

Week Ahead Economic Overview

- Service sector PMIs and ISM non-manufacturing
- ECB and BoE policy decisions
- China inflation and trade statistics

The week sees the publication of worldwide service sector PMI numbers for January, as well as monetary policy meetings at the ECB and Bank of England.

Attention is focused on the UK service sector PMI data, and especially the impact of heavy snow. The services PMI signalled the first reduction in services output in two years in December and any further deterioration would raise the chances of the UK entering a triple-dip recession, despite manufacturing showing signs of improvement. Construction PMI data will also add to the picture. Official industrial production and trade data for December will meanwhile give clues as to growth momentum at the end of last year.

There is no change in policy expected at the Bank of England, where the 0.3% GDP decline in the fourth quarter had been anticipated. Quantitative easing looks to be on hold until clearer pictures emerge of the health of the economy in the first quarter and the effectiveness of the Funding for Lending Scheme.

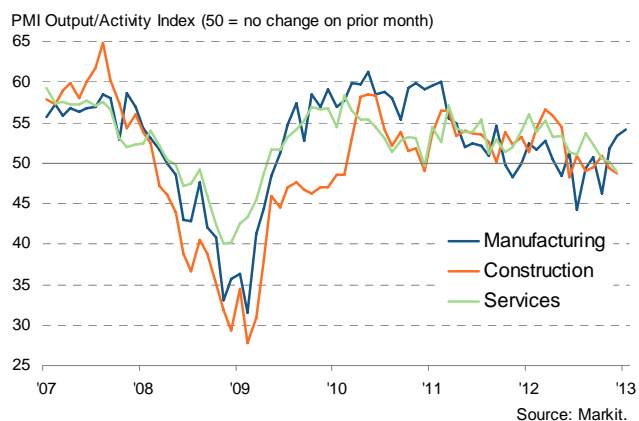
Final Eurozone PMI data will provide the ECB with an updated view of business conditions in January ahead of their policy meeting. Flash PMI data had pointed to an easing in the rate of economic decline amid signs that the "positive contagion" cited by ECB President Draghi is helping the region heal from its debt crisis. No change in policy is therefore expected. The region also sees the publication of official industrial production data for Germany, France, Italy and Spain.

The US sees the release of factory orders and trade data, as well as the ISM non-manufacturing survey, all of which are likely to show that the country's economic health remains far better than the 0.1% annual rate of contraction indicated by fourth quarter GDP data.

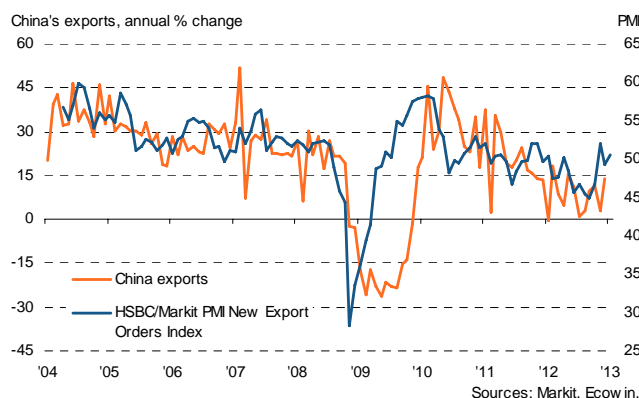
Important data releases are also scheduled for China, including updated inflation and trade numbers for January, which are likely to show price pressures remaining subdued while modest improvement in

exports compared to the weak growth seen late last year.

Markit/CIPS surveys



China exports



Monday 4 February

Markit provides an update on construction business trends in the UK.

Eurozone producer prices figures and the sentix indicator are meanwhile published.

Durable goods order numbers and employment data from the Conference Board are the main economic releases in the US on Monday.

Tuesday 5 February

The British Retail Consortium provides an update on UK retail conditions. Official retail sales figures are similarly published in the euro area.

Services PMI surveys are meanwhile published worldwide.

Italian consumer prices data and US consumer confidence indicators from IBD are also released.

Wednesday 6 February

German factory orders numbers are released on Wednesday.

Weekly mortgage data are meanwhile published in the US, alongside consumer confidence indicators in Canada.

Thursday 7 February

Japan sees the publication of key machinery order numbers on Thursday, in advance of the preliminary estimate of the leading indicator from the Cabinet Office.

International trade data are released in both France and the UK. The UK, as well as Spain and Germany, also see industrial production numbers.

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

Initial claims, labour cost, productivity and consumer credit data are all published in the US.

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Friday 8 February

Bank lending and current account data are released in Japan on Friday, as well as the latest findings from the economy watchers survey.

Consumer and producer prices and trade balance data are meanwhile published in China.

The latest results from the KPMG/REC Report on Jobs survey provide an update on UK labour market conditions during January.

International trade figures are released in Germany. French business sentiment indicators from the Bank of France and Italian industrial production numbers follow.

Trade data are also published in the US, as well as wholesale inventory figures. Meanwhile, housing starts and unemployment numbers are issued in Canada.