

# Irish Economy Watch

AIB Treasury Economic Research Unit



Tuesday 25 October 2022

	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	
<b>MANUFACTURING</b>									
AIB Manufacturing PMI	57.8	59.4	59.1	56.4	53.1	51.8	51.1	51.5	The manu. PMI edged higher to 51.5 in Sep. However, new orders fell for the fourth month running. Inflationary pressures eased slightly, but remained at historically high levels
OECD Leading Indicator	102.5	102.5	102.6	102.5	102.4	102.3	102.2	102.1	
Industrial Production (Ex-Modern)	133.3	127.1	126.1	133.9	121.1	132.5	134.5	#N/A	Traditional industrial production rose again in August. 3mma to August up 12.8% YoY also
Production (Ex-Modern) : 3mma YoY%	11.8	18.8	13.4	11.9	6.8	11.5	12.8	#N/A	
3mth / 3mth % seas. adj.	3.3	7.4	2.5	1.7	-3.0	0.3	0.3	#N/A	
<b>SERVICES / RETAIL</b>									
AIB Services PMI	61.8	63.4	61.7	60.2	55.6	56.3	54.7	54.1	The services PMI edged lower to 54.1 in September. New business and exports expanded, albeit at a slower pace than in August. Meanwhile, firms continued to hire at a robust pace. Inflationary pressures remained elevated.
CSO Services Index (Value)	147.9	159.2	150.8	153.1	157.2	158.8	162.3	#N/A	
- YoY %	23.8	31.9	25.2	24.5	22.7	22.6	22.1	#N/A	
- 3mth / 3mth % seas. adj.	2.4	6.4	9.2	8.6	3.5	2.4	3.3	#N/A	The CSO services index moved higher again in August, and was up 22.1% YoY
SIMI Car Registrations	11,968	12,892	7,845	5,282	2,152	21,838	8,126	6,317	
- 12 mth cum total	103,076	106,776	107,474	106,842	106,232	101,593	103,753	105,621	
- 3 mma YoY %	-5.2	3.8	8.9	16.9	-3.4	-16.7	-8.8	-1.7	New car sales were 1.7% lower YoY in the 3mths to September, and 11.1% lower YTD vs 2019
Retail Sales Index	124.2	123.5	127.9	126.0	124.4	123.0	125.5	#N/A	
- YoY %	1.2	0.2	1.8	-3.0	-6.7	-7.1	-5.6	#N/A	
- 3mth / 3mth % seas. adj.	-4.6	-3.4	-0.7	1.2	1.9	-0.6	-1.2	#N/A	Retail sales fell by 1.2% in the 3mths to August, and 5.6% YoY. Core retails sales were down by 2.6% YoY
Ex Autos Index	128.3	129.1	131.4	129.0	128.1	124.8	127.7	#N/A	
- YoY %	10.0	9.4	13.0	2.9	-5.5	-3.8	-2.6	#N/A	
- 3mth / 3mth % seas. adj.	-2.7	-1.6	-0.4	1.0	0.6	-1.8	-2.3	#N/A	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
BNP Paribas Construction PMI	58.4	53.9	52.5	51.5	46.4	41.8	46.9	50.2	Construction PMI rose to 50.2 in September, indicating activity in the sector had stabilised after three months of contraction. Improved conditions were recorded in both the commercial and housing sectors.
- Housing Activity	58.5	56.7	56.1	56.6	49.7	37.9	47.4	50.8	
- Commercial Activity	61.4	56.7	55.7	52.2	45.7	44.5	47.5	51.1	
- New Orders	61.0	54.0	49.4	48.0	40.4	40.6	40.7	49.5	
- Business Expectations	69.5	57.1	57.7	52.7	49.1	48.5	49.2	52.8	
Commencements: 12mth Total	33,006	34,846	32,456	30,233	29,343	28,450	28,409	27,417	
- 3 Month Avg YoY %	71.5	143.4	20.2	-26.0	-43.5	-35.6	-21.6	-22.1	Commencements were down 13.7% YTD in September vs 2021 level. 12 mth rolling total fell back further, to 27.4k
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	2,976	3,461	3,299	3,841	3,947	3,514	3,680	#N/A	Mortgage approvals trending slightly lower, with the 3mma down 7.6% YoY in August
- 3 Month Avg YoY %	-0.9	1.3	-1.9	-1.6	-3.7	-6.8	-7.6	#N/A	
- 12 Mth Total	43,236	43,277	43,039	43,066	42,846	42,216	42,147	#N/A	
RPPR Transactions : Month	4,606	4,792	4,517	4,668	5,359	5,466	4,468	4,915	Transactions have been trending higher in 2022. 3mma up 1% YoY in September. 12 month running total just above 59k
- 3 Month Avg YoY %	-9.1	2.2	1.0	3.0	11.1	10.4	4.8	1.0	
- 12 Mth Total	57,895	57,510	57,813	58,299	58,968	59,267	58,997	59,188	
<b>HOUSING MARKET PRICES</b>									
CSO Price Index - MoM	0.6	0.5	0.4	0.8	1.1	1.0	1.2	#N/A	House prices rose by 1.2% in August. However, the YoY rate declined further to 12.1%
- YoY %	15.0	15.0	14.5	14.4	14.0	13.3	12.1	#N/A	
Daft Asking Prices: MoM %	1.7	2.6	0.5	1.0	0.2	-0.3	-0.4	0.8	Asking prices rose by just 0.1% in Q3, but they were up 7.7% YoY
- YoY %	9.7	9.9	9.3	9.6	8.8	8.0	7.2	7.9	
<b>RENTS:</b> CSO Private Rents - MoM%	0.9	0.8	1.3	1.6	0.8	1.1	1.4	0.7	The pace of increase in rents remained elevated at 0.7% in September. Rents now 11.6% higher YoY
- YoY %	9.2	9.2	9.3	11.2	11.9	12.9	12.7	11.6	
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	19.4	19.3	19.8	20.1	20.5	#N/A	#N/A	#N/A	Affordability deteriorated in Q2 as house price growth outpaced wage growth

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<b>CONSUMER PRICES - YoY %</b>	5.6	6.7	7.0	7.8	9.1	9.1	8.7	8.2	The consumer price index was unchanged between Aug & Sept. CPI YoY rate fell to 8.2%. Higher energy, transport & food prices remained the main upward factors influencing inflation in YoY terms	
- MoM %	0.9	1.9	0.9	0.9	1.3	0.4	0.2	0.0		
HICP - YoY %	5.7	7.0	7.3	8.3	9.6	9.6	9.0	8.6		
- MoM %	0.9	2.1	0.9	1.1	1.3	0.4	0.2	0.0		
<b>PERSONAL / FINANCIAL</b>										
KBC/ESRI Consumer Confidence	77.0	67.0	57.7	55.2	57.7	53.7	53.4	42.1	Consumer sentiment fell sharply in September, due to ongoing cost of living concerns  Securities financing the main driver of the increase in private sector credit. Household debt levels edging lower	
Credit Growth YoY %										
- Private Sector (Underlying)	1.4	3.3	1.7	2.0	4.5	3.3	3.4	#N/A		
- of which : Household	0.2	0.1	0.2	0.3	-0.1	-0.4	-0.7	#N/A		
- of which : Mortgage Lending	1.1	1.0	0.9	0.9	0.6	0.2	-0.1	#N/A		
<b>LABOUR MARKET</b>										
Live Register	162,800	180,700	178,400	177,700	185,400	183,900	186,000	184,100	The unemployment rate has been comfortably below its pre-pandemic level of 4.8% since April. Jobless rate remained at 4.3% in September	
- Change In Month	-700	+17,900	-2,300	-700	+7,700	-1,500	+2,100	-1,900		
Unemployment Rate %	4.7	5.0	4.6	4.2	4.3	4.2	4.3	4.3		
PMI Employment Indices										
- AIB Manufacturing	53.7	56.6	58.6	59.3	55.7	52.9	52.4	53.8	The employment measures of the manu. and construction PMIs improved in Sept. The services metric was relatively unchanged. Crucially, all three were above the key 50 level	
- AIB Services	56.5	58.2	57.6	58.5	56.4	57.5	56.5	56.3		
- BNP Paribas Construction	53.5	52.1	52.5	54.9	50.1	49.8	50.6	51.1		
<b>MERCHANDISE TRADE</b>										
Export Values - 3M / 3M %	6.5	18.1	16.6	14.1	0.3	-4.9	-3.4	#N/A	Goods trade surplus widened to €6.6bn in Aug. Exports rose by 26% in the month. They were up 30% YTD also, led by continuing robust increases in chemicals & pharmaceuticals exports. Imports rose by 9% in Aug, and were 39% higher YTD	
- 3MMA YoY %	18.4	30.0	36.7	37.8	30.4	21.5	26.3	#N/A		
Import Values - 3M / 3M %	14.6	12.4	10.0	12.3	14.9	11.3	7.0	#N/A		
- 3MMA YoY %	34.0	33.5	31.5	36.4	38.7	38.9	41.5	#N/A		
<b>PUBLIC FINANCES</b>										
Total Tax Receipts: Cum YTD %	19.3	31.8	31.1	26.9	25.0	23.4	26.3	26.2	Exchequer finances continued to perform very strongly in Sept. Tax intake, up 26.2% YTD. Net voted spending down 2.6% YTD. 12 mth rolling Exchequer surplus rises to €6.8bn	
Voted Spending : Cum YTD %	1.7	-2.0	-5.9	-3.1	-3.8	-4.4	-3.9	-2.6		
Exchequer Bal: 12 Mth Total €m	-5,718	-3,044	-833	32	2,116	3,364	5,600	6,751		
<b>QUARTERLY DATA</b>										
		Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	
<b>GDP - YoY %</b>		11.4	3.9	11.4	19.5	10.4	13.8	10.8	11.1	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%		-3.5	-4.8	-5.1	14.7	3.9	10.4	12.8	10.6	
Consumer Spending - YoY %		-7.6	-10.0	-13.0	17.1	6.5	9.4	15.5	5.6	
Services Exports - YoY % (3Q Avg)		3.0	5.6	8.0	14.5	14.3	13.6	12.5	8.6	
* Excludes Some Investment Related to the Multinational Sector										
<b>EMPLOYMENT &amp; EARNINGS</b>										Employment rose by 8.8% YoY in Q2, leaving it 8.6% above pre-pandemic levels. Strong labour force growth of 5.6% YoY recorded in Q2 also
Employment YoY %		-3.2	-3.4	-5.0	9.9	9.8	10.1	12.3	8.8	
Labour Force YoY %		-0.9	-2.0	-2.5	12.1	7.9	8.9	9.6	5.6	
Average Earnings YoY %										
- Hourly		3.6	5.5	8.4	2.7	3.7	2.8	2.2	2.7	Weekly average earnings rose by 2.4% YoY in Q2. Stronger growth in the private sector than in the public sector, most notably ICT, construction and hospitality
- Weekly		3.3	7.7	7.5	4.1	5.4	1.9	2.9	2.4	
Weekly Earnings YoY %										
- Private Sector		3.1	9.1	7.7	5.0	5.8	2.8	4.8	3.6	
- Public Sector		2.5	3.0	4.9	2.2	5.3	0.2	-1.3	1.2	
<b>CSO DWELLING COMPLETIONS</b>										Having slowed in H2 2021, completions have regained momentum in H1 2022. 12 mth running total rises to circa 25k
- YoY %		5053	7343	3967	4990	4645	6968	5662	7654	
- Cum 12 Mth Total		-10.5	14.3	-19.9	53.7	-8.1	-5.1	42.7	53.4	
		19673	20593	19610	21353	20945	20570	22265	24929	



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