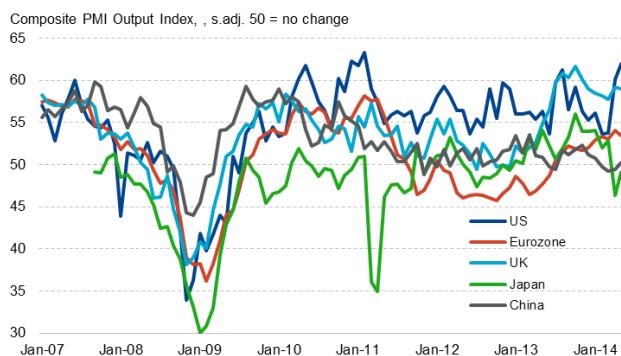


# Week Ahead Economic Overview

- **Worldwide manufacturing and services PMI™ releases**
- **US and Eurozone labour market updates**
- **No change expected at ECB policy meeting**
- **Japan industrial output**

The week sees the manufacturing and services PMI reports released worldwide amid the latest rate decision from the European Central Bank. Labour market data are meanwhile out for the euro area and the US, while Japan sees the release of industrial production numbers.

## Composite PMI™ Output Index



Sources: Markit, JMMMA, HSBC.

Data releases in the **UK** include the PMI surveys, which have shown the economy continuing to boom in the second quarter. Bank of England policymakers see interest rates rising in 2015 only if growth starts to cool in the second half of the year, so any signs of the PMIs picking up again in June could be a trigger for an interest rate hike late this year.

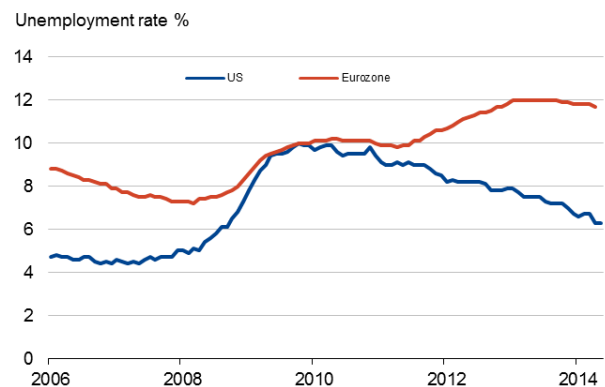
June house price data from Halifax and Nationwide will also be scoured for signs that the housing market may be cooling. The [official measure of house prices rose at an annual rate of 9.9% in April](#), registering the largest yearly increase since June 2010, while inflation fell to a four-and-a-half year low of 1.5% in May. The divergent data will further complicate the discussion about the appropriate timing of the first increase in interest rates from their current record low.

No change is meanwhile expected at the ECB policy meeting after the [“significant” package of five stimulus](#)

[measures](#) announced at their June meeting. However, the update to Markit’s **Eurozone PMI™** data may give clues as to whether the ECB also will need to embark on full-scale quantitative easing. The June ‘flash’ results pointed to [slower growth in the currency union](#) as the downturn in France accelerated and the pace of expansion eased in Germany.

The euro area will also see an update on unemployment. With survey data pointing to increased hiring, the jobless rate may fall slightly from the near-record 11.7%. Other important releases for the euro area include an update on first quarter GDP, currently estimated to have risen by a disappointing 0.2%, which is weaker than the signal from the PMIs.

## Unemployment in Eurozone and the US



Source: Ecowin.

In the **US**, it is hoped that the monthly employment report will bring yet more good news on the brightening health of the US economy after a steeper than previously estimated economic contraction in the first quarter. [The non-farm payroll report was stronger than anticipated in May](#) but, with wage growth remaining subdued, the data do little to change the dovish outlook for interest rates. June’s Markit PMI results and the ISM surveys will meanwhile give further clues as to whether the US economy returned to growth in the second quarter. The ‘flash’ PMI signalled the [strongest rise in business activity since the recession](#), pointing to an annualised rate of GDP growth of up to 3%.

In **Japan**, final PMI data and the release of industrial production data will meanwhile be eyed for signs that the slowdown since the April sales tax rise will prove only temporary and that the economy will revive in the

second half of the year. The 'flash' reading for June pointed to a [return to growth in the Japanese manufacturing sector](#), despite falling employment.

### Monday 30 June

The week kicks off with the release of industrial production data in Japan, followed by construction orders numbers and housing starts figures.

Retail sales numbers are meanwhile issued in Germany.

In the euro area, flash inflation data are published alongside money supply data.

Money supply information are also out in the UK alongside mortgage approvals numbers.

Producer prices data are a highlight in Italy.

Current account balance numbers are published in Spain.

The US sees a fleet of data releases on Monday, including the Chicago PMI, pending home sales numbers and the Dallas Fed Manufacturing Business Index.

### Tuesday 1 July

The results of the Tankan business sentiment survey for June are released in Japan.

Manufacturing PMI data are released by Markit worldwide.

Unemployment numbers are meanwhile released for the eurozone.

In the US, construction spending data, vehicle sales numbers and the ISM manufacturing PMI are published.

### Wednesday 2 July

The latest BRC Retail Sales Monitor data are issued in the UK, followed by Nationwide house prices and the UK Construction PMI.

The Eurozone sees an update on Q1 GDP and the release of producer price numbers.

Mortgage approval numbers, factory orders and ADP employment data are issued in the US.

### Thursday 3 July

Service sector and whole economy PMI data are released by Markit worldwide.

Unemployment data are meanwhile issued in Spain.

Retail sales numbers are released for the euro area and the latest ECB rate decision is announced by the ECB.

Trade data are a highlight in Canada.

Unemployment information, trade balance data, jobless claims, nonfarm payroll numbers and earnings information are all out in the US.

### Friday 4 July

The Eurozone Retail PMI is released by Markit.

Factory orders numbers are meanwhile released in Germany.

Halifax house prices are issued in the UK.

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