

Week Ahead Economic Preview

US and UK inflation updates accompanied by UK GDP

9 February 2024

Key inflation and GDP data will be due from several Western economies in the coming week as various North Asian markets remain closed for the Lunar New Year holidays at the start of the week. Of particular focus will be US CPI figures, with retail sales and industrial production data also eagerly anticipated. The UK updates a slew of economic releases such as GDP, inflation and labour market statistics. Growth conditions in Japan will also be assessed with preliminary Q4 GDP data.

January US inflation data will be the key release in the coming week as the market remains focused on speculating the number of Fed cuts this year. According to the CME FedWatch tool, expectations for the Fed to make six 25 basis point cuts this year have been checked after Fed chair Powell hinted at just three cuts and after better-than-expected US labour market performance at the start of the year. As far as PMI data have shown, a further easing of price pressures is expected and will have US CPI to help further assess the inflation trend. Additionally, the S&P Global Investment Manager Index will also offer deeper insights into the key driver for the US market according to major money managers. Any changes in views surrounding central bank policy as a driver for near-term returns will be sought with the February update.

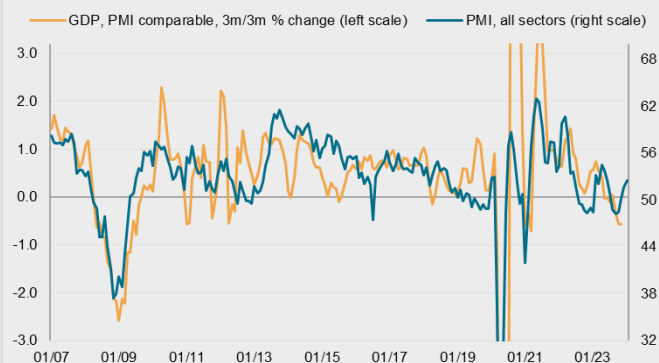
The UK is meanwhile also in focus thanks to a large number of key economic data releases through the week. These notably include fourth quarter GDP numbers, which could indicate a recession, as well as January inflation figures and also labour market statistics, the latter including wage data that could sway rate opinions at the Bank of England. A flat fourth quarter GDP reading is expected after weak official monthly data early in the quarter have been followed by services-led improvements towards the end of the year and into January. Official CPI figures will also be watched for confirmation of relatively sticky inflation that should keep the Bank of England in much less of a hurry to lower rates compared to other major central banks.

Outside of the UK, the eurozone releases end-2023 employment and industrial production figures, which could hint at fourth quarter GDP revisions after the flash reading of no change.

UK recession risk and US inflation update

After the eurozone narrowly avoided recession with a flat fourth quarter GDP reading, the attention now turns to the UK, where preliminary fourth quarter GDP data are updated in the coming week. After a 0.1% decline in the third quarter, any further fall would represent a technical recession. Prior data showed GDP falling 0.3% in October then rising a similar amount in November, leaving the December data as all-important in determining whether the UK fell into recession. PMI data hint at some upside risks.

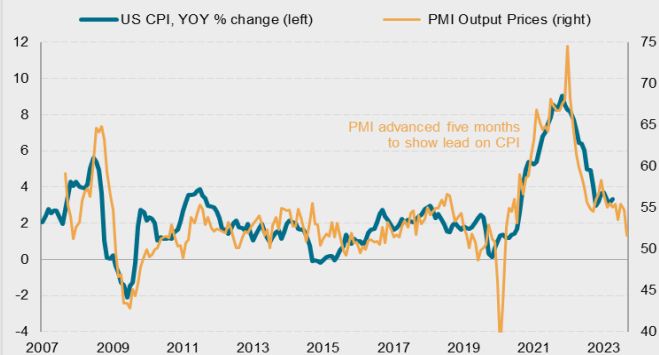
UK PMI and GDP compared



Data compiled February 9, 2024 using PMI data to January 2024 and GDP data to November. PMI covers manufacturing, construction and private services. GDP excludes public sector, retail and energy. Sources: S&P Global PMI, CIPS, ONS. © 2024 S&P Global.

Meanwhile US inflation data are also eagerly awaited as the Fed seeks further insights into when it can start cutting interest rates. PMI data have been encouraging, signaling a fall in CPI below target in the coming months.

US inflation



Data compiled February 5, 2024. PMI covers manufacturing only pre-2009 but manufacturing & services thereafter. Source: S&P Global PMI, BEA via S&P Global Market Intelligence. © 2024 S&P Global.

Key diary events

Monday 12 Feb

China (mainland), Hong Kong SAR, South Korea, Taiwan and Singapore Market Holiday

India Industrial Production (Dec)

India Inflation (Jan)

United States Consumer Inflation Expectations (Jan)

United Kingdom Natwest Regional PMI* (Jan)

Germany HCOB Export Conditions Index* (Jan)

Tuesday 13 Feb

China (mainland), Hong Kong SAR, Taiwan Market Holiday

Australia Westpac Consumer Confidence (Feb)

Japan PPI (Jan)

Singapore GDP (Q4, final)

Australia NAB Business Confidence (Jan)

France Unemployment (Q4)

United Kingdom Labour Market Report (Dec)

Switzerland Inflation (Jan)

Germany ZEW Economic Sentiment Index (Feb)

United States CPI (Jan)

GEP Global Supply Chain Volatility Index* (Jan)

S&P Global Investment Manager Index* (Feb)

Wednesday 14 Feb

China (mainland), Taiwan Market Holiday

United Kingdom Inflation (Jan)

Eurozone Employment (Q4, prelim)

Eurozone Industrial Production (Dec)

Indonesia Presidential Election

Thursday 15 Feb

China (mainland) Market Holiday

Japan GDP (Q4, prelim)

Australia Employment Change (Jan)

Indonesia Trade (Jan)

Japan Industrial Production and Capacity Utilization (Dec)

United Kingdom GDP, incl. Manufacturing, Services and

Construction Output (Dec, Q4 prelim)

Eurozone Balance of Trade (Dec)

United States Retail Sales (Jan)

United States Industrial Production (Jan)

United States Business Inventories (Dec)

Friday 16 Feb

China (mainland) Market Holiday

South Korea Unemployment Rate (Jan)

Singapore Non-oil Domestic Exports (Jan)

Thailand GDP (Q4)

Malaysia GDP (Q4)

United Kingdom Retail Sales (Jan)

Switzerland Industrial Production (Q4)

France Inflation (Jan, final)

United States Building Permits (Jan, prelim)

United States PPI (Jan)

United States Housing Starts (Jan)

United States UoM Sentiment (Feb, prelim)

* Access press releases of indices produced by S&P Global and relevant sponsors [here](#).

What to watch in the coming week

Americas: US CPI, retail sales, industrial production

The highlight next week will be US CPI data due Tuesday. According to consensus, the headline US CPI is expected to fall at the start of the year from the 0.3% month-on-month print in December, though the core inflation rate may stay unchanged from December. This is in line with [recent indications from PMI data](#), which hinted at the likelihood for a further easing of inflation in the coming months.

Separately, we will be looking to January's activity data out of the US, notably retail sales and industrial production figures. Latest [S&P Global US Sector PMI](#) showed output returned to growth for the consumer goods sector in January, boding well for retail sales performance, though most other manufacturing sectors remained under pressure at the start of the year to signal soft production performance.

EMEA: UK employment, inflation and GDP reports, Eurozone employment and industrial production

The key releases out of Europe in the coming week will be from the United Kingdom where a preliminary Q4 GDP report is accompanied by January inflation and retail sales data, as well as fresh labour market statistics. After GDP fell 0.1% in the third quarter, any further GDP decline at the end of the year would push the UK into a technical recession.

Meanwhile PMI price data showed UK inflation remaining sticky and signalled that we may see prices stuck at a level consistent with the CPI running above 3%. Finally, UK labour market data will provide important wage growth insights to Bank of England rate setters.

APAC: Japan GDP, Australian employment data

In APAC, Japan releases preliminary Q4 GDP data on Thursday with the consensus pointing to stronger growth conditions in the final quarter of the year. That said, the bias may be for a reading lower than that seen in Q3 as PMI data pointed to subdued manufacturing sector conditions dampening growth into the end of 2023. GDP data are also released for Malaysia, Thailand and Singapore.

Additionally, Australia's employment data will be due Thursday. Jobs growth continued at the start of 2024 according to the [Judo Bank Australia PMI](#), albeit at a slightly softer pace compared to December.

S&P Global Investment Manager Index and GEP Supply Chain Volatility Index updates

The February 2024 edition of the S&P Global Investment Manager Index will be released Tuesday for insights into risk sentiment and market drivers. [Central bank policy, linked to expectations for central banks including the Fed, was viewed as the most supportive factor for equities](#) at the start of the year and any changes in views will be closely observed after the Fed dashed hopes for a March cut.

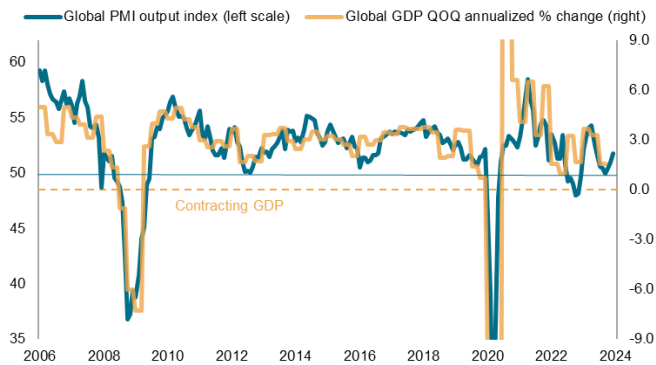
Supply chain developments on the back of recent Red Sea related issues will meanwhile be closely watched with the release of the GEP Supply Chain Volatility Index.

Week in review | Key economic developments from the past week

Services PMI brings news of faster global growth and softer inflation

The global economy started 2024 on a stronger footing, with [worldwide business activity growth hitting a seven-month high](#), according to the Global PMI data compiled by S&P Global. Although the PMI remains well below the survey's long-run average of 53.2 and is broadly consistent with annualized quarterly global GDP growth of approximately 1.8% (below the pre-pandemic ten-year average of 3.0%), the upturn allays concerns of a global recession, and points to the worst impact of prior rate hikes having now passed.

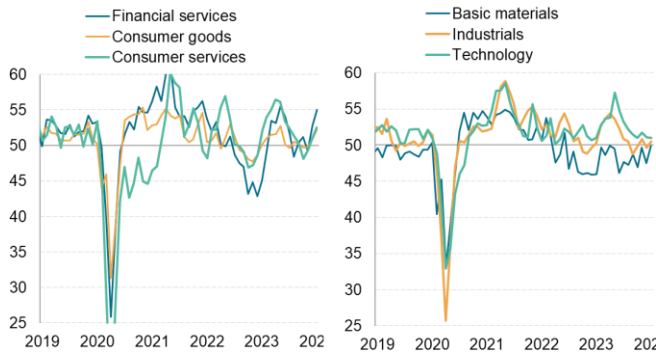
Global economic growth and the PMI



Data compiled February 2024 including PMI data to January 2024.
PMI (Purchasing Managers' Index) value of 50 = no change on prior month.
Source: S&P Global PMI with J.P. Morgan, S&P Global Market Intelligence.
© 2024 S&P Global.

By sector, an improvement in global performance was recorded across both manufacturing and services. However, digging deeper into sectors, financial services reported by far the strongest expansion of the major industries tracked by the global PMI, fueled in turn by resurgent activity in the real estate, insurance and banking sectors. This is while most goods producing sector remained among the weaker performers in January.

Global PMI sector output

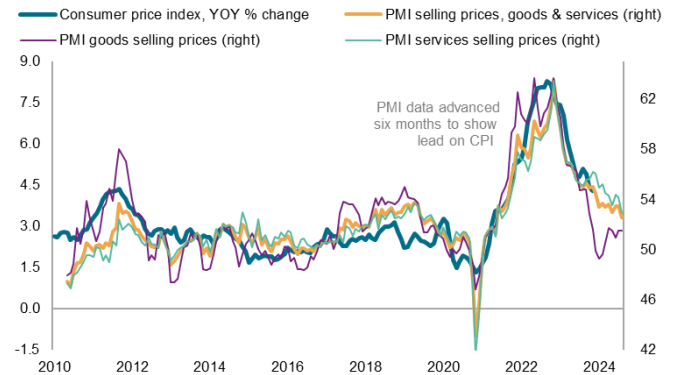


Data compiled February 2024.
PMI (Purchasing Managers' Index) value of 50 = no change on prior month.
Source: S&P Global PMI, JPMorgan.
© 2023 S&P Global.

Meanwhile, despite the improvement in global performance, average prices charged for goods and services rose globally at the slowest rate since October 2020, signaling a cooling of worldwide inflation.

Service sector price increases slowed, though some stickiness was observed for goods prices, the latter linked in part to [higher shipping costs amid supply chain delays](#).

Global consumer price inflation and PMI selling prices



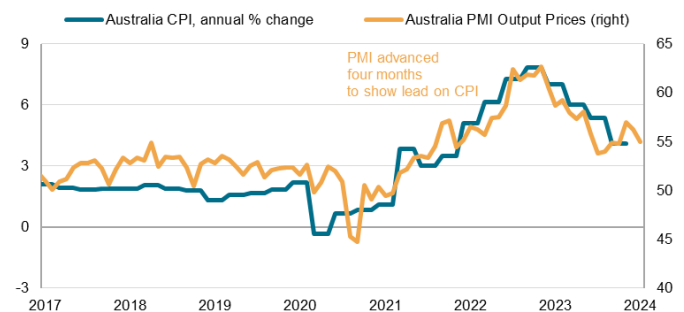
Data compiled February 2024 including PMI data to January 2024 advanced six months.
PMI (Purchasing Managers' Index) value of 50 = no change on prior month.
Sources: S&P Global PMI with J.P. Morgan, S&P Global Market Intelligence.
© 2024 S&P Global.

Inflation still too high in Australia?

The Reserve Bank of Australia held interest rates unchanged as expected but went further to caution that a further increase in rates should not be ruled out given elevated inflation. Just how high is inflation compared historically and whether it is expected to lower can be examined via the [Judo Bank Australia PMI data](#), compiled by S&P Global.

While the composite PMI output prices index – covering both manufacturing and services – inched up above its long-run average in December, it has since slipped below the average again in January (though remains above the pre-pandemic three-year average). Leading-indicator properties of the PMI data consequently suggest that we may see Australia's CPI hovering around current levels in the coming months, supporting views that the RBA is unlikely to move rates lower at least until the second half of 2024.

Australia inflation



PMI (Purchasing Managers' Index) value of 50 = no change on prior month
Source: S&P Global PMI with Judo Bank, ABS
© 2024 S&P Global.

Email us

Have a PMI related question or want to receive this in your inbox weekly? Send us an email at PMI@spgobal.com

Recent PMI and economic analysis from S&P Global

Global	Emerging markets growth accelerates at the start of 2024	8-Feb	Jingyi Pan
	Monthly PMI Bulletin: February 2024	8-Feb	Jingyi Pan
	PMI® Comment Trackers reveal Europe hardest hit by Red Sea crisis with food sector among most affected	8-Feb	Jingyi Pan
	Trade downturn eases at start of 2024 despite Red Sea disruptions	7-Feb	Jingyi Pan
	Global PMI signals faster economic growth and brighter prospects at start of 2024	6-Feb	Chris Williamson
	Global PMI signals lowest inflation rate since October 2020	6-Feb	Chris Williamson
	Worldwide manufacturing confidence improves as factories shrug off Red Sea concerns	1-Feb	Chris Williamson
EMEA	Eurozone prices rise at increased rate at start of 2024 as downturn moderates	24-Jan	Chris Williamson
	UK economy starts 2024 on stronger footing, but Red Sea shipping delays drive prices higher	24-Jan	Chris Williamson
Americas	US flash PMI signals steep fall in inflation at start of 2024	25-Jan	Chris Williamson
	Looser financial conditions boost economic growth in December and add hope to 2024 US outlook	5-Jan	Chris Williamson
Asia-Pacific	Japan's private sector returns to growth at start of 2024 while price pressures ease	24-Jan	Jingyi Pan
	ASEAN economic outlook in 2024	12-Jan	Rajiv Biswas

S&P Global Market Intelligence highlights

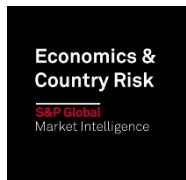
Shifting Sands: Economic Trends Impacting Global Economies in 2023-4



We study history to learn lessons from the past, helping us better understand the current environment and assess the likely future. Read this detailed review of some of the key signals from the Purchasing Managers' Index™ (PMI®) business survey data in 2023. With global and region-specific coverage and insights giving you an indication of what these trends mean for the global economy as we head into 2024.

[Click here to access our research and analysis](#)

PMI Insights: A look at the Americas



The economists see quite a subdued picture in Canada from their latest survey results. Firms are concerned about high interest rates and how they may squeeze clients' budgets. The newly launched PMI for the Canadian service sector, which covers private sector services accounting for about half of the country's GDP, offers additional insights into business activity, new orders, employment and more.

[Click here to listen to this podcast by S&P Global Market Intelligence](#)

For further information:

For more information on our products, including economic forecasting and industry research, please visit <https://www.spglobal.com/>. For more information on our PMI business surveys, please visit [here](#).

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

Links to more resources

- [Sign up to receive updated commentary in your inbox here.](#)
- [Calendar of upcoming PMI releases](#)
- [Running commentary on the PMI survey findings](#)
- [PMI Frequently Asked Questions](#)
- [Background to the PMIs \(video\)](#)
- [Understanding the headline PMI and its various subindices](#)
- [PMI data use-case illustrations](#), from nowcasting to investment strategy
- [PMI podcasts](#)
- [How to subscribe](#) to PMI data

CONTACT US

Chris Williamson

Chief Business Economist
S&P Global Market Intelligence
London

T: +44 779 5555 061
chris.williamson@spglobal.com

Jingyi Pan

Economics Associate Director
S&P Global Market Intelligence
Singapore

T : +65 6439 6022
jingyi.pan@spglobal.com

The Americas

+1-877-863-1306

EMEA

+44-20-7176-1234

Asia-Pacific

+852-2533-3565

spglobal.com/marketintelligence/en/mi/products/pmi.html