

Week Ahead Economic Preview

- **Release of IHS Markit flash PMI surveys for the US, Eurozone and Japan**
- **US third quarter GDP numbers**
- **ECB, Russia Central Bank, Bank Indonesia and Turkey monetary policy meetings**

With global financial markets on edge over the pace of US interest rate hikes and the impact of trade wars, flash PMI data for the US, Eurozone and Japan will be scoured for signals of economic performance at the start of the final quarter of 2018. US GDP numbers will also be closely eyed for confirmation that the US economy continued to fare well in the summer months. The ECB and Turkey central bank are meanwhile meeting to set monetary policy.

US Flash PMI and GDP

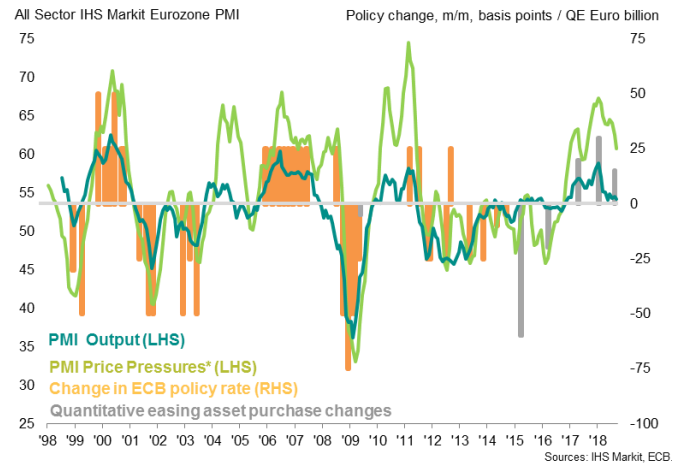
Prior [US PMI data](#) showed the pace of expansion slowing to an eight-month low in September, dampened in part by extreme weather but also by intensifying capacity constraints. Output price growth hit the highest in the survey's history as tariffs exacerbated rising underlying inflationary pressures.

The flash PMI numbers will be followed by the advance estimate of US third quarter GDP, which is widely expected to show solid growth, albeit slightly less than the 4.2% annualised rate of increase seen in the second quarter. Our US PMI surveys point to annualised growth approaching 3% while the IHS Markit GDP tracker from Macroeconomic Advisers indicates a 3.5% rate. US durable goods orders and trade data will also be updated.

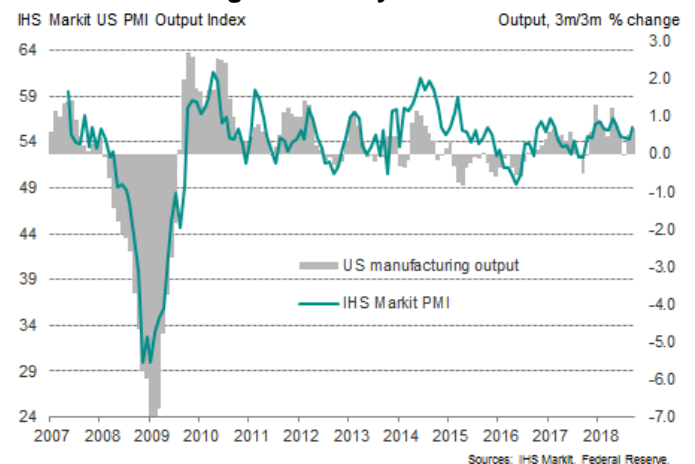
ECB policy meeting follows Eurozone PMI

The publication of eurozone flash PMI data will meanwhile provide timely insights into price and growth trends within the single currency area on the day prior to the European Central Bank's monetary policy meeting. Recent comments from ECB chief Mario Draghi have added to market expectations that the central bank will halt its asset purchases at the end of the year amid growing confidence that an improving labour market will help raise inflation. However, the timing of any rate hikes remains more uncertain. The [Eurozone PMI](#) showed the pace of business activity growth near a two-year low in September, with price pressures also moderating.

ECB decisions and the PMI



US manufacturing PMI surveys



Japan exports



Continued...

The weaker PMI numbers mean a rate rise looks unlikely within the coming year, as per current ECB guidance, and could be pushed further out if downside risks materialise.

Japanese manufacturing and trade

Trade jitters had also subdued the [Nikkei PMI for Japan](#), keeping exports close to stagnation, but adverse weather had also appeared to play a role in the slowdown. October's flash manufacturing PMI will therefore be scoured for greater clarity into underlying growth trends.

Turkey, Russia and Indonesia make interest rate decisions

Three key central bank meetings will take place in countries facing currency worries. Turkey's central bank meeting comes in the context of prior concerns over central bank independence. However, the benchmark interest rate was hiked to 24% last month, helping to reassure markets and stemming a slide in the currency, which had plunged 40% against the US dollar this year.

Meanwhile, with [recent comments](#) about capital controls being part of monetary policymaking tools from several ASEAN central bankers, there will be great interest in Indonesia when policymakers meet. The rupiah remains under considerable downward pressure, having fallen nearly 12% against the US dollar so far this year. In response, Bank Indonesia hiked its policy rate in five out of the last six meetings. Since then, the [September PMI survey](#) signalled greater inflation pressures in Indonesia, with the input price index hitting a three-year high, driven mostly by a weaker exchange rate.

Markets are also speculating as to what measures the Russian central bank will take to curb rouble volatility, such as hiking rates, buying treasury bonds or intervening directly in the FX markets.

Not forgetting...

Next week also sees the release of advance estimates of third quarter GDP in South Korea and Taiwanese export orders, the latter being a key barometer for regional trade performance.

A quite UK data week will no doubt continue to be dominated by Brexit news, but also includes the October Household Finance Index from IHS Markit, which will be the first indicator of consumer and household trends at the start of the fourth quarter.

Monday 22 October

Thailand trade (Sep)
Taiwan export orders (Sep)
UK Household Finance Index (Oct)
US Chicago Fed national activity index (Sep)

Tuesday 23 October

Singapore inflation (Sep)
Germany PPI (Sep)
Turkey consumer confidence (Oct)
Indonesia monetary policy decision
Taiwan retail sales and industrial production (Sep)
Hong Kong inflation (Sep)
Euro area consumer confidence (flash, Oct)

Wednesday 24 October

IHS Markit flash PMI surveys for US, Eurozone, Germany, France and Japan (Oct)
Malaysia inflation (Sep)
Bank of Canada interest rate decision
US new home sales (Sep)

Thursday 25 October

New Zealand trade (Sep)
South Korea GDP (adv, Q3)
Spain unemployment rate (Q3)
Germany Ifo surveys (Oct)
Hong Kong trade (Sep)
Turkey monetary policy decision
ECB policy meeting
US durable goods orders and pending home sales (Sep)
US goods trade balance and wholesale inventories (adv, Sep)

Friday 26 October

South Korea consumer confidence (Oct)
Taiwan consumer confidence (Sep)
Singapore jobless rate (adv, Q3) and industrial production (Sep)
Germany consumer confidence (Nov)
France consumer confidence (Oct)
Russia interest rate decision
US GDP (adv, Q3)
US Michigan surveys (final, Oct)

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