

# Irish Economy Watch

AIB Treasury Economic Research Unit



Tuesday 26 July 2022

	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22		
<b>MANUFACTURING</b>										
AIB Manufacturing PMI	59.9	58.3	59.4	57.8	59.4	59.1	56.4	53.1	The manu. PMI declined to 53.1 in June. Both new orders and output fell for the first time since early 2021. Meanwhile, input and output price inflation remained elevated	
OECD Leading Indicator	102.5	102.5	102.6	102.6	102.6	102.6	102.4	102.2		
Industrial Production (Ex-Modern)	129.3	114.4	132.5	133.4	127.0	126.1	133.8	#N/A	Traditional industrial production rose sharply in May, and was up 11.8% YoY in the 3 mths to May	
Production (Ex-Modern) : 3mma YoY%	7.1	5.1	9.6	11.8	18.8	13.5	11.8	#N/A		
3mth / 3mth % seas. adj.	6.3	5.9	7.3	3.4	7.6	2.7	1.7	#N/A		
<b>SERVICES / RETAIL</b>										
AIB Services PMI	59.3	55.4	56.2	61.8	63.4	61.7	60.2	55.6	The services PMI fell to 55.6 in June. New business, including exports remained strong overall though. However, inflationary pressures remained elevated and firm's expectations fell to their lowest level since Oct'20	
CSO Services Index (Value)	141.2	140.3	138.3	147.7	158.9	150.3	151.4	#N/A		
- YoY %	23.4	14.3	17.8	23.7	31.9	25.1	23.6	#N/A		
- 3mth / 3mth % seas. adj.	6.5	4.6	2.7	2.3	6.1	8.8	8.0	#N/A	The CSO services index rebounded in May, and was 23.6% higher YoY	
SIMI Car Registrations	1,120	387	25,021	11,969	12,898	7,851	5,282	2,153		
- 12 mth cum total	105,030	104,932	104,813	103,084	106,790	107,494	106,862	106,253	New car sales were down by 3.4% YoY in Q2, but were up by 2.1% YTD vs 2021 levels	
- 3 mma YoY %	-6.9	9.9	-0.5	-5.2	3.9	8.9	17.0	-3.4		
Retail Sales Index	128.4	124.6	123.4	124.7	125.1	130.2	130.3	#N/A	Retail sales were unchanged in May, but 0.3% higher YoY. Core sales fell by 1.9% in the month, but were up 4.3% YoY	
- YoY %	13.8	-2.5	20.6	1.6	1.5	3.7	0.3	#N/A		
- 3mth / 3mth % seas. adj.	-2.2	-3.2	-4.2	-4.0	-2.3	1.0	3.5	#N/A		
Ex Autos Index	132.9	128.7	128.9	128.7	130.0	132.5	130.8	#N/A	Retail sales were unchanged in May, but 0.3% higher YoY. Core sales fell by 1.9% in the month, but were up 4.3% YoY	
- YoY %	15.6	-0.2	18.7	10.4	10.2	13.9	4.3	#N/A		
- 3mth / 3mth % seas. adj.	-0.5	-0.1	-0.8	-2.1	-1.2	0.2	1.8	#N/A		
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>										
BNP Paribas Construction PMI	56.3	53.7	56.1	58.4	53.9	52.5	51.5	46.4	Construction PMI moved below 50 for the first time since early-2021, as new orders collapsed and firm's business expectations turned negative. Activity in the housing and commercial sectors contracted also	
- Housing Activity	55.1	53.2	55.1	58.5	56.7	56.1	56.6	49.7		
- Commercial Activity	56.3	54.6	56.7	61.4	56.7	55.7	52.2	45.7		
- New Orders	58.6	56.3	56.8	61.0	54.0	49.4	48.0	40.4		
- Business Expectations	69.0	69.2	75.4	69.5	57.1	57.7	52.7	49.1		
Commencements: 12mth Total	30,537	30,724	31,201	33,006	34,846	32,456	30,233	29,343		
- 3 Month Avg YoY %	13.9	3.3	4.7	71.5	143.4	20.2	-26.0	-43.5	Commencements are down 8.9% YTD in June vs 2021 level. 12 mth rolling total fell back below 30k	
<b>HOUSING MARKET ACTIVITY</b>										
BPFI Mortgage Approvals : Month	3,957	3,088	2,762	2,976	3,461	3,299	3,841	#N/A	Mortgage approvals slightly lower in 2022, with the 3mma down 1.6% YoY	
- 3 Month Avg YoY %	-9.0	-10.6	-4.9	-0.9	1.3	-1.9	-1.6	#N/A		
- 12 Mth Total	43,317	43,158	43,224	43,236	43,277	43,039	43,066	#N/A	Transactions have been trending higher in Q2. Overall they rose by 6% YoY in the quarter. 12 mth total moves above 58k.	
RPPR Transactions : Month	5,260	5,393	3,596	4,588	4,775	4,494	4,625	4,752		
- 3 Month Avg YoY %	6.0	-11.6	-10.6	-9.3	1.8	0.6	2.4	6.0		
- 12 Mth Total	59,255	57,235	57,665	57,866	57,464	57,744	58,187	58,249	House prices jumped by 0.8% in May. However, the YoY rate edged lower to 14.4%	
<b>HOUSING MARKET PRICES</b>										
CSO Price Index - MoM	1.3	0.9	0.9	0.7	0.5	0.4	0.8	#N/A		
- YoY %	14.0	14.2	14.7	15.1	15.1	14.5	14.4	#N/A	Asking prices rose by 3.8% in Q2, and were up 9.5% YoY	
Daft Asking Prices: MoM %	-0.1	-0.1	0.9	1.7	2.6	0.7	1.0	0.4		
- YoY %	8.8	6.5	6.9	9.7	9.9	9.5	9.7	9.3	The pace of increase in rents eased in June, but remained elevated at 0.8%. Rents were 11.9% higher YoY	
<b>RENTS:</b> CSO Private Rents - MoM%	0.6	0.6	0.4	0.9	0.8	1.3	1.6	0.8		
- YoY %	8.1	8.4	8.4	9.2	9.2	9.3	11.2	11.9	Affordability improved slightly in Q1 as wage growth outpaced house price growth	
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB										
- Mortgage as % of Disposable Income	19.6	19.6	19.4	19.3	19.2	#N/A	#N/A	#N/A		

	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22		
<b>CONSUMER PRICES - YoY %</b>	5.3	5.5	5.0	5.6	6.7	7.0	7.8	9.1	Consumer prices rose by 1.3% in June, led by an increase in transport and food costs. The YoY rate jumped to 9.1% largely due the sharp rise in energy, transport and food prices. HICP rate surged to 9.6%	
- MoM %	0.6	0.5	-0.4	0.9	1.9	0.9	0.9	1.3		
HICP - YoY %	5.4	5.7	5.1	5.7	7.0	7.3	8.3	9.6		
- MoM %	0.6	0.5	-0.4	0.9	2.1	0.9	1.1	1.3		
<b>PERSONAL / FINANCIAL</b>										
KBC/ESRI Consumer Confidence	83.1	74.9	81.9	77.0	67.0	57.7	55.2	57.7	Consumer sentiment rebounded slightly in June, but remained at very low levels on concerns regarding the cost of living	
Credit Growth YoY %										
- Private Sector (Underlying)	0.4	0.3	0.2	0.2	0.1	0.2	0.3	#N/A	The main credit metrics show modest growth, led by an increase in mortgage lending	
- of which : Household	1.2	1.2	1.1	1.1	1.0	0.9	0.9	#N/A		
- of which : Mortgage Lending	0.7	1.5	1.6	1.4	3.3	1.7	2.0	#N/A		
<b>LABOUR MARKET</b>										
Live Register	170,900	166,300	163,800	163,000	180,700	178,300	177,300	184,600	Traditional unemployment rate edged up to 4.8% in June. Overall, Irish labour market data show little signs of scarring due to the impact of Covid-19	
- Change In Month	+1,600	-4,600	-2,500	-800	+17,700	-2,400	-1,000	+7,300		
Unemployment Rate %	5.2	5.1	5.0	4.8	5.1	4.8	4.7	4.8	The employment metrics of the manu, and services PMIs fell in June but remained in expansion mode. In contrast, workforce expansion in the construction sector stalled	
PMI Employment Indices										
- AIB Manufacturing	55.0	54.3	54.9	53.7	56.6	58.6	59.3	55.7		
- AIB Services	55.7	54.0	55.6	56.5	58.2	57.6	58.5	56.4		
- BNP Paribas Construction	56.2	54.7	55.0	53.5	52.1	52.5	54.9	50.1		
<b>MERCHANDISE TRADE</b>										
Export Values - 3M / 3M %	7.8	5.3	3.5	6.7	19.1	16.4	14.2	#N/A	Goods trade surplus narrowed to €5.7bn in May. Exports rose by 1% in the month, and were up 33% YTD. Exports were higher across all 10 major categories when compared to 2021. Imports rose by 3% in May and were 36% higher YTD	
- 3MMA YoY %	10.2	10.2	10.5	18.5	30.6	36.9	38.2	#N/A		
Import Values - 3M / 3M %	3.6	8.5	12.6	13.0	12.5	10.5	12.9	#N/A		
- 3MMA YoY %	18.8	16.1	23.1	30.9	31.9	30.6	35.3	#N/A		
<b>PUBLIC FINANCES</b>										
Total Tax Receipts: Cum YTD %	21.8	19.7	23.7	19.3	31.8	31.1	26.9	25.0	Exchequer finances continued to perform very strongly in June. Tax intake, up 25% YTD. Net voted spending down 3.8% YTD. 12 mth rolling Exchequer surplus rises to €2.1bn	
Voted Spending : Cum YTD %	1.6	5.5	3.0	1.7	-2.0	-5.9	-3.1	-3.8		
Exchequer Bal: 12 Mth Total €m	-4,862	-7,372	-6,399	-5,718	-3,044	-833	32	2,116		
<b>QUARTERLY DATA</b>										
		Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	
<b>GDP - YoY %</b>		14	11.4	3.9	11.4	19.5	10.4	13.8	10.7	Irish GDP grew by 10.7% YoY in Q1, as personal consumption, investment and exports all rose sharply vs Q1 2021
*Domestic Demand - YoY %		-12.7	-3.5	-4.8	-5.1	14.7	3.9	10.4	12.6	
Consumer Spending - YoY %		-19.8	-7.6	-10.0	-13.0	17.1	6.5	9.4	15.3	Domestic Demand up by 12.6% YoY in Q1, led by a significant rebound in consumer spending
Services Exports - YoY % (3Q Avg)		7.7	3.0	5.6	8.0	14.5	14.3	13.6	12.5	
* Excludes Some Investment Related to the Multinational Sector										
<b>EMPLOYMENT &amp; EARNINGS</b>										
Employment YoY %		-6.9	-3.2	-3.4	-5.0	9.9	9.8	10.1	12.3	Employment rose by 12.3% YoY in Q1, as the economy re-opened fully. Up by 6.3% on pre-pandemic levels. Strong labour force growth of 9.6% YoY also
Labour Force YoY %		-6.9	-0.9	-2.0	-2.5	12.1	7.9	8.9	9.6	
Average Earnings YoY %										Weekly average earnings rose by 2.3% YoY in Q1, and were 10% higher than in Q1 2020. This is partly due to increased employment in high skill sectors such as ICT and Pharma
- Hourly		7.2	3.6	5.5	8.4	2.7	3.7	2.8	1.9	
- Weekly		6.0	3.3	7.7	7.5	4.1	5.4	1.9	2.3	
Weekly Earnings YoY %										
- Private Sector		6.0	3.1	9.1	7.7	5.0	5.8	2.8	4.1	Having slowed in H2 2021, completions have regained momentum in Q1 2022. 12 mth running total rises above 22k
- Public Sector		2.9	2.5	3.0	4.9	2.2	5.3	0.2	-1.7	
<b>CSO DWELLING COMPLETIONS</b>										
- YoY %		3227	5042	7319	3923	4968	4607	6975	5669	
- Cum 12 Mth Total		-32.7	-10.6	14.9	-20.4	54.0	-8.6	-4.7	44.5	
		20159	19563	20514	19511	21252	20817	20473	22219	



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