

# Week Ahead Economic Preview

ECB, BoC meetings, US payrolls and worldwide PMI data

31 May 2024

**Central bank meetings in the eurozone and Canada will be in the spotlight, while key data releases include US payrolls, mainland China's trade data and worldwide PMI updates across countries and sectors. GDP updates will also be anticipated in economies including the eurozone, Australia, Brazil and South Africa.**

Rate cuts are expected in the eurozone and potentially Canada at the start of June as policymakers convene. While the European Central Bank (ECB) is well expected to lower rates, the focus shifts to their stance with respect to the path forward (see box). On the other hand, the Bank of Canada (BoC) moves into June with the market still relatively on the fence as to whether the monetary policy committee will lower rates, thereby signalling potential fluctuations for the CAD in the new week. PMI prices data, which precludes the trend for official CPI, indicated that inflationary pressures in Canada remain elevated by historical standards, thus adding to the uncertainties here.

Over in the US, May non-farm payrolls and wage growth statistics are anticipated, with the market eager for signs of slowing jobs growth and softening wage pressures. According to the latest May US flash PMI data, employment conditions were relatively subdued midway through the second quarter of the year. Given simmering concerns over delayed Fed cuts, any signs pointing to easing wage pressures will be positive for risk sentiment.

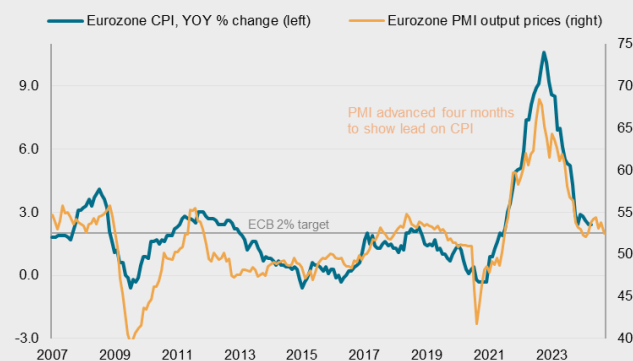
More broadly, we will also be seeing worldwide manufacturing and services PMI data after [faster developed world growth was signalled by flash PMI data](#). With major developed central banks set to lower rates from June, inflation trends in other parts of the world will offer clues on which economies may follow suit. Additionally, given the positive sentiment surrounding the tech sector, detailed sector data from the US and more widely around the globe will offer insights into the actual growth and demand conditions going into the mid-year.

Over in APAC, besides PMI updates, May trade figures from mainland China will be a key release to watch. Australia's Q1 GDP will also be updated midweek with PMI indications having alluded to improvements in economic conditions, albeit services-led, in the first three months of 2024.

## What will the ECB do... next?

With a recent Reuters [poll](#) indicating that the market has well priced in a rate cut in June by the ECB, the question moves on to what European central bankers may do next with mixed views on the number of rate cuts left for the rest of 2024 and how soon will the ECB move again.

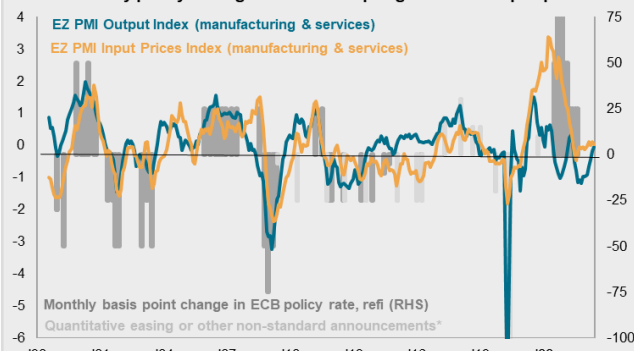
**Eurozone inflation**



Data compiled May 23, 2024.  
PMI (Purchasing Managers' Index) value of 50 = no change on prior month, covers manufacturing and services.  
Source: S&P Global PMI with HCOB, Eurostat via S&P Global Market Intelligence.  
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While the latest [HCOB Flash Eurozone PMI reinforced the easing inflation picture](#), which supports the lowering of interest rates, it also revealed that growth accelerated in May, which may induce added caution among some policymakers in committing to further cuts in the near-term. How the ECB will lean will be closely watched in the week.

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



Data compiled May 23, 2024.  
PMI (Purchasing Managers' Index) rebased to 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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## Key diary events

### Monday 3 Jun

*New Zealand, Malaysia, Thailand Market Holiday*  
Worldwide Manufacturing PMIs, incl. global PMI\* (May)  
Indonesia Inflation (May)  
Turkey Inflation (May)  
United States ISM Manufacturing PMI (May)

### Tuesday 4 Jun

ASEAN Manufacturing PMI\* (May)  
South Korea Inflation (May)  
Switzerland Inflation (May)  
Germany Unemployment Rate (May)  
South Africa GDP (Q1)  
Brazil GDP (Q1)  
United States Factory Orders (Apr)

### Wednesday 5 Jun

Worldwide Services, Composite PMIs, inc. global PMI\* (May)  
South Korea GDP (Q1, final)  
Philippines Inflation (May)  
Australia GDP (Q1)  
Thailand Inflation (May)  
France Industrial Production (Apr)  
Brazil Industrial Production (Apr)  
United States ADP Employment Change (May)  
Canada BoC Interest Rate Decision  
United States ISM Services PMI (May)

### Thursday 6 Jun

*South Korea, Sweden Market Holiday*  
Australia Trade (Apr)  
Switzerland Unemployment Rate (May)  
Germany Factory Orders (Apr)  
Taiwan Inflation (May)  
Eurozone Retail Sales (Apr)  
Eurozone ECB Interest Rate Decision  
Eurozone Construction PMI\* (May)  
United Kingdom Construction PMI\* (May)  
United States Balance of Trade (Apr)  
United States Initial Jobless Claims  
Global Sector PMI\* (May)

### Friday 7 Jun

China (Mainland) Trade (May)  
India RBI Interest Rate Decision  
Germany Trade and Industrial Production (Apr)  
United Kingdom Halifax House Price Index\* (May)  
France Balance of Trade (Apr)  
Eurozone Employment Change (Q1, final)  
Eurozone GDP (Q1, 3<sup>rd</sup> est.)  
Mexico Inflation (May)  
Canada Trade (Apr)  
Canada Unemployment Rate (May)  
United States Non-farm Payrolls, Unemployment Rate, Average Hourly Earnings (May)

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

## What to watch in the coming week

### Worldwide manufacturing and services PMI releases

The first week of June brings worldwide manufacturing and services PMI updates on Monday and Wednesday respectively. Following [encouraging news of accelerating 'G4' growth from flash PMI data](#), global PMI will be watched for whether business activity growth has further accelerated in May. Price trends will also be scrutinised with the first of major central banks set to lower rates from June.

Additionally, detailed sector data will also be due on Thursday for insights into where the key growth areas are and the expected trend with forward-looking sub-indicators.

### Americas: US labour market report, ISM PMI, BoC meeting, Canada employment

May's US labour market report will be due at the end of the week with the consensus pointing to fewer job additions. Early [flash PMI indications revealed a marginal reduction in workforce numbers](#), led by the service sector as manufacturing headcounts rose at the fastest pace in ten months. Meanwhile wage growth will be scrutinised for further insights into how inflation may trend. PMI price indications have suggested that price pressures edged higher in May.

The Bank of Canada convenes at the start of June amid growing expectations for a rate cut in the upcoming meeting. That said, inflationary pressures remain still elevated, which adds uncertainty over whether the BoC will make an imminent move.

### EMEA: ECB meeting, Germany trade, Eurozone Q1 GDP

The European Central Bank convenes at the start of June with a 25-basis point cut well priced in by the market at present following hints of a mid-year rate cut as inflation eased. This falling inflation trend has been again confirmed by the most up-to-date [May HCOB Flash Eurozone PMI](#) update. Given the easing of price pressures, indications of further easing of rates will be sought with the upcoming meeting.

### APAC: RBI meeting, China trade, Australia Q1 GDP, trade data,

Besides detailed PMI releases for the APAC region, the highlights in the week will be trade data due from mainland China, in addition to Australia's Q1 GDP print. Improvements in business activity growth from the closing quarter of 2024 were observed via the Judo Bank Australia PMI, with the [latest flash PMI](#) further showing growth extending into Q2 in Australia. This feeds into the forecast that we may see a better first quarter GDP reading. No changes to policy rates are meanwhile expected when the RBI convenes.

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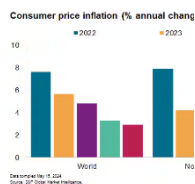
Have a PMI related question or want to receive this in your inbox weekly? Send us an email at [PMI@spglobal.com](mailto:PMI@spglobal.com).

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

Global	<a href="#">Flash PMIs signal faster developed world growth in May, led by the US</a>	24-May	Chris Williamson
	<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
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="#">Flash PMI data signals steep acceleration of US growth midway through second quarter</a>	24-May	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](#).

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## 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
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