

Week Ahead Economic Preview

US and mainland China inflation, UK GDP, German industrial output

4 October 2024

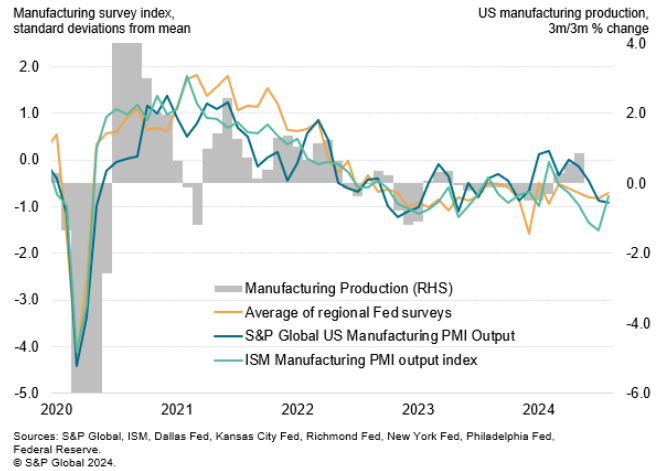
As markets seek further guidance on the interest rate outlook, US inflation numbers will be eagerly assessed in the coming week alongside further Fed policymaker speeches. Updated GDP numbers will meanwhile provide a steer on the health of the UK economy, as will industrial production numbers for the beleaguered-looking German economy. Inflation and trade data will also provide insights into economic conditions in mainland China, though neither will yet give clues as to the impact of recent stimulus measures. Policy action is meanwhile widely expected in the form of rate cuts at the central banks of Korea and New Zealand.

The general expectation is that US inflation will have further cooled when the data are updated in the coming week, though the data will be keenly eyed to see if any under- or -overshoots relative to expectations will change the case for a 25 or 50 basis point move by the FOMC. Our forecasters are expecting another 50 basis points of cuts in 2024, but for this to spread over two meetings.

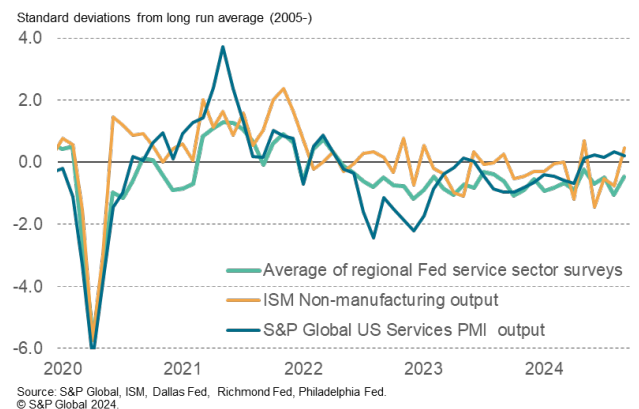
The case for the Fed to shift down to 25 basis points of cuts was supported by the PMI data released over the past week. S&P Global's PMIs showed service sector growth in the US to have remained encouragingly robust in September, putting the economy on course for another quarter of annualised growth of around 3%. ISM's non-manufacturing data have been more volatile in recent months, but leaped higher in September to join the chorus of robust economic growth signals. Meanwhile, the PMI survey price gauges edged higher, notably in the service sector.

Normally these signals could raise concerns that rate cuts might be inappropriate, but the survey data also point to worryingly weak manufacturing growth in the US, alongside a slump in future business expectations which has dented companies' enthusiasm for hiring. Companies – in the US and indeed globally – are worried in particular about intensifying geopolitical uncertainty. Hence, on balance, the US PMI data support the view that some of the restrictiveness of monetary policy can be removed, and arguably the same applies to most other major developed economies, not least the eurozone, where the PMI data are especially weak. Germany's industrial production numbers will likely provide a further worrying signal in that regard.

US manufacturing production indicators



US service sector output indicators



Chris Williamson, Chief Business Economist
Jingyi Pan, Economics Associate Director
S&P Global Market Intelligence

Key diary events

Monday 7 Oct

China (Mainland) Market Holiday

Thailand Inflation (Sep)
Germany Factory Orders (Aug)
United Kingdom Halifax House Price Index* (Sep)
Eurozone Retail Sales (Aug)

Tuesday 8 Oct

Japan Current Account (Aug)
Australia NAB Business Confidence (Sep)
Australia RBA Meeting Minutes
Germany Industrial Production (Aug)
France Trade (Aug)
Taiwan Trade (Sep)
Taiwan Inflation (Sep)
Canada Trade (Aug)
United States Trade (Aug)
S&P Global Investment Manager Index* (Oct)

Wednesday 9 Oct

South Korea Market Holiday

Australia Westpac Consumer Sentiment (Oct)
New Zealand RBNZ Interest Rate Decision
India RBI Interest Rate Decision
Germany Trade (Aug)
Mexico Inflation (Sep)
Brazil Inflation (Sep)
United States Wholesale Inventories (Aug)
United States FOMC Meeting Minutes (Sep)

Thursday 10 Oct

Taiwan Market Holiday

Japan PPI (Sep)
Australia Building Permits (Aug, final)
Turkey Industrial Production (Aug)
Italy Industrial Production (Aug)
United States CPI (Sep)
GEP Global Supply Chain Volatility Index* (Sep)

Friday 11 Oct

Hong Kong SAR Market Holiday

Japan Reuters Tankan Index (Oct)
South Korea BoK Interest Rate Decision
Malaysia Industrial Production (Aug)
Germany Inflation (Sep, final)
United Kingdom monthly GDP, incl. Manufacturing, Services and Construction Output (Aug)
United Kingdom Balance of Trade (Aug)
India Industrial Production (Aug)
Mexico Industrial Production (Aug)
Canada Unemployment Rate (Sep)
United States PPI (Sep)
United States UoM Sentiment (Oct, prelim)

Sunday 13 Oct

China (Mainland) Inflation (Sep)
China (Mainland) Trade (Sep)

* 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

Americas: Fed speeches, FOMC minutes, US inflation, trade data; Canada unemployment, trade; Brazil and Mexico inflation

The minutes from the September FOMC meeting will be released midweek and parsed alongside policymaker speeches through the week for insights into the Fed's rate path. Meanwhile, the September US CPI will be the data highlight to watch. According to consensus, a further easing of inflation is expected, which is in line with indications from the US PMI prices data that precludes the trend for core inflation. While some resurgence in price pressures were observed from the [latest September PMI release](#), the trend nevertheless points to price inflation easing to around the Fed's 2% target in the coming months.

EMEA: UK August GDP; Eurozone retail sales; Germany trade, industrial production; Italy industrial production

The UK updates August GDP data for an official check of economic growth midway through the third quarter of 2024. [August's S&P Global UK Composite PMI](#) revealed that private sector output growth accelerated with [manufacturing output growth remaining solid and close to July's near two-and-a-half-year high](#). More up-to-date PMI data for September meanwhile showed that [UK economic growth remained solid into the end of the third quarter](#).

In the eurozone, retail sales data will be due while industrial production numbers will also be updated in Germany and Italy. [Weakness in the goods producing sector](#), particularly in the eurozone, has so far been further signalled by the September manufacturing PMI releases.

APAC: RBNZ, RBI, BoK meetings; Australia RBA meeting minutes; mainland China inflation and trade data; India industrial production

Central bank meetings in New Zealand, India and South Korea will unfold in the new week with the Reserve Bank of New Zealand and Bank of Korea likely to lower rates while the Reserve Bank of India may follow towards the end of the year.

Data highlights from the region meanwhile include September's inflation and trade data from mainland China on Sunday, with the latest [Caixin PMI](#) having shown further reductions in prices across both manufacturing and services.

Investment Manager and Supply Chain Volatility Indices

S&P Global Market Intelligence will publish the October Investment Manager Index (IMI) for insights into investment sentiment, market drivers and sector preference among money managers. The GEP Supply Chain Volatility Index meanwhile offers further insights into latest global supply chain developments. Both will be published [here](#).

Email us

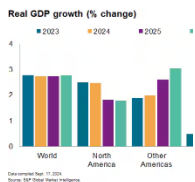
Have a PMI related question or want to receive this in your inbox weekly? Send us an email at PMI@spglobal.com.

Recent PMI and economic analysis from S&P Global

Global	Top five economic takeaways from September's PMI as global manufacturing deteriorates	2-Oct	Chris Williamson
	Flash PMIs point to diverging growth and inflation trends across major developed economies	24-Sep	Chris Williamson
	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
EMEA	Flash PMIs point to diverging growth and inflation trends across major developed economies	23-Sep	Chris Williamson
	Flash UK PMI signals solid economic growth and further downshifting of inflation	23-Sep	Chris Williamson
Americas	US manufacturing PMI sends warning signals on economic conditions	3-Sep	Chris Williamson
Asia-Pacific	Typhoon Yagi causes steep drop in Vietnamese manufacturing production in September	1-Oct	Andrew Harker
	Reshoring Special Report: Vietnam sees strongest reshoring-related growth over past year	27-Sep	Andrew Harker, Pollyanna De Lima

S&P Global Market Intelligence highlights

Global economic outlook: September 2024



The US Federal Reserve started its long-awaited easing cycle with a bang. The initial rate cut of 50 basis points was larger than we had forecast, while the Fed's communication was also more dovish. As a result, we now expect cuts of 25 basis points in both November and December this year, with a series of cuts in 2025-26 returning the policy rate to neutral. Given the size of the Fed's move, along with its signals of more easing to follow, rate cuts elsewhere will become more widespread as concerns of currency depreciation recede.

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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
- [PMI podcasts](#)
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