The EU granted PM Theresa May an extension to Brexit to May 22nd, conditional on Parliament passing the Withdrawal Agreement – a dim prospect. Another rejection would mean the Commons is given up to April 12th to propose alternatives. The indicative votes this week might offer some clues on what alternatives Parliament could support.

Be prepared. The scouts’ motto seemed to feature highly in this month’s deliberations of the UK’s Monetary Policy Committee. A major focus was on the preparations of UK businesses to cope with a no-deal Brexit on 30 March. Some reassurance could be taken from the result of the Bank of England agents’ survey that suggested 80% of companies judged themselves ready for a no-deal exit, up from 50% in January. But that readiness has limits to it, as efforts to prepare for changes in border frictions and regulatory permissions often felt out of respondents’ control. For the MPC’s part, whilst it didn’t change interest rates on this occasion, it stood ready to do what was necessary whichever Brexit scenario plays out.

Defying gravity. The UK labour market continues its stellar performance: employment reached a record high 76.1% in December; the unemployment rate fell to 3.9%, the lowest since 1974 and economic inactivity touched 20.7%, the lowest on record. It is a welcome development that this strength is now being converted into real pay increases – regular pay is now growing at 1.4%, the fastest rate since the three months to August 2016. Labour market conditions remain favourable despite ongoing Brexit-related uncertainty and cautious business surveys – at least for now.

Twelve-in-a-row. Northern Ireland notched up its twelfth successive quarter of employment growth in Q4 2018, taking the total number of jobs to 773,750 – a fresh record high. The private sector has been the driver of jobs growth since the recovery began back in Q1 2012. Since then, private sector has seen employment soar by one-fifth (over 90,000 jobs). That equates to a net gain of ten private sector jobs for every public sector job lost. All sectors have contributed to this growth with services employment posting another record high. Although manufacturing's performance has been the most impressive as it approaches a 15-yr high. Despite posting its highest number of jobs in over eight years, construction remains a hefty 25% below its pre-downturn high.

Snakes and ladders. Northern Ireland's job creation performance has been encouraging. But the same cannot be said for output. Despite an additional 53k private sector jobs (between Q2 2008 and Q4 2018), private sector output (as of Q3 2018) is still 3% below where it was over a decade ago. Productivity and job quality are clearly issues. Q4 has seen services and industrial output move in opposite directions. The former rose by 0.9% q/q and climbed to a 10½-year high. Services output is now just over 2% below its pre-downturn high. Industrial production posted its first quarterly decline in five quarters with a 0.7% q/q fall in Q4. Unlike services, industrial output – which is mostly manufacturing – had recovered the output it lost during the recession almost two years ago. The subsequent JTI tobacco plant closure has contributed to manufacturing output sliding over 7% since Q1 2017's recent high.

No More. For a few years UK consumers were pinched between lacklustre wage growth and high-ish inflation. But hat-tipping the Proclaimers, No More. Consumer prices rose by 1.8% in the year to February, unchanged from January, but well below the 2.5% of Feb 2018. Absent a currency-driven spike, aka 2017, there's little to suggest an imminent and damaging acceleration in inflation. True, producers are facing slightly higher costs (up 3.7% annually) and taking a margin hit as factory gate prices rose to a more modest 2.2%. But, for now, inflation is one of the quieter corners of the UK's economic garden.

Retail therapy. One of the benefits from more jobs and better pay is that consumers are always able to take their minds off Brexit by hitting the shops. Consumption accounts for two-thirds of all economic activity so it bodes well that the volume of UK retail sales grew by a healthy 0.4% in February. Total sales are now 4% higher than February 2018, whilst the amount spent online is up 9.4% over the year. Grocers are having a tougher time of it though. Food sales decreased 1.2% in February as seasonal promotions came to an end, leaving them just 1% higher than a year ago.

Taxing times. UK public finances are improving. Public sector net borrowing stood at just £200m last month, down £1bn from February 2018. With just one month of the current financial year to go 'the deficit' stood at just over £23bn year-to-date, £18bn lower than the previous year and the lowest level of borrowing in 17 years. Record employment coupled with strong wage growth has contributed to surging incomes tax revenues. PAYE revenues are up 5% y/y in the eleven months to February, self-assessment receipts rose by 12%. Capital gains and VAT receipts also posted healthy gains.

Wish granted. Bemoaning interest rate hikes earlier this month President Trump remarked that there is "a gentleman that likes raising interest rates in the Fed". Well, whether in response to Trump or not, last week Fed officials' dialled back their forecasts for rate hikes, indicating none in 2019 (as recently as late last year it was two). Fears over waning domestic growth momentum could be the reason. A few jitters around global growth could be thrown in, too. But in aggregate the Fed has set a higher bar for future rate hikes. They’re going to need greater conviction that growth is pushing inflation higher.

Bad trip. Eurozone’s flash composite and services PMIs fell to 2-month lows at 51.3 and 52.7 respectively in March. However, manufacturing output sunk to a 71-month low at 47.7, the steepest downturn for six years. New order growth has stagnated this year, backlogs of work have dropped too – driven largely by fallen exports and increased excess capacity.

Same old same old. UK house price growth slipped to an annual rate of 1.7% in January 2019 versus 2.2% in the year to December 2018, a 6yr low. Weakness was most prevalent in London with residential prices dropping 1.6%yoy in January, closely followed by the East of England. There house prices edged down 0.2%yoy in early 2019, the first annual decline since October 2011. House prices in the North East eked out a 0.9%yoy rise in January 2019. Meanwhile, the residential housing market remains resilient in Wales, the North West and Midlands. Regional divergence in house prices persists.