

Irish Economy Watch

AIB Treasury Economic Research Unit



15 December 2014

| | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | Oct-14 | Nov-14 | |
|---|--------|--------|--------|--------|--------|--------|--------|--------|---|
| MANUFACTURING | | | | | | | | | |
| Manufacturing Output Index : seas adj | 131.9 | 128.6 | 97.6 | 113.5 | 112.8 | 114.3 | 125.8 | #N/A | Manufacturing continues to rise, YoY growth jumps to +27% in the 3mths to October |
| Mfg Output : 3 mma YoY % | 22.9 | 28.5 | 23.4 | 18.1 | 14.5 | 20.9 | 27.0 | #N/A | |
| 3mth / 3mth % seas. adj. | 14.7 | 18.2 | 9.9 | -3.9 | -13.1 | -4.9 | 3.9 | #N/A | |
| Investec Manufacturing PMI | 56.1 | 55.0 | 55.3 | 55.4 | 57.3 | 55.7 | 56.6 | 56.2 | Mfg PMI avg 56.4 in Q4-to-date, vs Q3 avg 56.1—indicates growth momentum sustained |
| OECD Leading Indicator | 100.9 | 100.9 | 101.1 | 101.2 | 101.3 | 101.3 | 101.3 | #N/A | |
| SERVICES / RETAIL | | | | | | | | | |
| Monthly Services Index (Value) | 112.5 | 110.1 | 111.8 | 113.7 | 112.4 | 113.6 | 114.1 | #N/A | YoY growth in the services sector (9.2%) at its strongest level in 3½ years in October |
| - YoY % | 4.8 | 1.7 | 2.8 | 5.9 | 5.0 | 5.2 | 9.2 | #N/A | |
| - 3mth / 3mth % seas. adj. | 1.5 | 1.3 | 1.6 | 1.7 | 1.7 | 1.6 | 1.3 | #N/A | |
| Investec Services PMI | 61.9 | 61.7 | 62.6 | 61.3 | 62.4 | 62.5 | 61.5 | 61.6 | Services PMI avg in Q4-to-date (61.6) slightly below avg for Q3 (62.1); still consistent with very strong growth |
| SIMI Car Registrations | 7,823 | 6,272 | 1,685 | 18,723 | 4,866 | 3,912 | 2,039 | 782 | |
| - 12 mth cum total | 86,416 | 86,742 | 86,758 | 93,861 | 95,031 | 95,780 | 96,128 | 96,201 | Car sales on course for their best annual performance since 2008 (c.100k) - sales up 30% YTD in November |
| - 3 mma YoY % | 22.8 | 19.6 | 14.7 | 38.7 | 48.8 | 48.8 | 26.6 | 21.2 | |
| Retail Sales Index | 96.3 | 97.0 | 94.8 | 102.8 | 99.6 | 99.8 | 99.1 | #N/A | 3m/3m growth in core retail sales has slowed in recent months after strong Q2 pick-up |
| - YoY % | 5.9 | 5.8 | 5.0 | 8.8 | 6.4 | 5.8 | 5.7 | #N/A | |
| - 3mth / 3mth % seas. adj. | 0.7 | 0.6 | -0.9 | 1.7 | 2.2 | 4.9 | 1.3 | #N/A | |
| Ex Autos Index | 103.7 | 103.3 | 104.0 | 104.0 | 104.2 | 103.8 | 104.1 | #N/A | |
| - YoY % | 5.0 | 3.4 | 4.1 | 3.2 | 3.4 | 3.1 | 4.6 | #N/A | |
| - 3mth / 3mth % seas. adj. | 0.2 | 0.3 | 1.4 | 1.1 | 1.1 | 0.3 | 0.3 | #N/A | |
| CONSTRUCTION PMI: Ulster Bank | | | | | | | | | |
| - Housing Activity | 63.5 | 60.2 | 59.9 | 62.6 | 61.4 | 61.5 | 64.9 | 63.5 | Construction PMI falls back in November from October's 10yr high, but remains very strong. Expectations at an all-time high |
| - Commercial Activity | 63.4 | 61.0 | 61.3 | 65.4 | 63.7 | 68.4 | 66.4 | 62.9 | |
| - New Orders | 63.6 | 61.4 | 59.4 | 64.6 | 63.2 | 62.7 | 66.8 | 65.0 | |
| - Business Expectations | 63.8 | 60.0 | 60.2 | 64.8 | 60.6 | 63.5 | 67.8 | 66.0 | |
| | 80.8 | 74.6 | 76.8 | 77.2 | 80.5 | 79.8 | 79.5 | 85.3 | |
| RESIDENTIAL CONSTRUCTION ACTIVITY | | | | | | | | | |
| Housing Registrations: 12Mth Total | 1,652 | 1,604 | 1,699 | 1,839 | 1,879 | 1,961 | 2,205 | 2,368 | Housing registrations continue to pick up, though from very depressed levels |
| - 3 Month Avg YoY % | 110.7 | 24.3 | 25.2 | 51.2 | 89.0 | 62.8 | 99.7 | 128.0 | |
| Commencements: 12mth Total | #N/A | #N/A | #N/A | #N/A | #N/A | #N/A | #N/A | #N/A | <i>Housing commencements data have been delayed since February</i> |
| - 3 Month Avg YoY % | #N/A | #N/A | #N/A | #N/A | #N/A | #N/A | #N/A | #N/A | |
| Completions: Month | 766 | 1,085 | 891 | 992 | 782 | 1,183 | 1,007 | #N/A | Completions on course for 11k in 2014—highest level since 2010 |
| - 12 Mth Total | 8,767 | 9,245 | 9,433 | 9,720 | 9,898 | 10,408 | 10,590 | #N/A | |
| HOUSING MARKET ACTIVITY | | | | | | | | | |
| BPFI Mortgage Approvals : Month | 1,858 | 2,185 | 2,263 | 2,633 | 2,222 | 2,281 | 2,619 | #N/A | Mortgage approvals continue on their upward trajectory, though in absolute terms, they remain at a low level |
| - 3 Month Avg YoY % | 47.7 | 43.3 | 43.1 | 46.5 | 45.6 | 45.2 | 44.6 | #N/A | |
| - 12 Mth Total | 19,155 | 19,760 | 20,505 | 21,404 | 21,989 | 22,726 | 23,601 | #N/A | |
| RPPR Transactions : Month | 2,649 | 3,017 | 3,349 | 4,242 | 3,355 | 3,682 | 4,388 | #N/A | Pace of YoY growth in transactions slows somewhat in the 3mths to October, though at +40%, still very strong |
| - 3 Month Avg YoY % | 45.5 | 41.4 | 44.7 | 47.1 | 45.5 | 41.4 | 39.9 | #N/A | |
| - 12 Mth Total | 29,656 | 33,336 | 34,479 | 35,920 | 36,761 | 37,784 | 39,180 | #N/A | |
| HOUSING MARKET PRICES | | | | | | | | | |
| CSO (Mortgaged Transactions) - MoM | 1.5 | 2.3 | 2.9 | 2.0 | 2.3 | 1.8 | 2.9 | #N/A | House prices continue to rise sharply, now up 16.3% YoY in October. Recovery being led by Dublin, but rising elsewhere too |
| - YoY % | 8.5 | 10.6 | 12.5 | 13.4 | 14.9 | 15.0 | 16.3 | #N/A | |
| Daft Asking Prices: MoM % | 0.8 | 2.5 | 0.4 | 1.9 | 1.1 | 1.5 | #N/A | #N/A | Rents pick up again in November (+0.6%) - YoY growth strong at 8.4% |
| - YoY % | 7.7 | 9.8 | 9.6 | 13.3 | 13.8 | 15.8 | #N/A | #N/A | |
| RENTS: CSO Private Rents - MoM% | 0.2 | 0.4 | 0.5 | 0.0 | 0.9 | 1.4 | 0.5 | 0.6 | The pick-up in house prices and falling wages have impacted on affordability, though it remains relatively accommodative |
| - YoY % | 9.1 | 9.0 | 8.7 | 8.2 | 8.7 | 9.3 | 8.9 | 8.4 | |
| AFFORDABILITY: Couple on Avg Industrial Wage, 92% LTV, 30Yr Mortgage : Mortgage cost as % of Disposable Income | | | | | | | | | |
| | 15.5 | 15.9 | 16.5 | 16.9 | 17.3 | 17.7 | 18.2 | #N/A | |

| | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | Oct-14 | Nov-14 | |
|--------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|--|
| CONSUMER PRICES YoY % | 0.3 | 0.4 | 0.4 | 0.3 | 0.4 | 0.3 | 0.2 | 0.1 | CPI inflation slows for a fourth consecutive month in November to an extremely subdued 0.1% |
| - MoM % | 0.1 | 0.0 | 0.1 | -0.2 | 0.2 | -0.2 | -0.3 | -0.3 | |
| HICP - YoY % | 0.4 | 0.4 | 0.5 | 0.5 | 0.6 | 0.5 | 0.4 | 0.2 | HICP inflation also falls further in November, now at just 0.2% |
| - MoM % | 0.0 | 0.0 | 0.2 | -0.1 | 0.3 | -0.3 | -0.3 | -0.3 | |
| PERSONAL / FINANCIAL | | | | | | | | | |
| KBC/ESRI Consumer Confidence | 87.2 | 79.4 | 81.1 | 89.4 | 87.1 | 92.8 | 85.5 | 85.3 | Consumer confidence steady in November, but off its recent highs as consumers await recovery in personal finances |
| Credit Growth YoY % | | | | | | | | | |
| - Private Sector (Underlying) | -6.9 | -6.7 | -7.3 | -7.3 | -8.1 | -8.1 | -8.1 | #N/A | YoY credit growth continues to in decline for all the main categories |
| - of which : Household | -3.7 | -3.7 | -3.9 | -3.9 | -3.7 | -3.7 | -3.8 | #N/A | |
| - of which : Mortgage Lending | -3.1 | -3.0 | -3.1 | -3.1 | -3.1 | -3.0 | -3.0 | #N/A | |
| LABOUR MARKET | | | | | | | | | |
| Live Register | 392,800 | 390,500 | 386,200 | 382,700 | 379,500 | 374,800 | 371,200 | 367,100 | Further strong fall in the Live Register in November, now down 37k YTD. Unemployment rate falls to 10.7%, its lowest level since February 2009 |
| - Change In Month | -3,500 | -2,300 | -4,300 | -3,500 | -3,200 | -4,700 | -3,600 | -4,100 | |
| Unemployment Rate % | 11.7 | 11.5 | 11.3 | 11.2 | 11.1 | 11.0 | 10.9 | 10.7 | Redundancies continue their marked decline in Q3 |
| Redundancies | 517 | 461 | 626 | 560 | 655 | 482 | #N/A | #N/A | |
| -12 Mth Total | 9,581 | 8,810 | 8,496 | 8,211 | 7,987 | 7,878 | #N/A | #N/A | |
| PMI Employment Indices | | | | | | | | | PMI employment components indicate pace of job growth has picked up in Q4—should see further falls in unemployment in the coming months |
| - Investec Manufacturing | 54.5 | 56.4 | 54.1 | 53.9 | 55.2 | 55.7 | 56.4 | 56.4 | |
| - Investec Services | 60.0 | 56.6 | 59.6 | 58.8 | 59.6 | 59.2 | 59.3 | 60.7 | |
| - Ulster Bank Construction | 60.9 | 56.5 | 53.4 | 58.5 | 55.3 | 59.4 | 62.2 | 60.7 | |
| MERCHANDISE TRADE | | | | | | | | | |
| Export Values - 3M / 3M % | -4.0 | -1.9 | 5.3 | 5.2 | 2.4 | -1.0 | 5.0 | #N/A | Value of goods exports jumps to +5% on a 3m/3m basis in October after declining in September |
| - 3MMA YoY % | -3.5 | -1.2 | 3.5 | 1.7 | 0.6 | 1.0 | 6.0 | #N/A | |
| Import Values - 3M / 3M % | -2.3 | 6.7 | 3.6 | 8.9 | 2.5 | 4.1 | -0.2 | #N/A | Growth in value of imports falls at the start of Q4—down 0.2% on a 3m/3m basis |
| - 3MMA YoY % | 7.7 | 10.7 | 7.7 | 10.0 | 6.8 | 8.1 | 7.1 | #N/A | |
| PUBLIC FINANCES | | | | | | | | | |
| Total Tax Receipts: Cum YTD % | 5.6 | 5.6 | 4.9 | 6.4 | 8.7 | 7.4 | 9.3 | 8.5 | Tax receipts remain ahead of target in November |
| Voted Spending : Cum YTD % | -2.3 | -2.7 | -2.1 | 7.5 | -1.7 | -2.0 | -1.4 | -2.5 | |
| Exchequer Bal: 12 Mth Total €m | -10,107 | -9,671 | -9,842 | -11,511 | -10,495 | -10,316 | -9,481 | -8,680 | Deficit on course to come in well below its 4.8% target in 2014 |

QUARTERLY DATA

| | Q4-12 | Q1-13 | Q2-13 | Q3-13 | Q4-13 | Q1-14 | Q2-14 | Q3-14 | |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--|
| GDP - YoY % | 1.1 | 0.3 | -0.2 | 1.8 | -1.2 | 4.0 | 7.3 | 3.6 | GDP rises for a third consecutive quarter in Q3—YoY growth Q1-Q3 a strong 4.9% |
| - QoQ% seas. adj. | 2.6 | -3.4 | 0.1 | 2.6 | -0.4 | 2.8 | 1.1 | 0.1 | |
| Total Exports - Volume YoY % | 3.7 | -2.3 | 1.5 | 1.5 | 3.8 | 7.3 | 13.1 | 15.5 | Recent quarterly trade data distorted by overseas contract manufacturing |
| Total Imports - Volume YoY % | 5.6 | -2.9 | -0.4 | 1.4 | 4.4 | 5.9 | 11.9 | 15.6 | |
| EMPLOYMENT & EARNINGS | | | | | | | | | |
| Employment YoY % | 0.1 | 1.1 | 1.8 | 3.2 | 3.3 | 2.3 | 1.7 | 1.5 | Employment up by a solid 1.5% YoY in Q3—pace of growth slowing. Employment now up for eight consecutive quarters |
| Labour Force YoY % | -0.8 | -0.4 | 0.5 | 0.8 | 0.9 | 0.4 | -0.7 | -0.4 | |
| Average Earnings YoY % | | | | | | | | | Labour force growth remains negative (0.4%) YoY in Q3 |
| - Hourly | -0.6 | 0.2 | 0.2 | -2.0 | -0.7 | -0.3 | -2.2 | -1.4 | |
| - Weekly | -0.8 | -0.6 | 0.4 | -2.1 | -0.4 | 0.0 | -1.5 | -0.8 | Earnings continue to fall in Q3. Weekly earnings down 0.8% YoY—private down 0.4% vs public sector down 0.9% |
| Weekly Earnings YoY % | | | | | | | | | |
| - Private Sector | 0.1 | 0.0 | 1.1 | -1.2 | 0.3 | 1.1 | -1.0 | -0.4 | |
| - Public Sector | 0.3 | -0.2 | 1.2 | -1.3 | -1.5 | -1.4 | -1.1 | -0.9 | |



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