

Week Ahead Economic Preview

- **Worldwide release of services PMI data to provide clues on third-quarter GDP and inflation trends**
- **ECB monetary policy meeting**
- **Australia Q2 GDP and RBA policy meeting**

Worldwide releases of August services PMI surveys will provide important steers on third-quarter growth and inflation trends for major economies. A number of central banks will also decide on monetary policy, with markets eagerly awaiting the latest ECB policy meeting. Other key data highlights include US trade and factory orders as well as updated GDP numbers for the euro area and Japan.

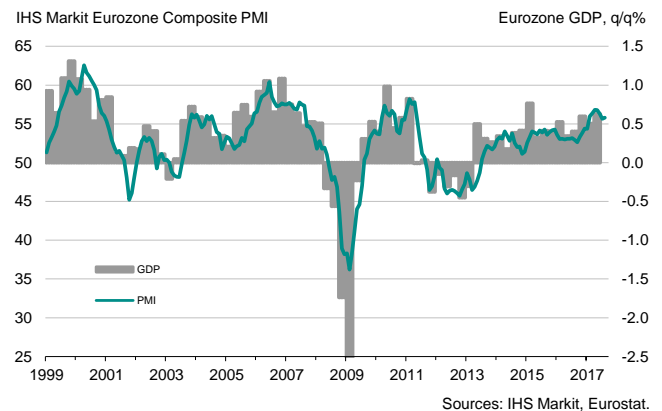
The ECB meeting next week is likely to see little action, but the focus is on any indications of when the central bank might begin tapering its asset purchases. Weak inflation remains a trouble spot for the central bank despite a strong economic recovery in the euro-area. The ECB is also worried that recent euro strength could be exacerbated by hawkish rhetoric, and may therefore pose as a threat to the upturn.

The Eurozone Services PMI survey will meanwhile provide more clues as to whether the impressive upturn and rising inflationary pressures are being sustained in the third quarter. The key question for policymakers is the extent to which these price pressures will feed through to consumers and wages.

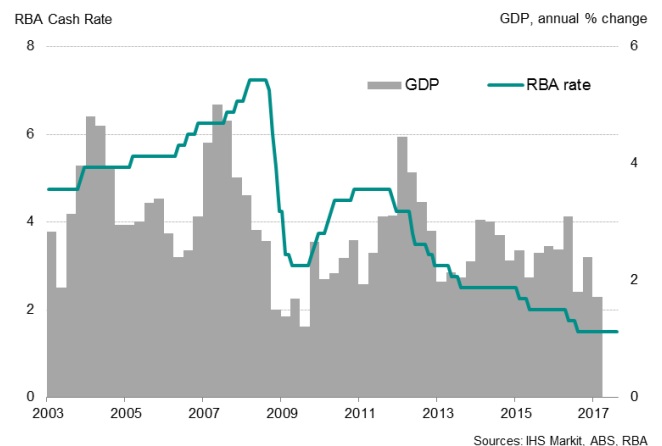
In the US, updated data from the IHS Markit services PMI and ISM will be keenly watched for updated signs of the health of the economy in the third quarter and the timing of the next Fed interest rate rise. Markets are pricing in a roughly 40% probability of a December rate hike. Other key US data includes trade figures and factory orders, which would give further clues as to the health of US manufacturing sector.

A fresh batch of UK economic data will provide details on GDP growth and labour market trends in the third quarter. Strong data will add fuel to recent hawkish sentiment among some Bank of England Monetary Policy Committee members. Services and construction PMI data for August will allow a clearer GDP estimate to be made for the quarter, accompanied by official trade, construction and industrial output data.

Eurozone PMI and economic growth



Australia GDP and monetary policy



The REC recruitment industry survey will meanwhile provide clues as to whether the UK's recent impressive labour market performance has been sustained into August.

Second-quarter GDP data for Australia is expected to show that growth picked up from the first quarter, according to market forecasts. Accelerated economic activity will add to the recent flow of buoyant data, such as business investment and construction spending, and would be welcomed by the Reserve Bank of Australia. The central bank is deciding on interest rates in the same week, but no changes in monetary policy are expected. The policy rate has been maintained at a record low 1.5% since August 2016. [Recent PMI data](#) continued to indicate a solid upturn in the economy.

Monday 4 September

IHS Markit Manufacturing PMI surveys for ASEAN, Philippines, Malaysia and Indonesia (August)

Indonesia inflation (August)

UK Construction PMI (August)

Euro area PPI (July)

Brazil balance of trade (August)

Tuesday 5 September

Worldwide release of IHS Markit Services PMI surveys (August)

RBA interest rate decision

Euro area retail sales (July)

US factory orders (July) and economic optimism (September)

Brazil industrial production (July)

Russia, Philippines and Taiwan inflation (August)

Wednesday 6 September

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

Whole Economy PMI surveys for Singapore, UAE, Egypt, Saudi Arabia and Lebanon (August)

Australia GDP (Q2)

Germany factory orders (July) and Construction PMI (August)

US trade data (July)

Brazil inflation (August) and interest rate decision

Thursday 7 September

Australia trade data (July)

UK Halifax House Price Index (August)

Germany industrial production (July)

Euro area GDP (Q2 3rd estimate)

ECB interest rate decision

US unit labour costs and nonfarm productivity (Q2)

Malaysia interest rate decision

Friday 8 September

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

IHS Markit / REC UK Report on Jobs (August)

Japan GDP (Q2 final)

China and Taiwan trade data (August)

Germany trade data (July)

France industrial production (July)

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

UK consumer inflation expectations (Q3)

US wholesale inventories (July)

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