

# Week Ahead Economic Overview

- **UK general election**
- **Worldwide release of services PMI surveys**
- **ECB, RBA and RBI to decide on monetary policy**
- **Eyes on China's inflation and trade figures**

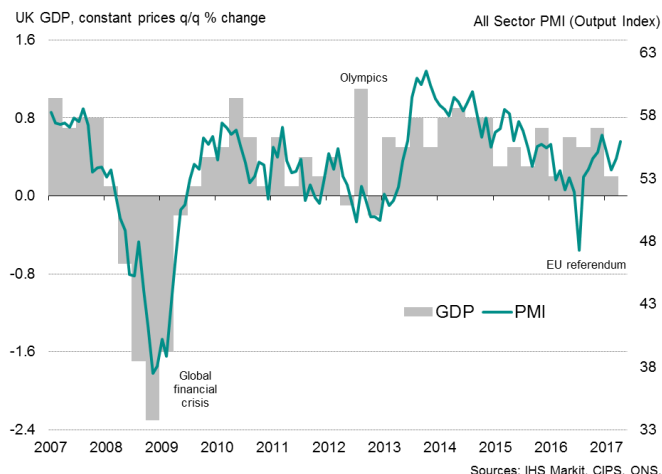
The focus next week is the UK general election, where the outcome will have important ramifications for Brexit negotiations. Alongside political events comes a worldwide release of May services PMI surveys that will provide all-important steers of second-quarter growth and inflation trends for major economies, including the UK. A number of major central banks will meanwhile decide on monetary policy.

The UK and sterling are under the spotlight in the run-up to the general election, with the Conservatives' lead in the polls having narrowed sharply in recent weeks. PMI survey data on the service sector will meanwhile provide a key indication of the health of the economy in the second quarter. Official data showed the economy got off to a disappointing start in 2017, growing just 0.2% in the three months to March. But April's PMI data indicated a strong rebound, and May's manufacturing and construction numbers have likewise indicated that growth could pick up in the second quarter.

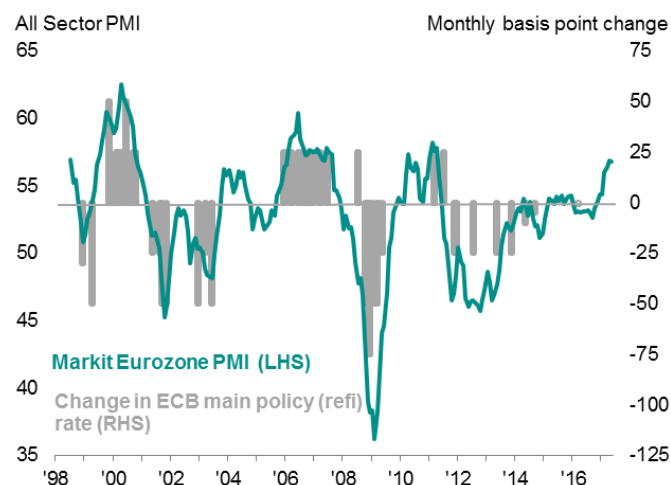
Other key UK data highlights include official industrial production, construction output and trade data.

The week also sees the ECB's Governing Council's monetary policy decision, as well as a new estimate of first quarter growth. After GDP data for France and Italy have been revised higher, there's a chance that the first estimate of 0.5% GDP growth for the euro area could also get revised up. Alongside [flash PMI survey data](#) showing growth running at a six-year high in the second quarter, the strong start to the year will fuel speculation that the ECB will kick off discussions on tapering stimulus. We anticipate the central bank to extend its asset purchases into 2018, but at a reduced rate.

## UK PMI and GDP compared



## ECB policy and PMI business activity



Analysts are keenly watching the US data flow to gauge the extent to which the economy will rebound in the second quarter. The final PMI readings and ISM non-manufacturing numbers therefore come into focus. [Flash May PMI surveys](#) showed growth in US business activity gained modest momentum, although the upturn still looks somewhat underwhelming as manufacturing expansion was held back by lacklustre export sales. Overall, a sustained strengthening of business activity growth will add to expectations of the Fed hiking interest rates again in June.

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In China, the Caixin services PMI for May will provide another important lead as to second quarter GDP. At 6.9%, the strength of China's first quarter GDP growth took analysts by surprise but had been flagged well in advance by the PMI. However, the renewed slide in the [manufacturing PMI](#) supported the prevailing view that growth will wane in the second quarter. China also sees CPI and PPI data, which are expected to show slowing inflation, as well as trade figures for May.

### Monday 5 June

IHS Markit Services PMI, worldwide, May  
 Malaysia exports & imports, April  
 Thailand consumer confidence, May  
 Spain consumer confidence, May  
 US Q1 unit labour costs (final estimate)  
 US Fed labour market conditions index, May

### Tuesday 6 June

IHS Markit Retail Sales PMI Eurozone, Germany, France and Italy, May  
 Reserve Bank of Australia meeting  
 Taiwan, Philippines and Russia CPI, May  
 Euro area retail sales, April  
 IHS Markit Germany Construction PMI, May  
 US Economic Optimism index, June

### Wednesday 7 June

Australia Q1 GDP  
 Taiwan exports & imports, May  
 Japan leading economic index, April  
 Reserve Bank of India policy meeting  
 UK House Price Index, May  
 Germany factor orders, April  
 Euro area Q1 GDP (third estimate)

### Thursday 8 June

Japan Q1 GDP (final estimate)  
 China exports, imports and trade balance, May  
 UK general election, Q2 consumer inflation expectations  
 Germany industrial production, April

ECB monetary policy decision

### Friday 9 June

Philippines exports & imports and industrial production, April  
 China CPI & PPI, May  
 Malaysia industrial production, April  
 Brazil CPI, May  
 UK industrial production, construction output, balance of trade, April  
 UK Q1 construction orders  
 Germany balance of trade, April  
 France industrial production, April  
 US wholesale inventories, April

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