

# Irish Economy Watch

AIB Treasury Economic Research Unit



Tuesday 26 April 2022

	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	
<b>MANUFACTURING</b>									
AIB Manufacturing PMI	62.8	60.3	62.1	59.9	58.3	59.4	57.8	59.4	The manu. PMI rose to 59.4 in Mar, as new orders and output growth accelerated. Meanwhile, business sentiment weakened and inflationary pressures remained very elevated
OECD Leading Indicator	102.6	102.7	102.8	102.8	102.7	102.6	102.5	102.4	
Industrial Production (Ex-Modern)	112.4	117.4	121.7	129.2	113.8	132.8	133.0	#N/A	Traditional industrial production unchanged in Feb. Output up 11.5% YoY in the 3 mths to Feb
Production (Ex-Modern) : 3mma YoY%	0.5	-1.0	2.5	7.2	5.0	9.5	11.5	#N/A	
3mth / 3mth % seas. adj.	0.2	-3.0	-0.2	6.3	5.6	6.9	3.1	#N/A	
<b>SERVICES / RETAIL</b>									
AIB Services PMI	63.7	63.7	63.4	59.3	55.4	56.2	61.8	63.4	The services PMI climbed to 63.4 in Mar, consistent with very strong growth in the sector. New business, exports, and prices continued to rise. However, business confidence fell sharply
CSO Services Index (Value)	133.2	138.0	137.9	141.0	140.6	135.6	147.4	#N/A	
- YoY %	15.5	14.5	18.4	23.6	14.8	16.7	23.6	#N/A	
- 3mth / 3mth % seas. adj.	7.8	8.3	7.5	6.4	4.6	2.0	1.6	#N/A	The CSO services index jumped higher in Feb as COVID restrictions were removed
SIMI Car Registrations	5,966	4,449	2,680	1,120	387	25,032	11,971	12,904	
- 12 mth cum total	105,640	104,555	104,823	105,030	104,932	104,824	103,097	106,809	New car sales have picked-up recently, rising by 3.9% YoY in Q1. However, they were still 22.2% below their Q1 2019 levels
- 3 mma YoY %	30.5	16.6	2.7	-6.9	9.9	-0.4	-5.2	3.9	
Retail Sales Index	132.7	130.9	129.2	129.2	125.5	124.2	125.3	#N/A	Retail sales have been relatively unchanged recently, but were 2.1% higher YoY in Feb. Core-retail sales up 11.1% YoY
- YoY %	4.5	-1.9	0.8	14.5	-1.8	21.4	2.1	#N/A	
- 3mth / 3mth % seas. adj.	4.3	1.0	0.1	-1.5	-2.3	-3.5	-3.7	#N/A	
Ex Autos Index	131.6	132.7	130.8	133.2	129.1	129.1	129.5	#N/A	Construction PMI fell to 53.9 in Mar, as activity in the housing and commercial sectors grew at a slower pace. New orders and business expectations sub-indices declined also
- YoY %	2.7	0.7	-0.2	15.8	0.2	18.9	11.1	#N/A	
- 3mth / 3mth % seas. adj.	10.1	4.2	1.4	0.2	0.0	-0.9	-2.3	#N/A	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
Construction PMI: Ulster Bank	57.5	56.3	56.9	56.3	53.7	56.1	58.4	53.9	Commencements maintained momentum in Mar, and were 2.1% higher in Q1 vs Q1 2020. 12mth rolling total climbed to a new cycle high, just below 35k
- Housing Activity	62.2	59.8	54.5	55.1	53.2	55.1	58.5	56.7	
- Commercial Activity	54.9	56.7	60.4	56.3	54.6	56.7	61.4	56.7	Having slowed in Q4, mortgage approvals picked up at the start of 2022, up 1.4% YTD in Feb
- New Orders	61.7	57.5	57.2	58.6	56.3	56.8	61.0	54.0	
- Business Expectations	71.1	68.1	69.7	69.0	69.2	75.4	69.5	57.1	
Commencements: 12mth Total	29,565	30,519	30,947	30,537	30,724	31,201	33,006	34,846	Transactions were down 2.8% YoY in Q1, but were circa 6% higher vs 2019 and 2020 levels
- 3 Month Avg YoY %	92.8	59.8	32.7	13.9	3.3	4.7	71.5	143.4	
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	3,749	3,905	3,717	3,957	3,088	2,762	2,976	#N/A	House prices continued to trend higher in Feb, up 15.3% YoY. Ex-Dublin price inflation (+16.8%) continues to outpace the capital (+13.5%)
- 3 Month Avg YoY %	55.9	18.3	-2.7	-9.0	-10.6	-4.9	-0.9	#N/A	
- 12 Mth Total	44,456	44,434	43,732	43,317	43,158	43,224	43,236	#N/A	
RPPR Transactions : Month	4,730	5,315	5,528	5,232	5,357	3,551	4,550	4,270	Daft.ie asking prices rose by 2.4% in Q1, meaning they were 8.4% higher vs Q1 2021
- 3 Month Avg YoY %	50.6	39.2	21.5	5.7	-12.0	-11.3	-10.1	-2.8	
- 12 Mth Total	58,333	59,340	59,318	59,193	57,137	57,522	57,689	56,780	
<b>HOUSING MARKET PRICES</b>									
CSO Price Index - MoM	2.3	1.6	1.2	1.3	0.9	1.0	0.8	#N/A	Rents rose by 0.8% in Mar. YoY rate though, unchanged at 9.2%
- YoY %	10.9	12.4	13.2	14.0	14.2	14.8	15.3	#N/A	
Daft Asking Prices: MoM %	0.3	0.1	0.9	-0.1	-0.1	0.5	1.9	2.2	Affordability holds steady in Q4 as average industrial wages rose by 2.1% YoY in the quarter
- YoY %	9.1	9.0	9.2	8.8	6.5	6.5	9.5	9.1	
<b>RENTS:</b> CSO Private Rents - MoM%	1.5	1.8	0.9	0.6	0.6	0.4	0.9	0.8	
- YoY %	4.5	5.9	7.5	8.1	8.4	8.4	9.2	9.2	
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	19.5	19.8	19.5	19.6	19.6	#N/A	#N/A	#N/A	

	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	
<b>CONSUMER PRICES - YoY %</b>	2.9	3.8	5.1	5.3	5.5	5.0	5.6	6.7	Consumer prices rose by 1.9% in Mar, led by an increase in energy and transport costs. The YoY rate jumped to 6.7% largely due to the same factors. The HICP rate climbed to 6.9% from 5.7% previously
- MoM %	0.6	0.5	0.7	0.6	0.5	-0.4	0.9	1.9	
HICP - YoY %	3.0	3.8	5.1	5.4	5.7	5.1	5.7	6.9	
- MoM %	0.7	0.4	0.8	0.6	0.5	-0.4	0.9	2.1	
<b>PERSONAL / FINANCIAL</b>									
KBC/ESRI Consumer Confidence	86.5	86.4	86.8	83.1	74.9	81.9	77.0	67.0	Consumer sentiment fell to 67 in March as concerns regarding living costs, particularly housing and energy cost increases, weighed on the outlook
Credit Growth YoY %									
- Private Sector (Underlying)	-1.3	0.2	0.5	0.7	1.5	1.6	1.3	#N/A	Modest growth in the main credit metrics in Feb
- of which : Household	0.4	0.5	0.6	0.7	0.6	0.7	0.8	#N/A	
- of which : Mortgage Lending	1.0	1.1	1.1	1.2	1.2	1.1	1.1	#N/A	
<b>LABOUR MARKET</b>									
Live Register	168,200	167,600	169,800	172,000	168,600	166,400	164,900	181,900	Traditional unemployment rate rose to 5.5% in March from 5.2% in February as people moved off the PUP scheme
- Change In Month	-600	-600	+2,200	+2,200	-3,400	-2,200	-1,500	+17,000	
Unemployment Rate %	5.5	5.2	5.2	5.2	5.1	5.2	5.2	5.5	Employment subcomponents of the manu and services PMIs moved higher in March. Construction reading edged lower in contrast. However, all three remained firmly in expansion mood
PMI Employment Indices									
- AIB Manufacturing	58.0	55.6	55.7	55.0	54.3	54.9	53.7	56.6	
- AIB Services	58.3	56.8	57.6	55.7	54.0	55.6	56.5	58.2	
- Ulster Bank Construction	57.4	54.8	55.1	56.2	54.7	55.0	53.5	52.1	
<b>MERCHANDISE TRADE</b>									
Export Values - 3M / 3M %	4.5	4.2	5.5	6.2	2.8	0.6	1.9	#N/A	Goods trade surplus widened by 14% in Feb to €6.1bn as exports rose by 3%. In contrast imports fell by 3%. Trade with the UK continued to pick-up sharply compared to the very depressed post-Brexit levels during the same period in 2021
- 3MMA YoY %	2.3	1.3	9.1	9.4	9.5	10.1	18.5	#N/A	
Import Values - 3M / 3M %	3.9	-1.4	0.9	2.9	9.2	11.8	11.1	#N/A	
- 3MMA YoY %	20.7	15.0	24.4	16.2	14.3	21.7	30.4	#N/A	
<b>PUBLIC FINANCES</b>									
Total Tax Receipts: Cum YTD %	15.2	15.9	19.6	21.8	19.7	23.7	19.3	31.8	Exchequer finances continued to perform very well in March. Strong tax intake, up 31.8% YTD. Net voted spending down 2% YTD. 12mth rolling Exchequer deficit almost halves to €3bn
Voted Spending : Cum YTD %	0.3	2.3	1.9	1.6	5.5	3.0	1.7	-2.0	
Exchequer Bal: 12 Mth Total €m	-9,546	-9,162	-8,073	-4,862	-7,372	-6,399	-5,718	-3,044	
<b>QUARTERLY DATA</b>									
	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	
<b>GDP - YoY %</b>	6.5	1.4	10.8	4.5	12.8	21.0	11.3	9.6	Irish GDP grew by 9.6% YoY in Q4. Overall, the economy expanded by 13.5% in 2021
*Domestic Demand - YoY%	-2.7	-12.2	-2.8	-2.2	-4.9	15.9	5.9	9.8	
Consumer Spending - YoY %	-5.8	-19.5	-7.7	-8.8	-11.7	19.1	7.9	9.3	Domestic Demand rebounded by 6.5% in 2021, led by a 5.3% recovery in Personal Consumption Expenditure
Services Exports - YoY % (3Q Avg)	13.1	5.8	0.0	1.0	4.7	12.1	14.6	15.2	
* Excludes Some Investment Related to the Multinational Sector									
<b>EMPLOYMENT &amp; EARNINGS</b>									
Employment YoY %	2.1	-6.9	-3.2	-3.4	-5.0	9.9	9.8	10.1	Employment rose by 10.1% YoY in Q4, as the economy re-opened more fully. Up by 6.3% on 2019 levels. Strong labour force growth of 8.9% YoY also
Labour Force YoY %	2.0	-6.9	-0.9	-2.0	-2.5	12.1	7.9	8.9	
Average Earnings YoY %									Weekly average earnings rose by 2% YoY in Q4, and were 9% higher than in the same period in 2019. However, the changing composition of the labour force may still be impacting the data
- Hourly	3.0	7.2	3.6	5.5	8.4	2.7	3.7	2.6	
- Weekly	3.7	6.0	3.3	7.7	7.5	4.1	5.4	2.0	
Weekly Earnings YoY %									
- Private Sector	4.0	6.0	3.1	9.1	7.7	5.0	5.8	2.7	
- Public Sector	3.1	2.9	2.5	3.0	4.9	2.2	5.4	1.1	
<b>CSO DWELLING COMPLETIONS</b>									
- YoY %	4928	3229	5043	7326	3923	4968	4605	6937	Having performed well in H1, completions slowed in H2. Circa 20.4k completions overall in 2021, in line with 2020 total
- Cum 12 Mth Total	16.1	-32.7	-10.7	14.9	-20.4	53.9	-8.7	-5.3	
	21750	20178	19576	20526	19521	21260	20822	20433	



**Oliver Mangan**  
Chief Economist  
oliver.n.mangan@aib.ie

**John Fahey**  
Senior Economist  
john.j.fahey@aib.ie

**Daniel Noonan**  
Economist  
daniel.x.noonan@aib.ie

AIB, 10 Molesworth Street, Dublin 2

Tel: 353-1-6600311

<https://aib.ie/investorrelations/economic-research-unit>