Attacks on two oil facilities in Saudi Arabia led to a 6% reduction in global oil supply and a 15% oil price spike within days. Saudi Arabian assurances that oil production levels will return to normal within weeks have been greeted sceptically. Meanwhile the Federal Reserve lowered the Fed Funds Rate by 25 basis points following a round of monetary easing by the ECB. Bank of England decided to save its firepower for later.

Free fallin'. As Tom Petty didn't quite sing, the rate of UK inflation is slowing sharply. In August, annual consumer price inflation dropped 0.3pp to 1.7%. That's the steepest monthly drop since 2012. One of the biggest causes was a 5% monthly fall in the price of toys and hobbies – so grab the kids' Xmas pressies pronto. Producer input prices are in freefall, down 0.8% p.a. (vs. +0.9% in July), with juicy margins too, as output prices rose 1.6%. As in 2016, this is all currency driven, just in reverse. And a sustained oil price spike could change things quickly.

Shapeshifting. If you keep missing your targets, do you change your technique or change the target? That’s a question the European Central Bank is reluctantly addressing. Euro area inflation was again 1% p.a. in August, half the aimed-for rate. Since 2015 inflation has averaged slightly less than 1% and the ECB’s Governing Council has recently discussed reducing the target, before opting for a further cut in its interest rate and extra cash stimulus. That’s sensible. Yes, inflation is increasingly global. But richer member states could do more by, like, spending more.

Three-way split. Monetary policy stimulus is all the rage again, with 32 central banks cutting interest rates in 2019. The Federal Reserve followed up with its second rate cut since 2008 lowering its Fed Funds Rate by 25 basis points to 1.75 – 2.0%. While this reduction was expected it wasn’t the ‘Big’ cut the Tweeter-in-Chief was calling for. Indeed Donald Trump took to social media with “Jay Powell and the Federal Reserve Fail Again”. One member of the policy committee did back a ‘big’ cut (50bps) with seven members backing the decision, including Chairman Powell. Two voted for no change. Diverse opinions highlight the uncertain outlook. At this stage, there appears to be no appetite for more than one additional rate cut…and not a ‘big’ one at that.

On hold. The Bank of England’s Monetary Policy Committee has unanimously voted to maintain the bank rate at 0.75%. A mark out from the Fed and the ECB, who’ve recently cut rates, but not unexpected – due to Brexit uncertainties. The BoE, for the first time, acknowledged the long tacit possibility of a delayed Brexit and signalled this could mean a “lower for longer” environment. It has also said that while a smooth deal could mean gradual hikes, the policy move in a no deal scenario could be in either direction. The next MPC meeting is after the currently scheduled departure date of the UK – until then stay on hold.

Bumpy. Remember Black Friday? Statisticians would rather forget it. Having generated a massive boost to sales a few Novembers ago it has now faded into the general festive retail frenzy. Cue Prime Day. July was unusually strong, now August has been unusually weak. Underlying all this volatility is a consumer sector quietly spending everything it earns. Sales for the three months to August were up 3.9% on a year ago, almost exactly the same as the 4% pace that wages are rising. A useful boost to demand in an economy that's struggling for much growth.

Waiting game. In July house prices all but stalled. On an annual basis, growth was 0.7% – the slowest in almost 7 years. But aggregate numbers hide big regional differences. In Wales house prices were growing at 4.2% while in North West they were contracting by 2.9%. The number of regions with falling house prices has doubled from two to four. In London house prices are falling for 17 consecutive months. Both buyers and sellers are waiting for the outcome of the Brexit process. And they might have to wait longer…

Disappointing. The latest batch of Chinese data surprised on the downside. Industrial output slowed to 4.4% yoy in August, from 4.8% yoy in July, the lowest since February 2002 as rising US/China trade tensions and weaker global growth take their toll. Fixed asset investment posted a rise of only 5.4% in the year to August (5.7% in July), weaker than expected. On the consumer side, retail sales moderated to 7.5% yoy in August, dragged down by a further decline in the auto sector. Other components of consumer spending were relatively stable, reflecting a firm labour market. Further fiscal and monetary easing looks in the offing to avoid a more pronounced slowdown.

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