

Week Ahead Economic Preview

- **Worldwide services PMI releases to provide further clues as to fourth-quarter GDP growth and price trends**
- **US non-farm payroll and wages**
- **China trade and inflation**
- **Canada, Australia, India and Brazil decide on interest rates**

Worldwide releases of November services PMI surveys will provide further insights into fourth-quarter growth and price trends for all major economies. US jobs and wage data will meanwhile be gauged for resilience in consumption, thereby influencing future Fed policy.

A number of central banks are set to decide on monetary policy. Other key data highlights include Chinese trade figures and US factory orders, as well as updated GDP numbers for the euro area, Japan and Australia.

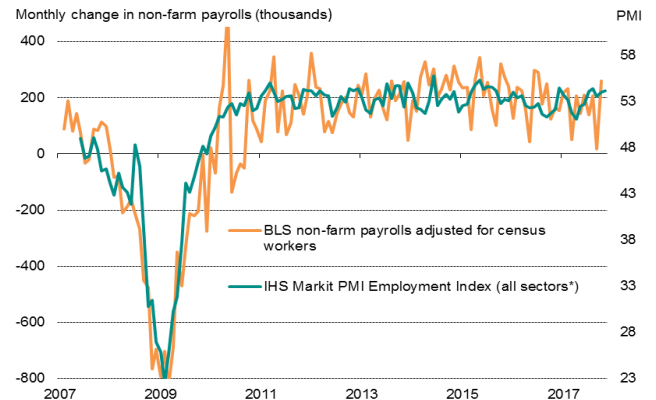
US jobs

The US sees the release of non-farm payroll data. October figures fell short of consensus, showing a smaller-than-expected rebound of 261,000, while flash PMI data point to growth of over 200,000 in November. However, perhaps more focus will be on wage statistics, given that weak inflation has been a problem for the Fed despite a strengthening economy and robust jobs growth. Encouragingly, flash PMI surveys showed that sustained growth in the US economy was accompanied by signs of rising inflationary pressures. As such, solid numbers for both jobs and wage data will add to expectations of the Fed maintaining its projection of three rate hikes for 2018. While markets are currently pricing in a 90%-plus probability of a December interest rate hike, they remain divided over the number of rate increases next year.

Eurozone economy

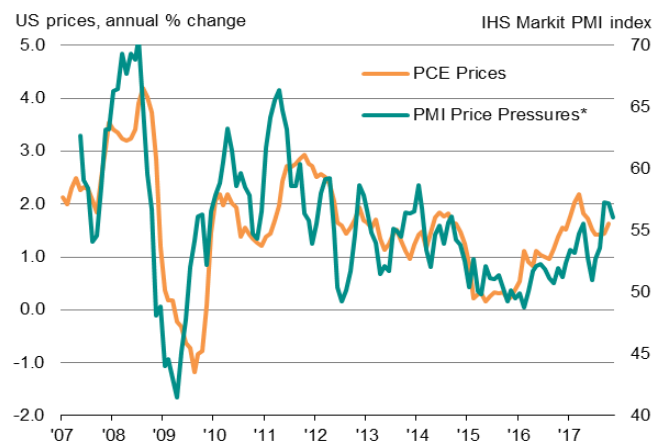
ECB watchers will be eyeing the PMI surveys for updates on services as well as retail. Flash PMI data signalled that eurozone economic growth hit the highest in over six years, with multi-year highs seen for the key PMI sub-indices, including output, employment and prices.

US Employment PMI and nonfarm payrolls



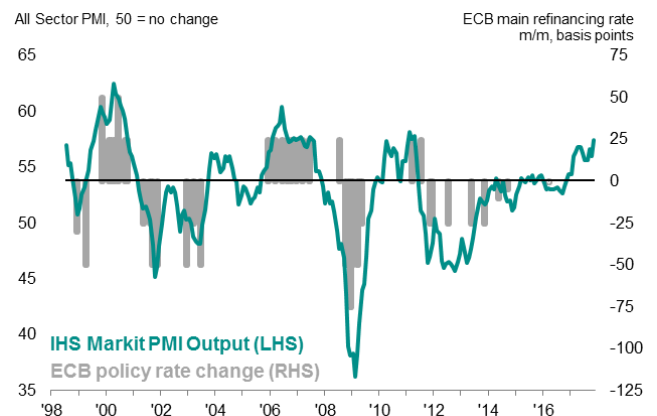
Sources: IHS Markit, BLS

US PMI* and PCE inflation



* A blended index of input prices and supplier delivery times
Sources: IHS Markit, BEA

ECB policy and business activity



Sources: IHS Markit, ECB

The pace of expansion signalled by the PMI is historically consistent with the ECB taking a hawkish stance.. However, recent political concerns linked to separatism in Spain and the German elections may see the ECB preferring to err on the side of caution for the moment. Other key data highlights include final estimates of third quarter euro area GDP growth, as well as retail sales figures.

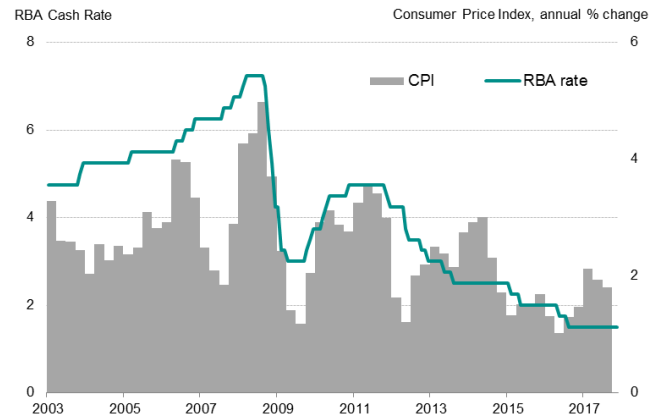
In the UK, a fresh set of economic data will provide details on GDP growth and labour market trends in the fourth quarter. Services and construction PMI data for November will allow a clearer GDP estimate to be made for the quarter, alongside official trade, construction and industrial output data. The REC recruitment industry survey will also offer further clues about the health of the UK labour market heading into the final stages of the year.

Australia GDP

Third-quarter GDP data for Australia are expected to show that growth picked up from the second quarter, according to market forecasts. Faster economic expansion would add to the recent flow of buoyant data, such as improved business investment and construction spending. The Reserve Bank of Australia is deciding on interest rates in the same week, but no changes in monetary policy are expected as inflation remains in check. The policy rate has been maintained at a record low 1.5% since August 2016. While recent PMI data continued to indicate a solid upturn in the economy, [the pace of growth has slowed of late](#).

In China, the Caixin services PMI for November will provide another important lead as to fourth-quarter GDP. China's economy has been resilient so far this year, with average GDP growth in the first three quarters higher than the same period last year. Meanwhile, inflation and trade figures for November will also be released.

Australia CPI and monetary policy



Sources: ABS, RBA

Monday 4 December

Manufacturing PMI surveys (Malaysia, Indonesia and ASEAN) and UK Construction PMI

Japan consumer confidence (Nov)

US factory orders (Oct)

Brazil balance of trade (Nov)

Tuesday 5 December

Worldwide releases of Services PMI and Whole Economy PMI surveys (Nov)

Australia retail sales (Oct)

RBA interest rate decision

Euro area and France retail sales (Oct)

BoE Financial Policy Committee minutes

Brazil industrial production (Oct)

US and Canada balance of trade (Oct)

Wednesday 6 December

IHS Markit Retail PMI surveys (eurozone, France, Germany and Italy)

Australia GDP (Q3)

Brazil, Canada and India interest rate decisions

Germany factory orders (Oct) and Construction PMI (Nov)

Russia inflation (Nov)

US ADP employment (Nov) and unit labour costs (Q3 final)

Thursday 7 December

IHS Markit Sector PMI (Asia, Europe, US and Global)

Australia balance of trade (Oct) and RBA Bulletin

Euro area GDP (Q3 3rd est)

ECB General Council Meeting

Germany industrial production (Oct)

France balance of trade (Oct)

UK Halifax House Price Index (Nov)

Friday 8 December

IHS Markit/REC UK Report on Jobs (Nov)

Japan GDP (Q3 final) and current account (Oct)

Australia home loans (Oct) and business confidence (Nov)

China balance of trade (Nov)

Germany balance of trade (Oct)

France industrial production (Oct)

UK industrial production, construction output and balance of trade (Oct)

UK consumer inflation expectations (Q4)

US nonfarm payrolls, unemployment rate and average earnings (Nov)

US wholesale inventories (Oct)

US Uni. Michigan consumer surveys (Dec)

Saturday 7 December

China inflation (Nov)

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[Click here](#) for more PMI and economic commentary.

For further information, please visit www.ihsmarkit.com