

Week Ahead Economic Preview

- **Flash PMI surveys to give early indication of economic performance for the third quarter**
- **Fed and BOJ decide on monetary policy**
- **UK retail sales and HFI to provide insights to consumption trends**

Worldwide release of the flash September PMI data for the US and eurozone will provide early insights on the health of major economies at the end of the third quarter. A number of central banks will also decide on monetary policy, with markets eagerly awaiting the latest US Fed and Bank of Japan policy meetings.

Other key data highlights include UK retail sales and US housing statistics, while several Asian central banks will also be making policy announcements.

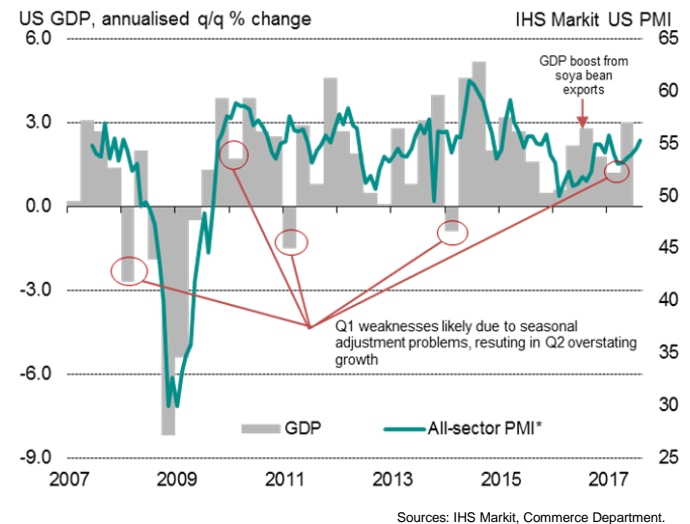
In the US, the Fed meeting is unlikely to see any action but the focus is on any outlining of plans to begin unwinding its \$4.5 trillion balance sheet, as well as policymakers' appetite for further tightening of policy. Subdued inflation remains a problem for the Fed, leading to lower expectations of a third rate hike taking place before the end of the year.

Moreover, the economic effects of hurricanes Harvey and Irma are unknown, meaning flash September PMI data will play a crucial role in gauging the post-hurricane impact as we approach the end of the third quarter, and thereby provide further clues as to the direction of future Fed policy. The [pre-Harvey/Irma survey data](#) (August) were pointing to GDP rising at an annualised rate of 3.5% in the third quarter, but growth could struggle to rise much above 2%.

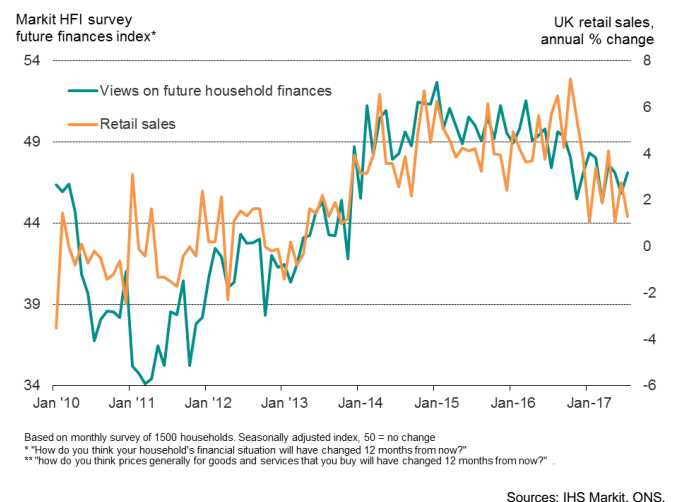
Meanwhile, the euro's strength has held back ECB hawks, with president Mario Draghi saying that inflation could slow because of a stronger exchange rate. He added that plans to reduce its asset purchase programme are likely to be decided next month — thus increasing the focus on the release of the flash PMI data for September, which could show whether the recent trend of strong growth and rising inflationary pressures has remained intact.

The ZEW and European Commission surveys of economic sentiment will also be watched for clues to the health of the eurozone economy.

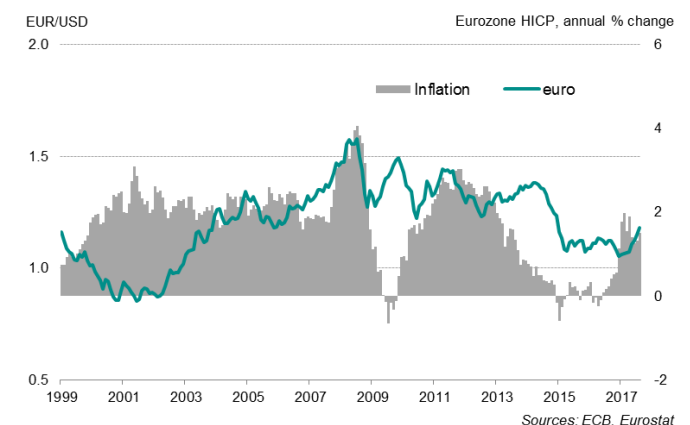
US GDP and economic growth



UK retail sales and household finances



The euro and Eurozone inflation



In the UK, retail sales and an updated [Household Finance Index](#) survey will provide fresh insights on consumption trends. The recent rise in employment numbers should provide some support to consumer spending, with the jobless rate falling to its lowest since 1975. However, [wage growth](#) remains stubbornly low despite the hiring surge, which could continue to weigh on household spending.

In Japan, the Bank of Japan decides on monetary policy, but no changes are expected. Low inflation remains a key issue for the central bank despite stronger economic growth and a tighter labour market. [PMI data](#) indicated that higher costs only show a modest feeding-through to higher selling prices, which in turn points to subdued inflationary pressures. Analysts generally expect the BOJ to lower its inflation forecast at the October meeting.

Monday 18 September

IHS Markit UK Household Finance Index
China House Price Index (August)
India Q2 current account
Euro-area inflation, final (August)

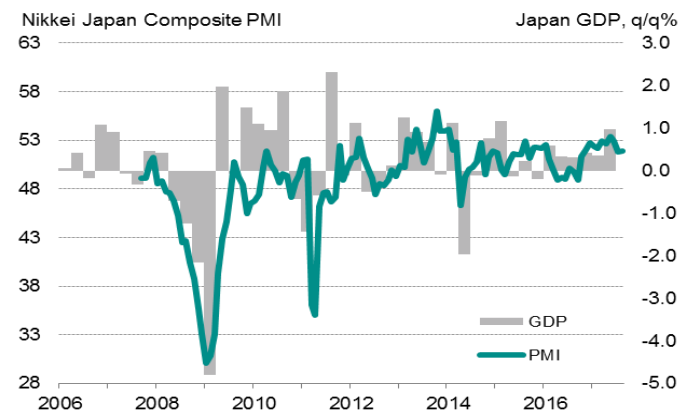
Tuesday 19 September

Australia Q2 House Price Index
RBA meeting minutes
Euro-area current account & construction output (July)
Euro-area and Germany ZEW surveys (September)
Russia unemployment rate (August)
US building permits and housing starts (August)
US Q2 current account

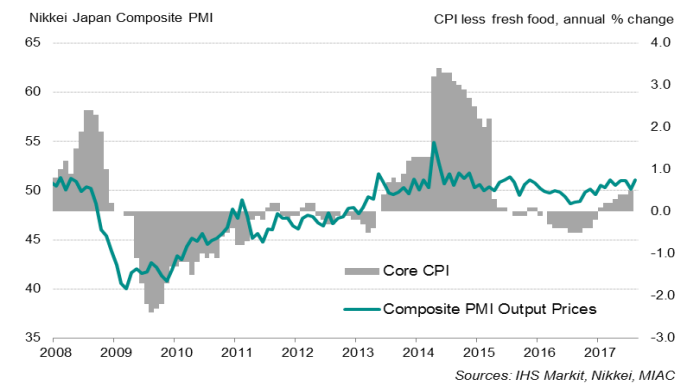
Wednesday 20 September

Japan trade (August)
Malaysia inflation (August)
Taiwan export orders (August)
Germany PPI (August)
UK retail sales (August) and BOE FPC meeting
US existing home sales (August)
Euro-area flash consumer confidence (September)
ECB General Council meeting

Japan PMI and economic growth



Japan PMI and core inflation



Thursday 21 September

Fed monetary policy
BOJ, CBC and BSP interest rate decisions
US Philadelphia Fed Manufacturing Index (September)

Friday 22 September

IHS Markit Flash Composite PMI for US, Eurozone, Germany, France (September)
Taiwan industrial production and retail sales (August)
Bank Indonesia monetary policy
France final Q2 GDP
Brazil business confidence (September)

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