

Week Ahead Economic Overview

- **Manufacturing and services PMI™ releases to add insights into global economic trends**
- **ECB policy decision and flash inflation**
- **US non-farm payrolls and factory orders**

The week sees the manufacturing, services and whole economy PMI reports released worldwide amid the policy announcement from the European Central Bank. US non-farm payroll numbers and factory orders are closing highlights of the week.

Markit updates its Eurozone PMI™ data, which includes more national detail, after the [March flash reading](#) showed that growth across the region eased marginally since February. While the economic upturn in [Germany](#) slowed slightly, the [French private sector returned to growth](#).

The PMI is still signalling recovery, with GDP growth for the first quarter expected to be as high as 0.5%. Therefore, no action is the most likely outcome of the ECB's monthly policy meeting on Thursday. However, with inflation down to 0.7% in February, well below the Bank's target of 2.0%, and the Bundesbank clearing the way for quantitative easing, the likelihood of the ECB adding stimulus in coming months to ward off the deflationary threat has undoubtedly grown.

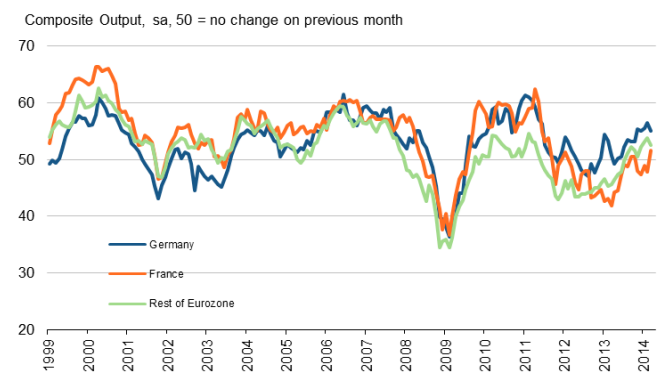
Economic growth is expected to slow in Japan as the sales tax rises from 5% to 8% on Tuesday. Any signs of growth wavering before then are therefore especially worrying, so the PMI data will be watched with particular interest. [Japan's Composite PMI Output Index](#) dropped to a six-month low of 52.0 in February, with activity in the service sector falling for the first time in 17 months. However, muddying the picture, panellists had reported that poor weather had caused widespread disruptions to business activity.

Policy watchers will also be interested to see whether stronger private sector growth in the US signalled by the [flash PMI](#) will be confirmed by final data. Service sector activity rebounded after a weather-torn February and [manufacturing](#) seems to have shrugged off the weather-related weakness seen earlier in the year.

Non-farm payroll numbers and unemployment data are of course the other main highlights in the US. [Non-farm](#)

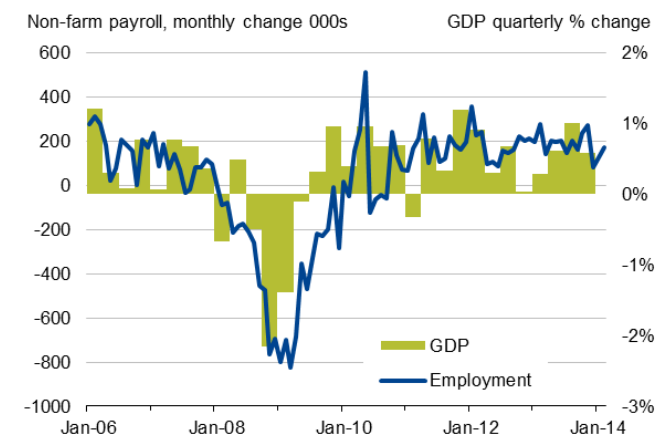
[payrolls rose more than expected in February](#), with January's number also revised higher. However, the unemployment rate rose from 6.6% to 6.7% and the three-month moving average in the rate of growth of non-farm payrolls was the weakest since July 2012. The flash PMIs for March are signalling private sector payroll growth of a mere 130,000 per month. The Fed is widely expected to keep asset purchase tapering in place in the belief that severe cold weather lies behind the weakness of recent data. While a strong (of around 200,000) payroll number will drive talk of an earlier first rate hike by the Fed, a disappointing number (of around 100,000) will intensify fears that the Fed has moved too quickly in withdrawing stimulus. Factory orders data will give further insights into whether or not the US have overcome the weather-related soft patch.

Composite PMIs for the eurozone



Source: Markit.

US GDP and the labour market



Source: Ecowin.

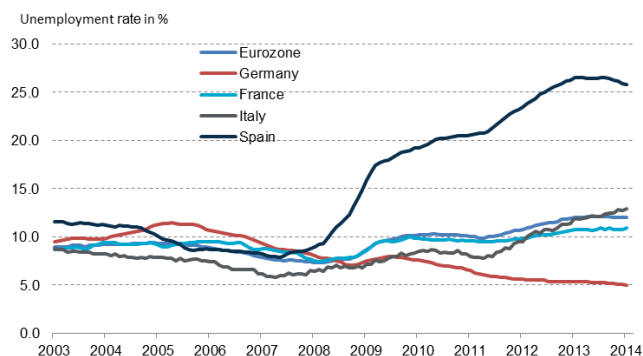
Monday 31 March

Japan sees the release of the Markit/JMMA Japan Manufacturing PMI, followed by an update on construction orders and housing starts numbers.
 Current account numbers are published in Spain.
 Retail sales figures are issued in Germany.
 The final estimate of French Q4 GDP is released.
 In the UK, the Bank of England publishes updates on mortgage approvals, consumer credit and money supply.
 Flash inflation numbers are released for the euro zone.
 An update on GDP is issued in Canada.
 In the US, the Chicago PMI is published.

Tuesday 1 April

Manufacturing PMI data are released worldwide including the Markit Eurozone Manufacturing PMI®.
 Halifax publishes an update on house prices.
 Unemployment data are released for the euro area.
 Manufacturing producer prices and an update on the trade balance are issued in Brazil.
 In Canada, industrial producer prices and the Raw Materials Price Index are issued.
 Construction spending and IBD consumer optimism data are published in the US.
 Japan raises its consumption sales tax from 5% to 8%.

Eurozone Unemployment



Source: Eurostat.

Wednesday 2 April

Nationwide house prices are released in the UK, followed by the CIPS/Markit Construction PMI.
 Producer prices are issued in the euro zone.
 Brazil issues an update on industrial production data.
 The most recent ADP Employment Survey is published in the US, followed by factory orders numbers.

Thursday 3 April

Services and whole economy PMI reports are published globally.
 Retail trade data are released for the euro zone and the European Central Bank announces their latest rate decision.
 Initial claims and trade balance data are released in the US.

Friday 4 April

Markit publishes Retail PMI reports for the Eurozone, alongside February's Emerging Market Index.
 An update on factory orders numbers is released in Germany.
 Labour market updates are issued in Canada and the US.

Chris Williamson

Chief Economist

Markit
 Tel: +44 207 260 2329
 Email: chris.williamson@markit.com

Oliver Kolodseike

Economist

Markit
 Tel: +44 149 1461 001
 Email: oliver.kolodseike@markit.com

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