

Week Ahead Economic Overview

- **Worldwide PMI updates**
- **Policy announcements from the RBA, ECB and Bank of England**
- **US non-farm payrolls to guide Fed policy**

A crammed week for economy watchers includes PMI releases, US non-farm payrolls, and policy announcements at the ECB, Bank of England and Reserve Bank of Australia.

The policy announcements will be preceded by the publication of worldwide manufacturing, construction and services PMIs by Markit, with additional flavour for the US added by the ISM surveys.

The [flash Eurozone PMI](#) has already shown the region remaining firmly in recession in May, though the rate of decline has eased. Downturns in the flash PMIs for China and the US have meanwhile added to worries that global growth is waning again. The only real bright spots have been the [UK](#), where the PMIs provided a reassuring picture of growth spilling over from the first quarter into April, and [Japan](#), where growth is surging on a wave of stimulus-fuelled optimism.

Barring any major surprises with the PMIs, no action is likely at the ECB or Bank of England, although there remains an outside chance that policy could be loosened in both cases. At his final policy meeting, Sir Mervyn King is likely to once again vote for further quantitative easing, but he needs to persuade more than the existing two MPC members to agree with him. Furthermore, since the last meeting, even the Bank of England Governor has indicated that he sees a recovery taking hold.

At the ECB, any announcements are likely to take the form of discussions about how to stimulate SME lending rather than cutting rates, although there is a possibility of the ECB cutting the deposit rate to charge banks for parking money at the central bank.

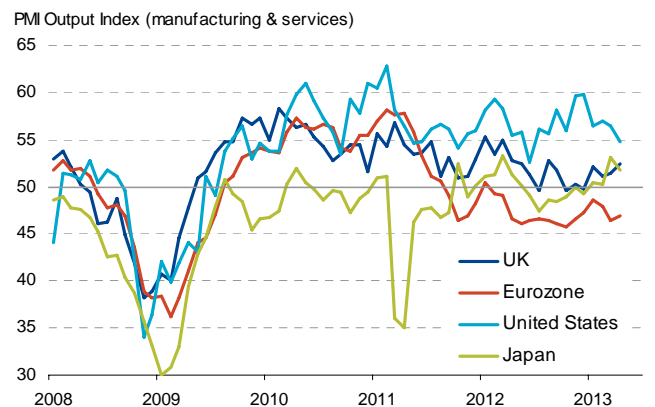
More action is likely at the Reserve Bank of Australia, however, where the likelihood of another cut in interest rates has grown amid signs of slowing growth at home and in [China](#).

As far as official data releases are concerned, the US updates its [non-farm payroll](#) and unemployment data

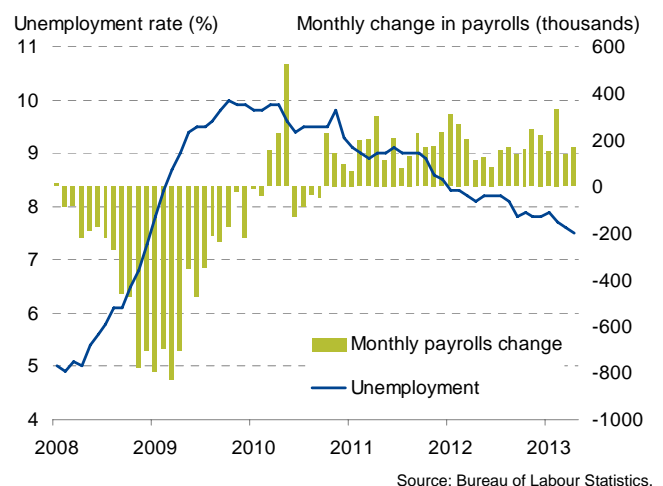
for May. Prior data had been stronger than expected, with upward revisions also noted for previous months. With the Fed eyeing the jobs market as a key barometer with which to gauge the size of its asset purchases, strong payroll data are likely to spook the equity markets again.

If that is not enough to keep busy, the week also sees a wealth of official data including international trade, industrial production and factory orders.

Worldwide PMIs in April



US unemployment and non-farm payrolls



Monday 3 June

Manufacturing PMI data are released worldwide on Monday.

An update on UK house prices in May is meanwhile provided by Halifax.

In the US, construction spending and vehicle sales numbers are also published.

Tuesday 4 June

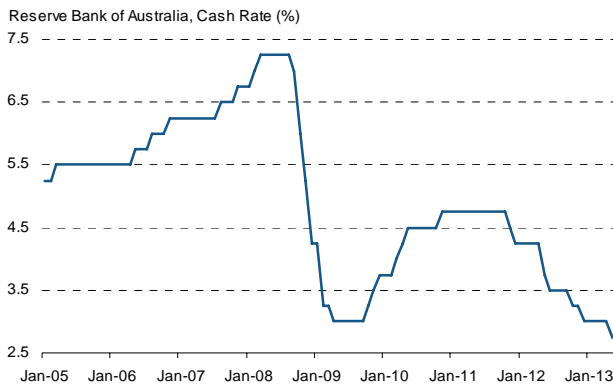
The latest policy decision from the Reserve Bank of Australia is announced on Tuesday. Japanese overtime pay figures follow.

UK construction PMI data for May are published by Markit and CIPS, alongside the latest numbers from the BRC retail sales monitor.

Producer prices inflation data are meanwhile released for the eurozone.

International trade numbers are published in the US, as well as consumer sentiment indicators from IBD.

Reserve Bank of Australia policy rate



Source: RBA.

Wednesday 5 June

Services and whole economy PMI surveys are published worldwide on Wednesday by Markit. The ISM also releases the latest non-manufacturing survey in the US.

GDP data for the first quarter are meanwhile issued in Australia and the eurozone (second estimate).

The euro area also sees latest retail sales numbers for April.

Productivity and labour costs data, the latest results from the ADP employment survey and factory order numbers are published in the US. The Federal Reserve also issues the latest edition of its beige book.

Thursday 6 June

French unemployment data are published in advance of German factory order numbers.

Both the Bank of England and European Central Bank announce their latest monetary policy decisions.

Initial jobless claims figures and the Challenger job cuts report are released in the US.

Friday 7 June

The preliminary reading of the leading indicator is published in Japan on Friday.

International trade data are meanwhile released in Germany, France and the UK.

German industrial production numbers and French business sentiment indicators from the Bank of France are also published.

Non-farm payroll figures are the main economic release in the US.

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

Chris Williamson

Chief Economist

Markit

Tel: +44 207 260 2329

Email: chris.williamson@markit.com

For further information, please visit www.markit.com. The intellectual property rights to the report provided herein is owned by Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index™* and *PMI™* are trade marks of Markit Economics Limited. Markit and the Markit logo are registered trade marks of Markit Group Limited.