

# Week Ahead Economic Preview

- **US Fed, Bank of Japan, Bank of England policy meetings, plus rate decisions in India and Brazil**
- **Worldwide manufacturing and services PMI reports**
- **US labour market update**
- **Eurozone GDP**

A busy week sees important central bank meetings in the US, Japan and the UK, as well as India and Brazil. Major data releases include the worldwide PMI data for both manufacturing and services, rounding off with the US employment report, which includes non-farm payrolls and employee earnings.

## Polymaking in focus

Polymakers in the US, Japan and the UK meet amid [intensifying concerns about the potential damaging impact of trade wars](#). While US interest rates are not expected to rise again, having been hiked recently in June, a quarter point base rate rise by the Bank of England is widely anticipated and the Bank of Japan is showing signs of unease at the extent to which its policy tools are distorting markets.

## US surveys and employment report to help guide policy

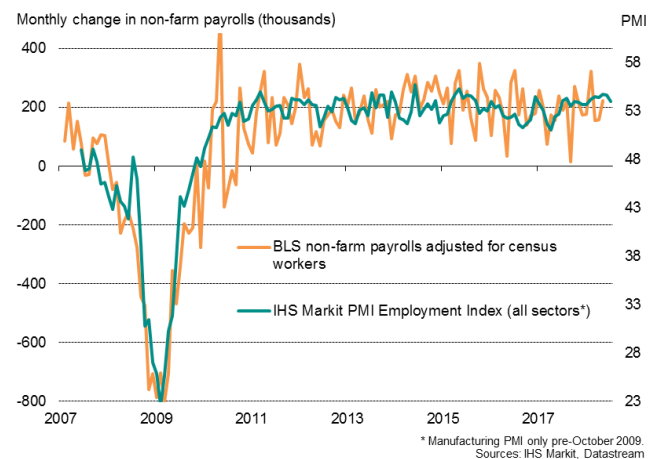
While no policy change is expected at the US Federal Reserve, the accompanying statement will be scoured for clues as to the pace of future tightening, with at least two more rate hikes generally expected in 2018. Price gauges have spiked higher since the last meeting, including [flash PMI](#) price indices for July, and the economy is benefitting from robust domestic demand. However, there are concerns that the [outlook has clouded](#) due to trade wars, and that rising short term interest rates are causing the yield curve to invert, often considered a leading indicator of recession.

In addition to updated US survey data from the IHS Markit PMIs and the ISM, the week sees the US employment report, which will add colour to the hiring and employee earnings picture. The PMI employment index suggests the labour market remains in good health, indicative of non-farm payrolls rising by just over 200,000, which would add to the hawkish outlook for US interest rates.

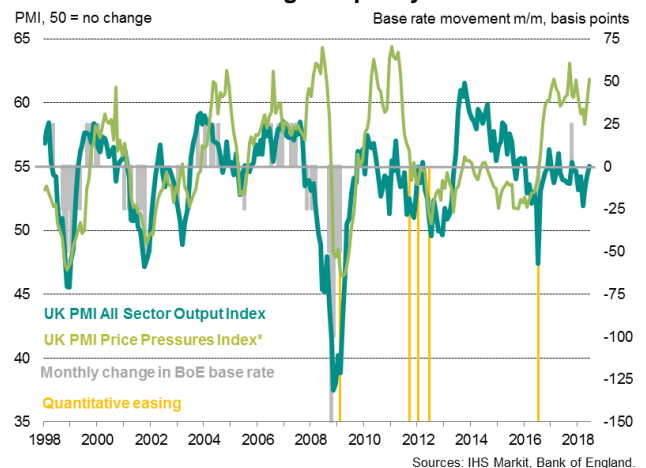
## Global manufacturing PMI order books



## IHS Markit US PMI and non-farm payrolls



## UK PMI and Bank of England policy decisions



## Bank of England interest rate decision

In the UK, the economy has shown signs of [rebounding](#) in the second quarter, playing into the hands of the hawks on the Bank of England's Monetary Policy Committee. Private sector regular [pay growth](#) has also edged up to 2.9% and [households are showing signs of greater optimism](#). However, a rate hike is by no means a done deal, as total pay growth and consumer spending remain lacklustre, inflation has eased and Brexit uncertainties pose risks to future growth. Updated PMI numbers will provide insight into the extent to which the second quarter rebound has sustained momentum going into the final half of the year, and will be an important test for gauging appetite for future rate hikes.

## Bond market eyes BoJ meeting

In Japan, speculation has intensified that the central bank is looking to adjust policy, and in particular it's Yield Curve Control, which had artificially suppressed bond yields to the extent that policymakers are growing concerned about the functioning of the market. However, inflation remains firmly below target and recent [Nikkei PMI data](#) highlighted growing stress from trade frictions in the manufacturing sector.

## Eurozone second quarter growth update

With the ECB eyeing a tapering of its asset purchases later this year, a clutch of data releases will be parsed to judge whether intentions will remain on track. Second quarter GDP is expected to match the 0.4% rise seen in the first quarter, but final PMI numbers for manufacturing and services could play a more important role in determining future growth trends. Other euro area data releases include retail sales, GDP data for Italy and Spain, as well as inflation numbers for Germany, France and Italy.

## Monday 30 July

Japan retail sales (Jun)

UK consumer credit, mortgage lending and approvals (Jun)

Euro area business confidence, consumer confidence and economic sentiment (Jul)

Germany inflation (flash, Jul)

US pending home sales (Jun) and Dallas Fed manufacturing index (Jun)

## Tuesday 31 July

South Korea business confidence (Jul)

Japan household spending, unemployment rate, housing starts and industrial production (Jun)

Japan consumer confidence (Jul)

BOJ monetary policy meeting

Australia new home sales, building permits, private sector credit (Jun)

UK consumer confidence (Jul)

Germany retail sales and jobless rate (Jun)

Italy and France inflation (flash, Jul)

Italy and Spain GDP (flash, Q2)

Euro area GDP (flash, Q2), inflation (flash, Jul) and unemployment rate (Jun)

Brazil jobless rate (Jun)

US PCE price index, personal income and spending (Jun)

US employment cost (Q2)

US Chicago PMI (Jul) and Case-Shiller Home Price (May)

## Wednesday 1 August

Worldwide release of IHS Markit manufacturing PMI surveys (Jul)

New Zealand employment (Q2)

South Korea inflation and trade (Jul)

India interest rate decision

US ADP employment (Jul) and construction spending (Jun)

FOMC meeting

## Thursday 2 August

Brazil interest rate decision

Australia trade (Jun)

Spain unemployment change (Jul)

UK Construction PMI

BoE monetary policy meeting

Brazil industrial production (Jun)

US factory orders (Jun)

## Friday 3 August

Worldwide release of IHS Markit services and composite PMI surveys (Jul)

Euro area, France and Italy retail sales (Jun)

US nonfarm payrolls, average earnings and jobless rate (Jul)

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