Two deficits of two very different kinds hit the headlines over the last two weeks, the budget deficit and the current account deficit. The former is shrinking slower than was planned, the latter is widening. Together they imply that the UK is increasingly reliant on foreigners to fund our standard of living. Maintaining the outside world’s confidence is therefore crucial for the stability of the UK economy.

Current affairs. The UK current account measures the difference between money and credit going in and out of the UK (through exports, imports and income paid on assets both home and abroad). The reading for Q4 2015 was -7% of GDP – the deepest deficit since at least 1955 – and continuing a recent deteriorating trend. The biggest problem is that we are not receiving the income on our investments abroad that we once were. A stronger euro area recovery would be a help in that regard. And while we do run a goods deficit it’s a very different story on services – our surplus has risen an impressive 75% since 2007. Our economic future will depend on our continued ability to capitalise on where we are globally competitive.

Short of change. The Government borrowed £70.7bn in the 11 months to February, meaning that spending can only exceed tax receipts by £1.5bn or less in March if it is to hit its 2015/16 target set in the Budget three weeks ago. Borrowing is still falling though, at this point last year it was £14bn higher. In past years it has been disappointing tax revenues that have caused the deficit to shrink more slowly than planned. February's data had some reasons to be optimistic on that front. Income tax receipts were up 4.5%, demonstrating solid rises in household incomes this year. People have been spending that extra income too, pushing VAT receipts up by 4.1%. The public finances need that growth to keep on rising.

Turning the tide. UK households have been doing quite a bit of borrowing, too. They now owe almost £1.5 trillion, up 4% on a year ago. The vast majority of that is debt mortgages, where lending growth has been climbing steadily since the start of 2015 to its current pace of 3.5%. Much of that growth has been driven by the buy-to-let sector, so it was no surprise that the Bank of England announced a review on lending standards in the BTL market. The likely outcome is a more standardised approach to assessing affordability, much as has been the case for owner occupiers for the last couple of years. Coming on top of the Treasury's stamp duty surcharge and other tax changes, growth looks rather slower from here.

Three's not a crowd. We have plenty of data on NI's private sector to keep the statisticians happy – everything from how many potatoes we grow per annum to how much furniture we export to places to Slovakia; not to mention the monthly Ulster Bank PMI. What we haven't had to date is a regular survey of the 3rd sector. Until now. Today, Ulster Bank in conjunction with CO3 launched a new quarterly barometer – the Ulster Bank & CO3 3rd Sector Index. You can find the first one on this very blog. Over the quarters ahead, we will continue to publish the survey to provide a snapshot of how the sector is faring. You may not realise, but it has as many employees as the construction sector, so is a key component of the economy.

Dormant. There is little sign of inflation in Britain’s economy. Consumer prices grew by 0.3% in the year to February and while that’s as high as at any time since late 2014, inflation remains well shy of the 2.0% target. It’s a different story for producers. The price of the inputs that manufacturers buy fell by 1.1% in the year to February while the prices they charge dropped by a whopping 8.1%. That’s great news for consumers but means producers are facing significant pressure on their margins, of which steel producers are, perhaps, the most acute example. So far, very low inflation hasn’t tipped over into deflation; people still expect inflation close to target, wages are rising and spending isn’t being put off until tomorrow. But a little more inflation would be very welcome.

New beginnings. There’s a new official house price index in town and it’s just wiped £37,000 off the average 2011 price of a house. We’ll get more recent data in June but by using new data the ONS’s new index has changed the portrayal of prices in one important way. It means that the recovery in house prices is now slower than previously thought as slightly less significance is attached to regions that have performed most strongly (e.g. London and the South East).

Slog. Eurozone prices fell 0.1%y/y after a 0.2% fall in February. The core inflation reading, stripping out energy and food, stood at 1%y/y, a level it has hung around at since last summer. The fight to return Eurozone inflation back to its “below, but close to 2%” target remains a slog. In an effort to push it higher the European Central Bank began its previously announced expansion to its quantitative easing programme last week. For now monetary policy is the only game in town. Fiscal levers are constrained by a perceived need to continue cutting deficits. That may have to change to win the war.

Phew. The US labour market came to rescue the Fed’s blushes once again. FOMC Chair Janet Yellen has this year already explained that she expects interest rates to rise more slowly than she thought in December. So it would have been a great relief to see that 215,000 jobs were created in March. Wage growth is still slow at 2.3% so there’s no need for the Fed to rush but with Q1 GDP for the US looking likely to disappoint the rate setters will have been glad of some good news.