

Week Ahead Economic Overview

- Eurozone GDP to show deepening recession
- Japan's economy to have grown slightly in Q4
- Bank of England to forecast modest upturn

The first estimate of eurozone GDP in the final three months of 2012 is expected to show the region contracting for the third successive quarter. A decline of at least 0.3% is likely, pointing to a deepening downturn after the 0.1% contraction in the third quarter.

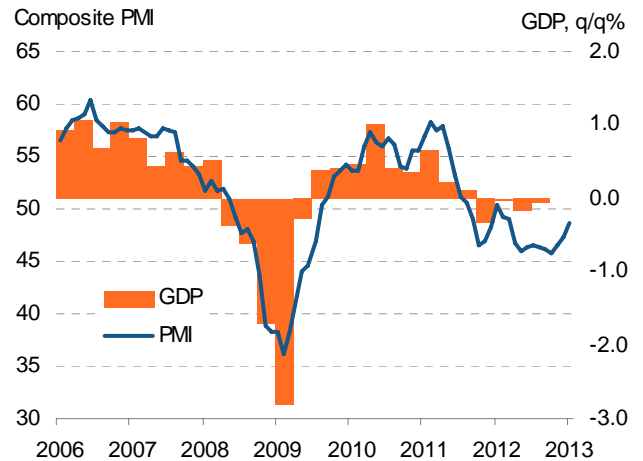
The German economy is expected to have shrunk by 0.5% according to a Reuters poll, with a similar decline seen in Italy. In contrast, the consensus for France is for a mere 0.2% decline. However, whereas the January PMI surveys have signalled the fastest growth for one-and-a-half years in Germany, France saw the steepest downturn for almost four years, pointing to growing national divergences within the euro area that will potentially cause headaches for policymakers.

Japan also releases fourth quarter GDP data, which are likely to point to a return to growth after a steep 0.9% decline in the third quarter. However, any increase is likely to be modest at best (the Reuters consensus is for a mere 0.1% expansion), though PMI surveys suggest that the recovery will have gained further traction in January. The Bank of Japan's policy meeting will also attract interest, given the recent pressure from the government to reinvigorate growth and tolerate a higher inflation target of 2%.

The US sees the publication of some key indicators of economic health in January, with industrial production, retail sales and University of Michigan consumer confidence data all likely to show that the underlying health of the US continued to improve at a steady, albeit unspectacular, rate at the start of the year.

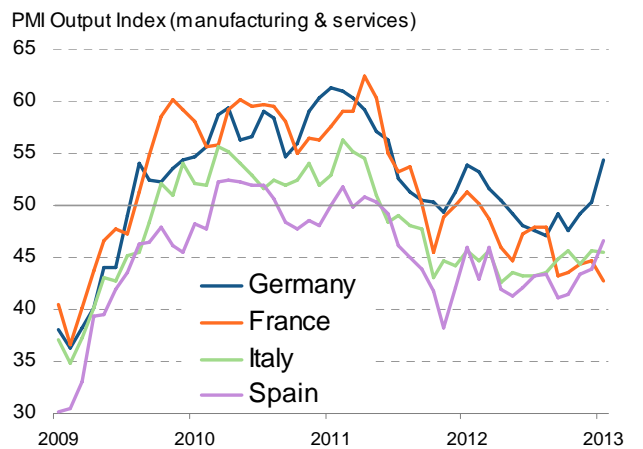
The Bank of England publishes its quarterly *Inflation Report*, which will no doubt once again stress that the UK economy remains broadly stagnant and that inflation will remain stubbornly above target. However, the Bank will indicate that it expects a modest recovery later this year as the Funding for Lending Scheme has a beneficial impact and global economic conditions continue to improve. Inflation and retail sales data for January will also be released for the UK.

Eurozone GDP and the PMI



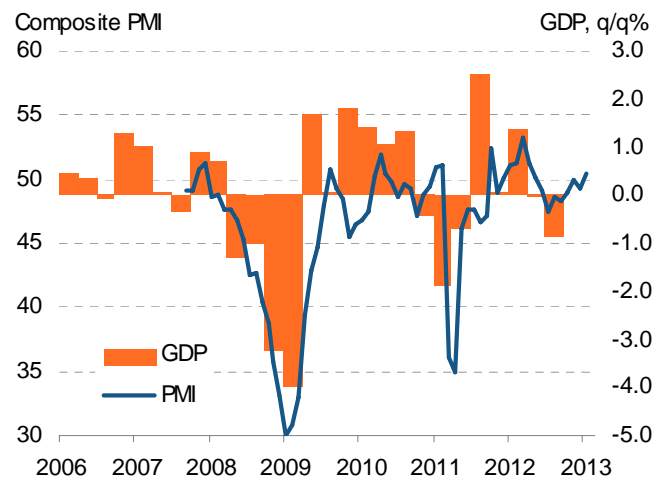
Sources: Markit, EcoWin.

Growing eurozone divergences



Source: Markit.

Japan GDP and the PMI

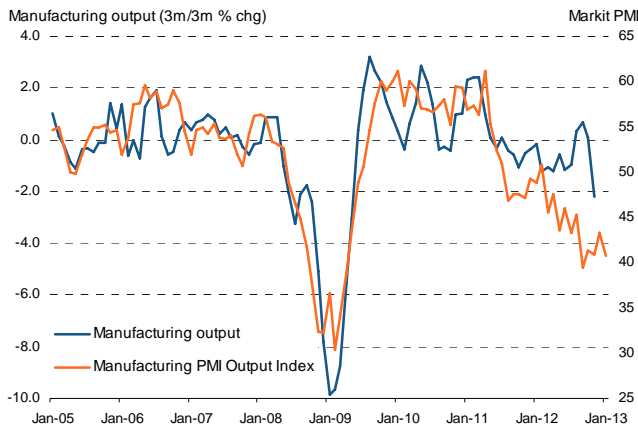


Sources: Markit, EcoWin.

Monday 11 February

French industrial production and manufacturing output data for December are published on Monday.

France manufacturing output



Sources: Markit, INSEE via Ecowin.

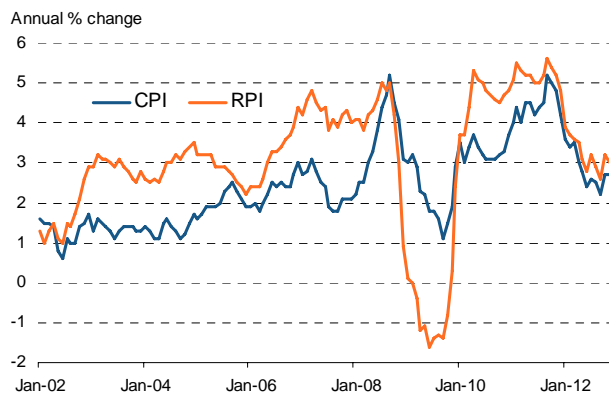
Similarly, industrial production numbers, as well as trade balance figures are released in Canada.

Tuesday 12 February

Money supply figures and the consumer confidence indicator from the Cabinet Office are published in Japan.

French current account numbers are issued in advance of consumer and producer prices data for the UK.

UK prices



Source: Office for National Statistics (via Ecowin).

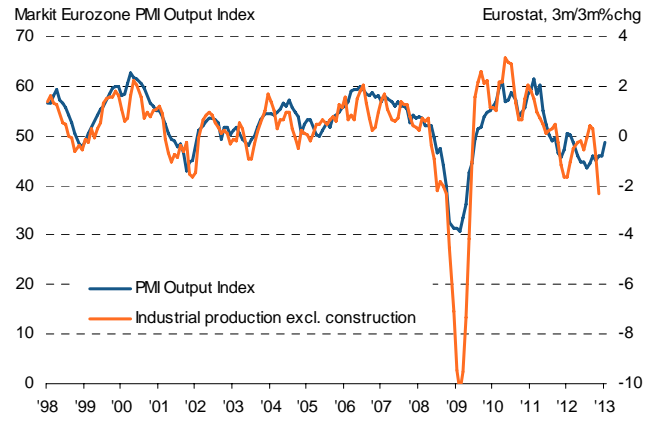
The NFIB provides an update on confidence among small businesses in the US, with details regarding the federal budget following.

Wednesday 13 February

Corporate goods prices and the METI tertiary activity index are published in Japan on Wednesday.

Eurozone industrial production data are released in advance of the Bank of England's latest *Inflation Report*.

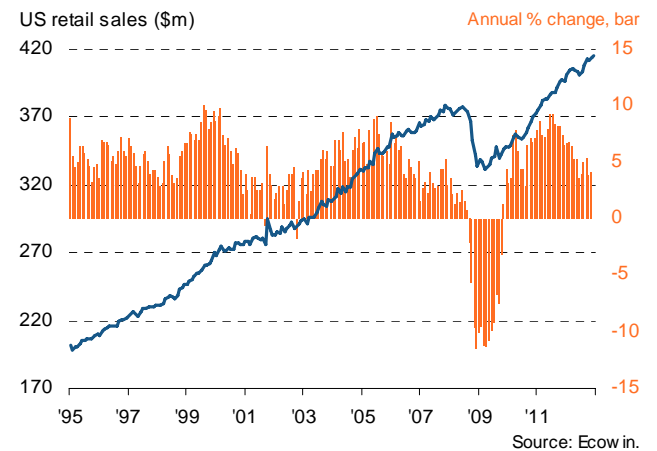
Eurozone industrial production



Sources: Markit, EcoWin.

Retail sales, business inventories, import and export prices and weekly mortgage data are meanwhile published in the US.

US retail sales



Source: Ecowin.

Thursday 14 February

The first estimate of gross domestic product (GDP) in the final quarter of last year is released in Japan. The Bank of Japan also announces their latest monetary policy decision.

GDP data in the fourth quarter of 2012 are also published in France, Germany, Italy and the wider euro area on Thursday.

Initial jobless claims is the main economic release in the US.

Friday 15 February

Japan sees industrial production and capacity utilisation data on Friday.

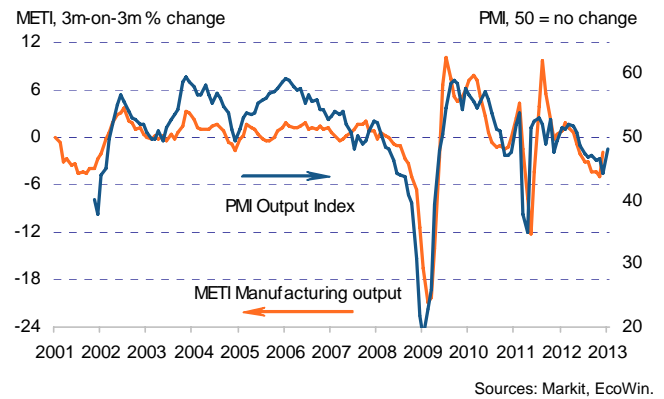
Consumer prices figures in Spain are published in advance of Italian and eurozone trade numbers.

January retail sales data are meanwhile released in the UK.

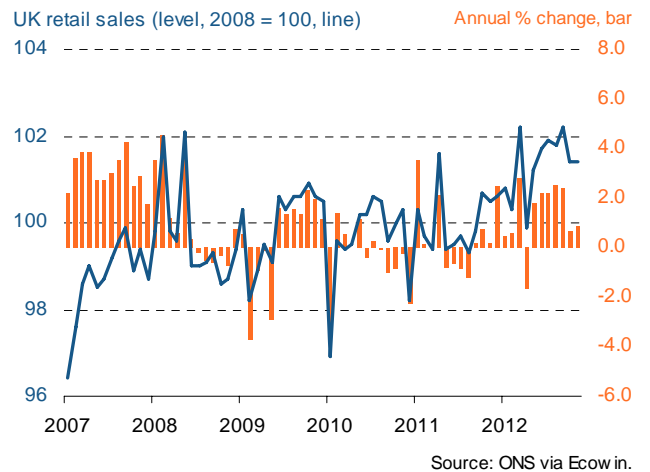
In the US, industrial production and capacity utilisation data are published before the latest results from the Empire State survey. The preliminary estimate of consumer confidence from the University of Michigan is also released.

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Japan manufacturing output



UK retail sales



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