**A fresh Parliamentary term but the top agenda item is most definitely familiar. Brexit will again be all-consuming in the coming months, and far beyond.**

**Prepared?** The UK Government has published initial technical notices outlining preparations for a "no deal" Brexit which cover a wide number of areas: EU funding, nuclear research and regulation, farming, trade with the EU, money and tax, medicines and medical equipment. The papers confirm that in a 'no deal' scenario the EU intends to treat the UK as a third country for all purposes. However, the UK Government is prepared to take unilateral action "to provide continuity for a temporary period". But there are reassurances that "a scenario in which the UK leaves the EU without agreement remains unlikely". However, the deadline to reach the withdrawal agreement by mid-October has just been scrapped! Plenty of challenges. Plenty of uncertainty.

**Credit easing.** UK households' real disposable incomes have been under pressure of late, prompting households to dip into their savings. There's also been a bit of unsecured borrowing to avert the squeeze. Though here appetite appears to be waning. Consumer credit slowed to 8.5%y/y in July, its weakest pace since November 2015. Unsecured consumer borrowing fell from £1.5bn in June to only £800m in July, below the monthly average of £1.5bn over the last three years. Notably, credit card growth weakened markedly. Meanwhile, mortgage approvals edged down to below 65,000 but have been relatively steady this year. Indeed, August's rate hike is likely to reinforce consumers' increasingly cautious stance on credit in coming months.

**Is it worth it?** The latest survey reveals how the 'Class of 2016/17' has fared six months after graduation. Almost 80% of full-time students who graduated from a Northern Ireland Higher Education Institution (HEI) found employment. Of these 85% chose to work in Northern Ireland with the median wage for full-time employment £21k p.a. Those earning over £40k per year were 'the 1%' but some 40% of graduates from NI HEIs working in NI had salaries below £20k p.a. Those who moved to Great Britain were financially rewarded with median annual earnings of £26k and just 15% earning below £20k p.a. Medicine and dentistry have the lowest unemployment rates at 0.4**%.** Surprisingly at the other end almost 8% of computer science graduates from local HEIs are unemployed. That's double the unemployment rate for the class of 2016/17.

**Rock solid.** The UK's net worth grew to £10.2 trillion last year, roughly £155,000 for every person. But this doesn't reflect a nation of savvy stock market investors. Instead almost all the increase has come from the rising value of land. The value of the ground on which you stand rose by an average of 9% last year. Land owned by households rose by 8% but "cultivated biological resources" e.g. farmland, did even better at 16%. The buildings that sit on top still grew in value, but only by a meagre 2.2%. A timely reminder that when we discuss rising house prices, we're mostly talking about the soil they're standing on.

**Rewind.** A shifting US trade policy, among other factors, has given rise to fears that the rewind button is being pressed on globalisation. How damaging could that be? Well, globalisation, and the more open markets it has brought have radically reshaped global manufacturing. In many instances local manufacturing has been replaced by global value chains. These have applied downward pressure on production costs and firms' market power, in turn keeping a lid on prices. In other words GVCs have played a role in the taming of inflation in recent decades. Risking that might be playing with fire.

**On target**: The Euro area's unemployment rate remained unchanged at 8.2% in July, the lowest reading since November 2008. The pass through from robust labour market performance to wage growth, a key driver of core inflation, has been gradual. Both headline and core inflation edged down to 2% and 1% respectively last month but this is unlikely to dissuade the ECB from ending its asset purchase programme in December given rising confidence in meetings its 2% inflation target.

**Feeling Bullish.** From Stone Age cave paintings, via Picasso, to the statue on Wall Street, bulls have long held near-mythical status in the human psyche. Thousands try to outrun them in Spain. Millions more hope to ride them in the stock market. The current bull-run, starting in March 2009, is now the longest in modern history, outlasting the dot-com era. The S&P 500 has risen from 677 to 2900, netting a $100 investment $328, ignoring dividends. The FTSE 100 would have yielded £224. Two factors in particular are feeding the bull; optimism about the digital future and QE. The latter can't be ignored. The combined assets of the "Big 3" (the Fed, the ECB and the Bank of Japan) are now almost $15 trillion, roughly the size of the euro area economy.

**Fall postponed.** Contrary to market expectations, China's latest monthly manufacturing PMI survey surprised on the upside in August, rising to 51.3, a tad higher than July. This was despite the ongoing spat between the US and China, highlighted by the latest bellicose

comments from US President Trump, and the recent slowdown in Chinese growth. Notably, new export orders fell for the third straight month in August whilst inventories of finished goods increased, which does not bode well for activity in coming months. So the risk is August's unexpected rise in manufacturing confidence is short-lived.

**Miles to go.** August's inflation reading beat expectations, rising 1.2% y/y (consensus: 1.0% y-o-y), but remains below the Bank of Japan's 2% target. A weather-related rise in energy prices lifted the headline rate but continued lacklustre domestic demand in Japan looks set to keep core inflation muted. The hope is evidence of a tightening labour market at long last sparks some inflationary life into Japan. And indeed it is tight. The jobs-to-applicants ratio reached its highest level since the mid-1970s. But overall the latest data provides little incentive for the BoJ to alter its current ultra-loose stance.

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