

Week Ahead Economic Overview

- **BoE and ECB monetary policy announcements**
- **Worldwide services and whole economy PMI™ data for July**
- **European Industrial production numbers**
- **Chinese inflation and industrial output**

Policy decision at the Bank of England and European Central Bank plus worldwide whole economy and service sector PMI releases are the highlights of a busy week for economy watchers.

No change in monetary policy is again expected at the Bank of England, but the speed with which the **UK economy continues to grow** and **unemployment fall** is likely to intensify the discussion as to whether the first hike in interest rates will take place later this year or be delayed until next year. Expectations are growing that, as seen at the latest FOMC meeting in the US, voting members will start to dissent towards tightening policy.

An update on UK industrial production will meanwhile add to the policy debate. In May, **industrial output dropped 0.7% with manufacturing down 1.3%**, but **strong survey data** suggest a rebound in June. The ONS also pencilled-in a 0.4% increase in industrial production for June in its first estimate of second quarter GDP.

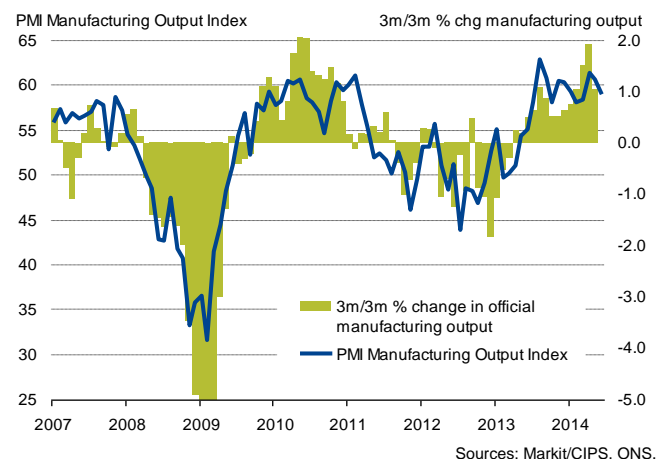
However, perhaps the most important release of the week in the UK will be the services PMI on Tuesday, preceded by the construction PMI on Monday. The surveys will be watched for confirmation of the Bank of England's belief that the pace of economic growth is set to weaken in the second half of the year, which would in turn heighten the argument for rates to stay on hold until next year.

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 will need to step up its discussion on whether to embark on full-scale quantitative easing. The **July 'flash' results** pointed to accelerated growth in the currency union, with the headline PMI the highest in three months.

The ECB will also get some further insight into industrial growth trends with a number of countries including France, Germany, Italy and Spain issuing industrial production data.

In **China**, industrial production data will be eyed for signals that growth in the sector has picked up further from the 9.2% rate seen in June, as has been indicated by recent **'flash' PMI data**. Inflation numbers, retail sales figures and trade data will give further insights about the health of the second largest economy in the world and the outlook for policy.

UK manufacturing production and the PMI



Bank of England monetary policy and the PMI



In the **US**, the services PMI from Markit and the ISM surveys will provide information about how the economy is performing at the start of the third quarter, after [official data](#) showed that GDP surged at an annualised rate of 4.0% in the three months to June. [July's Markit Flash US Service PMI](#) signalled that service sector growth remained strong alongside a buoyant manufacturing sector.

Elsewhere in Asia, the latest official monetary policy statement is released by the Policy Board of the Bank of **Japan** and will give clues about future changes in monetary policy. Other releases in Japan include consumer confidence information.

Monday 4 August

The latest Shop Price Index is released by the British Retail Consortium.

An update on unemployment is meanwhile issued by the Spanish government.

The UK Construction PMI for July is published by Markit.

The Sentix Investor Confidence Index is released for the Eurozone, followed by producer price information.

Tuesday 5 August

Services and whole economy PMI results are released worldwide by Markit.

Trade data are out in Australia, followed by the latest interest rate decision by the Reserve Bank.

Retail sales numbers are meanwhile published for the euro area.

In Canada, housing starts data are issued.

Factory orders data, the Redbook Index and the ISM non-manufacturing PMI are all published in the US.

Wednesday 6 August

Retail PMI results for the euro area and the Emerging Markets Index are published by Markit.

The Leading Economic Index and the Coincident Index are released in Japan.

Factory orders numbers are out in Germany.

The Halifax House Price Index is out in the UK, followed by industrial production data.

Industrial output numbers and Q2 GDP data are released in Italy.

Greece updates its inflation figures.

Trade data are meanwhile issued in Canada and the US.

Thursday 7 August

Machinery orders numbers are issued in Japan, followed by the latest official monetary policy statement by the Policy Board of the Bank of Japan.

Australia updates its labour market data.

Industrial production figures are out in Germany and Spain.

Trade data are meanwhile issued in France.

The Bank of England and the European Central Bank announce their latest interest rate decisions.

Building permits numbers and the Ivey PMI are out in Canada.

Jobless claims are published in the US.

Friday 8 August

Bank lending data and current account information are released in Japan, followed by consumer confidence numbers.

In China, inflation and retail sales numbers, trade data and industrial production figures are published.

Trade balance data and current account numbers are meanwhile out in Germany.

Industrial output figures and the latest budget balance are issued in France.

A labour market update is released in Canada.

Wholesale inventories numbers, nonfarm productivity data and unit labour costs figures are out in the US.

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