

Week ahead economic calendar [01 – 05 August]

Global economic growth hangs in the balance

- **PMI™ data to provide insight into health of the global economy**
- **Central banks in Australia, the Eurozone, Japan, Russia and the UK announce policy rates**
- **US employment report eagerly anticipated given current weakness in labour market**

Market attention will remain firmly on US debt wrangling over the weekend, as a Tuesday deadline looms large. In terms of economic data, the publication of PMI™ data for nearly all of the world's major developed and emerging countries will dominate the first half of the week.

The numbers will be eagerly anticipated by those looking to get a handle on whether the current [“soft-spot” in global growth](#) is just that or the start of a more entrenched period of weakening. Indeed, flash PMI™ numbers for the [Eurozone](#) and [China](#) have already indicated slowdowns showing no signs of reversing at the start of Q3, but did suggest that price pressures are cooling. The final PMI™ data will provide a more comprehensive picture of global trends.

Central bank policy announcements also feature heavily next week, with committees in Australia, the Eurozone, Japan, Russia and the UK all meeting to set interest rates.

No change in policy is expected at the monthly meeting of the Bank of England's Monetary Policy Committee (MPC), with a rate hike not pencilled in until mid-2012 at the earliest. After the possibility of further quantitative easing, known as QE, was discussed at their June meeting, the minutes for July omitted any reference alluding to asset purchases. It will be interesting to see if talk of QE again rears its head when the minutes are published in mid-August.

The European Central Bank (ECB) is also expected to keep interest rates on hold at their August meeting. Expectations of a further rate hike this year will have dimmed after inflation eased to a five-month low in July. The ECB will also be aware of the current economic weakness in the region, with PMI™ data signalling slowdowns not only across the periphery but also the core nations of France and Germany.

In the US, the release of ISM Manufacturing PMI data and Friday's employment report are the highlights. Non-farm payrolls rose by just 18k in June, well below the consensus for 105k, taking the rise to a paltry 43k in the past two months. The Fed is expecting economic growth to gain

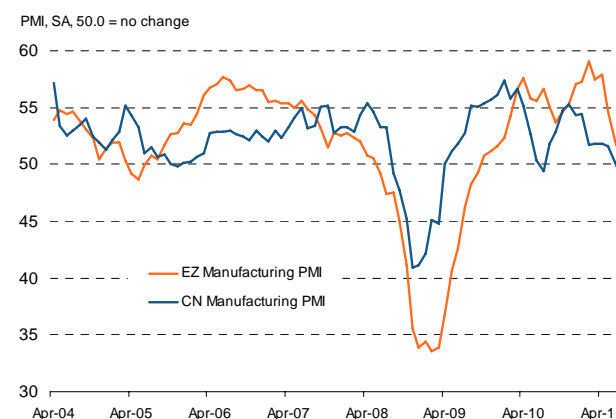
momentum in Q3, but further signals of weakness in the labour market will bring this view into serious question.

Monday

The day starts with the release of **Manufacturing PMIs** for Asia, notably final data for China, where the [flash HSBC PMI™](#) signalled the sharpest decline in manufacturing output since March 2009. HSBC PMI™ releases for [South Korea](#) and [Taiwan](#) will be monitored for trends in global trade flows.

The final **Markit Eurozone PMI™** follows the flash estimate released last week, which showed activity growth easing to near-stagnation, with weakness board-based across both manufacturing and services. The final data will also provide an update on how the peripheral nations are faring.

Markit flash PMI™ surveys



Source: Markit.

The publication of the [Markit/CIPS UK Manufacturing PMI™](#) follows shortly after. June data showed the previously robust recovery in the industrial sector losing further momentum.

Italian **unemployment numbers** are released, as well as **labour statistics** for the single currency area as a whole.

In the US, **construction spending** data are accompanied by the publication of the **ISM Manufacturing PMI**, which came in better-than-expected last month. However, the reading was still lower than those recorded throughout much of the past year-and-a-half.

The central bank of Russia is expected to keep **interest rates** on hold at their August meeting amid signs that inflationary pressures are easing.

Tuesday

A day in which US debt fears will reach fever pitch if squabbling in Washington hasn't been resolved starts with the release of US **motor vehicle sales**.

[Markit/CIPS UK Construction PMI™](#) data follow. The survey-based indicator showed growth of the UK construction sector remaining broadly unchanged in June. The recently launched [RBC Canada Manufacturing PMI™](#) is also published for July.

The European Central Bank (ECB) will have a close eye on the publication of **producer price** data for the single currency area.

Weekly **Redbook store chain sales** and **personal income & outlays** data for the US are published.

The reserve bank of Australia is forecast to leave **interest rates** unchanged. Expectations of looser policy towards year-end were reversed this week after the publication of stronger-than-expected inflation numbers.

Wednesday

Markit's release of **Services PMIs** around the world takes centre stage on Wednesday. The [flash Eurozone PMI™](#) signalled that activity growth slowed sharply in services to the weakest since September 2009.

The publication of the [Markit/CIPS UK Services PMI™](#) will provide an update on the country's economic performance at the start of the third quarter, while the [KPMG/REC UK Report on Jobs](#), compiled by Markit, will also be watched as an important gauge to labour market conditions.

Eurozone **retail sales** data for June follow. May numbers had signalled a stronger-than-expected decline in sales.

In the US, **MBA mortgage application** data, the **ISM Non-manufacturing PMI** and **ADP employment report** are all released. Meanwhile, **factory orders** for both durable and nondurable goods will give more complete information on demand for factory products following the publication of advanced durable goods orders data this week.

Thursday

German **industrial orders numbers** will provide insight into the strength of demand for industrial products.

Attention will then shift to central bank policy, when committees at the Bank of England (BoE) and European Central Bank announce their **interest rate** decisions.

Initial jobless claims are published on Thursday. The number of Americans claiming new jobless benefits slipped to a three-month low last week.

Friday

The day starts with the publication of **coincident and leading indicator** numbers for Japan in advance of France's monthly **trade report**.

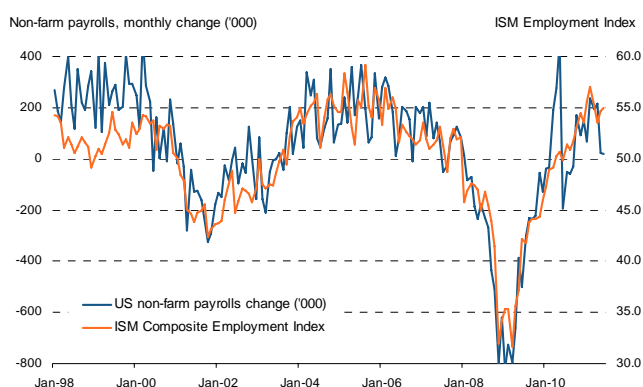
The Policy Board at the Bank of Japan will convene and announce its **interest rate** decision. No change is expected.

Italy releases the first estimate of **economic growth** for the second quarter, as measured by Gross Domestic Product (GDP). Amid ongoing fiscal reform, the numbers will be watched with interest.

Producer price data for the UK are published ahead of industrial production numbers for Germany.

The all-important **US employment report** will shed light on the health of the labour market. **Non-farm payrolls** rose by just 18k in June, adding to concerns surrounding the robustness of the US recovery.

US labour market



Sources: ISM, US Department of Labour.

Average earnings, private sector payrolls and the overall **unemployment rate** are also published. **Consumer credit numbers** for the US draws the week to a close.

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