

Week Ahead Economic Preview

- Third quarter GDP updates include estimates for the US and Eurozone
- Monetary policy meetings in the eurozone, Japan, Canada and Brazil
- US earnings season and China's five-year plan

The week sees a full economic calendar including third quarter GDP estimates for the US, Eurozone, Hong Kong SAR, Taiwan and South Korea. Higher frequency data updates include US durable goods orders, housing market and trade, as well as Eurozone inflation and unemployment, plus a host of industrial production and retail sales updates across Asia.

Central bank watchers will meanwhile be kept busy with policy meetings scheduled for the euro area, Japan, Canada and Brazil.

In addition, the ever-closer US presidential election, the Brexit deadline of 31st October, the earnings season – with almost a thousand firms reporting – and China's Communist Party's Fifth Plenum mean there's unlikely to be a dull moment.

In the US, political risk remains high on the agenda ahead of 3rd November election day, but the week will also allow markets to take stock of third quarter trends both in terms of GDP and some 948 corporate earnings releases. IHS Markit expects GDP to have grown at an annualised rate of around 33%, but for the fourth quarter to see growth slacken sharply, albeit remain robust by historical standards with flash PMI numbers continuing to improve in October ([page 3](#)).

Similarly, GDP data for the Eurozone, Germany, France, Italy and Spain will inevitably show strong rebounds after the collapse seen in the second quarter, but the focus will likely rest on how the ECB's Governing Council assesses downside risks to the outlook. Flash PMI survey data showed the region falling back into contraction amid rising COVID infection rates ([page 4](#)).

In Asia, China maps out its next five-year plan and long-term economic strategy. South Korea and Taiwan are meanwhile expected to have seen GDP expand at quarterly rates of 10.5% and 6.8% respectively in the third quarter, but the Hong Kong SAR economy is expected to contract at a 7% rate. The Bank of Japan is meanwhile expected to downgrade its growth forecasts at its upcoming policy meeting. Japan's PMI data remained in contraction territory in October. China's NBS PMI data close off the month ([page 5](#)).

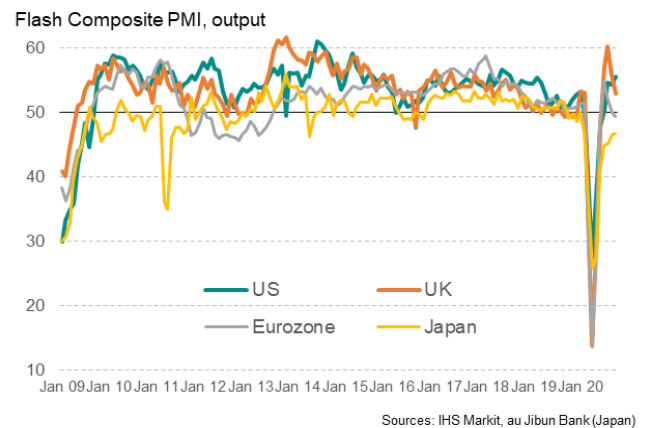
Upcoming PMI releases

- 2nd November: Final manufacturing PMIs
- 4th November: Final service PMIs
- 5th November: Detailed sector PMIs

Third quarter GDP estimates are published for a range of countries including the US and Eurozone, and are expected to show strong rebounds. But worries have mounted about the fourth quarter after October flash PMIs hinted that global economy has failed to gain momentum



ECB policymakers meet amid signs that European economies are coming under particular pressure from rising COVID-19 numbers. The flash Eurozone PMI fell into contraction in October



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Key diary events (UTC)

Monday 26 October

China CCP Central Committee Fifth Plenum (26-29 Oct)
Singapore industrial production (Sep)
Germany Ifo surveys (Oct)
US Dallas Fed manufacturing index (Oct), Chicago Fed national activity index, new home sales (Sep)
South Korea GDP (Adv, Q3) 23:00 UTC

Tuesday 27 October

China industrial profits (Sep)
Spain unemployment rate (Q3)
Hong Kong SAR exports, imports, trade balance (Sep)
France jobless benefit claims, jobseekers total (Sep)
US durable goods orders (Sep), Richmond Fed manufacturing index (Oct)
US house price index, Case-Shiller home price (Aug)
South Korea consumer confidence (Oct)

Wednesday 28 October

Australia inflation, RBA trimmed mean CPI (Q3)
Malaysia exports, imports, trade balance (Sep)
Thailand industrial production (Sep)
France consumer confidence (Oct)
Spain retail sales (Sep)
US goods trade balance, wholesale inventories (Adv, Sep)
Canada and Brazil interest rate decision
South Korea business confidence (Oct) 21:00 UTC
Japan retail sales (Sep) 23:50 UTC

Thursday 29 October

Vietnam industrial output, retail sales, inflation, trade balance, tourist arrivals (Oct)
Singapore unemployment rate (Prelim, Q3)
BoJ interest rate decision, quarterly outlook report
Japan consumer confidence (Oct)
Germany jobless rate (Oct), inflation (Prelim, Oct)
UK nationwide housing prices (Oct), mortgage approvals and lending, BoE consumer credit (Sep)
Italy business and consumer confidence (Oct)
Euro area consumer confidence (Final, Oct), economic sentiment (Oct)
Spain business confidence (Oct)
ECB monetary policy decision
US GDP (Adv, Q3), initial jobless claims (24-Oct)
US pending home sales (Sep)
South Korea industrial output, retail sales (Sep)
Japan jobless rate (Sep) 23:30 UTC
Japan industrial output (Prelim, Sep) 23:50 UTC

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Friday 30 October

Australia PPI (Q3)
Japan housing starts, construction orders (Sep)
Singapore business confidence, FDI (Q3)
Euro area, France, Germany, Spain, Italy GDP (Prelim, Q3), Hong Kong SAR and Taiwan GDP (Adv, Q3)
Germany retail sales (Sep)
Thailand current account, private consumption (Sep)
Euro area and France inflation (Prelim, Oct)
Euro area and Italy jobless rate (Sep)
US personal income and spending, PCE index (Sep)
US employment cost index (Q3), Chicago PMI (Oct), Michigan surveys (Final, Oct)
Australia manufacturing PMI (Final, Oct) 22:00 UTC

Saturday-Sunday 31 Oct – 1 Nov

31/10: China NBS manufacturing PMI (Oct)
01/11: South Korea export, imports, trade balance (Oct)

United States Week Ahead

Advance Q3 GDP estimate, PCE prices and durable goods

By Siân Jones

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As we enter the final stages of campaigning in the presidential election, the economic release calendar is packed full of important updates. Key among these is the publication of the advanced estimate for third quarter GDP. In the lead up to the upcoming Fed meeting, PCE prices data will be keenly watched for any further pick-up in core prices. Meanwhile, an update to durable goods orders data is released, giving an insight into demand conditions across the manufacturing sector, and in particular business investment in equipment, at the end of the third quarter.

Advanced Q3 GDP estimate

Third quarter GDP is expected to show the economy rebounding strongly as looser lockdown measures and the reopening of businesses boosted economic activity. Although consumer-facing firms continue to report challenging demand and operating conditions amid ongoing COVID-19 restrictions, the economy is expected to have expanded at an annualised rate of around 33%.

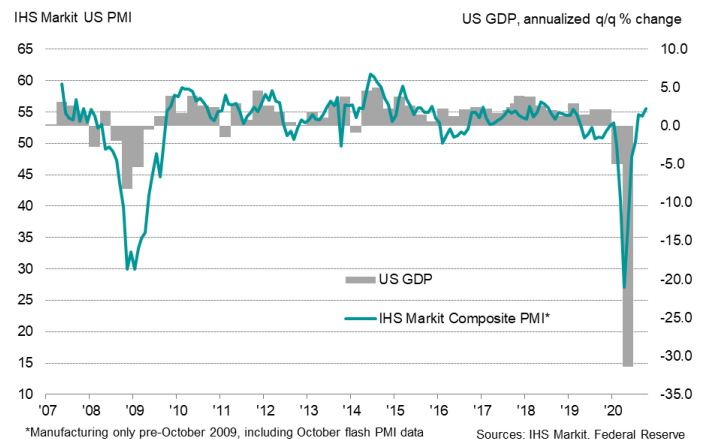
Going into the fourth quarter, the latest 'flash' PMI data for October signalled a pick-up in activity growth across the US private sector, suggesting the recovery is still well underway. However, the rate of expansion will inevitably slow from the bounce seen in the third quarter. Tracking data put the annual rate of expansion at around 5%, though our [base forecast](#) is currently just under 4%.

PCE Prices

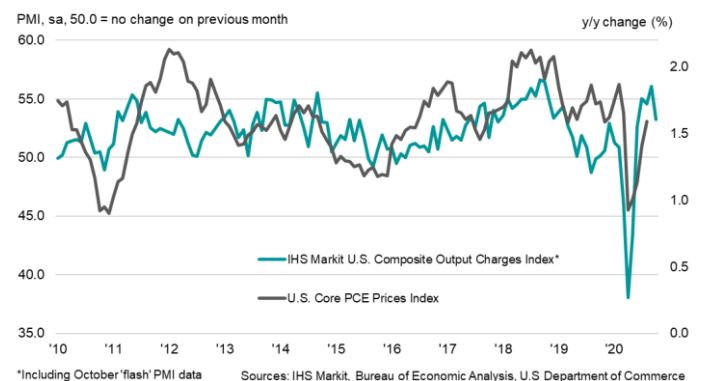
PCE prices rose at a faster pace in August as sales of consumer goods pushed prices higher. The core measure, which excludes food and energy costs, rose at a quicker pace again, signalling that oil and food prices remain weak. Although still below the 2% target rate, the Fed will continue to monitor the uptick in costs and the likelihood of inflationary pressures persisting in their early-November FOMC meeting.

Also released are updates to the Richmond Fed Manufacturing Index, housing sales and durable goods orders data, plus consumer inflation expectations.

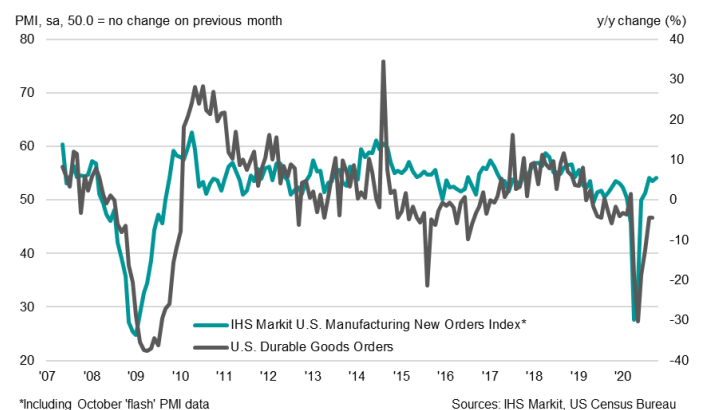
Growth momentum returns at start of fourth quarter, according to October flash PMI data



Core PCE prices rise at fastest pace since March amid growth in consumer spending



Durable goods orders lose momentum towards recovery in Q3



Europe Week Ahead

ECB rate decision and third quarter GDP are highlights in a busy week

By Paul Smith

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A busy week ahead with the latest monetary policy decision from the ECB arriving just ahead of eagerly awaited third quarter GDP figures for the eurozone and the big four member states. Preliminary October inflation numbers are also released for the euro area alongside September joblessness data. Focus for UK economy watchers will be centred on next Thursday's mortgage approvals and bank lending figures.

ECB, third quarter GDP

With the data flow signalling noticeable underlying gains in industry, trade and retail over the summer, next week's eurozone GDP figures are on course to deliver a record rate of quarter-on-quarter growth for the single currency area, with a double digit gain likely.

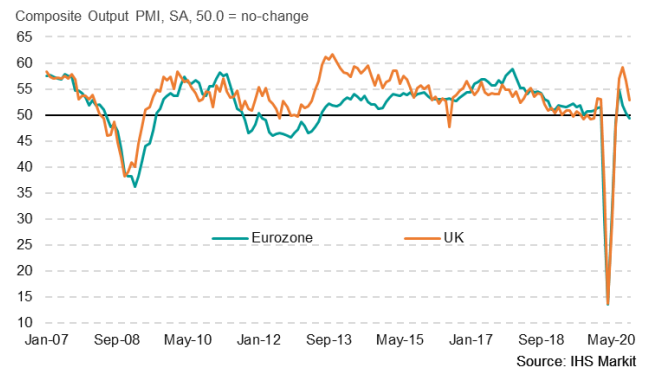
However, any growth should be viewed in the context of both the dreadful first half of 2020, which left the economy 15% smaller compared to the end of 2019, and the clear loss of momentum in activity signalled by the more up-to-date PMI data. The October flash PMI figures showed the economy returning to contraction as rising COVID-19 infections and the imposition of new restrictions on activity continued to hobble the dominant service sector.

With the PMI data signalling that price pressures remained subdued in October – output charges continue to be discounted as firms tried to drum-up new business – and joblessness continuing to rise, we move closer to territory typically associated with ECB monetary policy loosening.

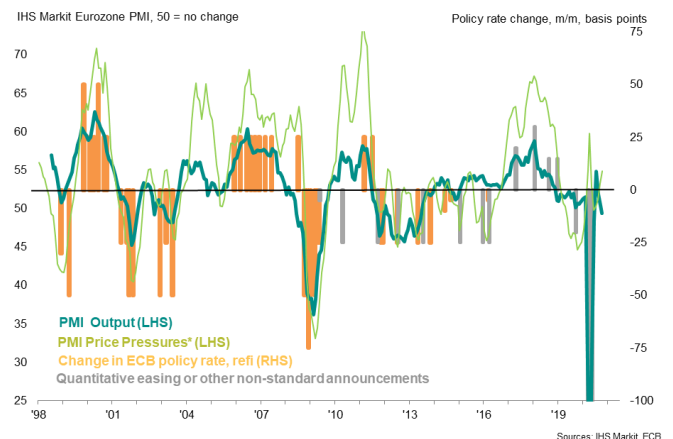
UK mortgage approvals

Like the eurozone, the UK economy is starting to struggle again in the face of rising COVID-19 cases and a patchwork of local restrictions. PMI numbers have fallen sharply into October and joblessness remains a worry. But one area that is defying expectations is the housing market, with house price inflation currently running at its highest since before the EU referendum. We expect the latest mortgage approvals data to again come in strong, as demand for larger houses drives higher levels of market activity.

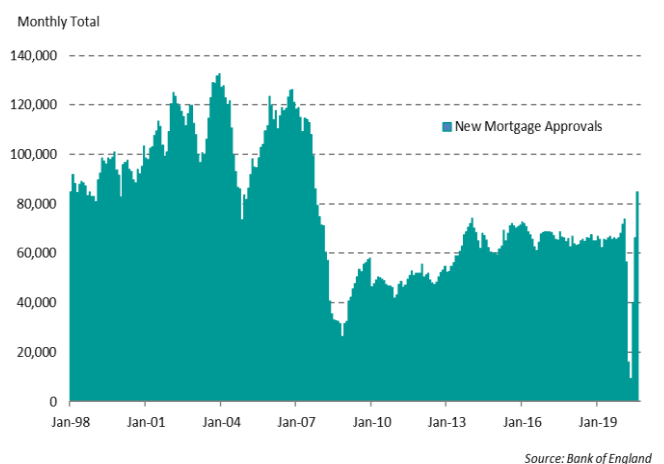
Recent business survey data has shown a loss of momentum across the Eurozone and UK economies



The ECB meets to set monetary policy on the heels of news that the economy has returned to contraction and price pressures have remained subdued



UK mortgage approvals were at their highest level since before the financial crisis in August



Asia Pacific Week Ahead

China PMI and Fifth Plenum, Bank of Japan rate meeting and Asia GDP

By Bernard Aw

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China's Fifth Plenum will dominate the calendar next week, with analysts focusing on details outlining the country's 14th five-year plan and its long-range economic blueprint. Further explanations on the 'dual circulation' strategy will also be sought to assess China's role in the global economy in coming years. A number of Asian economies will meanwhile issue third quarter GDP figures, but markets will likely pay closer attention to the forward-looking PMI data, which will provide insights into economic trends at the start of the fourth quarter. Trade numbers in South Korea, Malaysia and Hong Kong SAR will also be gauged for regional trade performance. Meanwhile, the Bank of Japan will convene to set monetary policy.

Other key Asian data highlights include sentiment surveys in South Korea and Singapore, China's industrial profits, alongside job data, industrial output and retail sales numbers in Japan.

Third quarter GDP releases

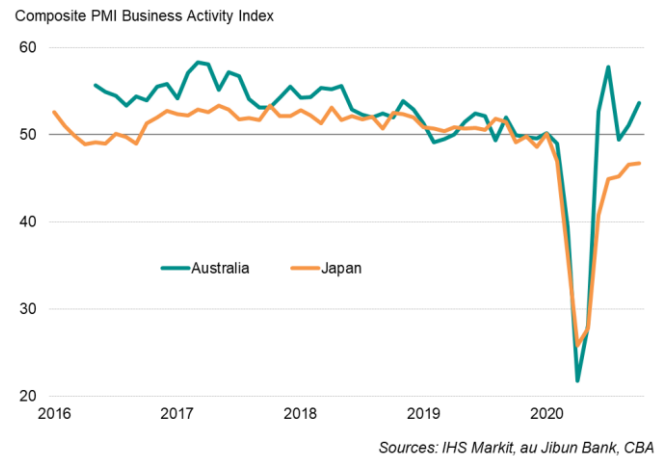
Third quarter GDP data for South Korea and Taiwan are expected to show improvements in economic performance, while Hong Kong SAR is forecast to suffer a further decline due to a resurgence of cases and associated tighter social distancing restrictions. According to IHS Markit estimates, South Korea and Taiwan are projected to see GDP expand at quarterly rates of 10.5% and 6.8% respectively. The Hong Kong SAR economy meanwhile is expected to contract at a 7% quarterly rate.

China PMI

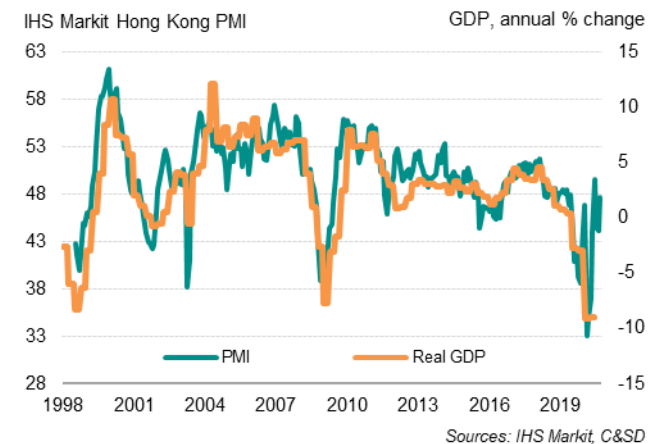
With China's economic recovery continuing on track, supported by infrastructure investment stimulus, analysts will eagerly await the government-sponsored NBS PMI data for insights into the durability of the recovery at the start of the fourth quarter. Data on industrial profits will also provide clues as to the health of the Chinese economy.

China's PMI numbers come on the heels of flash PMI survey data, which raised concerns about the state of the global recovery amid a resurgence of COVID-19 cases in parts of the world. [Australia](#) and [Japan](#) both saw subdued demand, which could undermine their recoveries in the months ahead.

Flash PMI for Australia and Japan



Hong Kong SAR PMI v GDP



China PMI

