

# Week Ahead Economic Overview

- Revised third quarter GDP numbers in UK and US
- US durable goods and consumer sentiment data
- Inflation and unemployment figures in Japan

Following the Fed's decision to raise interest rates for the first time in nearly a decade, the US sees the release of revised third quarter GDP numbers as well as durable goods and consumer sentiment data. Final GDP figures are also out in the UK, while Japan sees the publication of inflation and unemployment numbers.

There was little surprise when the Fed raised interest rates by 0.25% at its December meeting, but question marks hang over the trajectory of rates over the coming year. The data flow in the coming months will be important for **US** policy makers in terms of future rate hikes, starting with consumer sentiment and durable goods orders.

Durable goods orders rose 3.0% in October, but [Markit's survey data](#) suggest that new order growth slowed sharply in recent months, and economists polled by Thomson Reuters expect a 0.7% decline in November. Consumer sentiment data from Reuters and the University of Michigan are meanwhile expected to show a further improvement, after the index rose to 91.8 in November and [retail sales growth picked up](#). Hopes are therefore growing that consumer spending will continue to have a positive contribution to GDP, with consumers benefitting from low inflation and falling fuel prices.

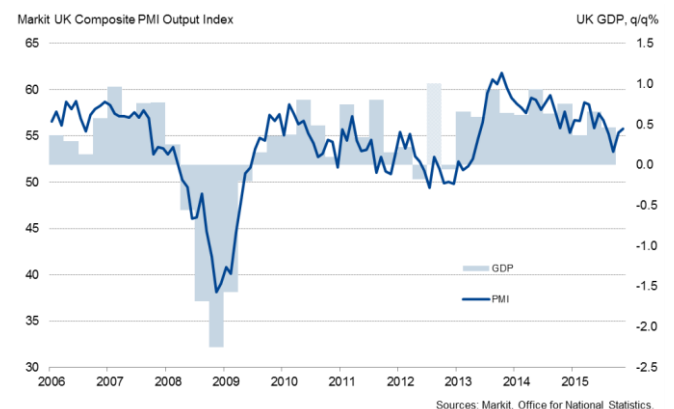
## US GDP and the PMI



Revised third quarter GDP data are meanwhile issued by the US Bureau of Economic Analysis on Tuesday. A [preliminary estimate of 1.5% growth](#) was revised up to 2.1%, more in line with the signals sent by Markit's PMI data.

In a relatively quiet week for **UK** data watchers, the highlight will be the publication of final third quarter GDP numbers. Despite [a revision of official construction output data](#), it is expected that the current estimate of 0.5% growth will remain unrevised when the Office for National Statistics publishes its new estimate on Wednesday. Latest PMI data and [stronger-than-expected retail sales](#) meanwhile suggest that economic growth has picked up to 0.6% in the fourth quarter, putting the economy on course to have grown by 2.4% in 2015.

## UK GDP and the PMI



Inflation and unemployment data are out in **Japan** and are likely to add to the policy debate. After [Japan's recession got revised away](#) and latest business survey data showed the [manufacturing sector enjoying a steady upturn at the year-end](#), the Bank of Japan is unlikely to perceive the need for additional monetary stimulus, although a sustained lack of inflation will no doubt be a major concern. Overall consumer prices increased just 0.3% in October, up slightly on the 0.2% seen in September, but still well below the central bank's target of 2%. Moreover, the Nikkei PMI price indices remained subdued in December.

The labour market is less of a worry for Japan's policy makers. The jobless rate stood at 3.1% in October, its lowest since 1995 and latest survey data indicate a

further upturn in hiring. Official unemployment data are released on Friday alongside inflation figures.

### Monday 21 December

Monthly GDP numbers are updated in Russia.

The eurozone sees the release of consumer confidence data.

Meanwhile, producer price figures are issued in Germany.

Current account numbers are out in Brazil and Greece.

The Federal Reserve Bank of Chicago releases the latest National Activity Index.

### Tuesday 22 December

GfK consumer sentiment data are issued in Germany and the UK.

Italy sees the release of trade figures.

Revised third quarter GDP numbers are meanwhile published in the US.

### Wednesday 23 December

M3 money supply information are published in India.

Trade data are released in New Zealand.

Revised third quarter GDP numbers are issued in France alongside consumer spending figures.

In Italy, industrial orders and retail sales data are updated.

House price and final third quarter GDP figures are released in the UK.

Consumer confidence numbers are out in Brazil.

Canada sees the publication of monthly GDP data and retail sales figures.

Durable goods orders and the Reuters/Michigan Consumer Sentiment Index are released in the US.

### Thursday 24 December

BBA mortgage approval numbers are issued in the UK.

In the US, initial jobless claims figures are out.

### Friday 25 December

Construction orders, household spending, housing starts, inflation and unemployment data are released in Japan.

## Oliver Kolodseike

### Economist

Markit

Tel: +44 149 1461 003

Email: [oliver.kolodseike@markit.com](mailto:oliver.kolodseike@markit.com)

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