Week Ahead November 28th- December 2nd: Highlights include: Eurozone CPI, US ISM, NFP, PCE

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- **MON:** Australian Retail Sales (Oct), EZ M3 (Oct), Japanese Unemployment (Oct), Retail Sales (Oct)
- **TUE:** Swiss GDP (Q3), EZ Consumer Confidence Final (Nov), German CPI Prelim. (Nov), US Monthly Home Price (Sep)
- **WED:** Chinese NBS PMIs (Nov), German Import Prices (Oct), Swiss KOF (Nov), German Unemployment (Nov), EZ CPI Flash (Nov), US ADP (Nov), GDP 2nd (Q3), PCE Prices Prelim. (Q3), JOLTS (Oct)
- **THU:** Chinese Caixin Manufacturing PMI Final (Nov), German Retail Sales (Oct), Swiss CPI (Nov), EZ, UK & US Manufacturing PMIs Final (Nov), US PCE Price Index (Oct), ISM Manufacturing PMI (Nov), EZ Unemployment (Oct)
- **FRI:** German Trade Balance (Oct), EZ Producer Prices (Oct), US NFP (Nov), Canadian Labour Market Report (Nov)

NOTE: Previews are listed in day-order

CHINESE NBS PMIs (WED): The latest Chinese PMI data is due next week in which participants will be eyeing whether there is a rebound in activity in the world's second largest economy from the dismal figures seen in October. As a reminder, the prior releases missed forecasts in which headline Official Manufacturing PMI showed a surprise contraction at 49.2 vs. Exp. 50.0 (Prev. 50.1) and with the Non-Manufacturing PMI at 48.7 vs. Exp. 50.2 (Prev. 50.6). The decline in factory activity was a result of a contraction across all sub-indices, including the Production Index which fell to 49.6 from 51.5, while there was also a deterioration in New Orders and Employment which fell to 48.1 and 48.3, respectively. As for the Non-Manufacturing PMI, this was hampered by weakness in the services industry and a contraction in New Orders for Construction, while some have suggested that the data could worsen in November amid rising COVID infections, fresh containment efforts across several key cities and potentially softer export demand.

EUROZONE CPI (WED): Headline Y/Y HICP for November is expected to cool to 10.4% from 10.6% with the core (ex-food and energy) Y/Y rate expected to decline to 6.3% from 6.4%. The prior report saw the headline rate of price growth driven by increasing consumer energy prices and food inflation, whilst the core metric was bolstered by goods inflation. This time around, some moderation in the rate of price pressures is expected with the key focus for the market being on how this will impact ECB thinking ahead of the December meeting. As it stands, a Reuters survey shows 45/62 respondents expect the deposit rate to be raised by 50bps, with 14 favouring 75bps and the remaining three looking for 25bps. Recent commentary from ECB policymakers has suggested that a stepdown to a 50bps increment could be on the cards with Portugal's Centeno suggesting that 75bps interest rate hikes cannot be the norm and he sees a lower increase in December. Even Germany's Nagel has conceded that a 50bps move would be "strong". That said, his influential German counterpart Schnabel recently stated that “market expectations of a pivot have worked against [the ECB's] efforts to withdraw policy accommodation; a statement which ING suggests "was a clear pushback against any notion of the ECB materially slowing its tightening process". Accordingly, ING suggests that the upcoming release could "tip the balance in the ECB's decision".

US ISM MANUFACTURING (THU): The ISM Manufacturing PMI is expected to cool to 50.0 from the prior 50.2 level, although analyst forecasts range between 49.1 and 50.8. There will also be particular attention on the components, especially prices paid after the cooler-than-expected October CPI so it will be useful to see if the slowing pricing trends continue into November, especially when helping to gauge the Fed's reaction function for the terminal rate after the latest minutes indicated broad support for a slowdown in rate hikes. The employment metric could also be used as a gauge of the current labour market on the manufacturing side ahead of the full NFP report on Friday. The Flash PMI data from S&P Global on manufacturing retreated into contractionary territory, falling to 47.6 from 50.4 which was led by renewed pressure in Output and a sharper decline in New Orders. If the ISM also sees a notable decline in New Orders it will portray a worrying sign of the outlook given the metric is forward-looking. However, the S&P report did note firms signalled the first improvement in supplier performance since October 2019, but the faster lead times were linked to reduced demand, which would be a positive for the Fed in the fight against inflation.

US PCE (THU): Core PCE is expected to rise 0.3% M/M in October, according to analyst consensus, cooling from 0.5% in September, while the Y/Y rate is expected to rise 5.2%, up from the prior 5.1%. The anticipated softer M/M reading comes on the back of surprise downsides in the October CPI and PPI reports, the inputs for PCE. BofA writes, "the components of PPI that flow into PCE calculations were a bit mixed", highlighting the mix between portfolio management falling 1.9%, while hospital services rose 0.5% in PPI in contrast to a 0.2% decline in CPI. BofA adds, "Physician services PPI, meanwhile, increased by 0.2% m/m (NSA), which was roughly in line with the CPI series. Last, direct health and medical insurance PPI was unchanged on an NSA basis." Therefore, the bank concludes, "PCE inflation will not be subject to the same downward pressure from health insurance as CPI inflation." BofA is forecasting a below-consensus 0.2% rise in Core PCE M/M and a steady Y/Y rate at 5.1% Y/Y.

US NFP (FRI): Consensus looks for 208k jobs to have been added in November, cooling from October's 261k pace and beneath the 3-, 6-, and 12-month averages of 289k, 347k, and 441k, respectively, which would also be the lowest reading since the 115k jobs removed in December 2020. The unemployment rate is expected to remain at 3.7%. Average hourly earnings are expected to rise 0.3% M/M, back down from October's 0.4% increase, with the Y/Y rate seen falling to 4.6%, which would be the lowest since August 2021. Alternative data so far has also leant towards a further softening in the labour market, where the S&P Global Flash PMIs for November noted, "firms increased their workforce numbers only marginally in November. Hiring reportedly continued as firms tried to fill open vacancies for skilled workers, but the non-replacement of leavers (in an effort to cut costs) weighed on employment growth." For the services sector, S&P says, "a solid reduction in backlogs of work and capacity pressure at service providers led to only a marginal uptick in employment. Where hiring was successful, firms linked this to the filling of long-held vacancies." While in manufacturing, "Difficulties in finding skilled labor remained apparent in November, however, which – combined with concerns over weakening demand – caused the rate of employment growth to slow to only a marginal pace." Meanwhile, the NFP survey period for initial jobless claims rose to 223k from October's 214k, while the continued claims count rose to 1.477mln from the prior 1.379mln. As far as the Fed is concerned, officials will be hoping to see a continued, steady weakening of the labour market from incredibly tight levels in its efforts against fighting inflation, which will also justify a downshift in the hiking pace. Similarly, officials will be hoping for no further rises in average hourly earnings which could lead to renewed pick-ups in inflation. An NFP that shows strong job growth and no signs of labour market tightness abating will only lead to speculation over a higher terminal Fed rate.