

Week Ahead Economic Preview

- FOMC meeting alongside business survey updates
- Worldwide IHS Markit PMI services surveys
- UK GDP and services PMI

Next week's economic diary is a busy one, including the US FOMC meeting, the worldwide release of October services PMI surveys and UK GDP.

FOMC meeting

No change in US interest rates is generally expected at the November FOMC meeting, despite the minutes from the last meeting showing the Fed's committee becoming more hawkish. The minutes suggest the Fed is erring towards not only a more aggressive "restrictive" policy stance but also that rates may eventually have to rise more than previously thought. The next hike is expected at the December meeting.

Service sector surveys, from both IHS Markit and the ISM, will add further colour to the health of the US economy at the start of the fourth quarter. [Flash PMI numbers](#) have already shown the economy to be growing at a robust pace, rebounding from weather-related disruptions in September. Price pressures were also found to have been running close to survey record highs, adding to the hawkish tone.

Worldwide PMI updates

The US services PMI numbers will accompany similar data for all major developed and emerging economies, which will be eyed in particular for deeper insight into how the global economy is faring amid escalating trade war tensions. The September surveys showed global economic growth slipping to a [two-year low](#) as an export-led slowdown spread to the service sector. Prices meanwhile rose at a record rate, led by the US, as tariffs pushed up costs.

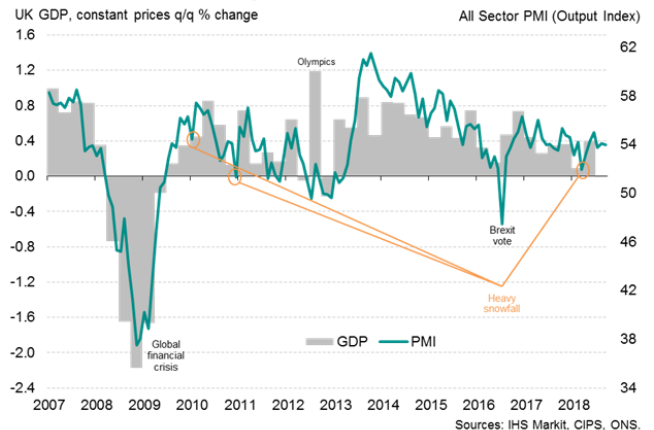
China eyed for signs of further slowdown

China's PMI data will come under particular scrutiny for the impact of trade wars on the economy, growth of which slowed to a post-global financial crisis low of 6.5% in the third quarter. Recent Caixin PMI surveys have added to the flow of disappointing data, indicating a [stagnation in the manufacturing sector](#) as exports remained under pressure from rising trade tensions, hinting that growth could slow further in the fourth quarter. The services PMI will also set the scene for official trade figures and inflation numbers out of China.

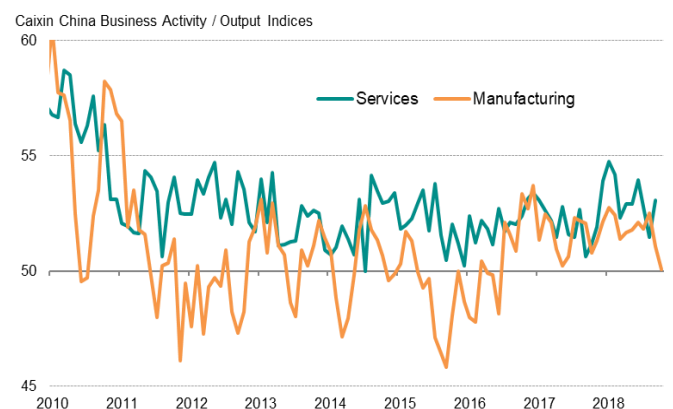
Global PMI and GDP



UK PMI and GDP compared



China PMI: manufacturing and services



Note: Caixin Services Business Activity Index is only up to Sep 2018.

Continued...

UK PMI and GDP

With the Bank of England setting out its stall for further rate hikes under an orderly Brexit deal, the incoming data flow could prove vital to the timing of policy changes but will also act as a check on the Bank's reading of the economy.

The initial estimate of third quarter growth is expected to show the economy having fared well over the summer months, expanding by as much as 0.6%, higher than the 0.3-0.4% [indicated by the PMI](#) surveys but likely due to temporary factors. The October services PMI numbers will meanwhile provide important clues to fourth quarter growth and any impact of Brexit uncertainty. [Manufacturing PMI](#) numbers disappointed, with growth slipping to the lowest since the Brexit vote.

Other policy meetings

Central banks in Australia, New Zealand and Malaysia also meet to set interest rates. No changes to monetary policy are expected, but analysts will be eager to see how policymakers gauge current risks to the outlook.

The Bank of Japan left monetary policy unchanged in its late-October meeting, but the minutes will be scoured in particular for further details on the BOJ's view that downside risks to the economy had increased, and the scale of the appetite for further monetary easing should conditions deteriorate.

For further information:

If you would like to receive this report on a regular basis, please email economics@ihsmarkit.com to be placed on the distribution list.

Chris Williamson

Chief Business Economist

IHS Markit

Tel: +44 207 260 2329

Email: chris.williamson@ihsmarkit.com

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

For further information, please visit www.ihsmarkit.com

For more information visit www.ihsmarkit.com. The intellectual property rights to the report are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd.

Monday 5 November

Worldwide release of IHS Markit Services and Whole Economy PMI surveys (Oct)
Nikkei ASEAN and Philippines Manufacturing PMI (Oct)
BOJ meeting minutes
Indonesia GDP (Q3)
Turkey inflation (Oct)
US ISM non-manufacturing PMI (Oct)

Tuesday 6 November

Japan household spending (Sep)
Philippines inflation (Oct) and industrial production (Sep)
RBA monetary policy meeting
Germany factory orders (Sep)
Euro area Composite PMI surveys (final, Oct)
Russia inflation (Oct)
US economic optimism (Nov) and JOLTS job openings (Sep)

Wednesday 7 November

Philippines trade (Sep)
Japan coincident index and leading economic index (flash, Sep)
Taiwan trade (Oct)
China and Indonesia foreign reserves (Oct)
Germany Construction PMI (Oct)
UK Halifax Housing Price Index (Oct)
Euro area and France retail sales (Sep)
Brazil inflation (Oct)

Thursday 8 November

New Zealand and Malaysia interest rate decision
Japan current account and machinery orders (Sep)
Philippines GDP (Q3)
China trade (Oct)
Germany trade (Sep)
FOMC policy meeting

Friday 9 November

RBA statement on monetary policy
Australia home loans (Sep)
China inflation (Oct)
Malaysia industrial production, retail sales and jobless rate (Sep)
Japan tertiary industry index (Sep)
UK GDP and business investment (prel, Q3)
UK trade balance (Sep)
UK industrial production and construction output (Sep)
US wholesale inventories (Sep), PPI (Oct) and Michigan surveys (Nov)