As expected the BoE kept its powder dry following August’s rate hike. Meanwhile, the ECB remains on course to halt QE by year-end but tame inflation suggests a rate hike is some way off. In contrast, the Fed looks odds on to tighten policy further later this month.

As you were. The MPC kept interest rates unchanged in one of its least surprising decisions. The only crumbs of new information were that recent data has broadly confirmed the MPC’s expectations for how the economy is performing, albeit growth is probably going to be a little stronger in Q3 than it had assumed. The Bank of England now expects UK GDP to grow by 0.5% in Q3, based on what we know so far. An expansion at that pace would fit with the committee’s view that demand is growing slightly faster than the long term supply potential of the economy, estimated at just 1.5% a year. And that means rates should continue to rise, eventually.

Autopilot. The European Central Bank looks set to halt QE by the end of 2018, judging from ECB President Draghi's upbeat press conference. Mr Draghi talked up the Euro area economy and was confident of achieving the 2% inflation target over the medium-term, citing higher wage growth. Granted, the ECB acknowledged increased emerging market tensions and international factors, such as protectionism. Still, growth and inflation risks remain viewed as balanced. An end to ECB sovereign bond purchases is just a matter of time but the ECB has promised not to raise rates until at least next summer.

Tame. US CPI surprised on the downside in August, rising 2.7% y-o-y. Core inflation also disappointed last month though it remains comfortably above the Fed's 2% target. The key factors were: (1) plunging clothing prices, aided by the dollar's recent strength, dragging down goods price inflation and (2) weaker health care costs. Benign PPI figures hint at easing pipeline pressures in coming months. This data is unlikely to deter the Fed from hiking further in September.

Phillips curve or curveball? Regular pay growth in the UK ticked-up to 2.9% in the three months to July. Maybe this means labour market tightness is putting a little upward pressure on wages at long last. Workers are much in demand with UK vacancies now at the highest level on record. But the number of people in work is no higher than it was three months ago. Why not? One theory is that firms are running out of people to hire. If so, that should mean bigger wage rises are in the offing. But the Phillips curve may well prove illusive again if people prove willing to keep working longer hours for the same money.

Tumbling. Last week Northern Ireland saw more record highs and lows within its labour market. The unemployment rate may have hit a ten-month high of 4% in July, but that's still 'very low' in anyone's book. Indeed, unemployment amongst the over 50s (3%) has never been lower. More records tumbled with the Quarterly Employment Survey. There were 765,100 jobs in June 2018 – a fresh record high. But the rapid pace of private sector job creation slowed to a paltry 0.2% q/q in Q2. Significantly the public sector created more jobs in the Q2 than the private sector for the first time in four years. After ten successive quarters of employment growth, keeping this winning streak going in H2 2018 / H1 2019 will be challenging.

Service game. Life. Hey, it's complicated! Take retail. You'd be perfectly sensible if, after reading the woes of John Lewis and Homebase, to name just two, that consumer spending was in crisis. In fact, household spending growth is on the up (2.1% in July) and was a major support boosting total services growth to 0.6% in the three months to July. That's the fastest rise in 18 months. The service sector is the largest tree in the UK's economic garden. How it perform overshadows everything else. So a sprightly and reasonably broad recovery – 9 of the 14 sub-sectors grew – is welcome news.

Service with a smile? Service sector employment within Northern Ireland hit another record high in Q2 2018 (though the pace of job creation has slowed notably). Indeed, the sector surpassed its pre-downturn staffing levels almost four years ago. The same though cannot be said for output. Output remains almost 3% below its Q4 2006 peak despite strong growth over the past year. Compare that with the UK where services output has risen by one-fifth over the same period. What does that say about job quality and productivity? Whilst there has been strong performances in sectors such as ICT, employment growth within Northern Ireland's service sector has been dominated by low value jobs. Like elsewhere in the economy, productivity remains our largest sector's biggest challenge.

More makers marching. Back in 2011, George Osborne closed his Budget speech with a call to arms for the manufacturing sector. 'March of the makers' was the rallying cry for the UK to make more and sell it overseas. Boosted by strong global demand and a weak pound, UK manufacturing is now enjoying the longest period of jobs growth in 40 years. Despite a number of high profile closures, Northern Ireland manufacturing employment hit a sixteen-year high in Q2 2018. Output growth accelerated for the third successive quarter with a 1.3% q/q gain in Q2. Though the JTI tobacco plant closure means output is still close to 6% below Q4 2016's recent high. This disguises booming output elsewhere. Machinery & Equipment output (think Co.Tyrone material handling sector) is at a 10-yr high. Meanwhile output amongst metal manufacturers has never been higher. Let's hope tariffs & Brexit don't derail the makers.

Lacklustre. Following the weather related disruption in early 2018, the construction industry made a positive contribution to UK growth in early Q3, chalking up its third consecutive monthly rise in July, driven by higher private sector housing. However, falling new orders and a downbeat PMI construction survey suggest this improvement will be short-lived. With electricity & gas output weakening and manufacturing data disappointing – thanks largely to a sharp decline in the pharmaceutical sector – the upshot was a slight rise in industrial production in early Q3. A disappointing outcome.

Steaming ahead. The UK trade deficit narrowed 30% to £3.4bn in the three months to July – the lowest reading since three months to April 2011. This is welcome news though the bulk of improvement was due to trade in erratic commodities. Compared to 12 months ago the deficit has fallen to £17 bn. Both the goods and services' balances have improved. In geographical terms the goods deficit with EU countries has widened but narrowed with non-EU countries – the former is the UK's largest trading partner.

Hanging in the balance. The Chinese economy appears in a precarious situation. Some indicators paint a rosy picture in August – higher industrial production, firmer retail sales and a lower unemployment rate. Other data suggests otherwise. In particular fixed asset investment growth in the first 8 months of this year posted its slowest gain since the 20th century. Hardly impressive. Moreover, new bank lending eased, hinting at lower risk appetite and a low pass-through of recent monetary easing. This backdrop may pose a hurdle for China in renewed trade talks with the US.