

Week Ahead Economic Overview

- Manufacturing PMI surveys released worldwide
- US nonfarm payroll and PCE price data
- Q1 GDP estimates for Brazil, India and South Korea

Worldwide releases of manufacturing PMI surveys will provide important signals as to global growth and inflation trends in the middle of the second quarter, thereby giving an early indication of the direction of future central bank policy. Other key data highlights include US nonfarm payrolls and inflation, as well as a number of first quarter GDP releases.

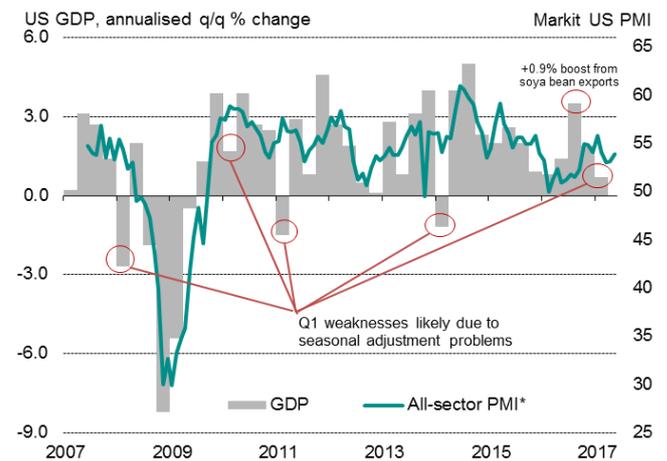
Second quarter economic growth trends are likely to be key to future policy decisions at major central banks, notably the US, which means that the upcoming PMI signals for May will be highly scrutinised.

[Flash PMI surveys](#) indicated that growth in US business activity gained slight momentum in May, supporting the view that GDP will rebound in the second quarter. The upturn is being accompanied by solid inflation in prices charged for goods and services, which will add to expectations of the Fed hiking interest rates again in June. Markets are pricing in an 80%-plus probability of a June interest rate rise.

Alongside updated data from IHS Markit's PMI surveys and the ISM, the US sees the release of nonfarm payroll data. April figures surprised on the upside, showing a gain of 211,000, but flash PMI data point to growth of approximately 160,000 in May. PCE price index, personal income and spending, and trade balance data will also be monitored for indications of US macroeconomic trends.

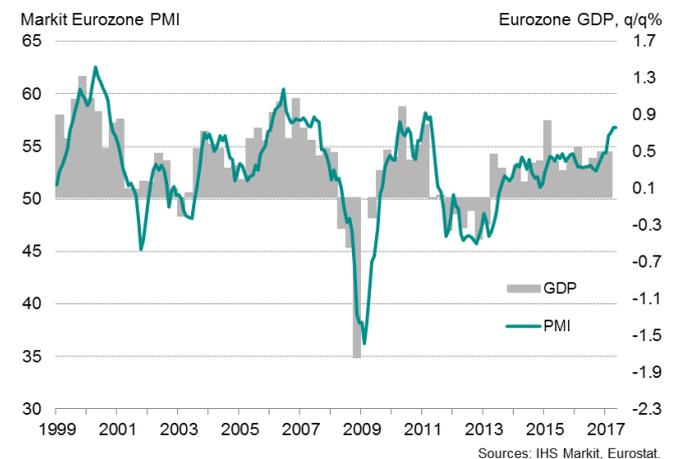
ECB watchers will meanwhile be eyeing the final manufacturing PMI numbers as well as euro area surveys on business and consumer sentiment. [Flash PMI data](#) signalled that eurozone economic growth continued to hold steady at the fastest for six years in May. The pace of expansion signalled by the PMI is historically consistent with the ECB taking a hawkish stance, however a dip in cost pressures added weight to arguments that there's no rush to taper policy,

IHS Markit US PMI and GDP

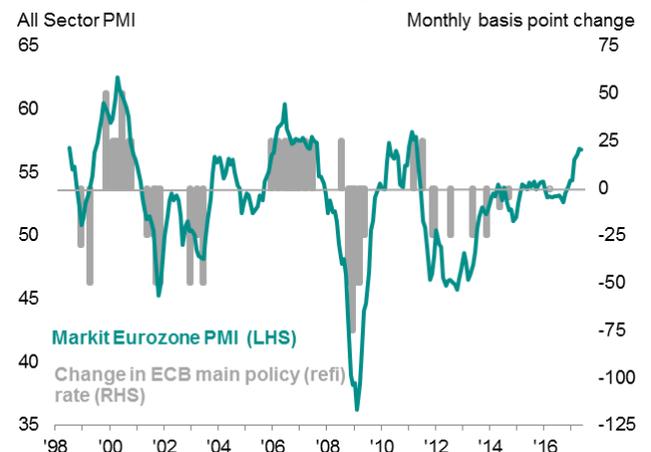


* manufacturing only pre-October 2009

Eurozone PMI and economic growth



Eurozone PMI vs ECB policy



especially given ongoing concerns over Italy's banking woes and Greece's bailout.

Elsewhere, first quarter GDP numbers are out for two of the world's largest emerging markets: Brazil and India. The consensus view is that India economic growth has slowed further from 7% year-on-year in the final quarter of 2016 to 6.9%, its lowest for over a year. [More recent PMI data](#) have indicated that growth remained fragile at the start of the second quarter.

In Brazil, the publication of first quarter GDP is one of a host of important data releases, including updates on unemployment, industrial production and the latest IHS Markit Manufacturing PMI. On top of this, policymakers at the central bank will decide whether or not to further lower the key interest rate from 11.25%.

Monday 29 May

Vietnam issues latest data on industrial production and inflation.

Latest Spanish and Irish retail figures are released.

Tuesday 30 May

Japan publishes data on household spending, retail sales and the labour market.

Business and consumer confidence data for the euro area are out.

Latest inflation numbers are released in Spain and Germany.

The US sees updates for the PCE price index, personal income/spending, home prices and consumer confidence.

US Dallas Fed Manufacturing Index is released.

Wednesday 31 May

South Korea's industrial production, business confidence and retail sales figures are updated.

Japan announces latest housing starts data.

Thailand issues updated figures for industrial production, retail sales and private consumption.

India releases Q1 GDP data.

Germany issues retail sales figures for April and unemployment data for May.

Inflation and unemployment data for the eurozone are out.

UK consumer confidence, consumer credit and mortgage lending data are released.

US mortgage applications are published.

Thursday 1 June

Worldwide manufacturing PMI data are published.

South Korean trade and inflation figures are released.

Brazil issues Q1 GDP figures.

US employment and construction spending data are out.

Friday 2 June

South Korea announces its first quarter GDP data.

Indonesia releases May inflation numbers.

Japan's consumer confidence data are updated.

Producer prices for the euro area are published.

The IHS Markit/CIPS UK Construction PMI is released.

In the US, nonfarm payrolls and trade balance data are issued.

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