

Irish Economy Watch

AIB Treasury Economic Research Unit



17 April 2018

	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
MANUFACTURING								
Investec Manufacturing PMI	56.1	55.4	54.4	58.1	59.1	57.6	56.2	54.1
OECD Leading Indicator	100.8	100.6	100.4	100.2	100.1	100.0	99.8	#N/A
Industrial Production (Ex-Modern)	117.1	117.4	121.7	120.5	122.2	118.8	120.6	#N/A
Production (Ex-Modern) : 3mma YoY%	-1.9	-3.9	-3.4	-2.6	0.4	-2.6	-2.6	#N/A
3mth / 3mth % seas. adj.	-2.0	-1.3	-1.8	0.3	2.4	1.5	0.6	#N/A
SERVICES / RETAIL								
Investec Services PMI	58.4	58.7	57.5	56.0	60.4	59.8	57.2	56.5
Monthly Services Index (Value)	109.8	108.8	110.0	111.1	110.8	114.2	111.4	#N/A
- YoY %	6.2	2.9	3.2	3.3	4.5	8.2	1.1	#N/A
- 3mth / 3mth % seas. adj.	1.5	1.7	1.5	1.4	1.3	2.3	2.0	#N/A
SIMI Car Registrations	5,730	3,897	1,944	683	159	37,024	17,014	17,765
- 12 mth cum total	132,771	131,980	131,684	131,618	131,347	129,366	129,290	127,162
- 3 mma YoY %	-10.2	-10.8	-18.6	-15.0	-18.5	-5.8	-4.1	-5.5
Retail Sales Index	110.7	109.2	109.9	112.4	111.7	111.2	111.0	#N/A
- YoY %	2.4	4.2	4.0	5.8	5.6	1.6	2.0	#N/A
- 3mth / 3mth % seas. adj.	2.8	7.2	-0.1	-0.1	-1.6	1.7	0.7	#N/A
Ex Autos Index	107.7	107.9	107.7	110.2	109.1	110.2	110.8	#N/A
- YoY %	2.9	6.2	5.7	7.8	6.5	5.4	6.2	#N/A
- 3mth / 3mth % seas. adj.	1.6	1.1	0.4	1.0	1.2	1.9	1.3	#N/A
CONSTRUCTION PMI: Ulster Bank								
- Housing Activity	55.1	56.5	54.5	56.7	58.0	61.4	59.2	57.5
- Commercial Activity	57.4	56.1	55.5	58.6	59.4	60.4	61.0	60.4
- New Orders	55.7	58.4	54.7	55.6	56.1	61.9	59.4	58.0
- Business Expectations	59.9	56.7	56.1	57.2	59.4	60.5	60.3	58.5
- Business Expectations	77.7	75.7	74.0	72.5	75.1	76.2	80.5	80.4
RESIDENTIAL CONSTRUCTION ACTIVITY								
Housing Registrations: 12Mth Total	8,623	9,265	9,441	9,511	9,466	9,464	9,521	#N/A
- 3 Month Avg YoY %	104.0	67.8	68.1	60.4	12.4	1.6	0.5	#N/A
Commencements: 12mth Total	16,945	17,323	17,151	17,633	17,572	17,913	18,544	#N/A
- 3 Month Avg YoY %	46.0	34.7	14.3	16.5	6.2	24.2	29.5	#N/A
Completions (ESB Connection): Month	1,606	1,647	1,529	2,247	1,962	1,418	1,740	#N/A
- 12 Mth Total	17,651	17,958	18,197	18,865	19,271	19,445	19,922	#N/A
HOUSING MARKET ACTIVITY								
BPFI Mortgage Approvals : Month	3,380	3,081	3,224	3,243	2,301	2,586	2,523	#N/A
- 3 Month Avg YoY %	19.5	14.5	16.1	11.7	9.1	3.7	2.2	#N/A
- 12 Mth Total	35,823	36,138	36,734	36,822	36,868	37,026	36,981	#N/A
RPPR Transactions : Month	4,664	4,786	4,959	5,070	6,338	3,260	3,815	#N/A
- 3 Month Avg YoY %	13.6	11.0	11.5	12.6	23.0	23.2	19.7	#N/A
- 12 Mth Total	50,680	51,051	51,542	52,332	54,114	54,306	54,535	#N/A
HOUSING MARKET PRICES								
CSO Price Index - MoM	1.6	1.3	0.3	0.8	0.5	0.6	1.1	#N/A
- YoY %	11.8	12.0	11.7	11.2	12.1	12.0	13.0	#N/A
Daft Asking Prices: MoM %	0.4	-0.7	0.6	-1.8	2.9	0.1	1.7	0.1
- YoY %	9.1	7.7	10.2	7.9	9.4	6.9	7.5	7.5
RENTS: CSO Private Rents - MoM%								
- YoY %	0.8	0.7	0.5	0.0	0.8	0.2	1.1	0.5
- YoY %	7.3	6.1	5.6	5.6	6.1	6.3	6.2	6.4
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	18.1	18.2	18.1	17.3	17.4	17.4	17.5	#N/A

Mfg PMI suggests that the sector slowed somewhat in Q1—March index depressed by severe weather

Production (ex-modern), which can be volatile, grew by 0.6% on a 3mth/3mth basis in February, but output remains negative (-2.6%) YoY

The services PMI averaged 57.8 in Q1 vs 58 in Q4'17. Points to continued strong growth

Volatile services index +2% in February on a 3mth/3mth basis

New car sales down by 5.5% YoY in Q1. Although, the decline is being largely offset by higher imports of used cars

Core retail sales rising strongly. Growth of 1.4% in sales recorded in Jan/Feb compared to Q4'17—suggests sales on course for a fifth consecutive 1%+ QoQ increase in Q1

Construction PMI averaged 59.4 in Q1 vs 56.4 in Q4'17. This suggests a strong start to the year for the sector

YoY growth in registrations has slowed—at just 0.5% in 3 months to February

YoY growth in commencements has accelerated again, at 29.5% in Feb, but still low overall

Completions totalled 20k in the 12mths to February. However, this is still well below estimated demand of 30-35k

Growth in mortgage approvals still slowing—perhaps partly due to affordability issues

Transactions still rising on a 12mth cumulative basis, suggests a rise in 'cash buyers'

CSO house price growth accelerates further to 13% in Feb. Ex-Dublin growth (13.3%) still outpacing price inflation in the Capital (12.7%)

CSO rent price inflation has broadly stabilised recently—at 6.4% in Feb. Rents now 21% above previous peak

Lower mortgage rates and higher wages have helped housing to remain relatively affordable

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CONSUMER PRICES - YoY %	0.4	0.2	0.6	0.5	0.4	0.2	0.5	0.2	CPI inflation slowed to just 0.2% in March. This largely reflects falls in transports costs (i.e. fuel & airfares) as well as a decline in car and health insurance prices
- MoM %	0.4	-0.6	-0.1	-0.2	-0.1	-0.7	0.9	0.3	
HICP - YoY %	0.4	0.2	0.5	0.5	0.5	0.3	0.7	0.5	HICP inflation edged back to 0.5% in March
- MoM %	0.4	-0.6	-0.1	-0.1	-0.1	-0.7	0.9	0.4	
PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	102.9	105.8	104.8	103.6	103.2	110.4	105.2	108.1	Consumer confidence averaged 107.9 in Q1, a 17-year high. Expectations of household finances have improved. Augers well for consumer spending
Credit Growth YoY %									
- Private Sector (Underlying)	-5.7	-4.9	-3.7	-2.6	-2.2	-1.7	-1.1	#N/A	Pace of decline in private sector credit eased to 1.1% in Feb, its best rate since October 2011
- of which : Household	-1.7	-1.5	-1.5	-1.5	-1.5	-1.5	-1.6	#N/A	
- of which : Mortgage Lending	-2.3	-2.1	-2.1	-2.1	-2.0	-1.9	-1.9	#N/A	
LABOUR MARKET									
Live Register	247,300	250,200	248,200	245,000	241,400	238,500	235,300	233,100	Live Register continued to decline in March—down 38k in the last 12 months. The unemployment rate was steady at 6.1% in March, a 10-year low
- Change In Month	-8,900	+2,900	-2,000	-3,200	-3,600	-2,900	-3,200	-2,200	
Unemployment Rate %	6.7	6.6	6.5	6.4	6.3	6.2	6.1	6.1	The PMI employment sub-indices indicate that employment growth in the manufacturing and services sectors may have moderated slightly in Q1, while the pace of jobs growth in construction looks to have accelerated
Redundancies	337	249	291	288	175	132	211	152	
-12 Mth Total	3,085	2,973	3,052	3,083	3,056	3,050	3,036	2,922	
PMI Employment Indices									
- Investec Manufacturing	53.3	51.8	53.7	57.1	60.2	57.6	57.3	55.8	
- Investec Services	58.5	58.6	58.3	57.6	58.4	56.1	55.9	54.2	
- Ulster Bank Construction	60.9	56.0	54.8	56.7	53.7	57.1	57.3	58.5	
MERCHANDISE TRADE									
Export Values - 3M / 3M %	-7.1	-3.2	-2.5	1.4	4.0	12.7	14.6	#N/A	Value of goods exports up 14.6% on a 3mth/3mth basis in February largely driven by jump in chemical & pharma sectors
- 3MMA YoY %	-4.4	-4.8	-5.8	-4.0	-1.2	7.6	9.3	#N/A	
Import Values - 3M / 3M %	-7.4	-12.9	-2.5	3.7	8.7	5.7	4.8	#N/A	Imports values up by 4.8%, which suggests trade may have a positive impact on GDP in Q1
- 3MMA YoY %	0.9	-1.8	6.1	3.4	6.4	4.1	4.8	#N/A	
PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	4.9	5.4	6.2	5.8	6.0	5.2	4.1	4.0	Tax receipts +4% YTD in March—broadly in line with expectations
Voted Spending : Cum YTD %	5.2	5.2	5.0	5.0	5.2	25.9	5.0	3.9	
Exchequer Bal: 12 Mth Total €m	477	1,357	1,743	2,063	1,908	1,967	1,538	1,697	Government targeting deficit of just 0.2% of GDP in 2018
QUARTERLY DATA									
	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	
GDP - YoY %	2.5	5.4	2.7	9.9	5.3	6.3	10.9	8.4	Irish GDP grew by 8.4% YoY in Q4 and 7.8% in 2017 as a whole. The data remain heavily distorted by the activity of multi-nationals
*Domestic Demand - YoY% (3Q Avg)	5.7	3.3	3.2	5.0	6.2	6.4	5.5	3.4	
Consumer Spending - YoY %	5.9	3.1	1.9	2.2	1.5	1.5	2.7	1.8	Modified final domestic demand, which excludes some multi-national activity, grew by 4% in 2017
Services Exports - YoY % (3Q Avg)	12.4	10.7	10.2	10.6	13.4	14.0	12.9	12.1	
* Excludes Some Investment Related to the Multinational Sector									
EMPLOYMENT & EARNINGS									
Employment YoY %	3.4	3.8	3.8	3.8	3.7	2.5	2.2	3.1	Employment grew by 3.1% YoY in Q4 and 2.9% in 2017. At 2.23m, the number in employment is now very close to its 2007 peak. Labour force growth accelerated in Q4
Labour Force YoY %	1.4	2.3	2.3	1.8	1.8	0.1	0.5	1.9	
Average Earnings YoY %									Weekly earnings growth picks up to 2.5% in Q4. Dichotomy between sectors, with some showing strong growth, while a few are flat or declining
- Hourly	0.9	0.4	0.2	1.0	0.6	1.2	2.8	2.3	
- Weekly	1.5	0.9	1.3	0.7	1.5	1.8	2.1	2.5	
Weekly Earnings YoY %									
- Private Sector	2.7	2.1	1.9	1.4	1.7	1.4	1.8	2.5	
- Public Sector	-0.5	-1.0	1.2	-0.7	1.7	3.2	2.8	2.7	



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