The Chancellor opted not to make any changes to tax or spending policy at last week's Spring Statement, so instead the focus was firmly on the economic assumptions that underpin the public finances.

Low key. The Treasury had promised that the inaugural Spring Statement would not be a "fiscal event". It was not. The Chancellor of the Exchequer confined himself to summarising the Office for Budget Responsibility's (OBR) latest forecast and describing progress on previously-announced initiatives. A useful step was the launch of consultations about the role of the tax system in self-funded training and reduced excise duty for "clean" vans. Using the Spring Statement to give six months or so between floating an idea and proposing it formally in the Budget would reduce uncertainty about such changes and should lead to better-designed policies.

No change. We last heard from the OBR about the outlook less than four months ago. No surprise, then, that little in its view about the world has changed. There was some implausibly breathless commentary about the “upgrade” to the UK’s growth prospects in 2018: the forecast of a 1.4% rise in national income made in November was changed to (… drum roll …) 1.5%. Given how hard it is to measure these things accurately, this amounts to no change and signals another year of pedestrian growth. It’s a good job NI has a buoyant Irish Republic to provide a much needed boost in the economic growth department.

The drag. Perhaps most important among the OBR’s unchanged judgements was its view about the UK economy’s capacity to grow over the medium-term. It reckons we’re mired in an era when we are able to grow at around just 1.5% a year without stoking the inflationary fire. Falling potential growth isn’t unique to the UK but the challenge is especially acute here. The answer to combatting weak growth is more investment, so it was encouraging to see the OBR upgrade its forecast of government investment over the forecast horizon but disappointing that business investment moved in the opposite direction.

Spend wisely. Productivity begets prosperity and, by advancing innovation, research and development (R&D) plays a key role in raising productivity. Total UK R&D investment rose by 4% in 2016, or 2% in real terms. R&D spending by private businesses was up 6% and has increased by 57% in a decade. Yet the UK’s spends less than the EU average, 1.7% of GDP vs. 2%. It’s partly sector dependent. Production industries are big spenders, so more industrial economies usually rank highly. But that’s changing. As more money is invested in software development the UK’s relative position should improve.

Keeping it real. February’s CPI figures will have soothed nerves from the previous month that US inflation is getting too hot too fast. Last month CPI rose by 2.2% y/y in line with expectations. The core measure, stripping out food and energy, looks contained at 1.8% y/y. Neither of these measures looks too hot or too cold. So the Federal Reserve’s slow and steady interest rate rises look set to continue. Significantly, wage growth, which has outpaced inflation, isn’t feeding through into services inflation. The US of A has now notched up eleven successive months of real wage growth. Conversely, the UK has had an eleven month run of real wage declines (inflation exceeding earnings growth). No wonder US economic growth is trumping the UK.

Nearly there. The Republic of Ireland’s jobs machine continues to fire on all cylinders. Q4 2017 was a bumper quarter for employment growth with a record 29,000 jobs created. After twenty-one successive quarters of jobs growth, the Celtic Tiger is closing in on its pre-recession peak. A milestone the UK surpassed five years earlier. With continued strength in the labour market in Q1 2018 the reality is the lost decade for employment is over. Dublin has already regained its pre-crisis jobs high. But the employment gains are broad-based with the Border areas the fastest growing region over the last year and since the recovery began. At 6.4% unemployment is approaching a ten-year low. It remains to be seen whether the Brexit border debate will take some of the heat out of the Irish economy.

In the bag. It’s a geek’s annual highlight when the ONS changes what’s included in the UK inflation ‘shopping’ basket. The items not only influence the income of millions of benefit and pension recipients, they also shine a light on our changing tastes. Remember Smash? Current trends are for bigger tellies, sports’ leggings – crazy patterns optional – and soft play sessions. (If you don’t know what they are consider yourself lucky). Pork pies and Edam cheese are out. So too are digital camcorders and TV recorders, showing the omnipotence of smart phones and ubiquity of streaming. Oh, and leg waxing’s off too because, as the ONS reported without irony, it was “over-covered”.

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