The UK's service sector delivered yet again in Q3, propelling the economy to a 0.5%q/q expansion. In the past five years service sector output has risen 14%. Not far behind the 17% rise in the five 'boom' years to 2008. So it's a robust performance. Higher inflation will provide a test over the coming year. But at least momentum is strong.

Next. The UK economy powered through Q3 according to the first estimate of growth, expanding 0.5% from Q2 – bang in line with the post-crisis average and above the 0.3% expected. Services, as is customary, did all the heavy-lifting, with the growth contribution broad-based between the main sub-sectors including 'wholesale & retail', 'accommodation & food services' and 'business and financial services'. Manufacturing continues to have a difficult time of it. The fall in sterling is yet to provide much of a boost. Overall the first post-referendum challenge – the uncertainty of the vote and its aftermath – has been overcome. The next one is in a higher weight division. Higher inflation, that old adversary, will sap consumer spending.

Role reversal. The full time worker in the middle of the UK pay distribution earned £539 a week in April, up 2.2% on the year. Inflation was just 0.3%, so real pay rose by 1.9%, probably the biggest pay rise for a typical worker since 2003. No wonder UK retail sales are strong. Younger and lower-paid workers (there's decent overlap) saw the largest rise. Median pay rose by 4.4% for twenty-somethings and by over 3% for those working in care and retail. Managers meanwhile had to settle for a mere 1.7% increase. Now that is unusual.

A leg up. The UK's low paid enjoyed the fastest rise in earnings since 1997. Pay for those in the bottom 5% of earners rose by 6.2%y/y in April. The cause is almost certainly the introduction of the National Living Wage (NLW) of £7.20. Your view of this probably depends on where you're standing. Sterling's fall will raise prices and the NLW should cushion that. Yet rising import costs are already squeezing margins for import-heavy firms and rising employment costs will only aggravate that. The NLW aims to incentivise work and boost productivity. The risk is that it ends up boosting lay-offs.

Trickle-up economics?… NI workers notched up their 2nd successive year of real earnings growth – i.e. wage growth exceeding the rate of consumer price inflation – in April 2016. This followed a 5-year period of falling real-earnings. The introduction of the National Living Wage has significantly boosted the pay packets of those on low wages and contributed to what could be described as a bottom-up wage recovery. Those full-time employees in the lowest 10% of the wage distribution, earning less than £14,485 per annum, reported a 4.4% real terms increase. This compared with 2.6% rise for the top 10% of earners, which are those earning over £48,688 p.a. The median annual full-time wage in NI now stands at £26,069 (public sector = £31,673 versus private sector £23,000).

Down, but … Mortgage approvals for UK house purchases fell 15%y/y in September, according to the British Bankers Association (BBA). It sounds bad. But it’s not as bad as the July and August falls. Nor is it as bad as the 20% fall the Bank of England’s Monetary Policy Committee (MPC) was expecting. The significance of that figure lies in the MPC’s promise to cut interest rates again if the economy performed as it expected. We’ll get the official mortgage data this week so that, along with the rosy GDP, will be important in November’s interest rate decision.

“Get on your bike!” … This was the (misquoted) advice former Employment Secretary Norman Tebbit gave to the millions of unemployed people in the 1980s. Thankfully the UK & NI labour markets are much healthier today. Northern Ireland’s employment rate, like that of the UK, has never been higher. But has it peaked? JTI and Michelin are closing down. Two more of NI’s flagship companies issued redundancy statements last week. Online bicycle retailer Chain Reaction has perhaps been NI’s biggest retail success story in the internet era. But its new owner Wiggle now plans to shed 300 jobs in NI. Meanwhile Bombardier's plans to cut one-fifth of its NI workforce (1,080 jobs) have been brought forward from 2017. Next year could see even more redundancies take-off.

Rent due. The number of GB households renting privately has doubled in the last 15 years, so the price they pay to put a roof over their heads is increasingly important to the economy. That cost went up by 2.3% in the last year across the UK, broadly in line with wages, but there's a familiar north / south divide. The South East, East and London led the way with rents all rising by around 3%. At the other end rents rose by 1% in the North East and were virtually unchanged from a year ago in both Scotland and Wales. Whether that's good or bad depends on which side of the tenant–landlord relationship you're on. There are plenty of house price surveys in Northern Ireland but none on the rental side. I think there would be lots of interest. I say build one and they will come.

Four strikes and …? The euro zone economy turned in an impressive October. The "flash" Purchasing Managers' Index (PMI) reported accelerating growth, with the output gauge up 0.9 to 57.3, its highest placing in ten months. Second, employment grew. Third, inflation showed signs of life, rising at its fastest rate in more than five years. Finally, the rising pace of new orders growth suggests the recent improvement should be maintained. Is a corner being turned?

More of the same. The US economy recorded its fastest pace of growth in two years in Q3, expanding 0.7%q/q and 2.9% on an annualised basis. There were a couple of funnies in the figures. Exports expanded at a very strong 10%y/y. It was down to soybeans, which probably indicates it was temporary. Inventory accumulation was also large. Stripping out these two things and growth was 1.4% annualised. It's the familiar story of the US economy in recent years – good, but not great.

And a bit more. US service sector activity grew at its fastest pace in almost a year in October, as did new order growth, according to the “flash” PMI. It was a similar story in manufacturing. However, in both sectors hiring activity was modest. While there is little sign of inflationary pressure in services, manufacturers reported input cost inflation running at its highest in two years. Accelerating output growth combined with weak hiring and generally subdued inflation is an ideal combination: not too hot, not too cold. Just the perfect recipe for leaving rates on hold.