Business surveys paint a rosy picture of the UK economy. Growth looks healthy. While still-strong job growth is supporting part of the growth in consumers' spending, the balance is down to increased borrowing. That can't go on forever. Will investment and exports fill that gap and keep growth on course? That's the question for the rest of 2017.

Two directions. According to the IHS Markit PMIs the UK's manufacturing and construction sectors continued to grow in May. While the expansion in output and new orders eased amongst manufacturing firms their construction counterparts posted a marked pick-up in activity. Nevertheless, the UK manufacturing PMI reading (56.7) remains strong and well above the 50 threshold denoting expansion. Manufacturing firms increased their staffing levels at the fastest pace in almost three years. Construction activity (56.0) accelerated to a 17-month high in May. Housebuilding was the star performer with activity increasing at the fastest rate since the end of 2015.

Less gloomy. UK consumers are a miserable bunch. GfK, a research firm has been tracking our mood for years and, in general, they've found consumer confidence to be negative, even in the best of times. That's how it was in May. However, confidence increased two points to -5. We're more optimistic about our personal finances, the current economic situation and about whether now is a good time to make a major purchase. While there’s little obvious sign of the squeeze that higher inflation is placing on spending power consumers expect economic conditions to worsen over the next year.

Plastic time. With our spending power being squeezed, what do we do? There was a hint a couple of months back that we might be tightening our belts just a notch. But it turns out that we’ve decided to hit the credit card instead. UK borrowing on cards grew by 9.7%y/y in April, the fastest annual increase since February 2006. Car finance and other personal loans were up 10.7%. The Bank of England’s Financial Policy Committee raised an eyebrow about this in March. It meets again in a couple of weeks and might well decide to take away the punchbowl.

Working out. Echoing recent trends in employment, there are more UK households than ever before where at least one adult works. In January to March, somebody had a job in 90% of working age households, compared to 85% in 1996. In households with children, ‘worklessness’ is also at records lows. Improvements have been most pronounced for lone parents. Fewer than half worked in 1996. Now it’s more than 70%. Sensible policy, including a flexible labour market and subtle benefit tweaks, as much as strong economic growth have helped.

Not working out. Northern Ireland witnessed record highs and lows in employment and economic inactivity last year. But the problem of ‘worklessness’ hasn’t gone away. Almost 16% of all NI households have no adult working. This is higher than any other UK region and matches the proportion when the Good Friday Agreement was signed in 1998. Since then, the number of workless households has increased by 25k to 188k. In households with children, ‘worklessness’ is more prevalent at 19%. A small improvement to the 1 in 5 ratio some twenty years ago. With inflation accelerating and many benefits frozen until 2020, the workless may start to become increasingly restless.

Wake me up. Eurozone manufacturing output continued expanding in May. The PMI figure hit 57.0, the highest since 2011, marking almost four years of uninterrupted growth. One result is rising labour demand, particularly notable in Germany, Italy and Spain, where hiring intentions hit a 19-year high. Unemployment continues to fall: the rate reached 9.3% in April, down from 10.2% in April 2016 and the lowest since 2011. That’s over 1.5 million fewer unemployed across the region. Monetary policy has played a big part in this. The question is whether the ECB will maintain its ultra-stimulative policy.

Consumer comeback. Over two-thirds of US economic activity depends on consumer spending. Conspicuous by its absence in dismal Q1 GDP growth, the consumer is back. Personal spending accelerated to a five-month high of 0.4% m/m in April. Solid increases in wages contributed to robust personal income growth. The latter is running at a healthy 3.6% y/y, well ahead of inflation. Oh, how the UK consumer would love this combination! The Fed’s preferred inflation measure eased to 1.5% y/y – its lowest level since December 2015 and below its 2% target. Mixed messages for policymakers.

Hire American. 25m jobs in the next decade – that was President Trump’s promise. But it’s been a slow start. 138k jobs were added in May, short of the 180k expected. And the past four months since the inauguration have been the weakest for job growth since 2012. Labour participation declined so the unemployment rate actually fell from 4.4% to 4.3%, a 16-year low. A June rate hike from the Fed is still likely. But persistently weak data would eventually prompt a rethink from at least some members.

Covfefe … A misspelling in a Trump tweet left many confused last week. And on the face of it the two main manufacturing surveys are a head-scratcher, too. May’s PMI came in at 52.7, the fourth straight monthly fall and well below the average reading of the past three years. But the ISM edged up and is well above its average of the past three years. Both are pointing to growth in the sector with new orders coming in at a decent pace. So it’s probably fair to say it's on a solid footing.

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