

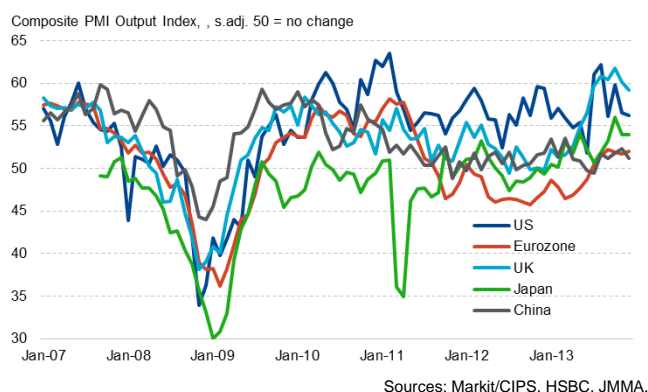
Week Ahead Economic Overview

- **Manufacturing and services PMI™ releases to give first insights into economic growth in 2014**
- **BoE and ECB policy announcements**
- **US non-farm payrolls and trade balance**

The week features worldwide manufacturing and services PMI™ releases, monetary policy decisions from the Bank of England and the European Central Bank, plus US non-farm payrolls.

The January PMI releases will be closely watched for indications of how global business has fared at the start of 2014. The [Markit Flash Eurozone PMI®](#) has signalled a strengthening economic recovery, with the Composite Output Index hitting a 31-month high. An improvement in business activity was also seen in the [US service sector](#), while [China's manufacturing sector](#) contracted for the first time in six months. The UK manufacturing PMI release will also be eagerly awaited to see if the strong end to 2013 signalled by [official data](#) has persisted into the new year.

Composite PMI Output Index



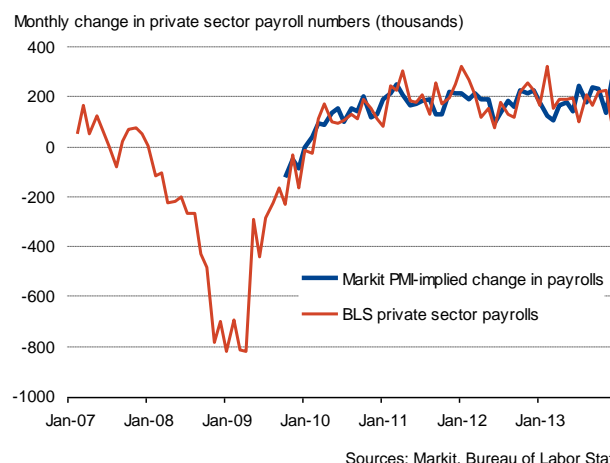
The Bank of England's Monetary Policy Committee meeting is not expected to result in any change to interest rates. Although [unemployment has dropped far faster than the Bank had envisaged](#), falling within 0.1% of the 7% threshold required before the Bank considers hiking rates, Bank Governor Mark Carney has repeatedly stressed that rates will still need to stay low for long. After all, inflation has fallen to the Bank's target and the economy remains 1.3% smaller than before the crisis. The focus will therefore be on how the Bank's 'forward guidance' now changes, with the

next key development likely to be the publication of the February Inflation Report.

No action is also the likely outcome of the ECB's monthly policy meeting, although some are pencilling in a possible response to recent increases in borrowing costs in the region. The ECB's key rate could be cut from the already record low of 0.25% to 0.1%. A negative deposit rate has also been touted. However, with the region's PMI signalling a gathering recovery, the bar to additional stimulus seems high.

Another closely watched release will be the US employment report, after there [were mixed signals on the labour market in December](#): Unemployment fell to a five year low of 6.7% in December, down sharply from 7.0% in November and closer to the FOMC's 6.5% threshold. However, that decline was in part due to people leaving the labour force (the participation rate was the lowest since 1978), and non-farm payrolls rose a far weaker than expected 74k, the smallest increase since the start of 2011. The markets were expecting a 196k rise in payrolls and the unemployment rate to hold steady at 7.0%. [Flash PMI data](#) suggest that the underlying rate of non-farm payroll growth continued to run at around 200k in January.

Private sector hiring and the Markit PMI

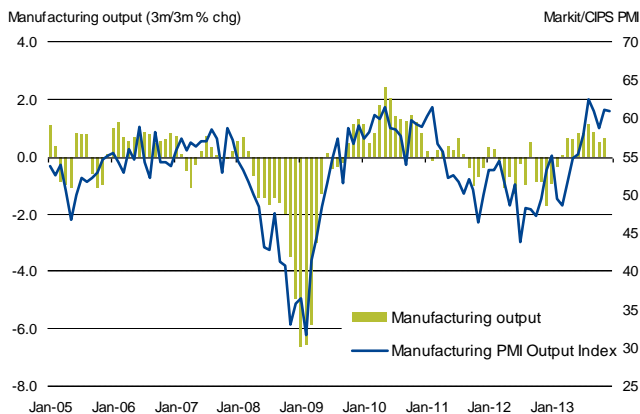


Monday 3 February

Manufacturing PMI data are released worldwide including the Markit/CIPS UK Manufacturing PMI™.

Japan issues an update on vehicle sales.
 Halifax publishes the latest House Price Index for the UK.
 In Canada, industrial producer prices and raw material prices are released.
 Construction spending data are released in the US, followed by vehicle sales numbers.
 Brazil publishes its latest trade balance.

UK manufacturing output and the PMI



Sources: Markit/CIPS, ONS via Ecowin.

Tuesday 4 February

Markit releases a number of whole economy PMI data for Middle Eastern countries, as well as the CIPS/Markit UK Construction PMI™ and the Japan Services PMI™.
 Producer prices are released for the eurozone, while Italy sees an update on consumer prices.
 Industrial production data are issued in Brazil.
 In the US, consumer confidence (IBD) and factory orders are the highlights.

Wednesday 5 February

Services and whole economy PMI data are published globally. Due to the Chinese New Year, the HSBC Taiwan Manufacturing PMI™ is published later than normal.
 The Eurozone sees an update on retail trade.
 The ADP employment survey is released in the US.
 Canada issues its latest building permit numbers.

Thursday 6 February

The Bank of England and the ECB announce their latest monetary policy decisions.

Markit publishes a number of PMI reports, including retail data for the eurozone, the HSBC Hong Kong PMI® and the Markit Germany Construction PMI®.
 Factory orders numbers are issued in Germany.
 Initial claims, non-farm productivity figures and the latest trade balance data are published in the US.

Friday 7 February

The latest KPMG/ REC Report on Jobs for January is published by Markit followed by the HSBC China Services PMI™.
 Industrial production data are released in the UK, Germany and Spain, with the former two also seeing an update on their trade balance.
 France also publishes an update on its trade balance.
 Non-farm payroll numbers are released in the US, with Canada also seeing an update on their unemployment numbers.

Markit's [commentary notes](#) and [press releases](#) can be accessed online, as can a diary of [forthcoming Markit release dates](#).

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