Rising oil prices means that, like the eponymous shark Jaws, inflation keeps coming back. Manufacturers report tighter margins and consumers face a summer of squeezed budgets. Just when you thought it was over eh!

Growth, but. The UK's manufacturing sector, on the face of it, saw an improvement in April. The headline reading of the PMI moved to 54.4 from 53.9, ahead of expectations and firmly pointing to growth in the sector. Underneath that, however, lurk a few concerns. First, the sub-index for inventories moved to its highest reading in the 26-year history of the series. A sign of over-optimism in buyer demand perhaps? Second, new orders registered their weakest reading in 11 months. And third, input prices are rising, mainly on the back of higher oil prices.

Summer is here: UK net consumer credit lending was £1.8bn in April, up from £0.4bn last month and the largest figure since November 2016. That said, it’s a bit of rebound from an unusually low figure in March. And consumer credit growth slowed to an annual rate of 8.6%. Still sprightly of course, but off the boil from the 10.9% peak reached in, you guessed it, November 2016. A drop in car financing lies behind the slowdown. On the home front, mortgage approvals for purchase and remortgaging were broadly flat, reflecting a lukewarm (at best) housing market.

Remarkable. Slowly, relentlessly, like the tortoise in the children’s story, euro-area unemployment continues to fall. The unemployment rate fell to 8.5% in April, down from 9.2% in April 2017 and now the lowest it’s been since 2008. An anniversary treat! Indeed unemployment has rarely been below 8.5% since the world welcomed the fledgling currency way back in January 1999. But lest we forget, almost 16% of Spain’s labour force and over 20% of Greece’s are unemployed. In Italy, it’s 11.2%, up slightly from 11.1% in March, which, coincidently, is exactly what it was when Italy joined the euro.

Liquid bites. Oil bites back as rising energy costs managed to force a U-turn on euro-area inflation.The ‘flash’ estimate of consumer price inflation (HICP) rose by 1.9%y/y in May. That’s much higher than the 1.2% recorded for April. The main – but not only – culprit is higher energy prices. Energy inflation hit 6.1% compared with 2.6% in April. But even services, a decent gauge of ‘domestic’ inflation, rose from 1% in April to 1.6% in May. So while rising oil prices are the driving force, something else is happening. And we can’t rule out the possibility that global inflation is on the up.

Contrast. Economic activity in the US manufacturing sector strengthened in May, with the headline PMI coming in at 58.7 (vs 57.3 in April). Robust consumer demand, reflected in stronger new orders, encouraged businesses to expand their hiring. But there are concerns over labour shortages and other supply-side bottlenecks. The eurozone, in contrast, saw its reading slip for a fifth consecutive month to 55.5. While some of the deceleration has been attributed to one-off factors, there are inklings of a softening in demand. New orders took a beating and firms reduced their pace of hiring.

Slower but solid. US GDP grew at an annualised rate of 2.2% in Q1, fractionally weaker than first estimated and much slower than Q4's 2.9%. A big factor was slower household spending, which started this year at a leisurely 1% pace. And things are about to get a little tighter. Trump's tax cuts deliver dollars but the rise in oil to $80 a barrel is enough to wipe out roughly half the benefit of the tax cut for a typical American household. But US growth isn't dependent on the consumer right now. Both exports and investment are growing strongly giving it solid foundations. For now at least!

Summer of '69. Solid growth in GDP is turning into substantial improvements in the US labour market. Another 223,000 jobs were added in May, a big step up from the 160,000 generated in April and March. This jobs boost was enough to push the unemployment rate down even further to just 3.8%. The last time the unemployment rate was lower than this was almost 50 years ago, back in 1969. The Federal Reserve will take this as evidence that the US economy can well cope with further interest rate rises, something it will decide next week. But it also raises the question of whether the US economy is running too hot, just as the tax cuts are delivering even more stimulus.

Calm, for now. By the end of last week Italy had a new government and calm had returned to markets after a brief flare-up. In terms of drama it didn't come close to matching the worst of the crisis in 2011 and 2012. A lot's changed since then. The economy is growing, the budget deficit is healthier, interest rates are lower (partly thanks to central bank quantitative easing) and the average maturity profile of government debt is longer. But events were a reminder that not all is right. Growth is still sluggish, government debt is the world’s third largest (132.5% of GDP, though private debt is low) and there are unresolved issues in its financial system. More than enough to warrant a watchful eye.