

# Week Ahead Economic Preview

US and eurozone inflation updates to guide policy expectations

24 May 2024

**Data releases including US core PCE inflation, eurozone inflation and China PMI figures are likely to be the economics highlights as we approach the end of May. The busy data calendar will also see GDP updates from the US, Canada and India. Japan meanwhile releases a barrage of data for BoJ and yen watchers to digest.**

April US PCE inflation, coupled with personal income and spending data, have the potential to turn the risk sentiment tide once again. This comes after the minutes from the FOMC's May meeting undermined market confidence pertaining to US rate cuts, with some policymakers having speculated on the need to raise rates. While better than expected CPI data has since soothed some concerns over rates, the [May flash US PMI](#) has rekindled uncertainty over the Fed's forward path, showing output prices rising at a sharper rate amid a reviving economic upturn. Output growth hit the fastest in over two years, fanning fears that the economy may be heating up once again.

In contrast to the US, eurozone inflationary pressures have eased in May, according to the HCOB Flash Eurozone PMI, which ECB watchers will hope to see reflected in the release of official flash CPI data for May. With anticipation having built for the ECB to lower rates as soon as June, the upcoming CPI update will need to bring good news on inflation for the door to open for a rate cut.

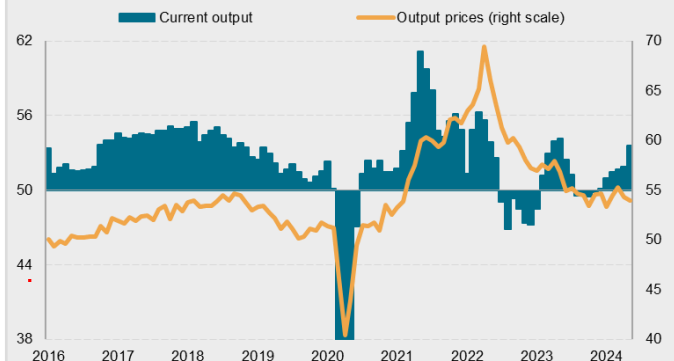
Meanwhile growth conditions have further improved in the eurozone, including for Germany. Flash PMI data have so far also hinted at improvements in confidence in Germany and more widely across the eurozone in May, and sentiment data releases in the coming week will be eyed for confirmation of these improving trends.

In APAC, PMI data from mainland China's National Bureau of Statistics will be due at the end of the week to give clues as to growth and price momentum in May. Around the region, in Japan, India and even Australia, flash PMI data have so far shown better growth being recorded in May. India in particular has exhibited consistently strong economic growth so far via PMI indications as we anticipate the GDP update for the first three months of 2024. Additionally, Japan releases industrial production, unemployment data and consumer confidence figures.

## Flash PMI surveys hint at policy caution

The major developed economies are showing signs of gaining further growth momentum on average midway through the second quarter, according to the flash PMI data. Output of the combined manufacturing and service sectors is rising across the four major developed economies – the 'G4' – at the fastest rate for a year. Growth is being led by the US, which showed a welcome revival after a sudden slowing in April, but growth has also accelerated further in the eurozone and Japan and remains robust in the UK.

### Flash PMI output and prices changed, G4 economies



Data compiled May 23, 2024

PMI covers manufacturing and services. 50 = no change on prior month.

Source: S&P Global PMI with HCOB and au Jibun Bank.

© 2024 S&P Global.

Inflation meanwhile remains elevated by pre-pandemic standards across all G4 economies, albeit to greater extents in the UK and Japan than the US and the eurozone. While service sector inflation rates are generally trending lower, which will be welcome news to policymakers concerned over second-round wage-related price pressures, there are signs of renewed price pressures appearing in manufacturing, albeit not yet in the eurozone.

As such, the reviving growth trend and worryingly slow descent of inflation hints at some continued caution among policymakers in the US and Europe in loosening monetary policy, especially as some policymakers may be keen to see how stronger growth impacts pricing power and wage negotiations.

## Key diary events

### Monday 27 May

*US, UK Market Holiday*

China (Mainland) Industrial Profits (Apr)

Germany Ifo Business Climate (May)

Hong Kong SAR Trade (Apr)

### Tuesday 28 May

Australia Retail Sales (Apr, prelim)

Germany Wholesale Prices (Apr)

United States S&P Global/Case Shiller Home Price (Mar)

United States CB Consumer Confidence (May)

### Wednesday 29 May

Australia ANZ Business Confidence (May)

Japan Consumer Confidence (May)

Germany GfK Consumer Confidence (Jun)

Germany Inflation (May, prelim)

United States Fed Beige Book

### Thursday 30 May

*Brazil, Malaysia Market Holiday*

Australia Building Permits (Apr, prelim)

Switzerland Balance of Trade (Apr)

Spain Inflation (May, prelim)

Switzerland GDP (Q1)

Italy Unemployment Rate (Apr)

Eurozone Economic Sentiment (May)

Eurozone Unemployment Rate (Apr)

Eurozone Consumer Confidence (May, final)

Mexico Unemployment Rate (Apr)

United States GDP (Q1, 2<sup>nd</sup> est.)

United States Wholesale Inventories (Apr)

South Africa SARB Interest Rate Decision

United States Pending Home Sales (Apr)

### Friday 31 May

*Malaysia Market Holiday*

South Korea Industrial Production (Apr)

Japan Unemployment Rate (Apr)

Japan Industrial Production (Apr, prelim)

China (Mainland) NBS PMI (May)

Thailand Industrial Production (Apr)

Japan Housing Starts (Apr)

Germany Retail Sales (Apr)

France Inflation (May, prelim)

France GDP (Q1, final)

Turkey GDP (Q1)

Italy GDP (Q1, final)

United Kingdom Mortgage Lending and Approvals (Apr)

Eurozone Inflation (May, flash)

Italy Inflation (May, prelim)

India GDP (Q1)

Canada GDP (Q1)

United States Core PCE Price Index (Apr)

United States Personal Income and Spending (Apr)

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

## What to watch in the coming week

### Americas: US Q1 GDP, core PCE, personal income and spending data, Canada GDP

The second estimate of US Q1 GDP will be updated in the coming week after the initial estimate came in below expectations at 1.6%. Meanwhile the Fed's preferred inflation gauge, the core PCE price index, will be released for April on Friday. This follows the lower-than-expected US CPI print which provided a boost for market sentiment. In line with the CPI release, further signs of easing inflationary pressures are anticipated for the core PCE price index at present.

Additional focus on other economic releases will include the US personal income and spending numbers, as well as consumer confidence, with perceived improvements in consumer strength having contributed to improved risk sentiment of late. Also watch out for home prices and pending home sales data.

Canada's Q1 GDP will also be announced at the end of the week, with improved performance expected from the end of 2023 amidst indications of rising [composite PMI readings](#).

### EMEA: Eurozone May inflation, German Ifo business climate, GfK consumer confidence data

The key data release of the week will be May flash inflation data due from the eurozone. [Early HCOB Flash Eurozone PMI indications](#) showed that price pressures eased in May but remained above pre-pandemic average levels.

Additionally, business and consumer sentiment figures will also be due from Germany. The latest [HCOB Flash Germany PMI](#) revealed that business confidence rose to the highest in over two years amid renewed new orders expansion and faster output growth.

### APAC: China NBS PMI, India GDP, Japan industrial production, unemployment rate, consumer confidence

Ahead of worldwide PMI data on June 3, mainland China's NBS PMI will be due on Friday. Consensus expectations at the time of writing indicate a slight slowdown in growth momentum is anticipated midway into the second quarter.

Separately, India updates GDP growth readings for the January to March period. Early [HSBC India PMI](#) data showed India continuing to expand at a sharp pace, including April seeing one of the quickest monthly expansions in 14 years.

Japan's industrial production, employment and consumer confidence figures will also be updated in the week. According to the [au Jibun Bank Flash Japan PMI](#), manufacturing output declined at a less pronounced and only marginal pace in May, signalling better conditions compared to April. Overall employment conditions also improved midway into the second quarter.

## Email us

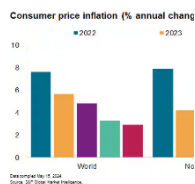
Have a PMI related question or want to receive this in your inbox weekly? Send us an email at [PMI@spgobal.com](mailto:PMI@spgobal.com).

## Recent PMI and economic analysis from S&P Global

Global	<a href="#">Monthly PMI Bulletin: May 2024</a>	15-May	Jingyi Pan
	<a href="#">Global trade revives amid renewal of worldwide goods exports</a>	9-May	Jingyi Pan
	<a href="#">Emerging markets new business expands at fastest pace in nearly a year</a>	9-May	Jingyi Pan
	<a href="#">Global PMI selling price inflation remains elevated in April, led by higher service sector charges</a>	8-May	Chris Williamson
	<a href="#">Global PMI hits ten-month high amid broad sector economic upturn in April</a>	8-May	Chris Williamson
	<a href="#">Top five takeaways from April as PMI holds above 50 for third month running</a>	7-May	Chris Williamson
	<a href="#">Flash PMIs signal more broad-based expansion as growth rates improve in Europe and Japan</a>	25-Apr	Chris Williamson
EMEA	<a href="#">Stronger growth and lower inflation: our key take-aways from the Eurozone flash PMI</a>	23-May	Chris Williamson
	<a href="#">Flash PMI signals sustained economic recovery, price pressures fall to lowest in over three years</a>	23-May	Chris Williamson
	<a href="#">UK flash PMI signals accelerating economic recovery but price pressures surge higher</a>	23-Apr	Chris Williamson
Americas	<a href="#">US flash PMI data point to lower economic growth and inflation trajectories in second quarter</a>	23-Apr	Chris Williamson
Asia-Pacific	<a href="#">Competitive pricing helps to drive business activity growth in Kuwait, but for how much longer?</a>	10-May	Andrew Harker

## S&P Global Market Intelligence highlights

### Global economic outlook: May 2024



US monetary policy easing is set to begin later than previously forecast. Following a run of stronger-than-expected inflation prints, S&P Global Market Intelligence analysts now expect an initial rate cut by the Federal Reserve at December's meeting. A return to the estimated neutral range for the Fed funds rate of 2.50%-2.75% is now expected in mid-2026. Easing cycles in many other economies will start somewhat later as a result.

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

### PMI in Focus: Update on inflation and a new PMI survey



In this podcast, our expert economists dive into the world of Purchasing Managers' Index (PMI) data and its impact on global markets. We kick off with a reassessment of central bank policies, implications for financial markets, in addition to key drivers of inflation, such as rising wages and material costs, and analyse the pricing power of firms in various sectors. The conversation also touches on the newly launched PMI survey for the Kuwait economy and widens to the Middle East and North Africa economies including Egypt and the UAE.

[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](mailto:chris.williamson@spglobal.com)

### Jingyi Pan

Economics Associate Director  
S&P Global Market Intelligence  
Singapore

T : +65 6439 6022  
[jingyi.pan@spglobal.com](mailto: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](https://spglobal.com/marketintelligence/en/mi/products/pmi.html)