We’re breaking records for the number of people in work, yet more productive jobs are what we really need.

Record breakers. 2016 ended with the UK’s highest share of people working since we started counting it in the 1970s. At 74.6% the working age employment rate hit a new record and the number in work reached 30.6 million. That brings the total increase in jobs since 2010 to 2.8 million; it took the UK economy a decade to generate that amount following the early 90’s recession. Jobs are still being created but it looks like the pace of growth has slowed. 87,000 positions were filled in the last six months. Good, but not as good as the 216,000 increase seen in the first half of the year and probably not good enough to keep breaking records.

Unrewarding. UK wage growth rounded out 2016 at an unspectacular 2.6%. That's an improvement on 2015's 1.9%, but not much of a rise given unemployment is now down below 5% (NI = 5.3% – an 8-year low). Low unemployment and slow pay growth is a phenomenon we might be seeing a lot more of if the Bank of England is right. It believes that a variety of factors are weighing down on wage growth. Everything from poor productivity to an older, more educated workforce suggests the UK might be able to sustain a lower unemployment rate, without generating wage inflation getting out of control.

Up! Inflationary pressures continue to build. Consumer prices rose by 1.8%y/y in January, up from 1.6% in December and 0.3% a year ago. The main culprits are a lower pound and higher oil prices, most obvious in fuel costs (+16.8%). There's more to come: producers' input costs increased by 20.5%, some of which will be passed on to consumers. The Bank of England expected as much so won't soon reach for the rate rise button. But if we compensate for higher prices by pushing up our pay more quickly the chance of a rate rise grows.

Sputtering. Is the UK consumer running out of gas? The amount we bought in January was up 1.5%y/y. However, sales volumes fell 0.3%m/m, the third monthly fall in a row. A sharp increase in shop prices – up 0.5%m/m – is part of the reason for the slowdown. With more inflation in the pipeline and no real sign of faster pay growth either consumers will continue to cut their cloth to fit their incomes or they'll reach for their credit cards. Just what they decide to do will be the central story in how the UK economy unfolds this year

Grey is the new black. A household’s typical spend was £529 a week last year, little changed from 2015 but almost £1,300 a year less than a decade ago in real terms. That’s more than the £1,150 the average family spent on package holidays in 2016. Who’s spending and what we’re buying are changing, too. Compared with a decade ago, we’re spending at least £25 less on food, booze and transport each month, but over £37 more on recreation. Housing costs also takes a bigger chunk from our wallets. The real winners over the past decade are those aged 65+. This age group has seen a real-terms increase in spending while spending among those aged under-50 has fallen by at least 3%.

More pace. “Productivity isn’t everything but in the long run it is almost everything”. So said Nobel prize winning economist Paul Krugman. It’s true productivity largely shapes your prosperity and it’s true that the UK’s recent performance has been poor. Better news is that output per hour grew by 0.3% in the three months to December and throughout 2016. Yet that’s still half the 0.6% growth in GDP. The pace of productivity growth needs to pick up, not least to combat an ageing population. If we match the post-war average the UK economy could grow by ¼ over the next decade. Match the past few years and we’d be lucky to grow at all.

Unaffordable. At £220,000, the average house in the UK cost £15,000 more in December 2016 than a year earlier. Not too many of us received a £15,000 pay rise last year so home ownership continues to become unaffordable for more people. At 7.2%, the year-on-year increase was up on November’s 6.1%. Prices are rising across the UK, fastest in the East of England (11.7%) and slowest in Scotland (3.5%). But everywhere they are rising faster than incomes, underlining the importance of the measures to boost supply outlined in the recent White Paper.

More affordable. House price rises have become the norm in Northern Ireland too. Q4 2016 marked the fifteenth successive quarterly rise with a cumulative gain of 29% (or around £28k) in the standard home since Q1 2013. Local house prices ended 2016 some 5.7% higher (+£6,700) than Q4 2015. At £125,500, Northern Ireland house prices are the lowest of all the UK regions. No bad thing if you are trying to coax workers back from the overpriced property markets of London and the South East. Currently you can almost buy four average priced homes in NI for one in London.

Scrutiny. Central bankers are held to account for their decisions by appearing in front of lawmakers. In the UK that means a couple of hours in front of the Treasury Select Committee, but in the US Janet Yellen just endured two days in front of Congress. Fortunately she had some good news to deliver. Unemployment is down at 4.8%, the US economy generated another 227,000 jobs in January and inflation edged closer to its target, reaching 1.6%. Yellen wasn't able to say how many Fed rate hikes there'd be this year. The FOMC thinks it will need to raise rates three times but markets are betting on fewer.

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