

Week Ahead Economic Overview

- **UK Budget accompanied by government borrowing, inflation and unemployment data**
- **Flash PMIs provide updates on China, US and eurozone economies**
- **No change expected as the FOMC meets**

In what may be a turbulent week for sterling, the UK Chancellor sets out his fiscal policies in his Budget on Wednesday, which should also include a review of the Bank of England's monetary policy remit. However, the week also sees the publication of government borrowing, retail sales, inflation and labour market statistics, plus the minutes from the March Bank of England Monetary Policy Committee meeting.

The MPC kept policy unchanged, but the decision was likely to have been a close one, after three of the nine members voted for more QE in February.

An update on global economic trends will be provided on Thursday by Markit's flash PMIs. According to Reuters, analysts are expecting the PMIs to have turned up in the US and eurozone, reflecting improvements in both Germany and France. However, whereas the US is expected to show an increased rate of expansion, the eurozone is set to merely show an easing in the rate of contraction. China's manufacturing PMI meanwhile fell in February and the March figure will be watched to see if the sector has revived from possible New Year related disruptions.

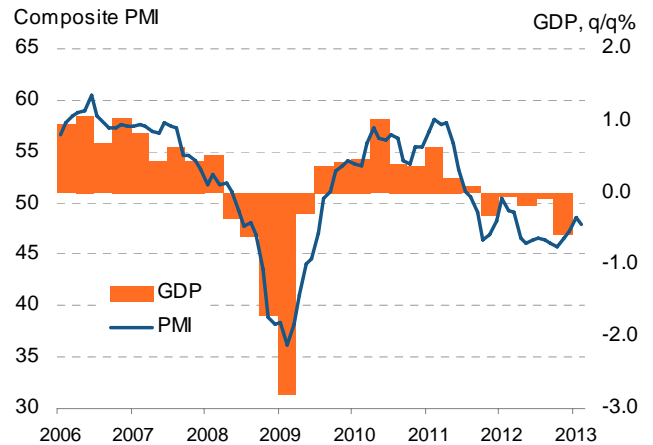
In the US, the Federal Open Market Committee meets. No change is expected, with policymakers awaiting more evidence that the welcome resilience seen so far this year will turn into a sustainable and robust upturn that can withstand fiscal headwinds.

A further steady improvement in the US housing market is meanwhile expected to be indicated by the publication of existing home sales, building permits and housing start data.

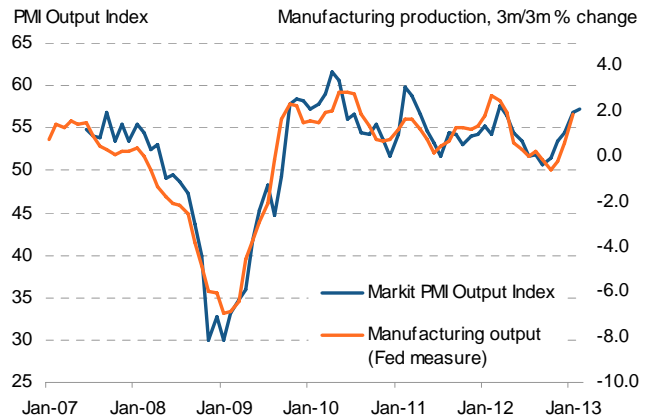
In Japan, trade statistics will be eyed to see if the recent depreciation of the yen is boosting exports and helping drive a first quarter upturn.

In India, analysts are expecting the Reserve Bank to cut interest rates to help buoy growth as inflation cools.

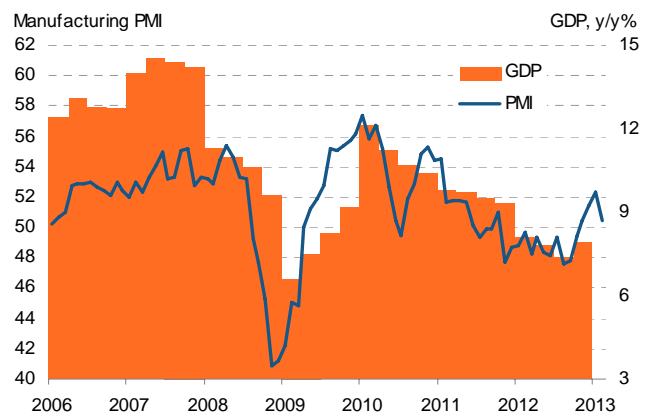
Markit Eurozone PMI and GDP



Markit US PMI and manufacturing output



China (HSBC) Manufacturing PMI and GDP



Monday 18 March

Markit releases the latest findings from its UK household finances and global business outlook surveys on Monday.

International trade data are published for Italy and the euro area as a whole.

NAHB builders survey results are meanwhile released in the US.

Tuesday 19 March

The final estimate of the Cabinet Office's leading indicator is issued in Japan, with the latest monetary policy announcement in India following.

Italian industrial production numbers are published in advance of consumer, retail and producer price figures for the UK.

Economic sentiment indicators for Germany and the wider eurozone are published by ZEW on Tuesday.

US housing starts and building permits data are released alongside Canadian manufacturing and wholesale trade figures.

Wednesday 20 March

Producer price numbers are released in Germany on Wednesday.

UK employment data are published alongside the minutes from the previous Bank of England's monetary policy committee meeting. The Chancellor meanwhile presents the government's budget.

Consumer confidence indicators are issued for the eurozone by the European Commission.

The Federal Reserve announces its latest monetary policy decision in the US.

Thursday 21 March

International trade numbers and the latest Reuters/Tankan survey data are published in Japan.

Flash PMI data for March are published for China, France, Germany and the US by Markit on Thursday.

In the UK, retail sales and public sector net borrowing figures are released, as well as the latest results from the CBI industrial trends survey.

Meanwhile, the US sees data for initial claims, existing home sales and prices, Philadelphia Fed survey and the Conference Board's leading indicator.

Friday 22 March

French business confidence indicators are published by INSEE on Friday. Similarly, IFO release sentiment data for Germany.

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