

Irish Economy Watch

AIB Treasury Economic Research Unit



Friday 26 February 2021

	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	
MANUFACTURING									
AIB Manufacturing PMI	51.0	57.3	52.3	50.0	50.3	52.2	57.2	51.8	Manufacturing PMI fell to 51.8 in January. Covid restrictions and post-Brexit regulations were sighted as headwinds. However, firms more optimistic on outlook
OECD Leading Indicator	97.3	99.0	99.4	99.7	100.1	100.3	100.6	100.9	
Industrial Production (Ex-Modern)	93.5	110.6	108.6	108.5	110.7	108.4	113.7	#N/A	Traditional industrial production moved above its pre-Covid level in December. 3m\3m up 1.6%, but 3mma down 0.3% YoY
Production (Ex-Modern) : 3mma YoY%	-21.2	-14.2	-5.4	-1.2	-1.6	-2.9	-0.3	#N/A	
3mth / 3mth % seas. adj.	-23.0	-6.9	11.3	24.7	14.4	4.8	1.6	#N/A	
SERVICES / RETAIL									
AIB Services PMI	39.7	51.9	52.4	45.8	48.3	45.4	50.1	36.2	Services PMI fell sharply to 36.2 in January as the sector went back into lockdown. However, the index remained well above last spring's lows. Employment relatively stable and firms outlook remained upbeat
CSO Services Index (Value)	114.8	114.2	115.0	120.7	115.2	111.8	121.4	#N/A	
- YoY %	-10.0	-10.9	-9.1	-4.2	-7.3	-10.4	-0.3	#N/A	
- 3mth / 3mth % seas. adj.	-16.6	-5.5	5.9	11.5	6.3	1.1	-0.4	#N/A	CSO Services Index rose to its highest level since March, up 8.6% m/m in December
SIMI Car Registrations	1,006	21,171	4,808	5,651	2,296	913	601	25,152	
- 12 mth cum total	89,226	85,716	85,437	87,673	87,792	87,947	88,324	82,826	New car sales down 17.9% YoY in January following a very tough year for the sector in 2020. 3mma down 15.7% YoY
- 3 mma YoY %	-81.4	-26.2	-13.4	-4.7	19.4	39.5	20.6	-15.7	
Retail Sales Index	125.6	127.1	129.0	131.6	130.6	114.7	131.1	#N/A	Retail sales rebounded strongly in December, up 8.2% YoY. Core retail sales up 7.6% YoY
- YoY %	5.0	9.0	8.6	10.7	7.7	-4.3	8.2	#N/A	
- 3mth / 3mth % seas. adj.	-17.8	17.9	46.9	37.8	14.6	-1.3	-2.9	#N/A	
Ex Autos Index	123.2	126.8	128.2	130.6	130.8	115.9	130.7	#N/A	Construction PMI collapsed in January as most of the sector is closed due to Covid restrictions. However, business expectations remain elevated (59.9) reflecting firms optimism in the outlook
- YoY %	3.5	5.7	6.8	9.1	9.4	-2.9	7.6	#N/A	
- 3mth / 3mth % seas. adj.	-12.0	7.2	21.5	21.9	10.5	-0.2	-2.1	#N/A	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Construction PMI: Ulster Bank	51.9	53.2	44.0	47.0	48.6	53.5	52.3	21.2	Commencements held up well in Q4, down just 1.4% YoY. Although, full year 2020 total of less than 22k, down 17% on 2019 total of over 26K
- Housing Activity	55.8	57.8	44.7	44.1	50.3	53.0	56.2	19.0	
- Commercial Activity	50.9	50.2	41.6	49.2	46.7	50.0	49.7	24.2	Approvals continue to soar in December, up 35.7% YoY. However, total approvals in 2020 14% below 2019 level.
- New Orders	46.0	53.8	46.5	48.8	51.8	57.3	55.6	29.4	
- Business Expectations	54.6	55.9	53.5	48.7	51.9	60.5	62.5	59.9	
Commencements: 12mth Total	23,929	23,379	22,066	21,774	20,823	21,830	21,686	#NA	Transactions picked up pace in Q4, up 4.5% YoY. Although, national lockdown sees activity fall sharply in January, down 18.1% YoY
- 3 Month Avg YoY %	-45.7	-37.7	-36.8	-28.4	-29.7	-3.3	-1.4	#NA	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	1,688	2,713	3,337	3,927	4,419	4,372	3,247	#N/A	House prices rose by 0.9% in December, up 2.2% YoY. Ex-Dublin prices increased by 3.1% YoY, while house prices in the capital rose by 1.2% annually
- 3 Month Avg YoY %	-66.1	-51.8	-32.7	-8.4	12.8	25.4	27.5	#N/A	
- 12 Mth Total	32,480	30,966	30,722	31,561	32,288	33,302	34,156	#N/A	Daft.ie asking prices up 1% in December and 7.4% YoY as supply for sale at very low levels throughout 2020
RPPR Transactions : Month	3,062	3,654	2,950	4,252	5,528	5,325	7,297	2,896	
- 3 Month Avg YoY %	-40.0	-36.9	-34.9	-30.3	-18.3	-4.2	4.5	0.9	
- 12 Mth Total	52,811	50,961	48,891	48,089	48,103	48,227	48,875	48,235	CSO rental index rose 0.3% in January. YoY rate at -2.5%
HOUSING MARKET PRICES									
CSO Price Index - MoM	0.1	0.2	0.1	0.2	0.4	0.5	0.9	#N/A	CSO rental index rose 0.3% in January. YoY rate at -2.5%
- YoY %	0.0	-0.7	-0.9	-0.8	-0.5	0.2	2.2	#N/A	
Daft Asking Prices: MoM %	-0.5	2.5	1.9	0.3	0.8	0.4	1.0	#N/A	CSO rental index rose 0.3% in January. YoY rate at -2.5%
- YoY %	-3.3	0.3	2.7	5.3	6.1	8.9	7.4	#N/A	
RENTS: CSO Private Rents - MoM%									
- YoY %	-0.3	0.2	0.2	0.4	-0.5	0.0	0.4	0.3	CSO rental index rose 0.3% in January. YoY rate at -2.5%
- YoY %	-1.2	-1.4	-1.8	-2.6	-3.2	-3.2	-2.9	-2.5	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	18.1	18.2	18.3	18.3	#N/A	#N/A	#N/A	#N/A	

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CONSUMER PRICES - YoY %	-0.4	-0.4	-1.0	-1.2	-1.5	-1.1	-1.0	-0.2	Annual CPI inflation rate jumps sharply in January to -0.2% from -1.0% in December. HICP annual rate at -0.1%, up from -1.0%. Sharp acceleration reflects rebounding energy prices and much more muted winter sales	
- MoM %	0.3	-0.2	-0.1	-0.4	-0.6	0.3	0.3	0.1		
HICP - YoY %	-0.6	-0.6	-1.1	-1.2	-1.5	-1.0	-1.0	-0.1		
- MoM %	0.4	-0.2	-0.1	-0.4	-0.5	0.3	0.2	0.2		
PERSONAL / FINANCIAL										
KBC/ESRI Consumer Confidence	61.6	62.6	58.9	60.7	52.6	65.5	74.6	64.9	Consumer sentiment index fell in January, but remained well above its spring lows	
Credit Growth YoY %										
- Private Sector (Underlying)	-2.2	-2.2	-1.8	-2.6	-3.4	-2.8	-2.6	#N/A	Household credit declined by 1.5% YoY in December. Mortgage lending down by 1.0% YoY also	
- of which : Household	-0.9	-1.3	-1.3	-1.5	-1.4	-1.5	-1.5	#N/A		
- of which : Mortgage Lending	-0.6	-0.7	-0.8	-1.0	-0.9	-1.0	-1.0	#N/A		
LABOUR MARKET										
Live Register	213,800	226,000	213,800	214,500	210,300	203,400	194,700	190,500	Official unemployment rate unchanged at 5.8% in January. Covid adjusted rate up to 25%, its highest level since May 2020	
- Change In Month	-14,300	+12,200	-12,200	+700	-4,200	-6,900	-8,700	-4,200		
Unemployment Rate %	5.3	6.2	6.6	6.8	6.2	6.0	5.8	5.8	Employment subcomponent of manufacturing & services PMIs remained relatively unchanged in January. However, the construction employment sub-index fell to its lowest level since May, as many sites closed	
PMI Employment Indices										
- AIB Manufacturing	46.1	50.8	47.5	49.1	50.8	51.2	53.0	50.8		
- AIB Services	40.1	46.1	47.3	47.0	47.4	49.0	51.1	49.8		
- Ulster Bank Construction	43.3	47.5	48.3	48.9	51.6	52.4	54.3	34.6		
MERCHANDISE TRADE										
Export Values - 3M / 3M %	-12.4	-3.0	-0.9	10.6	3.2	-0.6	-4.6	#N/A	Preliminary data shows that goods exports exceeded €160bn in 2020, up 5.4% YoY. This was largely due to a 25% increase in pharma exports. Goods imports (excluding aircraft) rose by 4.7%, while petroleum imports fell by 40%	
- 3MMA YoY %	-1.8	2.3	8.3	7.8	1.6	2.8	-0.5	#N/A		
Import Values - 3M / 3M %	-15.8	2.1	12.8	13.1	-5.0	2.2	6.8	#N/A		
- 3MMA YoY %	-16.7	-7.5	-6.1	-7.3	-12.0	-3.4	-0.3	#N/A		
PUBLIC FINANCES										
Total Tax Receipts: Cum YTD %	0.7	-2.5	-2.3	-3.0	-5.3	-6.9	-3.6	-8.8	Exchequer surplus of €1.2bn recorded in January, circa €0.4bn below January 2020 figure. 12 Mth cumulative balance -€12.7bn. Gross voted expenditure up 11.1% YoY	
Voted Spending : Cum YTD %	27.3	29.5	28.0	24.9	24.6	23.7	25.3	2.4		
Exchequer Bal: 12 Mth Total €m	-4,944	-7,654	-8,180	-8,764	-9,337	-11,627	-12,316	-12,741		
QUARTERLY DATA										
		Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Irish GDP rebounded by 11.1% in Q3. YoY rate up 8.1%
GDP - YoY %		4.4	5.6	6.3	5.9	6.0	-3.2	8.1	#N/A	
*Domestic Demand - YoY%		3.8	2.0	4.5	2.9	-1.2	-15.7	-2.4	#N/A	
Consumer Spending - YoY %		3.4	3.6	3.0	2.7	-2.6	-21.6	-5.7	#N/A	
Services Exports - YoY % (3Q Avg)		12.5	13.2	13.4	13.6	10.1	3.3	-2.4	#N/A	Modified final domestic demand also rebounded strongly, up 18.7% in Q3, driven by domestic capital formation (+34.4%) and personal consumption (+21.3%)
* Excludes Some Investment Related to the Multinational Sector										
EMPLOYMENT & EARNINGS										
Employment YoY %		3.7	2.0	2.4	3.5	2.2	-3.4	-1.4	-2.3	Employment declined by 2.3% YoY in Q4. However, this understates labour market weakness, as many jobs rely on government supports
Labour Force YoY %		2.7	1.3	1.6	2.6	2.1	-3.7	0.6	-1.1	
Average Earnings YoY %										Weekly earnings growth at +3.7% YoY in Q3. However, the changing composition of the work force is distorting the data, with job losses concentrated amongst lower paid workers
- Hourly		2.8	3.3	4.0	3.9	3.0	7.2	3.9	#N/A	
- Weekly		3.6	3.6	3.6	3.8	3.7	6.0	3.7	#N/A	
Weekly Earnings YoY %										
- Private Sector		4.5	4.0	4.0	4.0	4.0	6.0	3.9	#N/A	
- Public Sector		0.8	1.9	1.3	3.1	3.1	2.9	2.3	#N/A	
CSO DWELLING COMPLETIONS										
- YoY %		4249	4801	5650	6387	4966	3237	5073	7400	Completions up 15.9% YoY in Q4. Hold up much better than expected, with 2020 total above 20k, down just 1.9% YoY
- Cum 12 Mth Total		18708	19113	20131	21087	21804	20240	19663	20676	
		22.8	9.2	22.0	17.6	16.9	-32.6	-10.2	15.9	



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