

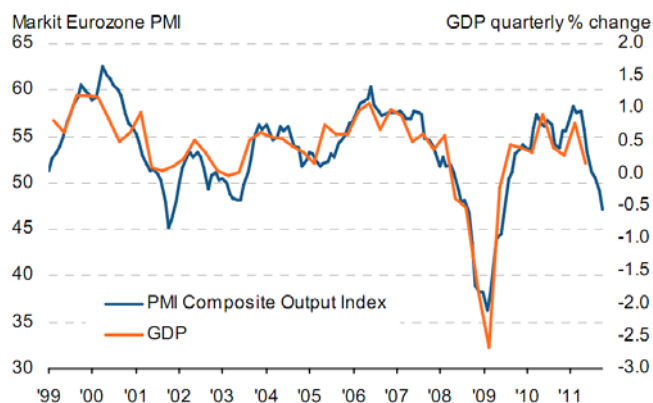
# Week ahead economic calendar [31 Oct – 04 Nov]

## PMIs, central bank policy and US employment to dictate market sentiment

- **PMI survey data to provide insight into global economic conditions**
- **Central banks in Australia, the US and Eurozone to announce policy decisions**
- **Other highlights include: Q3 UK GDP growth, US non-farm payrolls and Eurozone inflation**

Manufacturing and Services PMIs, published around the world, will provide a comprehensive snapshot of global growth trends in October. The flash PMI survey findings have already shown a heightened risk of the [Eurozone](#) sliding back into recession, heaping added pressure on the European Central Bank (ECB) to reverse its mid-year interest rate hikes at Mario Draghi's inaugural policy meeting as ECB President. However, the governing council may keep rate-cutting powder dry if October's preliminary estimate of consumer price inflation, released Monday, remains much stronger than the 2.0% threshold favoured by the ECB for price stability. The headline rate of inflation surged from 2.5% to 3.0% last month.

### Flash Eurozone PMI



The preliminary estimate of Q3 economic growth, alongside manufacturing, construction and services PMI™ numbers are the main highlights for the UK. Having expanded by just 0.2% in the second quarter, the UK economy may have [grown by 0.5% in the three months to September](#), according to a model which combines PMI™ and any relevant official data that are so far available for the quarter.

After a better-than-expected run of economic data since their last policy meeting, the Federal Reserve is not expected to announce another round of quantitative easing, known as QE3, at their policy meeting on Wednesday. Next week is

also peppered with some key economic data releases for the United States. Factory orders, construction spending and ISM non-manufacturing PMI data are all published, while the Chicago PMI will be used to gauge the ISM manufacturing release on Tuesday. In a similar vein, the ADP Employment and Challenger reports, published mid-week, will provide insight into the labour market report and that all-important non-farm payrolls number released on Friday.

Japan sees the release of the Manufacturing PMI™ at the start of the week, while the Bank of Japan (BoJ) minutes of its October 6-7 meeting will provide insight into the central bank's decision to expand its asset purchase programme.

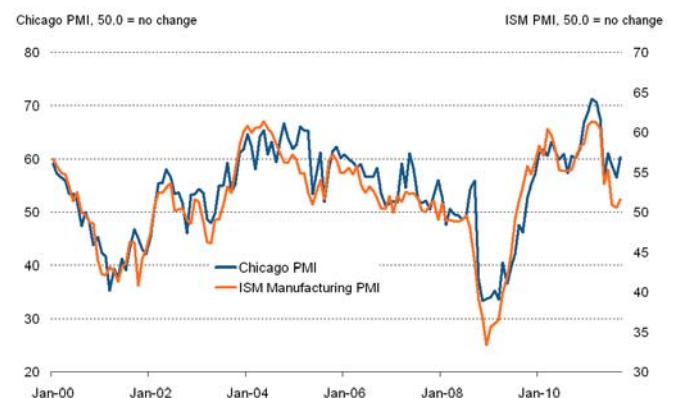
### Monday

Markit publish the [Japan Manufacturing PMI™](#) overnight. September's survey showed the manufacturing sector recovery stalling. Japan also sees the publication of housing starts and construction orders data.

The UK sees the publication of consumer credit, mortgage lending/applications and money supply data for September ahead of the preliminary estimate of consumer price inflation for the Eurozone. The number will be watched closely ahead of the ECB policy meeting later in the week. Unemployment updates for Italy and the monetary union are published, as well as producer prices numbers for France and Italy, which also sees the release of consumer prices.

Investors will have a close eye on the publication of the Chicago PMI ahead of the ISM manufacturing release on Tuesday. The headline Chicago PMI climbed to a three-month high of 60.4 in September, but is expected to fall back to 59.2 according to a poll conducted by Reuters.

### US PMIs compared

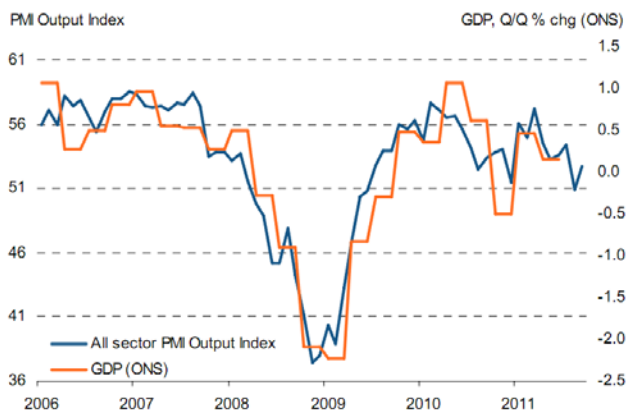


## Tuesday

A host of Manufacturing PMI™ surveys are published on Tuesday, starting with [South Korea](#), [Taiwan](#) and China (final) in the early hours. [HSBC flash PMI](#) data, released 24 October, showed that China's manufacturing sector snapped a three-month period of contraction. The news helped lifted shares across Asia, while copper futures on the London Metals Exchange (LME) posted their largest one day advance since the start of 2009.

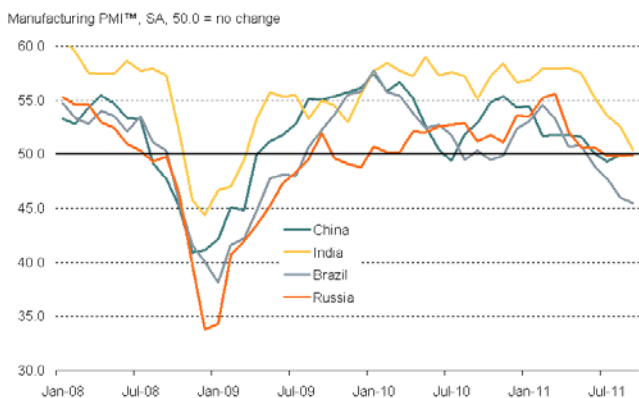
In the UK, Nationwide house price data for October are scheduled for release in advance of the [Markit/CIPS UK Manufacturing PMI™](#) and the first estimate of Q3 economic growth.

### All sector PMI and GDP



The [HSBC Brazil Manufacturing PMI™](#) is released at midday and rounds off the BRIC manufacturing PMI™ picture for October, following the publication of [India](#) and [Russia](#) PMI™ numbers at 05:00 GMT.

### BRIC Manufacturing PMIs



The [RBC Canadian Manufacturing PMI™](#), compiled by Markit, is released ahead of the ISM Manufacturing PMI for the United States. Despite ticking up to a three-month high, the headline ISM PMI signalled only a modest manufacturing expansion in September. Analysts expect the headline PMI to rise further according to a poll conducted by Reuters.

The Reserve Bank of Australia policy board announce their interest rate decision. After a slower-than-expected increase 28/10/2011

in third quarter core inflation, the likelihood of a rate cut to support growth has grown over recent days. Meanwhile, the Bank of Japan publishes the minutes of its October 6-7 meeting, where policy members opted to take extra monetary action by boosting purchases of government bonds.

## Wednesday

Due to All Saints' Day across most of Europe, Manufacturing PMIs for the Eurozone are published a day later than usual.

Final manufacturing PMI data for Italy, France, Germany and the single currency area as a whole are published in quick succession. Flash numbers had shown the Eurozone manufacturing sector contracting for a third month in a row during October. The final set of data will provide greater insight into how the peripheral nations are faring.

The [Markit/CIPS UK Construction PMI™](#) will add detail to the Q4 growth story to date. Growth of UK construction activity slowed to near-stagnation at the end of the third quarter.

Both the US Challenger and ADP Employment reports will provide timely information on the labour market situation ahead of employment Friday. Meanwhile, the Federal Reserve announces its decision on interest rates. The Fed is expected to keep more quantitative easing, known as QE3, in its back pocket for the time being given better than expected data since their last meeting. Ben Bernanke's press conference following the policy meeting will be watched closely for comments on changes to the way the bank conducts monetary policy.

## Thursday

The G20 summit in Cannes takes place on Thursday, with talks on global financial stability likely to dominate.

The publication of the [Markit/CIPS UK Services PMI™](#) will be seen by many as a key gauge of the country's economic performance at the start of the final quarter.

Market attention then shifts to Frankfurt, where the European Central Bank (ECB) Governing Council announce their first interest rate decision with Mario Draghi at the helm. Against a backdrop of weak economic data, including flash Eurozone PMI numbers released this week, many are calling for the ECB to reduce interest rates.

The US sees the release of initial and continued jobless claims, productivity and labour costs (Q3), factory orders, and the ISM Non-manufacturing PMI.

## Friday

Final Markit Eurozone Services PMI™ data follow this week's flash estimate, which showed activity across the single currency area falling at the fastest rate since June 2009. Final services data for France and Germany are published in advance of producer prices data for the currency union and German industrial orders numbers.

The eagerly anticipated US employment report, published by the Bureau of Labour Statistics (BLS), draws the week to a close, including non-farm payrolls, working hours, the unemployment rate and average earnings. US non-farm payrolls rose by 103 thousand last month, while upward revisions were made to both July (85k to 127k) and August (0k to 57k) numbers. A 95 thousand increase is forecast according to a poll conducted by Reuters. The release has the potential to move markets and set the tone for the entire month.

*All sources: ONS, Markit, CIPS, HSBC, ISM, EcoWin.*

Markit's [commentary notes](#) and [press releases](#) can be accessed online, as can a diary of [forthcoming Markit release dates](#).

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