

Irish Economy Watch

AIB Treasury Economic Research Unit



13 May 2016

	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
MANUFACTURING								
Industrial Production (Ex-Modern)	124.6	123.8	124.7	116.4	123.3	123.1	121.6	#N/A
Production (Ex-Modern) : 3mma YoY%	8.8	4.6	5.8	3.1	3.0	0.5	1.5	#N/A
3mth / 3mth % seas. adj.	1.8	-2.7	-2.6	-4.8	-2.5	-2.8	0.8	#N/A
Investec Manufacturing PMI	53.8	53.6	53.3	54.2	54.3	52.9	54.9	52.6
OECD Leading Indicator	101.1	100.8	100.6	100.4	100.3	100.2	100.1	#N/A
SERVICES / RETAIL								
Monthly Services Index (Value)	119.0	119.2	119.8	116.6	123.5	123.5	121.6	#N/A
- YoY %	4.8	5.7	7.6	0.6	0.9	7.9	3.8	#N/A
- 3mth / 3mth % seas. adj.	3.7	0.3	0.2	-1.1	1.1	1.6	3.7	#N/A
Investec Services PMI	62.4	60.1	63.6	61.8	64.0	62.1	62.8	59.8
SIMI Car Registrations	4,769	2,559	940	342	39,722	21,574	21,536	10,399
- 12 mth cum total	124,272	124,795	124,953	124,945	134,859	140,655	143,258	144,206
- 3 mma YoY %	41.0	27.0	22.9	21.2	32.5	34.2	28.4	21.2
Retail Sales Index	108.2	107.4	109.9	109.4	113.6	114.8	112.4	#N/A
- YoY %	8.3	7.0	9.5	6.4	10.5	10.8	5.2	#N/A
- 3mth / 3mth % seas. adj.	5.0	2.0	1.8	-0.5	2.8	3.8	4.3	#N/A
Ex Autos Index	111.8	111.2	114.4	113.2	114.1	114.6	114.5	#N/A
- YoY %	7.7	5.4	8.9	5.2	6.5	6.7	6.4	#N/A
- 3mth / 3mth % seas. adj.	1.2	1.4	1.7	1.5	2.2	1.3	1.3	#N/A
CONSTRUCTION PMI: Ulster Bank								
- Housing Activity	55.8	56.3	55.5	58.6	63.6	68.8	62.3	56.4
- Commercial Activity	55.6	57.4	55.2	58.3	65.9	71.2	63.6	58.4
- New Orders	56.4	55.7	56.0	59.7	62.4	68.5	65.1	56.5
- Business Expectations	58.7	58.3	60.9	60.4	62.5	67.4	64.0	59.4
	74.3	76.2	81.5	79.7	79.6	81.4	77.7	83.8
RESIDENTIAL CONSTRUCTION ACTIVITY								
Housing Registrations: 12Mth Total	4,326	4,384	4,384	4,290	4,242	4,257	4,764	#N/A
- 3 Month Avg YoY %	118.7	98.9	-9.9	-4.0	-17.1	-15.7	60.1	#N/A
Commencements: 12mth Total	7,411	7,673	8,074	8,098	8,425	8,867	8,848	#N/A
- 3 Month Avg YoY %	154.3	106.6	103.6	64.9	79.2	80.8	56.3	#N/A
Completions: Month	1,220	1,138	1,262	1,352	920	1,192	1,032	#N/A
- 12 Mth Total	12,141	12,272	12,503	12,666	12,893	13,249	13,181	#N/A
HOUSING MARKET ACTIVITY								
BPFI Mortgage Approvals : Month	2,210	2,267	2,110	1,756	1,627	1,699	1,767	#N/A
- 3 Month Avg YoY %	-1.3	-7.5	-13.5	-20.3	-20.3	-18.9	-17.0	#N/A
- 12 Mth Total	27,651	27,236	26,634	26,030	25,840	25,446	24,985	#N/A
RPPR Transactions : Month	4,184	4,442	4,045	5,511	2,591	3,611	3,237	#N/A
- 3 Month Avg YoY %	8.6	3.3	4.8	-10.0	-14.7	-17.5	-11.3	#N/A
- 12 Mth Total	50,128	49,884	50,244	48,566	47,788	47,765	47,358	#N/A
HOUSING MARKET PRICES								
CSO (Mortgaged Transactions) - MoM	1.3	1.6	-0.5	0.5	-0.5	0.0	0.4	#N/A
- YoY %	8.9	7.6	6.5	6.6	7.6	8.0	7.4	#N/A
Daft Asking Prices: MoM %	0.9	-0.7	-0.9	0.3	1.8	0.7	2.1	#N/A
- YoY %	7.6	9.1	8.6	7.8	8.1	4.4	5.3	#N/A
RENTS: CSO Private Rents - MoM%	1.2	0.5	0.4	0.3	1.2	1.1	0.2	1.0
- YoY %	10.3	10.3	10.0	9.6	9.4	9.7	9.2	9.7
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30Yr Mortgage, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	17.3	17.0	16.7	16.8	16.5	16.5	16.5	#N/A

Excluding temporary fall in Dec, production (ex-modern sector) has been relatively stable since last summer. Grew by 0.8% in Q1 after declining in Q4

Manufacturing PMI slowed to 52.6 in April, a 2½ year low. New orders component recorded a marked decline

Services index rose by 3.7% in Q1 vs Q4, driven by strong IT and food & accommodation

Services PMI softer in April, falling to an over 2 year low. Although, at 59.8, it remains consistent with strong growth

Car sales continue to perform strongly, growing by 26% in the first four months of the year versus the same period in 2015

Core retail sales (excludes cars) also strong, rising 1.3% in Q1. Underlying data show relatively broad based improvement, with clothing sales particularly strong

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

Housing registrations rise sharply in March, which sees YoY growth jump to 60% in Q1

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 has moderated slightly. Sector is still being impacted by Central Bank mortgage rules as well as the limited sale stock

House price index broadly stable in recent months. Underlying data suggest 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 April. Prices now 5.6% above previous peak

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

	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
CONSUMER PRICES YoY %	-0.3	-0.2	-0.2	0.1	0.1	-0.1	-0.3	-0.1
- MoM %	-0.5	-0.2	-0.3	-0.1	-0.8	0.4	0.4	0.2
HICP - YoY %	-0.1	-0.1	-0.1	0.2	0.0	-0.2	-0.6	-0.2
- MoM %	-0.5	-0.3	-0.3	-0.1	-0.9	0.4	0.3	0.3

Pace of decline in CPI inflation slows in April. Largely reflects reduced drag from energy and transport sectors, as well as higher home rental prices

Decline in HICP inflation also moderates, reflecting the same factors as the CPI index

PERSONAL / FINANCIAL

KBC/ESRI Consumer Confidence	100.6	101.3	103.1	103.9	108.6	105.8	100.6	102.7
Credit Growth YoY %								
- Private Sector (Underlying)	-10.0	-10.7	-11.7	-7.9	-7.3	-7.8	-7.1	#N/A
- of which : Household	-2.7	-2.5	-2.7	-2.8	-2.6	-2.7	-2.6	#N/A
- of which : Mortgage Lending	-2.5	-2.4	-2.6	-2.6	-2.5	-2.4	-2.4	#N/A

Consumer confidence remains at a high level in April, though below January's recent high. Reflects improved optimism about Irish economy

Decline in private sector credit growth has slowed, but household credit decline stable

LABOUR MARKET

Live Register	337,100	332,300	330,100	328,300	323,500	320,700	317,100	312,700
- Change In Month	-3,600	-4,800	-2,200	-1,800	-4,800	-2,800	-3,600	-4,400
Unemployment Rate %	9.1	9.1	9.1	9.0	8.9	8.8	8.6	8.4
Redundancies	260	249	388	260	#N/A	#N/A	#N/A	#N/A
-12 Mth Total	4,802	4,507	4,467	4,342	#N/A	#N/A	#N/A	#N/A
PMI Employment Indices								
- Investec Manufacturing	54.4	53.5	53.4	52.0	52.1	54.0	54.8	52.0
- Investec Services	59.6	61.0	62.0	58.6	59.7	61.0	59.7	59.4
- Ulster Bank Construction	56.4	55.7	57.9	58.2	60.7	61.5	58.4	55.2

Live Register showing a strong pace of decline. Unemployment rate fell to 8.4% in April, its lowest level since Nov 2008

Redundancies continued to decline in 2015, falling by 37% versus 2014

PMI employment components softer at the start of Q2, although they continue to point to solid improvement in the jobs markets—services index particularly encouraging

MERCHANDISE TRADE

Export Values - 3M / 3M %	-4.2	3.5	5.4	11.1	0.4	-2.9	#N/A	#N/A
- 3MMA YoY %	18.3	19.8	25.4	23.6	14.3	5.2	#N/A	#N/A
Import Values - 3M / 3M %	1.3	0.2	4.3	8.7	-1.8	-11.1	#N/A	#N/A
- 3MMA YoY %	8.1	9.9	11.5	14.6	6.2	1.3	#N/A	#N/A

YoY growth in value of exports slows to 5.2% in 3mths to Feb—partly reflects slightly firmer euro

Import value growth also slower at 1.3%, partly reflects lower commodity prices, especially oil

PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	9.5	9.6	10.0	10.5	7.4	7.1	6.4	9.1
Voted Spending : Cum YTD %	-0.4	-0.7	-0.4	1.5	-7.2	-4.6	-0.7	-0.5
Exchequer Bal: 12 Mth Total €m	-2,326	-1,857	-2,081	-62	356	1,651	-1,429	1,202

12mth cumulative Exchequer balance back in positive territory in April after one off base effects in March. Tax receipts have been stronger than expected year-to-date

QUARTERLY DATA

	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15
GDP - YoY %	4.1	7.0	3.6	6.0	7.7	7.1	7.2	9.2
- QoQ% seas. adj.	1.7	1.5	2.1	0.6	2.7	2.1	1.5	2.7
Total Exports - Volume YoY %	6.9	11.9	15.5	13.8	14.0	13.5	12.3	15.6
Total Imports - Volume YoY %	6.8	12.8	18.8	20.2	14.9	16.5	18.8	15.2

Irish GDP increased by a very strong 7.8% in 2015, while GNP rose by 5.7%.

GDP rose by 2.7% in Q4, driven by strong consumption and investment. Net exports slowed. Trade data distorted by contract manufacturing

EMPLOYMENT & EARNINGS

Employment YoY %	2.3	1.7	1.5	1.5	2.2	3.0	2.9	2.3
Labour Force YoY %	0.4	-0.7	-0.4	-0.5	-0.2	0.6	0.6	0.8
Average Earnings YoY %								
- Hourly	-0.3	-2.2	-1.6	1.4	0.5	1.4	2.1	-0.5
- Weekly	0.0	-1.5	-1.0	1.9	1.0	1.9	3.2	1.4
Weekly Earnings YoY %								
- Private Sector	1.1	-1.0	-0.6	2.8	1.2	2.5	4.1	1.1
- Public Sector	-1.4	-1.1	-1.1	0.4	0.4	-0.1	0.3	2.2

YoY growth in employment slows to 2.3% in Q4. Underlying data show broad based gains in employment—construction sector particularly encouraging

While weekly earnings increase in Q4, pace of YoY growth slows, reflecting base effects. Public vs private growth trend reverses, with public sector pay now growing more quickly



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