

Week Ahead Economic Overview

- **US non-farm payrolls growth may exceed 200k**
- **No change expected at the BoE and ECB**
- **Chinese exports anticipated to have slowed**
- **Services PMI provides an update on December economic trends**

The first full week of 2014 is a busy one. Services PMI releases are followed by policy decisions from the Bank of England and the ECB, as well as the closely watched US non-farm payrolls report. Eurozone inflation and unemployment, UK industrial output and Chinese international trade numbers are also highlights of the week.

Minutes from the December Federal Reserve meeting, where the [Fed started to taper its \\$85bn asset purchasing programme](#), will show how convinced the central bank is of the strengthening US economy. Although the monthly asset purchases were trimmed by just \$10bn, the door is open for further reductions in the coming months if the economic news remains positive.

A key release will therefore be the employment report on Friday. Another month of non-farm payroll growth in excess of 200k looks likely, which should encourage the FOMC to sanction a further taper at its January meeting.

The final [Markit US Services PMI™](#) will meanwhile illustrate business trends at the end of last year. The earlier flash reading signalled the fastest increase in new business since April 2012 and a record rise in employment.

The Bank of England and the ECB will also announce their latest monetary policy decisions on Thursday, with no change widely expected.

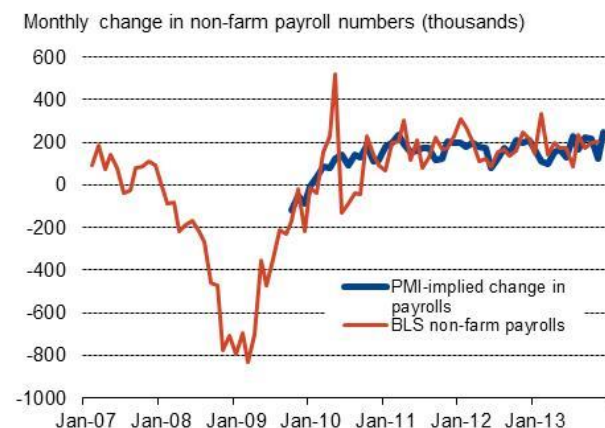
The Bank of England has said it will not raise interest rates until unemployment has at least fallen below 7.0%. However, with the rate having already slumped to a four-and-a-half year low of 7.4%, and [recent economic data suggesting 7.0% could be reached in early 2014](#), many will be eager to see if the Bank will review its forward guidance, perhaps by reducing the unemployment threshold.

The UK also sees latest industrial production and trade data, with the [manufacturing PMI](#) pointing to one of the best performances in the 22-year survey history.

The [Markit Eurozone Manufacturing PMI™](#) rose to a 31-month high in December, indicating the euro area's economic recovery is firmly established. The improving economic data will not prompt action from the ECB, especially as deflationary fears were allayed by an uptick in the inflation rate. Unemployment, retail sales and sentiment indicators are also published.

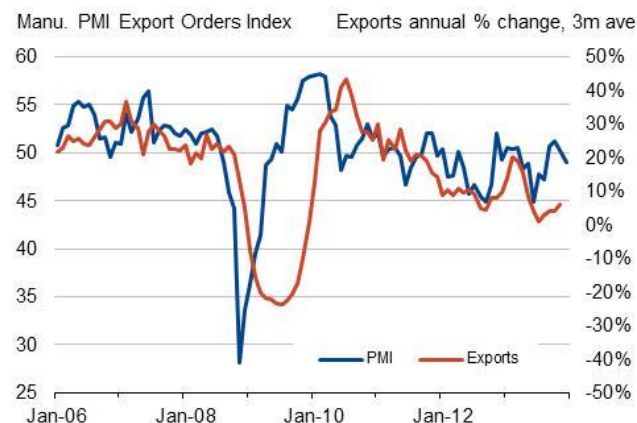
China sees inflation, trade and money supply data. Exports growth is expected to have slowed in December, with the [HSBC PMI showing the weakest trend since August](#), while inflationary pressures are also anticipated to have eased.

US non-farm payrolls*



*December estimate based on Markit flash PMI. Sources: Markit, EcoWin.

Chinese exports



Sources: Markit, HSBC, EcoWin.

Monday 6 January

Services and whole economy PMI data are published worldwide.

Vehicle sales numbers are released in Japan.

The sentix indicator is issued for the eurozone, followed by German inflation data.

Factory orders and the ISM non-manufacturing index are the highlights in the US.

Tuesday 7 January

The HSBC Emerging Markets Index, produced by Markit, is released.

French consumer confidence indicators are published by INSEE.

Unemployment numbers are released in Germany, followed by inflation data for the eurozone and Ireland.

Trade figures are published for the US, Canada and Taiwan. The US also sees consumer sentiment indicators from IBD.

Wednesday 8 January

Markit Global Sector PMI™ data are published.

International trade and factory order numbers are published in Germany.

China also sees latest export and import figures.

Unemployment data are released in Italy, Ireland and the wider eurozone. The euro area also sees retail sales.

Minutes from the previous Federal Reserve meeting are published in the US. Consumer credit and the results from ADP's employment survey are also released.

Thursday 9 January

The KPMG/REC Report on Jobs, produced by Markit, is released in the UK.

Chinese inflation data are released.

International trade numbers are published in both the UK and France.

Eurozone sentiment indicators are issued by the European Commission.

German industrial output numbers are published.

Monetary policy decisions are announced by the ECB and the Bank of England.

Initial jobless claims data are released in the US.

Friday 10 January

The preliminary estimate of the leading indicator is released in Japan.

Money supply data are published in China, while India sees trade numbers.

The BRC provides an update on UK retail sales. Retail sales data are also released in Germany.

Industrial production numbers are published in France, Spain and the UK.

Non-farm payrolls data are issued in the US, with unemployment numbers similarly published in Canada.

The US also sees wholesale inventory numbers.

UK industrial production



Sources: Markit, CIPS, EcoWin.

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