Last week's UK economic news was filled with little wobbles. First, there were signs that the UK's labour market may be finally cooling. Second, UK retailers had a very poor March. Third, the Chancellor missed his borrowing targets for the last fiscal year. All small misses, but misses nonetheless.

Faltering. Outside of productivity, the UK's labour market recovery has been pretty impressive. However, the rising employment and falling unemployment story could become "so last year" as they say in the fashion world. Unemployment ticked up in the three months to February, although the unemployment rate remained unchanged at 5.1%. Employment growth slowed dramatically to just +20k in the three months to February, down from +267k in the previous quarter. A meaningful recovery in earnings growth has also failed to materialise. Average weekly earnings growth slowed to 1.8% y/y, well below the 4.3% y/y average that preceded the recession. The UK's job-led recovery is starting to look laboured.

Feeling better? NI’s latest labour market headlines were a mixed bag. Unemployment benefit claimant numbers rose in March for the second month in a row. Meanwhile the wider measure of unemployment (ILO unemployed) increased by 4,000 over the latest quarter to 56,000 – its highest level since Q2 2015. On a positive note, the proportion of Northern Ireland’s working-age neither in work or looking for work, the economic inactivity rate, is at an all-time low of 26.3%. Falling levels of long-term sickness is a key driver of this fall, which in turn is linked to welfare reforms. The number of economically inactive not wanting a job due to long-term sickness has fallen by over one-fifth (20,000) since its post-recession high. Male long-term sickness has fallen from a peak of 49,000 in Q4 2008 to just 31,000 in the three months to February 2016. This 37% fall has taken male long-term sickness to its lowest level in over three years.

Shop façade. Superficially, retailers seem to have escaped the general slowdown in UK economic activity. Retail sales rose yet again in March, by 2.7%y/y in volume terms. Not quite shooting the lights out, but not bad either. Yet scratch the surface and retail exceptionalism may be fading. Exclude car fuel and sales rose by 1.8%, half the recent average. Monthly declines, while not uncommon, are also appearing more regularly. Meanwhile, shop prices continue to fall, down by 3% year-on-year. Retailers have managed to offset the fall in prices through rising sales. But if sales growth continues to slow this benefit erodes. The response may well be even more price cutting.

Missed. The Government spent £74bn more than it received in the 2015/16 tax year, meaning it missed the OBR’s forecast from two months ago by £1.8bn. The first set of full year public finance data also confirmed that one of the Chancellor’s original targets, that debt would fall as a proportion of GDP last year was also missed. At £1.6trn UK public sector debt stands at 83.5% of GDP, fractionally higher than this time last year. But there was some good news in the data. Last year saw income tax and VAT receipts both rise by over 4%. Firms played their part too, corporation tax receipts were up 3%. And as for any

suggestion that the markets might be concerned by the missed targets, debt interest payments actually fell.

The only game in town. After cutting rates and boosting its QE programme last month the European Central Bank sat on its hands at its April meeting. At the press conference President Draghi defended the ECB's actions in response to what he perceived as criticism from politicians recently, stating that "monetary policy has been the only policy in the last four years to support growth." It's a valid point. Eventually other policy levers will have to be pulled. And with a budget deficit of just 2% of GDP across the Eurozone and a surplus in Germany, there is certainly room for fiscal expansion.

Plodding. The latest PMI business survey figures for the Eurozone in April showed an economy that is growing. Slowly. The 53 reading is consistent with economic growth of around 0.3% – hardly the stuff of legend. Growth in Germany continued, but there may have been a small cheer raised for France, which had its best survey month since November last year, posting a 50.5. Not really much in here to change Mario Draghi's monetary policy plans.

Why wait. If the Fed seems a little hesitant about raising rates, there were some clues as to why last week. First, the most reliable indicators suggest that Q1 economic growth is going to be weak (c. 0.1%q/q). Second, the PMI survey for manufacturing posted a number of 50.8, its weakest since October 2009 and an indication that output is barely expanding. Third, the housing market, while not in any trouble, isn't exactly firing on all cylinders. New housing starts fell 8.8% in March, but the bigger story is that they haven't really grown in a year. Financial markets are predicting that there will be one more rate rise this year in November. There won't be much to have changed that here.

Sharply. China's fiscal and credit stimulus of recent months has resulted in a swift uptick in

house price growth in some parts of the country. Prices rose 30%y/y in the country’s tier 1 cities (Beijing, Shanghai etc), much faster than the 3%y/y figure for the market as a whole. House prices are prone to wild swings in China, growth rates can decline as sharply as they rose. And the market is currently encumbered by a high level of unsold houses. The latest price surge may not last long.

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