The Week Ahead **Global Economy**

China congress, US jobs data, ECB sets rates

Your FT guide to next week's big events

YESTERDAY

China

China takes centre stage this week when premier Li Keqiang announces the government's 2019 economic growth target and five-year development plan at the annual meeting of the National People's Congress in Beijing. Economists expect a growth target of about 6 per cent, down from about 6.5 per cent for 2018.

A Financial Times review of this year's China work reports — the annual plans drawn up by provincial or regional governments — shows that most of them expect to cut their spending by 5 per cent or more. Nearly all have reduced projections for revenue growth. The gloomy outlook comes amid a trade war with the US, a slowing economy and growing anxiety over the political direction of the county.

China also announces its defence budget for 2019 on Monday.

ECB meeting

The European Central Bank is widely expected to keep key rates on hold at its rate-setting meeting on Thursday. The eurozone economy remains in poor shape, with growth falling to its lowest level in four years in 2018. The ECB is becoming increasingly concerned that what officials at first thought was a temporary soft patch risks turning into something more profound. The most recent figures suggest that the economy remained weak in the opening months of 2019 and the central bank is under growing pressure to address how it will protect the economy from a protracted slowdown.

BACKGROUND READING

- ECB hawks curb resistance to Draghi strategy as eurozone wobbles
- The European refinancing dilemma

Other central banks

The Reserve Bank of Australia (Tues) and the Bank of Canada (Weds) also set rates this week, as does Turkey's central bank (Weds), two days after the country's statistics institute is forecast to report that inflation is now less than 20 per cent. Minutes from the Bank of England's policy meeting will be published and the Federal Reserve's Beige Book of economic conditions is also out.

Geneva car show

The Geneva Auto Show begins on Thursday, where trade issues (Brexit and China-US tensions) are likely to be hot topics alongside mounting regulatory pressures and consolidation. The show runs to March 17.

Earnings

In the UK, insurance company Aviva, which also has operations in Europe and Asia, reports full-year results on Thursday. The search for a chief executive is still on despite the insurer wanting to have had a successor in place by mid-February and the uncertainty has not been helpful for the share price of late. Fellow insurers Admiral and Legal & General also report this week.

For the US, the spate of retail earnings continues. Target and Kohl's, the American department store chains, will release their fourth-quarter financial results on Tuesday. Discount retailer Dollar Tree, grocery chain Kroger, bookseller Barnes & Noble and warehouse outlets Costco and BJ's Wholesale Club are also scheduled to report earnings during the week.

Others to watch next week include Salesforce.com and Brown-Forman, the owner of Jack Daniel's.

US jobs

The US economy is set to show further evidence of continued strength in the labour market on Friday when February data are released. The number claims filed for jobless benefits recently fell to its lowest level since 1969. Non-farm payrolls increased by 304,000 in January with employment growing in several industries, including leisure and hospitality, construction, healthcare, transport and warehousing. The figures may also show more on the damage from the 35-day federal government shutdown which contributed to a small uptick in the January unemployment rate. While the Federal Reserve raised interest rates in December as widely expected, the US central bank also dialled back on its pace of monetary tightening and trimmed its growth forecast for this year amid more tepid inflation readings and signs of slowing global economic growth.

Economic data

In other US economic data, new home sales and the Institute for Supply Management's non-manufacturing index are due on Tuesday, and a report on housing starts will arrive on Friday. On

Wednesday, the Federal Reserve will release its monthly Beige Book, an anecdotal look at business activity across the central bank's 12 districts.

Other reports likely to be of interest during the week include Italy's GDP, Germany's factory orders, China's trade balance, Australia's GDP and UK Services PMI.

Markets questions

Is the party really over for leveraged loans?

Comparative Advantage

The costs of uncertainty

Economic calendar

A comprehensive guide to the week's economic events

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