

Irish Economy Watch

AIB Treasury Economic Research Unit



18 July 2017

	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	
MANUFACTURING									
Industrial Production (Ex-Modern)	122.9	122.4	126.2	123.1	124.9	119.8	121.0	#N/A	Production (ex-modern) shows some recovery in May, but recent trend remains negative. YoY growth slows further to just 1% in 3mth to May
Production (Ex-Modern) : 3mma YoY%	-0.4	0.3	2.5	3.1	3.7	1.1	1.0	#N/A	
3mth / 3mth % seas. adj.	1.4	-0.9	1.1	0.6	2.5	-1.0	-1.6	#N/A	
Investec Manufacturing PMI	53.7	55.7	55.5	53.8	53.6	55.0	55.9	56.0	The manufacturing PMI points to stronger growth in Q2 (avg 55.6 vs Q1's 54.3)
OECD Leading Indicator	100.3	100.6	100.8	100.8	100.7	100.6	100.4	#N/A	
SERVICES / RETAIL									
Monthly Services Index (Value)	127.5	124.2	130.3	128.3	127.4	125.6	126.9	#N/A	Services index sees some improvement in May following three consecutive declines. Index up 2.6% YoY
- YoY %	6.4	7.3	5.9	3.7	3.2	1.7	2.6	#N/A	
- 3mth / 3mth % seas. adj.	1.3	0.6	1.7	1.1	2.3	-0.2	-0.8	#N/A	
Investec Services PMI	56.0	59.1	61.0	60.6	59.1	61.1	59.5	57.6	The services PMI remained strong in Q2, averaging 59.4, just below Q1's 60.2
SIMI Car Registrations	749	430	38,986	17,098	19,888	7,833	5,993	1,396	
- 12 mth cum total	146,517	146,603	145,869	141,394	139,753	137,204	136,698	136,470	New car sales are down 10% in the year to June. The decline is being offset by rise in imports of second hand cars
- 3 mma YoY %	-7.1	-11.0	-2.0	-8.3	-8.3	-16.2	-12.2	-17.7	
Retail Sales Index	126.4	125.8	127.7	128.1	127.0	126.2	127.2	#N/A	Core retail sales continue to grow very strongly, up 2.3% in the 3mth to May. Underlying data show broad based rises
- YoY %	6.0	4.5	3.6	1.9	3.1	1.5	3.2	#N/A	
- 3mth / 3mth % seas. adj.	0.2	-1.6	2.0	2.0	#N/A	#N/A	#N/A	#N/A	
Ex Autos Index	119.2	117.5	119.6	120.4	120.9	121.9	122.9	#N/A	
- YoY %	6.0	3.5	6.3	5.6	6.1	6.8	7.3	#N/A	
- 3mth / 3mth % seas. adj.	2.4	2.2	2.2	1.4	2.1	1.9	2.3	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	59.8	58.9	55.7	57.9	60.8	61.3	63.6	58.2	Construction PMI improves in Q2, from an already strong level in Q1 (61 from 58.1)
- Commercial Activity	63.9	60.6	59.1	63.3	61.3	61.9	69.2	59.5	
- New Orders	62.8	61.0	56.5	58.9	63.5	59.6	65.3	60.8	Housing registrations continue to rise, while remaining at a low level overall
- Business Expectations	59.5	62.6	58.1	59.6	59.3	63.7	66.2	61.2	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	5,359	5,626	5,859	6,537	6,573	6,932	7,155	#N/A	YoY growth in commencements slowed during Q1, but remains strong (+33%). Though, still at low levels in overall terms
- 3 Month Avg YoY %	87.1	88.7	114.1	173.0	75.0	70.4	34.4	#N/A	
Commencements: 12mth Total	11,667	13,234	13,334	13,169	14,192	#N/A	#N/A	#N/A	
- 3 Month Avg YoY %	73.3	66.3	35.6	7.1	33.0	#N/A	#N/A	#N/A	Completions continue to improve, but at less than 16k on a 12mth cumulative basis, they are still far below demand
Completions: Month	1,579	1,556	1,244	1,263	1,389	#N/A	#N/A	#N/A	
- 12 Mth Total	14,728	14,932	15,256	15,327	15,684	#N/A	#N/A	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	3,155	2,255	2,465	2,586	3,261	2,928	3,557	#N/A	Strong growth in mortgage approvals. Transactions, though, remain subdued/static as lack of supply hinders activity
- 3 Month Avg YoY %	29.8	31.1	42.3	41.8	61.4	44.3	39.8	#N/A	
- 12 Mth Total	29,436	29,935	30,730	31,590	33,098	33,425	34,366	#N/A	
RPPR Transactions : Month	4,280	4,556	3,038	3,545	4,200	3,512	2,836	#N/A	CSO house price growth accelerates further in May. Dublin price growth rose to 11.2%, but is still being outpaced by rises elsewhere (12.8%)
- 3 Month Avg YoY %	3.9	-5.0	-2.7	-5.8	10.3	4.2	-4.1	#N/A	
- 12 Mth Total	48,455	47,500	47,896	47,763	48,506	48,350	47,311	#N/A	
HOUSING MARKET PRICES									
CSO Price Index - MoM	1.1	-0.7	0.7	0.3	0.2	0.7	2.2	#N/A	CSO rent prices continue to rise in June, now 15% above previous peak. Although, YoY growth remains off its recent highs, at 7.9%
- YoY %	8.1	7.8	7.9	9.3	9.6	10.0	11.9	#N/A	
Daft Asking Prices: MoM %	0.2	1.6	2.4	1.1	0.1	3.8	0.7	-0.7	
- YoY %	7.9	9.3	9.8	10.3	8.0	12.7	12.6	10.3	Low mortgage rates and higher earnings help keep affordability at overall accommodative levels despite rising house prices
RENTS: CSO Private Rents - MoM%	0.0	0.3	0.0	1.2	0.3	0.5	0.1	0.8	
- YoY %	9.7	9.6	8.3	8.5	8.6	7.9	7.6	7.9	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	16.5	16.2	16.1	16.1	16.1	16.3	16.6	#N/A	

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CONSUMER PRICES - YoY %	-0.1	0.0	0.3	0.5	0.7	0.9	0.2	-0.4	CPI inflation back in negative territory in June—on back of declining goods price inflation (-2.9%), while prior boost from fuel prices continues to ease
- MoM %	-0.1	0.0	-0.5	0.6	0.6	0.4	-0.2	0.1	
HICP - YoY %	-0.2	-0.2	0.2	0.3	0.6	0.7	0.0	-0.6	Meantime, HICP inflation rate at -0.6% in June
- MoM %	-0.1	-0.1	-0.5	0.5	0.6	0.4	-0.2	0.1	

PERSONAL / FINANCIAL

KBC/ESRI Consumer Confidence	97.8	96.2	103.1	100.7	101.9	102.0	100.5	105.0	Consumer confidence at its highest level since February 2016 in June, and still close to a 15 year high
Credit Growth YoY %									
- Private Sector (Underlying)	-3.8	-3.8	-4.1	-4.6	-4.5	-5.6	-5.7	#N/A	Private sector credit decline accelerating. Although, household credit contraction eases to -2% YoY
- of which : Household	-2.7	-2.5	-2.4	-2.3	-2.2	-2.1	-2.0	#N/A	
- of which : Mortgage Lending	-3.1	-2.9	-2.9	-2.8	-2.7	-2.6	-2.5	#N/A	

LABOUR MARKET

Live Register	285,700	282,400	278,600	275,500	271,400	266,400	264,000	259,200	Live Register continues to decline at a very solid pace. The unemployment rate fell to 6.3% in June
- Change In Month	-2,500	-3,300	-3,800	-3,100	-4,100	-5,000	-2,400	-4,800	
Unemployment Rate %	7.0	6.9	6.9	6.8	6.6	6.4	6.4	6.3	PMI employment sub-indices remain consistent with solid level of jobs growth in Q2. Construction sector jobs outlook remains particularly encouraging, averaging above 60 for a third consecutive quarter
Redundancies	257	202	138	225	266	231	374	230	
-12 Mth Total	4,413	4,355	4,211	4,213	3,809	3,601	3,359	3,171	
PMI Employment Indices									
- Investec Manufacturing	55.5	56.4	56.1	53.8	53.9	56.2	57.5	54.9	
- Investec Services	56.4	60.7	60.1	60.5	58.7	58.1	55.8	58.6	
- Ulster Bank Construction	61.5	61.5	63.3	62.9	58.6	61.0	60.8	59.7	

MERCHANDISE TRADE

Export Values - 3M / 3M %	3.0	3.1	0.3	2.9	5.3	0.8	-3.2	#N/A	YoY value of exports remains strong, aided by pick-up in pharmaceutical sector output
- 3MMA YoY %	3.5	0.9	6.8	9.6	15.4	10.0	7.5	#N/A	
Import Values - 3M / 3M %	2.0	1.0	3.0	-1.8	-3.9	1.1	-2.3	#N/A	Imports weighed down in part by weak sterling and weaker aircraft activity
- 3MMA YoY %	3.7	-2.9	4.7	4.3	7.3	6.0	0.0	#N/A	

PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	6.5	5.0	6.0	4.1	3.2	0.5	2.9	4.0	Tax receipts close to target at the end of June
Voted Spending : Cum YTD %	2.7	2.6	4.7	6.9	5.7	4.0	5.3	5.0	
Exchequer Bal: 12 Mth Total €m	1,116	-1,012	-740	-735	-745	-2,494	-504	2,615	Spending remains below profile

QUARTERLY DATA

	Q2-15	Q3-15	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	
GDP - YoY %	21.3	26.7	26.6	2.5	5.4	2.7	9.9	6.1	Irish GDP grew by 6.1% YoY in Q1, after 9.9% in Q4'16. GDP data remain highly distorted by the activities of multi-nationals
*Core Domestic Expd - YoY% (3Q Avg)	7.9	8.4	7.8	6.5	3.5	3.6	4.3	4.7	
Consumer Spending - YoY %	3.2	5.4	4.4	5.9	3.1	1.9	2.2	1.8	Growth in core domestic expenditure remains strong. Consumer spending remained encouraging, at +1.8% YoY.
Services Exports - YoY % (3Q Avg)	16.1	16.1	14.7	12.4	10.7	10.2	10.6	13.5	
* Excludes Aircraft, R&D/Intangibles									

EMPLOYMENT & EARNINGS

Employment YoY %	3.0	2.9	2.3	2.4	2.9	2.9	3.3	3.5	Employment grows at a very strong 3.5% YoY in Q1. Underlying data show jobs growth in most sectors. Labour force growth also rises
Labour Force YoY %	0.6	0.6	0.8	0.6	1.5	1.5	1.2	1.6	
Average Earnings YoY %									YoY growth in weekly earnings rose to 1.4% in Q1, partly due to rise in hours worked. Most sectors now recording a pick-up in wages
- Hourly	0.3	1.4	-0.7	0.9	0.4	0.2	1.0	0.7	
- Weekly	0.8	2.4	1.2	1.5	0.9	1.3	0.7	1.4	
Weekly Earnings YoY %									
- Private Sector	1.3	3.3	1.0	2.7	2.1	1.9	1.4	1.5	
- Public Sector	-0.1	0.3	1.8	-0.5	-1.0	1.2	-0.7	1.6	



Oliver Mangan
Chief Economist
oliver.n.mangan@aib.ie

John Fahey
Senior Economist
john.j.fahey@aib.ie

Dara Turnbull
Economist
dara.c.turnbull@aib.ie

AIB Bankcentre, Ballsbridge, Dublin 4

Tel: 353-1-6600311

www.aibconomics.com