

# Irish Economy Watch

AIB Treasury Economic Research Unit



Wednesday 21 December 2022

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22		
<b>MANUFACTURING</b>										
AIB Manufacturing PMI	59.1	56.4	53.1	51.8	51.1	51.5	51.4	48.7	The manu. PMI fell to 48.7 in Nov, moving into contraction mode for the first time since May 2020. New orders declined for a sixth month running, with output falling for the fifth month in six	
OECD Leading Indicator	102.3	102.2	102.1	102.0	101.9	101.8	101.6	101.4		
Industrial Production (Ex-Modern)	125.5	134.2	122.0	133.2	137.4	126.9	141.6	#N/A	Traditional industrial production surged higher in Oct. 3mma to Oct up 16.1% YoY also	
Production (Ex-Modern) : 3mma YoY%	13.3	11.8	6.8	11.6	13.8	15.4	16.1	#N/A		
3mth / 3mth % seas. adj.	2.3	1.5	-2.4	1.0	1.5	4.1	4.2	#N/A		
<b>SERVICES / RETAIL</b>										
AIB Services PMI	61.7	60.2	55.6	56.3	54.7	54.1	53.2	50.8	In Nov, the services PMI lost momentum, falling to 50.8. New business growth slumped, partly due to a slowdown in new exports. Hiring continued at a robust pace though. Inflationary pressures remained elevated.	
CSO Services Index (Value)	150.9	153.0	157.1	158.6	161.2	161.1	158.8	#N/A		
- YoY %	25.3	24.4	22.7	22.6	21.7	17.2	14.9	#N/A		
- 3mth / 3mth % seas. adj.	9.2	8.6	3.5	2.3	3.0	4.3	2.6	#N/A	Despite falling by 1.4% in Oct, the CSO services index was up by 14.9% YoY	
SIMI Car Registrations	7,846	5,285	2,153	21,845	8,127	6,315	2,613	982		
- 12 mth cum total	107,479	106,850	106,241	101,609	103,770	105,636	105,569	105,431		
- 3 mma YoY %	9.8	-10.6	-22.0	-17.5	36.2	41.9	-2.5	-12.3	New car sales were 0.5% higher YTD vs. 2021 levels in Nov. However, they were 10.3% below their 2019 levels	
Retail Sales Index	128.1	126.1	124.8	123.4	126.8	124.5	125.5	#N/A		
- YoY %	2.0	-2.9	-6.4	-6.9	-4.6	-5.6	-2.6	#N/A		
- 3mth / 3mth % seas. adj.	-0.6	1.3	2.0	-0.4	-0.7	-1.1	0.7	#N/A	Retail sales were 2.6% lower YoY in Nov, while core sales were down by 4.5% YoY	
Ex Autos Index	131.7	129.6	130.3	123.7	128.4	124.3	124.3	#N/A		
- YoY %	13.2	3.3	-3.8	-4.1	-2.1	-6.3	-4.5	#N/A		
- 3mth / 3mth % seas. adj.	-0.6	0.8	1.7	-1.1	-1.7	-3.9	-1.7	#N/A		
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>										
BNP Paribas Construction PMI	52.5	51.5	46.4	41.8	46.9	50.2	47.4	46.8	Construction PMI fell to 46.8 in Nov, indicating activity in the sector contracted for the fifth time in six months. Activity in the housing sector and new orders fell very sharply. Commercial activity continued to fall also	
- Housing Activity	56.1	56.6	49.7	37.9	47.4	50.8	49.7	41.6		
- Commercial Activity	55.7	52.2	45.7	44.5	47.5	51.1	45.1	49.5		
- New Orders	49.4	48.0	40.4	40.6	40.7	49.5	49.6	44.2		
- Business Expectations	57.7	52.7	49.1	48.5	49.2	52.8	58.0	50.9		
Commencements: 12mth Total	32,456	30,233	29,343	28,450	28,409	27,417	26,608	26,898		
- 3 Month Avg YoY %	20.2	-26.0	-43.5	-35.6	-21.6	-22.1	-23.0	-19.0	Commencements were down 13.2% YTD vs. 2021 levels in Nov. 12 mth rolling total below 27k recently	
<b>HOUSING MARKET ACTIVITY</b>										
BPFI Mortgage Approvals : Month	3,299	3,841	3,947	3,514	3,680	3,633	3,439	#N/A		
- 3 Month Avg YoY %	-1.9	-1.6	-3.7	-6.8	-7.6	-8.2	-5.4	#N/A	Mortgage approvals continue to trend slightly lower, down 5.4% YoY in the 3mths to Oct	
- 12 Mth Total	43,039	43,066	42,846	42,216	42,147	41,875	41,597	#N/A		
RPPR Transactions : Month	4,533	4,713	5,402	5,534	5,034	5,677	5,357	4,888	Transactions have been relatively steady since mid-year. 12 month running total just above 59k in Nov	
- 3 Month Avg YoY %	1.3	3.5	11.9	11.5	9.4	6.7	3.0	-1.2		
- 12 Mth Total	57,869	58,400	59,112	59,479	59,775	60,127	59,948	59,576		
<b>HOUSING MARKET PRICES</b>										
CSO Price Index - MoM	0.4	0.8	1.1	1.0	1.0	0.6	0.4	#N/A	House prices rose by 0.4% in Oct. However, the YoY rate decelerated further to 9.8%	
- YoY %	14.5	14.4	13.9	13.2	11.8	10.7	9.8	#N/A		
Daft Asking Prices: MoM %	0.5	1.0	0.2	-0.3	-0.4	0.8	#N/A	#N/A	Asking prices rose by just 0.1% in Q3, but they were up 7.7% YoY	
- YoY %	9.3	9.6	8.8	8.0	7.2	7.9	#N/A	#N/A		
<b>RENTS:</b> CSO Private Rents - MoM%	1.3	1.6	0.8	1.1	1.4	0.7	0.4	0.5	CSO rental index rose by 0.5% in Nov. The YoY rate decelerated slightly to 11%, and is down from a peak of 12.9% in July	
- YoY %	9.3	11.2	11.9	12.9	12.7	11.6	11.1	11.0		
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB										
- Mortgage as % of Disposable Income	19.8	20.1	20.5	20.8	21.2	21.4	#N/A	#N/A	Affordability deteriorated further in Q3 as house price growth outpaced wage growth	

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22
<b>CONSUMER PRICES - YoY %</b>	7.0	7.8	9.1	9.1	8.7	8.2	9.2	8.9
- MoM %	0.9	0.9	1.3	0.4	0.2	0.0	1.6	0.3
HICP - YoY %	7.3	8.3	9.6	9.6	9.0	8.6	9.4	9.0
- MoM %	0.9	1.1	1.3	0.4	0.2	0.0	1.5	0.2

Consumer prices rose by 0.3% in Nov, led by increases in clothing and food in the month. However, the YoY rate eased to 8.9%. Higher energy & food prices the main factors impacting inflation in YoY terms

## PERSONAL / FINANCIAL

ILCU Consumer Sentiment Index	57.7	55.2	57.7	53.7	53.4	42.1	46.1	45.3
Credit Growth YoY %								
- Private Sector (Underlying)	1.7	2.0	4.5	3.3	3.4	2.6	2.9	#N/A
- of which : Household	0.2	0.3	-0.1	-0.4	-0.7	-0.8	-1.0	#N/A
- of which : Mortgage Lending	0.9	0.9	0.6	0.2	-0.1	-0.4	-0.6	#N/A

Consumer sentiment was at a very low level in Nov, near the 14-year low registered in Sept

Securities financing the main driver of the increase in private sector credit. Household debt levels continue to edge lower

## LABOUR MARKET

Live Register	178,500	177,800	185,400	183,800	186,100	184,000	183,800	184,700
- Change In Month	-2,500	-700	+7,600	-1,600	+2,300	-2,100	-200	+900
Unemployment Rate %	4.6	4.2	4.2	4.3	4.4	4.4	4.5	4.4
PMI Employment Indices								
- AIB Manufacturing	58.6	59.3	55.7	52.9	52.4	53.8	52.9	49.7
- AIB Services	57.6	58.5	56.4	57.5	56.5	56.3	56.6	55.3
- BNP Paribas Construction	52.5	54.9	50.1	49.8	50.6	51.1	50.9	49.9

The unemployment rate has been comfortably below its pre-pandemic level of 4.8% since April. Jobless rate at 4.4% in Nov

The employment measure of the services PMI fell in Nov, but remained comfortably above 50. In contrast, the manu. and construction sector readings edged into contraction territory

## MERCHANDISE TRADE

Export Values - 3M / 3M %	15.9	13.4	0.4	-4.2	-3.0	4.5	13.4	#N/A
- 3MMA YoY %	35.7	36.8	30.1	21.5	26.2	31.0	32.0	#N/A
Import Values - 3M / 3M %	11.9	13.9	13.1	9.4	5.7	7.0	7.8	#N/A
- 3MMA YoY %	34.5	39.2	38.8	38.9	41.7	51.3	51.4	#N/A

Goods trade surplus widened to €5.7bn in Oct. Exports fell by 2.9% in the month, but they remain up 29% YTD, led by continuing robust increases in chemicals & pharmaceuticals exports. Imports were 42% higher YTD in Oct

## PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	31.1	26.9	25.0	23.4	26.3	26.2	25.5	24.5
Voted Spending : Cum YTD %	-5.9	-3.1	-3.8	-4.4	-3.9	-2.6	-1.6	0.9
Exchequer Bal: 12 Mth Total €m	-833	32	2,116	3,364	5,600	6,751	7,350	6,196

Tax take up 24.5% YTD in Nov. Net voted spending up 0.9% YTD. 12 mth rolling Exchequer surplus falls to €6.2bn as €2bn transferred to NRF. Overall another strong performance

## QUARTERLY DATA

	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22
<b>GDP - YoY %</b>	3.9	11.4	19.5	10.4	13.8	11.8	12.4	10.9
*Domestic Demand - YoY %	-4.8	-5.1	14.7	3.9	10.4	13.3	10.6	5.9
Consumer Spending - YoY %	-10.0	-13.0	17.1	6.5	9.4	15.2	5.7	2.2
Services Exports - YoY % (3Q Avg)	5.6	8.0	14.5	14.3	13.6	12.5	8.6	10.3

\* Excludes Some Investment Related to the Multinational Sector

Irish GDP grew by 10.9% YoY in Q3, led by a significant rise in investment, and a modest rise in consumption vs. Q3 2021.

Domestic Demand up by 5.9% YoY in Q3, and by 10.1% for the first nine months of the year

## EMPLOYMENT & EARNINGS

Employment YoY %	-3.4	-5.0	9.9	9.8	10.1	12.3	8.8	3.4
Labour Force YoY %	-2.0	-2.5	12.1	7.9	8.9	9.6	5.6	2.0
Average Earnings YoY %								
- Hourly	5.5	8.4	2.7	3.7	2.8	2.2	2.5	3.5
- Weekly	7.7	7.5	4.1	5.4	1.9	2.9	2.5	3.2
Weekly Earnings YoY %								
- Private Sector	9.1	7.7	5.0	5.8	2.8	4.8	3.6	4.5
- Public Sector	3.0	4.9	2.2	5.3	0.2	-1.3	1.3	0.6

Employment rose by 3.4% YoY in Q3, leaving it 8.4% above pre-pandemic levels. Labour force growth of 2% YoY was recorded in Q3 also

Weekly average earnings rose by 3.2% YoY in Q3. Stronger growth in the private sector than in the public sector, most notably in the ICT and hospitality sectors

## CSO DWELLING COMPLETIONS

	7338	3966	4985	4643	6966	5645	7618	7544
- YoY %	1087.4	-19.9	53.6	-8.1	-5.1	42.3	52.8	62.5
- Cum 12 Mth Total	20585	19601	21340	20932	20560	22239	24872	27773

YTD new dwelling completions to end Q3 (20,807) greater than the full year total for 2021 (20,560). 12 mth total above 27k



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