

Irish Economy Watch

AIB Treasury Economic Research Unit



16 January 2019

	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	
MANUFACTURING									
Investec Manufacturing PMI	55.4	56.6	56.3	57.5	56.3	54.9	55.4	54.5	Manufacturing PMI dipped to a 9-month low of 54.5 in December, led by a sharp fall in the new orders sub-index. The OECD indicator continues to dis-improve
OECD Leading Indicator	99.5	99.2	98.9	98.6	98.3	97.9	#N/A	#N/A	
Industrial Production (Ex-Modern)	109.4	109.0	108.6	112.1	108.7	116.3	113.6	#N/A	Industrial output index (ex-modern) fell back in November, while remaining at a high level
Production (Ex-Modern) : 3mma YoY%	-4.3	3.9	6.9	8.8	8.6	10.5	9.6	#N/A	
3mth / 3mth % seas. adj.	1.3	3.8	5.8	5.0	2.8	3.1	2.7	#N/A	
SERVICES / RETAIL									
Investec Services PMI	59.3	59.5	57.4	58.0	58.7	57.2	57.1	56.3	The services PMI continued its downward trend in December. The index fell back to 56.3, a 13-month low, although it remains consistent with good growth
CSO Services Index (Value)	117.0	116.0	116.4	116.1	122.7	123.7	122.8	#N/A	
- YoY %	8.5	8.0	6.0	5.6	13.1	13.6	10.8	#N/A	Volatile services index slipped in November, with the pace of YoY growth easing to 10.8%
- 3mth / 3mth % seas. adj.	2.6	4.7	3.1	1.2	1.3	3.7	5.9	#N/A	
SIMI Car Registrations	6,055	1,248	26,888	5,898	3,183	1,732	643	142	New car sales down by 4.4% in 2018. However, the decline was more than offset by imports of used cars, primarily from the UK
- 12 mth cum total	127,419	127,266	126,441	126,609	125,895	125,683	125,574	125,557	
- 3 mma YoY %	-5.5	0.9	-2.6	-2.3	-3.7	-6.6	-15.5	-11.2	Core retail sales lost some momentum in October/November, rising by just 0.3% on Q3 levels. This sees the YoY growth rate decline to 1.9%
Retail Sales Index	116.6	117.7	117.7	116.9	118.8	119.3	119.1	#N/A	
- YoY %	4.3	6.3	5.3	2.8	6.4	6.4	3.6	#N/A	
- 3mth / 3mth % seas. adj.	0.7	3.3	3.7	2.9	1.2	0.9	1.4	#N/A	
Ex Autos Index	115.0	115.0	114.5	115.2	116.9	115.7	115.9	#N/A	
- YoY %	3.5	4.5	3.0	3.8	6.0	4.2	1.9	#N/A	
- 3mth / 3mth % seas. adj.	0.7	1.7	1.9	1.4	0.9	1.0	1.1	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	61.8	58.4	60.7	58.3	56.2	52.9	55.5	56.3	Construction PMI improved to 56.3 in December. However, the housing activity index dropped to an over 1-year low
- Commercial Activity	65.2	60.4	63.9	60.4	56.1	53.6	58.2	56.0	
- New Orders	65.6	62.0	60.9	57.7	58.1	53.9	57.5	58.5	Growth in registrations (measure of developer activity) picking up again—at 23.1% YoY in October
- Business Expectations	62.8	62.2	58.8	56.2	57.3	56.4	59.1	56.2	
	78.4	75.7	76.7	77.7	75.0	71.6	68.1	70.2	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	9,458	9,036	9,269	9,263	9,593	9,824	#N/A	#N/A	12mth cumulative total of commencements remains on a steady upward trend (now above 20k). Although, they are still at a low level
- 3 Month Avg YoY %	-2.6	-7.8	-3.9	-6.8	22.9	23.1	#N/A	#N/A	
Commencements: 12mth Total	18,453	18,805	19,451	20,371	20,460	21,211	#N/A	#N/A	
- 3 Month Avg YoY %	-1.7	13.3	20.9	44.2	40.8	40.3	#N/A	#N/A	
HOUSING MARKET ACTIVITY									
BPMI Mortgage Approvals : Month	3,595	3,512	3,404	3,324	3,013	3,430	3,208	#N/A	Mortgage approvals have stagnated—partly reflects tighter Central Bank lending rules and affordability issues
- 3 Month Avg YoY %	-1.9	0.8	-0.9	-2.3	-1.4	0.8	1.1	#N/A	
- 12 Mth Total	36,798	36,628	36,617	36,561	36,493	36,699	36,664	#N/A	Flat trend overall in transactions. 12 month total holding steady in the 55-56k range
RPPR Transactions : Month	4,621	4,583	5,174	4,855	4,473	5,147	4,828	#N/A	
- 3 Month Avg YoY %	4.5	4.1	4.7	2.6	0.8	-0.6	-2.4	#N/A	YoY growth in CSO house prices slowed to 7.1% in Nov, as the MoM rate turned negative for the first time in 23 months. Ex-Dublin inflation (9.3%) continues to outpace the capital (5.0%)
- 12 Mth Total	55,757	55,664	55,979	56,126	55,777	55,893	55,846	#N/A	
HOUSING MARKET PRICES									
CSO Price Index - MoM	0.7	1.0	0.7	0.6	0.9	0.3	-0.5	#N/A	CSO rent inflation still in a 6-7% range. Rents now 26.1% above their previous peak
- YoY %	12.4	11.9	10.0	8.9	8.5	8.4	7.1	#N/A	
Daft Asking Prices: MoM %	0.5	0.1	1.4	-1.1	1.1	-0.5	-2.3	1.8	Affordability improved slightly as housing price pressures eased in November
- YoY %	5.1	6.2	7.1	5.4	7.4	6.2	5.7	4.5	
RENTS: CSO Private Rents - MoM%	0.6	0.0	0.3	1.0	0.5	0.8	0.5	0.2	
- YoY %	7.0	6.1	6.0	6.2	6.1	6.5	7.0	6.4	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	17.9	18.1	18.3	18.4	18.6	18.7	18.6	#N/A	

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CONSUMER PRICES - YoY %	0.4	0.4	0.8	0.7	0.9	0.9	0.6	0.7	CPI inflation edged up to 0.7% in December—a still very subdued level. Goods inflation remains weak and price pressures have eased in the service sector. HICP held at just 0.8% in the month
- MoM %	0.6	0.1	0.4	0.3	-0.4	-0.1	-0.5	0.0	
HICP - YoY %	0.7	0.7	1.0	0.9	1.2	1.1	0.8	0.8	
- MoM %	0.6	0.1	0.4	0.3	-0.3	-0.2	-0.4	-0.1	
PERSONAL / FINANCIAL									Confidence index unchanged in December. Consumer sentiment has weakened since the summer
KBC/ESRI Consumer Confidence	106.7	102.1	107.6	102.4	96.4	93.5	96.5	96.5	
Credit Growth YoY %									
- Private Sector (Underlying)	0.2	-0.1	0.6	0.8	0.7	-0.7	-1.6	#N/A	
- of which : Household	-1.6	-1.4	-1.4	-1.4	-1.4	-1.2	-1.1	#N/A	
- of which : Mortgage Lending	-1.8	-1.6	-1.5	-1.5	-1.4	-1.4	-1.2	#N/A	Private sector credit outstanding dipped by 1.6% YoY in Nov. Rate of household credit contraction slowed to 1.1%
LABOUR MARKET									The unemployment rate held at 5.3% in December, a near 11-year low. The Live Register fell by 3,000, leaving it at its lowest level since April 2008
Live Register	224,700	220,100	217,700	211,000	212,100	210,200	207,000	204,000	
- Change In Month	-4,200	-4,600	-2,400	-6,700	+1,100	-1,900	-3,200	-3,000	
Unemployment Rate %	5.9	5.8	5.8	5.7	5.6	5.4	5.3	5.3	
Redundancies	315	178	321	174	228	362	#N/A	#N/A	
-12 Mth Total	2,795	2,743	2,812	2,649	2,628	2,699	#N/A	#N/A	The employment PMI sub-index for the key services sector averaged 57.7 in Q4, broadly in line with Q3's 58 reading. Mfg dipped to 53.4 (54.5).
PMI Employment Indices									Construction down at 55.5, from 56.4. Overall, PMIs still point to strong jobs growth
- Investec Manufacturing	53.3	53.9	53.3	53.4	56.7	54.4	53.2	52.7	
- Investec Services	56.4	57.5	57.9	58.0	58.2	58.3	57.4	57.4	
- Ulster Bank Construction	59.9	61.2	59.6	55.4	54.3	56.1	54.8	55.5	
MERCHANDISE TRADE									YoY growth in value of goods exported very strong at 18.8% in Nov. Improvement relates to an increase in chemical exports
Export Values - 3M / 3M %	-2.5	2.2	8.4	5.1	0.7	-0.5	1.8	#N/A	
- 3MMA YoY %	5.3	14.6	17.3	20.2	17.6	19.5	18.8	#N/A	
Import Values - 3M / 3M %	-6.6	4.8	12.3	20.6	14.2	6.8	-0.3	#N/A	
- 3MMA YoY %	-2.7	1.2	14.4	23.9	29.0	23.6	20.8	#N/A	
PUBLIC FINANCES									Tax receipts ran ahead of target in 2018; corporation tax take increased significantly. This helped the government run its first budget surplus since 2006
Total Tax Receipts: Cum YTD %	6.0	6.5	6.7	6.4	6.6	8.1	8.8	9.5	
Voted Spending : Cum YTD %	8.4	8.5	8.2	8.3	8.9	9.2	11.0	9.0	
Exchequer Bal: 12 Mth Total €m	1,501	-1,400	-1,735	-1,728	-1,907	-1,112	-769	106	
QUARTERLY DATA	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Irish GDP slowed to 4.9% YoY in Q3'18, reflecting base effects from 2017. Data distorted by activity of multi-nationals
GDP - YoY %	12.7	2.9	6.2	13.2	6.5	9.0	8.7	4.9	
*Domestic Demand - YoY% (3Q Avg)	5.8	4.9	3.7	2.3	3.7	4.7	5.6	5.1	
Consumer Spending - YoY %	3.1	-0.3	1.0	3.1	2.8	2.6	3.8	2.9	
Services Exports - YoY % (3Q Avg)	11.7	16.3	17.9	17.0	15.0	8.9	5.7	4.3	
* Excludes Some Investment Related to the Multinational Sector									
EMPLOYMENT & EARNINGS									YoY employment growth remained strong at 3.0% in Q3. Labour force growth at 2.0% YoY, aided by stronger inward migration
Employment YoY %	3.8	3.7	2.6	2.3	3.1	2.9	3.4	3.0	
Labour Force YoY %	1.7	1.8	0.1	0.5	1.9	1.4	2.5	2.0	
Average Earnings YoY %									
- Hourly	1.2	0.6	1.4	2.8	1.9	3.1	3.0	2.1	
- Weekly	0.9	1.5	2.0	2.1	2.0	2.7	3.4	3.2	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
Weekly Earnings YoY %									
- Private Sector	1.9	1.6	1.5	1.7	1.5	2.1	3.7	3.6	
- Public Sector	-0.8	1.8	3.4	2.7	2.9	4.0	2.8	1.9	
CSO DWELLING COMPLETIONS	3040	2775	3295	3786	4579	3490	4419	4673	CSO data show completions up 23.4% (to 17k) in year to Q3. However, supply continues to trail demand (estimated at 35k)
- YoY %	35.4	41.3	37.6	50.9	50.6	25.8	34.1	23.4	
- Cum 12 Mth Total	9907	10718	11619	12896	14435	15150	16274	17161	



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