

Irish Economy Watch

AIB Treasury Economic Research Unit



17 July 2019

	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	
MANUFACTURING									
ALB Manufacturing PMI	55.4	54.5	52.6	54.0	53.9	52.5	50.4	49.8	Manufacturing PMI fell to 49.8 in June, the first time it has dipped below the key 50 level since 2013. Partly reflects a marked decline in new orders
OECD Leading Indicator	98.7	98.9	99.0	99.3	99.5	99.8	100.0	#N/A	
Industrial Production (Ex-Modern)	113.3	108.3	109.7	113.3	114.9	114.0	113.2	#N/A	Industrial output (ex-modern) growth has remained strong—+9.6% YoY in 3 months to May
Production (Ex-Modern) : 3mma YoY%	9.9	8.5	6.8	6.5	10.3	11.8	9.6	#N/A	
3mth / 3mth % seas. adj.	3.1	3.0	-1.8	-2.3	-0.2	3.3	3.3	#N/A	
SERVICES / RETAIL									
ALB Services PMI	57.1	56.3	54.2	55.9	55.3	54.7	57.0	56.9	Services PMI broadly unchanged at 56.9 in June—consistent with a strong level of activity. New orders growth remains robust
CSO Services Index (Value)	123.7	116.6	122.0	124.2	123.4	124.8	124.6	#N/A	
- YoY %	12.3	5.6	7.3	12.1	12.2	6.1	6.0	#N/A	Volatile CSO services index little changed in May, leaving YoY growth rate at 6%
- 3mth / 3mth % seas. adj.	6.2	2.4	-0.1	-2.0	1.6	2.8	2.8	#N/A	
SIMI Car Registrations	643	142	32,367	15,063	16,676	8,891	6,312	1,406	New car sales strong in Q2 but 7.4% lower YTD. Second hand imports have failed to fully offset the decline, with total registrations down 3.6% in H1
- 12 mth cum total	125,574	125,557	120,901	118,953	117,903	118,733	118,990	119,148	
- 3 mma YoY %	-15.5	-11.2	-12.4	-12.2	-10.7	-5.1	0.1	8.2	
Retail Sales Index	117.7	117.4	116.0	117.6	116.9	119.9	117.0	#N/A	Core retail sales sluggish in Q2, with softness broad-based. Surge in sales in Q1, though, leaves YoY growth at 3.6% as of May
- YoY %	3.0	3.3	-0.4	4.3	5.1	4.5	1.0	#N/A	
- 3mth / 3mth % seas. adj.	1.1	0.6	-0.6	-1.1	-1.0	0.9	0.8	#N/A	
Ex Autos Index	116.4	116.3	117.1	119.2	120.2	120.2	119.0	#N/A	In June, construction PMI declined for a 2nd consecutive month, to 53.1. Housing activity index, though, continues to point to strong rise in house building
- YoY %	1.8	3.8	4.0	5.7	7.8	6.2	3.6	#N/A	
- 3mth / 3mth % seas. adj.	1.4	0.5	0.5	1.0	2.3	2.8	1.9	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	55.5	56.3	54.6	60.5	55.9	56.6	54.9	53.1	Registrations (measure of developer activity) 10.6% lower in 3 months to May compared to same period in 2018
- Commercial Activity	58.2	56.0	55.7	64.3	60.8	60.5	58.3	58.4	
- New Orders	57.5	58.5	55.4	62.2	55.5	54.6	53.1	52.8	
- Business Expectations	59.1	56.2	57.1	60.2	58.5	59.6	56.4	56.6	
	68.1	70.2	71.5	67.6	65.1	66.5	67.1	65.5	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	10,107	10,265	10,807	10,863	11,004	10,817	10,614	#N/A	Commencements move lower in Q2. 12 month cumulative total back below 23k in May
- 3 Month Avg YoY %	35.8	36.9	65.8	40.4	36.7	0.4	-10.6	#N/A	
Commencements: 12mth Total	21,836	22,467	22,719	23,392	23,851	23,479	22,681	#N/A	Mortgage approvals continue to pick up, with the 12 month total now close to 38k
- 3 Month Avg YoY %	30.2	47.3	38.6	39.0	31.6	15.1	-13.5	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	3,208	2,292	2,438	2,741	3,276	3,307	3,960	#N/A	Transactions very volatile month-to-month, but 12 month total stable at close to 57k in May
- 3 Month Avg YoY %	1.1	1.8	-2.4	0.8	7.8	12.5	12.6	#N/A	
- 12 Mth Total	36,664	36,655	36,507	36,725	37,264	37,540	37,905	#N/A	CSO house price growth continues to slow—at 2.8% in May. Ex-Dublin YoY price growth (+5.2%) outpacing the capital (+0.6%)
RPPR Transactions : Month	5,505	6,249	3,575	4,536	4,610	4,781	3,134	#N/A	
- 3 Month Avg YoY %	2.7	3.2	4.1	5.2	10.0	14.6	-2.0	#N/A	
- 12 Mth Total	56,692	56,514	56,675	57,216	57,580	58,449	56,962	#N/A	CSO rent inflation at 5.5% in June. Rents now 28.7% above previous peak
HOUSING MARKET PRICES									
CSO Price Index - MoM	-0.3	-0.4	-0.6	-0.1	0.1	0.2	0.5	#N/A	Affordability improves in H1, helped by good earnings growth and moderating house price inflation
- YoY %	7.2	6.3	5.2	4.3	3.8	3.0	2.8	#N/A	
Daft Asking Prices: MoM %	-2.3	1.8	0.8	1.5	1.3	-0.6	-1.4	3.6	
- YoY %	5.7	4.5	5.3	5.1	6.3	3.9	1.9	5.4	
RENTS: CSO Private Rents - MoM%									
- YoY %	0.5	0.2	0.4	0.3	0.4	0.4	0.3	0.3	
	7.0	6.4	6.6	5.7	5.6	5.4	5.2	5.5	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	18.2	18.1	17.8	17.6	17.6	17.6	17.7	#N/A	

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CONSUMER PRICES - YoY %	0.6	0.7	0.7	0.6	1.1	1.7	1.0	1.1	CPI inflation edged up slightly to 1.1% in June. Service inflation relatively strong at 2.6%, but price pressures remain contained by goods deflation. HICP inflation also slightly higher at 1.1%
- MoM %	-0.5	0.0	-0.7	0.8	0.8	0.4	-0.1	0.2	
HICP - YoY %	0.8	0.8	0.8	0.7	1.1	1.7	1.0	1.1	
- MoM %	-0.4	-0.1	-0.7	0.8	0.8	0.4	-0.1	0.2	
PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	96.5	96.5	98.8	86.5	93.1	87.7	89.9	90.7	Consumer confidence moved up from lows for a 2nd consecutive month in June, as Brexit newsflow abated somewhat Contraction of outstanding credit slowing. Household credit down by just 0.3% YoY in May
Credit Growth YoY %									
- Private Sector (Underlying)	-1.6	-2.8	-3.2	-3.3	-3.6	-3.2	-2.7	#N/A	
- of which : Household	-1.1	-0.8	-0.7	-0.7	-0.5	-0.4	-0.3	#N/A	
- of which : Mortgage Lending	-1.2	-1.1	-1.1	-1.1	-1.1	-1.0	-0.8	#N/A	
LABOUR MARKET									
Live Register	205,800	203,500	200,300	197,100	195,100	194,700	191,300	190,100	Unemployment rate held at 4.5% in June. Lowest rate since March 2005. Live Register at 11-year low, having declined by 1,200 in June PMI employment subcomponents suggest jobs growth slowed in Q2. However, each sector's index moved higher in June, especially construction
- Change In Month	-2,900	-2,300	-3,200	-3,200	-2,000	-400	-3,400	-1,200	
Unemployment Rate %	5.6	5.5	5.2	5.0	4.7	4.6	4.5	4.5	
PMI Employment Indices									
- AIB Manufacturing	53.2	52.7	52.4	54.0	54.1	53.8	51.4	51.8	
- AIB Services	57.4	57.4	56.3	55.5	55.6	54.6	54.7	55.3	
- Ulster Bank Construction	54.8	55.5	54.6	56.1	59.6	58.8	53.5	56.0	
MERCHANDISE TRADE									
Export Values - 3M / 3M %	2.7	6.3	9.5	10.3	1.7	-5.1	-7.5	#N/A	YoY growth in value of goods exported at 11.2% in 3 months to May as chemical, energy and machinery exports rise Import growth moderated to 3.2% YoY in 3 months to May as machinery imports declined
- 3MMA YoY %	20.0	21.5	16.6	16.8	12.1	13.0	11.2	#N/A	
Import Values - 3M / 3M %	3.8	3.9	-3.4	-9.2	-18.8	-11.1	-7.9	#N/A	
- 3MMA YoY %	23.8	23.3	16.4	9.9	2.1	3.9	3.2	#N/A	
PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	8.8	9.5	7.0	3.7	7.1	5.7	5.7	6.9	Tax receipts and government spending broadly in line with profile YTD. Exchequer recorded a surplus of €260m in H1 '19 vs a deficit of €823m in H1 '18
Voted Spending : Cum YTD %	11.0	9.0	6.5	8.1	7.2	5.4	8.0	5.9	
Exchequer Bal: 12 Mth Total €m	-769	106	220	28	254	344	68	1,189	
QUARTERLY DATA									
	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	
GDP - YoY %	7.2	14.2	6.5	12.1	10.4	7.4	3.6	6.3	Irish GDP expanded by 6.3% YoY in Q1'19. Data distorted by multi-nationals. GNP up 1.8% 3 quarter moving average growth rate of modified domestic demand, which aims to strip out multi-national distortions, +2.9% as of Q1'19
*Domestic Demand - YoY% (3Q Avg)	3.8	2.4	3.0	4.1	5.2	5.4	4.5	2.9	
Consumer Spending - YoY %	2.6	4.3	3.0	3.1	4.5	3.4	2.8	2.9	
Services Exports - YoY % (3Q Avg)	18.0	16.8	16.7	11.7	10.1	6.5	7.4	9.8	
* Excludes Some Investment Related to the Multinational Sector									
EMPLOYMENT & EARNINGS									
Employment YoY %	2.6	2.3	3.1	2.9	3.4	3.0	2.3	3.7	Employment growth accelerated in Q1—increasing to 3.7%. Jobs gains broad-based. Labour force growth also picked up momentum in the quarter, rising by 2.7% YoY Weekly earnings growth at 3.4% YoY in Q1. Growth relatively broad based but gains have been more substantial in the private than public sector
Labour Force YoY %	0.1	0.5	1.9	1.4	2.5	2.0	1.5	2.7	
Average Earnings YoY %									
- Hourly	1.4	2.8	1.9	3.1	3.0	2.1	3.2	2.3	
- Weekly	2.0	2.1	2.0	2.7	3.4	3.5	3.5	3.4	
Weekly Earnings YoY %									
- Private Sector	1.5	1.7	1.5	2.1	3.7	3.9	3.9	4.2	
- Public Sector	3.4	2.7	2.9	4.0	2.8	2.1	1.8	1.2	
CSO DWELLING COMPLETIONS									
	3275	3787	4567	3470	4404	4671	5522	4275	Completions rise 23% YoY in Q1. At nearly 19k in the year to Q1'19—supply continues to trail demand (estimated at 35k)
- YoY %	36.5	51.7	50.1	24.9	34.5	23.3	20.9	23.2	
- Cum 12 Mth Total	11593	12883	14407	15099	16228	17112	18067	18872	



Oliver Mangan
Chief Economist
oliver.n.mangan@aib.ie

John Fahey
Senior Economist
john.j.fahey@aib.ie

Conor Beakey
Economist
conor.x.beakey@aib.ie

AIB, 10 Molesworth Street, Dublin 2

Tel: 353-1-6600311

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