Recent data suggest two things. First, the UK’s impressive pre-vote 0.6% Q2 growth may be trimmed a touch. Second, that consumer spending post-vote should prove stronger than first feared. A little moderation cuts both ways.

Lies, damned lies and statistics. UK industrial production is either growing at the fastest pace in a generation, stagnating, or in a state of terminal decline. Actually all three versions of the truth are correct. Output rose by 2.1% in the three months to June, the largest three-monthly increase since 1988. Yet almost the entire rise occurred in April. At best output was flat between May and June. Longer term, UK industrial output is about 10% lower than it was in 2000, with the bulk of the loss occurring in 2008 and looking increasingly permanent.

Contracting. UK construction output fell by 0.7% in Q2. That’s more than the 0.4% drop reported in the GDP figures for April to June and could signal a downward revision of the pretty punchy 0.6% estimate of the pace of economic growth. The fall was greatest in infrastructure (-3.7%). Housebuilding also dipped, by 1.1%. According to ONS, “there is very little anecdotal evidence at present to suggest that the referendum has had an impact on output.”

Tight. While housing surveyors are a little gloomy about current market conditions, especially in London, they are increasingly hopeful about the medium term. According to RICS, the headline house price indicator for the UK fell to its lowest reading in three years in July. But this is backward looking and expectations about future prices have improved a little after dropping sharply in the weeks following June’s Brexit vote. More troubling is that the flow of new sale listings continues to contract sharply, a boost for prices yes but adding pressure to an already supply-constrained market. Overall, NI surveyors are less gloomy than their counterparts in the UK. Northern Ireland surveyors reported a rebound in sentiment last month for both price expectations and sales. But with both supply (new vendor instructions) and demand (new buyer enquiries) falling, sales activity in the three months ahead is forecast to be broadly flat.

As you were. The first clues of July’s sales data are emerging and as far as the consumer is concerned nothing has changed. The British Retail Consortium’s retail sales index showed spending growth last month hit a very healthy 1.9%, the best result since the start of the year. Such a solid period of sales should calm any nerves that June’s 0.2% growth might have been the start of a post-vote consumer slowdown. We’ll have to wait another week to get the official sales measure but what we have suggests that the UK public aren’t letting politics affect their purchases.

Wider. The UK’s trade deficit widened again, by £400 million, to reach £12.5bn in Q2. There were some notable successes, exports of aircraft and cars both hit record highs of £4.6bn and £7.5bn respectively. But these were more than offset by higher imports across a wide range of goods. Our trading relationship with China is noteworthy. A four-fold increase in exports in the last 10 years means we now sell over £4bn a quarter to mainland China, who may soon overtake the Republic of Ireland to be our fourth biggest export market. Of course, that’s still dwarfed by the £11bn+ we buy from China each quarter.

Weaker. Eurozone GDP growth in Q2 was confirmed as 0.3%q/q, half the pace of Q1 and half the pace of the current UK estimate. It appears private consumption and net exports did the heavy lifting. Germany posted a solid 0.4% while France reverted to stagnation. And the performance of Spain compared to the other members of the periphery remains striking. It grew by over 3%y/y while Portugal and Italy couldn’t reach 1%y/y. Oh and Greece managed a rare expansion, having contracted in 26 of the last 33 quarters. It’s time for a new approach.

No medal. Rio was the fourth emerging world city to host the Olympic Games. Like Mexico

City (1968), Seoul (1988) and Beijing (2008) before it, Rio secured the event following a long period of growth, which then subsequently stalled or slowed. While the Rio Olympics roll on, Brazilians will be hoping it does something to kick-start the country’s economy. It’s currently undergoing a deep recession – the worst on record. But Brazil’s troubles began before the last major tournament it hosted – the economy has contracted by around 7% since the World Cup in 2014. Other economic statistics are just as shocking. Industrial production has declined for over 30 months in a row. And the volume of retail sales has fallen by over 10% since the end of 2014. It’s going to take more than any Olympic feel-good factor to lift the economy out of the doldrums.

House view. China’s credit deluge in the first months of the year has bought a degree of short term economic stability. But that stability remains propped up by state-led spending on infrastructure and the housing market, and therefore is fragile and time-limited. Private investment in 2016 has risen by just 2%y/y while investment by state-owned firms was 22%y/y – aka 11 times the pace. The value of property sales soared by 40%y/y during the first seven months of the year and property construction rose 13.7% y/y. Punchy figures. But for how long?

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