

Week Ahead Economic Preview

- Worldwide PMI surveys
- US non-farm payrolls and wage growth
- Canada, Australia and Malaysia policy meetings

Highlights of the coming week include the global release of August PMI data, adding further insight into worldwide economic growth, hiring and price trends, as well as the US employment report.

Monetary policy decisions are meanwhile seen in Canada, Australia and Malaysia, though all are expected to see no change in interest rates.

Other notable releases include second quarter GDP updates for the Eurozone, Australia and South Korea, US and German factory orders data, and industrial production numbers for Germany, France and Brazil.

PMI survey updates

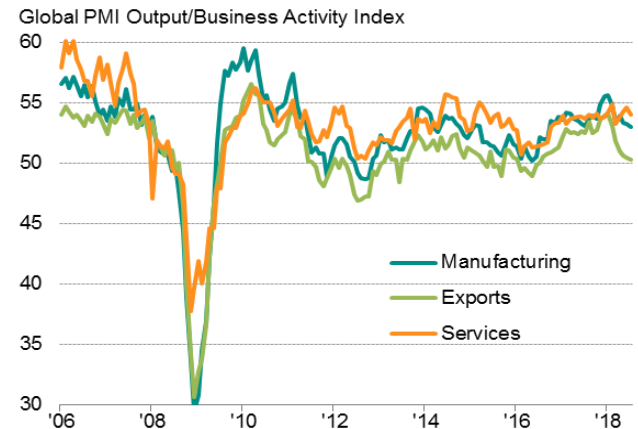
The global PMI surveys will be scrutinised for signs that developing trade wars are damaging global growth, and in particular if a recent weakening of export performance is feeding through to the service sector, July's PMI data showed that global economic growth slowed to a four-month low, yet remaining indicative of global GDP rising at a solid annual rate of approximately 2.5% (at market exchange rates).

While both service sector and manufacturing growth rates weakened in July, the former has remained relatively buoyant, but goods producers have reported a near-stagnation in trade flows, registering the smallest expansion in new export orders for two years. Anecdotal evidence from the surveys often linked the export slowdown to tariffs and trade war worries, which also helped push future expectations to the lowest since November 2016, hinting that the pace of global expansion could wane further in coming months.

The survey data will also be eyed for signs of inflationary pressures. Average prices charged for goods and services meanwhile rose globally in July at the joint-fastest rate since comparable PMI data were first available in 2009.

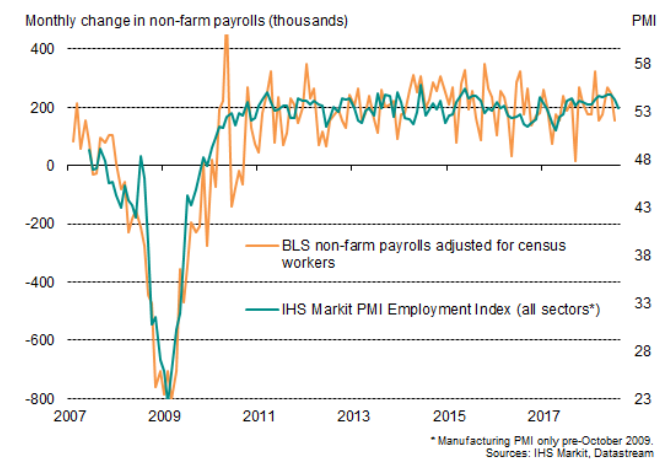
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Global PMI business activity indicators

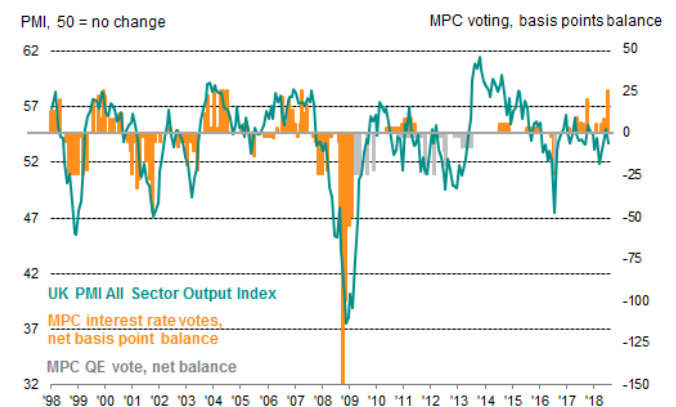


Sources: IHS Markit

US PMI employment index v non-farm payrolls



UK PMI v Bank of England MPC voting



Sources: IHS Markit, Bank of England.
Voting balances shows rate hike votes minus rate cut votes, taking into account size of each vote per MPC member. £250n QE converted to 25 basis points equivalent

UK monetary policy in spotlight

With flash PMI survey data for the US, Eurozone and Japan [already released](#), the UK PMI data will be eagerly awaited – especially in the light of the recent Bank of England rate hike. The Monetary Policy Committee decided to raise interest rates for only the second time in a decade, despite the July PMI surveys showing signs of the pace of economic growth slowing and price pressures easing. Stronger PMI numbers will vindicate the Banks’ decision, but any further weakening could bring the judgement on the rate hike into question.

US employment report

The week rounds off with the US employment report. With the pace of Fed tightening in focus, and the strength of the dollar a growing concern for many emerging markets, the labour market data will no doubt help steer policy guidance and hence the Greenback. Judging by survey evidence, such as the August [flash PMI surveys](#), another healthy non-farm payroll gain of 180k is to be expected. However, more crucial to policymakers will be wage growth. While the July report showed the economy adding jobs at a healthy clip of 157,000, analysts generally saw the need for restraint from the Fed as pay inflation held at 2.7%.

Monday 3 September

Worldwide IHS Markit Manufacturing PMI surveys (Aug)
 Japan capital spending (Q2)
 Australia retail sales (Jul)
 Indonesia and Thailand inflation (Aug)
 Spain consumer confidence (Aug)
 Singapore SIPMM Manufacturing PMI (Aug)
 Brazil trade balance (Aug)

Tuesday 4 September

South Korea GDP (final, Q2) and inflation (Aug)
 RBA interest rate decision
 Spain unemployment change (Aug)
 UK IHS Markit/CIPS Construction PMI (Aug)
 Euro area PPI (Jul)
 South Africa GDP (Q2)
 Brazil industrial production (Jul)
 US ISM manufacturing (Aug) and construction spending (Jul)
 US total vehicle sales (Aug)

Wednesday 5 September

Worldwide IHS Markit Services PMI and Whole Economy PMI surveys (Aug)
 Philippines inflation (Aug) and unemployment rate (Q3)
 Australia GDP (Q2)
 Malaysia monetary policy decision and trade data (Jul)
 Taiwan inflation and wholesale prices (Aug)
 Euro area retail sales (Jul)
 US trade (Jul)
 Canada monetary policy decision and trade (Jul)

Thursday 6 September

Australia trade (Jul)
 Thailand consumer confidence (Aug)
 Germany IHS Markit Construction PMI (Aug) and factory orders (Jul)
 Brazil inflation (Aug)
 US ADP employment and ISM non-manufacturing (Aug)
 US factory orders (Jul)

Friday 7 September

Japan household spending (Jul)
 Australia home loans (Jul)
 Taiwan trade (Aug)
 Germany trade, industrial production and current account (Jul)
 France industrial production and trade balance (Jul)
 UK Halifax House Price Index (Aug) and consumer inflation expectations (Q3)
 Italy retail sales (Jul)
 Euro area GDP (3rd est, Q2)
 Canada unemployment rate (Aug)
 US nonfarm payrolls, earnings and unemployment rate (Aug)

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