

# Week Ahead Economic Preview

- **Flash PMI surveys to provide economic health updates for the US, euro area, Germany, France and Japan**
- **Fed, ECB and BoE decide on monetary policy**
- **UK inflation, employment and wage data**
- **China retail sales, investment and credit numbers**

Next week sees December Flash PMI releases, providing insights into the health of the US, eurozone and Japanese economies at the end of the fourth quarter.

The US Fed, ECB and Bank of England meet to decide on monetary policy, though only the first is expected to hike. However, Bank of England watchers will be keenly eyeing UK inflation, retail sales, employment and wage data for further signals on the potential for future rate hikes, and the eurozone PMI numbers will help steer the ECB's appetite for 2018 rate hikes. Meanwhile, China publishes a host of data, including industrial output, retail sales, investment and credit growth.

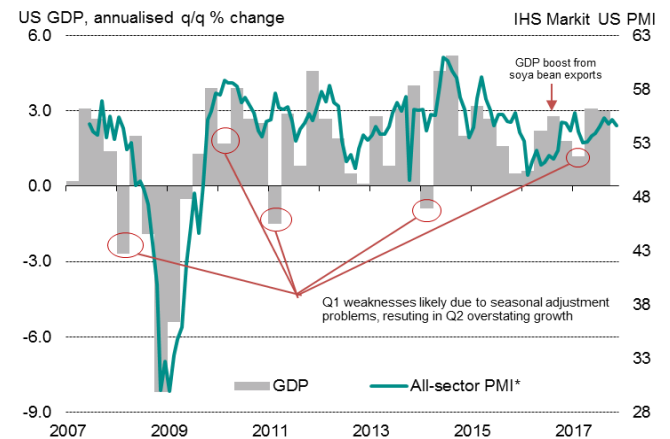
## Fed hike expected

The December flash PMI readings will provide an important steer on the health of the US economy in the closing quarter of 2017, in terms of underlying output growth, employment and inflation. [November PMI data](#) had shown another encouraging picture of US economic growth, accompanied by robust hiring, but also found signs of rising inflationary pressures.

On that note, official statistics on inflation will also provide further insights into price pressures, with market expectations of an annual rise of 1.7% for core inflation, down slightly from October. While any data are unlikely to derail the third rate hike at the FOMC meeting next week (markets are assigning a 90% probability to such a hike), the fresh batch of numbers will add to the debate on how many hikes will be seen in 2018. Analysts are also keeping an eye out for any changes to the Fed projections of three rate rises next year from the updated dot-plot graphs.

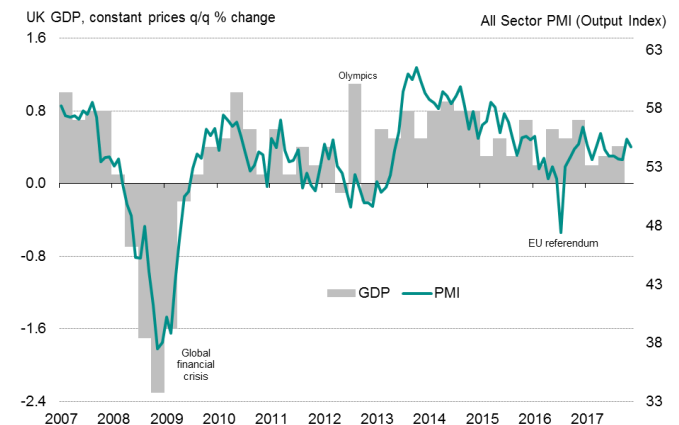
Other notable US economic data releases include November retail sales, industrial production and business inventories.

## US PMI and GDP



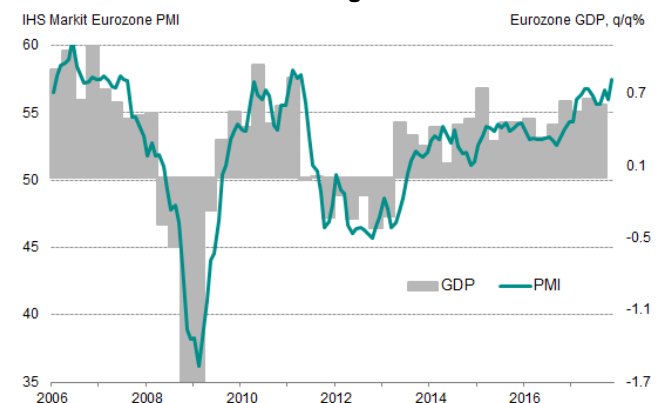
Sources: IHS Markit, Datastream

## UK PMI and GDP



Sources: IHS Markit, CIPS, ONS

## Eurozone PMI and economic growth



Sources: IHS Markit, Eurostat

## Bank of England to hold

The Bank of England is setting monetary policy next week but is expected to keep the policy rate unchanged. While the [latest PMI survey](#) indicated that the UK economy is maintaining course to sustain steady growth into the end of the year, the rate of expansion business confidence continued to be subdued by Brexit worries.

Hawkishness regarding UK interest rates may intensify as official data are widely expected to show UK inflation breaking over the 3% level in November. Stronger growth of input costs indicated by recent PMI surveys suggests that the recent oil price increase may mean the inflation peak remains some way off. Official wage data will also be released, providing a key indicator of any likely future rate hikes, with hawks looking for signs of inflation feeding through to higher pay.

## Eurozone growth

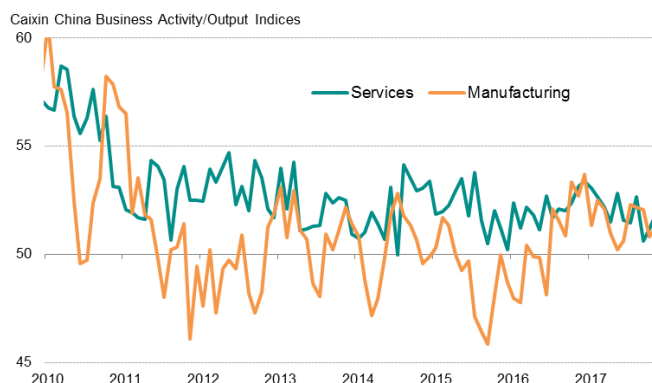
With [November PMI data](#) indicating a solid eurozone growth spurt, putting the economy on course for its best quarter since the start of 2011, analysts are eagerly awaiting the December flash PMI to assess growth momentum herading into 2018.

On the same day, the ECB will decide on interest rates, though policy is expected to be left unchanged. However, ECB analysts will be keenly monitoring rehtroic relating to the future QE policy path. While growth has surpsied to the upside, core inflation remains stubbornly subdued.

## China data

In China, a host of data for November will be released, including retail sales, industrial output, fixed asset investments, credit and monetary growth. Trends in industrial production and retail sales will be assessed for the strength of domestic demand, with [Caixin PMI surveys](#) presenting an overall picture of steady growth in November despite the government's crackdown on factory pollution weighing on manufacturing performance.

## China PMI: manufacturing and service sectors



Sources: IHS Markit, Caixin

## Monday 11 December

PMI surveys for England, Wales, Scotland, Northern Ireland

Ireland Construction PMI

Turkey GDP (Q3)

India trade balance (Nov)

US JOLTS job openings (Oct)

## Tuesday 12 December

Japan PPI and machine tool orders (Nov)

Australia business confidence (Nov) and house price index (Q3)

Malaysia and Philippines industrial production (Oct)

India current account (Q3), industrial production (Oct) and inflation (Nov)

Euro area and Germany ZEW surveys (Dec)

UK inflation (Nov)

Russia GDP (Q3 final) and trade balance (Oct)

US PPI (Nov)

## Wednesday 13 December

Japan machinery orders (Oct)

Australia consumer confidence (Dec)

Germany inflation (Nov final)

Euro area Q3 employment change and industrial production (Oct)

UK claimant count change (Nov), unemployment rate and wages (Oct)

Brazil retail sales (Oct)

FOMC interest rate decision

US inflation (Nov)

### Thursday 14 December

Flash PMI surveys for Japan, France, Germany, eurozone and the US (Dec)

Japan industrial production (Oct final)

Australia unemployment rate and employment change (Nov)

China industrial production, retail sales and fixed asset investment (Nov)

India WPI (Nov)

France and Spain inflation (Nov final)

UK retail sales (Nov)

ECB, BoE, Philippines and Indonesia set monetary policy

US retail sales (Nov) and business inventories (Oct)

### Friday 15 December

Japan Tankan surveys (Dec/Q4)

China new yuan loans, total social financing, money supply and FDI (Nov)

Brazil consumer confidence (Dec)

Russia interest rate decision

US industrial production (Nov)

---

### Bernard Aw

Principal Economist

IHS Markit

Tel: +65 6922 4226

Email: [bernard.aw@ihsmarkit.com](mailto:bernard.aw@ihsmarkit.com)

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

For further information, please visit [www.ihsmarkit.com](http://www.ihsmarkit.com)