

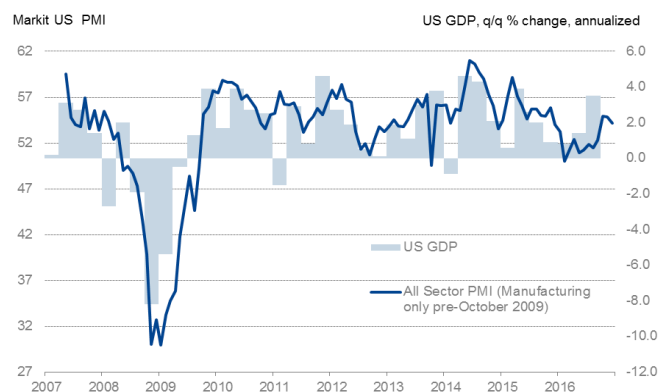
Week Ahead Economic Overview

- **Fourth quarter GDP numbers are released in the US and the UK**
- **Flash PMI results to provide insight into global economic trends at start of 2017**
- **Japan publishes latest consumer price index and trade data**

Final fourth quarter GDP numbers for the US and the UK will help determine future monetary policy, while updated Flash PMI results will offer first available information of global economic trends. Meanwhile, the latest consumer price index and trade figures for Japan, alongside Russian industrial production numbers, complete the key data releases for the coming week.

With the first **US** Federal Reserve meeting for 2017 scheduled for the end of January, markets will scrutinise the release of fourth quarter GDP data for clues as to when the much anticipated next rate hike could occur. Annual GDP growth for Q3 was recently revised to 3.5%, up from the initial 3.2% second estimate, and subsequently the strongest quarterly expansion in over two years. However, analysts are expecting this third quarter figure to be an anomaly for 2016 and are pencilling in a slower expansion for the final three months of the year. IHS Markit are forecasting a 2.1% increase in the annual GDP rate, and if official data were to come in higher, policymakers may contemplate an earlier than anticipated change to monetary policy.

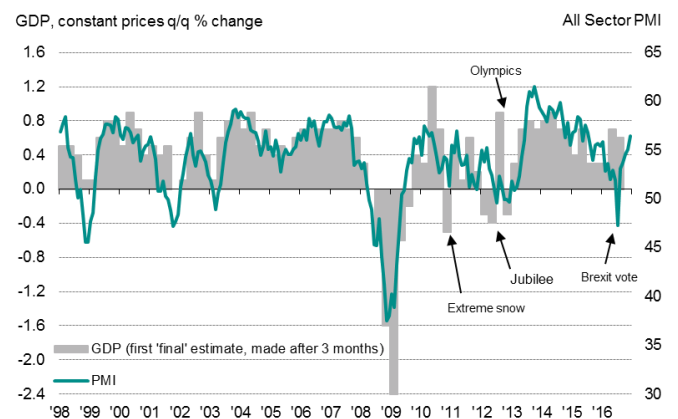
Markit Composite PMI and U.S. GDP



Sources: IHS Markit, U.S. Bureau of Economic Analysis.

The release of Markit Flash US PMI data for the first month of 2017 will give forecasters an early insight into the state of the economy which President Donald Trump inherits. December PMI data for both the [service](#) and [manufacturing](#) sector were robust, in line with 2% GDP growth. Meanwhile, updates on the latest US durable goods orders figures and the Michigan Consumer Sentiment Index will also give further clues to the general well-being of the world's largest economy.

UK economic growth and the PMI

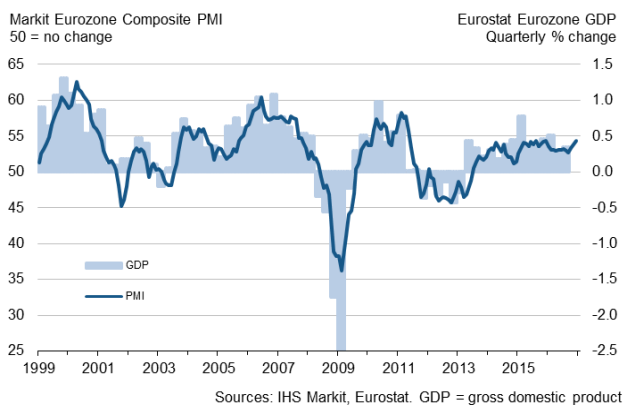


Sources: IHS Markit, ONS.

The **UK** economy looks to have also shown solid resilience at the end of 2016, confounding widely-held expectations of a Brexit-driven slowdown. Official figures from the ONS pointed to a 0.6% expansion between July and September, with analysts predicting this growth momentum will have carried through to the fourth quarter. Recent data have also backed up these forecasts, with the [UK labour market strengthening during December](#) and [PMI survey data hitting a 17-month high](#). In fact, the average PMI reading for the final three months of 2016 was consistent with a 0.5% increase in UK GDP. However, December's retail sales numbers disappointed, dropping by 1.9% since November, the largest monthly decline for four-and-a-half years, and could weigh on the overall economic performance of the UK at the end of 2016.

Latest economic trends in the euro area will be available when Flash PMI data for **France, Germany** and the **eurozone** are published next week. The [eurozone economy expanded at the fastest pace since May 2011](#) during December, with both France and Germany registering stronger upticks in growth. The weakness of the euro is boosting the region's exports and subsequently aiding the euro area's upturn. Policymakers will assess the data release for signs that the economic recovery can shift into a higher gear before the next non-monetary policy meeting at the beginning of February, though the absence of any signs of an upturn in core inflation most likely precludes any chance of the ECB considering tighter policy.

Markit Composite PMI and Eurozone GDP



Over in **Japan**, the economy [showed signs of reviving during the fourth quarter](#), as improved export orders helped drive manufacturing output growth. Consequently, updated trade figures will go a long way in determining extent of the upturn at the end of 2016. Data watchers will also look at the release of the latest consumer price index for indications that the recent weakness of the yen has translated into an uptick in the nation's inflation rate.

Finally, **Russian** PMI survey data picked up dramatically during the course of 2016, closing the year with the [manufacturing PMI hitting a 69-month high](#). In line with this improvement, industrial production increased 2.7% in November, the largest rise recorded for two years, supported by a 2.5% rebound in manufacturing output. Subsequently, with a recent batch of impressive survey data, next week's industrial production update is expected to continue this upward growth trend.

Monday 23 January

Japan publishes its latest All Industry Activity Index.
The latest consumer price index for Singapore is out.
Russian industrial production figures are updated.
In Canada, wholesale trade data are published.

Tuesday 24 January

Flash PMI data for Japan, France, Germany, the Eurozone and the US are published.
Detailed Polish Q4 GDP data are updated.
The South African Reserve Bank announce their interest rate decision.
Final fourth quarter GDP figures for France are released.

Wednesday 25 January

Australia's consumer price index is updated.
Trade data for Japan are out.
In Russia, an update is provided on retail sales numbers, unemployment rates and real wages data.
The latest Ifo Business Climate Index is published in Germany.
The Office for National Statistics releases preliminary fourth quarter GDP figures for the UK, while an update on public sector borrowing is also provided.

Over in Brazil, current account numbers are updated, along with foreign direct investment figures.

Thursday 26 January

Fourth quarter GDP data for the Philippines are announced.
Singapore updates its unemployment rate and industrial production figures.
The latest producer prices index in South Africa is released.
GfK consumer sentiment numbers are out in Germany.
Italian retail sales figures are made available.
Spain's unemployment figures are updated.
Markit's Flash US Services PMI is released.

Friday 27 January

Latest producer price index and trade prices data are released in Australia.

Japan publishes its latest consumer price index.

Indian foreign reserve figures are out.

Russia's producer prices index is released.

Money supply data for the euro area are issued.

France and Italy publish their latest consumer confidence indicators.

In Italy, the latest wage inflation figures are issued.

Spanish retail sales numbers are updated.

The US Bureau of Economic Analysis updates its Q4 2016 GDP numbers, while latest US durable goods orders data and the Michigan Consumer Sentiment index are also released.

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