

The Week Ahead

The pace of data releases in the US continues at a swift rate, with December's CPI reading likely to carry significant weight.

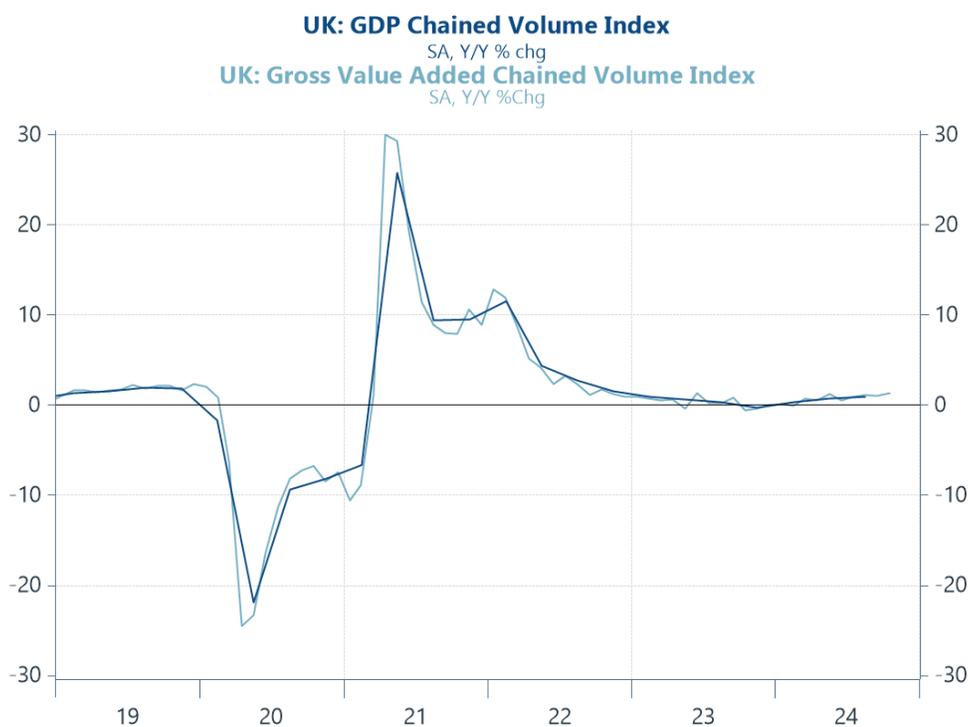
US headline CPI inflation has been gradually rising in recent months, from 2.1% y/y in September 2024 to 2.4% in November, while core inflation has remained persistently high. Despite this, market expectations remain firmly in place for the Federal Reserve to implement another rate cut during its January meeting, fuelled by a broader cooling in the labour market. In addition to inflation data, the US will also see a range of other important releases, including retail sales on Thursday, followed by industrial production and capacity utilization data on Friday.

US Inflation Measures



Europe is set to see a range of data releases this week, with UK-related figures likely to be in the spotlight.

Specifically, the UK will release its November GDP data on Thursday. The UK economy remains in a precarious position, having recorded no quarter-on-quarter growth in Q3, and monthly GDP figures show a second consecutive month of declines in October. Despite these challenges, the UK economy is still experiencing year-on-year growth. In addition to UK data, we can also expect final December CPI readings from individual European economies and the Euro area as a whole, along with industrial production figures from Italy and the broader Euro area.

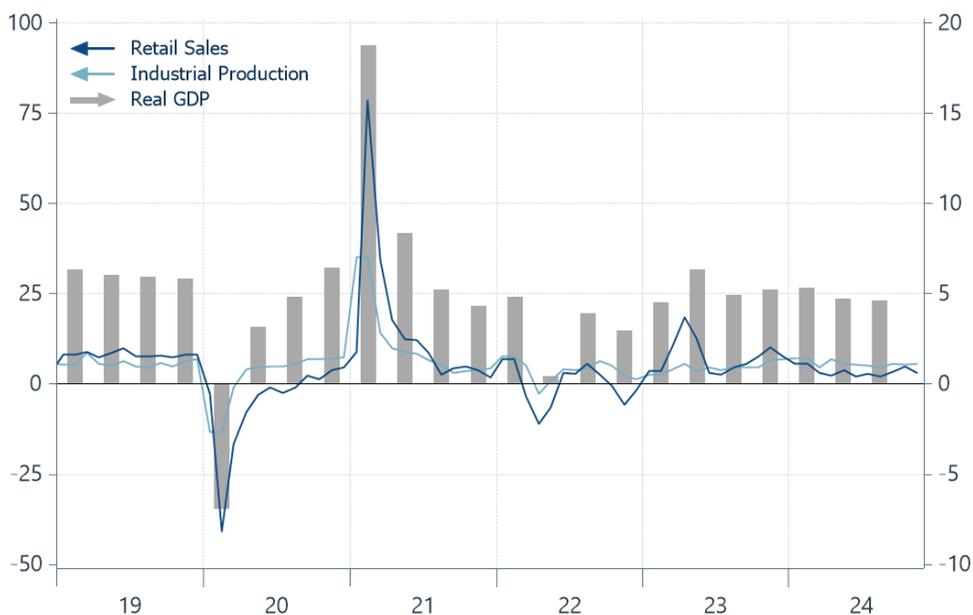


Source: Office for National Statistics/Haver Analytics

Asia will have a dual focus this week, with China's extensive array of monthly data releases and interest rate decisions in other countries likely to capture attention. China is set to release a slew of key data, including its Q4 GDP, along with December figures for retail sales, industrial production, and the unemployment rate. President Xi recently stated that China aims to meet its GDP growth target of "around 5%" for 2024, though actual growth remains to be seen. Turning to interest rate decisions, both South Korea's Bank of Korea (BoK) and Indonesia's Bank of Indonesia (BI) are expected to announce their policy decisions. The BoK faces strengthened justifications

to cut its policy rate, especially in light of recent political unrest and a bleak economic outlook. However, further cuts could exacerbate concerns over the weakening won and rising household debt. Similarly, BI may hold rates steady again amid concerns about the recent depreciation of the rupiah, as it seeks to manage currency stability.

China GDP and Monthly Indicators (y/y, %)



Source: China National Bureau of Statistics/Haver Analytics

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