Is three a magic number? The Bank of England hopes so, last week announcing three measures to boost the economy. Yet we’re still waiting for firm evidence that the economy has slowed sharply. Isn’t three also a crowd?

Lower and slower. The Bank of England’s expects the UK economy to slow but avoid a recession. Growth of 2% this year is forecast to fall to 0.8% next year, before bouncing back in 2018. The slowdown is due to businesses investing less and households constraining spending growth to just 1%. A consequence is higher unemployment, albeit a modest rise to 5.5%. They also expect sterling’s fall to lift inflation back to its 2% target by the end of next year. That might not sound high but with wage growth hovering around 3% it will again erode consumers’ spending power.

Three pronged attack. In response to the weaker outlook the Bank’s rate-setters did three things and hinted at one to come. Cutting Bank Rate to 0.25%, a new record low for the UK, was the first. The second is more Quantitative Easing with £60bn in government bonds on the shopping list, alongside £10bn of corporate bonds. Third, we get a new programme, called the Term Funding Scheme, designed to ensure the rate cut passes through the banks. As a parting gift, they noted that if the economy evolves as expected most members would vote for another cut, taking Bank Rate close to zero.

Hit. July’s UK PMI readings would have been prominent in the minds of MPC members as they debated stimulus measures. The services PMI confirmed the earlier ‘flash’ reading two weeks ago of 47.4, a sharp fall from June’s 52.3. The manufacturing PMI was a little worse than thought. While there are indications of a hit to confidence, it’s too early to say how much this has dented activity, let alone to call a recession. Back in 2001, following the 9/11 attacks, the PMI fell sharply to below 50. But the economy slowed only a little, not even flirting with recession. Let’s hope for similar resilience this time.

Decline or Negative Reaction? The latest Ulster Bank Northern Ireland PMI signalled that the month following the UK's vote to leave the EU saw declines in output and new orders in Northern Ireland. The weakness of sterling following the referendum also led to a sharp acceleration of cost inflation. On a more positive note, employment continued to increase and companies were able to secure greater new export business.

An ill wind. Brexit has provided a boost for at least one sizeable section of society: borrowers. Advertised interest rates on a number of household loans fell again in July, taking the borrowing costs on a range of products to all-time lows. The average new two-year fixed rate mortgage at a 75% Loan-to-Value is now just 1.72%, half what it was in 2012 and one quater the 6.78% average back in 2000. Savers lose mind, with rates on many products also at record lows.

Not bovvered. If our continental cousins are concerned about Brexit it doesn't show. The pace of eurozone output growth nudged up slightly, the PMI rising from 52.9 to 53.2. As ever, the pattern was patchy across countries. Germany remains strongest, its gauge rising to 55.3. The speed of growth slowed in Italy and Spain, while France just scraped into expansion territory at 50.1. While the economy is growing, it isn't fast enough to make a meaningful dent in still-high unemployment. Doing that will take much more than the ECB alone pursuing quantitative easing.

Big jobs. The US economy added 255k jobs in July, another bumper month after June's 292k. The unemployment rate was unchanged at 4.9%, identical to the UK and job openings are high. The job market's in fine fettle. Yet earnings rose by just 2.6%y/y and growth in personal income has halved over the past two years. Participation in the US labour market is low, with a large supply of potential workers waiting in the wings, so there's more give in the economy than headlines suggest.

No need to hike. Surveys suggest the US economy is also ticking along at a decent enough rate. But it’s nothing spectacular and the pace moderated last month, according to the PMI. In services, the index slipped by one point to 55.5. Manufacturing growth slowed, too, the reading down 0.6 to 52.6. In both sectors, firms reported weaker job growth and, crucially, moderating inflation. Against this backdrop an imminent rate hike would be unnecessary.

Lest we forget. There’s a world beyond the EU. Remember China? It seems fiscal stimulus and credit expansion are the only tools preventing a further deterioration in China’s economy. One manufacturing PMI inched below the 50-mark to 49.9 in July while the other edged above 50 to 50.6. We can call that a draw. It was a similar story on the services side and, indeed, for China’s neighbours. Asia’s economy is yet to turn the corner.

Fashion. With growing doubts over the ability of central banks’ to do all the heavy-lifting of stimulating growth, fiscal policy is back into vogue this autumn/ winter season. Japan is the vanguard. This week it announced a package with ‘new’ spending worth about 1% of GDP – it’s 26th package in 26 years. Will other countries, like the UK, follow suit? It’s possible.

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