

Irish Economy Watch

AIB Treasury Economic Research Unit



19 February 2019

	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19		
MANUFACTURING										
AIB Manufacturing PMI	56.6	56.3	57.5	56.3	54.9	55.4	54.5	52.6	<p>January reading of the manufacturing PMI showed a further loss of momentum in the sector. Weaker global growth and Brexit uncertainty are weighing on activity</p> <p>Industrial output (ex-modern) posted another strong rise in the final quarter of last year</p>	
OECD Leading Indicator	99.3	99.0	98.8	98.6	98.5	98.6	98.6	#N/A		
Industrial Production (Ex-Modern)	108.8	108.1	111.6	108.9	116.6	113.4	108.2	#N/A		
Production (Ex-Modern) : 3mma YoY%	4.0	6.9	8.8	8.6	10.5	9.9	8.3	#N/A		
3mth / 3mth % seas. adj.	3.8	5.7	4.7	2.7	3.3	3.2	2.9	#N/A		
SERVICES / RETAIL										
AIB Services PMI	59.5	57.4	58.0	58.7	57.2	57.1	56.3	54.2	<p>Service PMI dropped to its lowest level since May 2013 in January, as new orders growth slowed. However, the index remains consistent with a solid rate of expansion of the sector</p> <p>Volatile CSO services index slipped again in December, leaving YoY growth rate at 6.6%</p> <p>Total car sales down 10% YoY in January, as second hand imports failed to offset the 12.7% fall in new car sales</p> <p>Core retail sales growth has slowed somewhat recently. Sales up 0.8% in the final quarter of the year</p>	
CSO Services Index (Value)	115.3	115.2	115.7	125.4	124.4	123.6	118.2	#N/A		
- YoY %	8.1	5.6	5.4	14.6	13.6	11.8	6.6	#N/A		
- 3mth / 3mth % seas. adj.	4.3	2.6	0.8	2.1	5.3	7.9	2.8	#N/A		
SIMI Car Registrations	1,248	26,888	5,898	3,183	1,732	643	142	32,331		
- 12 mth cum total	127,266	126,441	126,609	125,895	125,683	125,574	125,557	120,865	<p>Growth in registrations (measure of developer activity) picking up again—at 23.1% YoY in October</p> <p>12 month cumulative total of commencements remains on a steady upward trend (now above 21k). Although, they are still at a low level</p>	
- 3 mma YoY %	0.9	-2.6	-2.3	-3.7	-6.6	-15.5	-11.2	-12.5		
Retail Sales Index	117.7	117.5	116.6	118.6	118.8	118.3	117.8	#N/A		
- YoY %	6.3	5.3	2.7	6.4	6.3	3.3	3.7	#N/A		
- 3mth / 3mth % seas. adj.	3.0	3.5	2.7	1.1	0.7	1.1	0.6	#N/A		
Ex Autos Index	114.9	114.4	115.2	117.0	115.8	116.4	117.3	#N/A	<p>Construction PMI moved down to 54.6 in January. Activity has eased in the sector from its summer highs</p> <p>Growth in registrations (measure of developer activity) picking up again—at 23.1% YoY in October</p> <p>12 month cumulative total of commencements remains on a steady upward trend (now above 21k). Although, they are still at a low level</p>	
- YoY %	4.5	2.9	3.8	6.1	4.2	1.8	5.1	#N/A		
- 3mth / 3mth % seas. adj.	1.7	1.9	1.4	1.0	1.1	1.4	0.8	#N/A		
CONSTRUCTION PMI: Ulster Bank										
- Housing Activity	58.4	60.7	58.3	56.2	52.9	55.5	56.3	54.6		
- Commercial Activity	60.4	63.9	60.4	56.1	53.6	58.2	56.0	55.7	<p>Mortgage approvals have stagnated—reflecting both tighter Central Bank lending rules and affordability issues</p> <p>Transactions showing flat trend overall. 12 month total holding steady in the 56-57k range</p> <p>CSO house price growth continues to decelerate—at 6.5% in year to December. YoY ex-Dublin price inflation (9.6%) outpacing the capital (3.8%)</p> <p>CSO rent inflation still in a 6-7% range. Rents now 26.6% above their previous peak</p> <p>The moderation of house price inflation has seen the affordability index hold constant in recent months</p>	
- New Orders	62.0	60.9	57.7	58.1	53.9	57.5	58.5	55.4		
- Business Expectations	62.2	58.8	56.2	57.3	56.4	59.1	56.2	57.1		
- 3mth / 3mth % seas. adj.	75.7	76.7	77.7	75.0	71.6	68.1	70.2	71.5		
RESIDENTIAL CONSTRUCTION ACTIVITY										
Housing Registrations: 12Mth Total	9,036	9,269	9,263	9,593	9,824	#N/A	#N/A	#N/A	<p>Mortgage approvals have stagnated—reflecting both tighter Central Bank lending rules and affordability issues</p> <p>Transactions showing flat trend overall. 12 month total holding steady in the 56-57k range</p> <p>CSO house price growth continues to decelerate—at 6.5% in year to December. YoY ex-Dublin price inflation (9.6%) outpacing the capital (3.8%)</p> <p>CSO rent inflation still in a 6-7% range. Rents now 26.6% above their previous peak</p> <p>The moderation of house price inflation has seen the affordability index hold constant in recent months</p>	
- 3 Month Avg YoY %	-7.8	-3.9	-6.8	22.9	23.1	#N/A	#N/A	#N/A		
Commencements: 12mth Total	18,805	19,451	20,371	20,460	21,211	#N/A	#N/A	#N/A		
- 3 Month Avg YoY %	13.3	20.9	44.2	40.8	40.3	#N/A	#N/A	#N/A		
HOUSING MARKET ACTIVITY										
BPMI Mortgage Approvals : Month	3,512	3,404	3,324	3,013	3,430	3,208	2,292	#N/A	<p>Mortgage approvals have stagnated—reflecting both tighter Central Bank lending rules and affordability issues</p> <p>Transactions showing flat trend overall. 12 month total holding steady in the 56-57k range</p> <p>CSO house price growth continues to decelerate—at 6.5% in year to December. YoY ex-Dublin price inflation (9.6%) outpacing the capital (3.8%)</p> <p>CSO rent inflation still in a 6-7% range. Rents now 26.6% above their previous peak</p> <p>The moderation of house price inflation has seen the affordability index hold constant in recent months</p>	
- 3 Month Avg YoY %	0.8	-0.9	-2.3	-1.4	0.8	1.1	1.8	#N/A		
- 12 Mth Total	36,628	36,617	36,561	36,493	36,699	36,664	36,655	#N/A		
RPPR Transactions : Month	4,596	5,193	4,889	4,518	5,376	5,505	6,249	#N/A		
- 3 Month Avg YoY %	4.7	5.2	3.1	1.5	1.5	2.7	3.2	#N/A		
- 12 Mth Total	55,769	56,103	56,284	55,980	56,325	56,692	56,514	#N/A		
HOUSING MARKET PRICES										
CSO Price Index - MoM	1.0	0.7	0.6	0.9	0.2	-0.3	-0.1	#N/A	<p>Mortgage approvals have stagnated—reflecting both tighter Central Bank lending rules and affordability issues</p> <p>Transactions showing flat trend overall. 12 month total holding steady in the 56-57k range</p> <p>CSO house price growth continues to decelerate—at 6.5% in year to December. YoY ex-Dublin price inflation (9.6%) outpacing the capital (3.8%)</p> <p>CSO rent inflation still in a 6-7% range. Rents now 26.6% above their previous peak</p> <p>The moderation of house price inflation has seen the affordability index hold constant in recent months</p>	
- YoY %	11.7	10.0	8.9	8.5	8.3	7.2	6.5	#N/A		
Daft Asking Prices: MoM %	0.1	1.4	-1.1	1.1	-0.5	-2.3	1.8	#N/A		
- YoY %	6.2	7.1	5.4	7.4	6.2	5.7	4.5	#N/A		
RENTS: CSO Private Rents - MoM%										
- YoY %	0.0	0.3	1.0	0.5	0.8	0.5	0.2	0.4	<p>Mortgage approvals have stagnated—reflecting both tighter Central Bank lending rules and affordability issues</p> <p>Transactions showing flat trend overall. 12 month total holding steady in the 56-57k range</p> <p>CSO house price growth continues to decelerate—at 6.5% in year to December. YoY ex-Dublin price inflation (9.6%) outpacing the capital (3.8%)</p> <p>CSO rent inflation still in a 6-7% range. Rents now 26.6% above their previous peak</p> <p>The moderation of house price inflation has seen the affordability index hold constant in recent months</p>	
- YoY %	6.1	6.0	6.2	6.1	6.5	7.0	6.4	6.6		
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB										
- Mortgage as % of Disposable Income	18.1	18.3	18.4	18.6	18.7	18.6	18.6	#N/A		

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CONSUMER PRICES - YoY %	0.4	0.8	0.7	0.9	0.9	0.6	0.7	0.7	CPI inflation held at just 0.7% in January despite the budget hike in the VAT rate. Similarly, HICP remained at the 0.8% level for a third consecutive month. Price pressures remain contained by a lack of goods price inflation
- MoM %	0.1	0.4	0.3	-0.4	-0.1	-0.5	0.0	-0.7	
HICP - YoY %	0.7	1.0	0.9	1.2	1.1	0.8	0.8	0.8	Consumer confidence improved in Jan. Although, index remains below the 2018 average of 102.5
- MoM %	0.1	0.4	0.3	-0.3	-0.2	-0.4	-0.1	-0.7	
PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	102.1	107.6	102.4	96.4	93.5	96.5	96.5	98.8	Private sector credit outstanding fell by 2.7% YoY in Dec. Rate of household credit contraction slowed to 0.8%
Credit Growth YoY %									
- Private Sector (Underlying)	-0.1	0.6	0.8	0.7	-0.7	-1.6	-2.7	#N/A	
- of which : Household	-1.4	-1.4	-1.4	-1.4	-1.2	-1.1	-0.8	#N/A	
- of which : Mortgage Lending	-1.6	-1.5	-1.5	-1.4	-1.4	-1.2	-1.1	#N/A	
LABOUR MARKET									
Live Register	220,300	218,000	214,200	211,200	208,900	206,000	203,500	200,300	Live Register continued to decline in January—down 38k in the last 12 months, leaving it at its lowest level since April 2008. Despite this, the jobless rate held at 5.7% for the sixth straight month
- Change In Month	-4,200	-2,300	-3,800	-3,000	-2,300	-2,900	-2,500	-3,200	
Unemployment Rate %	5.8	5.8	5.7	5.7	5.7	5.7	5.7	5.7	The PMI employment sub-indices for each of the three key economic sectors declined in January. Suggests the pace of new jobs creation may have slowed, while remaining solid
Redundancies	178	321	174	228	362	269	340	#N/A	
-12 Mth Total	2,743	2,812	2,649	2,628	2,699	2,680	2,845	#N/A	
PMI Employment Indices									
- Investec Manufacturing	53.9	53.3	53.4	56.7	54.4	53.2	52.7	52.4	
- Investec Services	57.5	57.9	58.0	58.2	58.3	57.4	57.4	56.3	
- Ulster Bank Construction	61.2	59.6	55.4	54.3	56.1	54.8	55.5	54.6	
MERCHANDISE TRADE									
Export Values - 3M / 3M %	2.0	8.6	5.1	0.7	-0.6	2.5	7.5	#N/A	YoY growth in value of goods exported at 22.4% in Dec. Increase driven by a rise in chemical and transport exports
- 3MMA YoY %	14.5	17.3	20.0	17.5	19.4	19.6	22.4	#N/A	
Import Values - 3M / 3M %	5.2	11.8	20.1	13.8	6.8	0.9	0.2	#N/A	Imports up 21.5% as demand for fuels, machinery and transport goods rises
- 3MMA YoY %	1.6	14.4	23.9	29.0	23.7	22.3	21.5	#N/A	
PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	6.5	6.7	6.4	6.6	8.1	8.8	9.5	7.0	Tax receipts up 7.0% YoY in Jan, but increase was mostly offset by higher government spending. Thus, little change in the budget balance
Voted Spending : Cum YTD %	8.5	8.2	8.3	8.9	9.2	11.0	9.0	6.5	
Exchequer Bal: 12 Mth Total €m	-1,400	-1,735	-1,728	-1,907	-1,112	-769	106	220	
QUARTERLY DATA									
	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q3-19	Irish GDP slowed to 4.9% YoY in Q3'18, reflecting base effects from 2017. Data distorted by activity of multi-nationals
GDP - YoY %	2.9	6.2	13.2	6.5	9.0	8.7	4.9	#N/A	
*Domestic Demand - YoY% (3Q Avg)	4.9	3.7	2.3	3.7	4.7	5.6	5.1	#N/A	Modified final domestic demand, which excludes some multi-national activity, +5.1% YoY in three quarters to Q3'18
Consumer Spending - YoY %	-0.3	1.0	3.1	2.8	2.6	3.8	2.9	#N/A	
Services Exports - YoY % (3Q Avg)	16.3	17.9	17.0	15.0	8.9	5.7	4.3	#N/A	
<i>* Excludes Some Investment Related to the Multinational Sector</i>									
EMPLOYMENT & EARNINGS									
Employment YoY %	3.7	2.6	2.3	3.1	2.9	3.4	3.0	2.3	Employment growth moderated in Q4, leaving the average 2018 growth rate at 2.9%. Strong construction jobs growth of 11.6% in 2018 encouraging
Labour Force YoY %	1.8	0.1	0.5	1.9	1.4	2.5	2.0	1.5	
Average Earnings YoY %									Weekly earnings growth moderated slightly to +3.2% YoY in Q3. Growth relatively broad based, although gains were more substantial in the private than in the public sector
- Hourly	0.6	1.4	2.8	1.9	3.1	3.0	2.1	#N/A	
- Weekly	1.5	2.0	2.1	2.0	2.7	3.4	3.2	#N/A	
Weekly Earnings YoY %									
- Private Sector	1.6	1.5	1.7	1.5	2.1	3.7	3.6	#N/A	
- Public Sector	1.8	3.4	2.7	2.9	4.0	2.8	1.9	#N/A	
CSO DWELLING COMPLETIONS									
	2775	3295	3786	4579	3490	4404	4671	5522	CSO data show completions up 25% (to 18k) in 2018. However, supply continues to trail demand (estimated at 35k)
- YoY %	41.3	37.6	50.9	50.6	25.8	34.5	23.3	20.9	
- Cum 12 Mth Total	10718	11619	12896	14435	15150	16233	17117	18072	



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