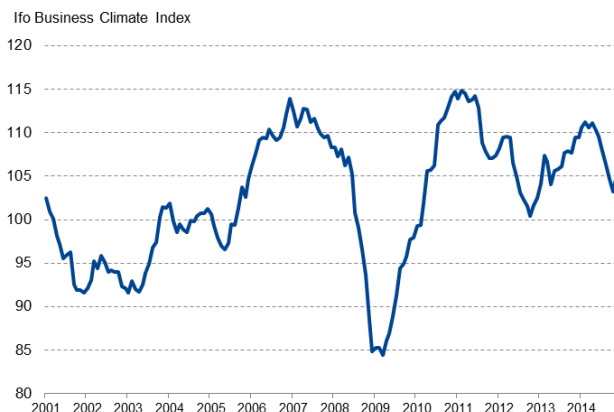
In Germany, the Ifo releases its latest business climate data, while Greece sees an update on unemployment numbers.

Retail sales figures are meanwhile issued by the ONS in the UK.

Production in construction data are issued by Eurostat for the single-currency union.

The Markit Flash US Services PMI is released alongside initial jobless claims numbers.

Ifo Business Climate Index



Source: Ifo via EcoWin

Friday 19 December

Consumer confidence data are released by GfK in Germany and the UK, with Germany also seeing the release of producer prices, while public sector borrowing information and CBI reported sales data are out in the UK.

Current account data are meanwhile issued for the eurozone.

In France, INSEE publish latest business climate data, while ISTAT releases industrial orders numbers and wage inflation figures for Italy.

Eurostat releases the latest monthly balance of payments.

Unemployment numbers are meanwhile out in Brazil.

Canada sees the release of inflation figures and retail sales data.

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