Encouraging discussions between UK PM Johnson and Irish president Varadkar fuelled optimism of a Brexit resolution. However, the thorny issue of the Irish border remains a major stumbling block. Time is running out for a deal at October's EU summit. Meanwhile, a "partial" US/China trade deal has been agreed but hurdles remain.

MAGA Saga. Both sides in the trade war were in rapprochement mode last week. China committed to doubling its annual purchase of American agricultural products to as much as $50bn. The US, in turn, held back from implementing tariff increases scheduled for this week. But there are still plenty of clouds on the horizon. All the existing tariffs remain in place and the threat of escalation remains (tariffs increases due on the 15 December would hit consumer goods) and the core issues of national security and technology transfer have yet to be thrashed out. Long way to go in this saga.

Rollercoaster. The ups and downs of the UK economy are providing a thrilling, or terrifying ride, depending on your perspective. August's monthly GDP data showed another dip, with the economy contracting by 0.1%. Manufacturing's 0.7% fall did most of the damage, driven by particularly weak output from pharmaceutical production. But the longer-term picture provided some relief. Over the last three months growth was 0.3%, much improved from Q2's -0.2%. And there may yet be even more improvement. The National Institute for Economic and Social Research now expects 0.5% growth in Q3 and 1.3% for 2019 as a whole. Slower than previous years, but a smoother ride than many fear.

Puzzling. The UK's recent labour productivity performance could be best summed up as two steps sideways and one step back. Following two quarters of stagnation, output per hour worked dropped by 0.5% y/y in Q2, marking the steepest fall in five years. Productivity has risen by just 2.4% in 11 years since the downturn compared with a 27% gain in the 11yr period to 2008. Fixing the problem requires reversing the slump in business investment. But that needs Brexit uncertainty to lift. That's a big ask.

Multi-year lows. While some statistics – notably the labour market – have been punching in record numbers, other surveys are revealing the weakest statistics in years. The Purchasing Managers Indices (PMIs) are the most closely watched leading indicators. The UK composite PMI posted some of its weakest readings in a decade. The Republic of Ireland remains on the right side of the expansion / contraction threshold (50.0) but still reported the slowest growth in 76 months. Notable slowdowns in the two most important economies for Northern Ireland firms is not a good look. Q3 was the weakest quarter for local services and construction firms in seven years, while manufacturing activity is plumbing decade lows. Multi-year highs now look a long way off.

50 shades of green. This is what the Governor of the Bank of England asked at the TCFD (Taskforce for Climate Related Financial Disclosures) summit. In his view changes in climate policies, new technologies and growing physical risks will prompt a reassessment of the values of virtually every financial asset. Firms that align their business models to the transition to a net zero world will be rewarded handsomely. Those that fail to adapt will cease to exist. To bring climate risks and resilience into the heart of financial decision-making, climate disclosure must become comprehensive, climate risk management must be transformed, and investing for a two-degree world must go mainstream.

Gap. The minutes from the Federal Reserve meeting in mid-September revealed the committee mulled the possible ending of the current "mid-cycle adjustment", contrasting with the market's view of rate cuts through 2020. Increased evidence that manufacturing weakness is spilling over to services would increase the pressure on the Fed to takeout further insurance. Meanwhile, the minutes from the latest ECB meeting revealed increased divisions over the relaunch of QE unveiled by outgoing ECB President Draghi last month, but more support for a further reduction in interest rates.

Onset of winter. US consumer price inflation was flat in September versus a 0.1%mom increase in August, below market expectations. On an annual basis, CPI flat-lined at 1.7% last month. The main factors accounting for the downside surprise in inflation in September were a sharp fall in petrol prices and used car prices. Core inflation edged higher in September after three consecutive monthly rises of 0.3%, leaving the annual rate unchanged at 2.4%. Higher service prices more than offset a tariff-led decrease in core goods inflation. Against this backdrop the Fed has room for lower rates, if needed.

Created unequal? New IMF analysis reveals that, ever since the late-1980s, the already big regional disparities found within most advanced countries have been getting wider. Poorer regions have failed to grow as fast as more successful ones, opening-up a gulf in economic performance that is often greater within countries than between them. Productivity levels are up to 15% lower than in better performing regions. Health outcomes are worse too. What to do? Inequalities appear to be exacerbated by the rise of robots: jobs in lagging regions are more susceptible to automation and workers

Sync or Sink. In her debut speech, IMF’s new chief Kristalina Georgieva spoke of the synchronized global slowdown that is on everyone’s minds. Georgieva cited parts of the upcoming World Economic Outlook, highlighting the downward revision of global growth and other gloomy figures, such as a potential cumulative loss of $700bn by 2020 due to trade conflicts. She suggested that the future might require a co-ordinated, synchronized policy response, both monetary and fiscal tools, but also structural reforms and preparing for climate change. It’s either sync or sink.

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