

Week Ahead Economic Preview

Global overview

- Worldwide manufacturing and services PMIs
- US monthly employment report
- GDP data for Brazil, India, Australia and S Korea
- Monetary policy meeting in Australia

A comprehensive view of global economic conditions midway through the third quarter will be provided by the worldwide PMI surveys, with the week closing with the all-important US non-farm payroll report. Other key releases include GDP for India, Brazil, Australia and South Korea, while policy action comes from Australia.

Global PMI data will be eagerly awaited to assess whether the economic rebound from COVID-19 lockdowns has persisted into August. Flash PMI data brought mixed news: although the G4 largest developed economies collectively saw the sharpest expansion since March 2019, only the [US](#) and [UK](#) reported faster growth. The [Eurozone's expansion lost pace](#) and [Japan remained firmly stuck in contraction](#). The final PMI numbers will provide more detail on both manufacturing and services conditions in all major developed and emerging markets. Detailed sector PMIs will also add insight into winners and losers: [July saw auto makers lead the global upturn](#) but conditions remained especially tough for tourism and recreation.

In addition to the IHS Markit and ISM PMI data, Friday's US employment report includes nonfarm payrolls, unemployment and wage growth. July saw 1.8 million added to the payroll count, but that still left the count almost 13 million below the pre-pandemic peak and was down from a 4.2 million increase in June, hinting at a slowing recovery. The unemployment rate fell 0.9% points to 10.2%. Analysts are expecting around 1.5 million jobs in August to be added and a drop in the jobless rate to just under 10% ([page 3](#)).

In Europe, the PMI data are joined by Eurozone inflation and unemployment numbers, plus retail sales data. German factory orders and retail sales are also updated, as are mortgage lending and credit data in the UK ([page 4](#)).

In Asia Pacific, PMI data will add clues as to the durability of China's upturn, while GDP in India and Australia are expected to show economies contracting sharply. The RBA is meanwhile expected to hold rates unchanged at 0.25% but analysts will be eager for clues as to what might trigger further action ([page 5](#)).

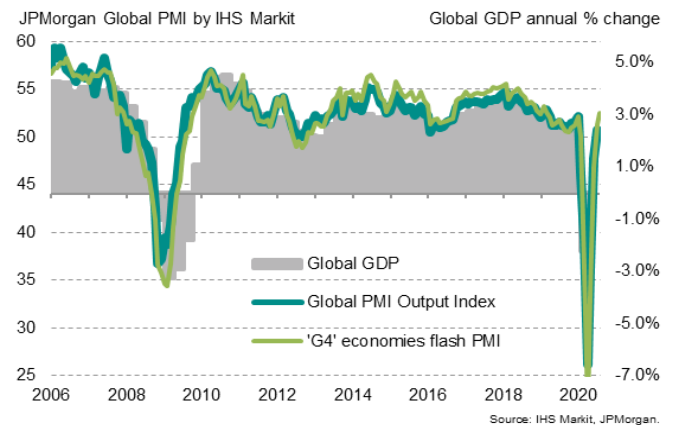
Upcoming PMI releases

1st September: Final Global Manufacturing PMIs

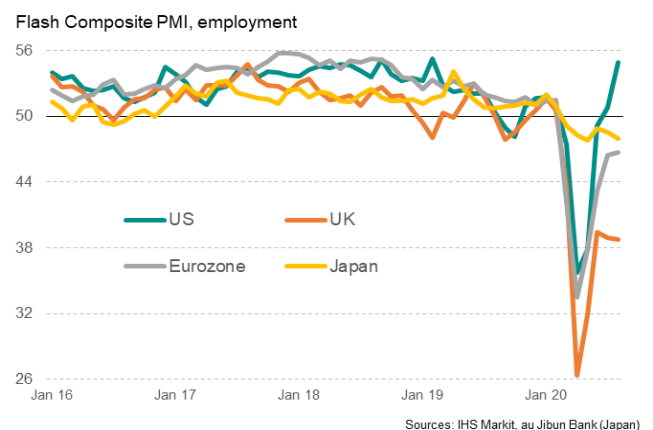
3rd September: Final Global Services PMIs

4th September: Detailed global sector PMIs

Worldwide PMI releases follow the publication of IHS Markit's flash PMI data, which pointed to stronger global economic growth in August, led by the UK and US.



Employment trends will be important to watch, to gauge how sustainable recoveries are. In August, only the US flash PMI saw increased hiring.



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Key diary events (UTC)

Monday 31 August

China NBS manufacturing PMI (Aug)
Japan consumer confidence (Aug), housing starts (Jul)
Germany and Spain inflation (Prelim, Aug)
Thailand private consumption and investment (Jul)
Italy GDP (Final, Q2)
India GDP (Q1 FY20-21), infrastructure output (Jul)
US Dallas Fed manufacturing index (Aug)
Speech by Fed Vice-Chair Clarida
CBA Australia manufacturing PMI (Aug) 23:00 UTC
South Korea GDP (Final, Q2) 23:00 UTC
Japan jobless rate (Jul) 23:30 UTC

Tuesday 1 September

Worldwide release of IHS Markit manufacturing PMI surveys (Aug), incl. Caixin, au Jibun Bank
South Korea trade (Aug)
Thailand and Indonesia inflation (Aug)
Australia interest rate decision
Germany unemployment rate (Aug)
UK mortgage approvals and lending (Jul)
Euro area and Italy jobless rate (Jul)
Euro area inflation (Flash, Aug)
US ISM manufacturing PMI (Aug)
Brazil GDP (Q2), trade balance (Aug)
South Korea inflation (Aug) 23:00 UTC

Wednesday 2 September

Australia GDP (Q2)
Germany retail sales (Jul)
Spain unemployment rate (Aug)
US ADP job report (Aug), factory orders (Jul), Fed Beige Book
CBA Australia services PMI (Final, Aug) 23:00 UTC

Thursday 3 September

Worldwide release of IHS Markit Services PMI (Aug), incl. Caixin, au Jibun Bank
IHS Markit Singapore and Hong Kong SAR PMI (Aug)
Australia trade (Jul)
Thailand consumer confidence (Aug)
Euro area retail sales (Jul)
Brazil industrial output (Jul)
US ISM non-manufacturing PMI (Aug)
US trade balance (Jul), jobless claims (29-Aug), unit labour costs, nonfarm productivity (Final, Q2)

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Friday 4 September

IHS Markit Sector PMI for Global, Europe and Asia (Aug)
IHS Markit Construction PMI for Euro area, Germany, France, Italy and UK (Aug)
Philippines inflation (Aug), industrial output (Jul), unemployment rate (Q3)
Australia retail sales (Jul)
Germany factory orders (Jul)
US nonfarm payrolls, jobless rate, participation rate, earnings (Aug)
Russia inflation (Aug)

United States Week Ahead

Final PMI data, nonfarm payrolls and factory orders

By Siân Jones

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Leading the key economic data releases are an update to the health of the labour market and final PMI data. Firms and consumers alike are seemingly adapting to COVID-19 practices, with tentative moves towards a recovery signalled by 'flash' PMI data. Labour market movements will be keenly watched following July's slower expansion in private sector hiring.

PMI surveys

Both IHS Markit and ISM survey data are updated for manufacturing and services in August, and will be keenly eyed for the impact of ongoing COVID-19 worries. Encouragingly, 'flash' PMI data signalled a notable increase in business activity across the private sector, including the fastest rise in services new business for a year, accompanying a further manufacturing recovery from the nadir of the second quarter. Some firms reported that customers who were delaying placing orders due to the pandemic could no longer wait, resulting in a faster rise in new order inflows. Importantly, new export business also rose among manufacturers and service providers, as the relaxation of restrictions boosted foreign sales.

Nonfarm payrolls

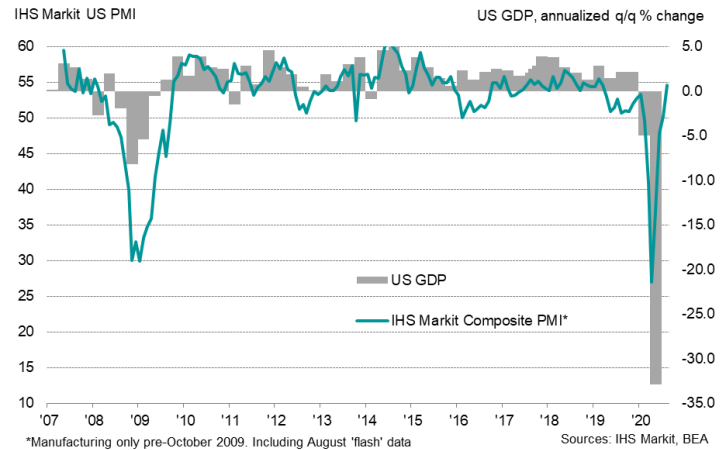
Private sector firms are expected to have once again expanded their workforce numbers in August. The upturn is not predicted to be as substantial as that seen in June or July, however, as rising COVID-19 cases and lockdown restrictions are expected to have moderated hiring activity. Nonetheless, the labour market is expected to continue to claw back some of the losses made in the opening months of the pandemic, albeit only gradually, helping pull the unemployment rate down slightly further to below 10%.

Factory orders

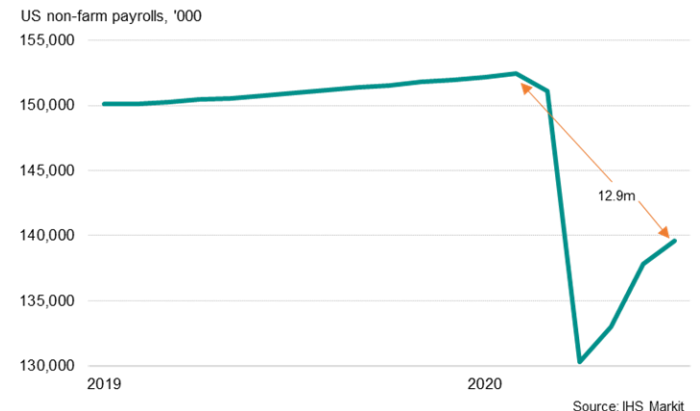
Also in the economic release calendar is the publication of factory orders data. Durable goods orders and flash PMI data for August both indicated stronger demand across the US manufacturing sector.

The coming week will also see updates to balance of trade and jobless claims.

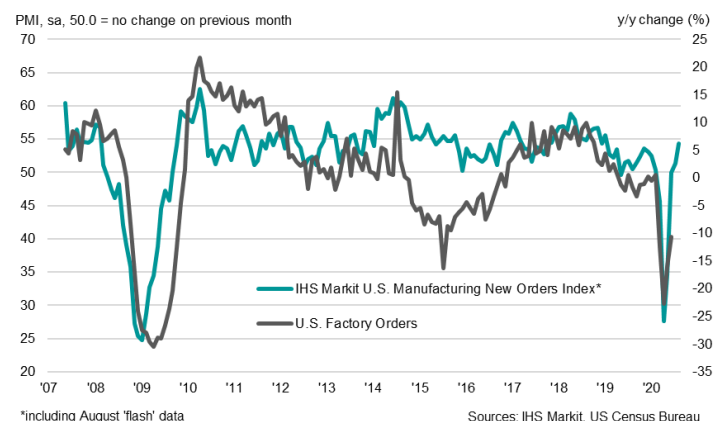
Flash PMI data for August signals further moves towards economic recovery in the third quarter



Labour market begins road to recovery as business activity picks up



Manufacturing new orders set to rise in July and August amid boost to new sales, according to 'flash' PMIs



Europe Week Ahead

PMIs, Eurozone retail sales and German factory orders

By Paul Smith

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Next week sees the release of the August PMI data for manufacturing and services across Europe, with the final eurozone and UK figures complemented by first looks at Ireland, Italy and Spain. Construction and regional sector PMI data will add further colour, whilst greater details on the recovery in Germany will be provided by official retail sales and factory orders data.

Flash inflation data for the eurozone will also be eagerly awaited. Higher inflation could limit scope for further policy stimulus, though in fact the consensus is for the annual rate of deflation to accelerate to 0.7%. The euro area jobless rate is meanwhile expected to edge up to 6.5%, with COVID-19 related job losses limited by government policies.

National and sector PMIs

With flash PMI data showing a marked slowdown in euro area [growth momentum](#) during August, next week's PMI releases offer a deeper dive. Figures for Italy and Spain are likely to be closely eyed given the importance of 'social contact' industries such as tourism and eating out, whilst the end of the week will also offer a timely insight into European economic activity via detailed sector level PMI numbers.

Whilst [many industries](#) returned to growth in July, tourism & recreation and the wider consumer services sector continued to drag on overall economic expansion. August figures will provide fresh information on whether these trends have continued.

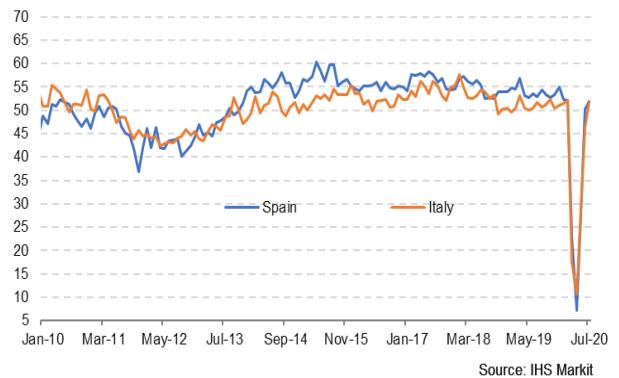
Retail sales and German factory orders

Retail sales figures for Germany and the wider eurozone economy for the month of July are also of notable interest. June's figures showed monthly retail sales growth of over 5% taking volumes above February's peak as lockdown restrictions eased and pent-up demand continued to be released.

Another sector firmly on the recovery path has been German industry. Factory orders in June rose sharply, up by some 37% on the month and, whilst still down some 6% on a year ago, recent PMI data have pointed to continued gains over the summer. Expect next week's official figures to therefore show further gains and keep hopes of a 'v-shaped' recovery alive.

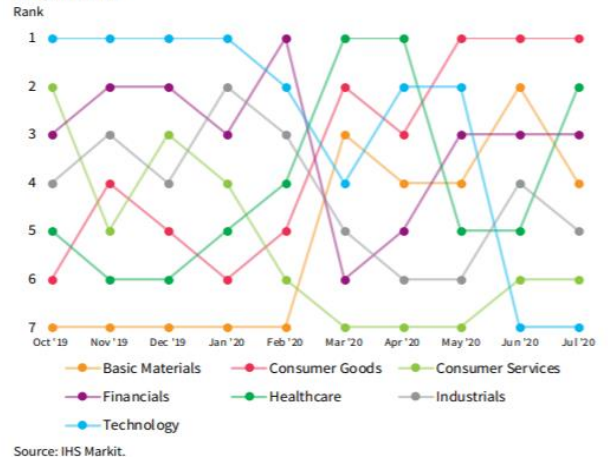
Services PMI data for Spain and Italy showed returns to growth during July

Services Business Activity PMI, SA, 50.0 = no-change



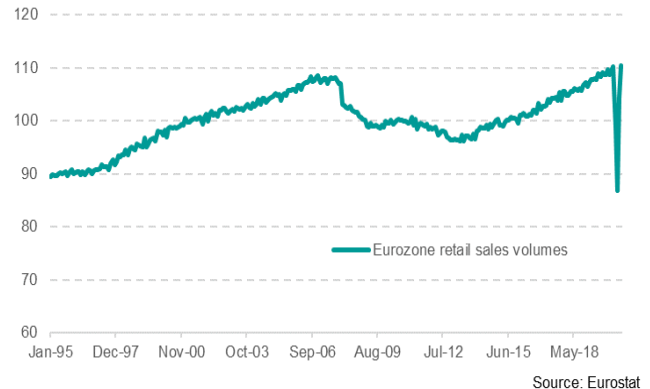
European sector PMI data for July indicated that consumer services remained amongst the worst performing categories

Output Index Rank



Eurozone retail sales have recovered strongly reaching their highest ever level in volumes terms during June

Index, (2010 = 100)



Asia Pacific Week Ahead

PMI data, Australia monetary policy, Asia GDP and trade updates

By **Bernard Aw**

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The durability of the economic recovery in the APAC region will be gauged from August PMI data, released over the coming week, with particular focus on the Caixin China survey. Australia, India and South Korea will meanwhile issue GDP numbers for the April-June period. The Australian central bank also meets to decide on monetary policy. Clues on regional trade demand can be gleaned from export figures in Taiwan and Australia.

Other key Asian highlights include inflation figures in Indonesia, South Korea, Philippines and Thailand, as well as consumer confidence for Thailand.

National and Sector PMI updates

With flash PMIs in [Japan](#) and [Australia](#) showing renewed economic weakness, Asian PMI data will be eagerly anticipated for a closer look at the strength of the region's economic rebound from the COVID-19-induced recession. In particular, the Caixin survey data for both manufacturing and services will be under scrutiny for signs of the durability of China's upturn.

Detailed sector PMI for Asia will add more insights into the region's recovery. Drug makers and chemicals manufacturers led the [Asian sectors](#) in July, with autos production also rebounding as factories reopened further, but consumer services remained constrained due in part to ongoing social distancing measures.

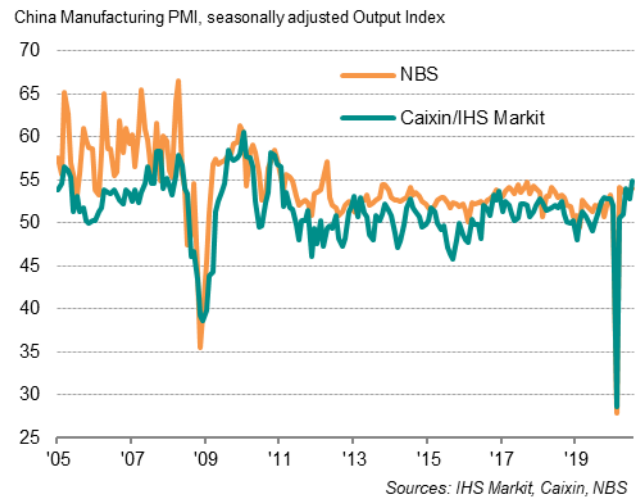
GDP and Australia monetary policy

IHS Markit projects GDP in India to show the economy contracting at a 17% annual rate in the quarter ending June. August PMI updates will also provide more insights into manufacturing and services conditions following a further easing of containment measures.

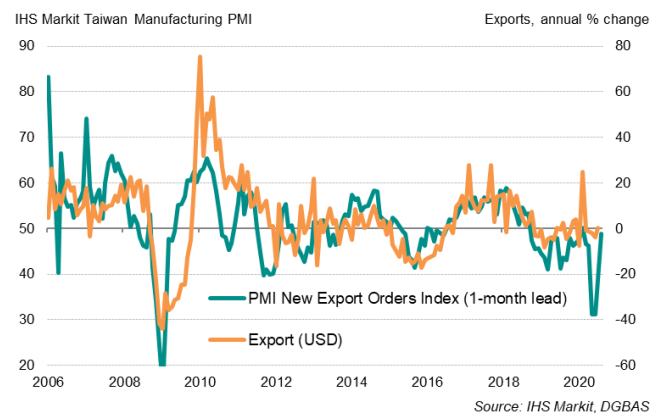
Australia is meanwhile expected to see its economy shrink by 8.9% during the second quarter, according to IHS Markit estimates, with the recession projected to extend into the rest of the year amid renewed lockdown restrictions in Victoria.

Monetary policymakers meet in Australia. The RBA is expected to maintain the policy rate at 0.25%, though prospects of continued economic weakness and rising unemployment will see analysts looking out for clues as to what might trigger further monetary action.

August updates to Caixin PMI surveys will provide clues as to the strength of China's upturn



Taiwan PMI and exports



India PMI and economic growth

