

Week Ahead Economic Preview

Flash PMIs in the spotlight as interest rates fall

20 September 2024

The coming week starts with flash PMI data for the major developed economies in focus for central bank policy clues. For Fed watchers, there is also a scheduled speech from FOMC chair Jerome Powell and the Fed's favoured core PCE inflation data. These releases will be more important than the updated second quarter US GDP results assuming there are no major revisions, but European Central Bank watchers will also be eager to see flash inflation numbers for the euro area. In APAC, the focus is on the Reserve Bank of Australia's meeting.

So the FOMC finally got round to cutting US interest rates, joining the other major central banks such as the European Central Bank and Bank of England in loosening monetary policy. Importantly, a common theme is not just the fact that inflation looks to be beaten, but that economic are looking vulnerable to a downturn. Hence the flash PMI surveys will be hotly awaited for clues as to the next move in rates, as these data will provide markets with timely signals on economic growth trajectories as well as price trends.

August's PMI data had shown improved rates of growth in the US, Eurozone, UK and Japan, though in general the improvements could be traced to robust service sector performances. With the exception of the UK, manufacturing trends deteriorated, raising concerns that economic malaise could spread from the factory sector to the services economy. Factories are citing an inventory cycle downturn as well as reduced spending on goods and lower investment amid high prices and intensifying political uncertainty.

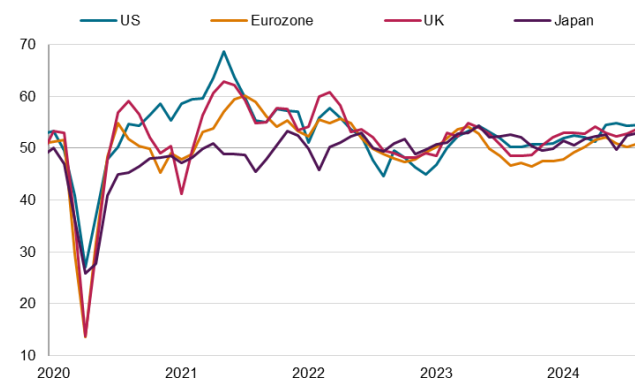
However, with interest rate cutting cycles now in train in the US and Europe, September's PMI data will also be eyed for clues as to whether monetary policy is helping sustain these upturns.

Signs of further economic weakness in the flash PMIs will therefore translate into greater chances of more aggressive rate cuts in the months ahead, while signs of resilience will add to a more cautious approach.

Perhaps the most important official economic data releases of the week will be the core PCE inflation reading, which showed a 0.3% monthly increase last month to leave the annual rate of 3.2%, as well as the flash CPI number in the eurozone, which showed the core annual rate stuck at 2.8%.

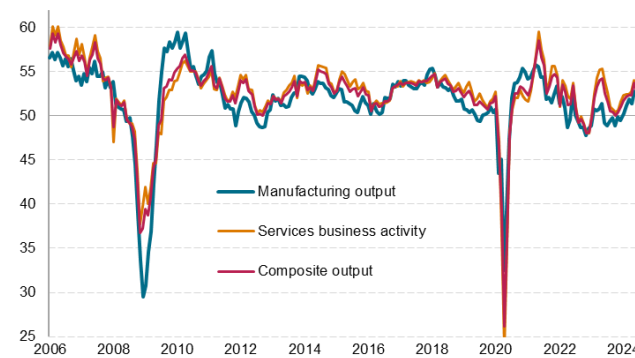
Lower core inflation rates and softer price signals from the PMIs will be helpful to sustain current market expectations of further rate cuts later this year.

PMI output indices rose across the major developed economies in August



Data compiled September 2024 including PMI data to August 2024.
PMI index value of 50 = no change on prior month, covers manufacturing and services.
Sources: S&P Global PMI, S&P Global Market Intelligence, HCOB, au Jibun Bank.
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But the global PMI shows a two-speed economy as manufacturing slips into decline, contrasting with faster service sector growth



Data compiled September 2024 including PMI data to August 2024.
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.
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Key diary events

Monday 23 Sep

Japan, Saudi Arabia Market Holiday

Australia Judo Bank Flash PMI, Manufacturing & Services*
India HSBC Flash PMI, Manufacturing & Services*
UK S&P Global Flash PMI, Manufacturing & Services*
Germany HCOB Flash PMI, Manufacturing & Services*
France HCOB Flash PMI, Manufacturing & Services*
Eurozone HCOB Flash PMI, Manufacturing & Services*
US S&P Global Flash PMI, Manufacturing & Services*
New Zealand Trade (Aug)
Malaysia Inflation (Aug)
United States Chicago Fed National Activity Index (Aug)

Tuesday 24 Sep

South Africa Market Holiday

Japan au Jibun Bank Flash PMI, Manufacturing & Services*
Australia RBA Interest Rate Decision
Germany Ifo Business Climate (Sep)
Taiwan Export Orders (Aug)
United States S&P/Case-Shiller Home Price (Jul)
United States CB Consumer Confidence (Sep)

Wednesday 25 Sep

Australia Monthly CPI Indicator (Aug)
Singapore Inflation (Aug)
Sweden Riksbank Rate Decision
Taiwan Industrial Production (Aug)
United States New Home Sales (Aug)
United States Building Permits (Aug, final)

Thursday 26 Sep

Japan BoJ Monetary Policy Meeting Minutes (Jul)
Germany GfK Consumer Confidence (Oct)
Eurozone ECB General Council Meeting
Switzerland SNB Interest Rate Decision
United States Durable Goods Orders (Aug)
United States GDP (Q2, final)
United States Fed Chair Powell Speech
United States Pending Home Sales (Aug)
Mexico Banxico Interest Rate Decision

Friday 27 Sep

South Korea Business Confidence (Sep)
Japan Tokyo CPI (Sep)
Australia RBA Financial Stability Review
China (Mainland) Industrial Profits (Aug)
Thailand Industrial Production (Aug)
France Inflation (Sep, prelim)
Spain GDP (Q2, final)
Spain Inflation (Sep, prelim)
Germany Unemployment Rate (Sep)
Eurozone Economic Sentiment (Sep)
Canada GDP (Aug, prelim)
United States Core PCE Index (Aug)
United States Personal Income and Spending (Aug)
United States Wholesale Inventories (Aug)
United States UoM Sentiment (Sep, final)

* Access press releases of indices produced by S&P Global and relevant sponsors [here](#).
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What to watch in the coming week

September flash PMI releases

Flash PMI data for September will be released over September 23 for major developed economies and India, while Japan's flash PMI figures will follow on September 24 after the Autumn Equinox holiday. Amidst uncertainty that persists regarding the extent to which global central banks, including the US Fed, are expected to continue lowering rates, the September flash PMI data offer the earliest insights for growth and inflation conditions. This is in addition to the assessment of business confidence levels amid ongoing political developments.

Americas: Fed speeches, final Q2 GDP, US core PCE, personal income & spending, durable goods, consumer confidence, new home sales data

Various Fed members, including Fed chair Jerome Powell, will be speaking in the week following the conclusion of the September 17-18 meeting and watched for further clues on the interest rate path forward.

On the data front, besides the flash PMIs, a busy economic calendar will also see the release of August core PCE inflation readings, which is the Fed's preferred price gauge. Personal income and spending data, durable goods, consumer confidence and housing data will also be crucial in assessing the state of US economic conditions and continue to shape FOMC monetary policy expectations.

EMEA: France, Spain inflation, Eurozone economic sentiment, Germany unemployment, Ifo, GfK data, Riksbank, SNB meetings

The highlight in the fresh week for Europe will be the release of flash PMI at the start of the week. Following which, we will also see the release of preliminary September inflation data from France and Spain ahead of the rest of the euro area in the week to follow. [August's PMI figures indicated that while the eurozone economy expanded at the fastest pace in three months](#), the forward-looking Future Output Index slumped to an eight-month low to indicate reduced confidence alongside the first reduction in employment levels in 2024. The impact of the Paris Olympics as a likely temporary economic boost also remains uncertain.

APAC: RBA meeting, Australia Monthly CPI, New Zealand trade, Singapore, Malaysia inflation

In APAC, the Reserve Bank of Australia (RBA) convenes for their September meeting with no changes to monetary policy expected, though rate cuts are not ruled out later in the year. Guidance from the RBA alongside the release of CPI data will be key to watch. Additionally, trade data from New Zealand will be due alongside inflation figures in Singapore and Malaysia.

Email us

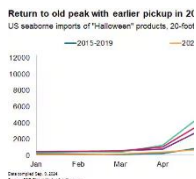
Have a PMI related question or want to receive this in your inbox weekly? Send us an email at PMI@spgobal.com.

Recent PMI and economic analysis from S&P Global

Global	Comparing the NBS and Caixin manufacturing PMI surveys	18-Sep	Chris Williamson
	Monthly PMI Bulletin: September 2024	13-Sep	Jingyi Pan
	Steepest deterioration in trade conditions since December 2023	12-Sep	Jingyi Pan
	Emerging market growth decelerates in August while price pressures ease	12-Sep	Chris Williamson
	Detailed PMI sector data underscore growing rift between manufacturing and services economies in August	9-Sep	Chris Williamson
	Manufacturing downturn spreads from Europe to America, but UK bucks the malaise	9-Sep	Chris Williamson
	Global PMI selling price inflation close to four-year low in August	5-Sep	Chris Williamson
EMEA	Egyptian non-oil sector provides first glimpse of economic recovery after tumultuous start to the year	6-Sep	David Owen
	August flash PMI signals eurozone economy downturn averted, for now	22-Aug	Chris Williamson
Americas	US manufacturing PMI sends warning signals on economic conditions	3-Sep	Chris Williamson
Asia-Pacific	Australia's manufacturing sector under pressure but price data limit scope for interest rate cuts	17-Sep	Jingyi Pan

S&P Global Market Intelligence highlights

Halloween supply chain activity booms



Halloween supply chain activity in the US reached a record high in 2024. Imports of related products rose by 18.6% year over year to 33,098 twenty-foot equivalent units (TEUs) of container freight. US consumer spending during the "back to school" season, which covers July through September and includes Halloween-related spending, is forecast to improve by 3.6% year over year in 2024.

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The Decisive | Ep. 15 - PMI in Focus: Trade trends and political uncertainty



In this episode of The Decisive Podcast, host Paul Smith is joined by senior economists Andrew Harker and Tim Moore to explore the latest trends in global trade and the impact of recent geopolitical events. They discuss the fragility of export order volumes and the significance of Purchasing Managers Indices (PMIs) as early indicators of economic health. The conversation also delves into the effects of political uncertainty on PMI surveys, particularly in the context of the recent election in U.K. and the upcoming election in the U.S.

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

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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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