Prime Minister Theresa May is due to unveil Brexit plan B to Parliament today but it is unlikely to differ much from her first version. Following a crushing defeat on the Withdrawal Agreement and having narrowly survived a no-confidence vote, Mrs May offered an olive branch of cross party talks but was rebuffed by Labour leader Jeremy Corbyn. Talk of an extension of Article 50 is on the rise but an exit from EU without a deal is still possible.

Within a whisker. UK consumer price inflation eased to 2.1% y-o-y in December, from 2.3% y-o-y in November. This is within touching distance of the Bank of England’s 2% target for the first time in two years thanks largely to a fall in global oil prices which sent domestic fuel prices tumbling. Downward pressure also came from airfares and a price cap on utilities. Meanwhile, the core component rose marginally over the year to 1.9% (1.8% y-o-y) as several discretionary spending categories posted a modest increase. Overall, 2018 wrapped up as a year of lower inflation, 2.5% y-o-y (vs. 2.7% in 2017).

Let the tills ring. December's retail sales was a bit more Silent Night than the nation's shopkeepers would have liked as the volume of sales slipped by 0.9% compared to a busy November. Either Black Friday was more successful in 2018 or consumers were just a bit more organised as November saw a 1.3% rise in volume. Averaging out across Q4 sales were still 2.9% higher than a year ago, in real terms, so there's plenty of money being spent. That beats full year growth of 2% for 2017 but falls a long way short of the 3%+ hit between 2014-16. Looking forward to 2019, at least shoppers can expect a substantial improvement in real wage growth (likely to be 1%+). That really would make the (online) checkouts sing.

Rear view mirror. Attention is focussed on economic growth for 2019, but figures for Q3 2018 were only revealed last week. Northern Ireland's Composite Economic Index (NICEI), a proxy for quarterly economic output (or GDP) revealed growth of 0.4% q/q and 2.1% y/y. This compared with 0.6% q/q and 1.5% y/y for the UK. The headline growth rate was driven by a 0.6% q/q rise in the private sector taking the year-on-year expansion to a respectable 2.5%. This more than offset a decline in the public sector (i.e. jobs). Growth was flattered by a rebound from 2017's lows that followed the JTI tobacco plant closure. It is worth noting private sector output remains 4% below its Q2 2007 peak. Another sobering stat is output is on a par with early-2006 levels despite an additional 77,000 jobs (+16%). What does that say about productivity?

All downhill from here? UK house prices rose by 2.8% over the year to November, down from a rate in excess of 5% in late 2017 according to the Land Registry. The downward trend looks set to continue into the new year with more surveyors reporting that house prices are falling than at any point since August 2012 and expectations widespread that house prices will continue to decline over the next three months. New buyer enquiries fell for the fifth month running in December and near-term sales expectations now stand at their lowest in 20 years. RICS attribute much of the weakness in housing market activity to Brexit-related uncertainty, implying the outlook for 2019 hinges on the terms of Britain's departure from the EU.

On the turn. One area of the Northern Ireland economy that has outperformed the UK in 2018 has been the housing market. The latest RICS and Ulster Bank Residential Market Survey for December confirmed this yet again. Northern Ireland has a significantly higher balance of respondents saying that prices rose than any other region of the UK in both December and Q4. Local surveyors also signaled a rise in the number of newly agreed sales. Moving into 2019 sentiment appears to be on the turn and falling into line with the rest of the UK. Local surveyors are becoming more cautious about the outlook. Prices are expected to fall in Q1 with sales heading in the same direction.

Where credit is due. An overarching sentiment of slowdown is evident in this year's Q1 UK credit expectations from the latest quarterly BoE Credit Conditions survey. Projected drops in demand for both mortgages and credit card lending hit the lowest levels since 2010. Consumer loan pricing reduced a little, with secured lending expected to do so again in Q1. Credit scoring criteria for unsecured loans slightly tightened. Good news amid concerns of loose under-writing standards and a modest increase in defaults in credit card loans. Yet it hasn't affected the proportion of applications approved.

Nice return. For all the clashing constitutional thunder, UK businesses continue to do their job. And do it well they are, returning a pleasant 12.6% on capital consumed in Q3 2018, after depreciation. Whisper it quietly, but net profitability is actually about 0.5 percentage points higher than in the feel good years of 2006-2007, the eve of the financial crisis. The headline figure was helped by the oil and gas sector that, after a poor few years, saw a net return of 18.9% in Q3. Economic growth may be a tad lacklustre, but for most there's work and firms are profitable.

Soft data, stimulate. Economic data comes in softer than expected, the authorities step in with stimulus. It's been the story in China for a good number of weeks. Last week export growth disappointed, declining 4.4%y/y in December, the largest fall in two years. Trade war impacts? Potentially. Last year the figures were often artificially inflated by firms rushing to ship goods before tariffs were implemented or raised further. That front-loading effect is likely now starting to fade. Meanwhile, the authorities continued with measures to lower bank funding costs in an effort to cheapen loan rates.

Geared down. Euro area industrial production fell by 1.7% in November, the sharpest monthly decline since February 2016.This was led by a 2.7% drop in capital goods though output was weak across all product groups. The largest slump in overall production was recorded in Ireland but it is Germany's performance which is most concerning – the latter fell by 1.9%, the biggest production decline in two years. With some short-term factors, such as tight regulations for emission standards affecting car production, and some longer-term issues regarding increased protectionism and Brexit-related uncertainty, the growth outlook for the Euro area looks murky.

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