

# Irish Economy Watch

AIB Treasury Economic Research Unit



09 June 2016

	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
<b>MANUFACTURING</b>								
Industrial Production (Ex-Modern)	123.8	124.7	116.9	123.5	123.4	122.5	124.6	#N/A
Production (Ex-Modern) : 3mma YoY%	4.6	5.8	3.1	2.9	0.5	1.8	0.3	#N/A
3mth / 3mth % seas. adj.	-2.8	-2.5	-4.6	-2.2	-2.5	1.1	1.5	#N/A
Investec Manufacturing PMI	53.6	53.3	54.2	54.3	52.9	54.9	52.6	51.5
OECD Leading Indicator	101.0	100.8	100.6	100.4	100.2	100.0	99.8	#N/A
<b>SERVICES / RETAIL</b>								
Monthly Services Index (Value)	119.1	120.0	116.9	123.6	123.5	122.9	121.7	#N/A
- YoY %	5.7	7.6	0.6	0.9	7.9	5.0	5.9	#N/A
- 3mth / 3mth % seas. adj.	0.2	0.3	-0.9	1.4	1.7	3.9	2.1	#N/A
Investec Services PMI	60.1	63.6	61.8	64.0	62.1	62.8	59.8	61.7
SIMI Car Registrations	2,559	940	342	39,722	21,574	21,529	10,382	6,509
- 12 mth cum total	124,795	124,953	124,945	134,859	140,655	143,251	144,182	143,772
- 3 mma YoY %	27.0	22.9	21.2	32.5	34.2	28.4	21.1	8.8
Retail Sales Index	107.5	109.9	109.3	113.5	114.5	111.8	112.7	#N/A
- YoY %	7.0	9.5	6.3	10.6	10.7	4.7	5.0	#N/A
- 3mth / 3mth % seas. adj.	2.1	1.8	-0.5	2.7	3.6	4.0	#N/A	#N/A
Ex Autos Index	111.2	114.4	113.2	114.0	114.5	114.2	114.9	#N/A
- YoY %	5.5	8.9	5.2	6.5	6.7	6.1	3.6	#N/A
- 3mth / 3mth % seas. adj.	1.4	1.7	1.4	2.1	1.3	1.2	0.6	#N/A
<b>CONSTRUCTION PMI: Ulster Bank</b>								
- Housing Activity	56.3	55.5	58.6	63.6	68.8	62.3	56.4	#N/A
- Commercial Activity	57.4	55.2	58.3	65.9	71.2	63.6	58.4	#N/A
- New Orders	55.7	56.0	59.7	62.4	68.5	65.1	56.5	#N/A
- Business Expectations	58.3	60.9	60.4	62.5	67.4	64.0	59.4	#N/A
- Business Expectations	76.2	81.5	79.7	79.6	81.4	77.7	83.8	#N/A
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>								
Housing Registrations: 12Mth Total	4,384	4,384	4,290	4,242	4,257	4,764	4,831	#N/A
- 3 Month Avg YoY %	98.9	-9.9	-4.0	-17.1	-15.7	60.1	63.0	#N/A
Commencements: 12mth Total	7,673	8,074	8,098	8,425	8,867	8,848	#N/A	#N/A
- 3 Month Avg YoY %	106.6	103.6	64.9	79.2	80.8	56.3	#N/A	#N/A
Completions: Month	1,138	1,262	1,352	920	1,192	1,032	#N/A	#N/A
- 12 Mth Total	12,272	12,503	12,666	12,893	13,249	13,181	#N/A	#N/A
<b>HOUSING MARKET ACTIVITY</b>								
BPFI Mortgage Approvals : Month	2,267	2,110	1,756	1,627	1,699	1,767	2,631	#N/A
- 3 Month Avg YoY %	-7.5	-13.5	-20.3	-20.3	-18.9	-17.0	-4.6	#N/A
- 12 Mth Total	27,236	26,634	26,030	25,840	25,446	24,985	25,546	#N/A
RPPR Transactions : Month	4,442	4,045	5,511	2,612	3,639	3,346	3,537	#N/A
- 3 Month Avg YoY %	3.3	4.8	-10.0	-14.6	-17.1	-9.9	-3.8	#N/A
- 12 Mth Total	49,884	50,244	48,566	47,809	47,814	47,516	47,392	#N/A
<b>HOUSING MARKET PRICES</b>								
CSO (Mortgaged Transactions) - MoM	1.6	-0.5	0.5	-0.5	0.0	0.4	0.4	#N/A
- YoY %	7.6	6.5	6.6	7.6	8.0	7.4	7.1	#N/A
Daft Asking Prices: MoM %	-0.7	-0.9	0.3	1.8	0.7	2.1	#N/A	#N/A
- YoY %	9.1	8.6	7.8	8.1	4.4	5.3	#N/A	#N/A
<b>RENTS:</b> CSO Private Rents - MoM%	0.5	0.4	0.3	1.2	1.1	0.2	1.0	0.5
- YoY %	10.3	10.0	9.6	9.4	9.7	9.2	9.7	9.7
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30Yr Mortgage, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	17.0	16.8	16.8	16.4	16.3	16.4	16.5	#N/A

Excluding temporary fall in Dec, production (ex-modern sector) has been relatively stable since last summer. Pace of 3mth/3mth growth at 1.5% in April

Manufacturing PMI slowed to near 3yr low of 51.5 in May—new export orders below 50. May be a UK Referendum effect

Services index continues to show strong pace of YoY growth in the sector—at 5.9% in April

Services PMI firmer in May. At 61.7, it continues to point to a very strong pace of growth

YoY growth in car sales has slowed in recent months. But, sales are still up 23% YTD versus 2015

Growth in core retail sales (excludes cars) has also slowed somewhat, though at 3.6% YoY, it remains strong. Underlying data show particularly strong growth in household goods

Construction PMI falls for a second month in April. But, new orders component remains very strong, near 60. Expectations at highest level since end 2014

Growth in housing registrations has reaccelerated, after a somewhat sluggish start to 2016

Commencements have shown solid improvement so far this year. YoY comparison still distorted by 2014 policy change

Housing completions on course for improved performance in 2016, up 20% YTD

Pace of YoY decline in mortgage approvals and transactions moderated further in April. Sector still impacted by Central Bank mortgage rules as well as the limited sale stock

Annual house price inflation of around 7%. Data show that ex-Dublin prices continue to grow more strongly than Dublin prices, in part due to CB rules

Rents continue to rise strongly, YoY growth increase to 9.7% in May. Rents now 6.1% above previous peak

Pick-up in earnings and lower mortgage interest means affordability has improved from already favourable levels

	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	
<b>CONSUMER PRICES</b> YoY %	-0.2	-0.2	0.1	0.1	-0.1	-0.3	-0.1	0.0	CPI inflation edges up to 0% in May, as increased drag from oil prices is offset by higher insurance costs
- MoM %	-0.2	-0.3	-0.1	-0.8	0.4	0.4	0.2	0.5	
HICP - YoY %	-0.1	-0.1	0.2	0.0	-0.2	-0.6	-0.2	-0.2	
- MoM %	-0.3	-0.3	-0.1	-0.9	0.4	0.3	0.3	0.5	HICP inflation remains in negative territory at 0.2% in May
<b>PERSONAL / FINANCIAL</b>									
KBC/ESRI Consumer Confidence	101.3	103.1	103.9	108.6	105.8	100.6	102.7	98.1	Consumer confidence has been slightly lower in the last few months, while remaining at a high level overall. May suggest increased concerns about household finances and jobs
Credit Growth YoY %									
- Private Sector (Underlying)	-10.7	-11.7	-7.9	-7.3	-7.8	-7.1	-6.5	#N/A	
- of which : Household	-2.5	-2.7	-2.8	-2.6	-2.7	-2.6	-2.4	#N/A	Pace of decline in private sector credit slowing
- of which : Mortgage Lending	-2.4	-2.6	-2.6	-2.5	-2.4	-2.4	-2.3	#N/A	
<b>LABOUR MARKET</b>									
Live Register	332,200	330,100	328,200	323,500	320,700	317,100	312,800	309,200	Live Register declining strongly. Unemployment rate fell further in May to 7.8%, its lowest level since October 2008
- Change In Month	-4,800	-2,100	-1,900	-4,700	-2,800	-3,600	-4,300	-3,600	
Unemployment Rate %	9.1	9.1	8.9	8.6	8.3	8.1	7.9	7.8	Slight spike in redundancies in March, but they remain at low levels overall
Redundancies	249	388	260	282	223	670	#N/A	#N/A	
-12 Mth Total	4,507	4,467	4,342	4,203	4,101	4,332	#N/A	#N/A	Mixed performance from PMI employment components so far in Q2. Manufacturing and construction indices softer, though services index continues to point to very strong growth
PMI Employment Indices									
- Investec Manufacturing	53.5	53.4	52.0	52.1	54.0	54.8	52.0	51.8	
- Investec Services	61.0	62.0	58.6	59.7	61.0	59.7	59.4	60.1	
- Ulster Bank Construction	55.7	57.9	58.2	60.7	61.5	58.4	55.2	#N/A	
<b>MERCHANDISE TRADE</b>									
Export Values - 3M / 3M %	4.0	6.2	12.4	0.7	-3.1	-12.6	#N/A	#N/A	YoY growth in value of exports slows to 2% in Q1, from 25%—partly reflects slightly firmer euro
- 3MMA YoY %	20.2	26.1	24.7	15.0	5.6	1.9	#N/A	#N/A	
Import Values - 3M / 3M %	0.8	5.8	10.5	-1.8	-12.9	-27.0	#N/A	#N/A	Import value declines in Q1 by 12% (from +17% in Q4)—partly reflects lower commodity prices, especially oil
- 3MMA YoY %	11.0	13.8	16.9	7.1	0.8	-12.1	#N/A	#N/A	
<b>PUBLIC FINANCES</b>									
Total Tax Receipts: Cum YTD %	9.6	10.0	10.5	7.4	7.1	6.4	9.1	9.0	12mth cumulative Exchequer balance moves back into negative territory in April. But, tax receipts continue to outperform versus profile. Deficit of around 1% this year possible
Voted Spending : Cum YTD %	-0.7	-0.4	1.5	-7.2	-4.6	-0.7	-0.5	-0.5	
Exchequer Bal: 12 Mth Total €m	-1,857	-2,081	-62	356	1,651	-1,429	1,202	-828	

## QUARTERLY DATA

	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16	
<b>GDP</b> - YoY %	7.0	3.6	6.0	7.7	7.1	7.2	9.2	#N/A	Irish GDP increased by a very strong 7.8% in 2015, while GNP rose by 5.7%.
- QoQ% seas. adj.	1.5	2.1	0.6	2.7	2.1	1.5	2.7	#N/A	
<b>Total Exports</b> - Volume YoY %	11.9	15.5	13.8	14.0	13.5	12.3	15.6	#N/A	GDP rose by 2.7% in Q4, driven by strong consumption and investment. Net exports slowed
<b>Total Imports</b> - Volume YoY %	12.8	18.8	20.2	14.9	16.5	18.8	15.2	#N/A	
<b>EMPLOYMENT &amp; EARNINGS</b>									
Employment YoY %	1.7	1.5	1.5	2.2	3.0	2.9	2.3	2.4	YoY employment growth edges up to 2.4% in Q1. Underlying data show broad based gains in employment—construction sector particularly encouraging
Labour Force YoY %	-0.7	-0.4	-0.5	-0.2	0.6	0.6	0.8	0.6	
Average Earnings YoY %									YoY growth in earnings remained very modest in Q1. Underlying data show unbalanced growth, with wages falling in many sectors, while others see double digit rises
- Hourly	-2.2	-1.6	1.4	0.5	1.4	2.1	-0.7	0.7	
- Weekly	-1.5	-1.0	1.9	1.2	1.9	3.2	1.1	1.1	
Weekly Earnings YoY %									
- Private Sector	-1.0	-0.6	2.8	1.2	2.5	4.1	0.9	2.5	
- Public Sector	-1.1	-1.1	0.4	0.4	-0.1	0.3	1.9	-1.2	



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