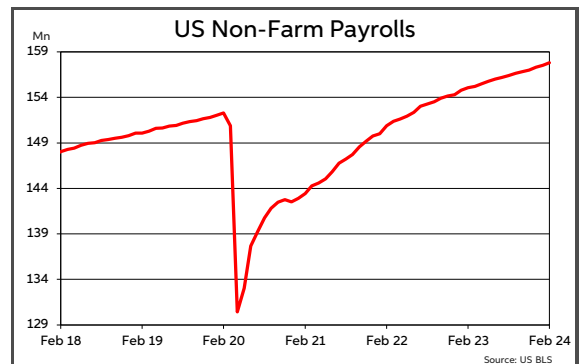


## Green shoots for the global economy this Spring?

- **A stock-take of the major economies suggest no major step change in economic growth so far in 2024**, but growth may be becoming more broad-based, and recent macro data are beating pessimistic expectations across many markets, reflected in rising economic surprise indices. The latest flash PMIs for March provide the first full snapshot of private sector activity in Q1 2024. The surveys point to improving global economic conditions throughout the quarter, with the manufacturing sector, in particular, moving back into expansionary territory in many regions following a prolonged contraction in global surveys throughout 2023. In the US, the composite PMI, which combines manufacturing and services, eased to 52.2 in March from 52.5 in February, reflecting a slowdown in growth in the services sector, while the manufacturing survey rose to a 21-month high of 52.5. Despite the March dip, the US composite PMI averaged 52.2 throughout Q1 2024 compared to 50.8 in Q4 2023, suggesting growth has remained robust in the US economy.
- **In the Eurozone, macroeconomic data have also improved but still point to relatively weak economic conditions** at present. The Composite PMI moved close to expansionary territory (above 50) in March, rising to a 9-month high of 49.9 from 49.2. While the services sector continued to grow at a modest pace, the manufacturing sector remained in contraction during the quarter, albeit the pace of decline eased somewhat. Overall, the Eurozone composite PMI averaged 48.6 in Q1 2024, compared to 47.2 in Q4 2023, still a significant underperformance compared to the US.
- **In the UK, macroeconomic data have also been outperforming pessimistic forecasts, and this is reflected in improving PMI surveys.** Activity growth in the UK manufacturing and services sectors was little changed in March, with the Composite PMI easing slightly to 52.9 from 53.0 in February, but this level suggests growth was strongest in the UK compared to the US and Eurozone in the first quarter. Indeed, the Composite PMI averaged 52.9 in Q1 2024 compared to 50.5 in Q4 2023. Growth was supported by an upturn in the manufacturing sector, with the survey signalling growth in that sector in March for the first time since May 2022.
- **Plenty of green shoots for macro watchers then, and the prospect of lower central bank rates and normalised inflation should underpin economies further this year.** However, growth remains subdued in Europe and the risk of a downturn is still possible, given prevailing geo-political risks and still restrictive monetary policy.

■ **Turning to the week ahead, the main release of note will be the US labour market report for March.** Conditions in the labour market remain tight, although they are starting to ease. Payroll growth averaged 252k in the first two months of the year, compared to 210k during 2023. However, the unemployment rate rose to 3.9% in February, its highest level since January 2022. Amid still tight labour market conditions, average earnings growth remains strong, at 4.3% year-on-year in February. Indeed, wage growth has been in and around 4.3-4.5% since last August, although the monthly increase of 0.1% in February was the lowest in two years. In March, payrolls are projected to expand by 198k. Average earnings are seen as rising by 0.3% in the month, with the year-on-year rate easing to 4.1%. At the same time, the unemployment rate is forecast to remain unchanged, at 3.9%. In terms of other labour market indicators, job openings as registered by JOLTS for February is due. Elsewhere in the US, the manufacturing and non-manufacturing ISMs for March will feature. Both are forecast to improve marginally, although the former is expected to remain in contraction territory.



- **In the Eurozone, the focus will be on the flash reading of HICP inflation for March.** The headline rate fell sharply throughout last year, although, more recently it has proven to be somewhat sticky. Having declined to a low of 2.4% in November, it rose to 2.9% in December, and printed at 2.8% in January, before easing to 2.6% in February. Furthermore, core inflation has remained on a clear downward trend in recent months. The ex-food and energy rate dropped to 3.3% in February. Meantime, the core rate that excludes energy, food, alcohol and tobacco declined to 3.1%, its lowest level since March 2022. However, it should be noted that services inflation remains elevated and has been quite sticky, suggesting that underlying price pressures remain high. It stood at 3.9% in February, having run at 4% in the three months prior. The consensus is for the headline rate to edge down to 2.5% in March, while the core rate is expected to inch lower to 3.0%. On the monetary policy front, the ECB monetary policy meeting account from the start of March will garner close attention. Elsewhere, the UK macro diary is sparse over the coming days, with no major releases of note.

	Interest Rate Forecasts			
	Current	End Q2	End Q3	End Q4
	2024			
Fed Funds	5.375	5.125	4.875	4.625
ECB Deposit	4.00	3.75	3.50	3.00
BoE Repo	5.25	5.00	4.75	4.50
BoJ OCR	0.10	0.10	0.25	0.25

Current Rates Reuters, Forecasts AIB's ERU

	Exchange Rate Forecasts (Mid-Point of Range)			
	Current	End Q2	End Q3	End Q4
	2024			
EUR/USD	1.0803	1.10	1.11	1.12
EUR/GBP	0.8549	0.87	0.87	0.88
EUR/JPY	163.40	161	159	157
GBP/USD	1.2634	1.26	1.28	1.27
USD/JPY	151.27	146	143	140

Current Rates Reuters, Forecasts AIB's ERU

Date	UK & Irish Time	Release	Previous	Forecast
<b>This Week:</b>	<b>ECB Speakers:</b>			
	<b>BoE Speakers:</b>			
	<b>Fed Speakers:</b>	Williams, Mester, Daly (Tue); Goolsbee (Wed); Goolsbee, Mester, Musalem (Thurs); Collins (Fri)		
<b>Mon 1st</b>	<b>IRL:</b>	<b>Easter Monday (Market Holiday)</b>		
	<b>US:</b> 14:45	Final S&P Manufacturing PMI (March)	52.5	52.5
	<b>US:</b> 15:00	Manufacturing ISM (March)	47.8	48.0
<b>Tue 2nd</b>	<b>IRL:</b> 01:01	<b>AIB Manufacturing PMI (March)</b>		
	<b>EU-20:</b> 09:00	Final HCOB Manufacturing PMI (March)	45.7	45.7
	<b>UK:</b> 09:30	Final S&P Manufacturing (March)	49.9	49.9
	<b>GER:</b> 13:00	Flash HICP Inflation (March)	+0.6% (+2.7%)	+0.7% (+2.5%)
	<b>US:</b> 15:00	Factory Orders (February)	-3.6%	+1.1%
	<b>US:</b> 15:00	JOLTS Job Openings (February)	8.863m	
<b>Wed 3rd</b>	<b>JPN:</b> 01:30	Final Jibun Composite PMI (March)	52.3	52.3
	<b>EU-20:</b> 10:00	Flash HICP Inflation (March)	(+2.6%)	(+2.5)
		- Ex-Food & Energy	(+3.3%)	(+3.2%)
		- Ex-Food, Energy, Alcohol & Tobacco	(+3.1%)	(+3.0%)
	<b>US:</b> 13:15	ADP Employment (March)	+140,000	
	<b>US:</b> 14:45	Final S&P Composite PMI (March)	52.2	52.2
		- Final S&P Services PMI	51.7	51.7
	<b>US:</b> 15:00	Non-Manufacturing ISM (March)	52.6	52.7
<b>Thu 4th</b>	<b>IRL:</b> 01:01	<b>AIB Services PMI (March)</b>		
	<b>ITA:</b> 08:45	HCOB Composite PMI (March)	51.1	
	<b>FRA:</b> 08:50	Final HCOB Composite PMI (March)	47.7	47.7
	<b>GER:</b> 08:55	Final HCOB Composite PMI (March)	47.4	47.4
	<b>EU-20:</b> 09:00	Final HCOB Composite PMI (March)	49.9	49.9
		- Final HCOB Services PMI	51.1	51.1
	<b>UK:</b> 09:30	Final S&P Composite PMI (March)	52.9	52.9
		- Final S&P Services PMI (March)	53.4	53.4
	<b>EU-20:</b> 10:00	Producer Price Inflation (February)	-0.9% (-8.6%)	-0.5%
	<b>EU-20:</b> 10:00	ECB Monetary Policy Meeting Account		
	<b>IRL:</b> 11:00	<b>Unemployment Rate</b>		
	<b>US:</b> 13:30	International Trade (February)	-\$67bn	-\$66.6bn
	<b>US:</b> 13:30	Initial Jobless Claims (w/e 25th March)	+210,000	+211,000
	<b>IRL:</b> 16:30	<b>Exchequer Returns (March)</b>		
		- Excluding Transfer to NRF	<b>March'23: -€2.1bn</b>	<b>+€0.5bn</b>
			<b>March'23: +€1.9bn</b>	
<b>Fri 5th</b>	<b>GER:</b> 07:00	Industrial Orders (February)	-11.3%	+1.0%
	<b>EU-20:</b> 10:00	Retail Sales (February)	+0.1% (-1.0%)	+0.3%
	<b>US:</b> 13:30	Non-Farm Payrolls (March)	+275,000	+198,000
		- Unemployment Rate	3.9%	3.9%
		- Average Earnings	+0.1% (+4.3%)	+0.3% (+4.1%)

◆ Month-on-month changes (year-on-year shown in brackets)