Good news for the consumer. Not only have average UK earnings posted their largest rise since 2009 but inflation fell more than expected, boosting hopes the recent real income squeeze is coming to an end.

Workers rejoice! The latest monthly labour market statistics look positive: the UK unemployment rate stayed at a 43-year low of 4% whilst average earnings (excluding bonuses) grew by 3.1% – the fastest pace since the end of 2008. Alongside lower inflation of 2.4%, this implies real earnings increased by 0.7%. This is very welcome news given the real earnings squeeze was constraining households’ consumption, reducing savings. Yet real earnings are still £11 below the peak in March 2008.

Wrong direction. Over the last eighteen months or so, Northern Ireland’s labour market has been breaking records all over the place. But as far as unemployment is concerned, those days could be over. Unemployment is on the rise – the latest three-month gain of 7k marked the steepest rise in six years. Meanwhile NI’s unemployment rate jumped from 3.5% to 4.3% during the last two quarters. That’s the first time in a year that NI’s unemployment rate is above the UK’s. An unemployment rate of below 5% is still historically very low. So until we see a rate north of 5% we should count our blessings.

Hiring on all cylinders. Despite the rise in unemployment there has been no let-up in the demand for labour. The latest NIJobs.com Jobs Report with Ulster Bank revealed a record number of advertised vacancies. Overall listings hit an all-time high in Q3 and were up almost one-quarter year-on-year. Demand is strong for new jobs alongside emerging vacancies in existing positions. IT and Engineering account for 1 in 5 of all job listings. NI has always suffered from a skills deficit, but this now seems to be moving up a gear. EU nationals are increasingly leaving these shores for more lucrative opportunities elsewhere. Restrictions on migrant labour will exacerbate the labour supply headache facing many firms and the public sector. Activating and re-skilling the economically inactive is more important than ever.

Fuelling fear. When discussing politics and the weather, we’re asked to avoid one while the other’s a national pastime. Yet both are currently influencing UK prices. Annual inflation fell from 2.4% to 2.2% between August and September, the joint lowest since early 2017, presumably helping both shoppers and shopkeepers. Transport and housing contributed most to inflation, driven by higher fuel costs. Manufacturers’ fuel prices also rose in September, by 15.2%y/y. As always, geopolitical tensions hover nearby. Lastly, the long hot summer hurt harvests, meaning wholesale prices for home-produced food rose by 5.6%y/y. A looming ration on Christmas’ spuds. Surely not!

Hangover. UK retail sales fell 0.8% in September with food sales declining. The warm summer had driven strong spending in this category, so a bit of payback was to be expected. It still meant retail sales enjoyed a strong Q3, rising 1.2% from Q2. And compared to last year the volume of sales rose 3%. All categories saw growth, apart from department stores. It’s not the only area of weakness. Away from the high street car sales fell 20%y/y in September, a seven year low, as new EU emissions test caused supply issues.

Shrinking feeling. While ‘Mission Accomplished’ may still be some way off, as far as eliminating the deficit is concerned, the UK’s public finances continue to improve. Last month the UK government borrowed £4.1bn, below expectations and the lowest September figure in eleven years. Borrowing for H1 FY18/19 has fallen by over one-third compared to last year, totalling just under £20bn – a sixteen year low. The main driver is stronger than expected tax receipts. This bodes well for next Monday’s Budget. But given the PM has been verbally writing big cheques for the NHS, the Chancellor may need more tax to cash them.

Mi casa no es su casa. Averages conceal a lot. Average UK house prices rose 3.2% in the year to August, continuing a gradual downward trend, but new build property prices grew nearly three times faster than existing home prices (up 8.5%). Big regional divides are also evident. House prices are flat in London and rose just 1.6% in the East whereas the East Midlands and Wales saw prices grow 6.5% and 6.2% respectively. Strikingly, flats are also underperforming other property types: flat prices rose just 0.7% across the UK versus 4.7% for semi-detached houses – and are actually dropping in three regions (-1.2% in London and the East of England, -0.2% in the South East). Remember, no two homes are alike.

Restrictive. September FOMC minutes were hawkish. Notably, some members of the committee hinted that monetary policy would move to a "modestly restrictive" stance, for the first time in this economic cycle. Clearly the Fed is increasingly concerned that the buoyant US economy will overheat, driven by the continued tightening of the labour market and a build-up in wage pressures. The Fed looks odds on to hike rates again in December with further modest moves likely in store for 2019. At the same time the Fed's balance sheet will shrink gradually. Liquidity is slowly but surely being removed.

Weak spot. Housebuilding activity remains sluggish despite the strong US economy. US housing starts rose at an annual rate of just 1.2 million in September compared to 1.5 million or more during the last economic expansion. Even excluding Hurricane Florence, which depressed housebuilding in the South, there is no sign of growth. Building permits indicate no increases in the pipeline. Why? Rising interest rates are reportedly depressing home sales: the 30-year fixed mortgage rate jumped 19bps to 4.9% last week and 99bps over the past year, worsening affordability.

Not the trade war. China's economy grew 6.5%y/y in Q3 – the slowest pace since the financial crisis. Surely Trump's trade war is to blame? Not the case. Well, not yet at least. Chinese exports actually continue to grow at a robust pace (ironically enough the strength in the US economy playing a key role). This slowdown is homegrown. And it has been on the cards for a number of months as China has sought to dampen credit growth. Car sales have weakened and investment remains soft by China's standards. It's all relative, of course. 6.5% is a stonking pace. But there's likely a bit more slowing to come.

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