

Week Ahead Economic Preview

- Fed, BOE and BOJ to decide on monetary policy
- UK wage and retail sales to gauge consumer trends
- China publishes capital investment, retail sales and credit data

Several major central banks decide on policy and interest rates at a time when the [global economy is on course for a solid second quarter](#). Meanwhile, UK wage growth, inflation and retail sales will help gauge whether consumer spending has remained under strain amid political uncertainty. Other key highlights include China's data on capital investment, retail sales and credit growth, as well as US retail sales.

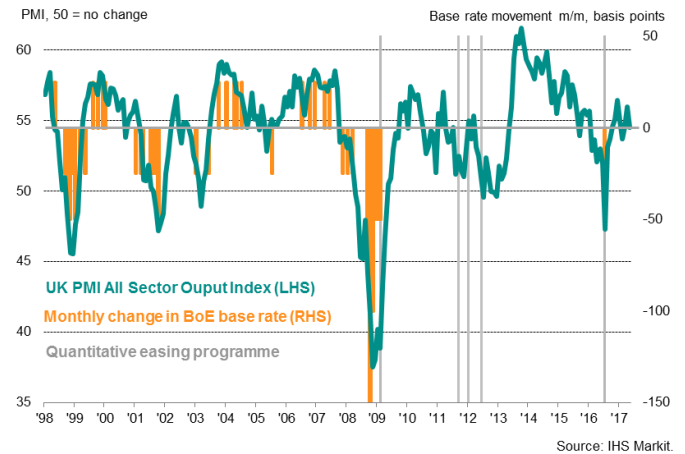
A key event of the week will be the Fed's monetary policy decision, which takes place amid rising expectations for another hike in interest rates. Financial markets have priced in a rate hike probability of over 90% as of Friday, up from around 80% a month ago. Signs of further growth in the US economy are key to next week's FOMC meeting. [PMI surveys](#) have signalled faster, but modest, growth in the second quarter, fuelled by an encouraging upturn in service sector growth. Hiring remained solid and a rise in prices bolster the case of the hawks.

US retail sales figures will provide evidence of how resilient the US consumer has been in May, a key indicator of whether household spending will have boosted second quarter GDP. Other key US highlights include inflation, industrial production and housing data.

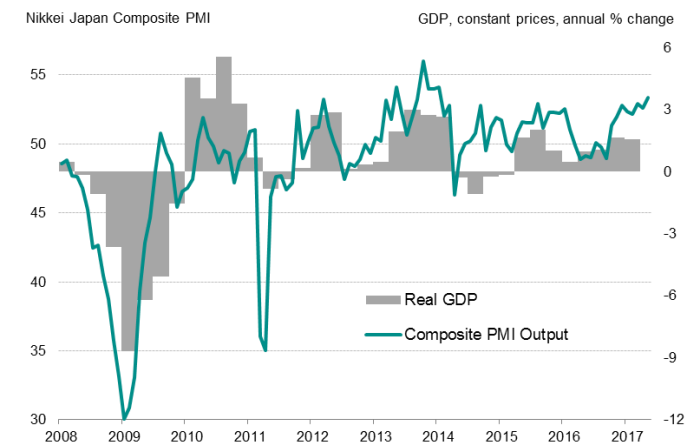
The week sees the Bank of England's monetary policy decision, which comes fast on the heels of the UK general election. Although [UK PMI surveys](#) indicate the economy may be regaining some momentum in the second quarter, the slowdown in May suggested that any pick-up in growth is at best modest. Official output data for April have also come in disappointingly weak. With the UK election outcome having led to heightened political uncertainty, a cautious approach to policy is likely to be seen from the central bank.

Meanwhile, UK inflation, retail sales, and wage growth data will be watched to gauge the extent to which rising prices continue to weigh on consumption.

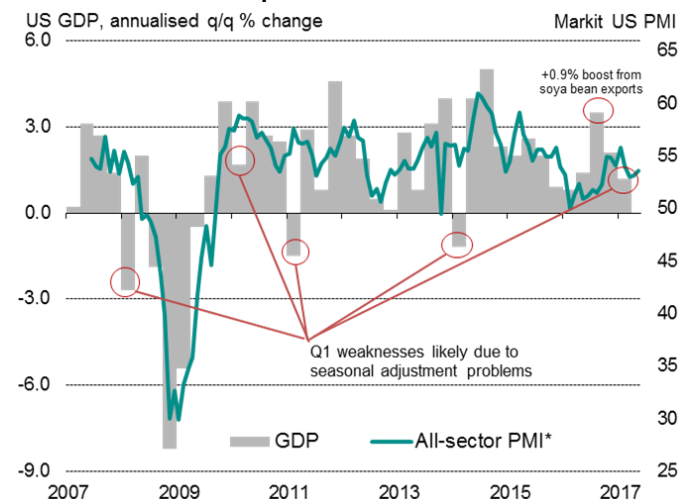
Bank of England policy decisions and the PMI



Japan PMI and GDP compared



US PMI and GDP compared



Continued...

The **Bank of Japan** (BOJ) also decides on interest rates, though no changes to policy settings are expected. [Solid economic growth and rising prices](#) have raised expectations that the central bank could soon signal its intention to start withdrawing its stimulus. But such talks appear premature as BOJ governor Kuroda said recently that now is not the time to publish an exit strategy to its stimulus programme as stronger signs of inflation are yet to be seen.

In **China**, economists will look to data on investment, retail sales and credit for signs of key growth drivers. The [Caixin China PMI surveys](#) showed a slight gain in growth momentum in May, but the upturn was insufficient to quell widespread expectations of softer second-quarter GDP growth. Notably, the headline manufacturing PMI fell below 50, signalling decline for the first time in nearly a year.

Monday 12 June

Japan machinery orders (April)

Singapore retail sales (April)

China new yuan loans, total social financing and M2 (May)

India industrial production (April) & inflation (May)

Italy industrial production (April)

Tuesday 13 June

Australia business confidence (May)

China FDI (May)

India current account (Q1)

UK CPI and PPI (May)

Brazil retail sales (April)

Euro area ZEW survey (June)

Germany ZEW survey (June)

US PPI (May)

Wednesday 14 June

Australia consumer confidence (June)

China fixed asset investment, industrial production and retail sales (May)

Japan industrial production (April)

India WPI (May)

UK claimant count change (May) unemployment rate (April) and average earnings (April)

Germany final harmonised inflation (May)

Euro area employment change (Q1) and industrial production (April)

US inflation and retail sales (May)

US Fed interest rate decision

Thursday 15 June

Australia employment change and unemployment rate (May)

Indonesia trade data (May)

Bank Indonesia monetary policy decision

India balance of trade (May)

UK retail sales (May)

BoE interest rate decision

Euro area balance of trade (April)

US industrial production (May)

US Philadelphia Fed and Empire State manufacturing index (June)

Friday 16 June

BOJ interest rate decision

Russia monetary policy decision

Germany wholesale prices (May)

Euro area final inflation (May) and wage growth (Q1)

US Feb labour market conditions index, building permits and housing starts (May)

US Michigan consumer expectations and sentiment (June)

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