

Week ahead economic calendar [12 – 16 Dec]

PMI surveys to provide first insight into December business conditions

- **Flash PMIs to provide guidance on December business conditions in China and the Eurozone**
- **Better than expected data in recent weeks may encourage the Fed to hold policy**
- **Inflation data expected to show easing price pressures**

Highlights of the week include flash PMI surveys for the Eurozone and China, inflation data for the US, UK and Eurozone, plus the US Federal Reserve's policy-setters' monthly meeting.

Early 'flash' PMI survey data for Eurozone manufacturing and services, including a breakdown for core countries Germany and France are released on Thursday soon after Markit publishes the Flash HSBC Manufacturing PMI for China. The data will provide the first glimpse of business conditions in December, and how the euro area's financial crisis is affecting the real economy at home and further abroad.

November's PMI surveys had shown the Eurozone contracting steeply, led by downturns in Italy, Spain and France, though Germany also showed a slight decline. China's manufacturing sector meanwhile also slid back into contraction for the first time in over two years, reflecting a combination of weak demand in Europe and softening domestic sales.

Early indications of how the US economy is faring in December will also be provided by New York and Philadelphia Fed surveys. The US economy has shown surprising resilience in the face of global headwinds, with ISM survey data, consumer confidence, retail sales and labour market data all surprising to the upside. Policymakers at the Fed may therefore decide to hold off on any additional stimulus when they meet on Tuesday, at least until they update their quarterly forecasts next month.

US, UK and Eurozone inflation numbers are also published, all of which we expect to show an easing in the rate of price increase as weaker industrial prices in particular feed through to consumers.

Other notable releases include UK labour market and retail sales data, expected to show rising unemployment and flat high street spending at best, plus Japan's Tankan survey, which we expect to show deteriorating business conditions.

Monday

Corporate goods prices and consumer confidence data for Japan are published overnight in an otherwise quiet day for economic data releases.

Other data highlights include French current account, Turkish economic growth and Indian industrial production. Meanwhile, the US Treasury releases a monthly account of the federal government budget.

Tuesday

The RICS UK housing market survey is published just past midnight ahead of the latest snapshot of UK price pressures (consumer and retail). The annual rate of consumer price inflation is expected to ease from 5.0% to around 4.7%.

French consumer price inflation (final) and ZEW business survey numbers are also released.

In the US, weekly Redbook and ICSC store chain sales are published in advance of retail sales and business inventories data. Consumer spending has remained resilient despite economic uncertainty, with sales over the Black Friday weekend reaching a record high.

Federal Reserve policy makers meet to discuss monetary policy on Tuesday. Some FOMC members indicated that they believed the economic outlook might warrant more policy accommodation at their last meeting. However, a new round of quantitative easing is still some way off, especially given the improved US data flow in recent weeks.

Wednesday

Japan sees final industrial production data for October.

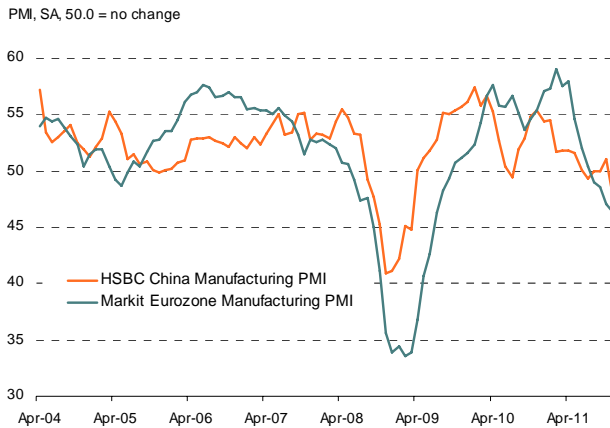
The UK labour report is released at 09:30 GMT. The actual number of people out of work reached 2.622 million in September, the highest since 1994, while pay pressures eased markedly.

Eurozone industrial production, US export and import prices and quarterly tankan survey data for Japan are all published on Wednesday.

Thursday

Markit's flash PMI™ surveys for China (manufacturing only), France, Germany and the single currency area as a whole will round off Q4 growth profiles.

Manufacturing PMIs



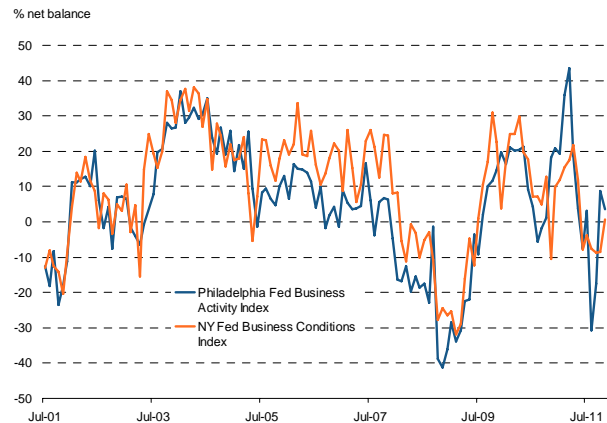
Sources: Markit, HSBC.

Quarterly unemployment data for the Eurozone are published, as well as the final estimate of consumer price inflation for Italy and the entire monetary union.

With UK consumers feeling the pinch, official retail sales will provide an update on spending patterns amid a crucial Christmas season for high-street retailers. The UK also sees CBI industrial orders data.

Thursday is the busiest day of the week in terms of US economic data releases, with usual jobless claims, producer prices, treasury international capital and industrial production data all published. Manufacturing business surveys from the New York (Empire State) and Philadelphia Federal Reserve districts will be watched to gauge growth momentum in December.

US Business Surveys



Source: Ecwin.

Friday

French business climate data are published in advance of euro zone trade balance, wages and labour cost data.

Consumer price inflation is the only noteworthy data release in the United States.

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Chris Williamson

Chief Economist

Markit

Tel: +44 20 7260 2329

Email: chris.williamson@markit.com

<http://twitter.com/WilliamsonChris>

For further information, please visit www.markit.com

Alex Hamilton

Economist

Markit

Tel: +44 1491 461 076

Email: alex.hamilton@markit.com

<http://twitter.com/MarkitEconomics>

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