

Week Ahead Economic Preview

- **Global PMI data to provide guidance on economic trends at start of Q2**
- **UK PMI in particular focus after sharp March decline**
- **Eurozone GDP update**
- **FOMC and RBA policy meetings**

The week sees important updates to the global economic picture in the form of manufacturing and service sector PMI surveys. Central bank meetings in the US and Australia are meanwhile likely to leave policy unchanged, but with a hawkish bias.

PMI surveys eyed for policy signals

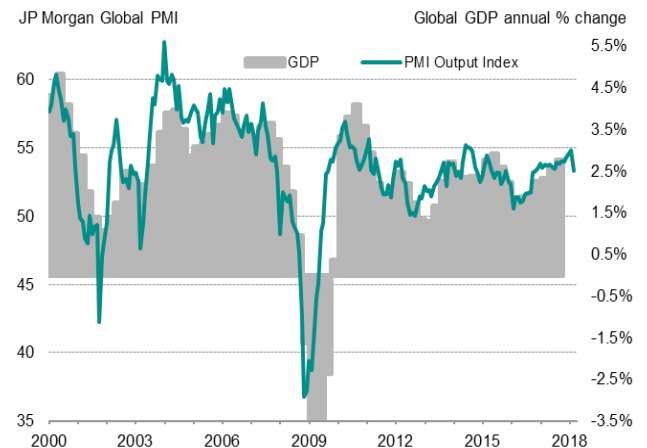
Updated global PMI numbers will be eyed for clues of growth momentum and inflation trends in all major developed and emerging economies. Amid a growing chorus of upbeat views about the health of the global economy, March PMI surveys fired a warning shot. The surveys showed the pace of global economic growth waning for the first time in six months. The slowdown was most pronounced in the euro area and the UK, though rates of expansion also cooled in the US, Japan and across the emerging markets. Here's a brief [recap of the worldwide PMI data](#) up to March.

April's survey data will be important in terms of gauging the extent to which temporary factors – notably bad weather and capacity constraints – played a part in the March slowdown. In particular, any further weakening of the UK numbers, or even a lack of rebound from March, will seriously dampen the likelihood of the Bank of England hiking rates in May.

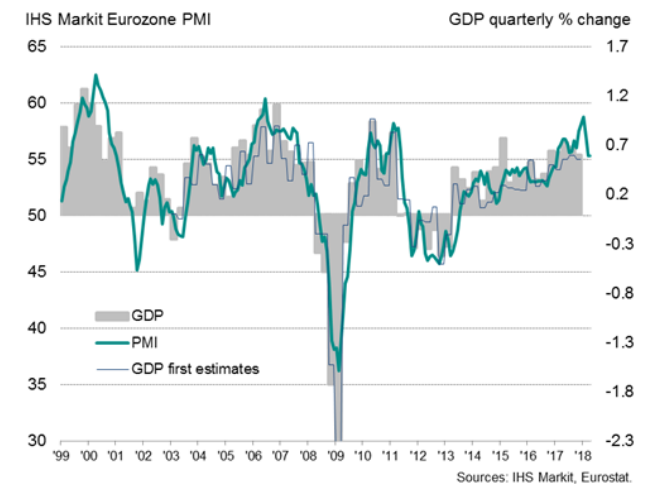
FOMC meeting

The key policy meeting of the week takes place at the US Fed, though the FOMC is widely touted to make no change to interest rates after hiking in March. However, the US employment report, including non-farm payrolls, PMI surveys, the personal consumer expenditure price index and durable goods orders will all add colour during the week to the likely trajectory of Fed rates in 2018. Markets are pricing in another hike in June and IHS Markit expects a total of four Fed rate hikes in 2018, which would bring the upper end of the target range to 2.5% in December from its current 1.50-1.75%.

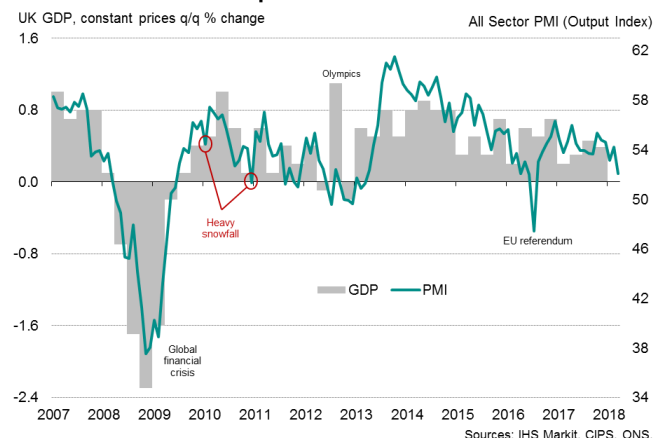
Global PMI v GDP



Eurozone PMI v GDP estimates



UK PMI and GDP compared



PMI surveys eyed for policy signals

Euro area GDP is updated for the first quarter, but a steady stream of weaker hard and soft data has led to estimates to be revised down to as low as 0.4%. The updates to official GDP numbers will likely do little to change the ECB's view on the economy's outlook, being distorted in part by adverse weather and strikes. However, weakness in high frequency data has certainly added a more cautious tone to the central bank's rhetoric. Final PMI numbers are published after April's flash data showed growth holding steady at a much reduced rate compared to earlier in the year, and will add colour for countries other than France and Germany, which collectively saw the weakest output growth for 18 months according to the flash release.

Other PMI surveys

Other key PMI releases to look out for will be Japan, China, India and Brazil.

The April Flash Nikkei Manufacturing PMI for Japan remained subdued as exports fell back into decline for the first time in 20 months. The March composite PMI, which covers both manufacturing and services, fell to the lowest since October 2016.

The Caixin China PMI fell to a four-month low in March after a strong start to the year, with employment back in decline. Brazil's PMI data meanwhile rounded off the best quarter since late 2013, but India's PMI numbers remained sluggish by historical standards, linked to the increased sales tax, high prices and disappointing exports.

Australia rates in focus

The other main policy meeting of the week takes place in Australia, but the Reserve Bank is expected to keep rates on hold. However, [stronger PMI survey data](#) and hawkish warnings from the governor have added to expectations that the next move will be upwards.

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

For further information, please visit www.ihsmarkit.com

Monday 30 April

US core PCE price index, personal income and spending, pending home sales (Mar)

US Chicago PMI and Dallas Fed manufacturing index (Apr)

Germany retail sales (Mar) and inflation (flash, Apr)

Tuesday 1 May

IHS Markit manufacturing PMI surveys (Apr) for Australia, Japan, Ireland, Netherlands, UK, US and Canada

RBA monetary policy decision

UK mortgage data and consumer credit (Mar)

US construction spending (Mar)

Wednesday 2 May

Worldwide release of IHS Markit manufacturing PMI surveys and Japan Services PMI (Apr)

UK construction PMI

Japan consumer confidence (Apr)

Indonesia inflation (Apr)

Euro area GDP (flash, Q1) and unemployment (Mar)

Italy GDP (flash, Q1)

ECB non-monetary policy meeting

US ADP employment change (Apr)

Thursday 3 May

IHS Markit services PMI for US and UK

FOMC policy meeting

Australia trade and building permits (Mar)

UK local elections

Euro area PPI (Mar) and inflation (flash, Apr)

US trade and factory orders (Mar)

US labour unit costs (flash, Q1)

Brazil industrial production (Mar)

Friday 4 May

Worldwide release of IHS Markit services PMI

RBA monetary policy statement

Euro area retail sales (Mar)

US nonfarm payrolls and unemployment rate (Apr)

Russia inflation (Apr)