

Week Ahead Economic Preview

Global manufacturing PMI, US core PCE and GDP readings

23 February 2024

Global manufacturing PMI data will be due at the end of the week following the February flash PMI updates. Besides a central bank meeting in New Zealand, we will also be watching for a slew of key economic data including GDP data out of the US and Canada, as well as for various eurozone and APAC economies. US core PCE, eurozone and Japan inflation figures will notably also be key releases due in the week.

Inflation remains front and centre focus with a slew of CPI data keenly anticipated in the week, including the US core PCE reading due Thursday, which will help further assess the sticky inflation trend already signalled by the US CPI seen for January. Fed minutes from the January FOMC meeting highlighted concerns from US central bankers regarding cutting rates too quickly, though [more recent S&P Global Flash US Composite PMI](#) with its leading-indicator properties for inflation hinted at dissipating cost pressures.

Meanwhile February flash CPI figures out of the eurozone will be due at the end of the week with the market awaiting further signs of easing inflationary pressures, though more recent HCOB Flash Eurozone PMI figures have outlined some intensification of price pressures against expectations. That said, supplier lead times have notably improved in the eurozone following delays stemming from Red Sea shipping disruptions at the start of the year, and it will be of interest to observe how supply chain conditions have fared around the globe with the release of global manufacturing PMI data at the end of the week.

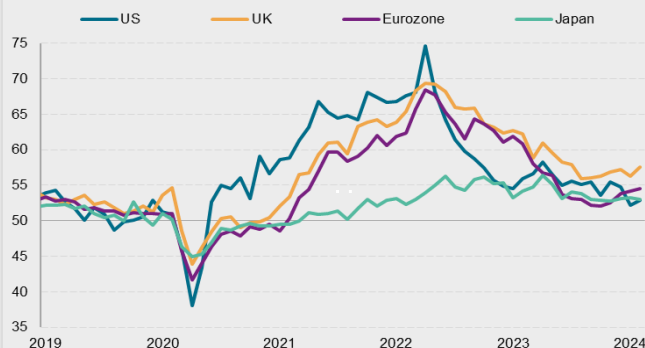
In APAC, Japan also updates inflation numbers with [PMI data prelude further declines](#) at present, which will be of interest to watch. Further cooling of price pressures and stagnating of growth conditions, as showed in February flash PMI data, may lead to reduced urgency for the Bank of Japan to move as the market continues to contemplate an April hike.

Finally, a series of GDP release will be due from various regions including a revised Q4 GDP in the US, several eurozone economies and from APAC economies including India.

Flash PMIs bring mixed news on inflation and supply chains

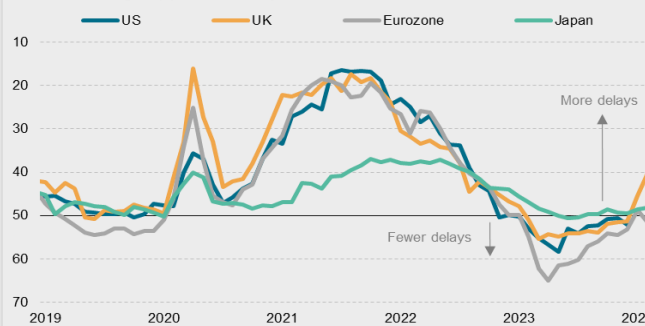
February's flash PMI surveys brought mixed news on inflation, with European prices looking stickier than in the US. The survey data relating to average prices charged for goods and services remained especially subdued in the US, running at a level broadly consistent with consumer price inflation at 2%. However, the same indices rose in the eurozone and UK, hinting at stubbornly elevated inflation around the 3% and 4% levels respectively. The UK was also notable in seeing a greater incidence of supply chain delays, linked in part to Red Sea shipping disruptions, which is a potential harbinger of higher prices in the coming months.

Flash PMI output price indicators of 'G4' economies



Data compiled February 22, 2024.
PMI covers manufacturing and services. 50 = no change on prior month.
Source: S&P Global PMI with HCOB and au Jibun Bank.
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Manufacturing supplier delivery times



Data compiled February 22, 2024.
PMI based on 50 = no change on prior month.
Source: S&P Global PMI, HCOB, au Jibun Bank.
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Key diary events

Monday 26 Feb

Thailand Market Holiday

Singapore Industrial Production (Jan)

United States New Home Sales (Jan)

Tuesday 27 Feb

Japan Inflation (Jan)

Germany GfK Consumer Confidence (Feb)

France Consumer Confidence (Feb)

Taiwan Export Orders (Jan)

Hong Kong SAR Trade (Jan)

United States Durable Goods Orders (Jan)

United States S&P/Case-Shiller Home Price (Dec)

United States CB Consumer Confidence (Feb)

Wednesday 28 Feb

Taiwan Market Holiday

New Zealand RBNZ Interest Rate decision

Thailand Industrial Production (Jan)

Hong Kong SAR GDP (Q4, final)

Eurozone Economic Sentiment (Feb)

United States GDP (Q4, 2nd est.)

United States Wholesale Inventories (Jan)

Thursday 29 Feb

Japan Industrial Production (Jan, prelim)

Japan Retail Sales (Jan)

Australia Retail Sales (Jan, prelim)

Germany Retail Sales (Jan)

United Kingdom Nationwide Housing Prices (Feb)

Turkey GDP (Q4)

France Inflation (Feb, prelim)

France GDP (Q4, final)

Spain Inflation (Feb, prelim)

Switzerland GDP (Q4)

Taiwan GDP (Q4, final)

Germany Unemployment Rate (Feb)

United Kingdom Mortgage Lending and Approvals (Feb)

India GDP (Q4)

Germany Inflation (Feb, prelim)

Canada GDP (Q4)

United States Core PCE Price Index (Jan)

United States Personal Income and Spending (Jan)

Friday 1 Mar

South Korea Market Holiday

Worldwide Manufacturing PMIs, incl. global PMI* (Feb)

South Korea Trade (Feb)

China (mainland) NBS PMI (Feb)

Indonesia Inflation (Feb)

Japan Consumer Confidence (Feb)

Eurozone Inflation (Feb, flash)

Italy GDP (Q4)

Italy Inflation (Feb, prelim)

Brazil GDP (Q4)

United States ISM Manufacturing PMI (Feb)

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

What to watch in the coming week

Worldwide manufacturing PMI for February

Global manufacturing PMI data will be released on March 1st for insights into conditions in the goods producing sector. This comes after February's flash PMI surveys signalled sustained growth in various economies including the US, UK and India, while the downturn in the eurozone eased. That said, it was the service sector primarily supporting improvements in most instances. Price trends were meanwhile mixed with the US seeing cost pressures dissipating but the eurozone and UK experienced more sticky inflation (see page 3).

Americas: US GDP, core PCE, personal income, spending and ISM Manufacturing PMI, plus Canada GDP

Consensus expectations point to a higher figure for US core PCE in January following the release of higher-than-expected CPI numbers, which may lead to a shift of attention back to the potential for stubborn inflation to delay rate cuts. Concurrently, a revised Q4 GDP and personal income and spending figures will help to guide growth expectations amid recent indications of resilient growth from [the February Flash US PMI](#). Other notable releases include US new home sales, house prices, durable goods orders and wholesale inventories.

Additionally, Canada updates Q4 GDP with subdued conditions expected to have been sustained into the end of the year. This was as PMI data, covering manufacturing and services, showed that the downturn in growth extended into the final quarter of 2023 and [more recently into the start of 2024 as well, albeit at a softer pace](#).

EMEA: Eurozone inflation, Germany GfK consumer confidence, France, Italy GDP readings

Besides the manufacturing PMI releases, several key updates are expected from the euro area including eurozone flash February inflation figures and GDP numbers out of France and Italy. Leading indicator properties of the PMI price indices suggest that we may see some stickiness emanating from CPI numbers in the coming months, with the latest [February HCOB Flash Eurozone PMI showing an intensification of price pressures](#).

Meanwhile Q4 GDP readings from France and Italy will help to provide a full-year growth picture. France, having remained among the worst-performing economies tracked by PMI data, will be closely watched for official indications.

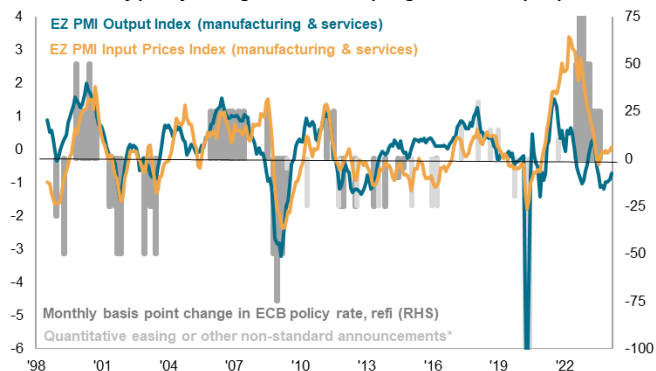
APAC: RBNZ meeting, Japan CPI, industrial production and consumer confidence data, plus GDP for India, Taiwan and Hong Kong SAR

In addition to insights into February manufacturing sector conditions for APAC via PMI releases, the central bank meeting in New Zealand and GDP data out of several APAC economies are also anticipated. Among the highlights will be CPI numbers out of Japan with further easing of inflationary pressures expected, according to consensus (also [hinted by PMI prices data](#)).

Week in review | Key economic developments from the past week

Flash PMIs bring good and bad news

ECB monetary policy changes vs. PMI output growth and input prices

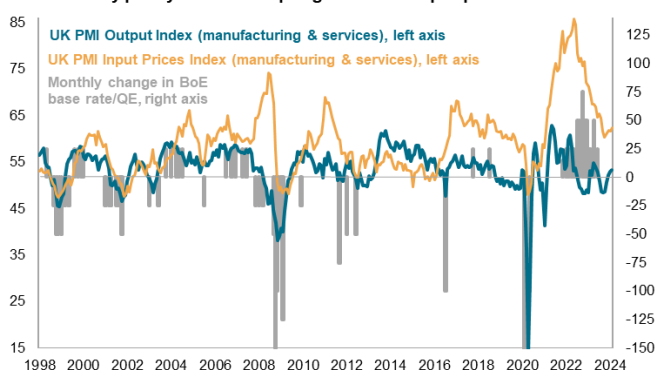


Data compiled February 22, 2024 including flash PMI February data.
 PMI (Purchasing Managers' Index) = standard deviations from mean. QE bars illustrative size only.
 Sources: S&P Global PMI, S&P Global Market Intelligence, HCOB, ECB.
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Business activity in the **euro area** fell at the slowest rate for eight months in February, according to provisional PMI[®] survey data, as a stabilisation of output in the service sector offset a further steep downturn in manufacturing.

But service sector inflation remained elevated by historical standards, causing overall rates of input cost inflation and selling price inflation to accelerate in February to their highest since last May. A comparison of the eurozone PMI selling price data – inclusive of both manufacturing and services – with consumer price inflation suggests that the latest survey data are consistent with some stickiness of CPI around the 3% mark in the near-term, hinting at some difficulty in the ECB's plight to attain its 2% target at least in the first half of 2024.

UK monetary policy vs. PMI output growth and input price indices



Data compiled February 22, 2024.
 PMI based on 50 = no change on prior month. Bank of England £25bn QE shown as equivalent to 25 basis points.
 Source: S&P Global PMI, S&P Global Market Intelligence, Bank of England.
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Likewise in the **UK**, early PMI data point to the UK economy gaining growth momentum in February, dispelling recession worries, but price pressures have intensified. With growth accelerating and prices on the rise again, signalling consumer price inflation running around

the 4% level in the coming months – double the Bank of England's target – February's data mean policymakers are increasingly likely to err on the side of caution when considering cutting interest rates.

Some positive news on the inflation front was observed for the **US**, however, with US companies' cost burdens rising at the slowest pace since October 2020. Although selling price inflation picked up slightly, the rate of increase was the second-slowest since mid-2020, hinting at subdued price pressures ahead.

This was as US companies continued to report an expansion in activity during February, albeit at a slower pace. Output rose marginally as a softer uptick in services business activity weighed on overall growth. Manufacturing, meanwhile, saw a renewed increase in production amid an improvement in supply chains after adverse weather in January.

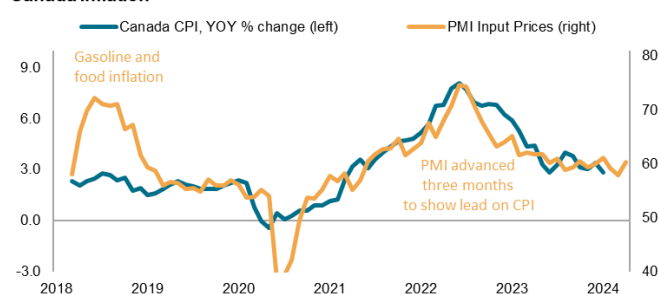
Finally, demand conditions also improved further in the US, but at a softer rate as a less marked increase in service sector new business offset an improvement in manufacturing. The slower rise in new sales led US firms to recruit additional workers at a slightly reduced rate and also dampened confidence in the outlook for output over the next year.

Canada inflation: As cool as it gets?

Canada's inflation fell more than expected in January with headline CPI rising 2.9% year-on-year, down from 3.4% previously. This was the lowest reading seen since June 2023 and lands within the Bank of Canada's target range of 1% to 3%, further trending largely in line with the trajectory precluded by PMI prices data.

While the latest inflation development further emphasized the cooling of price pressures ahead of the Bank of Canada's March policy meeting, leading-indicator properties of the PMI outline the likelihood for prices to remain a little more 'sticky' in the coming months. The Bank of Canada will therefore be watched for their stance in the upcoming meeting, though if further progress on inflation is needed for rate cuts to begin, it may be at least mid-2024 before we are set to see further progress.

Canada inflation



Data compiled February 2024 with January 2024 PMI data.
 PMI (Purchasing Managers' Index) value of 50 = no change on prior month
 Source: S&P Global PMI.
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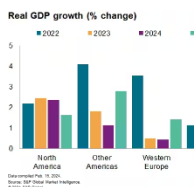
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Recent PMI and economic analysis from S&P Global

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 downturn moderates as service sector steadies, but price rises cloud rate cut outlook	22-Feb	Chris Williamson
	UK economy gains further growth momentum in February, but price pressures also rise	22-Feb	Chris Williamson
Americas	US flash PMI indicates steady growth in February as price pressures cool further	22-Feb	Chris Williamson
	US flash PMI signals steep fall in inflation at start of 2024	25-Jan	Chris Williamson
Asia-Pacific	Flash PMI signal cooling inflation and stagnating private sector activity in Japan	22-Feb	Jingyi Pan

S&P Global Market Intelligence highlights

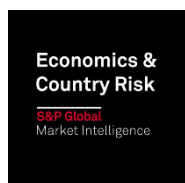
Global economic outlook: Growth prospects brighten, inflation outlook more cloudy



Our annual global real GDP forecast for 2024 has been revised up from 2.3% to 2.5%. This primarily reflects a significant upward revision to our US forecast, related to unexpectedly strong growth in the final quarter of 2023. Some of that strength is also expected to persist in early 2024.

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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](#)

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