

Week Ahead Economic Overview

- Chinese GDP and industrial output data
- UK labour market update
- Inflation data for UK, Eurozone, US & China

Clues as to whether **China's** growth will have slowed or picked up again in the first quarter of 2014 will be provided by updates to GDP and industrial production data. China's annualised growth rate for the final quarter of last year dropped to 7.7% and growth is expected to have slowed further, as signalled by [currently weak PMI™ survey data](#). Economists polled by Reuters are forecasting a growth rate of 7.3%. Other important releases in China include inflation data.

The **eurozone** also sees an update on industrial production in February, which will be eyed for further corroboration of [PMI surveys](#) pointing to a recovering manufacturing sector. [Official data](#) for January showed that industrial output fell 0.2% compared to the previous month, driven by drops in France and the Netherlands, but the less volatile three month average growth rate was the highest since April 2011.

Industrial production data for March will meanwhile be released in the **US**. Analysts will be looking for signs that the underlying trend is healthy after bad weather disrupted the economy at the start of the year, confirming the reassuring trend signalled by [PMI survey data](#). [Retail sales](#) numbers, which showed better than expected resilience to cold weather in February, are also updated for March and likely to indicate an ongoing consumer recovery, reflecting the improving labour market and ongoing low interest rates.

The **US** and **Eurozone** also see updates to consumer price inflation which, at 1.1% and 0.5% respectively, remained well below targets, especially in the single currency area. Any further falls would add to worries that the central banks would need to step up their vigilance in averting the possibility of deflation.

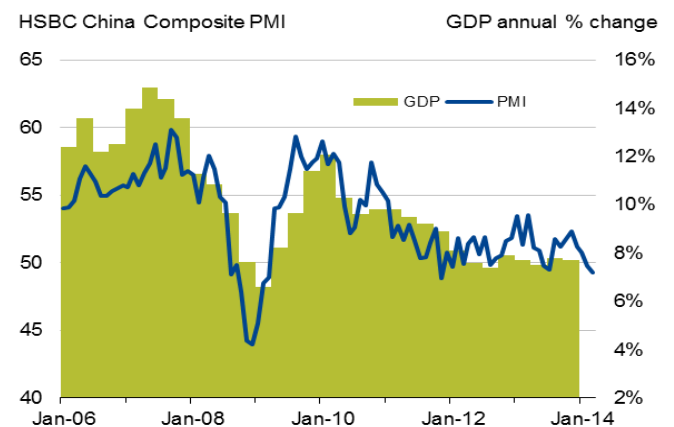
In the **UK**, labour market data will be the highlight of the week. The [unemployment rate held steady at 7.2%](#) in the three months to January, but in January alone the rate fell to 6.9%, the lowest since early-2009. The jobless rate therefore looks set to have fallen again in February, given the improvement in the jobless benefit

numbers and rising vacancies. [The PMI survey](#) shows companies created jobs at the fastest rate ever seen in the survey history in February, which extends back to 1998. Similarly, the [number of people placed in permanent jobs by recruitment agencies](#) rose at a rate not surpassed since 1997 last month.

However, the key focus is likely to be on whether the recovery is at last feeding through to higher wages, which we believe [look set to grow at a pace that at least matches inflation](#).

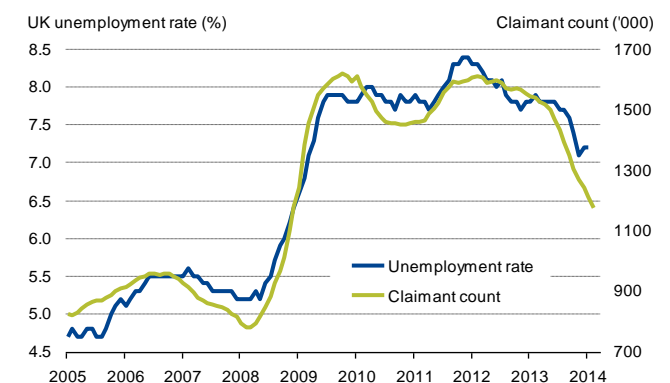
The wages data will be crucial for the inflation outlook and in providing policymakers with leeway to keep interest rates at the record low of 0.5% as the economy recovers. Inflation in the UK [fell to 1.7% in February](#) and is widely expected to continue to run below the Bank of England's 2.0% target for some time.

Chinese GDP and the PMI



Sources: Ecwin, Markit.

UK unemployment



Source: ONS via Ecwin.

Monday 14 April

Markit releases the Irish Construction PMI and regional PMIs for the UK.

Inflation numbers are issued in Italy.

In the Eurozone, industrial production data are released.

Retail sales figures and business inventories numbers are published in the US.

Tuesday 15 April

The British Retail Consortium publishes its latest UK Retail Sales Monitor. UK inflation figures are also released.

An update on the trade balance is published for the eurozone.

Economic sentiment and current conditions data are released for the eurozone and Germany by ZEW.

Manufacturing sales data are published in Canada.

In the US, inflation figures are released alongside the results of the latest Empire State and NAHB Builders surveys.

Industrial output numbers are meanwhile out in Russia.

Retail sales figures and the CNI Industrial Confidence Index are released in Brazil.

Wednesday 16 April

China publishes its GDP estimate for Q1, alongside updates on industrial production and retail sales figures.

Capacity utilisation data are issued in Japan, followed by an update on February's industrial output numbers.

In the UK, average earnings data, claimant counts, and public borrowing data are issued alongside an update on the labour market.

Inflation numbers are released for the euro area.

Building permits data, housing starts, capacity utilisation figures and industrial output numbers are all published in the US.

The Bank of Canada announces their latest rate decision.

Thursday 17 April

The IPA Bellwether Report is released overnight.

Producer prices are issued in Germany.

Current account numbers are published for the eurozone.

Unemployment data are released in Brazil.

In Russia, producer prices, real wages, retail sales and unemployment data are out.

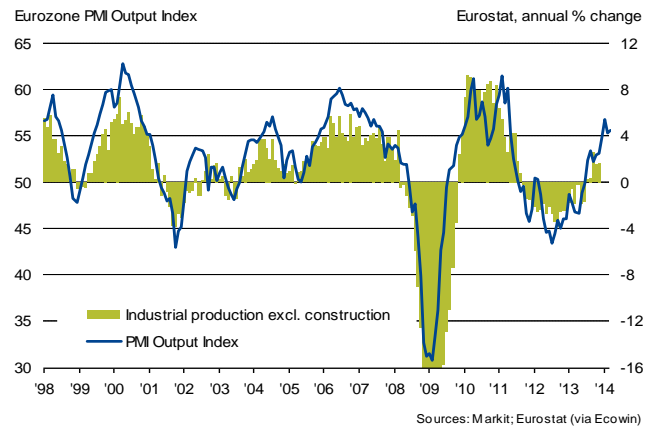
An update on inflation numbers is issued in Canada.

Initial claims data and results from the latest Philadelphia Fed Survey are meanwhile released in the US.

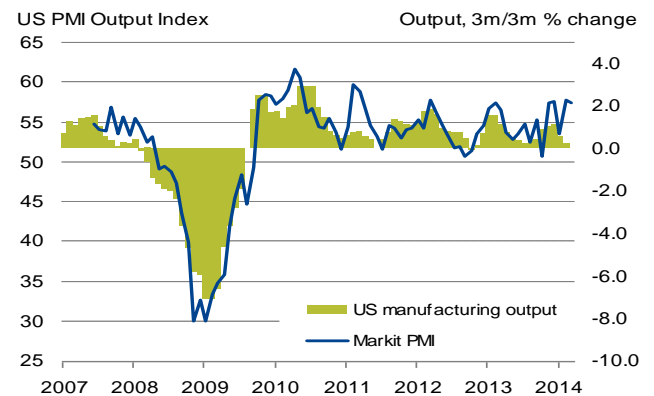
Friday 18 April

Industrial orders numbers are released in Italy, followed by an update on hourly wages.

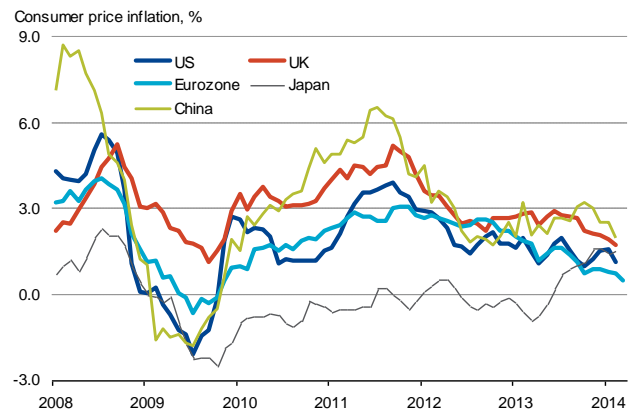
Eurozone industrial production



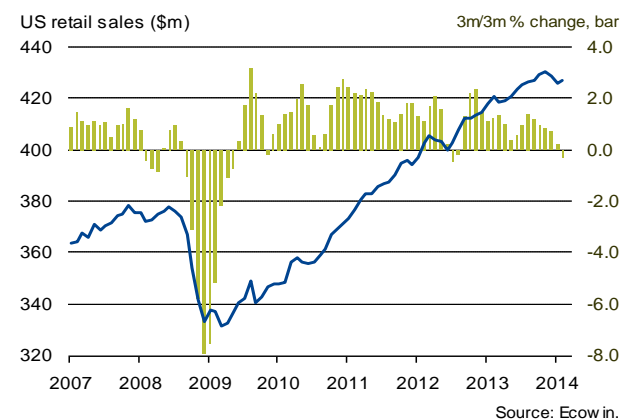
US manufacturing output



Inflation rates



US retail sales



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