

Week Ahead Economic Preview

- **FOMC set to hike US interest rates**
- **ECB policy meeting eyed for QE guidance**
- **UK official output, retail sales, inflation and labour market data updates**
- **Bank of Japan interest rate decision**
- **China data to provide second quarter insights**

The coming week sees monetary policy meetings at the US Federal Reserve, ECB and Bank of Japan, with a welter of data releases to also guide policy and investor decisions around the world.

US Fed set to hike

After a string of upbeat data, including solid employment growth, buoyant survey data, upside inflation surprises and signs of rising wages, the US Fed is widely expected to hike interest rates for its second time this year at its June FOMC policy meeting.

Recent PMI survey data have not only shown the [US taking the lead in the global economic upturn](#), but the US is also seeing the steepest price pressures for seven years. Official US data updates include retail sales, inflation and industrial production, all of which are expected to show underlying rising trends.

ECB rhetoric under scrutiny

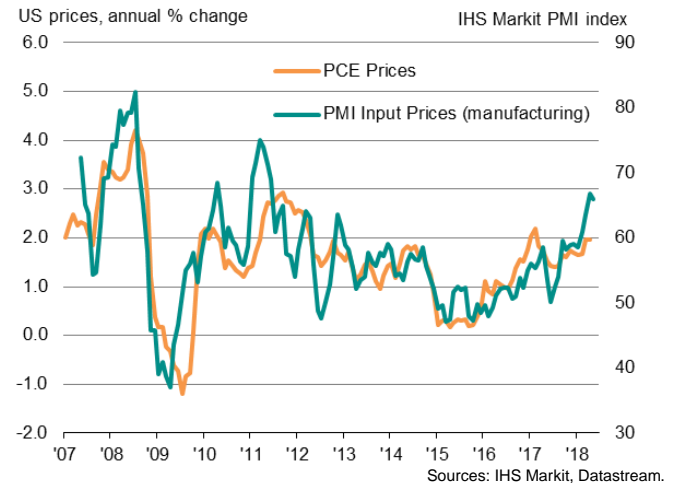
The ECB's Governing Council also meets to set monetary policy. No change is expected, but traders will be seeking guidance as to whether the central bank remains on track to taper its asset purchases later this year, after both soft and hard data continue to indicate signs of weaker economic growth in the second quarter.

PMI numbers registered the [slowest euro area expansion for one-and-a-half years](#) in May, though the rate of growth remained relatively robust and strong price pressures persisted. Official eurozone industrial production data are expected to show a decline, while inflation numbers are set to confirm a marked increase in May.

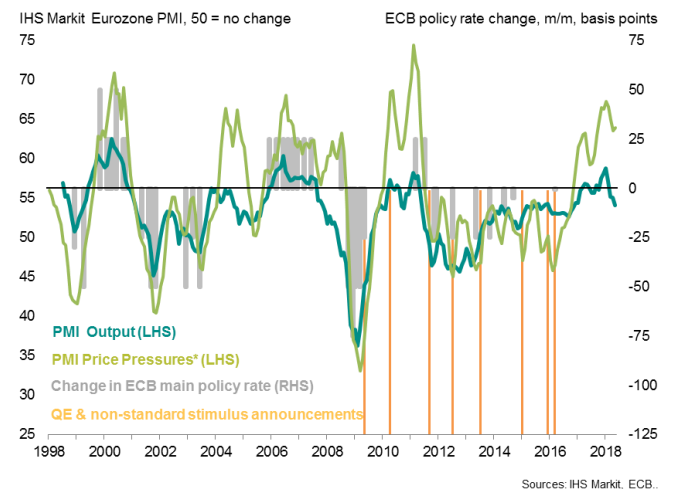
UK data eyed for Bank of England signals

The Bank of England will meanwhile be scouring a new batch of data releases to ascertain whether the

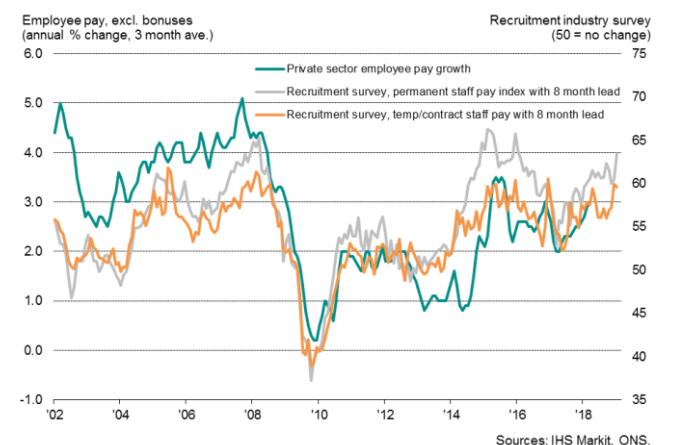
US price pressures



Eurozone slowdown



UK wage growth



economy is reviving from a soft patch earlier in the year.

Better data will pave the way for an August rate hike. Official data releases for retail sales, manufacturing output, industrial production, construction output and trade are likely to confirm signs of [some rebound at the start of the second quarter](#), albeit possibly still muted.

The latest set of UK inflation and labour market releases will likewise be eagerly awaited, especially wage data. Subduing base effects mean the data need to be treated with some caution, but recruitment industry survey data show [pay growth hitting a three-year high](#) in May as employers fought to attract suitable staff. UK inflation is also likely to have ticked up in May, largely thanks to higher oil costs.

Bank of Japan and China growth under spotlight

No policy change is meanwhile expected at the Bank of Japan after the economy shrank in the first quarter. [Survey data](#) have since indicated that the economy grew in the second quarter and that price pressure remained elevated, but the latter once again suggests that inflation is running well below the central bank's target.

China's official 'data dump' of output, retail sales, investment and inflation will be scrutinised for confirmation that the economy is holding up well in the second quarter. [Caixin PMI surveys](#) pointed to steady economic growth in May, albeit with exports declining for a second straight month.

Monday 11 June

Japan core machinery orders (Apr) and machine tool orders (flash, May)

Malaysia industrial production (Apr)

Italy industrial production (Apr)

UK trade balance, construction output and industrial production (Apr)

Tuesday 12 June

Australia home loans (Apr) and business confidence (May)

China FDI, M2 and new yuan loans (May)

Japan tertiary industry activity index (Apr)

UK unemployment rate (Apr), earnings (Apr) and claimant count change (May)

Germany ZEW surveys (Jun)

Euro area ZEW surveys (Jun)

India inflation (May) and industrial production (Apr)

US inflation (May)

Wednesday 13 June

Singapore unemployment rate (Q1)

Spain inflation (May)

UK inflation (May)

Euro area employment change (Q1) and industrial production (Apr)

Brazil retail sales (Apr)

US producer inflation (May)

FOMC policy decision and economic projections

Thursday 14 June

Australia employment change and unemployment rate (May)

China fixed investment, industrial production and retail sales (May)

Japan industrial production (Apr)

Germany and France inflation (May)

India wholesale inflation (May)

UK retail sales (May)

ECB interest rate decision

US retail sales (May) and business inventories (Apr)

Friday 15 June

BOJ interest rate decision

India trade balance (May)

Germany wholesale inflation (May)

Euro area and Italy inflation (May)

Euro area trade balance (Apr)

Russia interest rate decision

US industrial production (May) and Michigan consumer surveys (Jun)

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