

Irish Economy Watch

AIB Treasury Economic Research Unit



10 August 2018

	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	
MANUFACTURING									
Investec Manufacturing PMI	59.1	57.6	56.2	54.1	55.3	55.4	56.6	56.3	Manufacturing PMI remained at a strong level in July at 56.3. This is above its Q2 avg of 55.8 and points to healthy expansion
OECD Leading Indicator	100.4	100.1	99.7	99.3	98.9	98.5	#N/A	#N/A	
Industrial Production (Ex-Modern)	104.3	101.6	104.1	102.4	101.7	109.9	106.8	#N/A	Production (ex-modern) rose by a strong 3.3% in Q2. This reflected a relatively broad based increase in output after the sector declined in Q1
Production (Ex-Modern) : 3mma YoY%	1.7	-0.8	-1.5	-8.2	-7.1	-4.3	3.4	#N/A	
3mth / 3mth % seas. adj.	3.1	1.0	0.2	-1.3	-0.3	1.3	3.3	#N/A	
SERVICES / RETAIL									
Investec Services PMI	60.4	59.8	57.2	56.5	58.4	59.3	59.5	57.4	The services PMI fell back in July, though at 57.4 it remains consistent with a strong pace of growth in the sector
Monthly Services Index (Value)	110.6	114.4	111.6	109.7	117.7	117.0	116.3	#N/A	
- YoY %	4.3	8.3	1.5	2.9	9.9	8.5	9.3	#N/A	Volatile services index up +4.6% in Q2. Underlying data show that the hotel sector performed particularly well
- 3mth / 3mth % seas. adj.	1.3	2.4	2.1	1.3	0.9	2.3	4.6	#N/A	
SIMI Car Registrations	159	37,024	17,011	17,744	8,061	6,062	1,248	26,933	New car sales down by 4.1% YTD. The decline is being offset by imports of used cars, primarily from the UK
- 12 mth cum total	131,347	129,366	129,283	127,134	127,351	127,419	127,266	126,492	
- 3 mma YoY %	-18.5	-5.8	-4.1	-5.5	-4.5	-5.5	0.9	-2.4	
Retail Sales Index	111.3	111.1	111.3	109.3	112.5	113.4	109.5	#N/A	Core retail sales rose by 1.7% in Q2, after Q1's weather impacted 0.6% rise. Growth in sales in Q2 was broad based, with household equipment the best performer
- YoY %	5.5	1.6	2.2	-1.1	5.9	4.3	7.0	#N/A	
- 3mth / 3mth % seas. adj.	-1.1	1.4	0.9	-0.4	-0.4	0.4	1.1	#N/A	
Ex Autos Index	108.8	109.8	110.0	108.7	110.3	111.9	112.0	#N/A	
- YoY %	6.5	5.3	5.6	2.6	4.4	4.6	4.6	#N/A	
- 3mth / 3mth % seas. adj.	1.0	1.6	0.9	0.6	0.1	0.7	1.7	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	58.0	61.4	59.2	57.5	60.7	61.8	58.4	#N/A	Construction PMI averaged 60.3 in Q2 vs 59.4 in Q1. Expectations remain very strong. Overall, the PMI indicates construction sector continues its recovery
- Commercial Activity	59.4	60.4	61.0	60.4	62.0	65.2	60.4	#N/A	
- New Orders	56.1	61.9	59.4	58.0	63.1	65.6	62.0	#N/A	
- Business Expectations	59.4	60.5	60.3	58.5	61.6	62.8	62.2	#N/A	
	75.1	76.2	80.5	80.4	76.3	78.4	75.7	#N/A	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	9,466	9,464	9,521	9,269	9,385	9,458	9,036	#N/A	Growth in registrations, a measure of developer activity, was disappointing in H1, falling by 8.3% in YoY terms
- 3 Month Avg YoY %	12.4	1.6	0.5	-8.9	-3.0	-2.6	-7.8	#N/A	
Commencements: 12mth Total	17,572	17,913	18,544	18,086	18,392	#N/A	#N/A	#N/A	YoY growth in commencements has slowed. They are up 15% in the year to April after increasing by 33% in 2017
- 3 Month Avg YoY %	6.2	24.2	29.5	13.3	10.5	#N/A	#N/A	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	2,301	2,586	2,523	2,737	3,031	3,595	3,512	#N/A	Mortgage approvals decline by 1.3% YoY in H1—perhaps partly due to Central Bank rules
- 3 Month Avg YoY %	9.1	3.7	2.2	-3.9	-3.6	-1.9	0.8	#N/A	
- 12 Mth Total	36,868	37,026	36,981	36,551	36,712	36,798	36,628	#N/A	Growth in transactions slowed significantly in H1, with some signs that the market may be levelling off
RPPR Transactions : Month	6,415	3,305	3,976	4,228	3,876	4,535	4,231	#N/A	
- 3 Month Avg YoY %	24.5	24.6	21.9	4.9	4.1	3.5	0.4	#N/A	
- 12 Mth Total	54,494	54,716	55,091	55,034	55,195	55,531	55,089	#N/A	CSO house price growth remained very strong in June (+12.4%). Ex-Dublin growth (14.1%) still outpacing price inflation in the Capital (10.7%)
CSO Price Index - MoM	0.5	0.4	0.8	0.6	1.1	0.6	#N/A	#N/A	
- YoY %	12.1	11.8	12.5	12.6	13.5	12.4	#N/A	#N/A	
Daft Asking Prices: MoM %	2.9	0.1	1.7	0.1	1.6	0.5	0.1	#N/A	CSO rent inflation remains in a 6-7% range. Rents now 22.3% above previous peak
- YoY %	9.4	6.9	7.5	7.5	5.5	5.1	6.2	#N/A	
RENTS: CSO Private Rents - MoM%	0.8	0.2	1.1	0.5	0.6	0.6	0.0	0.3	Lower mortgage rates and personal taxes, as well as higher wages helping housing remain relatively affordable
- YoY %	6.1	6.3	6.2	6.4	6.5	7.0	6.1	6.0	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	17.4	17.2	17.3	17.4	17.6	17.7	#N/A	#N/A	

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CONSUMER PRICES - YoY %	0.4	0.2	0.5	0.2	-0.4	0.4	0.4	0.8	CPI inflation picked up sharply in July, to 0.8%. This reflected higher fuel prices and a diminished drag from the insurance sector HICP inflation at 1% in July, its highest level since Feb'13
- MoM %	-0.1	-0.7	0.9	0.3	-0.2	0.6	0.1	0.4	
HICP - YoY %	0.5	0.3	0.7	0.5	-0.1	0.7	0.7	1.0	
- MoM %	-0.1	-0.7	0.9	0.4	-0.2	0.6	0.1	0.4	
PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	103.2	110.4	105.2	108.1	104.0	106.7	102.1	#N/A	Consumer confidence remains at a strong level—averaged 104.3 in Q2 versus 107.9 in Q1
Credit Growth YoY %									
- Private Sector (Underlying)	-2.2	-1.7	-0.8	0.0	0.2	0.2	-0.1	#N/A	Private sector credit has been broadly stable in recent months—first time since 2011
- of which : Household	-1.5	-1.5	-1.6	-1.5	-1.5	-1.6	-1.4	#N/A	
- of which : Mortgage Lending	-2.0	-1.9	-1.9	-1.8	-1.8	-1.7	-1.5	#N/A	
LABOUR MARKET									
Live Register	241,400	238,300	235,000	232,400	228,800	224,700	219,900	217,700	Live Register continued to decline in July—down 39k in the last 12 months. The unemployment rate held at an 11-year low of 5.1%
- Change In Month	-3,500	-3,100	-3,300	-2,600	-3,600	-4,100	-4,800	-2,200	
Unemployment Rate %	6.2	6.0	5.8	5.6	5.4	5.2	5.1	5.1	Services and manufacturing PMI employment sub-indices remained strong at very healthy levels in July. Services index at 57.9 (vs 57 in Q2). Mfg index 53.3 (vs 54). Construction index averaged a particularly strong 61.3 in Q2 (from 57.6)
Redundancies	175	132	211	152	163	315	178	#N/A	
-12 Mth Total	3,056	3,050	3,036	2,922	2,854	2,795	2,743	#N/A	
PMI Employment Indices									
- Investec Manufacturing	60.2	57.6	57.3	55.8	55.0	53.3	53.9	53.3	
- Investec Services	58.4	56.1	55.9	54.2	57.1	56.4	57.5	57.9	
- Ulster Bank Construction	53.7	57.1	57.3	58.5	62.9	59.9	61.2	#N/A	
MERCHANDISE TRADE									
Export Values - 3M / 3M %	3.3	12.3	14.1	11.4	-1.9	-2.1	#N/A	#N/A	YoY growth in value of goods exports at 1.2% in 3 months to May. March weather conditions a factor
- 3MMA YoY %	-1.6	7.5	9.1	4.6	1.3	4.5	#N/A	#N/A	
Import Values - 3M / 3M %	8.9	6.3	4.9	-1.3	-3.6	-6.6	#N/A	#N/A	Imports down 6.6%. Weather also an issue. Fall in aircraft and pharma imports also impacting
- 3MMA YoY %	6.9	4.9	5.3	3.7	-0.8	-3.9	#N/A	#N/A	
PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	6.0	5.2	4.1	4.0	4.5	6.0	6.5	6.7	Tax receipts +6.7% in the year to July—broadly in line with expectations
Voted Spending : Cum YTD %	5.2	25.9	5.0	3.9	8.6	8.4	8.5	8.2	
Exchequer Bal: 12 Mth Total €m	1,908	1,967	1,538	1,697	1,015	1,501	-1,400	-1,735	Government targeting deficit of just 0.2% of GDP in 2018
QUARTERLY DATA									
	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	
GDP - YoY %	3.3	1.4	12.7	2.9	6.2	13.2	6.5	9.1	Irish GDP grew by 9.1% YoY in Q1'18. The data remain heavily distorted by the activity of multi-nationals Modified final domestic demand (ex-some multi-national activity) +4.6% YoY in the three quarters to Q1'18
*Domestic Demand - YoY% (3Q Avg)	4.0	5.0	5.8	4.9	3.7	2.3	3.7	4.6	
Consumer Spending - YoY %	3.6	2.9	3.1	-0.3	1.0	3.1	2.8	2.7	
Services Exports - YoY % (3Q Avg)	10.1	9.6	11.7	16.3	17.9	17.0	15.0	9.2	
<i>* Excludes Some Investment Related to the Multinational Sector</i>									
EMPLOYMENT & EARNINGS									
Employment YoY %	3.8	3.8	3.8	3.7	2.5	2.2	3.1	2.9	Employment grew by a strong 2.9% YoY in Q1. Numbers in work now above pre-recessionary peak, though participation remains well down
Labour Force YoY %	2.3	2.3	1.7	1.8	0.1	0.4	1.9	1.4	
Average Earnings YoY %									Weekly earnings growth picks up to 2.4% in Q1. Dichotomy between sectors remains, with some areas showing strong pick-up in wages, while a few are flat or declining
- Hourly	0.5	0.3	1.3	0.7	1.4	2.8	1.9	2.7	
- Weekly	1.0	1.4	0.9	1.6	2.1	2.2	2.0	2.4	
Weekly Earnings YoY %									
- Private Sector	2.2	2.1	1.8	1.7	1.6	1.8	1.6	1.8	
- Public Sector	-1.0	1.2	-0.8	1.8	3.4	2.7	2.9	3.8	
CSO DWELLING COMPLETIONS									
	2395	2511	3041	2779	3298	3785	4584	3526	CSO completions show housing output lower than old Dept. of Housing estimates. Around 15k completions in 4 quarters to Q1
- YoY %	52.5	23.5	35.5	41.2	37.7	50.7	50.7	26.9	
- Cum 12 Mth Total	8641	9119	9915	10726	11629	12903	14446	15193	



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