

Week Ahead Economic Preview

- Worldwide services PMI data releases
- US non-farm payrolls report
- GDP updates for the eurozone, Japan and Australia
- Policy meetings at the ECB, RBA and BOJ

A busy week sees a flow of key data releases ranging from worldwide services PMI surveys on Monday through to the US employment report on Friday, as well as several major central bank policy meetings.

To get up to speed on the latest PMI surveys, a [free overview is available to download here](#)

US jobs report and business surveys

Some important **US** economic releases will help gauge the pace of policy tightening at the Fed. The central bank is now widely anticipated to raise interest rates another four times in 2018, with a first hike coming as soon as March being favoured by many. The latest jobs report will be scoured for signs of sustained healthy jobs growth but, more importantly, evidence that wages are continuing to rise. The prior release showed a surprising large jump in wages that looks unlikely to have been sustained.

US business survey data, including IHS Markit's services PMI and the ISM's non-manufacturing index will also give policy clues and provide a guide to first quarter GDP. The [flash PMI](#) rose in February but the surveys signal a modest 2.5% first quarter annualised growth rate.

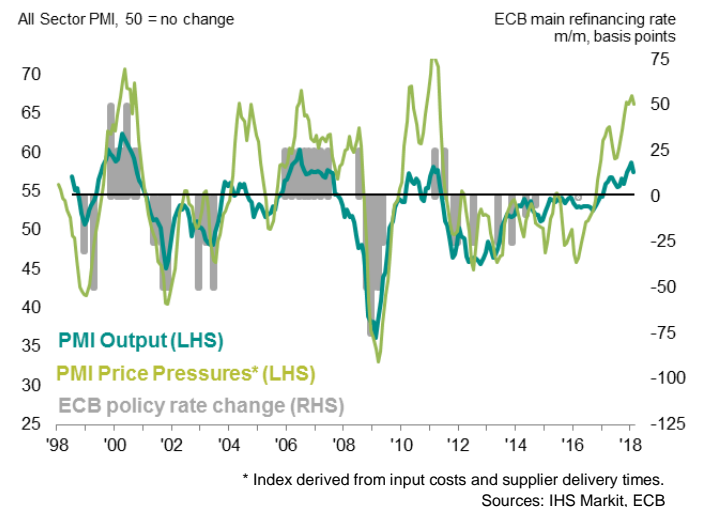
ECB

The ECB is not expected to make any major changes to its policy stance at its March meeting, but signs of strong economic growth mean we could see some tweaking of the guidance. [Flash PMI data](#) pointed to some easing in the pace of expansion in February but the region is still enjoying its best growth spell for 12 years. Price pressures have also picked up in recent months, though with only limited pass-through to consumer prices so far. While the ECB will want to see more signs of inflation picking up before sounding more hawkish, there's a chance of a removal of the easing bias, which currently notes that more asset purchases could be required if needed.

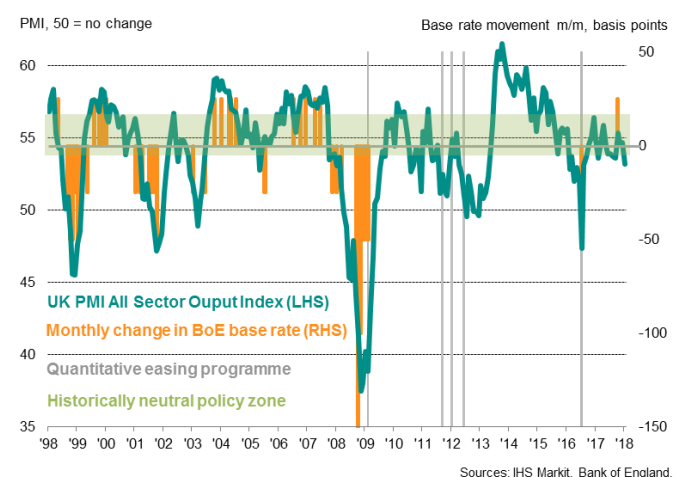
Global economic growth and the PMI



ECB policy and the PMI surveys



Bank of England policy and the PMI



Bank of England rate hike in focus

The Bank of England has meanwhile made increasingly hawkish noises to the extent that a rate hike in May looks a distinct possibility. However, it's likely that for a May hike to happen, policymakers will need to see some signs of better economic growth, after [January's business surveys](#) disappointed, as well as some further improvement in [pay growth](#). The former will be guided by the services PMI survey and updates to official industrial output, trade and construction numbers, while the latter will be guided by the monthly REC industry survey.

Japan

The Nikkei Services PMI and updated GDP numbers will be eyed for clues as to the future policy stance at the Bank of Japan. Prior PMI surveys and the [February flash manufacturing PMI](#) have pointed to sustained strong economic growth as well as encouragingly strong hiring and price trends.

Policy meetings in Australia and Canada

The Reserve Bank of **Australia** also meets to set interest rates, but expectations of an imminent rate hike have fallen in recent weeks. Late last year markets had almost fully priced in a 2018 rate hike but weaker than expected [inflation numbers](#) and [softer business survey data](#) have since cooled these expectations to the extent that markets price in only a 50% chance of a 2018 hike. A flurry of data including PMI numbers and fourth quarter GDP will add to the policy debate.

The Reserve Bank of **Canada** is likewise widely expected to keep policy on hold at its monthly meeting, treading a more cautious path in 2018 after having already hiked three times since last July. However, the consensus is for two more rate hikes later this year. PMI data will give an update on business conditions in February and help determine the timing of the first of these hikes.

Continued...

Monday 5 March

Worldwide release of IHS Markit services and whole economy PMI surveys (Feb)

Australia building permits (Jan)

Euro area retail sales (Jan)

Tuesday 6 March

IHS Markit retail PMI for eurozone, France, Germany and Italy, and Germany construction PMI (Feb)

Australia retail sales (Jan) and current account (Q4)

RBA monetary policy decision

Korea and Philippines inflation (Feb)

Brazil industrial production (Jan)

Russia inflation (Feb)

US factory orders (Jan)

Wednesday 7 March

IHS Markit sector PMI surveys for Asia, Europe, US and global (Feb)

Inaugural release of Colombia manufacturing PMI (Feb)

Australia GDP (Q4)

Taiwan trade and inflation (Feb)

Malaysia monetary policy decision

UK Halifax House Price Index (Feb)

France trade balance (Jan)

Euro area GDP (Q4, 3rd est)

US ADP employment change (Feb) and trade (Jan)

US unit labour cost and nonfarm productivity (Q4, final)

Canada monetary policy decision and trade (Jan)

Thursday 8 March

IHS Markit UK report on jobs

Japan GDP (Q4, final) and current account (Jan)

Australia trade (Jan)

China trade (Feb)

Germany factory orders (Jan)

ECB monetary policy decision

Friday 9 March

Japan household spending (Jan) and machine tool orders (Feb)

China inflation (Feb)

BOJ monetary policy decision

Germany trade and industrial production (Jan)

France industrial production (Jan)

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

UK consumer inflation expectations (Q1)

Brazil inflation (Feb)

Canada employment change and unemployment rate (Feb)

US nonfarm payrolls, average earnings and unemployment rate (Feb)

US wholesale inventories (Jan)

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