

Irish Economy Watch

AIB Treasury Economic Research Unit



Friday 25 November 2022

| | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 | Aug-22 | Sep-22 | Oct-22 | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|--|
| MANUFACTURING | | | | | | | | | |
| AIB Manufacturing PMI | 59.4 | 59.1 | 56.4 | 53.1 | 51.8 | 51.1 | 51.5 | 51.4 | |
| OECD Leading Indicator | 102.4 | 102.4 | 102.3 | 102.1 | 102.0 | 101.9 | 101.7 | 101.5 | |
| Industrial Production (Ex-Modern) | 127.1 | 126.3 | 134.2 | 121.2 | 133.1 | 137.2 | 135.9 | #N/A | |
| Production (Ex-Modern) : 3mma YoY% | 18.8 | 13.4 | 11.9 | 6.8 | 11.5 | 13.7 | 18.5 | #N/A | |
| 3mth / 3mth % seas. adj. | 7.7 | 2.7 | 1.9 | -2.9 | 0.4 | 1.0 | 6.4 | #N/A | |
| SERVICES / RETAIL | | | | | | | | | |
| AIB Services PMI | 63.4 | 61.7 | 60.2 | 55.6 | 56.3 | 54.7 | 54.1 | 53.2 | |
| CSO Services Index (Value) | 159.3 | 150.7 | 153.1 | 157.2 | 158.8 | 161.6 | 161.6 | #N/A | |
| - YoY % | 32.0 | 25.2 | 24.5 | 22.7 | 22.5 | 21.6 | 17.3 | #N/A | |
| - 3mth / 3mth % seas. adj. | 6.4 | 9.2 | 8.7 | 3.5 | 2.5 | 3.1 | 4.6 | #N/A | |
| SIMI Car Registrations | 12,892 | 7,845 | 5,282 | 2,152 | 21,838 | 8,126 | 6,315 | 2,616 | |
| - 12 mth cum total | 106,776 | 107,474 | 106,842 | 106,232 | 101,593 | 103,753 | 105,619 | 105,555 | |
| - 3 mma YoY % | 3.8 | 8.9 | 16.9 | -3.4 | -16.7 | -8.8 | -1.7 | 30.3 | |
| Retail Sales Index | 123.7 | 128.0 | 126.1 | 124.4 | 122.8 | 126.4 | 122.5 | #N/A | |
| - YoY % | 0.3 | 1.9 | -2.9 | -6.7 | -7.2 | -4.7 | -7.1 | #N/A | |
| - 3mth / 3mth % seas. adj. | -3.3 | -0.6 | 1.2 | 1.8 | -0.7 | -1.1 | -1.8 | #N/A | |
| Ex Autos Index | 129.0 | 131.1 | 128.6 | 127.4 | 124.3 | 128.4 | 125.0 | #N/A | |
| - YoY % | 9.3 | 12.7 | 2.6 | -6.0 | -3.9 | -2.1 | -6.4 | #N/A | |
| - 3mth / 3mth % seas. adj. | -1.8 | -0.5 | 0.8 | 0.3 | -2.1 | -2.2 | -2.4 | #N/A | |
| RESIDENTIAL CONSTRUCTION ACTIVITY | | | | | | | | | |
| BNP Paribas Construction PMI | 53.9 | 52.5 | 51.5 | 46.4 | 41.8 | 46.9 | 50.2 | 47.4 | |
| - Housing Activity | 56.7 | 56.1 | 56.6 | 49.7 | 37.9 | 47.4 | 50.8 | 49.7 | |
| - Commercial Activity | 56.7 | 55.7 | 52.2 | 45.7 | 44.5 | 47.5 | 51.1 | 45.1 | |
| - New Orders | 54.0 | 49.4 | 48.0 | 40.4 | 40.6 | 40.7 | 49.5 | 49.6 | |
| - Business Expectations | 57.1 | 57.7 | 52.7 | 49.1 | 48.5 | 49.2 | 52.8 | 58.0 | |
| Commencements: 12mth Total | 34,846 | 32,456 | 30,233 | 29,343 | 28,450 | 28,409 | 27,417 | 26,608 | |
| - 3 Month Avg YoY % | 143.4 | 20.2 | -26.0 | -43.5 | -35.6 | -21.6 | -22.1 | -23.0 | |
| HOUSING MARKET ACTIVITY | | | | | | | | | |
| BPFI Mortgage Approvals : Month | 3,461 | 3,299 | 3,841 | 3,947 | 3,514 | 3,680 | 3,633 | 3,439 | |
| - 3 Month Avg YoY % | 1.3 | -1.9 | -1.6 | -3.7 | -6.8 | -7.6 | -8.2 | -5.4 | |
| - 12 Mth Total | 43,277 | 43,039 | 43,066 | 42,846 | 42,216 | 42,147 | 41,875 | 41,597 | |
| RPPR Transactions : Month | 4,805 | 4,531 | 4,699 | 5,397 | 5,520 | 5,025 | 5,659 | 4,873 | |
| - 3 Month Avg YoY % | 2.4 | 1.2 | 3.4 | 11.8 | 11.2 | 9.2 | 6.4 | -0.3 | |
| - 12 Mth Total | 57,539 | 57,856 | 58,373 | 59,080 | 59,433 | 59,720 | 60,054 | 59,391 | |
| HOUSING MARKET PRICES | | | | | | | | | |
| CSO Price Index - MoM | 0.5 | 0.4 | 0.8 | 1.1 | 1.0 | 1.1 | 0.6 | #N/A | |
| - YoY % | 15.0 | 14.5 | 14.4 | 13.9 | 13.2 | 11.9 | 10.8 | #N/A | |
| Daft Asking Prices: MoM % | 2.6 | 0.5 | 1.0 | 0.2 | -0.3 | -0.4 | 0.8 | #N/A | |
| - YoY % | 9.9 | 9.3 | 9.6 | 8.8 | 8.0 | 7.2 | 7.9 | #N/A | |
| RENTS: CSO Private Rents - MoM% | 0.8 | 1.3 | 1.6 | 0.8 | 1.1 | 1.4 | 0.7 | 0.4 | |
| - YoY % | 9.2 | 9.3 | 11.2 | 11.9 | 12.9 | 12.7 | 11.6 | 11.1 | |
| AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB | | | | | | | | | |
| - Mortgage as % of Disposable Income | 19.3 | 19.8 | 20.1 | 20.5 | #N/A | #N/A | #N/A | #N/A | |

The manu. PMI was little changed, at 51.4 in Oct. However, new orders fell for the fifth month running. Meanwhile, output prices rose at the fastest pace in three months

Despite falling in Sep, industrial production (ex-modern) rose by 6.4% in Q3, up 18.5% YoY also

The services PMI edged lower to 53.2 in Oct. New business expanded though, partly due to a marked pick-up in new exports. Hiring continued at a robust pace. Inflationary pressures remained elevated.

The CSO services index was unchanged in Sept, but it was up 17.3% YoY

New car sales were 0.6% higher YTD vs. 2021 levels in Oct. However, they were 10.5% below their 2019 levels YTD

Retail sales fell by 1.8% in Q3, and were 6.3% lower YoY. Core retails sales fell by 2.4% in Q3

Construction PMI fell to 47.4 in Oct, indicating activity in the sector contracted for the fourth time in five months. However, activity in the housing sector was little changed. Firms view on the outlook improved also

Commencements were down 15.3% YTD vs. 2021 levels in Oct. 12 mth rolling total falls back below 27k

Mortgage approvals continue to trend slightly lower, down 5.4% YoY in the 3mths to Oct

Transactions have been relatively steady since mid-year. 12 month running total just above 59k in Oct

House prices rose by 0.6% in Sep. However, the YoY rate decelerated further to 10.8%

Asking prices rose by just 0.1% in Q3, but they were up 7.7% YoY

The pace of increase in rents eased to 0.4% in Oct. Rents remain very elevated though, up 11.1% YoY

Affordability deteriorated in Q2 as house price growth outpaced wage growth

| | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 | Aug-22 | Sep-22 | Oct-22 | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---|--|
| CONSUMER PRICES - YoY % | 6.7 | 7.0 | 7.8 | 9.1 | 9.1 | 8.7 | 8.2 | 9.2 | The consumer price index rose by 1.6% in Oct, led by a sharp rise in retail energy prices. CPI YoY rate jumped to 9.2%. Higher energy & food prices the main factors influencing inflation in YoY terms | |
| - MoM % | 1.9 | 0.9 | 0.9 | 1.3 | 0.4 | 0.2 | 0.0 | 1.6 | | |
| HICP - YoY % | 7.0 | 7.3 | 8.3 | 9.6 | 9.6 | 9.0 | 8.6 | 9.4 | | |
| - MoM % | 2.1 | 0.9 | 1.1 | 1.3 | 0.4 | 0.2 | 0.0 | 1.5 | | |
| PERSONAL / FINANCIAL | | | | | | | | | | |
| KBC/ESRI Consumer Confidence | 67.0 | 57.7 | 55.2 | 57.7 | 53.7 | 53.4 | 42.1 | 46.1 | Consumer sentiment improved in October, although it remains at very low levels historically | |
| Credit Growth YoY % | | | | | | | | | Securities financing the main driver of the increase in private sector credit. Household debt levels continue to edge lower | |
| - Private Sector (Underlying) | 3.3 | 1.7 | 2.0 | 4.5 | 3.3 | 3.4 | 2.6 | #N/A | | |
| - of which : Household | 0.1 | 0.2 | 0.3 | -0.1 | -0.4 | -0.7 | -0.8 | #N/A | | |
| - of which : Mortgage Lending | 1.0 | 0.9 | 0.9 | 0.6 | 0.2 | -0.1 | -0.4 | #N/A | | |
| LABOUR MARKET | | | | | | | | | | |
| Live Register | 181,100 | 178,600 | 177,800 | 185,200 | 183,500 | 185,800 | 183,400 | 182,600 | The unemployment rate has been comfortably below its pre-pandemic level of 4.8% since April. Jobless rate remained at 4.4% in Oct | |
| - Change In Month | +18,100 | -2,500 | -800 | +7,400 | -1,700 | +2,300 | -2,400 | -800 | | |
| Unemployment Rate % | 4.9 | 4.6 | 4.2 | 4.2 | 4.3 | 4.4 | 4.4 | 4.4 | The employment measures of the manufacturing, services and construction PMIs were little changed in Oct. Crucially, all three remained above the key 50 level | |
| PMI Employment Indices | | | | | | | | | | |
| - AIB Manufacturing | 56.6 | 58.6 | 59.3 | 55.7 | 52.9 | 52.4 | 53.8 | 52.9 | | |
| - AIB Services | 58.2 | 57.6 | 58.5 | 56.4 | 57.5 | 56.5 | 56.3 | 56.6 | | |
| - BNP Paribas Construction | 52.1 | 52.5 | 54.9 | 50.1 | 49.8 | 50.6 | 51.1 | 50.9 | | |
| MERCHANDISE TRADE | | | | | | | | | | |
| Export Values - 3M / 3M % | 17.8 | 16.3 | 13.8 | 0.6 | -4.6 | -3.4 | 4.1 | #N/A | Goods trade surplus narrowed to €5.5bn in Sep. Exports fell by 4.8% in the month, but they remain up 30% YTD, led by continuing robust increases in chemicals & pharmaceuticals exports. Imports were 42% higher YTD in Sep | |
| - 3MMA YoY % | 29.5 | 36.2 | 37.3 | 30.4 | 21.5 | 26.2 | 30.9 | #N/A | | |
| Import Values - 3M / 3M % | 14.3 | 11.9 | 14.0 | 13.2 | 9.8 | 6.2 | 7.2 | #N/A | | |
| - 3MMA YoY % | 36.8 | 34.5 | 39.2 | 38.7 | 38.9 | 41.7 | 50.7 | #N/A | | |
| PUBLIC FINANCES | | | | | | | | | | |
| Total Tax Receipts: Cum YTD % | 31.8 | 31.1 | 26.9 | 25.0 | 23.4 | 26.3 | 26.2 | 25.5 | Exchequer finances continued to perform very strongly in Oct. Tax intake, up 25.5% YTD. Net voted spending down 1.6% YTD. 12 mth rolling Exchequer surplus rises to €7.4bn | |
| Voted Spending : Cum YTD % | -2.0 | -5.9 | -3.1 | -3.8 | -4.4 | -3.9 | -2.6 | -1.6 | | |
| Exchequer Bal: 12 Mth Total €m | -3,044 | -833 | 32 | 2,116 | 3,364 | 5,600 | 6,751 | 7,350 | | |
| QUARTERLY DATA | | | | | | | | | | |
| | | Q4-20 | Q1-21 | Q2-21 | Q3-21 | Q4-21 | Q1-22 | Q2-22 | Q3-22 | |
| GDP - YoY % | | 3.9 | 11.4 | 19.5 | 10.4 | 13.8 | 10.8 | 11.1 | #N/A | Irish GDP grew by 11.1% YoY in Q2, as investment rose sharply vs. Q2 2021. Consumption and export growth were robust also |
| *Domestic Demand - YoY% | | -4.8 | -5.1 | 14.7 | 3.9 | 10.4 | 12.8 | 10.6 | #N/A | |
| Consumer Spending - YoY % | | -10.0 | -13.0 | 17.1 | 6.5 | 9.4 | 15.5 | 5.6 | #N/A | Domestic Demand up by 10.6% YoY in Q2, led by a significant rise in investment |
| Services Exports - YoY % (3Q Avg) | | 5.6 | 8.0 | 14.5 | 14.3 | 13.6 | 12.5 | 8.6 | #N/A | |
| * Excludes Some Investment Related to the Multinational Sector | | | | | | | | | | |
| EMPLOYMENT & EARNINGS | | | | | | | | | | |
| Employment YoY % | | -3.4 | -5.0 | 9.9 | 9.8 | 10.1 | 12.3 | 8.8 | 3.4 | 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 |
| Labour Force YoY % | | -2.0 | -2.5 | 12.1 | 7.9 | 8.9 | 9.6 | 5.6 | 2.0 | |
| Average Earnings YoY % | | | | | | | | | | Weekly average earnings rose by 2.4% YoY in Q2. Stronger growth in the private sector than in the public sector, most notably in the ICT, construction and hospitality sectors |
| - Hourly | | 5.5 | 8.4 | 2.7 | 3.7 | 2.8 | 2.2 | 2.7 | #N/A | |
| - Weekly | | 7.7 | 7.5 | 4.1 | 5.4 | 1.9 | 2.9 | 2.4 | #N/A | |
| Weekly Earnings YoY % | | | | | | | | | | |
| - Private Sector | | 9.1 | 7.7 | 5.0 | 5.8 | 2.8 | 4.8 | 3.6 | #N/A | |
| - Public Sector | | 3.0 | 4.9 | 2.2 | 5.3 | 0.2 | -1.3 | 1.2 | #N/A | |
| CSO DWELLING COMPLETIONS | | | | | | | | | | |
| - YoY % | | 7338 | 3966 | 4985 | 4643 | 6966 | 5645 | 7618 | 7544 | YTD new dwelling completions (20,807) greater than the full year total for 2021 (20,560). 12 mth running total above 27k |
| - Cum 12 Mth Total | | 1087.4 | -19.9 | 53.6 | -8.1 | -5.1 | 42.3 | 52.8 | 62.5 | |
| | | 20585 | 19601 | 21340 | 20932 | 20560 | 22239 | 24872 | 27773 | |



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

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

Daniel Noonan
Economist
daniel.x.noonan@aib.ie

AIB, 10 Molesworth Street, Dublin 2

Tel: 353-1-6600311

<https://aib.ie/investorrelations/economic-research-unit>