The economic backdrop to the annual World Economic Forum last week was peppered with disappointing data. China is slowing and there is little sign of a pick-up in growth in the Eurozone. The one silver lining was the UK labour market, with employment hitting a record high. No sign of Davos’ job-stealing robots there, then.

Hmmmmm. There have been doubts over China’s GDP figures for years. They are currently bigger than ever. The Chinese government estimated that the economy grew by 6.8%y/y in Q4 2015, a marginal cooling from the 7.2% pace in the same quarter in 2014. The problem is that other data, including electricity production and real estate investment, point to a more substantial slowdown. GDP growth is more likely around 3%y/y. A questionable official figure can’t mask China’s problems.

Puzzling. It seems that everyone apart from the IMF believes that China is slowing faster than official figures suggest. The Fund left its growth forecasts unchanged for this year and next, at 6.3% and 6.0% respectively. But it downgraded its prediction for global growth for the 16th time in its last 21 economic outlook reports. And despite the “cocktail of risks” the UK economy is expected to grow by 2.2% this year, the second fastest forecast rate of growth among the G7 countries.

A long way off. Mark Carney, Governor of the Bank of England, spent much of last year explaining that the UK’s interest rate decision would “come into sharper relief” at the turn of the year. Last week he said that now is not the time for Bank Rate to rise. Instead, he laid out three tests for the economy to pass for a rate rise: faster than trend GDP growth, rising cost pressures through wages, and inflation heading back to 2.0% within two years. On his own assessment the UK economy doesn’t meet any of these tests. Markets agree. A Bank Rate hike isn’t fully priced in until late 2017.

Weak. Inflation in the US remains weak. Consumer prices rose by 0.7%y/y in December, well below the rate the Fed considers normal. When food and energy are removed from the figures, underlying inflation was a healthier 2.1%. However, wage pressures remain muted: hourly pay rose by 1.8%y/y after inflation. With oil prices having fallen further and a strong dollar pushing down import costs, there's little on the inflation front to encourage near-term interest rate rises.

Flatlined. The UK's CPI electrocardiogram (ECG) flatlined in 2015 but inflation is not dead. The annual CPI rates of the UK, the Eurozone and the Republic of Ireland all came in at 0.2% in December. This was the first time that the RoI rate has matched the UK in 9 years. Beneath the headline there are signs of inflationary pressure with the UK in a 'biflationary' state. Falling goods prices have been mirrored by rising services prices. Food and petrol prices fell at record rates last year with energy bills falling at their fastest rate since 1998. Services inflation (+2.9% y/y) rose last month, its fastest rate since September 2013.

Fleeting. UK house prices grew by 7.7% y/y in November according to the ONS, with the East of England continuing to lead the pack with growth of 10.2% y/y. But the biggest news was the resurgence of London, where average house prices grew by 9.8% y/y, the fastest rate of growth since March. But the pick up across the UK may prove to be brief. According to the latest RICS survey, growth should start to cool again in around 4-6 months' time. According to the ONS, Northern Ireland house price growth slipped from over 10% y/y in September and October to 4.6% for November. Growth should still average around 9% for 2015 as a whole. The RICS & Ulster Bank Residential Market Survey Q1 2016 suggests a moderation of house price growth in 2016 to around 5%. Sales expectations for the first quarter of this year are strong, with a net balance of +48% of local surveyors expecting the volume of transactions to increase. And RICS is optimistic that sales levels will be robust during the course of this year, as prices in NI remain low relative to the rest of the UK.

Softer, worse, slower, weaker. Sounds daft, but the UK's love affair with shopping may be waning. The total volume of goods bought fell by 1.1% in December, a pretty key month for retailers. Longer term, smaller shops are struggling. Based on value, sales fell by 1% over the year, whereas larger retailers saw sales rise by 1.8%. So it's no surprise then that shop prices fell once again, down by 3.2% on the year. But the power of lower prices have in attracting shoppers may be fading.

Everything but the cash. There were jobs aplenty in the three months leading to November last year. A quarter of a million more people were in work, the UK employment rate hit a new high of 74% and unemployment ticked down to 5.1%, the same as its average between 2000 and 2007. But pre-crisis unemployment doesn't mean pre-crisis pay growth, which fell to just 2.0%. For Northern Ireland, a return to the pre-crisis labour market remains some way off. The number of people working rose by 5,000 in the latest period with the unemployment rate down to 5.9%. This is 0.7pp above the 2000-07 average. Meanwhile the employment rate (68.8%) hit its highest rate since Spring 2008.

The borrowers. UK Government borrowing fell by £11bn in the fiscal year to December compared with FY 2014/15. This will come as good news to the Chancellor, although there is still plenty of work to do to hit the OBR's forecast for this year. Tax receipts were up across the board, with the all important income and VAT receipts up by 4.6% and 3.7% respectively.

Gave us a clue. While the Fed debates more rate rises, the European Central Bank (ECB) considers more monetary policy easing. ECB President Mario Draghi said the Bank would "review and possibly reconsider" its stance at its next meeting. That means a possible expansion, extension or both, of the Bank's quantitative easing programme. The markets rallied on the announcement. But low inflation and sluggish growth suggest the ECB should already be providing more stimulus.

To dream a dream. A tragi-comic moment in 1980s film Clockwise sees John Cleese’s character proclaim, “I can take the despair. It’s the hope I can’t stand”. So, too, the state of the Eurozone economy. Growth may have slowed after a few months of half-decent growth. The region’s Purchasing Managers’ Index – a timely gauge of business activity – shed 0.8ppts to 53.5 in January, an eleven-month low. And growth seems to have stalled altogether in France.

PMI up but Composite down. The Ulster Bank Northern Ireland PMI signalled private sector expansion in both Q3 & Q4. However, the Northern Ireland Composite Economic Index (NICEI) released last week reported a 0.8% real terms decrease in economic activity between Q2-15 and Q3-15. This was the first quarterly fall in the last four quarters. The services sector was the only sector not to post a decline in Q3 albeit growth was flat. Meanwhile industrial production and construction posted quarterly declines of 0.4% and 0.1% q/q respectively. Nevertheless, all sectors bar the public sector still recorded growth over the year to Q3 2015. Northern Ireland’s public sector remains in job shedding mode. The public sector employment index fell by 1.8% y/y in Q3 2015. This trend is set to continue for some time yet.

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