

Week Ahead Economic Overview

- **Worldwide manufacturing and services PMI™ releases**
- **Action likely at ECB policy meeting while no change expected at the BoE**
- **US labour market update**

The week sees the manufacturing, services and whole economy PMI reports released worldwide amid policy announcements from the Bank of England and the European Central Bank, while labour market data are the highlight in the US.

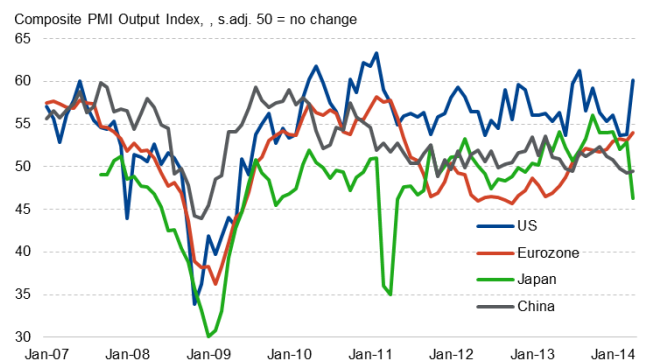
Markit updates its **Eurozone PMI™** data, which includes more national detail. The [May flash](#) reading showed that growth across the region as a whole slowed slightly.

Despite relatively strong economic growth in Germany and Spain, [Eurozone GDP growth disappointed](#) in the first quarter, expanding a mere 0.2%, with the Dutch and Portuguese economies contracting. At face value the weak data raises the likelihood that the [ECB will feel further action is required to boost the region's recovery](#) and help ensure inflation, confirmed at just 0.7% in April, does not fall further. Despite signs that the economic recovery is gathering pace, ECB president Mario Draghi noted that the recovery was still weak and that the bank remained concerned about low inflation. Other important releases for the currency union include flash inflation for May and unemployment data.

The Bank of England announces its latest monetary policy decision on Thursday. Earlier in the month, [labour market data](#) had shown that the **UK** unemployment rate fell to 6.8% in the three months to March, its lowest since early 2009. While the data also showed that pay growth exceeded inflation for the first time since 2010, the rate of growth of employee earnings disappointed. Furthermore, the latest [quarterly Inflation Report](#) suggested that interest rates will not need to rise until the spring of 2015. It is therefore unlikely that any action will take place at the BoE's meeting until wages start to rise at a rate well in excess of inflation, although it is likely that the debate has continued to heat up among MPC members.

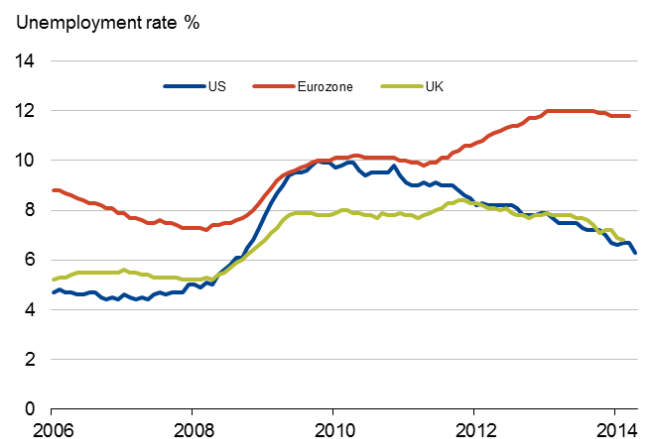
Meanwhile, non-farm payroll numbers and unemployment data are out in the **US**. [Non-farm payrolls beat expectations in April](#) and showed the largest gain since the start of 2012. The unemployment rate meanwhile plummeted to a five-and-a-half year low of 6.3%. The labour market's strength adds to the view that any [weakness in the economic data](#) earlier in the year was primarily a consequence of extreme weather. Markit's flash US PMI survey data for May signalled that accelerated growth also fed through to the labour market, with [manufacturing](#) and [service sector](#) employment rising further.

Composite PMI Output Indexes



Sources: Markit, HSBC, JMMA..

Unemployment Rates across EZ, UK and US



Source: Ecowin.

Monday 2 June

Manufacturing PMI™ reports are released worldwide.

Capital spending data and vehicle sales numbers are published in Japan.

The Halifax House Price Index is issued in the UK, followed by mortgage approvals figures and information on money supply.

Flash inflation numbers are meanwhile out in Germany.

In the US, construction spending data are a highlight on Monday.

Trade balance data are issued in Brazil, while Italy releases an update on its budget balance.

Tuesday 3 June

A number of Manufacturing and whole economy PMI reports and the UK Construction PMI are released by Markit.

Nationwide house prices are published for the UK.

Flash inflation numbers and unemployment data are issued for the euro area.

Factory orders and IBD consumer optimism numbers are released in the US.

Wednesday 4 June

The BRC Shop Price Index is issued in the UK.

Services PMI results are released worldwide by Markit.

A second estimate for first quarter GDP is published for the Eurozone alongside producer price information.

Industrial production numbers are meanwhile issued in Brazil.

Russia sees the release of inflation data.

In the US, the latest results of the ADP employment survey are published, followed by non-farm productivity data, trade balance information, unit labour costs numbers and the release of the Federal Reserve Beige Book report.

Merchandise trade data are issued in Canada and the Bank of Canada announces its latest rate decision.

In Brazil, the Commodity Price Index is updated on Wednesday.

Thursday 5 June

A number of Services PMI reports are issued alongside the Eurozone Retail PMI.

France sees the release of its ILO unemployment rate, while Greece also publishes a labour market update.

Factory orders numbers are the highlight in Germany.

Retail trade data are meanwhile published for the eurozone.

The Bank of England and the European Central Bank announce their latest rate decisions on Thursday.

Building permits data are issued in Canada.

The US sees the release of initial claims.

Friday 6 June

Markit releases the Emerging Markets Index plus the UK and English Regions Report on Jobs.

Japan sees the publication of its leading indicator.

Current account data, industrial production numbers and trade balance information are all out in Germany.

France and the UK also see the release of trade balance data, while industrial production numbers are issued in Spain.

Canada and the US see updates on labour market data.

Oliver Kolodseike

Economist

Markit

Tel: +44 149 1461 003

Email: oliver.kolodseike@markit.com

For further information, please visit www.markit.com. The intellectual property rights to the report provided herein are owned by or licensed to Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index™* and *PMI™* are either trade marks of Markit Economics Limited or are licensed to Markit Economics Limited. Markit is a registered trade mark of Markit Group Limited.