

Week Ahead Economic Overview

- **First Q2 GDP estimate for UK**
- **Flash PMI™ data for the US, China, Japan and the Eurozone**
- **Inflation and durable goods orders in US**

Thursday's Flash PMI™ data from Markit will provide first insights into the health of the world's largest economies at the start of the third quarter. Other standouts are the first estimate of second quarter GDP for the UK and inflation plus durable goods orders data in the US.

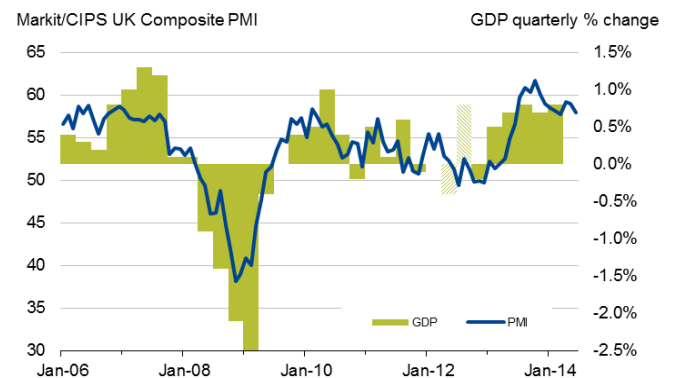
In the **UK**, the highlight of the week is no doubt the first estimate of second quarter GDP. The [UK economy grew by 0.8% in the first three months of the year](#) and the persistent strength of the three [Markit/CIPS PMI™ surveys](#) suggests that we should expect the economy to grow by 0.8% again in the second quarter.

Meanwhile, the Bank of England issues minutes from its July Monetary Policy Committee meeting, which many expect to show that some members are edging closer to calling for a rate hike later this year. [Inflation rose to 1.9% in June](#) with house prices across the UK up 10.5% on a year ago, but many [policymakers will be reluctant to pull the brakes on the economic boom](#), fearing weak pay growth means households will struggle to service higher borrowing costs if interest rates rise. A [survey from Ipsos MORI on behalf of Markit](#) showed that 50% of UK households expect the BoE to start raising rates within the next six months.

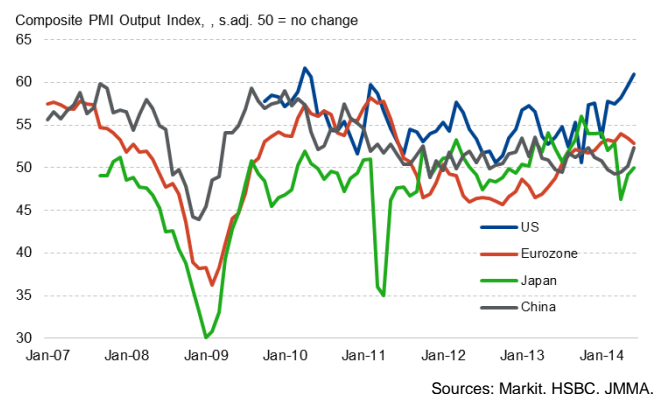
PMI data will be eagerly awaited by the markets, as they will provide insights into growth in the world's four largest economies.

Economic growth picked up in **China** from 7.4% in the first quarter to 7.5% in the second quarter, in an upturn that had been signalled in advance by the [PMI surveys](#). The release of flash PMI data for July will indicate whether growth continued to accelerate at the start of the third quarter. The improvement in growth represents welcome news to the Chinese authorities, who launched a mini-stimulus plan earlier in the year in an attempt to ensure their 7.5% growth target for the year would be met.

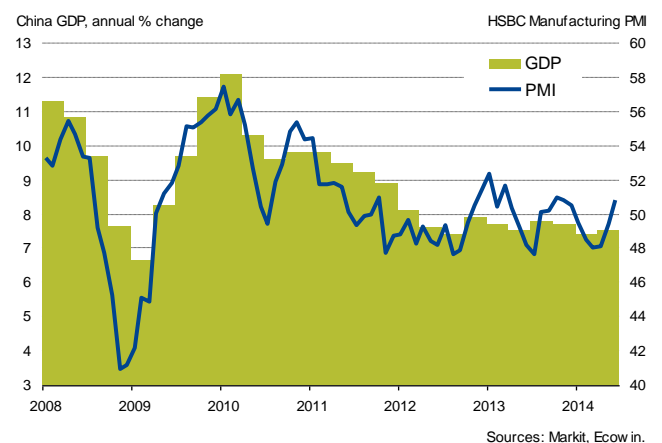
UK GDP and the PMI



Composite PMI™ Output Index



China GDP and the PMI

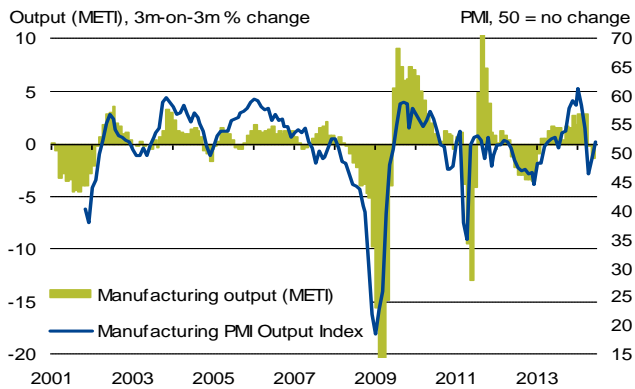


The flash manufacturing PMI data for **Japan** will also be scrutinised for signs that the economy is withstanding April's sales tax hike. [June's PMI](#) has signalled a tentative return to growth after two months of decline.

In the **Eurozone**, the flash PMI for July will give insights into whether the recent ECB actions have provided a lift to growth in the region. PMI [survey data](#) for June disappointed, pointing to a weaker pace of expansion. Growth in Germany eased while the French economy contracted. Any further weakening of the PMI could be a key trigger for asset purchases by the ECB.

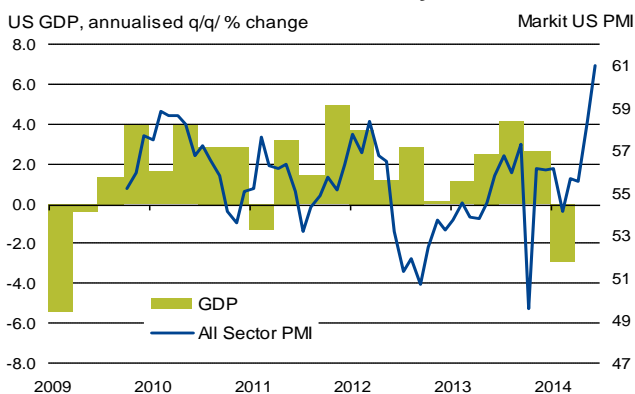
The **US** flash PMI data for manufacturing and services will be keenly watched for signs that the rebound in growth signalled by the surveys for the second quarter persisted into July. [June's PMI surveys](#) had hit a post-crisis high. Inflation numbers are also released and will be watched closely by policymakers for guidance on when interest rates are likely to start rising. With inflation running at 2.1% in May, we could start seeing those expectations being pulled forward if growth and price data continue to surprise to the upside.

Japanese manufacturing



Sources: Markit, JMMA, Ecwin.

US GDP and the Markit PMI surveys



Sources: Markit, Ecwin

Monday 21 July

Rightmove publishes house prices for the UK, while the House Price Index is out in Spain.

Producer price numbers are meanwhile issued in Germany.

In Italy, industrial orders and sales data are released.

The Chicago Fed National Activity Index for June is out in the US.

Tuesday 22 July

The Leading Economic Index is released by China's Conference Board.

In Japan, the All Industry Activity Index is released.

Private sector net borrowing data for June are meanwhile issued in the UK, followed by an update on CBI industrial trends.

Consumer price numbers, house price information and existing home sales data are released in the US.

Wednesday 23 July

Business climate data are released by INSEE in France.

The Bank of England publishes minutes from its latest MPC meeting.

Trade balance information are meanwhile out in Italy.

MBA mortgage applications data are the highlight in the US.

In Canada, retail sales numbers are issued.

Consumer confidence data are released by the European Commission.

Thursday 24 July

Trade data are released in Japan on Thursday.

Flash PMI™ data are published by Markit for Japan, China, the Eurozone and the US.

Retail sales numbers are out in Italy and the UK with the former also seeing the release of consumer confidence data.

Jobless claims, new home sales data and the Kansas Fed quarterly survey of manufacturers are issued in the US.

In Brazil, an update on unemployment numbers is published.

Friday 25 July

Gfk consumer confidence data and the latest Ifo survey results are released in Germany.

Money supply information are meanwhile issued for the eurozone.

Unemployment data and wage inflation numbers are published in Italy.

The first estimate of UK Q2 GDP is published.

Consumer confidence information and current account data are issued in Brazil.

Durable goods orders and the Reuters/ University of Michigan Consumer Sentiment Index are out in the US.

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