

# Week Ahead Economic Overview

- **PMI results to provide insights into global economic trends at the start of Q4**
- **Bank of England announces latest monetary policy decision**
- **Eurozone third quarter GDP results**
- **Non-farm payroll numbers to add to policy debate at the Federal Reserve**

The release of PMI results for October will provide data watchers with the first available information on global economic trends at the start of the fourth quarter, while Eurostat releases its preliminary estimate of third quarter GDP. Meanwhile, central banks in London and Tokyo will announce their latest monetary policy decisions while US non-farm payroll numbers are likely to add to the policy debate in Washington.

Policy makers will meet in London on Thursday to decide whether or not to cut interest rates further from their current record-low of 0.25%. An uptick in inflation and stronger-than-expected third quarter GDP numbers have dampened expectations that the Bank of England will introduce more stimulus at its November meeting. However, with IHS Markit expecting a substantial growth slowdown for 2017 as uncertainties facing businesses and consumers are likely to grow by the triggering of Article 50, there remains a strong possibility that monetary policy will be loosened in early-2017.

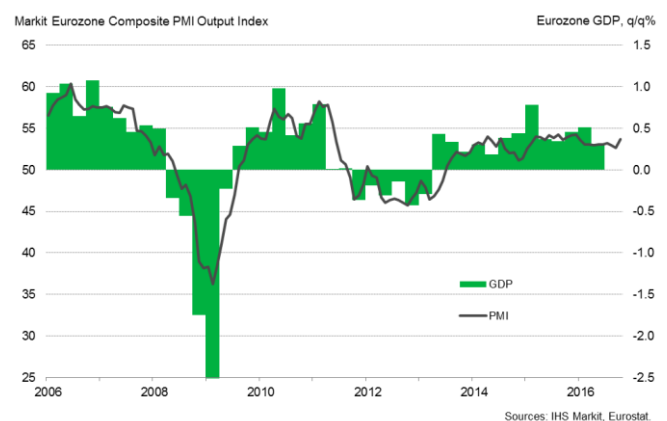
There will also be a big focus on latest PMI results for information on the health of the **UK** economy at the start of the final quarter of 2016. Despite reaching the highest level since January, [the “all-sector” PMI](#) (covering construction, manufacturing and services) indicated that the rate of growth remains modest and confidence about the year ahead remained low amid widespread Brexit-uncertainty. Meanwhile, mortgage approval numbers will provide more information on the state of the UK housing market.

Expectations have been growing that the European Central Bank will announce an extension of its QE programme beyond March 2017 amid relatively subdued economic growth and weak inflation. The

release of preliminary third quarter GDP results and inflation data is therefore likely to add to the policy debate in Frankfurt.

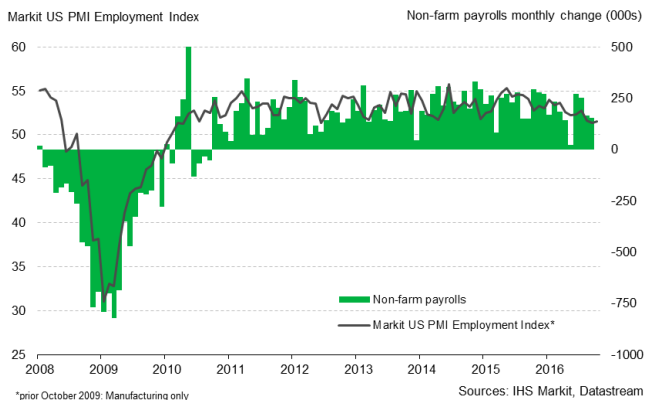
Eurostat releases preliminary third quarter GDP results for the **eurozone** on Monday and recent PMI results are consistent with steady although unspectacular economic growth of around 0.3%, while national data for France and Spain showed GDP growth of 0.2% and 0.7% respectively. Inflation numbers are also updated on Monday and the latest IHS Markit forecast predicts a slight uptick to 0.5% (from 0.4% in September). Final PMI results for October will meanwhile provide more information on economic trends in the region at the start of the fourth quarter. [A flash estimate suggested a slight acceleration in economic growth](#), with a particularly encouraging expansion seen in Germany.

## Eurozone GDP and the PMI



On the other side of the pond, analysts are awaiting **US** non-farm payroll numbers, released by the US Bureau of Labor Statistics on Friday. With the US economy moving towards full employment it is not surprising that jobs growth has cooled for a third month running in September and the 156k gain in non-farm payrolls was below the average so far this year (178k) and even further below the 2015 average (229k). IHS Markit expects the monthly average over the next 12 months to be in the 150k region.

## US non-farm payrolls and the PMI



The release of final PMI numbers, construction spending, factory orders and productivity data will provide additional information on the health of the US economy. The flash PMI signalled economic growth of roughly 2% at the start of the fourth quarter. If confirmed by the final data, this would add to the case for raising interest rate at the end of the year.

There's also a big focus on **Asia** during the week. Not only will PMI results provide insight into the region's economic performance in October, but the Bank of Japan announces its latest monetary policy decision on Tuesday. Analysts expect the central bank to leave its policy stance unchanged, [after it surprised markets in September with the introduction of yield curve control](#). Industrial production and retail sales data are also released in Japan during the week.

### Monday 31 October

Japan sees the publication of industrial production, retail sales, construction orders and housing starts data, while infrastructure output numbers are out in India.

M3 money supply and trade figures are updated in South Africa.

Preliminary third quarter GDP results and inflation numbers are released in the eurozone.

Retail sales data are meanwhile out in Germany and Spain, with the latter also seeing the publication of current account figures.

Mortgage approval numbers and M4 money supply data are released by the Bank of England.

In Brazil, monthly budget figures are issued.

Meanwhile, Canada sees the release of producer price numbers.

Personal income data are published in the US.

### Tuesday 1 November

Manufacturing PMI results are released worldwide.

The Bank of Japan and the Reserve Bank of Australia announce their latest monetary policy decision, while AIG release their Manufacturing Index.

In South Africa, unemployment numbers are issued.

Industrial output and trade data are meanwhile out in Brazil.

Monthly GDP figures are published in Canada.

Construction spending numbers are released in the US.

### Wednesday 2 November

Manufacturing PMI results are released across the eurozone. Moreover, the Markit/CIPS UK Construction PMI is published.

Australia sees the release of building permit numbers.

Consumer confidence figures are issued in Japan.

In Germany, unemployment data are published.

Mortgage data ADP employment numbers and Markit Services PMI results are meanwhile out in the US.

### Thursday 3 November

Whole economy PMI results are published.

The AIG Services Index and trade balance figures are published in Australia.

Inflation numbers are updated in Russia.

Eurostat releases unemployment data in the euro area.

The Bank of England announces its latest monetary policy decision, while Nationwide releases house price figures.

The US sees the publication of factory orders, productivity and initial jobless claims numbers.

### Friday 4 November

Services PMI results are released across the eurozone, Japan and Brazil.

Retail sales numbers are updated in Australia.

Producer price figures are meanwhile out in the eurozone.

Mortgage rate numbers are issued in the UK.

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Updated labour market and trade data are published in Canada and the US.

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