

Week Ahead Economic Preview

- **US inflation and retail sales**
- **China trade, inflation credit and money supply**
- **IHS Markit Sector PMI releases for Asia, Europe, US and Global**

US inflation and retail sales figures are in focus next week as analysts search for clues as to the timing of the next Fed rate hike. A host of data from China, including trade, credit growth and inflation, will meanwhile provide signals of underlying growth and price trends. Other key data highlights include UK industrial production and construction output.

The release of detailed global and regional sector PMI data by IHS Markit will offer more nuanced insights into recent economic trends.

US inflation

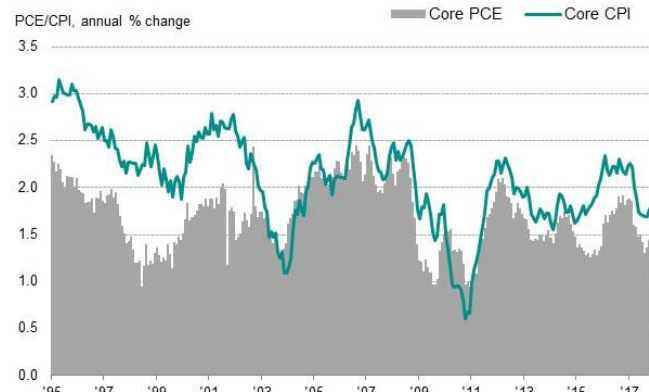
US PMI surveys indicated that the economy ended 2017 in good shape. The combination of steady growth, a solid labour market and rising prices have added to expectations that the Fed will remain on track for another rate hike in the near future, with March looking likely. Markets are assigning a [probability of over 60%](#) to a March rate move (with incoming Fed chairperson Jerome Powell helping his first policy meeting).

On that note, official statistics on US inflation will provide further insights into price pressures, with market expectations of an annual rise of 1.8% for core inflation, slightly higher than November. A stronger number will add to expectations that the Fed will revise up its current projection of three rate rises this year. Other notable US data releases include retail sales and wholesale inventories.

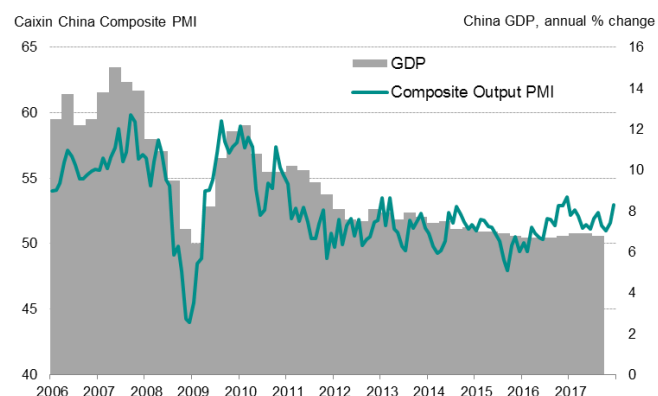
China data

China watchers will look out for a host of data for December published during the week, including trade, fixed asset investments, credit and monetary growth, ahead of official fourth-quarter GDP figures due on January 15. [Caixin PMI surveys](#) showed the Chinese economy ending 2017 on a strong note, marking its best year since 2010.

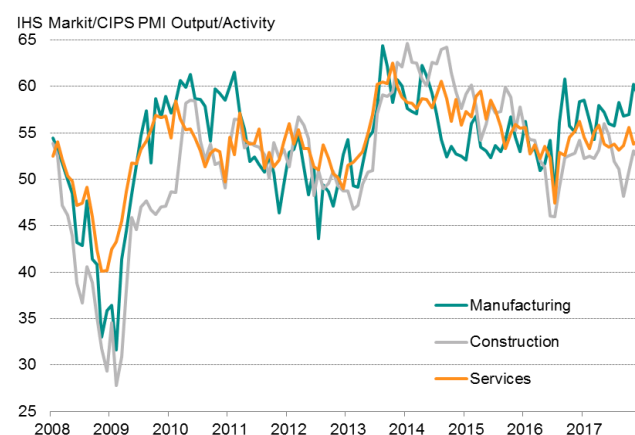
US inflation



China PMI and economic growth



UK PMI: Output of the three main sectors



UK output indicators

In the UK, updates to industrial production and construction output will be watched for clues as to the health of the UK economy.

Market expectations are for industrial production to grow at an annual rate of 3.5%, close to that recorded in October and among the highest rates seen in recent years. This will be consistent with the [UK PMI surveys](#), which indicated that solid export gains have recently helped boost the goods-producing sector.

In contrast, the predicted rebound in construction output from October's decline is expected to be a weak one, with markets looking at annual growth of 1.9%. Nevertheless, PMI survey evidence noted that improved house building activity provided a fillip to the construction sector in the final months of 2017, [helping the sector stabilise from its recent downturn](#).

Monday 8 January

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

UK Halifax House Price Index (Dec)

Taiwan trade (Dec)

Germany factory orders (Nov)

Spain business confidence (Dec)

Euro area retail sales (Nov)

Euro area economic sentiment and business confidence (Dec)

Tuesday 9 January

IHS Markit / REC UK Report on Jobs (Dec)

Japan consumer confidence (Dec)

Australia building permits (Nov)

Germany industrial production and trade (Nov)

Euro area unemployment rate (Nov)

Brazil retail sales (Nov)

US JOLTs job openings (Nov)

Wednesday 10 January

Australia business confidence (Dec)

China, Brazil and Russia inflation (Dec)

India balance of trade (Dec)

France industrial production (Nov)

ECB non-monetary policy meeting

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

US wholesale inventories (Nov)

Thursday 11 January

Australia retail sales (Nov)

Malaysia industrial production (Nov)

France inflation (Dec final)

Italy retail sales (Nov)

Euro area industrial production (Nov)

ECB monetary policy accounts (13-14 Dec)

US PPI (Dec)

Friday 12 January

China FDI, trade, credit and money supply (Dec)

Italy industrial production (Nov)

India industrial production (Nov) and inflation (Dec)

US inflation and retail sales (Dec)

US business inventories (Nov)

Bernard Aw

Principal Economist

IHS Markit

Tel: +65 6922 4226

Email: bernard.aw@ihsmarkit.com

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For further information, please visit www.ihsmarkit.com