

Irish Economy Watch

AIB Treasury Economic Research Unit



07 April 2016

	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
MANUFACTURING								
Industrial Production (Ex-Modern)	125.1	124.6	123.9	125.0	116.9	123.5	122.7	#N/A
Production (Ex-Modern) : 3mma YoY%	10.7	8.8	4.6	5.9	3.1	3.0	0.2	#N/A
3mth / 3mth % seas. adj.	2.7	1.9	-2.7	-2.4	-4.5	-2.2	-2.8	#N/A
Investec Manufacturing PMI	53.6	53.8	53.6	53.3	54.2	54.3	52.9	54.9
OECD Leading Indicator	101.8	101.4	101.0	100.7	100.4	99.9	#N/A	#N/A
SERVICES / RETAIL								
Monthly Services Index (Value)	117.4	118.6	118.8	120.1	117.8	121.7	124.3	#N/A
- YoY %	4.2	4.8	5.6	7.5	1.0	0.7	8.1	#N/A
- 3mth / 3mth % seas. adj.	2.5	3.3	0.0	0.2	-0.6	1.4	1.8	#N/A
Investec Services PMI	62.1	62.4	60.1	63.6	61.8	64.0	62.1	62.8
SIMI Car Registrations	6,404	4,769	2,559	940	342	39,732	21,592	21,567
- 12 mth cum total	123,413	124,272	124,795	124,953	124,945	134,869	140,683	143,317
- 3 mma YoY %	40.3	41.0	27.0	22.9	21.2	32.6	34.2	28.5
Retail Sales Index	108.2	108.2	107.5	110.2	109.9	114.4	114.8	#N/A
- YoY %	8.7	8.2	7.0	9.5	6.6	10.9	11.0	#N/A
- 3mth / 3mth % seas. adj.	0.4	5.1	2.1	1.9	-0.2	3.3	4.1	#N/A
Ex Autos Index	111.4	111.9	111.3	114.6	113.5	114.6	114.9	#N/A
- YoY %	6.9	7.7	5.4	8.9	5.3	6.6	7.1	#N/A
- 3mth / 3mth % seas. adj.	1.2	1.3	1.5	2.0	1.6	2.4	1.5	#N/A
CONSTRUCTION PMI: Ulster Bank								
- Housing Activity	56.5	55.8	56.3	55.5	58.6	63.6	68.8	#N/A
- Commercial Activity	54.4	55.6	57.4	55.2	58.3	65.9	71.2	#N/A
- New Orders	56.9	56.4	55.7	56.0	59.7	62.4	68.5	#N/A
- Business Expectations	58.3	58.7	58.3	60.9	60.4	62.5	67.4	#N/A
	76.7	74.3	76.2	81.5	79.7	79.6	81.4	#N/A
RESIDENTIAL CONSTRUCTION ACTIVITY								
Housing Registrations: 12Mth Total	4,470	4,326	4,384	4,384	4,290	4,242	4,257	#N/A
- 3 Month Avg YoY %	192.8	118.7	98.9	-9.9	-4.0	-17.1	-15.7	#N/A
Commencements: 12mth Total	6,851	7,411	7,673	8,074	8,098	8,425	#N/A	#N/A
- 3 Month Avg YoY %	200.1	154.3	106.6	103.6	64.9	79.2	#N/A	#N/A
Completions: Month	949	1,220	1,138	1,262	1,352	920	#N/A	#N/A
- 12 Mth Total	12,104	12,141	12,272	12,503	12,666	12,893	#N/A	#N/A
HOUSING MARKET ACTIVITY								
BPFI Mortgage Approvals : Month	2,133	2,210	2,267	2,110	1,756	1,627	#N/A	#N/A
- 3 Month Avg YoY %	1.1	-1.3	-7.5	-13.5	-20.3	-20.3	#N/A	#N/A
- 12 Mth Total	27,722	27,651	27,236	26,634	26,030	25,840	#N/A	#N/A
RPPR Transactions : Month	3,547	4,162	4,399	4,010	5,389	2,557	#N/A	#N/A
- 3 Month Avg YoY %	12.3	8.2	2.7	3.9	-11.3	-16.0	#N/A	#N/A
- 12 Mth Total	49,574	50,013	49,726	50,051	48,251	47,443	#N/A	#N/A
HOUSING MARKET PRICES								
CSO (Mortgaged Transactions) - MoM	2.3	1.3	1.6	-0.5	0.5	-0.5	0.0	#N/A
- YoY %	9.5	8.9	7.6	6.5	6.6	7.6	8.0	#N/A
Daft Asking Prices: MoM %	0.1	0.9	-0.7	-0.9	0.3	#N/A	#N/A	#N/A
- YoY %	8.3	7.6	9.1	8.6	7.8	#N/A	#N/A	#N/A
RENTS: CSO Private Rents - MoM%	0.9	1.2	0.5	0.4	0.3	1.2	1.1	0.2
- YoY %	10.5	10.3	10.3	10.0	9.6	9.4	9.7	9.2
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30Yr Mortgage, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	17.3	17.3	17.0	16.7	16.8	16.5	16.5	#N/A

Excluding sharp fall in Dec, production (ex-modern sector) has been relatively stable since last summer. Pace of YoY growth slowed to 0.2% in Feb

Manufacturing PMI shows little change in Q1 (54) vs Q4 (53.7) suggesting continued solid expansion in the sector

Services index improved in Jan/Feb. YoY growth rises to 8.1% in February

Services PMI little changed in Q1 compared to Q4. Points to very strong growth in the sector

Car sales up c.30% YTD. Sales slower in Feb/March following initial jump in January on new number plate, but strong overall

Core retail sales (excludes cars) also strong, rising 1.4% in Jan/Feb versus Q4, in which they grew 1.6%. Thus, core sales on course for 11th consecutive quarter of growth in Q1

Construction PMI jumps again in Feb to an all-time high of 68.8. New orders at its best level since Oct'14. Suggests much stronger momentum this year

But, sluggishness in housing registration growth in H2'15 carries over into the new year

Commencements continue to improve on a 12mth cumulative basis. YoY comparison distorted by base effects from 2014

Housing completions continue to improve on 12mth cumulative basis, but remain weak overall

YoY growth in mortgage approvals and housing transactions negative—may reflect impact from Central Bank mortgage rules as well as limited sale stock

YoY house price growth shows further signs of reaccelerating, increasing to 8% in Feb. Growth largely being driven by ex-Dublin properties (11.5%), but Dublin inflation, which has been weighed upon by Central Bank rules, also picking up again

Rents continue to rise strongly, picking up by 2.4% in Q1. Now 4.5% above previous peak

Pick-up in earnings and lower mortgage interest means affordability has improved from already accommodative levels

	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	
CONSUMER PRICES YoY %	0.0	-0.3	-0.2	-0.2	0.1	0.1	-0.1	-0.3	CPI inflation falls further into negative territory in March (now -0.3%). Reflects increased drag from fuel and transport costs
- MoM %	0.4	-0.5	-0.2	-0.3	-0.1	-0.8	0.4	0.4	
HICP - YoY %	0.2	-0.1	-0.1	-0.1	0.2	0.0	-0.2	-0.6	
- MoM %	0.3	-0.5	-0.3	-0.3	-0.1	-0.9	0.4	0.3	HICP inflation falls to -0.6%, its weakest rate since end 2010. Also dragged down by lower fuel and transport prices
PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	101.1	100.6	101.3	103.1	103.9	108.6	105.8	100.6	Consumer confidence falls again after Jan spike—perhaps reflects some uncertainty over political situation and Brexit
Credit Growth YoY %									
- Private Sector (Underlying)	-9.5	-10.0	-10.7	-11.7	-7.9	-7.1	-7.6	#N/A	Pace of decline in private sector credit growth slowed in January, but little change in trend for households
- of which : Household	-2.7	-2.7	-2.5	-2.7	-2.8	-2.6	-2.7	#N/A	
- of which : Mortgage Lending	-2.6	-2.5	-2.4	-2.6	-2.6	-2.5	-2.4	#N/A	
LABOUR MARKET									
Live Register	340,700	336,900	332,200	330,100	328,300	323,700	320,700	317,800	Live Register continues to show a solid pace of decline. Unemployment rate falls to 8.6% in March, its lowest level since end 2008
- Change In Month	-2,100	-3,800	-4,700	-2,100	-1,800	-4,600	-3,000	-2,900	
Unemployment Rate %	9.1	9.1	9.1	9.1	9.0	8.9	8.8	8.6	Redundancies continued to decline in 2015, totalling 4,342 versus 6,883 in 2014—a 37% reduction
Redundancies	339	260	249	388	260	#N/A	#N/A	#N/A	
-12 Mth Total	5,024	4,802	4,507	4,467	4,342	#N/A	#N/A	#N/A	PMI employment components suggest that jobs market is continuing to show a solid pace of growth in Q1
PMI Employment Indices									
- Investec Manufacturing	54.0	54.4	53.5	53.4	52.0	52.1	54.0	54.8	
- Investec Services	60.8	59.6	61.0	62.0	58.6	59.7	61.0	59.7	
- Ulster Bank Construction	57.7	56.4	55.7	57.9	58.2	60.7	61.5	#N/A	
MERCHANDISE TRADE									
Export Values - 3M / 3M %	-0.7	-4.2	3.0	5.1	10.9	1.8	#N/A	#N/A	Value of exports up 15.3% YoY in Jan, partly reflecting currency effects from a weaker euro
- 3MMA YoY %	21.2	18.3	19.3	25.1	23.4	15.3	#N/A	#N/A	
Import Values - 3M / 3M %	0.9	1.6	-0.2	3.9	8.0	-1.2	#N/A	#N/A	Import value growth more modest at 6.2%, weighed down by falls in commodity prices, especially oil
- 3MMA YoY %	11.5	8.1	9.2	10.8	13.9	6.2	#N/A	#N/A	
PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	9.7	9.5	9.6	10.0	10.5	7.4	7.1	6.4	12mth cumulative Exchequer balance declines in March on base effects from 2015
Voted Spending : Cum YTD %	-0.5	-0.4	-0.7	-0.4	1.5	-7.2	-4.6	-0.7	
Exchequer Bal: 12 Mth Total €m	-3,142	-2,326	-1,857	-2,081	-62	356	1,651	-1,429	Tax receipts remain strong, particularly corporation tax

QUARTERLY DATA

	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15	
GDP - YoY %	4.1	7.0	3.6	6.0	7.7	7.1	7.2	9.2	Irish GDP increased by a very strong 7.8% in 2015, while GNP rose by 5.7%.
- QoQ% seas. adj.	1.7	1.5	2.1	0.6	2.7	2.1	1.5	2.7	
Total Exports - Volume YoY %	6.9	11.9	15.5	13.8	14.0	13.5	12.3	15.6	GDP rose by 2.7% in Q4, driven by strong consumption and investment. Net exports slowed
Total Imports - Volume YoY %	6.8	12.8	18.8	20.2	14.9	16.5	18.8	15.2	
EMPLOYMENT & EARNINGS									
Employment YoY %	2.3	1.7	1.5	1.5	2.2	3.0	2.9	2.3	YoY growth in employment slows to 2.3% in Q4. Underlying data show broad based gains in employment—construction sector particularly encouraging
Labour Force YoY %	0.4	-0.7	-0.4	-0.5	-0.2	0.6	0.6	0.8	
Average Earnings YoY %									While weekly earnings increase in Q4, pace of YoY growth slows, reflecting base effects. Public vs private growth trend reverses, with public sector pay now growing more quickly
- Hourly	-0.3	-2.2	-1.6	1.4	0.5	1.4	2.1	-0.5	
- Weekly	0.0	-1.5	-1.0	1.9	1.0	1.9	3.2	1.4	
Weekly Earnings YoY %									
- Private Sector	1.1	-1.0	-0.6	2.8	1.2	2.5	4.1	1.1	
- Public Sector	-1.4	-1.1	-1.1	0.4	0.4	-0.1	0.3	2.2	



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