

Irish Economy Watch

AIB Treasury Economic Research Unit



Wednesday 22 December 2021

| | Apr-21 | May-21 | Jun-21 | Jul-21 | Aug-21 | Sep-21 | Oct-21 | Nov-21 | |
|--|--------|--------|--------|---------|---------|---------|---------|---------|--|
| MANUFACTURING | | | | | | | | | |
| AIB Manufacturing PMI | 60.8 | 64.1 | 64.0 | 63.3 | 62.8 | 60.3 | 62.1 | 59.9 | The manufacturing PMI fell to 59.9 in Nov from 62.1. However, it remains above any reading before April this year. Supply issues and inflationary pressures continue to build though |
| OECD Leading Indicator | 100.4 | 101.2 | 102.0 | 102.6 | 103.1 | 103.5 | 103.7 | 103.8 | |
| Industrial Production (Ex-Modern) | 122.4 | 119.9 | 116.9 | 114.8 | 109.0 | 114.3 | 115.8 | #N/A | Traditional production rose by 1.3% in Oct. Output was up 1.1% YoY in the past 3 months also |
| Production (Ex-Modern) : 3mma YoY% | 3.8 | 11.3 | 16.8 | 7.4 | 0.1 | -1.4 | 1.1 | #N/A | |
| 3mth / 3mth % seas. adj. | 0.4 | 1.5 | 5.8 | 1.6 | -2.9 | -5.9 | -3.6 | #N/A | |
| SERVICES / RETAIL | | | | | | | | | |
| AIB Services PMI | 57.7 | 62.1 | 63.1 | 66.6 | 63.7 | 63.7 | 63.4 | 59.3 | The services PMI fell to 59.3 in Nov as the pace of growth eased. The slowdown in activity was evident in all four service subsectors. However, the index remains at a very high level still |
| CSO Services Index (Value) | 119.6 | 121.7 | 129.4 | 129.8 | 132.7 | 137.3 | 137.3 | #N/A | |
| - YoY % | 22.9 | 19.8 | 16.2 | 15.0 | 15.4 | 14.3 | 18.3 | #N/A | The CSO services index was unchanged in Oct, albeit at a very elevated level. |
| - 3mth / 3mth % seas. adj. | 1.8 | 0.8 | 3.7 | 5.7 | 8.2 | 7.9 | 6.9 | #N/A | |
| SIMI Car Registrations | 7,147 | 5,914 | 2,762 | 26,478 | 5,966 | 4,450 | 2,680 | 1,120 | Having performed well in H1, new car sales have slowed recently. Up 19.2% YTD, but are still 10.7% lower vs. 2019 levels |
| - 12 mth cum total | 93,246 | 97,419 | 99,175 | 104,482 | 105,640 | 104,439 | 104,823 | 105,030 | |
| - 3 mma YoY % | 54.1 | 175.0 | 412.1 | 47.0 | 30.5 | 16.6 | 2.7 | -6.9 | |
| Retail Sales Index | 125.6 | 129.9 | 133.3 | 130.0 | 133.5 | 132.4 | 130.1 | #N/A | Retail sales declined in Oct, but were 1.5% higher YoY. Core retail sales at elevated levels, after big gains in Q2 and Q3 |
| - YoY % | 83.4 | 46.1 | 9.8 | 4.4 | 5.1 | -0.7 | 1.5 | #N/A | |
| - 3mth / 3mth % seas. adj. | 8.4 | 7.4 | 11.6 | 5.8 | 4.8 | 1.8 | 0.7 | #N/A | |
| Ex Autos Index | 116.3 | 125.4 | 135.5 | 129.7 | 132.0 | 132.7 | 133.1 | #N/A | Retail sales declined in Oct, but were 1.5% higher YoY. Core retail sales at elevated levels, after big gains in Q2 and Q3 |
| - YoY % | 28.4 | 21.2 | 9.5 | 2.0 | 3.0 | 0.7 | 1.5 | #N/A | |
| - 3mth / 3mth % seas. adj. | -0.5 | 1.6 | 9.9 | 11.3 | 10.4 | 4.6 | 1.8 | #N/A | |
| RESIDENTIAL CONSTRUCTION ACTIVITY | | | | | | | | | |
| Construction PMI: Ulster Bank | 49.3 | 66.4 | 65.0 | 62.8 | 57.5 | 56.3 | 56.9 | 56.3 | Construction PMI remained in expansion mode at 56.3 in Nov. The pace of activity in the commercial sector moderated but was well above 50. Housing activity was also well above 50 |
| - Housing Activity | 54.8 | 73.4 | 68.8 | 63.7 | 62.2 | 59.8 | 54.5 | 55.1 | |
| - Commercial Activity | 42.2 | 63.5 | 63.8 | 60.9 | 54.9 | 56.7 | 60.4 | 56.3 | Commencements have risen sharply in 2021, up 16.7% YTD compared to the same period in 2019. 12mth total rises to just below 31k in Oct |
| - New Orders | 55.1 | 68.2 | 63.7 | 65.4 | 61.7 | 57.5 | 57.2 | 58.6 | |
| - Business Expectations | 73.9 | 73.6 | 71.9 | 73.6 | 71.1 | 68.1 | 69.7 | 69.0 | |
| Commencements: 12mth Total | 21,405 | 25,501 | 27,264 | 28,974 | 29,565 | 30,519 | 30,947 | #N/A | Commencements have risen sharply in 2021, up 16.7% YTD compared to the same period in 2019. 12mth total rises to just below 31k in Oct |
| - 3 Month Avg YoY % | 6.6 | 148.5 | 308.4 | 205.6 | 92.8 | 59.8 | 32.7 | #N/A | |
| HOUSING MARKET ACTIVITY | | | | | | | | | |
| BPFI Mortgage Approvals : Month | 3,537 | 3,814 | 4,167 | 4,144 | 3,749 | 3,905 | 3,717 | #N/A | Mortgage approvals down by 2.7% YoY in the 3mths to Oct. However, they are up 36.1% YTD |
| - 3 Month Avg YoY % | 51.7 | 114.5 | 210.1 | 111.9 | 55.9 | 18.3 | -2.7 | #N/A | |
| - 12 Mth Total | 37,640 | 40,134 | 42,613 | 44,044 | 44,456 | 44,434 | 43,732 | #N/A | Transactions continue to recover in 2021, although, they remain 1.4% lower YTD vs. 2019 levels |
| RPPR Transactions : Month | 4,206 | 4,175 | 4,679 | 5,149 | 4,705 | 5,260 | 5,450 | 4,612 | |
| - 3 Month Avg YoY % | 28.4 | 40.7 | 57.9 | 50.4 | 50.0 | 38.3 | 20.3 | 0.7 | |
| - 12 Mth Total | 51,816 | 53,409 | 55,022 | 56,510 | 58,255 | 59,207 | 59,107 | 58,362 | House prices jumped by 1.4% in Oct, up 13.5% YoY. Ex-Dublin price inflation (+14.6%) continues to outpace the capital (+12.3%) |
| | | | | | | | | | |
| HOUSING MARKET PRICES | | | | | | | | | |
| CSO Price Index - MoM | 0.9 | 0.8 | 1.4 | 1.7 | 2.2 | 1.6 | 1.4 | #N/A | Daft asking prices fell in Sept for the first time since Feb. Marked deceleration in the YoY rate also |
| - YoY % | 4.5 | 5.4 | 6.8 | 8.5 | 10.9 | 12.5 | 13.5 | #N/A | |
| Daft Asking Prices: MoM % | 1.7 | 0.6 | 0.5 | 0.8 | 0.2 | -1.0 | #N/A | #N/A | Daft asking prices fell in Sept for the first time since Feb. Marked deceleration in the YoY rate also |
| - YoY % | 15.0 | 11.5 | 12.7 | 10.7 | 7.1 | 7.6 | #N/A | #N/A | |
| RENTS: CSO Private Rents - MoM% | 1.2 | -0.2 | 0.1 | 0.3 | 1.5 | 1.8 | 0.9 | 0.6 | CSO rental index rose again in Nov, up by 0.6%. The YoY rate increased to 8.1% |
| - YoY % | 1.6 | 2.6 | 3.0 | 3.1 | 4.5 | 5.9 | 7.5 | 8.1 | |
| AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB | | | | | | | | | |
| - Mortgage as % of Disposable Income | 18.1 | 18.5 | 18.7 | 19.0 | 19.5 | 19.8 | #N/A | #N/A | Affordability index deteriorates again in Q3, as house prices rise by more than industrial wages |

| | Apr-21 | May-21 | Jun-21 | Jul-21 | Aug-21 | Sep-21 | Oct-21 | Nov-21 | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---|
| CONSUMER PRICES - YoY % | 1.1 | 1.7 | 1.6 | 2.2 | 2.9 | 3.8 | 5.1 | 5.3 | Consumer prices rose by 0.6% in Nov, led by increases in energy, fuel and transport costs once again. Clothing prices were up 3.3% in the month also. The YoY rate rose to 5.3% from 5.1%. The HICP rate increased to 5.4% |
| - MoM % | 0.7 | 0.1 | 0.2 | 0.4 | 0.6 | 0.5 | 0.7 | 0.6 | |
| HICP - YoY % | 1.1 | 1.9 | 1.6 | 2.2 | 3.0 | 3.8 | 5.1 | 5.4 | |
| - MoM % | 0.6 | 0.2 | 0.1 | 0.4 | 0.7 | 0.4 | 0.8 | 0.6 | |
| PERSONAL / FINANCIAL | | | | | | | | | |
| KBC/ESRI Consumer Confidence | 77.9 | 85.8 | 87.2 | 84.9 | 86.5 | 86.4 | 86.8 | 83.1 | Consumer sentiment fell to 83.1 in Nov. Consumers were less positive about the future owing to the surge in Covid-19 cases |
| Credit Growth YoY % | | | | | | | | | |
| - Private Sector (Underlying) | -4.2 | -3.2 | -3.1 | -1.6 | -1.4 | 0.2 | 0.5 | #N/A | Private sector credit was up by 0.5% YoY in Oct. Household credit, was down by 1.1% YoY |
| - of which : Household | -1.8 | -1.6 | -1.6 | -1.3 | -1.2 | -1.2 | -1.2 | #N/A | |
| - of which : Mortgage Lending | -1.3 | -1.3 | -1.3 | -1.2 | -1.1 | -1.1 | -1.1 | #N/A | |
| LABOUR MARKET | | | | | | | | | |
| Live Register | 180,700 | 176,000 | 172,600 | 170,800 | 169,600 | 166,600 | 170,100 | 170,200 | Standard unemployment rate was unchanged at 5.2% in Nov. The Covid-19 adjusted rate fell sharply to 6.9% from 7.9%, as the labour market continued to recover strongly |
| - Change In Month | -4,300 | -4,700 | -3,400 | -1,800 | -1,200 | -3,000 | +3,500 | +100 | |
| Unemployment Rate % | 7.6 | 6.9 | 6.3 | 5.7 | 5.4 | 5.2 | 5.2 | 5.2 | |
| PMI Employment Indices | | | | | | | | | Employment subcomponents of the manufacturing, construction and services PMIs well above 50 in Nov, as firms continued to hire to meet elevated demand |
| - AIB Manufacturing | 57.7 | 60.0 | 59.4 | 57.7 | 58.0 | 55.6 | 55.7 | 55.0 | |
| - AIB Services | 53.0 | 54.8 | 58.6 | 60.0 | 58.3 | 56.8 | 57.6 | 55.7 | |
| - Ulster Bank Construction | 51.6 | 58.2 | 56.9 | 56.4 | 57.4 | 54.8 | 55.1 | 56.2 | |
| MERCHANDISE TRADE | | | | | | | | | |
| Export Values - 3M / 3M % | -3.9 | 2.2 | 2.2 | 5.1 | 4.2 | 3.6 | 5.7 | #N/A | Goods trade surplus rose by 7% to €6.2bn in Oct. Exports rose by 21% YoY in Oct, and were 1% higher YTD. Imports increased by 15% YoY & were 18% higher YTD. Exports to the UK were up 21% YTD, while imports were down 21% |
| - 3MMA YoY % | -3.3 | -3.6 | 6.7 | 2.4 | 1.2 | 0.3 | 8.8 | #N/A | |
| Import Values - 3M / 3M % | 0.9 | 11.9 | 13.7 | 8.1 | 1.6 | -5.2 | -1.1 | #N/A | |
| - 3MMA YoY % | 18.2 | 40.8 | 44.1 | 23.0 | 19.3 | 13.9 | 23.5 | #N/A | |
| PUBLIC FINANCES | | | | | | | | | |
| Total Tax Receipts: Cum YTD % | 4.2 | 9.1 | 9.8 | 13.0 | 15.2 | 15.9 | 19.6 | 21.8 | Exchequer finances much better than expected this year, owing to very strong tax intake (up 21.8% YTD). Net voted spending up 1.6% YTD. 12mth deficit falls sharply to €4.9bn in Nov |
| Voted Spending : Cum YTD % | 7.3 | 1.9 | 1.3 | 0.5 | 0.3 | 2.3 | 1.9 | 1.6 | |
| Exchequer Bal: 12 Mth Total €m | -12,472 | -12,212 | -12,285 | -10,657 | -9,546 | -9,162 | -8,073 | -4,862 | |
| QUARTERLY DATA | | | | | | | | | |
| | Q4-19 | Q1-20 | Q2-20 | Q3-20 | Q4-20 | Q1-21 | Q2-21 | Q3-21 | |
| GDP - YoY % | 5.1 | 6.5 | 1.4 | 10.8 | 4.5 | 11.7 | 21.1 | 11.4 | GDP expanded by 11.4% YoY in Q3, due to strong exports, and an easing of restrictions |
| *Domestic Demand - YoY% | 2.0 | -2.7 | -12.2 | -2.8 | -2.2 | -5.1 | 15.6 | 5.3 | |
| Consumer Spending - YoY % | 2.9 | -5.8 | -19.5 | -7.7 | -8.8 | -11.8 | 19.3 | 7.7 | Modified domestic demand continued to recover in Q3, rising by 5.3% YoY. Consumer spending was up by 7.7% YoY |
| Services Exports - YoY % (3Q Avg) | 17.4 | 13.1 | 5.8 | 0.0 | 1.0 | 4.7 | 12.1 | 14.5 | |
| * Excludes Some Investment Related to the Multinational Sector | | | | | | | | | |
| EMPLOYMENT & EARNINGS | | | | | | | | | |
| Employment YoY % | 3.6 | 2.1 | -6.9 | -3.2 | -3.4 | -5.0 | 9.9 | 9.8 | Employment rose by 9.8% YoY in Q3, as the economy re-opened more fully. However, base effects are impacting the data |
| Labour Force YoY % | 2.6 | 2.0 | -6.9 | -0.9 | -2.0 | -2.5 | 12.1 | 7.9 | |
| Average Earnings YoY % | | | | | | | | | Weekly earnings growth accelerated to +5.4% YoY in Q3, from 4.1% in Q2. However, the changing composition of the labour force is distorting the data somewhat |
| - Hourly | 3.9 | 3.0 | 7.2 | 3.6 | 5.5 | 8.4 | 2.7 | 3.8 | |
| - Weekly | 3.8 | 3.7 | 6.0 | 3.3 | 7.7 | 7.5 | 4.1 | 5.4 | |
| Weekly Earnings YoY % | | | | | | | | | |
| - Private Sector | 4.0 | 4.0 | 6.0 | 3.1 | 9.1 | 7.7 | 5.0 | 5.5 | |
| - Public Sector | 3.1 | 3.1 | 2.9 | 2.5 | 3.0 | 4.9 | 2.2 | 6.3 | |
| CSO DWELLING COMPLETIONS | | | | | | | | | |
| - YoY % | 6376 | 4928 | 3230 | 5045 | 7329 | 3929 | 4989 | 4656 | Having performed well in H1, completions slowed somewhat in Q3, and were 7.7% lower YoY. However, they are up 2.8% YTD |
| - Cum 12 Mth Total | 17.4 | 16.1 | -32.7 | -10.6 | 14.9 | -20.3 | 54.5 | -7.7 | |
| | 21068 | 21750 | 20179 | 19579 | 20532 | 19533 | 21292 | 20903 | |



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