The EU granted the UK a further extension of Article 50, effectively pushing out the cliff edge to the end of October. Meanwhile, latest UK data was mildly reassuring, consistent with continued sluggish growth in early 2019.

Mind the gap. Slightly surprising this, but welcome nonetheless, the UK economy grew by a more than respectable 0.2% in February. This runs counter to recent business surveys and confounded the consensus, which had largely expected the economy to flatline. Recall UK GDP rose by 0.5% in January too. So, barring a major mishap (and what could possible happen?), the UK is almost certainly cruising to record decent quarterly growth in Q1 this year.

Services strength. The heavy weight services sector, which accounts for the largest proportion of UK GDP, maintained its strong position, growing 0.4% in the three months to February 2019. The largest contribution came from real estate related activities, followed by computer programming. Close on the heels, industrial production rose 0.2%, led by broad-based increases within the manufacturing sector. Admittedly, some of the rise could have come from Brexit-related hoarding, judging from latest trade and PMI releases. But for now, the spotlight seems to be back on the Bank of England as the economy remains resilient despite deep political uncertainty.

Slowdown contagion. Almost all UK regions reported either slower rates of growth or a fall in business activity in March according to the latest NatWest regional PMI survey. Six out of twelve regions posted a contraction: London, Northern Ireland and the North East were at the bottom of the rankings for both output and employment. Firms in the North West experienced the strongest rates of growth in business activity and the joint-fastest rate of job creation alongside the West Midlands. Wales topped the regional league table for new orders growth for the second month running and was one of only four regions to record growth in new business. Looking ahead, the East Midlands is the most optimistic, Northern Ireland the least.

Half-and-half. Following five successive quarters of growth, Northern Ireland economic output hit a ten-year high in Q4 2018. That’s according to the NI Composite Economic Index (NICEI) – the nearest thing NI has to quarterly GDP. Growth for 2018 was more than twice the rate for 2017 at 1.2% y/y with private sector growth rising from 0.6% in 2017 to 1.4% y/y in 2018. A notable improvement but the latter is still half the rate recorded in 2015 and 2016. 2018’s growth was frontloaded with the growth rate halving to 0.4% q/q in Q3 and again to 0.2% in Q4. Over a decade has passed since the downturn yet the NICEI is still 4.6% below its Q2 2007 pre-recession peak. Will NI output fully recover from the last downturn before the next one arrives?

Hitting the brakes. A Financial Times columnist described Brexit as a slow puncture for the UK economy. It is an apt metaphor for Northern Ireland with the latest Ulster Bank PMI and NI Chamber & BDO surveys signaling a further loss of momentum in Q1. Despite continued signs of growth, the NI Chamber revealed some of the weakest figures in a decade with business "hitting the brakes". Brexit's negative impact is increasingly being felt sapping confidence. Investment intentions and business confidence continue to tumble with confidence around profitability particularly weak. Around three-quarters of firms (manufacturing & services) are experiencing recruitment difficulties. Mounting pressure from staff around pay settlements is cited as a challenge amongst manufacturers too.

Skills, skills, skills. In 1997 Tony Blair's priorities in office were education, education, education. Today local businesses would sum up skills as a priority in the same way. The economy may be slowing but recruitment difficulties are mounting. The latest NI Chamber survey for Q1 revealed that 60% of firms viewed that Brexit is negatively impacting on the ability to attract skilled workers. Almost half of NI firms believe their business is experiencing a skills gap (a gap between the skills they require for the business and the actual skills their staff possess) which is hampering both business and economic growth. Skills deficits aren't the only problem. Over one-third of businesses in NI believe that their employees are over-qualified for the job that they are doing.

Cheer up. Work-life balance has become all the rage as have personal well-being statistics. A pick-up in wage growth and an easing in inflation has led to an improvement in most UK economic well-being indicators such as real household disposable income in 2018. But income inequality also increased. On a positive note, overall life satisfaction in the UK (which includes happiness) rose for the sixth year in a row while average anxiety levels fell to a three-year low. Although around 10 million people continued to report high anxiety scores. Northern Ireland was the only country in the UK to report a fall in happiness and a rise in anxiety levels in 2018. Brexit related? Despite this deterioration in personal wellbeing, Northern Ireland citizens remain the happiest and least anxious in the UK. Happy days.

Putting away for a rainy day. The total UK trade deficit in the three months to February widened by £5.5bn as deficit in goods increased and was partially offset by a surplus in services. Goods import increased by £4.9bn as manufacturers resorted to Brexit stockpiling. On the other hand, global slowdown along with Brexit uncertainties and volatility in pound drove down the goods export, imports from the E.U. increased by 7% y/y. Notably, exports to the E.U. rose by 8% above their 2018 average level in February, showing that firms on the other side have also started planning for a no-deal Brexit.

Cooling down. According to the IMF's latest World Economic Outlook global growth started to slow in the second half of 2018 and is forecast to slow to 3.3% in 2019 compared to healthy rates of 3.8% and 3.6% respectively in 2017 and 2018, the fastest since 2012. The main culprits are fading US fiscal stimulus, slowing Chinese growth and weaker Eurozone activity. Medium-term global growth is expected to plateau at 3.6%, supported by the rising importance of Indian and Chinese economies, but slow productivity growth and population ageing looks set to keep growth modest in advanced economise. Risks to the global economic outlook are viewed on the downside.

Out of kilter. When it comes to what drives trade imbalances between countries, new IMF analysis shows that macroeconomic forces – like fiscal policy and the strength of demand relative to supply-side capacity – play a far more important role than tariffs. No wonder really; tariffs are already at low levels in many countries. In a comment seemingly directed at President Trump's trade policy, the IMF warn that targeting particular bilateral trade balances (e.g. US-China) only leads to trade diversion and offsetting changes in balances with other countries, while tariff hikes would harm productivity and leave the global economy worse off.

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