

Week Ahead Economic Preview

- Bank of England policy decision
- Flash PMI data for the Eurozone, US and Japan
- Brazil policy meeting
- Brexit vote and OPEC meetings

The week sees key monetary policy meetings in the UK and Brazil, which lead up to the release of flash PMI surveys for the Eurozone, US and Japan.

Other events during the week also have the potential to move markets, with OPEC meetings likely to affect the oil price, and sterling in focus in the light of Brexit uncertainties. Bank of England chief Mark Carney is also scheduled to speak.

Bank of England rate guidance

The Bank of England is not expected to raise interest rates at its Thursday meeting, though markets will be looking out for guidance on whether an August hike is in play. Weak official data, including disappointing official manufacturing output numbers, have dented hopes of an immediate policy tightening in the UK, but hawks have focused on a [rebound in the PMI numbers for May](#). However, forward-looking components of the PMI, notably new orders, suggest that the underlying trend remains one of weakening economic growth. The minutes of the MPC meeting are therefore expected to show the Bank merely keeping the door open for an August rate hike, which will likely be dependent on the survey and hard data both improving.

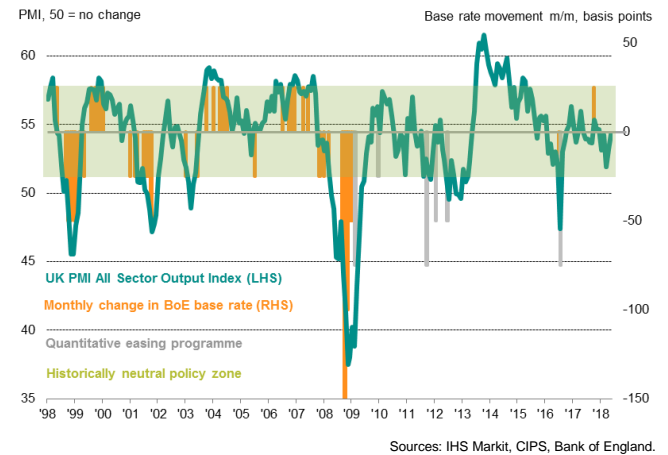
Brazil under pressure to defend currency

With the real coming under pressure in the currency markets, having dropped 11% against the US dollar this year, Brazil's central bank also takes centre stage with its latest policy decision. Interest rates are at a record low as policymakers have struggled to bring the economy out of its deepest recession in history and lift inflation from a two-decade low. Markets will be watching to see if the central bank concedes to pressure and lifts rates to shore up the currency at a time when [deteriorating survey data](#) argue against a policy tightening.

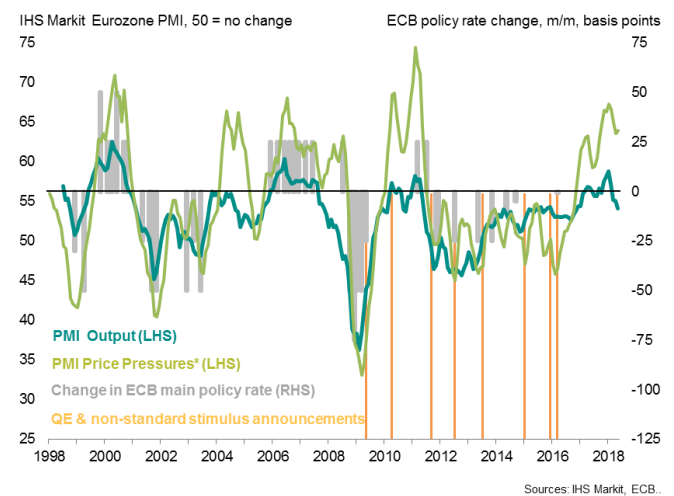
Flash PMI updates

The week finishes with June flash PMI numbers from IHS Markit for the Eurozone, United States and Japan.

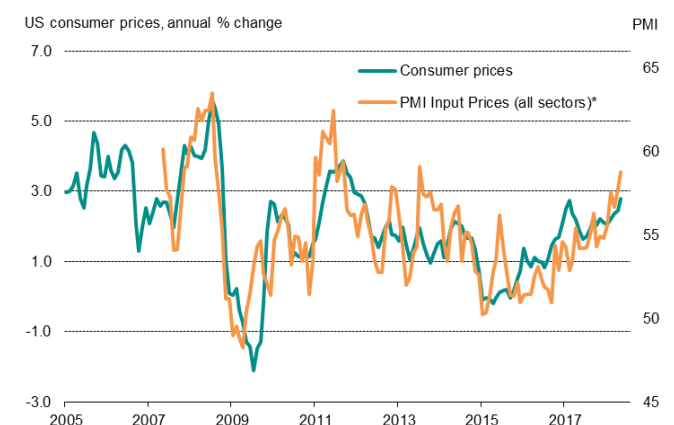
UK PMI and Bank of England policy decisions



Eurozone PMI and ECB policy decisions



US inflation and the IHS Markit PMI price index



* Synthetic index based on manufacturing only data pre-October 2009.
Sources: IHS Markit, US Bureau of Labor Statistics.

The flash Eurozone PMI will be under particular scrutiny after the ECB decided at its last policy meeting to taper its asset purchases later this year. [Recent PMI numbers](#) have indicated a cooling of growth, albeit remaining more upbeat than the official hard data. Analysts, and the ECB, will want to see some solid PMI numbers to justify the ECB's relatively hawkish stance.

In the US, the flash PMI numbers will be eyed for any indications that recent tariffs are affecting growth or, perhaps more importantly, driving up prices. [Recent surveys](#) have shown accelerating business activity growth, commensurate with faster GDP growth in the second quarter, while price pressures have risen to the highest for seven years, adding to expectations of more Fed rate hikes this year.

In Japan, the [Nikkei PMI surveys](#) have likewise indicated steady growth and rising prices, though the rate of increase in both remained only modest, and in line with the central bank's recent decisions to not adjust its stimulus.

Monday 18 June

Japan and South Korea trade (May)

Italy trade balance (Apr)

Tuesday 19 June

RBA meeting minutes

Australia house price index (Q1)

US building permits and housing starts (May)

Wednesday 20 June

New Zealand current account (Q1)

BOJ meeting minutes

Malaysia inflation (May)

Germany producer prices (May)

Thailand interest rate decision

US current account (Q1) and existing home sales (May)

US crude oil inventories

Brazil monetary policy decision

Thursday 21 June

RBA Bulletin

New Zealand GDP (Q1)

Philippines interest rate decision

BoE interest rate decision

US Philadelphia Fed Manufacturing Index (Jun)

US house price index (Apr)

Euro area consumer confidence (Jun)

BoE's Carney speech

Friday 22 June

IHS Markit flash PMI surveys for US, Eurozone, Germany, France and Japan (Jun)

Japan and Canada inflation (May)

OPEC meeting

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