

Irish Economy Watch

AIB Treasury Economic Research Unit



15 February 2018

	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
MANUFACTURING								
Investec Manufacturing PMI	56.0	54.6	56.1	55.4	54.4	58.1	59.1	57.6
OECD Leading Indicator	101.1	100.9	100.7	100.4	100.1	99.8	99.5	#N/A
Industrial Production (Ex-Modern)	119.7	121.4	117.1	117.4	121.8	120.7	123.0	#N/A
Production (Ex-Modern) : 3mma YoY%	-1.5	0.2	-1.9	-3.9	-3.4	-2.6	0.6	#N/A
3mth / 3mth % seas. adj.	-3.4	-1.4	-2.1	-1.4	-1.7	0.5	2.7	#N/A
SERVICES / RETAIL								
Investec Services PMI	57.6	58.3	58.4	58.7	57.5	56.0	60.4	59.8
Monthly Services Index (Value)	124.8	131.4	123.4	125.8	128.5	127.4	126.5	#N/A
- YoY %	0.6	8.3	-2.3	-0.6	2.3	0.6	1.5	#N/A
- 3mth / 3mth % seas. adj.	-2.1	0.4	-0.6	0.4	-1.7	0.6	0.5	#N/A
SIMI Car Registrations	1,401	27,707	5,730	3,897	1,944	683	159	37,087
- 12 mth cum total	136,503	134,327	132,771	131,980	131,684	131,618	131,347	129,429
- 3 mma YoY %	-17.6	-7.6	-10.2	-10.8	-18.6	-15.0	-18.5	-5.6
Retail Sales Index	121.8	136.1	130.6	130.5	130.4	134.6	134.5	#N/A
- YoY %	4.4	2.9	4.7	5.1	4.3	7.4	7.3	#N/A
- 3mth / 3mth % seas. adj.	-1.3	1.5	1.6	5.3	1.2	1.8	0.6	#N/A
Ex Autos Index	122.7	123.3	123.5	125.0	124.8	128.1	126.8	#N/A
- YoY %	7.0	7.7	6.7	7.5	6.3	8.2	7.6	#N/A
- 3mth / 3mth % seas. adj.	1.8	1.9	1.3	1.4	1.2	2.3	2.1	#N/A
CONSTRUCTION PMI: Ulster Bank								
- Housing Activity	58.2	56.6	55.1	56.5	54.5	56.7	58.0	61.4
- Commercial Activity	59.5	57.4	57.4	56.1	55.5	58.6	59.4	60.4
- New Orders	60.8	56.1	55.7	58.4	54.7	55.6	56.1	61.9
- Business Expectations	61.2	62.5	59.9	56.7	56.1	57.2	59.4	60.5
- Business Expectations	81.0	74.9	77.7	75.7	74.0	72.5	75.1	76.2
RESIDENTIAL CONSTRUCTION ACTIVITY								
Housing Registrations: 12Mth Total	8,281	8,468	8,623	9,265	9,441	9,511	9,466	#N/A
- 3 Month Avg YoY %	132.3	107.0	104.0	67.8	68.1	60.4	12.4	#N/A
Commencements: 12mth Total	16,277	16,604	16,945	17,323	17,151	17,633	17,572	#N/A
- 3 Month Avg YoY %	62.7	47.1	46.0	34.7	14.3	16.5	6.2	#N/A
Completions (ESB Connection): Month	1,541	1,744	1,606	1,647	1,529	2,247	1,962	#N/A
- 12 Mth Total	16,826	17,460	17,651	17,958	18,197	18,865	19,271	#N/A
HOUSING MARKET ACTIVITY								
BPFI Mortgage Approvals : Month	3,682	3,415	3,380	3,081	3,224	3,243	2,301	#N/A
- 3 Month Avg YoY %	23.8	25.8	19.5	14.5	16.1	11.7	9.1	#N/A
- 12 Mth Total	34,884	35,391	35,823	36,138	36,734	36,822	36,868	#N/A
RPPR Transactions : Month	4,596	4,761	4,372	4,761	4,918	4,921	6,154	#N/A
- 3 Month Avg YoY %	7.4	9.8	10.2	10.6	10.8	10.9	21.3	#N/A
- 12 Mth Total	49,453	49,802	50,135	50,929	51,379	52,020	53,759	#N/A
HOUSING MARKET PRICES								
CSO Price Index - MoM	1.4	2.4	1.6	1.3	0.3	1.0	0.5	#N/A
- YoY %	11.4	11.6	11.8	12.0	11.7	11.4	12.3	#N/A
Daft Asking Prices: MoM %	-0.9	0.6	0.4	-0.7	0.6	-1.8	2.9	#N/A
- YoY %	10.0	9.7	9.1	7.7	10.2	7.9	9.4	#N/A
RENTS: CSO Private Rents - MoM%	0.8	0.4	0.8	0.7	0.5	0.0	0.8	0.2
- YoY %	7.9	7.3	7.3	6.1	5.6	5.6	6.1	6.3
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	17.4	17.9	18.2	18.4	18.5	17.9	17.9	#N/A

Manufacturing PMI fell back in Jan from Dec's all-time high, but it continues to point to strong growth in the sector

Production (ex-modern), which can be volatile, grew by an encouraging 2.7% YoY in Q4 (-1.4% in Q3), largely reflecting a jump (+8%) in food output

The services PMI edged back slightly in Jan, though at 59.8, it points to very strong growth

Volatile services index up by a relatively modest 0.5% in Q4

New car sales at 37k in Jan, on new number plate. However, this is down 5% YoY. Although, the decline continues to be more than offset by imports of used cars

Core retail sales continue to perform strongly—up 2.1% in Q4 after 1.4% in Q3. Underlying Q4 data show broad based growth, with electrical goods sales particularly strong

Construction PMI jumped to an 8 month high of 61.4 in January. New orders very strong at above 60

Housing registrations totalled 9,466 in 2017 (+68% YoY), but this is still a low level

Commencements were up 33% in 2017, though at 17.5k, they remained low overall

Likewise, completions rose by 29% in 2017 to 19,271. However, this is still well below estimated annual demand of 30-35k

YoY growth in mortgage approvals continues to slow—at 9% in Q4 vs 14.5% in Q3

Strong increase in transactions in Q4 (+21% YoY), especially in December

CSO house price growth accelerates to 12.3% in Dec. Ex-Dublin growth (13.3%) still outpacing price inflation in the Capital (11.6%)

CSO rent prices rose by 6.3% YoY in December, below recent 9%+ highs. But, rents now 19% above previous 2008 peak

Decline in mortgage interest rates helps affordability, counteracting somewhat rising house prices

	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	
CONSUMER PRICES - YoY %	-0.4	-0.2	0.4	0.2	0.6	0.5	0.4	0.2	CPI inflation slowed further to 0.2% in January. This partly reflected abating upward pressure from motor fuels (+0.7% in Jan vs +3.9% in Dec'16)
- MoM %	0.1	0.0	0.4	-0.6	-0.1	-0.2	-0.1	-0.7	
HICP - YoY %	-0.6	-0.2	0.4	0.2	0.5	0.5	0.5	0.3	HICP inflation at 0.3% in Jan
- MoM %	0.1	0.1	0.4	-0.6	-0.1	-0.1	-0.1	-0.7	

PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	105.0	105.1	102.9	105.8	104.8	103.6	103.2	110.4	Consumer confidence jumps to a 17-year high in Jan. Underlying data point to easing in financial strains, but data may also be distorted by seasonality
Credit Growth YoY %									
- Private Sector (Underlying)	-6.0	-6.1	-5.7	-4.8	-3.7	-2.7	-3.2	#N/A	Pace of decline in private sector credit eased in 2017. Was at -3.2% in Dec vs 3.7% in Dec'16
- of which : Household	-1.9	-1.8	-1.7	-1.5	-1.6	-1.5	-1.5	#N/A	
- of which : Mortgage Lending	-2.5	-2.4	-2.3	-2.1	-2.1	-1.9	-2.0	#N/A	

LABOUR MARKET									
Live Register	259,300	256,300	247,400	250,300	248,300	244,900	241,400	238,400	Live Register continued to decline in Jan—down 40k in the last 12 months. The unemployment rate declined for a fifth consecutive month in January, falling to a 9½-year low of 6.1%
- Change In Month	-4,700	-3,000	-8,900	+2,900	-2,000	-3,400	-3,500	-3,000	
Unemployment Rate %	6.6	6.7	6.7	6.6	6.5	6.4	6.2	6.1	The PMI employment sub-indices suggest pace of jobs growth in services and manufacturing slowed slightly in Jan, while remaining strong. Construction index rebounded
Redundancies	230	252	337	249	291	288	175	#N/A	
-12 Mth Total	3,171	3,086	3,085	2,973	3,052	3,083	3,056	#N/A	
PMI Employment Indices									
- Investec Manufacturing	54.9	53.4	53.3	51.8	53.7	57.1	60.2	57.6	
- Investec Services	58.6	59.4	58.5	58.6	58.3	57.6	58.4	56.1	
- Ulster Bank Construction	59.7	60.7	60.9	56.0	54.8	56.7	53.7	57.1	

MERCHANDISE TRADE									
Export Values - 3M / 3M %	-8.2	-6.0	-7.0	-3.3	-2.8	0.5	2.5	#N/A	Value of goods exports down 2.6% YoY in Q4, largely due to fall in value of chemical & aircraft related sales
- 3MMA YoY %	2.5	2.4	-4.3	-4.7	-6.0	-4.8	-2.6	#N/A	
Import Values - 3M / 3M %	13.6	-2.3	-7.2	-12.4	-2.0	2.8	6.7	#N/A	Imports values up 2.4%, largely reflecting higher oil prices (\$61 avg in Q4'17 vs \$51 in Q4'16)
- 3MMA YoY %	8.9	1.4	-1.2	-3.8	3.6	0.4	2.4	#N/A	

PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	4.0	4.5	4.9	5.4	6.2	5.8	6.0	5.2	Tax receipts show an encouraging start to 2018, +4.9% YoY in January
Voted Spending : Cum YTD %	5.0	5.1	5.2	5.2	5.0	5.0	5.2	25.9	
Exchequer Bal: 12 Mth Total €m	2,615	-1,874	477	1,357	1,743	2,063	1,908	1,967	Government targeting deficit of just 0.2% of GDP in 2018

QUARTERLY DATA									
	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	
GDP - YoY %	26.6	2.5	5.4	2.7	9.9	5.1	6.3	10.5	Irish GDP grew by 10.5% YoY in Q3, but data remain distorted
*Domestic Demand - YoY% (3Q Avg)	7.6	5.7	3.3	3.2	5.0	6.2	6.2	4.9	
Consumer Spending - YoY %	4.4	5.9	3.1	1.9	2.2	1.6	1.5	2.7	Growth in modified domestic spending (excludes some multinational investment) rose by a strong 4.9% in Q1-Q3, suggesting firm 'underlying' domestic growth
Services Exports - YoY % (3Q Avg)	14.7	12.4	10.7	10.2	10.6	13.4	14.0	12.9	
* Excludes Some Investment Related to the Multinational Sector									

EMPLOYMENT & EARNINGS									
Employment YoY %	3.0	3.4	3.8	3.8	3.8	3.7	2.5	2.2	First iteration of new CSO Labour Force Survey (LFS) shows YoY employment growth of 2.2% in Q3. Surprising weakness in labour force growth
Labour Force YoY %	1.4	1.4	2.3	2.3	1.8	1.8	0.1	0.5	
Average Earnings YoY %									Weekly earnings growth modest in Q3 (1.7%). Dichotomy between sectors, with some showing strong growth, while others flat or declining
- Hourly	-0.7	0.9	0.4	0.2	1.0	0.6	1.2	2.3	
- Weekly	1.2	1.5	0.9	1.3	0.7	1.5	1.8	1.7	
Weekly Earnings YoY %									
- Private Sector	1.0	2.7	2.1	1.9	1.4	1.7	1.4	1.5	
- Public Sector	1.8	-0.5	-1.0	1.2	-0.7	1.7	3.2	2.7	



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