

Week Ahead Economic Overview

- Flash PMI surveys for the US, Eurozone and Japan
- Updated Q1 GDP estimates for the US, UK, Germany, Spain, Singapore, Taiwan and Mexico
- US durable goods and home sales
- UK government debt

A number of countries see updated first quarter GDP numbers, but the flash May PMI surveys will provide all-important steers of second quarter growth and inflation trends for the US, Eurozone and Japan.

A key take-away from the initial first quarter GDP releases was the waning of growth in both the US and the UK, contrasting with strong performances in the Eurozone; a pattern which is expected to be confirmed by the revised estimates.

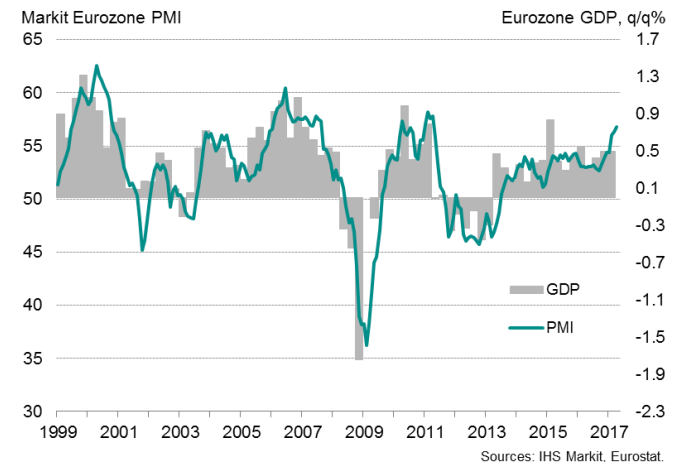
Although flash Eurozone PMI surveys are set to show the upturn lost a little momentum in May, according to a Reuters poll, analysts generally expect growth to remain close to a six-year high. If confirmed, such strong data will likely add to speculation that the ECB will signal its intention to start tapering its stimulus later in the year, most likely extending its asset purchases into 2018 but at a reduced rate.

Analysts are also keen to see if the weak first quarter in the US was due merely to GDP not fully accounting for seasonality, as has been the case in recent years. If so, growth should rebound strongly in the second quarter. IHS Markit's PMI numbers do not suffer the same seasonal distortions as GDP, and showed a stronger first quarter. While the April PMI surveys picked up some momentum, it's the flash May PMI data that will play the critical role in estimating the health of the economy in the second quarter. Analysts polled by Reuters are expecting to see further moderate growth in both services and manufacturing.

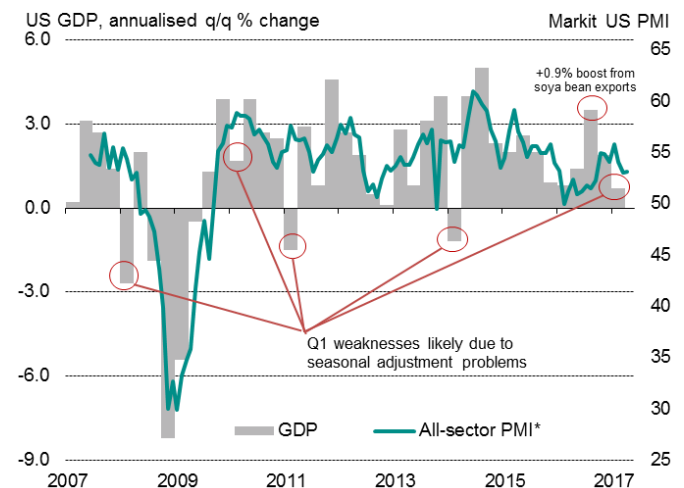
Durable goods orders, new and existing home sales and the University of Michigan consumer sentiment index will also be gleaned for indications of the US economy's health at the start of the second quarter.

In Japan, the Nikkei flash manufacturing PMI for May will likewise provide an important lead as to second quarter GDP. At 0.5% (2.2% annualised). Japan's first quarter GDP growth took analysts by surprise, but such a solid expansion had been flagged well in advance by the PMI. April's data had also been encouragingly resilient. Japan also sees CPI data, which are expected to show inflation perking up.

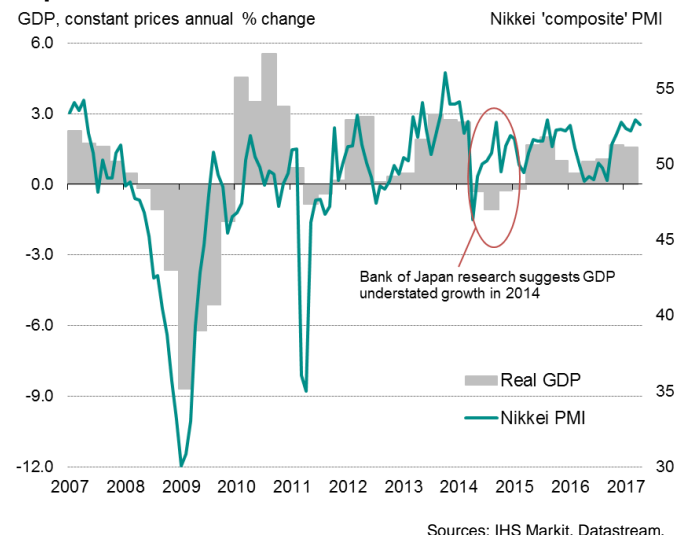
Eurozone GDP and the IHS Markit PMI



US GDP and the IHS Markit PMI



Japan GDP and the Nikkei PMI



Monday 22 May

Japan trade balance, April
Taiwan export orders, April
Russia retail sales, wages and unemployment, April
Mexico Q1 GDP

Tuesday 23 May

Nikkei Flash Manufacturing PMI Japan, May
Singapore consumer prices, April
Germany Q1 GDP (detailed)
IHS Markit Flash Manufacturing, Services & Composite PMI Eurozone, Germany and France, May
IHS Markit Flash Manufacturing, Services & Composite PMI United States, May
Sweden unemployment, April
Ifo business climate, Germany, May
UK public sector borrowing, April
UK CBI distributive trades survey, May
US new home sales, April
US Richmond Fed, May

Wednesday 24 May

South Africa CPI, April
US MBA mortgage applications, existing home sales, building permits and home prices
Bank of Canada rate decision
Canada budget balance, March

Thursday 25 May

Singapore Q1 GDP (final)
Spain Q1 GDP
Italy industrial orders, March
UK Q1 GDP (second estimate)
US jobless claims
Mexico trade balance, April
South Africa policy rate

US Kansas Fed survey

Friday 26 May

Japan CPI, April
Singapore manufacturing output, April
Taiwan Q1 GDP (second estimate)
US durable goods orders, April
US Q1 GDP (second estimate)
Mexico jobless rate
US University of Michigan consumer survey, May
Brazil budget balance, April

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