The latest labour market data hints at a brightening outlook for households. Employment reached another record high with wage growth posting its highest level since 2008, lifting real incomes as inflation moderates.

Much needed. There was plenty of good news in the latest UK labour market report. An economic activity rate at 79% in the three months to November was the highest since the series was first reported. While an unemployment rate at 4% is the lowest in the last 40 years. Increased intake of workers and skill shortages is slowly inching pay upwards. The rise of 3.4% in average weekly UK earnings compared to the last year is the biggest since the global financial crisis. The resilient performance of the labour market gives a bit of sunshine amidst the winter gloom.

Mo money, mo problems. PAYE income tax receipts rose by a hefty 5.5% over the first nine months of 2018/19, the strongest growth since the financial crisis. This benefits an appreciative UK exchequer: the deficit is down by more than one-quarter in the year to date. It also signals the labour market is booming, relatively speaking at least. With 1% more people in work than last year and little change in average hours, income tax receipts imply that wages are now increasing at a rate in excess of 4% pa. This only strengthens the case for policymakers to raise the Bank Rate later in 2019, Brexit permitting.

Home improvements. Has your neighbour done up their home recently? Have you? Unsurprising. UK households aged 50-74 spent almost ¼ of their housing expenditure on alterations/improvements in 2017-18. And in total, households are spending more than any time since 2005, a grand total of £572.60 a week. That's a £4 boost on the £568.70 in 16/17 and a whopping £48.20 more than spending's nadir in 2012. A mix of high employment, a modest improvement in pay and a higher tax allowance all support more spending, which has been rising continuously since 2014. Seems saving is for wimps!

Takeaways, Trainers & Toilet Roll. According to the ONS, NI households spent £488.50 on average each week in the two years ending 2017/18 – that's 12% below the UK average. But NI households spend more than any other region when it comes to bread, buns / biscuits, bacon, potatoes & tea. NI households also spend more on fizzy drinks, tobacco, clothing, footwear, and loo roll! NI is the "Just Eat" hotspot when it comes to takeaway meals. £8.60 is spent per week on this item – 75% more than the UK average. After the wealthy South East, NI spent the most per week on beauty treatments. Looking at the other end of the expenditure spectrum, local households spent less than any other region on books and the joint-second-lowest on fresh vegetables. What does all of this say about our economy?

On alert. ECB president Draghi's latest press conference was downbeat, acknowledging that risks for the euro area economy have "moved to the downside", pointing to a growth downgrade in March. Mr Draghi highlighted the persistence of current uncertainties. The biggest concern for the ECB is that current risks could materialise, threatening a more pronounced downtrend. Fortunately, bank lending is rising and consumer spending is holding up, dampening fears of a recession. The ECB is clearly on hold for now and has plenty of ammunition to shore up the weak economy, if needed.

What a difference a year makes! Last January the eurozone economy was firing on all cylinders. Twelve months on and business growth has slowed to a five-and-a-half-year low. Both services (50.8) and manufacturing (50.4) are heading towards the 50.0 mark, denoting stagnation. Forward-looking indicators such as new orders look gloomier. German manufacturers are suffering from the impact of the Chinese slowdown. While in France the composite PMI fell to its lowest reading since November 2014, pressured by rising external risks and the added challenge of the 'yellow vest' protests.

Lending. The ECB's latest quarterly banking survey provided some welcome positive news for the struggling Euro area economy. Credit standards to banks were largely unchanged in Q4. Notably, demand for loans – both companies and consumers – increased despite mounting growth concerns (though expectations for Q1 2019 worsened). Country-wise only Italy saw a tightening in lending conditions in late 2018. Overall, this report should ease concerns about domestic demand.

Down in Davos. The IMF kicked off a downbeat week at the World Economic Forum by downgrading its forecasts for global growth. It blamed tariffs, trade policy and uncertainties over US Federal Reserve rate moves for tighter financial conditions, which it believes is slowing growth. The IMF's proposed remedy? Resilient, inclusive growth through greater international collaboration. That's a tough ask for the US delegation whose planes were grounded by the Government shutdown.

Not all is doom and gloom. A series of downbeat data releases hit Chinese shores again. Not only did 4Q GDP growth ease to 6.4% y-o-y, a pace last seen in 1992, industrial profits shrank for a second month running. Blame the ongoing trade war and debt overhang! But, all is perhaps not lost. For one, the Chinese economy is building on a heavy base. To put things in perspective, China still added a level of output bigger than the size of Australia's economy. Secondly, monthly activity in December was encouraging – retail sales (8.2% y-o-y) and industrial production (5.7% y-o-y) grew at a healthy clip. Looks like the government's drip-feed stimulus is helping somewhat.