

Week Ahead Economic Overview

- **UK begins Brexit process**
- **Germany's Ifo surveys**
- **US Core PCE Price Index**

The UK will formally begin the Brexit process next week at a time when major developed economies are seeing strong growth in the first quarter, according to flash PMI data. The week's other highlights include the US Core PCE Price Index and Germany's Ifo surveys.

Europe

Markets will focus on the **UK** beginning the process of exiting the European Union on March 29, with an EU summit on Brexit to be held one month later. In the meantime, economy watchers will be eager to see if business and consumer spending retains its resilience in the face of uncertainty.

A [slowdown in UK growth in February](#) added to evidence that the economy has lost momentum in the first quarter of 2017, and eyes will focus on updated consumer confidence data for the UK, looking for further signs of weakness in the face of higher prices and weaker growth. [Inflation](#) has surpassed the Bank of England's 2.0% target for the first time since 2013, and higher prices seemingly have already had an impact on [consumer spending](#).

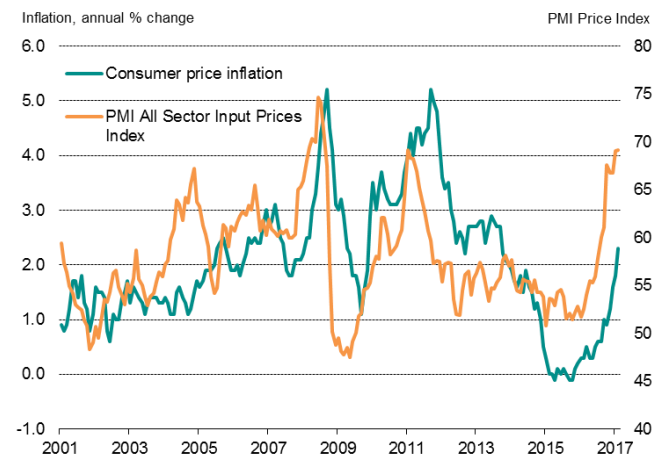
Inflation data for the **eurozone** will further add to the debate on when the ECB should start considering reining in its accommodative policy. We already have an indication of what the numbers may be like: March's flash PMI signalled that the strong growth momentum in the region is being accompanied by persistent inflationary pressures. PMI data have already moved into [territory that is historically consistent with a more hawkish bias at the ECB](#).

Latest Ifo surveys in **Germany** are expected to confirm strong business expectations and current conditions, reflecting improving domestic and international demand and corroborating latest [Germany PMI data](#).

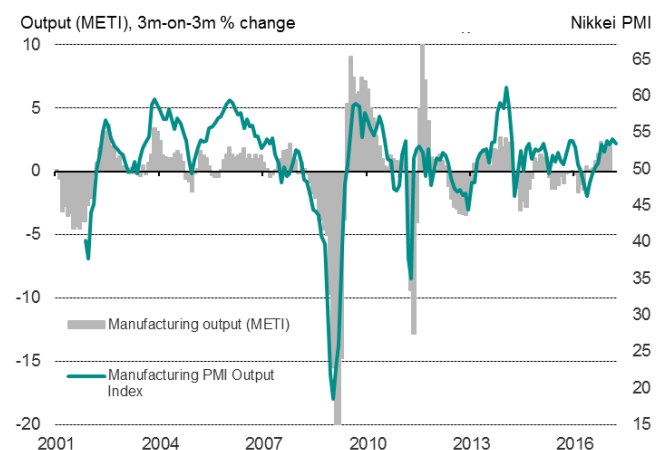
US

Surprised that only two further hikes were being signalled for 2017 at the March FOMC meeting, the

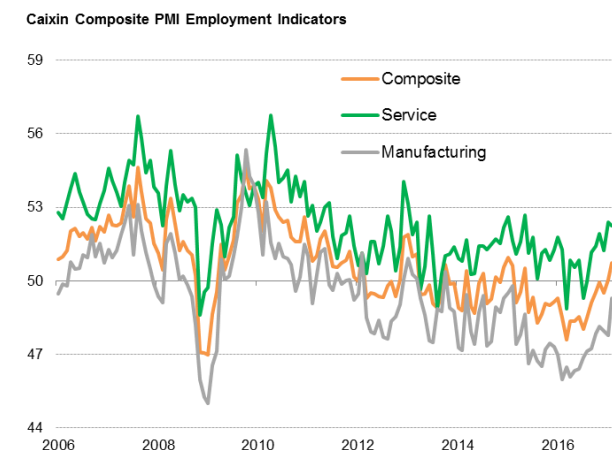
UK inflation and input prices



Japan's manufacturing output



China employment



markets will continue to parse incoming **US** economic data for clues as to how many rate hikes the Fed will dole out this year. While the economy continued to show signs of losing momentum, with the flash March PMI indicating a [slowdown in output growth for the second month running](#), the headline index still signals a solid expansion pace overall.

The US Core PCE Price Index rose by 1.7% in the year to January, which remains below the Fed's 2% target rate. The February data release will help guide expectations of how aggressive policy tightening may need to be.

Asia

China's National Bureau of Statistics releases its manufacturing PMI at the end of the week. IHS Markit will publish the Caixin China Manufacturing PMI on April 1. February's [Caixin PMI](#) data signalled a further improvement in the Chinese economy, with a net job gain seen for the first time in 21 months.

Japan's figures for housing starts and employment are updated next week, which will provide signs as to whether domestic demand is adding fuel to the current upturn. The [Nikkei Flash Manufacturing PMI](#) data indicated further growth in March, underpinned by positive demand trends and boding well for first quarter GDP. However, slower growth of order books, in particular export sales, suggests that the recent appreciation in the yen has chipped away at some of the country's competitiveness.

Meanwhile, the Bank of **Thailand** will meet to decide on its main policy rate. The market is expecting the one-day repurchase rate to be held at 1.5% as external risks remain despite the growth outlook having improved. Recent data show the economy recovering and [improved prospects in the first quarter](#).

Monday March 27

Borrowing figures are available in the euro area, alongside the latest money supply figures.

Germany's latest Ifo survey results are published.

Latest statement from the Bank of England's Financial Policy Committee is released.

In the US, the Dallas Fed Manufacturing Index is issued.

Tuesday March 28

Final Q4 2016 GDP data are released in South Korea.

Italian industrial sales figures are made available.

Russian GDP data are released.

US S&P/Case-Shiller Home Price Index, wholesale inventories, and Richmond Fed Manufacturing Index are out.

Wednesday March 29

Retail sales figures are published in Japan.

Vietnamese GDP, industrial production, inflation and balance of trade data are made available.

Producer prices data are released in Singapore, alongside export and import prices.

In the UK, Nationwide housing prices data are issued ahead of mortgage and lending figures.

The UK will begin the Brexit process by triggering Article 50.

The Bank of Thailand's Monetary Policy Committee holds its second meeting of the year.

US mortgage applications and pending home sales data are out, alongside the latest tally of crude oil inventories.

Thursday March 30

UK consumer confidence data are updated.

Australian new home sales data are out.

Preliminary estimates for inflation data in Spain and Germany are announced.

Euro area data on business and consumer confidence are available.

Brazil's retail sales numbers are issued.

Final update on US Q4 GDP is released.

Latest US weekly initial jobless claims are published.

Friday March 31

Data on industrial production, manufacturing output and retail sales are updated in South Korea.

Japan releases latest figures on industrial production, unemployment, inflation and housing starts.

China's latest NBS Manufacturing PMI is released.

Industrial production, retail sales and private consumption figures are updated in Thailand.

Preliminary inflation data for France and Italy are released.

Final UK Q4 GDP numbers are released, alongside business investment and current account data.

Inflation numbers for the eurozone are published.

Indian data on infrastructure output, deposit growth and borrowing are out.

US Core PCE Price Index, personal income and spending are published.

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