

Irish Economy Watch

AIB Treasury Economic Research Unit



25 September 2018

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	
MANUFACTURING									
Investec Manufacturing PMI	57.6	56.2	54.1	55.3	55.4	56.6	56.3	57.5	Manufacturing PMI rose in August from an already high level. The index averaged 56.9 in Jul/Aug versus 55.8 in Q2
OECD Leading Indicator	100.3	100.0	99.6	99.2	98.9	98.6	98.3	#N/A	
Industrial Production (Ex-Modern)	101.7	104.3	102.6	101.7	109.5	108.3	107.1	#N/A	Production (ex-modern) fell back further in July, largely reflecting declines in the key 'food' sector. YoY growth very strong recently
Production (Ex-Modern) : 3mma YoY%	-0.8	-1.4	-8.2	-7.1	-4.3	3.9	6.5	#N/A	
3mth / 3mth % seas. adj.	1.0	0.2	-1.2	-0.3	1.1	3.5	5.3	#N/A	
SERVICES / RETAIL									
Investec Services PMI	59.8	57.2	56.5	58.4	59.3	59.5	57.4	58.0	The services PMI remains at a very strong level. It averaged 57.7 in July/Aug, somewhat below Q2's 59.1
Monthly Services Index (Value)	114.3	111.5	109.6	117.5	116.8	115.3	116.8	#N/A	
- YoY %	8.3	1.5	2.9	9.8	8.6	8.0	7.1	#N/A	Volatile services index up 3% in the three months to July. YoY growth remains very encouraging at 7.1%
- 3mth / 3mth % seas. adj.	2.2	2.0	1.2	0.9	2.3	4.2	3.0	#N/A	
SIMI Car Registrations	37,024	17,011	17,744	8,061	6,062	1,248	26,933	5,930	New car sales down by 3.8% YTD. The decline is being offset by imports of used cars, primarily from the UK
- 12 mth cum total	129,366	129,283	127,134	127,351	127,419	127,266	126,492	126,641	
- 3 mma YoY %	-5.8	-4.1	-5.5	-4.5	-5.5	0.9	-2.4	-2.2	
Retail Sales Index	113.4	113.5	110.9	114.8	116.4	114.6	122.1	#N/A	Core retail sales edge back in July, but remain at strong levels in volume terms. Most sectors record solid YoY growth, with core sales up 3.7% YTD
- YoY %	1.7	1.9	-1.7	5.5	3.9	8.2	5.4	#N/A	
- 3mth / 3mth % seas. adj.	1.2	0.6	-0.8	-0.6	0.5	2.4	6.5	#N/A	
Ex Autos Index	113.1	112.9	111.7	113.3	114.9	114.9	114.3	#N/A	
- YoY %	5.3	4.6	1.7	3.7	3.5	4.4	2.9	#N/A	
- 3mth / 3mth % seas. adj.	1.4	0.6	0.5	0.0	0.7	1.6	1.8	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	61.4	59.2	57.5	60.7	61.8	58.4	60.7	58.3	Construction PMI edged back in August, while remaining very strong at 58.3. The new orders component has continued to edge lower, though, falling to a 10-month low in August
- Commercial Activity	60.4	61.0	60.4	62.0	65.2	60.4	63.9	60.4	
- New Orders	61.9	59.4	58.0	63.1	65.6	62.0	60.9	57.7	
- Business Expectations	60.5	60.3	58.5	61.6	62.8	62.2	58.8	56.2	
	76.2	80.5	80.4	76.3	78.4	75.7	76.7	77.7	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	9,464	9,521	9,269	9,385	9,458	9,036	9,269	9,263	Growth in registrations, a measure of developer activity, has remained soft—down 3% in the year to August
- 3 Month Avg YoY %	1.6	0.5	-8.9	-3.0	-2.6	-7.8	-3.9	-6.8	
Commencements: 12mth Total	17,913	18,544	18,086	18,392	18,453	18,805	19,451	#N/A	YoY growth in commencements has slowed in 2018, +17.8% YTD after rising by 46.9% in 2017
- 3 Month Avg YoY %	24.2	29.5	13.3	10.5	-1.7	13.3	20.9	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	2,586	2,523	2,737	3,031	3,595	3,512	3,404	#N/A	Mortgage approvals have stagnated. This may partly reflect tighter Central Bank lending rules
- 3 Month Avg YoY %	3.7	2.2	-3.9	-3.6	-1.9	0.8	-0.9	#N/A	
- 12 Mth Total	37,026	36,981	36,551	36,712	36,798	36,628	36,617	#N/A	Growth in transactions continues to decelerate, with some signs that the market may be levelling off
RPPR Transactions : Month	3,305	3,976	4,228	3,876	4,599	4,509	4,915	#N/A	
- 3 Month Avg YoY %	24.6	21.9	4.9	4.1	4.1	3.3	2.1	#N/A	
- 12 Mth Total	54,716	55,091	55,034	55,195	55,702	55,535	55,591	#N/A	
HOUSING MARKET PRICES									
CSO Price Index - MoM	0.4	0.8	0.6	1.0	0.7	1.0	1.0	#N/A	CSO house price growth looks to have peaked, decreasing to 10.4% YoY in July. Ex-Dublin price inflation (13.7%) continues to outpace the Capital (7.2%)
- YoY %	11.8	12.5	12.6	13.3	12.4	11.9	10.4	#N/A	
Daft Asking Prices: MoM %	0.1	1.7	0.1	1.6	0.5	0.1	#N/A	#N/A	CSO rent inflation still in a 6-7% range. Rents now 23.6% above their previous peak
- YoY %	6.9	7.5	7.5	5.5	5.1	6.2	#N/A	#N/A	
RENTS: CSO Private Rents - MoM%	0.2	1.1	0.5	0.6	0.6	0.0	0.3	1.0	Higher house prices mean that housing affordability is dis-improving
- YoY %	6.3	6.2	6.4	6.5	7.0	6.1	6.0	6.2	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	17.2	17.3	17.4	17.7	17.9	18.1	18.2	#N/A	

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CONSUMER PRICES - YoY %	0.2	0.5	0.2	-0.4	0.4	0.4	0.8	0.7	CPI inflation moderated slightly to 0.7% in August, as an increase in electricity prices was more than cancelled out by a fall in transport costs HICP inflation at 0.9% in Aug, remains very subdued
- MoM %	-0.7	0.9	0.3	-0.2	0.6	0.1	0.4	0.3	
HICP - YoY %	0.3	0.7	0.5	-0.1	0.7	0.7	1.0	0.9	
- MoM %	-0.7	0.9	0.4	-0.2	0.6	0.1	0.4	0.3	
PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	110.4	105.2	108.1	104.0	106.7	102.1	107.6	102.4	The somewhat volatile consumer confidence index fell back again in August, while remaining at a very strong level
Credit Growth YoY %									
- Private Sector (Underlying)	-1.7	-0.8	0.0	0.2	0.2	-0.1	0.6	#N/A	YoY growth in private sector credit moved up to 0.6% in July, its highest level in seven years
- of which : Household	-1.5	-1.6	-1.5	-1.5	-1.6	-1.4	-1.4	#N/A	
- of which : Mortgage Lending	-1.9	-1.9	-1.8	-1.8	-1.8	-1.6	-1.5	#N/A	
LABOUR MARKET									
Live Register	238,500	235,100	232,400	228,800	224,300	219,200	216,700	209,900	Live Register continued to decline in August—down 38k in the last 12 months. The unemployment rate fell to a 10-year low of 5.6%
- Change In Month	-3,100	-3,400	-2,700	-3,600	-4,500	-5,100	-2,500	-6,800	
Unemployment Rate %	6.0	5.8	5.8	5.8	5.8	5.8	5.8	5.6	The employment PMI sub-index for the key services sector averaged 58 in July/Aug, up from 57 in Q2. Mfg is little changed at 53.4 vs 54. The construction index has dropped back (57.5 vs 61.3). PMIs still point to strong jobs growth
Redundancies	132	211	152	163	315	178	#N/A	#N/A	
-12 Mth Total	3,050	3,036	2,922	2,854	2,795	2,743	#N/A	#N/A	
PMI Employment Indices									
- Investec Manufacturing	57.6	57.3	55.8	55.0	53.3	53.9	53.3	53.4	
- Investec Services	56.1	55.9	54.2	57.1	56.4	57.5	57.9	58.0	
- Ulster Bank Construction	57.1	57.3	58.5	62.9	59.9	61.2	59.6	55.4	
MERCHANDISE TRADE									
Export Values - 3M / 3M %	11.9	14.4	12.1	-1.1	-2.0	1.9	8.5	#N/A	YoY growth in value of goods exports has accelerated, largely due to rise in chemical and pharmaceutical exports
- 3MMA YoY %	7.3	9.4	5.2	1.9	5.0	14.3	17.1	#N/A	
Import Values - 3M / 3M %	6.0	5.6	0.4	-1.8	-6.2	3.9	10.1	#N/A	Imports up 13% in value terms, as imports of aircraft have rebounded
- 3MMA YoY %	4.8	6.1	5.6	1.0	-2.7	1.1	13.0	#N/A	
PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	5.2	4.1	4.0	4.5	6.0	6.5	6.7	6.4	Tax receipts +6.4% in the year to July—broadly in line with expectations
Voted Spending : Cum YTD %	25.9	5.0	3.9	8.6	8.4	8.5	8.2	8.3	
Exchequer Bal: 12 Mth Total €m	1,967	1,538	1,697	1,015	1,501	-1,400	-1,735	-1,728	Government targeting deficit of just 0.2% of GDP in 2018
QUARTERLY DATA									
	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	
GDP - YoY %	1.4	12.7	2.9	6.2	13.2	6.5	9.3	9.0	Irish GDP grew by 9% YoY in Q2'18. The data remain heavily distorted by the activity of multi-nationals
*Domestic Demand - YoY% (3Q Avg)	5.0	5.8	4.9	3.7	2.3	3.7	5.0	6.1	
Consumer Spending - YoY %	2.9	3.1	-0.3	1.0	3.1	2.8	2.9	4.4	Modified final domestic demand (ex-some multi-national activity) +6.1% YoY in the three quarters to Q2'18
Services Exports - YoY % (3Q Avg)	9.6	11.7	16.3	17.9	17.0	15.0	8.9	6.3	
* Excludes Some Investment Related to the Multinational Sector									
EMPLOYMENT & EARNINGS									
Employment YoY %	3.8	3.8	3.7	2.6	2.2	3.1	2.9	3.4	Employment grew by a very strong 3.4% YoY in Q2. Pick up in net inward migration helps labour force growth accelerate from 1.4% to 2.5% YoY
Labour Force YoY %	2.3	1.7	1.8	0.1	0.4	1.9	1.4	2.5	
Average Earnings YoY %									Weekly earnings growth +3.3% YoY in Q2. All employment sectors now recording YoY increases, though 'high-skill' jobs continue to see firmer growth than tertiary sectors
- Hourly	0.3	1.2	0.6	1.4	2.8	1.9	3.1	2.8	
- Weekly	1.5	0.9	1.5	2.0	2.1	2.0	2.7	3.3	
Weekly Earnings YoY %									
- Private Sector	2.1	1.9	1.6	1.5	1.7	1.5	2.1	3.6	
- Public Sector	1.2	-0.8	1.8	3.4	2.7	2.9	4.0	2.4	
CSO DWELLING COMPLETIONS									
	2511	3041	2779	3298	3785	4584	3526	4419	CSO data show 16.3k completions in the year to Q2'18. Still low level, but on a solid upward path
- YoY %	23.5	35.5	41.2	37.7	50.7	50.7	26.9	34.0	
- Cum 12 Mth Total	9119	9915	10726	11629	12903	14446	15193	16314	



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