

Week Ahead Economic Preview

- Flash PMI releases for US, Eurozone, UK, Japan and Australia
- UK labour market and inflation data
- Durable goods orders, final Q4 GDP for the US

A jam-packed economic calendar for the week ahead sees the release of flash PMI data for the Eurozone, UK and US, as well as Japan and Australia, all of which will be eyed for first indications as to how economies are faring as the first quarter of 2021 comes to a close.

February PMI data highlighted a notable divergence between the US and Europe, with the former driving the global expansion. As such, March flash PMI data will be keenly watched to assess the impact of stricter restrictions in Europe amid a third wave of infections across the continent, and also for signs of any let up in global supply chain disruption.

As concerns regarding the virus's spread heighten across Europe once again, German consumer confidence figures for April are released, providing an insight into customer sentiment in the eurozone's largest economy. Final Q4 GDP estimates are also published for Spain and the Netherlands.

In the UK, focus is also centred on labour market performance during the opening stages of the year, as key official data covering unemployment and wages are released. Inflation figures will meanwhile be carefully watched for signs of building price pressures, with PMI data pointing to sharp rises in both input costs and output charges in February.

In the US, the release of official durable goods orders data for February will be used to eye manufacturing consumer confidence amid recent robust growth among goods producers, according to PMI data. At the same time, we expect final fourth quarter GDP figures to be little-changed on the second estimate of 4.1% growth amid buoyant PMI figures in the year-to-date.

Flash PMI data for Japan follows closely after the minutes for the latest monetary policy meeting of the Bank of Japan are released, with many awaiting details on the recent policy framework review. Meanwhile, the Central Bank of the Philippines are due to meet in the week ahead, with balance of trade data for Thailand and

Special Reports

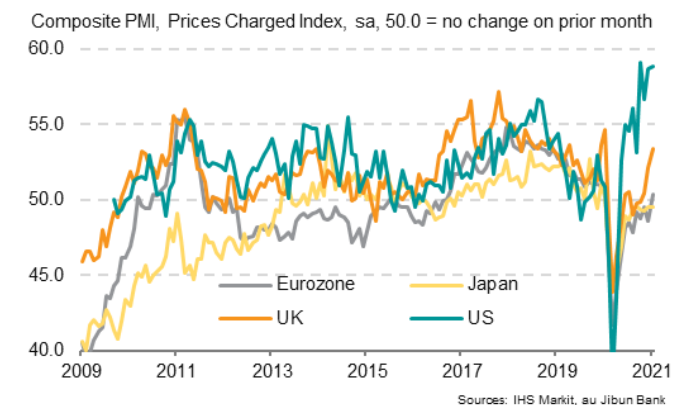
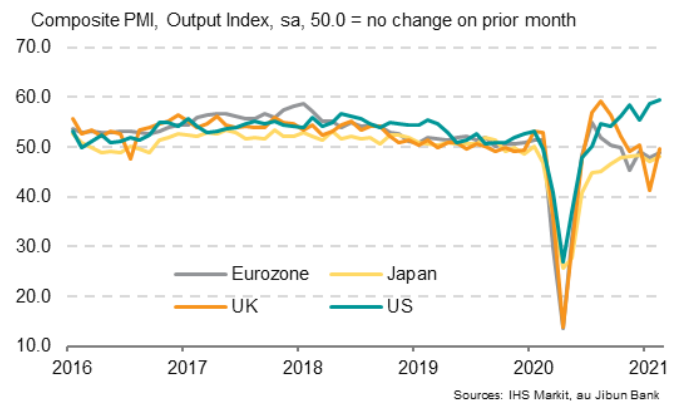
APAC Manufacturing Shows Buoyant Start to 2021:
Latest industrial production data shows strong growth momentum in the Asia-Pacific manufacturing sector, helped by improving domestic demand and surging exports. ([page 3](#))

Upcoming PMI releases

- 24th March: Flash PMIs (US, Eurozone, UK, Japan, Australia)
- 1-5th April: Final Worldwide Manufacturing PMIs
- 5-7th April: Final Worldwide Services PMIs
- 8th April: Detailed Sector PMIs

unemployment numbers from Taiwan also due for publication.

Flash PMI's are updated for March. [February data](#) showed ongoing divergence between business conditions in the US and the Eurozone, with price pressures in the former intensifying amid rising costs



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Key diary events

Monday 22 March

China loan prime rate decision
Thailand Balance of Trade (Feb)
Japan Coincident Index (Jan)
Japan Leading Economic Index (Jan)
Taiwan Unemployment Rate (Feb)
Eurozone Current account (Jan)
U.S. Existing Home Sales (Feb)
Chicago Fed National Activity Index (Feb)

Tuesday 23 March

Netherlands consumer confidence (Mar)
UK unemployment rate (Jan)
UK claimant count (Feb)
UK average earnings (Jan)
Greece current account (Jan)
Italy industrial sales & orders (Jan)
Poland unemployment rate (Feb)
U.S current account (Q4)
U.S. new home sales (Feb)
Bank of Japan monetary policy meeting minutes
IHS Markit Australia Flash PMI (Mar) 22:00 UTC

Wednesday 24 March

Au Jibun Bank / IHS Markit Japan Flash PMI (Mar)
IHS Markit Flash PMI for Eurozone, France, Germany, UK and US
UK inflation data (Feb)
South Africa inflation (Feb)
US durable goods (Feb)
European consumer confidence indicator (March, prelim)
Bank of Thailand interest rate decision
Czech National Bank interest rate decision

Thursday 25 March

Germany Gfk consumer confidence (Apr)
France business confidence (Mar)
Central Bank of Philippines interest rate decision
South African Reserve Bank MPC meeting
ECB Council meeting (25-26 March)
ECB economic bulletin
France unemployment benefit claims (Feb)

US GDP (Q4, Final)
US initial jobless claims (Mar)
Banco de Mexico Interest Rate Decision

Friday 26 March

UK retail sales (Feb)
Netherlands GDP (Q4, final)
Spain GDP (Q4, final)
France consumer confidence (Mar)
Germany IFO business climate (Mar)
US personal income, spending & consumption (Feb)
US core PCE price index (Feb)
US Michigan consumer sentiment (Mar)

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APAC Special Focus

APAC Manufacturing Shows Buoyant Start to 2021

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Latest industrial production data for January and February shows strong growth momentum in the Asia-Pacific manufacturing sector, helped by improving domestic demand and surging exports. Latest IHS Markit manufacturing PMI survey data shows rapid expansion in many APAC economies in early 2021. With buoyant APAC GDP growth of 6.1% y/y forecast for 2021, this is expected to underpin rapid expansion in manufacturing output this year.

APAC manufacturing rebounds

The manufacturing sector in many Asia-Pacific (APAC) economies has shown a strong start to 2021, continuing the bounce-back evident since September 2020, as lockdown measures have been significantly eased in many nations as domestic pandemics have been stabilized. While some Asian nations such as Japan and Malaysia have had new waves of Covid-19 cases in recent months, the overall momentum of manufacturing output across the region has shown a substantial recovery.

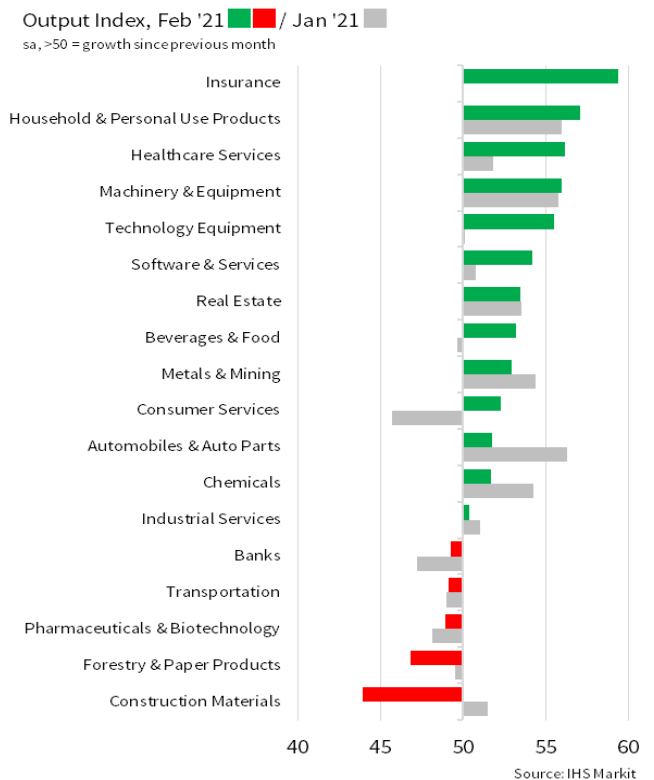
The IHS Markit APAC Manufacturing PMI for January and February 2021 shows that regional manufacturing production has strengthened in recent months, with the data signaling further positive expansion in manufacturing output in coming months.

The outlook for manufacturing production in 2021 is underpinned by the rapid expansion forecast for world economic growth, at a pace of around 5% y/y. In the APAC region, GDP growth is expected to be even faster, at around 6.1% y/y in 2021. A key driver for the rapid pace of expansion in the APAC region is expected to be a buoyant pace of economic growth in China, at around 7.8% y/y in 2021. In India, a strong economic recovery is also expected in fiscal 2021-22 year, with GDP growth of 9.8% y/y.

Consequently, rapid APAC industrial production growth of 7.4% y/y is forecast for 2021, following a contraction of 1.8% y/y in 2020.

Expansion in many sectors of manufacturing was evident in the IHS Markit Asia Sector PMI rankings for February 2021. Among the manufacturing industries that showed positive output growth in the Asia Sector PMI were Household & Personal Use Products, Machinery & Equipment, Technology Equipment, Beverages and Food, Automobiles & Auto parts, as well as Chemicals. Looking ahead 12 months, the strongest manufacturing output expectations were registered in Chemicals, Technology Equipment and Metals & Mining.

IHS Markit Asia Sector PMI



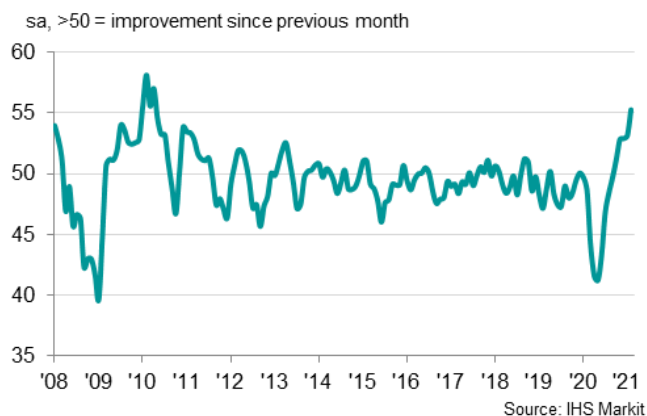
The recovery in APAC manufacturing has been led by China, which experienced a return to positive growth in industrial production already by the second quarter of 2020, with industrial output growth strengthening during the second half of 2020. In the first two months of 2021, China's industrial production grew by a remarkable 35.1% y/y compared to the same period a year ago. This spectacular pace of expansion was heavily boosted by the base year effects from the protracted lockdown of China's economy during February 2020. Nevertheless, the industrial production statistics reflected the fast pace of recovery of domestic demand in China as well as surging global orders for key Chinese exports, notably electronics and medical equipment.

In Japan, the headline Au Jibun Japan Manufacturing PMI rose from 49.8 in January to 51.4 in February, marking a return to expansion for Japan's

manufacturing sector. Both output and new orders expanded at the fastest rate since December 2018, while new export orders also recorded positive growth.

In South Korea, the positive momentum of manufacturing sector output continued to be reflected in early 2021, with the seasonally adjusted South Korea Manufacturing Purchasing Managers' Index (PMI) rising to 53.2 in January from 52.9 in December. This marked the strongest improvement in the health of the manufacturing sector since February 2011. South Korean manufacturing production rose by 7.4% y/y in January, reflecting rapid expansion in export orders for key sectors, notably electronics. The latest PMI data for February pointed to the steepest improvement in manufacturing conditions since April 2010.

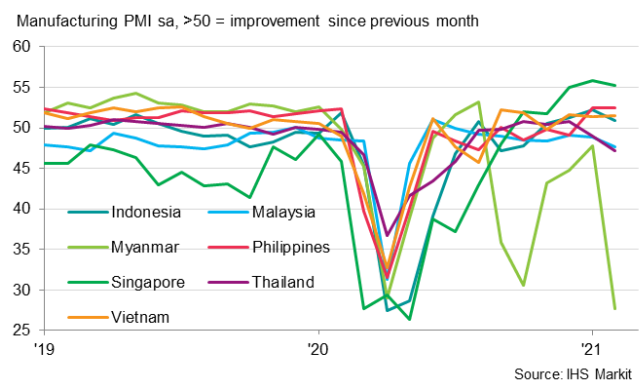
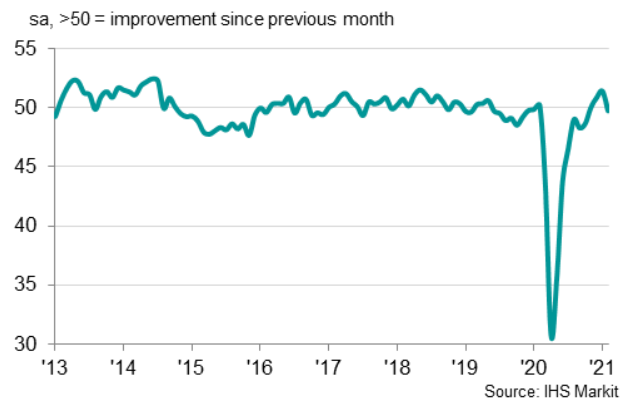
IHS Markit South Korea Manufacturing PMI



In the ASEAN region, manufacturing output has also shown a very significant rebound in recent months, helped by an upturn in exports as well as improving domestic demand. Singapore registered the strongest improvement in manufacturing conditions across the seven constituent nations of the ASEAN Manufacturing PMI during February, with its PMI at 55.2, signaling rapid expansion. Singapore's manufacturing output rose by 8.6% y/y in January, with biomedical manufacturing output up 12.1% y/y and electronics output up 19.8% y/y. In the Philippines, the headline index reading of 52.5 in February also signaled positive manufacturing growth.

However, the ASEAN Manufacturing PMI index for February was dragged down by the slump in the Myanmar PMI during February due to the impact of the military coup on economic activity. The headline PMI fell to 27.7 in February from a level of 47.8 in January. The February figure was the lowest on record, as political uncertainty and pro-democracy protests led to severe disruptions in industrial production.

IHS Markit ASEAN Manufacturing PMI



The Indian manufacturing industry has also shown a strong recovery since August 2020, as domestic consumer spending has rebounded, with the latest IHS Markit India Manufacturing PMI for February showing a continued buoyant expansion, at a level of 57.5, similar to 57.7 in January. This was far higher than the 50 neutral level benchmark and well above its long-run average of 53.6. In response to faster expansions in total sales and new export orders, companies have increased output at a more rapid pace.

IHS Markit India Manufacturing PMI



APAC Electronics Sector Shows Strong Expansion

The IHS Markit Global Electronics Purchasing Managers' Index has signaled a considerable rebound since mid-2020 as global lockdowns were eased and consumer spending rebounded in many major economies. This rebound in global electronics demand has been reflected in the recent industrial production and exports data for many East Asian economies with large electronics manufacturing output, including South Korea, China, Vietnam, Singapore and Malaysia.

The headline seasonally adjusted PMI rose to 57.4 in February, up from 55.2 in January. The latest reading pointed to quickest improvement in global electronics sector operating conditions since mid-2018, as both output and new order growth accelerated.

The IHS Markit Global Electronics PMI new orders index rose from a calendar year-to-date low of 34.9 in May 2020 to a level of 55.2 in February 2021, which showed the fastest pace of expansion in new orders since mid-2018.

APAC Auto Sector Rebounds

Following a severe slump in the Asian auto sector during the first half of 2020 due to pandemic lockdowns in major economies, including China and India, the Asian auto sector has rebounded strongly during the second half of 2020 and early 2021. This is reflected in the IHS Markit Asia Automobiles and Auto Parts PMI, which has shown strong expansion in output over recent months.

The auto market in mainland China experienced another month of strong growth in new vehicle sales in January, reflecting robust demand for passenger vehicles and for commercial vehicles ahead of the Lunar New Year holiday season in February. According to data released by the China Association of Automobile Manufacturers (CAAM), new vehicle sales on a wholesale basis increased by 29.5% year on year (y/y) to 2.503 million units in mainland China in January, while production rose by 34.6% y/y to 2.388 million units. (See IHS Markit Automotive, "Chinese new vehicle sales grow 30% y/y, NEV volumes set new record in January – CAAM", 10 Feb 2021, IHS Markit AutoIntelligence.)

In India, according to data released by the Society of Indian Automobile Manufacturers (SIAM), automakers dispatched 276,554 passenger vehicles to dealers during January, including passenger cars, utility vehicles (UVs), and vans, a surge of over 11% year on year (y/y). (See IHS Markit Automotive, "New passenger vehicle dispatches in India grow around 11% y/y during January – SIAM data", 12 Feb 2021, IHS Markit AutoIntelligence.)

Near Term Manufacturing Outlook

With rapid world growth forecast for 2021, the APAC manufacturing sector is expected to show strong expansion this year. The combined impact of a recovery in domestic demand across many major APAC economies combined with buoyant export growth to major global markets outside of APAC, notably the US and EU, will drive the expansion in manufacturing production. With rapid GDP growth forecast for China, India and ASEAN, many sectors of Asian manufacturing are expected to lead the near-term economic recovery.

With an improving global economic recovery expected during the course of 2021 as Covid-19 vaccines are progressively rolled out, global demand for electronics products is expected to be strong during 2021. The Asian electronics sector, which accounts for a significant share of manufacturing production and exports for many East Asian economies, is already showing surging growth as the pandemic continues to drive demand for products such as laptops, while global 5G rollout is also boosting demand for new smartphones. Due to buoyant global demand for computers, TVs and auto electronics, a severe global shortage of semiconductor chips has developed in recent months.

The Asian auto sector, which suffered a severe slump in production in the first half of 2020 due to widespread global lockdowns, has also shown a significant upturn in recent months as consumer demand recovers.

Due to the pandemic, the pharmaceuticals and medical equipment sector has also shown rapid growth in many Asian economies, including China, India and Singapore. Other sectors that are also showing expansion include household and personal use products, machinery and equipment as well as chemicals.