The US Fed has made the third consecutive cut to its benchmark rate to 1.5 to 1.75%, but signalled that it does not expect a further cut in December. Chairman Jay Powell said that a preliminary US-China trade deal and lower risk of a no-deal Brexit had the potential to increase business confidence. So it's a pause for now. How long will it last?

Hawkish cut….sounds like the name of a 70s prog rock band. But it's how many described the US Fed's reduction in its benchmark rate last week, its third since July, in what it has styled as a "mid-cycle adjustment" (as opposed to a sustained programme of rate cuts). The "hawkish" part referred to the Fed's indication that it is done with cutting rates, for now at least. With the benchmark rate at 1.5 to 1.75% there is room to cut, should political uncertainty and the global slowdown have a more pronounced impact on the economy. But it’s not a huge amount. A problem shared with other central banks.

Election year fear. Earlier data had shown the US economy grew at a 1.9% annualised pace in Q3, down only a touch from Q2 and better than the expected 1.6%. The GDP breakdown chimed with recent data. Consumer spending rose at a decent 2.9% annualised clip (a supportive labour market), but may be showing signs of cooling. Business investment declined for the second quarter (trade uncertainty and the global manufacturing slowdown), but housing investment improved (helped by lower rates). It’s fine for now, but if the almighty US consumer were to turn more cautious…

Defying gravity. Across geographies, the labour market, as Sisyphus, is pushing up economies that show signs of a roll down. Business sentiment and consumer surveys look subdued, but the US is hiring, adding 128,000 jobs in October, boosted by gains in hospitality, retail and health care – mostly domestic sectors that are insulated from trade turbulence. October marked 109 months of consistent job creation! Unemployment rate inched up from historical low of 3% to 3.6%, in part reflecting the new labour supply. It’s not all rosy though, and the backdrop is still gloomy.

Pay day. Poor wage growth has been a feature of the UK’s low productivity recovery, but things have improved recently. New analysis of PAYE tax data shows that full time employees got an average 2.9% pay increase in the tax year ending April 2019. Taking inflation into account, that equates to a real terms increase of 0.9%. Useful, but still not enough to close the gap to the pre-crisis peak seen 10 years ago. What do you have to do to get a pay rise? Take a chance seems to be a winning strategy. The average rise seen by those who changed employers was 8%, vs 1.6% for those who stuck at it.

Services without a smile. Northern Ireland’s annual earnings survey for 2019 was a mixed-bag from a sector perspective. Smiles and big frowns were served up in equal measure. Amongst full-timers, the private sector posted a 4.2% y/y rise above inflation. Conversely, median earnings in the public sector fell by almost 3% in real terms. Construction & manufacturing employees notched up pay rises of 2% and 3% above inflation respectively. Civil engineering posted a whopping 14% y/y real terms rise. Looking at services, the largest sector of the economy, earnings stagnated in the year to April 2019 before inflation is even taken into account. Not a good look!

Slow and steady wins the race. After leading the pack for much of the past two years, the Welsh economy shrank by 0.5% in the first quarter of 2019 – the worst performance of any part of the UK. This is surprising, since Wales boasts an outsized manufacturing sector, where activity was haring along, thanks to a Brexit deadline that never was. That just wasn’t enough to offset a poor quarter for Welsh services firms. East Midlands and Yorkshire and the Humber stumbled too; both saw GDP decline in Q1. London sprinted ahead, with quarterly growth of 1.2% and an economy 4.2% larger than a year ago, to emerge as the winner of the heat. NI’s growth rates were +0.4% q/q and 1.2% y/y respectively. The race isn’t over yet though.

Unoccupied. There’s little unexpected in the latest RICS and Ulster Bank Commercial Market Survey. Demand from potential occupiers dropped in Northern Ireland again in Q3, driven largely by the woes of retail. The latter’s demand is the weakest since 2008. Even the once buoyant industrial sector has seen the intensity of occupiers' requirements ease as Brexit-related manufacturing stockpiling has passed its peak. Investors are no less cautious than occupiers. Enquiries from both domestic and foreign investors fell, according to local surveyors, and the outlook for capital values is muted for the final quarter, offering little prospect of a Christmas surprise.

Well swerved. Like the widening curve of an arching ball, towards the end it became clear that the recessionary ball was not heading for the Eurozone net. The region's combined 19 economies grew by a respectable 0.2% in Q3 (0.3% for the still 28-strong EU). Most members would have taken that smiling, had it been offered a few months ago. Manufacturing's in a recession, which means Germany probably is too, though we need to wait a fortnight to confirm. That said, annual growth in the Eurozone is now just 1.1%, the slowest since the bad days of 2013. The path out of the woods continues.

Steady. The preliminary estimate of euro area inflation for October at 0.7% y/y matched market expectations and remained lower than that of September (0.8% y/y). However, core CPI at 1.1% outperformed both expectations and the previous month's reading of 1.0%. Out of the main components of inflation, a rise in services and consumables was offset by a fall in energy prices. But despite a substantial amount of monetary stimulus headline inflation remains stubbornly lower than the ECB's target of 2%. So still pertinent to ask, is now the time to support monetary policies with fiscal and structural reforms?

Invest in yourself. Ever wondered what is your worth? Economists, being dismal scientists, call it human capital and measure it in lifetime earnings. The stock of human capital in the UK in 2018 was £21.4 trillion, equivalent to around 10 times the size of GDP. Since 2004 is has increased 14%. However, since 2016 the rate of growth has slowed down substantially, and per person human capital now is lower than it was in 2016. The main driver of growth before 2009 was population increase, and after – educational attainment. The main factor slowing growth is population ageing.