

# Irish Economy Watch

AIB Treasury Economic Research Unit



Tuesday 24 January 2023

	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	
<b>MANUFACTURING</b>									
AIB Manufacturing PMI	56.4	53.1	51.8	51.1	51.5	51.4	48.7	48.7	The manu. PMI remained in contraction territory, and was unchanged at 48.7 in Dec. New orders fell for a seventh month running, with output declining for the sixth month in seven
OECD Leading Indicator	102.2	102.1	102.0	101.9	101.8	101.6	101.4	#N/A	
Industrial Production (Ex-Modern)	134.3	122.4	133.6	137.9	126.6	143.0	141.8	#N/A	Traditional industrial production rose by 4.4% in the 3 months to Nov. Up 12.7% YoY also
Production (Ex-Modern) : 3mma YoY%	11.9	6.9	11.7	13.9	15.5	16.4	12.7	#N/A	
3mth / 3mth % seas. adj.	1.4	-2.1	1.2	1.7	4.1	4.4	4.4	#N/A	
<b>SERVICES / RETAIL</b>									
AIB Services PMI	60.2	55.6	56.3	54.7	54.1	53.2	50.8	52.7	In Dec, the services PMI showed a modest pick-up in momentum, rising to 52.7. New business growth accelerated and firms outlook for the next 12 months improved. However, inflationary pressures remained elevated.
CSO Services Index (Value)	152.9	156.9	158.3	160.8	160.1	157.0	158.1	#N/A	
- YoY %	24.4	22.7	22.6	21.6	17.3	13.6	11.5	#N/A	
- 3mth / 3mth % seas. adj.	8.3	3.3	2.1	2.8	4.0	2.1	-0.2	#N/A	The CSO services index rose by 0.7% in Nov, and was up 11.5% YoY also
SIMI Car Registrations	5,285	2,153	21,845	8,127	6,315	2,613	982	209	
- 12 mth cum total	106,850	106,241	101,609	103,770	105,636	105,569	105,431	105,253	New car sales were just 0.3% above 2021 levels in 2022. They were well below their pre-Covid levels, down 10.1% vs. 2019
- 3 mma YoY %	-10.6	-22.0	-17.5	36.2	41.9	-2.5	-12.3	-46.0	
Retail Sales Index	125.8	124.3	123.3	126.8	124.6	125.5	123.8	#N/A	Retail sales fell by 1.4% in Nov. In contrast, core sales rose by 3.6%, but they were down 1.4% YoY
- YoY %	-3.2	-6.8	-7.0	-4.5	-5.5	-2.5	-4.2	#N/A	
- 3mth / 3mth % seas. adj.	1.6	2.4	-0.9	-1.1	-1.3	0.9	-0.1	#N/A	
Ex Autos Index	129.6	130.4	124.1	128.4	125.5	125.8	130.3	#N/A	Construction PMI fell to 43.2 in Dec, indicating activity in the sector contracted for the sixth time in seven months, and at a faster pace. The housing, commercial, and new orders components all deteriorated
- YoY %	3.3	-3.8	-4.0	-2.0	-6.1	-3.6	-1.4	#N/A	
- 3mth / 3mth % seas. adj.	0.9	1.8	-0.9	-1.5	-3.5	-1.1	-0.3	#N/A	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
BNP Paribas Construction PMI	51.5	46.4	41.8	46.9	50.2	47.4	46.8	43.2	Commencements were 12.3% lower in 2022 versus 2021. Full year total of 27k, just above the 26k units recorded in 2019
- Housing Activity	56.6	49.7	37.9	47.4	50.8	49.7	41.6	40.6	
- Commercial Activity	52.2	45.7	44.5	47.5	51.1	45.1	49.5	46.9	
- New Orders	48.0	40.4	40.6	40.7	49.5	49.6	44.2	43.5	
- Business Expectations	52.7	49.1	48.5	49.2	52.8	58.0	50.9	55.0	
Commencements: 12mth Total	30,233	29,343	28,450	28,409	27,417	26,608	26,898	26,957	
- 3 Month Avg YoY %	-26.0	-43.5	-35.6	-21.6	-22.1	-23.0	-19.0	-7.1	
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	3,841	3,947	3,514	3,680	3,633	3,439	3,786	#N/A	Mortgage approvals continue to trend slightly lower, with the 12 month running total below 41.5k
- 3 Month Avg YoY %	-1.6	-3.7	-6.8	-7.6	-8.2	-5.4	-6.2	#N/A	
- 12 Mth Total	43,066	42,846	42,216	42,147	41,875	41,597	41,426	#N/A	
RPPR Transactions : Month	4,722	5,406	5,538	5,053	5,695	5,411	5,894	5,588	Transactions have been trending slightly higher since mid-year. 60.9k transactions recorded in 2022, up 6.4% vs 2021
- 3 Month Avg YoY %	3.7	12.1	11.6	9.6	6.9	3.6	5.5	4.3	
- 12 Mth Total	58,421	59,137	59,508	59,823	60,193	60,068	60,702	60,897	
<b>HOUSING MARKET PRICES</b>									
CSO Price Index - MoM	0.8	1.1	1.0	1.0	0.6	0.2	0.2	#N/A	House prices rose by 0.2% in Nov. Meanwhile, the YoY rate decelerated further to 8.5%
- YoY %	14.4	13.9	13.2	11.8	10.7	9.7	8.5	#N/A	
Daft Asking Prices: MoM %	1.0	0.2	-0.5	-0.3	0.7	-0.7	-0.9	1.7	Asking prices stagnated in Q4, but they were up 6.1% YoY
- YoY %	9.6	8.8	7.8	7.1	7.8	6.1	5.2	7.1	
RENTS: CSO Private Rents - MoM%	1.6	0.8	1.1	1.4	0.7	0.4	0.5	0.3	CSO rental index rose by 0.3% in Dec. The YoY rate decelerated further to 10.6%, and is down from a peak of 12.9% in July
- YoY %	11.2	11.9	12.9	12.7	11.6	11.1	11.0	10.6	
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	20.1	20.5	20.8	21.2	21.4	#N/A	#N/A	#N/A	Affordability deteriorated further in Q3 as house price growth outpaced wage growth

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

Consumer prices fell by 0.2% in Dec, the first monthly decline since Oct 2020. The YoY rate eased to 8.2%. HICP Inflation also fell to 8.2%. Overall, HICP inflation rose by an average annual rate of 7.8% in 2022

## PERSONAL / FINANCIAL

ILCU Consumer Sentiment Index	55.2	57.7	53.7	53.4	42.1	46.1	45.3	48.7
Credit Growth YoY %								
- Private Sector (Underlying)	2.0	4.5	3.3	3.4	2.6	2.9	2.5	#N/A
- of which : Household	0.3	-0.1	-0.4	-0.7	-0.8	-1.0	-1.0	#N/A
- of which : Mortgage Lending	0.9	0.6	0.2	-0.1	-0.4	-0.6	-0.7	#N/A

Consumer sentiment improved slightly in Dec, albeit it remained at a very low level historically

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

## LABOUR MARKET

Live Register	177,500	185,300	184,000	186,300	184,700	185,000	185,400	185,700
- Change In Month	-900	+7,800	-1,300	+2,300	-1,600	+300	+400	+300
Unemployment Rate %	4.2	4.2	4.3	4.4	4.4	4.4	4.4	4.3
PMI Employment Indices								
- AIB Manufacturing	59.3	55.7	52.9	52.4	53.8	52.9	49.7	50.2
- AIB Services	58.5	56.4	57.5	56.5	56.3	56.6	55.3	54.4
- BNP Paribas Construction	54.9	50.1	49.8	50.6	51.1	50.9	49.9	48.1

The unemployment rate has been comfortably below its pre-pandemic level of 4.8% since April. Jobless rate at 4.3% in Dec

The employment measure of the services PMI fell in Dec, but remained well above 50. The manu component edged higher, just above 50. In contrast, the construction reading declined, and stayed in contraction mode

## MERCHANDISE TRADE

Export Values - 3M / 3M %	13.7	0.9	-4.4	-2.9	4.5	13.3	2.5	#N/A
- 3MMA YoY %	36.6	29.9	21.3	26.2	31.0	32.0	20.1	#N/A
Import Values - 3M / 3M %	14.4	13.3	9.8	3.8	5.1	5.8	-1.0	#N/A
- 3MMA YoY %	40.6	40.1	40.3	41.7	51.3	51.1	34.4	#N/A

Goods trade surplus narrowed to €5.2bn in Nov. Exports fell by 11% in the month, but they remain up 27% YTD, led by continuing robust increases in chemicals & pharmaceuticals. Imports were 39% higher YTD in Nov

## PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	26.9	25.0	23.4	26.3	26.2	25.5	24.5	21.5
Voted Spending : Cum YTD %	-3.1	-3.8	-4.4	-3.9	-2.6	-1.6	0.9	1.8
Exchequer Bal: 12 Mth Total €m	32	2,116	3,364	5,600	6,751	7,350	6,196	4,985

Exchequer finances much better than expected in 2022, largely due to a very strong tax take (up 21.5%). Net voted spending rose by 1.8% in 2022. Surplus of €5bn recorded last year

## 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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