

Week Ahead Economic Preview

US, China inflation data, ECB meeting in the line-up

A series of key economic data releases are anticipated in the coming week, in addition to central bank meetings in the eurozone and Canada.

This week's global PMI data releases reflected robust economic recovery in May, though price pressures continued to build. Official data in many parts of the world confirmed this uptick in prices in April, but it will be of interest to watch how May's numbers would fare for the likes of US and China next week. One would recall that China's factory gate inflation surprised on the upside to rise at the fastest rate in three-and-a-half-years in April. Given the strong [Caixin PMI price indications](#), elevated readings should not be ruled out.

That said, the market's concerns with regards to higher prices appear to have somewhat abated of late, but amid the current trend, there had also been some hesitancy to take on more risk. Next week's European Central Bank (ECB) meeting will be one watched with keen interest on how central bankers will weigh the risks for a region that is gathering momentum with reopening underway. No changes to monetary policy are expected, but tapering talks are not entirely off the table. This also comes ahead of the Fed June 15-16 meeting for a committee that had also ventured into the will-they-won't-they territory on tapering.

Finally, the G7 summit will be a multilateral event to watch as developed country leaders discuss the recovery from the pandemic, among others.

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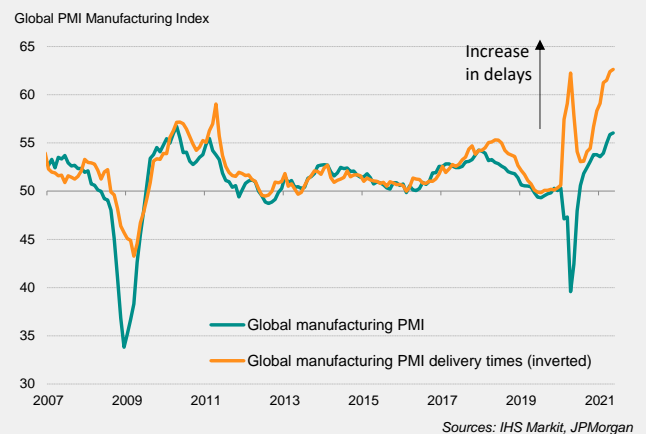
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Global supply constraints persist

Fresh [global PMI data](#) in May revealed the continued expansion of the manufacturing sector, although supply chain delays persisted. This was evidenced by the deterioration in delivery times to a level comparable to the peak of 2020.

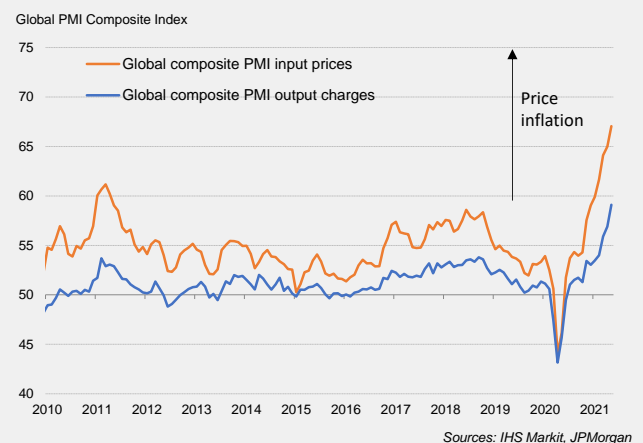
Global manufacturing PMI and delivery times (inverted)



Inflationary pressures accumulate

Price pressures meanwhile surged again in May. The [JPMorgan Global Composite PMI](#) highlighted an unprecedented rise in average selling prices, amid a further acceleration in the rate of input cost inflation.

Global composite input costs vs output charges



Key diary events

Monday 7 Jun

Australia (Partial), New Zealand, Malaysia Market Holiday
 IHS Markit Global Metals Users PMI* (May)
 Germany Industrial Orders (Apr)
 United Kingdom Halifax House Prices (May)
 China (Mainland) Trade Balance (May)
 Indonesia Retail Sales (May)

Tuesday 8 Jun

Japan Current Account (Apr)
 Japan GDP (Q1, revised)
 South Korea Current Account Balance (Apr)
 Australia NAB Business Conditions (May)
 Germany Industrial Output (Apr)
 Taiwan CPI (May)
 Taiwan Trade Balance (May)
 Germany ZEW Economic Sentiment (Jun)
 Eurozone GDP (Q1, revised)
 United States International Trade (Apr)
 United States JOLTS Job Openings (Apr)

Wednesday 9 Jun

South Korea GDP (Q1, revised)
 China (Mainland) PPI, CPI (May)
 Philippines Trade Balance (Apr)
 Germany Trade Balance (Apr)
 Canada BoC Rate Decision (Jun)
 United States Wholesale Inventories (Apr)

Thursday 10 Jun

China (Mainland) M2, New Yuan Loans, Urban FAI (May)
 Eurozone ECB Deposit and Refinancing Rate (Jun)
 United States Core CPI (May)
 United States Initial Jobless Claims (5 Jun)

Friday 11 Jun

New Zealand Manufacturing PMI (May)
 Malaysia Industrial Output (Apr)
 United Kingdom Monthly GDP, incl. Manufacturing, Services and Construction Output (Apr)
 United Kingdom Goods Trade Balance (Apr)
 India Industrial Output (Apr)
 United States UoM Sentiment (Jun, prelim)

* Press releases of indices produced by IHS Markit and relevant sponsors can be found [here](#).

What to watch

■ China May trade and inflation data

China's May trade figures will be released on Monday, ahead of price inflation data on Wednesday. Strong year-on-year export and import growth is expected to carry on in May. The [Caixin China General Manufacturing PMI, compiled by IHS Markit](#), showed export order growth improving to a six-month high in May, which had been a positive sign.

At the same time, supply bottlenecks persisted in China too. As a result, price pressures were notable in the May survey, as evidenced by the fastest rise in output prices for over a decade. May's factory gate price inflation reading will therefore be one key gauge to track next week.

■ European Central Bank meeting

The ECB policy meeting and press conference will be held June 10 with a "comprehensive" review of financing conditions and the inflation outlook in focus. This carries implications for asset purchases over the coming months and will therefore be an important one to watch. The latest [eurozone manufacturing PMI rose to a record high for the third straight month](#) but brought along growing price pressures. May flash eurozone inflation likewise surprised slightly to the upside. With easing containment measures enabling improvements in economic activity, a slower rate of purchases under the PEPP is looking increasingly likely in our view. Ultimately, it will be up to the ECB to balance the risks in the upcoming meeting.

■ US May consumer price inflation

Inflationary pressures will be assessed with the May CPI update. Refinitiv consensus currently points to a slower, but still firm, increase in consumer prices in May. Concerns of rising inflation had eased into end-May, but expectations remain that the Fed could pay more attention if the data continue to indicate elevated price pressures. This will be one to track in the coming week.

■ G7 Summit (June 11-13)

Finally, while not an economic release, the G7 summit will be a key event unfolding in the coming week. Taking place in person at Carbis Bay in Cornwall, UK, G7 finance ministers will convene June 4-5, ahead of the June 11-13 event. This will also be President Joe Biden's first G7 summit as head of state. Topics including recovery from the global pandemic, free and fair trade are on the agenda. According to the US Treasury, there will also be a discussion on the global minimum tax proposal.

Recent PMI and economic analysis from IHS Markit

Global	Global manufacturing PMI highlights sustained supply constraints and price pressures	2-Jun	Jingyi Pan
	Sustained recovery in global trade – Latest Observations in the Top Ten Economies	26-May	Tomasz Brodzicki, Ph.D.
	US and European growth surges as economies reopen, but Japan slides back into contraction	21-May	Chris Williamson
	Use-case illustrations for PMI by IHS Markit	17-May	IHS Markit
	New case studies in active PMI™ investment strategies in Japan and the US	17-May	Eliot Kerr, Paul Smith, Ph.D., Sian Jones
US	Biden climate finance order requires US agencies to consider social cost of carbon	18-May	Amena Saiyid
	US monthly new retail vehicle registrations reach 10-year high in March; EV market share surpasses 3% for first time	18-May	Tom Libby
Europe	Eurozone manufacturing PMI hits record high for third straight month	1-Jun	Chris Williamson
	Eurozone economy revives as demand surges at fastest rate for 15 years	21-May	Chris Williamson
	Flash UK PMI hits record high in May as economy reopens	21-May	Chris Williamson
	Why the recent jump in eurozone inflation has not changed the monetary policy outlook	18-May	Ken Wattret
APAC	Philippines remains mired in recession due to latest Covid-19 wave	28-May	Rajiv Biswas
	Flash Japan Composite PMI signals economy back in contraction amid virus wave	21-May	Jingyi Pan
	Flash Australia PMI price gauges hit new highs as economy continues to revive	21-May	Jingyi Pan
Commodities	Weekly Pricing Pulse: Commodity prices continue retreat	2-Jun	Michael Dall

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