

# Week Ahead Economic Overview

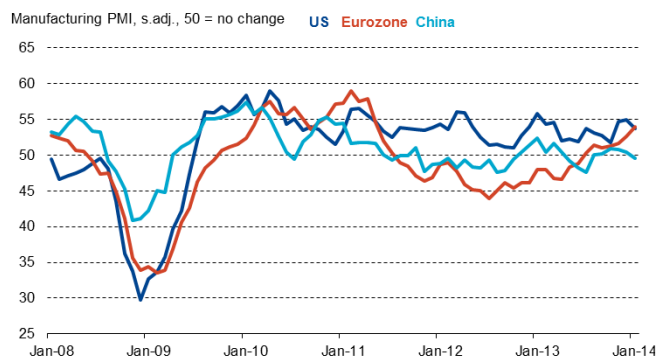
- Flash PMIs for China, Eurozone and the US
- Final GDP estimates for the UK and the US
- US durable goods and personal spending data

In a week that sees flash PMI™ results provide early insights into business trends in the US, China and Eurozone at the end of the first quarter, we may also see a revision to fourth quarter GDP in the US and UK. Sentiment indicators across Europe, including the German IFO index, the inflation rate for Japan, US durable goods orders and the Bank of England's FPC meeting are also among the week's other highlights.

The week starts with the publication of the flash PMI for China, which may shed light on whether the government's already-modest growth forecast of 7.5% for the year is already looking optimistic. [HSBC's China PMI™](#) signalled a further deterioration in manufacturing conditions in February and the flash reading for March will give a clue as to whether the economy is stabilising or losing further growth momentum.

Flash PMI data will also show how economic trends in the wider eurozone are faring in March. [February's PMI](#) had hit a 32-month high, which suggests that the region is on course to grow by 0.4-0.5% in the first quarter, and was highlighted by Mario Draghi as a reason why the ECB was feeling comfortable with the economic picture.

## Manufacturing PMIs

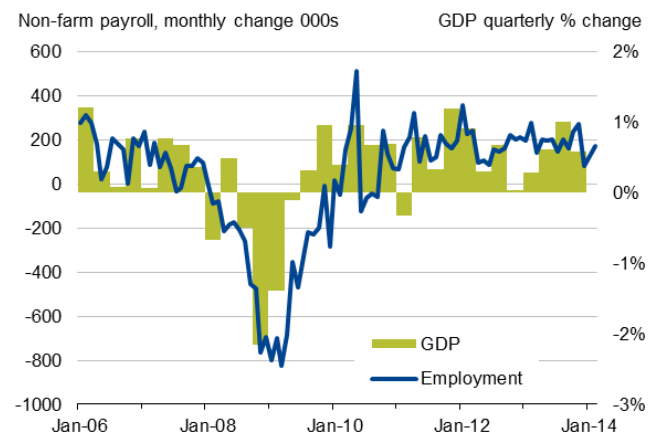


Policy watchers will also be interested to see whether manufacturing growth will pick up further in March. [February's U.S. Manufacturing PMI™](#) rebounded from

a weather-beaten 53.7 in January to 57.1, its highest since May 2010. Further robust readings are needed to reassure the Fed that the recent weakness in official data is primarily weather related. Durable goods and personal spending data will meanwhile provide further indications of GDP growth in the first quarter. Case-Shiller house price data will also provide an all-important barometer in the US residential property market.

A revision to fourth quarter GDP in the US seems likely, with economists polled by Reuters forecasting a revision to +2.7%. Previously, [growth had been revised](#) from an initial annualised rate of 3.2% to 2.4%. Disruptions and uncertainty caused by the government shutdown hit the economy in October, only to be followed by the onset of adverse weather in December.

## US GDP and the labour market



An update on fourth quarter GDP in the UK is not expected to show any revision from the 0.7% growth currently estimated, according to polls of economists. However, with PMI data having run higher than GDP late last year, we still believe that the data will eventually be revised higher. Further robust economic growth is expected for the opening quarter of the year, according to recent [PMI data](#), with further insight to be provided by ONS data on services sector growth and retail sales in January. The ONS also publishes inflation data for the UK, which is likely to have continued to run below the Bank of England's 2% target.

One potential fly in the ointment of the UK recovery could be a housing boom that needs to be cooled by policy intervention. All eyes will therefore be on the Bank of England Financial Policy Committee to see the extent to which the housing market is judged to be a potential problem for financial stability, as well as mortgage approval data.

### Monday 24 March

The March Flash PMI is published by Markit for China, France, Germany, the Eurozone and the US.

Import prices are released in Germany.

Nationwide house prices are issued in the UK.

The Federal Reserve Bank of Chicago published its latest National Activity Index.

### Tuesday 25 March

Business confidence data are published by INSEE for France.

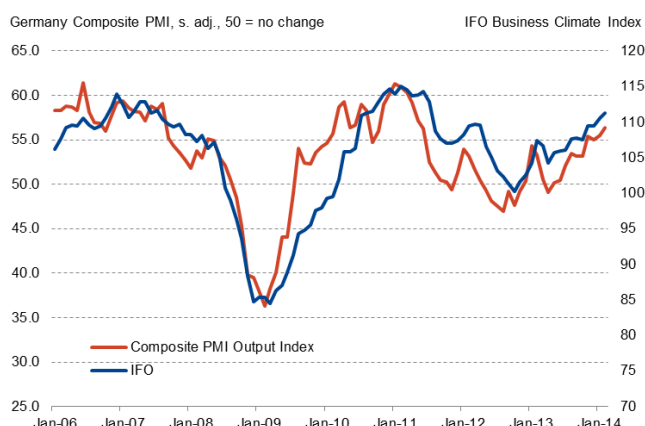
IFO business sentiment indicators are released in Germany.

Producer prices are released in Spain.

An update on mortgage approvals and CBI distributive trades figures, consumer prices and ONS house prices are released in the UK.

In the US, the House Price Index is released by the Federal Housing Finance Agency, followed by S&P Case-Shiller home prices, consumer confidence data and an update on new home sales numbers.

### Germany business indicators



Sources: Markit, Ecwin.

### Wednesday 26 March

Markit releases the US Flash Services PMI for March.

Consumer sentiment data are released by Gfk for Germany.

Retail sales numbers and consumer confidence data are published in Italy.

Current account data are issued in the UK.

Durable goods orders numbers are released in the US.

Wholesale sales numbers are meanwhile released in Canada.

### Thursday 27 March

Retail sales figures are issued in Germany.

The National Institute of Statistics and Economic Studies releases an update on consumer confidence in France.

Money supply information are published for the eurozone.

Business sentiment data are issued by ISAE for Italy.

The Bank of England publishes its statement from March's FPC meeting, while the Index of Services and retail sales numbers are also issued in the UK.

Initial claims, pending home sales numbers, the core PCE Price Index and the third estimate of Q4 GDP are released in the US.

In Japan, consumer prices, real household spending and unemployment data are released alongside retail sales numbers.

### Friday 28 March

The ONS publishes its third estimate of Q4 GDP.

Producer prices are issued in Italy and France, with the latter also seeing the release of consumer spending data.

Flash CPI data and retail sales numbers are released in Spain.

The Business Climate Index is issued for the Eurozone, alongside updates on economic sentiment.

Personal income and spending data are released in the US, followed by the University of Michigan Consumer Sentiment Index.

Germany sees an update on consumer prices.

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