Parallels are being drawn between the coronavirus and the SARS outbreak in 2003. But the contours of the world economy have shifted over the past 17 years. China is 17% of global GDP. It was a mere 4% back then. So shuttered business, foregone spending and leisure trips, not to mention the supply-chain disruptions matter much more for the global economy.

Wash hands often. The coronavirus has already infected over 40,000 people in 28 countries with the major concentration in mainland China. The associated economic costs of this global health emergency are starting to materialise. Having just about steadied the ship from the ongoing trade war, China's economy has been hit again. Production has been halted and workers are stranded (the new iphone launch may even have to be delayed!). Growth forecasts are being revised sharply lower. Meanwhile softer demand from the world’s second-largest economy mean oil is down 20% from its January level.

Spread. China’s services PMI fell to a three-month low in January, from 52.5 to 51.8. But that doesn’t capture the impact of the coronavirus over the past couple of weeks so there is likely worse to come. What was estimated to be close to 7% growth in consumer spending in Q1 in China is now set to be closer to 1%. At the current juncture the best guess is the disruption and impact of the outbreak will be confined to the current quarter, paving the way for failry sharp growth rebound thereafter. But it’s all far from a certainty.

Mercian revival. Levelling up, the hope that all places prosper, appeals to our better selves. It’s the antithesis of Gore Vidal’s misanthropic “it’s not enough to succeed. Others must fail”. In Q2 2019, the UK shrank 0.2%q/q, yet London’s economy rose 1%, while the West Midlands and North West’s shrank 1.6%. Similarly, London’s economy grew by 7.5% in three years to Q2 2019, vs. the South West’s 2.3%. But bragging rights go to the East Midlands, whose economy expanded by 9.2% in those three years, an annual growth rate of 3%, double the UK’s 1.5%.

Unequal. Output per hour varied significantly across the UK’s regions in 2018, with London being 32% above and Wales 17% below the UK average at extremes. The gap between the highest and lowest productivity regions has changed very little over the last 10 years. Productivity grew in half of the 12 regions of the UK in 2018, with output per hour increasing in both Scotland and the East Midlands by more than 2%; in contrast, output per hour fell in Yorkshire and The Humber and in Northern Ireland by at least 2%. Closing the gap in productivity is necessary for levelling up.

In and out. The UK is earning more on its investments abroad. Foreign direct investment – cross-border investments made by businesses and residents from one country to another – statistics show an increase on the implied rate of return on UK FDI assets. After a general downward trend between 2011 and 2016, the returns on both the UK's inward and outward FDIs increased between 2016 and 2018 to 4.2% and 5.7% respectively. The EU and US have contributed the most to the rate of return on UK inward and outward FDIs.

Peak satisfaction? Personal and economic well-being statistics have been tracked by the UK since 2011. The trend was one of rising life satisfaction from 2011 to 2016, before plateauing until late 2018. Last year appears to have marked a turning point. Indices measuring life satisfaction and the feeling that things in life are worthwhile fell significantly in Q3 2019 relative to a year earlier. Another measure of happiness dipped while average levels of anxiety remain elevated. Households' expectations about employment prospects and the economic outlook have worsened too. Given the high levels of political and economic uncertainty at that time, these findings are perhaps not unexpected.

Confidence boost. January saw the UK's private sector return to expansion mode with nine of the twelve regions posting growth. London was the star performer in the regional PMIs. Unfortunately, Northern Ireland wasn't one of the nine regions to record business activity growth last month. However, the rate of decline did ease. And following 12 months of contraction, the fall in new orders appears to have bottomed out. This reflects, a notable pick-up in domestic demand, but the export orders slump continues. On a positive note, the resurrection of Stormont has boosted sentiment. Business confidence for the year ahead hit a 21-month high.

25-year low. January is traditionally one of the busiest months for new car sales in the calendar with March normally the top month. The 11% y/y fall in Northern Ireland sales at the beginning of 2020 could well set the tone for the year ahead. Last month's sales volumes marked the fewest car sales for the month of January since SMMT records began. That makes for a 25-year low and is a far cry (-38%) from January 2007's high. 2014 was the last year that local dealers posted a meaningful annual increase in new car sales. 2020 is not off to a good start.

In like a lion. The US jobs market got off to a roaring start in 2020, with employers filling an impressive 225,000 positions in January. That’s more than the monthly average of 175,000 in 2019 and keeps unemployment near a half-century low, of just 3.6%, even though the share of the population participating in the workforce keeps rising. With labour market conditions so tight, it’s puzzling that earnings growth ticked-up only slightly, to 3.1%. Part of the explanation lies in the misfortunes of manufacturers, who tend to pay relatively well yet shed 12,000 jobs in January.

Shrinking. The US trade deficit widened to $48.9bn in December 2019, from a revised $43.7bn in November, but the trend is clearly down. For 2019, the shortfall in the US trade balance was $616.8bn, a 6yr low. A key supportive factor was a narrowing of the US trade deficit with China last year to $345.6bn, driven by slumping imports. China is now down to third place among the US’s trading partners for goods in 2019, replaced by Mexico at the top. A shift in supply chains related to the recent US/China trade spat has paid dividends for Mexican exports.

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