

# Irish Economy Watch

AIB Treasury Economic Research Unit



21 May 2019

	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	
<b>MANUFACTURING</b>									
AIB Manufacturing PMI	56.3	54.9	55.4	54.5	52.6	54.0	53.9	52.5	Manufacturing PMI declined to a 13-month low level of 52.5 in April, reflecting weak new orders growth. Activity has moderated in the sector in 2019
OECD Leading Indicator	98.8	98.7	98.7	98.7	98.7	98.8	98.8	#N/A	
Industrial Production (Ex-Modern)	108.9	116.9	113.4	108.3	109.7	113.2	113.9	#N/A	Industrial output (ex-modern) dipped by 0.5% in Q1. However, YoY growth remains firmly in positive territory
Production (Ex-Modern) : 3mma YoY%	8.6	10.5	9.9	8.5	6.8	6.5	9.9	#N/A	
3mth / 3mth % seas. adj.	2.7	3.3	3.2	3.0	-1.8	-2.4	-0.5	#N/A	
<b>SERVICES / RETAIL</b>									
AIB Services PMI	58.7	57.2	57.1	56.3	54.2	55.9	55.3	54.7	Service PMI edged down to 54.7 in April, from 55.3, as the new business subcomponent fell. Overall, index continues to point to slower, but still solid, growth
CSO Services Index (Value)	123.0	123.8	124.0	116.9	122.2	124.5	123.6	#N/A	
- YoY %	13.2	13.7	12.2	5.6	7.2	12.1	13.1	#N/A	Volatile CSO services index +1.5% in Q1 vs Q4'18. Underlying data show ICT sector performing very strongly
- 3mth / 3mth % seas. adj.	1.5	4.0	6.4	2.6	0.0	-1.9	1.5	#N/A	
SIMI Car Registrations	3,183	1,732	643	142	32,367	15,063	16,676	8,911	Second hand car imports have failed to offset the 9% fall in new sales this year. Total registrations down 4.9% YTD in April
- 12 mth cum total	125,895	125,683	125,574	125,557	120,901	118,953	117,903	118,761	
- 3 mma YoY %	-3.7	-6.6	-15.5	-11.2	-12.4	-12.2	-10.7	-5.0	
Retail Sales Index	118.4	118.8	117.7	117.4	116.0	117.6	116.7	#N/A	Core retail sales rose by a strong 1.2% in March, leaving the quarterly growth rate at an impressive 2.4%
- YoY %	6.3	6.4	3.0	3.3	-0.4	4.3	4.9	#N/A	
- 3mth / 3mth % seas. adj.	1.0	0.7	1.1	0.6	-0.6	-1.1	-1.0	#N/A	
Ex Autos Index	117.0	115.8	116.4	116.3	117.1	119.2	120.6	#N/A	
- YoY %	6.1	4.2	1.8	3.8	4.0	5.7	8.2	#N/A	
- 3mth / 3mth % seas. adj.	1.0	1.1	1.4	0.5	0.5	1.0	2.4	#N/A	
<b>CONSTRUCTION PMI: Ulster Bank</b>									
- Housing Activity	56.2	52.9	55.5	56.3	54.6	60.5	55.9	56.6	Construction PMI moved up to 56.6 in April, from 55.9. Housing activity sub-index held at a very high level
- Commercial Activity	56.1	53.6	58.2	56.0	55.7	64.3	60.8	60.5	
- New Orders	58.1	53.9	57.5	58.5	55.4	62.2	55.5	54.6	Growth in registrations (measure of developer activity) remains very robust—3 month average +47.6% YoY in Q1
- Business Expectations	57.3	56.4	59.1	56.2	57.1	60.2	58.5	59.6	
	75.0	71.6	68.1	70.2	71.5	67.6	65.1	66.5	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
Housing Registrations: 12Mth Total	9,593	9,824	10,107	10,265	10,807	10,863	11,004	#N/A	12 month cumulative total of commencements remains on a steady upward trend (close to 24k in March)
- 3 Month Avg YoY %	22.9	23.1	35.8	36.9	65.8	40.4	36.7	#N/A	
Commencements: 12mth Total	20,460	21,211	21,836	22,467	22,719	23,392	23,851	#N/A	
- 3 Month Avg YoY %	40.8	40.3	30.2	47.3	38.6	39.0	31.6	#N/A	
<b>HOUSING MARKET ACTIVITY</b>									
BPMI Mortgage Approvals : Month	3,013	3,430	3,208	2,292	2,438	2,741	3,276	#N/A	Mortgage approvals picked up in March, leaving the 12 month cumulative total above 37k for the first time in 14 months
- 3 Month Avg YoY %	-1.4	0.8	1.1	1.8	-2.4	0.8	7.8	#N/A	
- 12 Mth Total	36,493	36,699	36,664	36,655	36,507	36,725	37,264	#N/A	Transactions showing flat trend overall. 12 month total holding steady in a 56-57k range
RPPR Transactions : Month	4,518	5,376	5,505	6,249	3,089	4,068	4,118	#N/A	
- 3 Month Avg YoY %	1.5	1.5	2.7	3.2	0.8	-1.8	-2.5	#N/A	
- 12 Mth Total	55,980	56,325	56,692	56,514	56,189	56,262	56,134	#N/A	
<b>HOUSING MARKET PRICES</b>									
CSO Price Index - MoM	0.9	0.2	-0.3	-0.4	-0.6	-0.1	0.2	#N/A	CSO house price inflation continues to slow—at 3.9% in March. Ex-Dublin YoY price growth (+6.8%) outpacing the capital (+1.2%)
- YoY %	8.5	8.3	7.2	6.3	5.2	4.3	3.9	#N/A	
Daft Asking Prices: MoM %	1.1	-0.5	-2.3	1.8	0.9	1.6	1.4	#N/A	CSO rent inflation edged down to 5.4% in April. Rents 27.9% above their previous peak
- YoY %	7.4	6.2	5.7	4.5	5.4	5.3	6.7	#N/A	
RENTS: CSO Private Rents - MoM%	0.5	0.8	0.5	0.2	0.4	0.3	0.4	0.4	Affordability index has now held at 18.0 for 3 straight months, partly reflecting slower house price growth
- YoY %	6.1	6.5	7.0	6.4	6.6	5.7	5.6	5.4	
<b>AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB</b>									
- Mortgage as % of Disposable Income	18.5	18.4	18.3	18.2	18.0	18.0	18.0	#N/A	

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<b>CONSUMER PRICES - YoY %</b>	0.9	0.9	0.6	0.7	0.7	0.6	1.1	1.7	CPI inflation spiked up to 1.7% in April, though this was largely due to base effects that will unwind. Goods price inflation remains weak. HICP inflation also higher at 1.7%
- MoM %	-0.4	-0.1	-0.5	0.0	-0.7	0.8	0.8	0.4	
HICP - YoY %	1.2	1.1	0.8	0.8	0.8	0.7	1.1	1.7	
- MoM %	-0.3	-0.2	-0.4	-0.1	-0.7	0.8	0.8	0.4	
<b>PERSONAL / FINANCIAL</b>									
KBC/ESRI Consumer Confidence	96.4	93.5	96.5	96.5	98.8	86.5	93.1	87.7	Consumer confidence dropped sharply in April as Brexit and the uncertain economic outlook weighed on sentiment
Credit Growth YoY %									
- Private Sector (Underlying)	0.7	-0.7	-1.6	-2.8	-3.2	-3.3	-3.6	#N/A	Private sector credit fell by 3.6% YoY in March. Household credit contracted by 0.6%
- of which : Household	-1.4	-1.2	-1.1	-0.8	-0.7	-0.7	-0.6	#N/A	
- of which : Mortgage Lending	-1.4	-1.4	-1.2	-1.1	-1.1	-1.1	-1.1	#N/A	
<b>LABOUR MARKET</b>									
Live Register	211,000	208,700	205,900	203,600	200,500	197,500	195,400	194,700	The unemployment rate dropped to an over 12-year low level of 4.6% in April
- Change In Month	-2,900	-2,300	-2,800	-2,300	-3,100	-3,000	-2,100	-700	
Unemployment Rate %	5.6	5.7	5.6	5.5	5.2	5.0	4.7	4.6	Live Register fell to its lowest level since February 2008 in April
Redundancies	228	362	269	340	#N/A	#N/A	#N/A	#N/A	
-12 Mth Total	2,628	2,699	2,680	2,845	#N/A	#N/A	#N/A	#N/A	The employment sub-components of the construction, manufacturing and service sector PMIs all fell back in April, but continue to point to a solid pace of new jobs creation
PMI Employment Indices									
- AIB Manufacturing	56.7	54.4	53.2	52.7	52.4	54.0	54.1	53.8	
- AIB Services	58.2	58.3	57.4	57.4	56.3	55.5	55.6	54.6	
- Ulster Bank Construction	54.3	56.1	54.8	55.5	54.6	56.1	59.6	58.8	
<b>MERCHANDISE TRADE</b>									
Export Values - 3M / 3M %	0.8	-0.4	2.8	6.5	10.0	10.6	1.9	#N/A	YoY growth in value of goods exported at 12.4% in 3 months to March as chemical and machinery exports rise
- 3MMA YoY %	17.7	19.8	19.9	21.6	16.9	17.1	12.4	#N/A	
Import Values - 3M / 3M %	11.5	7.1	3.4	3.5	-4.0	-10.1	-18.2	#N/A	Weaker demand for imports sees YoY growth rate fall to just 1.5% in the same month
- 3MMA YoY %	23.9	21.2	23.0	21.8	14.6	8.1	1.5	#N/A	
<b>PUBLIC FINANCES</b>									
Total Tax Receipts: Cum YTD %	6.6	8.1	8.8	9.5	7.0	3.7	7.1	5.7	Tax receipts and gov spending up 5.7 and 5.4% respectively YTD in April. Both broadly in line with profile, leaving public finances close to target
Voted Spending : Cum YTD %	8.9	9.2	11.0	9.0	6.5	8.1	7.2	5.4	
Exchequer Bal: 12 Mth Total €m	-1,907	-1,112	-769	106	220	28	254	344	
<b>QUARTERLY DATA</b>									
	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	
<b>GDP - YoY %</b>	6.2	13.2	6.5	9.6	9.5	5.4	3.0	#N/A	Irish GDP expanded by 6.7% in 2018. Data remains distorted by activity of multi-nationals
*Domestic Demand - YoY% (3Q Avg)	3.7	2.3	3.7	4.9	6.0	5.6	4.1	#N/A	
Consumer Spending - YoY %	1.0	3.1	2.8	2.6	3.8	3.0	2.6	#N/A	Modified final domestic demand, which excludes some multi-national activity, increased by 4.5% in 2018, though slowed in H2 of the year
Services Exports - YoY % (3Q Avg)	17.9	17.0	15.0	8.9	5.7	3.7	6.6	#N/A	
* Excludes Some Investment Related to the Multinational Sector									
<b>EMPLOYMENT &amp; EARNINGS</b>									
Employment YoY %	2.6	2.3	3.1	2.9	3.4	3.0	2.3	3.7	Employment growth accelerated in Q1—increasing to 3.7%. Jobs gains broad-based. Labour force growth also picked up momentum in the quarter, rising to 2.7%
Labour Force YoY %	0.1	0.5	1.9	1.4	2.5	2.0	1.5	2.7	
Average Earnings YoY %									Weekly earnings growth picked up to 4.1% YoY in Q4. Growth relatively broad based but gains have been more substantial in the private than public sector
- Hourly	1.4	2.8	1.9	3.1	3.0	2.1	3.8	#N/A	
- Weekly	2.0	2.1	2.0	2.7	3.4	3.5	4.1	#N/A	
Weekly Earnings YoY %									
- Private Sector	1.5	1.7	1.5	2.1	3.7	3.9	4.4	#N/A	
- Public Sector	3.4	2.7	2.9	4.0	2.8	2.1	2.3	#N/A	
<b>CSO DWELLING COMPLETIONS</b>									
	3275	3787	4567	3470	4404	4671	5522	4275	CSO data show nearly 19k completions in the year to Q1'19—supply continues to trail demand (estimated at 35k)
- YoY %	36.5	51.7	50.1	24.9	34.5	23.3	20.9	23.2	
- Cum 12 Mth Total	11593	12883	14407	15099	16228	17112	18067	18872	



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