**The UK Supreme Court ruled unanimously that proroguing of the Parliament was unlawful. The Parliamentary session has resumed, but there is little clarity on Brexit's form, date or on the timing of a general election. In the US the House of Representatives has started an impeachment inquiry. At the UN Climate Summit 66 countries, 93 companies and more than 100 cities announced commitments to reach net-zero emissions by 2050.**

**End of an era.** For the last decade, a key difference between the UK political parties has been their policy on how much the Government should be spending. Now it seems everyone is calling for more spending. Austerity is over according to the latest public finance data too. Central government spending rose 5% in the five months to August, clearly outpacing a 3% rise in tax revenue. Due to this, and a new accounting treatment for student loans, the

Government will miss the OBR's deficit forecasts and likely break its own fiscal rules. Time for a new framework then.

**On manoeuvres.** With a UK general election looking increasingly likely the party conference season gave a strong indication of what will be in the manifestos. Last week was Labour's turn. Climate-inspired promises included investing in offshore wind, subsidising electric vehicles and building 3 battery factories. Nationalisation is planned for rail, water and mail and there'd be redistribution of 10% of firm's equity. The extra taxes, needed to meet this spending, would be levied on the top 5%. Whenever the next election arrives, there'll be a lot more than Brexit that differs between the parties.

**Pattern reversal?** It will not surprise you that the UK is a net exporter of tourists, i.e. UK residents make more visits abroad, than foreigners do to the UK. British people also spend more money abroad – in summer almost twice as much. Both tourist flows have predictable seasonal variation. However, UK residents show a much sharper peak both in visits and expenditure during August. The largest, by a large margin, origin and destination is Europe. According to some projections by 2050 climate in London will resemble current conditions in Barcelona. How will this affect the tourist flows?

**Comfort eating.** CBI's latest Industrial Trends survey paints a gloomy picture for UK manufacturing. Output was flat in the three months to September. Food, drink and tobacco alongside mechanical engineering provided the most positive contributions to growth. Brexit angst is perhaps encouraging households to eat, drink and smoke more? Meanwhile firms in the metals and textile sectors posted the biggest declines. With factory orders plunging again at close to July's nine-year low a slump in output in Q4 looks inevitable. Hopes of an Indian summer driven by more stockpiling ahead of the 31 October Brexit deadline aren't materialising. Or they are at least being outweighed by the slump in global demand.

**Black Wednesday.** Northern Ireland’s twenty consecutive quarters of private sector jobs growth appears to have run out of steam. Announcements by Thomas Cook, Caterpillar and Wrightbus have provided the first major body blow to a record breaking labour market. The four figure job losses at the Ballymena bus manufacturer are particularly concerning given that the supply chain employs an additional 1,700 staff. It remains to be seen whether a new buyer will salvage some of these jobs. The news comes five years after the JTI cigarette plant ceased production and two years after the Michelin plant closure. You would be forgiven for thinking Ballymena had become a Bermuda Triangle for manufacturing jobs. The wheels have certainly not come-off NI manufacturing as a whole. Over the same five-year period the sector has increased its headcount in Northern Ireland by almost 12,500 (+16%). However, the brakes are now firmly being applied.

**Quelle surprise.** In a world of uncertainty, perhaps the least surprising news is that the Euro area economy is stalling. The region’s ‘flash’ composite PMI for September fell to 50.4, a whisker above the magic 50-mark, below which signals a recession. Indeed the decline in the manufacturing sector is already deepening. Its PMI dropped to 45.6, the lowest since 2012. That was the year the ECB’s President Draghi made his legendary promise “to do whatever it takes” to save the euro. With German manufacturing seeing the steepest drop since 2009, it’s no surprise the ECB is again on the offensive.

**Cloudy, chance of showers.** The bright sunshine of the US recovery has given way to dull, overcast conditions. September’s flash PMI of 51 is little better than the three and a half year low recorded in August (50.7), signalling economic growth remains sluggish. The forecast is for more cloud cover – new business is increasing at its weakest pace since 2009 and firms expect little pick-up in activity over the next year. With backlogs of work falling, companies are starting to cut back on hiring too. No storm warnings yet, but if the jobs market weakens then you’d best pack an umbrella.

**Nosedive**. Euro area business confidence slumped to 101.7 in September, from 103.1 in August, below market expectations and a four year low. The main culprit was declining manufacturing sentiment, as rising US/China trade tensions take their toll on global trading. In contrast, service sector confidence improved in September albeit modestly. Most encouraging was news that companies in the service sector continue to hire. Still, the Euro area looks set for another weak GDP print in Q3, increasing the pressure for a more expansionary fiscal stance as monetary policy runs out of ammunition.

**Shortening**. German business sentiment improved slightly in September according to the Ifo survey. But confidence for the year ahead fell at its sharpest pace since June 2009. Signs that the labour market is being impacted are growing. In September, more than 1 in 20 firms used the short-hours facility, whereby the government compensates workers for some of their lost wages. Uptake of this facility is expected to rise to 1 in 8 during the next three months. Germany’s manufacturing downturn remains a work in progress, but weakness is spreading to the much larger service sector too.

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