

Irish Economy Watch

AIB Treasury Economic Research Unit



19 July 2018

	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	
MANUFACTURING									
Investec Manufacturing PMI	58.1	59.1	57.6	56.2	54.1	55.3	55.4	56.6	Manufacturing PMI remained solid in Q2—avg 55.8, broadly unchanged from 56 in Q1. Points to healthy expansion
OECD Leading Indicator	100.6	100.4	100.1	99.7	99.3	98.9	98.5	#N/A	
Industrial Production (Ex-Modern)	103.2	104.4	101.5	104.0	102.1	101.1	108.1	#N/A	Production (ex-modern) back in positive territory on a 3mth/3mth basis as agricultural sector rebounds in May from March/April weather disruption
Production (Ex-Modern) : 3mma YoY%	-1.1	1.8	-0.8	-1.4	-8.2	-7.2	-5.0	#N/A	
3mth / 3mth % seas. adj.	2.1	3.1	0.9	0.1	-1.5	-0.6	0.5	#N/A	
SERVICES / RETAIL									
Investec Services PMI	56.0	60.4	59.8	57.2	56.5	58.4	59.3	59.5	The services PMI improved in Q2 averaging 59.1 compared to 57.8 in Q1. This indicates a firmer pace of growth in the second quarter
Monthly Services Index (Value)	110.9	110.6	114.2	111.5	109.3	117.5	116.7	#N/A	
- YoY %	3.2	4.4	8.2	1.5	2.9	9.8	8.5	#N/A	Volatile services index up by 2.1% in May on a 3mth/3mth basis
- 3mth / 3mth % seas. adj.	1.1	1.3	2.3	2.1	1.1	0.8	2.1	#N/A	
SIMI Car Registrations	683	159	37,024	17,011	17,744	8,061	6,062	1,250	New car sales down by 4.5% YTD. The decline is being offset by imports of used cars, primarily from the UK
- 12 mth cum total	131,618	131,347	129,366	129,283	127,134	127,351	127,419	127,268	
- 3 mma YoY %	-15.0	-18.5	-5.8	-4.1	-5.5	-4.5	-5.5	0.9	
Retail Sales Index	112.0	111.4	111.1	111.4	109.4	112.7	112.8	#N/A	Core retail sales have risen by a very strong 1.6% in April/May versus Q1. Clothing, food and furniture sectors have been particularly strong
- YoY %	5.8	5.5	1.6	2.2	-1.0	6.0	4.3	#N/A	
- 3mth / 3mth % seas. adj.	0.3	-1.2	1.4	0.9	-0.4	-0.3	0.3	#N/A	
Ex Autos Index	109.9	108.8	109.8	110.1	108.7	110.5	112.1	#N/A	
- YoY %	7.9	6.5	5.3	5.7	2.6	4.4	4.7	#N/A	
- 3mth / 3mth % seas. adj.	0.9	1.0	1.7	1.0	0.7	0.2	0.8	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	56.7	58.0	61.4	59.2	57.5	60.7	61.8	58.4	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	58.6	59.4	60.4	61.0	60.4	62.0	65.2	60.4	
- New Orders	55.6	56.1	61.9	59.4	58.0	63.1	65.6	62.0	
- Business Expectations	57.2	59.4	60.5	60.3	58.5	61.6	62.8	62.2	
	72.5	75.1	76.2	80.5	80.4	76.3	78.4	75.7	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	9,511	9,466	9,464	9,521	9,269	9,385	9,458	#N/A	Growth in registrations, a measure of developer activity, has been disappointing, though. Regs flat on a 12mth basis
- 3 Month Avg YoY %	60.4	12.4	1.6	0.5	-8.9	-3.0	-2.6	#N/A	
Commencements: 12mth Total	17,633	17,572	17,913	18,544	18,086	18,392	#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 %	16.5	6.2	24.2	29.5	13.3	10.5	#N/A	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	3,243	2,301	2,586	2,523	2,737	3,031	3,595	#N/A	Mortgage approvals decline by 1.9% YoY in the three months to May—perhaps partly due to Central Bank lending rules
- 3 Month Avg YoY %	11.7	9.1	3.7	2.2	-3.9	-3.6	-1.9	#N/A	
- 12 Mth Total	36,822	36,868	37,026	36,981	36,551	36,712	36,798	#N/A	Growth in transactions continues to slow, up just 2.4% YoY in three months to May
RPPR Transactions : Month	5,135	6,415	3,305	3,976	4,219	3,841	4,452	#N/A	
- 3 Month Avg YoY %	13.7	24.5	24.6	21.9	4.7	3.6	2.4	#N/A	
- 12 Mth Total	52,635	54,494	54,716	55,091	55,008	55,134	55,387	#N/A	
HOUSING MARKET PRICES									
CSO Price Index - MoM	0.8	0.5	0.4	0.8	0.6	0.7	#N/A	#N/A	CSO house price growth accelerates further to 13% in April. Ex-Dublin growth (13.6%) still outpacing price inflation in the Capital (12.5%)
- YoY %	11.2	12.1	11.8	12.5	12.6	13.0	#N/A	#N/A	
Daft Asking Prices: MoM %	-1.8	2.9	0.1	1.7	0.1	1.6	0.5	0.1	CSO rent inflation remains in a 6-7% range. Rents now 22% above previous peak
- YoY %	7.9	9.4	6.9	7.5	7.5	5.5	5.1	6.2	
RENTS: CSO Private Rents - MoM%	0.0	0.8	0.2	1.1	0.5	0.6	0.6	0.0	Lower mortgage rates and personal taxes, as well as higher wages helping housing remain relatively affordable
- YoY %	5.6	6.1	6.3	6.2	6.4	6.5	7.0	6.1	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	17.4	17.4	17.2	17.3	17.4	17.5	#N/A	#N/A	

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CONSUMER PRICES - YoY %	0.5	0.4	0.2	0.5	0.2	-0.4	0.4	0.4	CPI inflation remains very weak in June, holding at 0.4%. Goods inflation at -0.2%, services inflation at +1%
- MoM %	-0.2	-0.1	-0.7	0.9	0.3	-0.2	0.6	0.1	
HICP - YoY %	0.5	0.5	0.3	0.7	0.5	-0.1	0.7	0.7	
- MoM %	-0.1	-0.1	-0.7	0.9	0.4	-0.2	0.6	0.1	
PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	103.6	103.2	110.4	105.2	108.1	104.0	106.7	102.1	Consumer confidence remains at a strong level—averaged 104.3 in Q2 versus 107.9 in Q1
Credit Growth YoY %									
- Private Sector (Underlying)	-2.6	-2.2	-1.7	-0.8	0.0	0.2	0.2	#N/A	
- of which : Household	-1.5	-1.5	-1.5	-1.6	-1.5	-1.5	-1.6	#N/A	
- of which : Mortgage Lending	-2.1	-2.0	-1.9	-1.9	-1.8	-1.8	-1.7	#N/A	Private sector credit growth back in positive territory on a YoY basis in May/June for the first time since October 2011
LABOUR MARKET									
Live Register	245,200	241,700	238,600	235,200	232,400	228,600	224,100	219,300	Live Register continued to decline in June—down 40k in the last 12 months. The unemployment rate has fallen further, moving down to a near 11-year low of 5.1%
- Change In Month	-3,500	-3,500	-3,100	-3,400	-2,800	-3,800	-4,500	-4,800	
Unemployment Rate %	6.3	6.2	6.0	5.8	5.6	5.4	5.2	5.1	
Redundancies	288	175	132	211	152	163	315	178	
-12 Mth Total	3,083	3,056	3,050	3,036	2,922	2,854	2,795	2,743	PMI employment sub-indices strong in Q2. Manufacturing index did slow to 54 (from Q1's 56.9), but key services index rose to 57 (from 55.4), while construction index was particularly strong at 61.3 (57.6)
PMI Employment Indices									
- Investec Manufacturing	57.1	60.2	57.6	57.3	55.8	55.0	53.3	53.9	
- Investec Services	57.6	58.4	56.1	55.9	54.2	57.1	56.4	57.5	
- Ulster Bank Construction	56.7	53.7	57.1	57.3	58.5	62.9	59.9	61.2	
MERCHANDISE TRADE									
Export Values - 3M / 3M %	1.6	3.3	12.3	14.1	11.4	-1.9	-2.1	#N/A	YoY growth in value of goods exports at 1.2% in 3 months to May. March weather conditions a factor
- 3MMA YoY %	-3.8	-1.6	7.5	9.1	4.6	1.3	4.5	#N/A	
Import Values - 3M / 3M %	4.0	8.9	6.3	4.9	-1.3	-3.6	-6.6	#N/A	Imports down 6.6%. Weather also an issue. Fall in aircraft and pharma imports also impacting
- 3MMA YoY %	3.9	6.9	4.9	5.3	3.7	-0.8	-3.9	#N/A	
PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	5.8	6.0	5.2	4.1	4.0	4.5	6.0	6.5	Tax receipts +6.5% YoY in H1—broadly in line with expectations
Voted Spending : Cum YTD %	5.0	5.2	25.9	5.0	3.9	8.6	8.4	8.5	
Exchequer Bal: 12 Mth Total €m	2,063	1,908	1,967	1,538	1,697	1,015	1,501	-1,400	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
*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	
* Excludes Some Investment Related to the Multinational Sector									
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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