

Week ahead economic calendar [06 – 10 Feb]

Central banks mull better than expected economic data

- **Bank of England likely to expand asset purchase programme by £50bn**
- **No change expected at ECB as February LTRO set to see good uptake by banks**
- **China trade data to add clues as to health of economy at start of new year**

After a flurry of better than expected PMI data signalled a reduced risk of the UK and Eurozone sliding back into recession, attention shifts to how policymakers will respond.

Monthly policy meetings at the Bank of England and ECB form the highlights of the week. The upturn in the UK PMIs has led some analysts to revise down their predictions of a further £75bn extension of the Bank's asset purchase programme, though the consensus is for a £50bn increase. February is seen as a key month for changes in policy, as the Bank's inflation and growth outlook will have been updated for its quarterly *Inflation Report*, due out on 15 February. However, the upturn in the PMIs may be enough to encourage some on the Monetary Policy Committee to argue that any further stimulus should be delayed until a clearer picture of the economy emerges in coming months.

No change is expected at the ECB's monthly meeting, and the upturn in PMIs will certainly have dented hopes among the few hoping that the main policy rate will be cut from 1.0% to 0.75%. The ECB's December offering of cheap, unlimited three-year liquidity via its LTRO programme is widely seen as having a major beneficial impact in averting a new credit squeeze, and new offering in February is likely to see even greater uptake than the EUR500bn seen in December.

Official data relating to industrial production in the UK, Germany, France and Italy, as well as trade data for Germany and the UK, will meanwhile be closely watched for confirmation of the recent improvements seen in the PMIs.

A quiet week for the US sees trade and University of Michigan consumer confidence data as the key releases. We expect both to show further signs of an ongoing steady but unspectacular US recovery in the first quarter.

A quiet week for data in Asia is dominated by trade numbers for China and industrial production data for India. After Chinese PMI surveys held up in January in the face of widespread expectations that economic growth will cool sharply in the first quarter, analysts will be looking for further clues as to the health of the Chinese economy in the import and export numbers.

Monday

Monday sees the release of German industrial orders, as well as a gauge of investor confidence across the single currency area known as the Sentix Index. US employment trends, Taiwan consumer price inflation and the Ivey Purchasing Managers' Index for Canada are other noteworthy data releases.

Tuesday

The day starts with UK retail sales data from the British Retail Consortium (BRC). Japanese leading and coincident indicator numbers are then published ahead of French trade statistics and numbers for German industrial production.

The US sees weekly store chain sales from Redbook and International Council of Shopping Centers (ICSC), as well as the latest update on consumer credit conditions.

The Reserve Bank of Australia policy setting committee meets to set interest rates, while Taiwan publishes trade statistics for the start of 2012.

Wednesday

Japan's survey of economy watchers, such as taxi drivers, is published early morning and in advance of German trade and French budget (year-to-date) figures.

The KPMG/REC Report on Jobs will provide insight into the UK labour market.

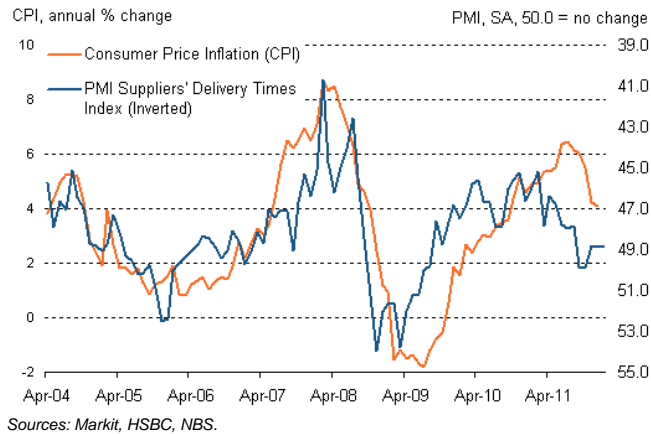
Elsewhere in Europe, Turkish industrial production results for the final month of 2012 are published and policymakers at the National Bank of Poland meet to set interest rates.

Another quiet day in the United States sees the publications of MBA mortgage applications data.

Thursday

Japan machinery orders data are published just before midnight on Wednesday. Consumer confidence data follow early on Thursday morning. Meanwhile, China publishes the latest estimate of consumer price inflation, which eased to a 15-month low of 4.1% in December.

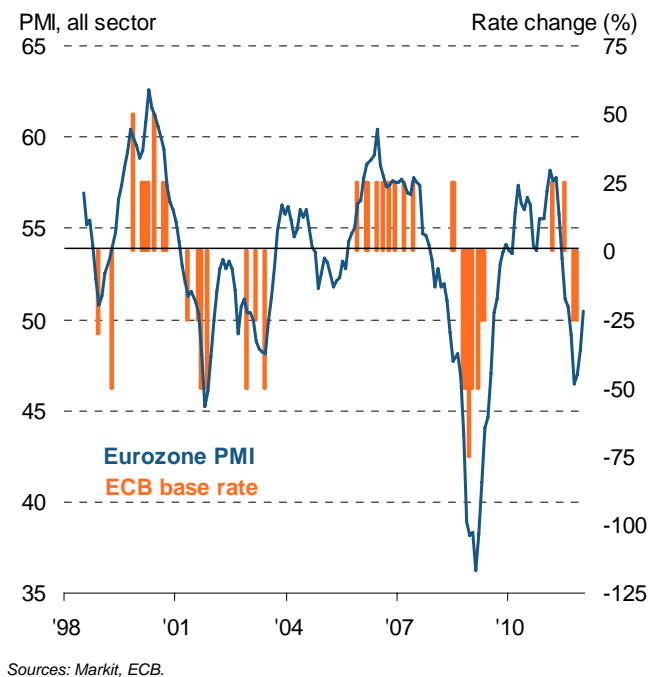
China Consumer Price Inflation



The busiest day of the week in terms of economic data also sees industrial production and trade data for the United Kingdom. Attention will then shift to the Bank of England (BoE), where the Monetary Policy Committee meets to discuss their monetary views. The bank is poised to announce a further round of asset purchases, with analysts expecting a rise in the bond-purchase target to £325 billion.

Next up, policymakers at the European Central Bank hold their monthly monetary policy meeting, with the Bank expected to keep interest rates on hold for a second month in succession. Central banks in Indonesia, South Korea and Peru also meet to set interest rates.

PMI and ECB Interest Rate Changes



In the United States, weekly jobless claims and wholesale sales/inventories are the main data releases.

Friday

The final estimate of consumer price inflation for Germany is released ahead of French current account and industrial output statistics. Italy sees industrial production data for December, while UK producer price numbers are published at 09:30 (GMT).

In Asia, India publishes industrial output numbers, while China releases January's trade report.

The University of Michigan publish their initial estimate of US consumer sentiment for February. Despite rising in the first month of 2012, the headline index remained low in the context of historic data. International trade statistics are also published on Friday, as well as federal budget data.

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