

# Week Ahead Economic Preview

- **Worldwide release of manufacturing PMI data to provide early insights into global GDP growth and inflation trends**
- **US nonfarm payrolls and PCE price data**
- **Q2 Brazil GDP; update for the US, France and Italy**

Worldwide release of manufacturing PMI survey data for August will play a critical role in gauging the health of global economies in the third quarter, thereby providing important signals for central bank policy.

US nonfarm payrolls will likewise offer insights into Fed policy, while latest unemployment and inflation data for the euro area will be monitored for confirmation of the region's upturn. The Bank of Korea also meet to decide on monetary policy.

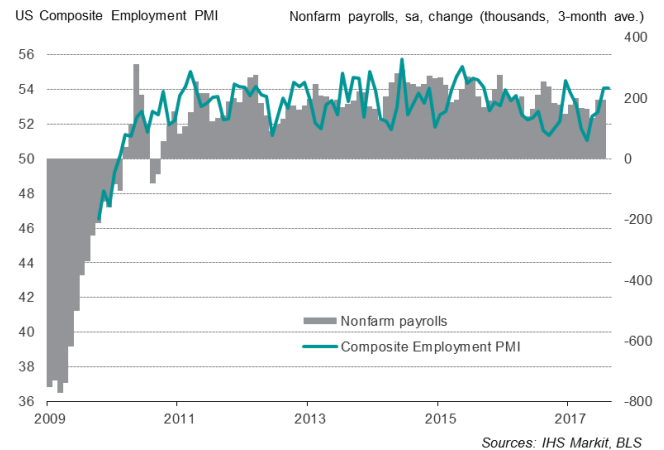
Third quarter economic growth trends are expected to be key to future policy decisions at major central banks, notably in the US and across Europe, meaning that the manufacturing PMI updates for August will be closely monitored.

[Flash PMI surveys](#) for the US indicated that, while growth in business activity gained momentum, much of the heavy lifting was done by the service sector. By contrast, manufacturing output growth slowed, adding to the [recent flow](#) of softer US manufacturing data. Meanwhile, the upturn is being accompanied by solid inflation in prices charged for goods and services, which could revive expectations of the Fed hiking interest rates later in the year. Markets are pricing in around a 40% chance of a December interest rate hike. The latest PCE price index will provide more clues.

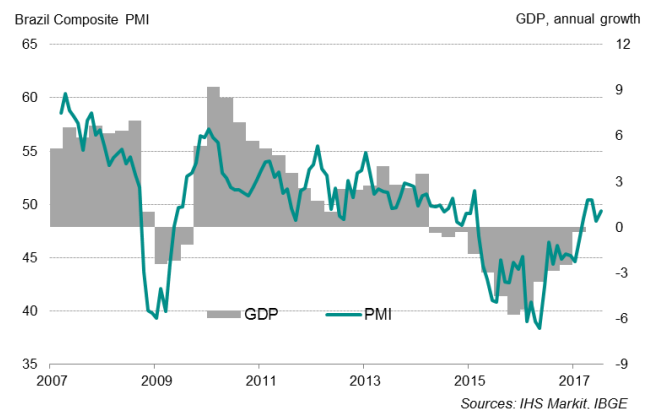
Alongside updated data from IHS Markit's PMI surveys and the ISM, the US sees the release of nonfarm payroll data. Both June and July figures surprised on the upside, showing gains of over 200,000, though the stronger numbers had been flagged in advance by the PMI surveys. The latest flash PMI Employment Index pointed to growth of around 200,000.

Personal income and spending data as well as pending home sales will also be scrutinised for latest developments in US macroeconomic trends.

## US PMI and employment



## Brazil PMI and economic growth



ECB watchers will meanwhile be eagerly awaiting the manufacturing PMI numbers, alongside euro area surveys on business and consumer sentiment as well as inflation figures. [Flash PMI data](#) not only signalled that eurozone economic growth continued to hold steady at one of the highest rates for over six years but also a pick-up in price pressures. While signs of intensifying inflationary pressures are welcome news for the ECB, they remained concerned about the strength of the euro.

The Bank of Korea is deciding on interest rates next week, but expectations are for no change in monetary policy. The policy rate has been maintained at a record low of 1.25% since June last year. With the South Korean economy slowing in the second quarter, and [recent PMI data](#) suggesting that conditions in the manufacturing sector deteriorated at the start of the

third quarter, the central bank is expected to maintain low interest rates for the time being, despite elevated household debt.

In Brazil, the publication of second quarter GDP will indicate whether the recovery seen in the opening quarter of the year has been sustained. Brazil's central bank has cut interest rates on five occasions so far this year, and expectations are for further easing. Therefore, the economic picture will have an impact on the future pace of the easing cycle.

### Monday 28 August

Thailand unemployment (July)

Euro area M3 money supply (July)

Italy consumer and business confidence (August)

US wholesale inventories (July) and Dallas Fed Manufacturing Index (August)

### Tuesday 29 August

Japan unemployment rate and household spending (July)

Germany consumer confidence (September)

France GDP (Q2 2<sup>nd</sup> estimate)

US S&P/Case-Shiller home price index (June)

### Wednesday 30 August

Japan retail sales (July)

Australia building permits (July) and construction work (Q2)

UK consumer credit and mortgage data (July)

Germany and Spain inflation (August)

Euro area business and consumer confidence (August)

US ADP employment (August) and GDP (Q2 2<sup>nd</sup> estimate)

### Thursday 31 August

UK consumer confidence (August)

South Korea industrial production and retail sales (July)

BOK monetary policy decision

Japan industrial production, construction orders and housing starts (July)

Australia new home sales, private sector credit (both July) and private capex (Q2)

Thailand industrial production (July) and retail sales (June)

France inflation (August)

Germany retail sales (July) and unemployment rate (August)

Italy unemployment rate (July) and inflation (August)

Euro area inflation (August) and unemployment rate (July)

India GDP (Q2) and infrastructure output (July)

US PCE price index, personal income and spending, and pending home sales (July)

Brazil unemployment (July) and consumer confidence (August)

### Friday 1 September

Worldwide release of IHS Markit Manufacturing PMI surveys (August)

South Korea trade data and inflation (August), and GDP (Q2 final)

Japan consumer confidence (August)

Thailand inflation (August)

Italy GDP (Q2 final)

US nonfarm payrolls, unemployment rate and average earnings (August)

US construction spending (July) and Michigan surveys (August)

Brazil GDP (Q2)

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