

# Irish Economy Watch

AIB Treasury Economic Research Unit



Friday 22 May 2020

	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20		
<b>MANUFACTURING</b>										
AIB Manufacturing PMI	50.7	49.7	49.5	51.4	51.2	45.1	36.0	#N/A	<p>Manufacturing PMI falls from 45.1 to 36.0 in April as Covid-19 impact hits. Output component halves to a record low of 21.8. New orders sub-index also records a sharp decline</p> <p>Industrial output dips in March, but up by 1.6% in Q1 due to jump in production in January</p>	
OECD Leading Indicator	100.1	100.2	100.2	100.0	99.7	98.5	98.1	#N/A		
Industrial Production (Ex-Modern)	114.1	112.1	106.8	121.6	108.7	108.0	#N/A	#N/A		
Production (Ex-Modern) : 3mma YoY%	1.8	1.9	0.5	4.2	2.7	1.5	#N/A	#N/A	<p>Services PMI plunges to its worst ever reading of 13.9 from 32.5 in April. All sectors register sharp contractions</p> <p>CSO Services Index edges lower in March. Should drop sharply in April on impact of restrictions</p> <p>Outbreak sees new car sales plummet in April. 88% YoY drop in total number of cars licensed for first time</p> <p>Core retail sales declined by 1.9% in March on initial impact from Covid-19. Fall by 0.6% in the opening quarter, following on from a weak Q4 '19</p>	
3mth / 3mth % seas. adj.	0.4	1.2	-0.7	1.3	-0.1	1.6	#N/A	#N/A		
<b>SERVICES / RETAIL</b>										
AIB Services PMI	50.6	53.7	55.9	56.9	59.9	32.5	13.9	#N/A	<p>Services PMI plunges to its worst ever reading of 13.9 from 32.5 in April. All sectors register sharp contractions</p> <p>CSO Services Index edges lower in March. Should drop sharply in April on impact of restrictions</p> <p>Outbreak sees new car sales plummet in April. 88% YoY drop in total number of cars licensed for first time</p> <p>Core retail sales declined by 1.9% in March on initial impact from Covid-19. Fall by 0.6% in the opening quarter, following on from a weak Q4 '19</p>	
CSO Services Index (Value)	124.7	124.9	123.9	125.4	125.5	124.9	#N/A	#N/A		
- YoY %	-0.2	-0.8	6.3	2.0	0.5	1.3	#N/A	#N/A		
- 3mth / 3mth % seas. adj.	-0.1	-0.7	-2.0	-1.2	-0.7	0.6	#N/A	#N/A	<p>Constructions PMI collapsed to 4.5 in April, its lowest level on record as lockdown sees activity grind to a halt. All sub-indices very weak</p> <p>In Q1, commencements rose by 4.6% YoY. Increase largely reflects strong January data. 12 month cumulative total at 26.5k - has been stuck in a 26-27k range for some time</p>	
SIMI Car Registrations	2,177	758	224	30,826	13,132	6,024	344	#N/A		
- 12 mth cum total	116,903	117,018	117,100	115,556	113,619	102,956	94,396	#N/A		
- 3 mma YoY %	-0.8	15.2	27.8	-4.1	-7.1	-22.1	-52.0	#N/A	<p>Mortgage approvals down by 8.6% YoY in March on Covid-19 disruption. 12 month running total edges back below 40k</p> <p>Transactions fall by over 50% YoY to a 6-year low in April as virus restrictions depress activity</p> <p>House prices 0.1% higher in March, leaving YoY growth rate at 1.0%. Ex-Dublin price inflation (+1.5%) continues to outpace the capital (+0.6%)</p> <p>CSO rental index falls by a sharp 1.8% in April. As a result, rental inflation slows to just 0.8%, its lowest rate in nearly 9 years</p> <p>Affordability stable in Q1 as modest house price increases negated by decent wage rises</p>	
Retail Sales Index	121.8	120.4	121.4	120.1	118.7	103.5	#N/A	#N/A		
- YoY %	3.5	2.2	4.9	5.4	0.0	-11.2	#N/A	#N/A		
- 3mth / 3mth % seas. adj.	2.8	2.8	2.2	0.1	-0.7	-5.9	#N/A	#N/A	<p>AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB</p>	
Ex Autos Index	120.2	119.6	121.2	121.0	120.0	117.7	#N/A	#N/A		
- YoY %	3.7	2.2	5.3	3.0	0.7	-0.5	#N/A	#N/A		
- 3mth / 3mth % seas. adj.	1.2	0.9	0.1	0.1	0.3	-0.6	#N/A	#N/A	<p>AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB</p>	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>										
Construction PMI: Ulster Bank	46.2	48.2	52.0	50.9	50.6	28.9	4.5	#N/A		
- Housing Activity	51.3	47.7	51.8	48.0	49.7	32.4	4.9	#N/A	<p>AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB</p>	
- Commercial Activity	46.9	51.2	53.6	55.7	52.1	28.2	3.1	#N/A		
- New Orders	48.8	48.3	52.4	54.9	53.6	33.9	10.1	#N/A		
- Business Expectations	57.6	57.3	63.1	69.4	64.7	36.0	37.1	#N/A	<p>AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB</p>	
Commencements: 12mth Total	26,940	26,022	26,237	26,785	26,635	26,541	#N/A	#N/A		
- 3 Month Avg YoY %	40.4	14.4	2.1	-2.9	11.0	4.6	#N/A	#N/A		
<b>HOUSING MARKET ACTIVITY</b>										
BPFI Mortgage Approvals : Month	3,692	3,358	2,393	2,594	2,838	2,995	#N/A	#N/A	<p>AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB</p>	
- 3 Month Avg YoY %	6.1	5.0	5.7	5.1	4.7	-0.3	#N/A	#N/A		
- 12 Mth Total	39,502	39,652	39,753	39,909	40,006	39,725	#N/A	#N/A		
RPPR Transactions : Month	5,514	5,201	6,649	3,495	3,588	4,274	2,218	#N/A	<p>AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB</p>	
- 3 Month Avg YoY %	5.4	2.4	1.4	2.3	0.7	-2.7	-22.3	#N/A		
- 12 Mth Total	58,292	57,988	58,388	58,634	58,082	58,070	55,750	#N/A		
<b>HOUSING MARKET PRICES</b>										
CSO Price Index - MoM	0.1	-0.2	-1.1	0.2	-0.1	0.1	#N/A	#N/A	<p>AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB</p>	
- YoY %	1.0	1.1	0.3	1.0	1.0	1.0	#N/A	#N/A		
Daft Asking Prices: MoM %	-0.1	-2.2	2.4	0.5	0.4	1.7	#N/A	#N/A		
- YoY %	-1.5	-1.4	-0.8	-1.1	-2.2	-1.7	#N/A	#N/A	<p>AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB</p>	
RENTS: CSO Private Rents - MoM%	0.2	0.0	0.0	-0.1	0.3	-0.4	-1.8	#N/A		
- YoY %	5.1	4.5	4.3	3.9	3.9	3.1	0.8	#N/A		
<b>AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB</b>										
- Mortgage as % of Disposable Income	18.6	18.6	17.9	18.0	17.8	17.8	#N/A	#N/A		

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<b>CONSUMER PRICES - YoY %</b>	0.7	1.1	1.3	1.3	1.1	0.7	-0.1	#N/A	CPI inflation drops to -0.1% in April, reflecting impact of recent collapse in oil prices and negative demand shock due to Covid crisis. HICP rate also falls sharply to -0.3%	
- MoM %	-0.3	-0.1	0.2	-0.7	0.6	0.4	-0.4	#N/A		
HICP - YoY %	0.6	0.8	1.1	1.1	0.9	0.5	-0.3	#N/A		
- MoM %	-0.2	-0.2	0.2	-0.7	0.6	0.4	-0.4	#N/A		
<b>PERSONAL / FINANCIAL</b>										
KBC/ESRI Consumer Confidence	69.5	77.1	81.4	85.5	85.2	77.3	42.6	52.3	Consumer sentiment plummeted in April as outbreak hit confidence but index recovers some ground in May	
Credit Growth YoY %										
- Private Sector (Underlying)	-3.3	-3.3	-3.0	-3.4	-2.6	-1.0	#N/A	#N/A	Household credit outstanding remains broadly flat. Pace of decline in mortgage stock continues to ease	
- of which : Household	0.0	0.0	0.1	0.0	0.0	-0.1	#N/A	#N/A		
- of which : Mortgage Lending	-0.6	-0.5	-0.4	-0.4	-0.3	-0.3	#N/A	#N/A		
<b>LABOUR MARKET</b>										
Live Register	188,400	186,200	185,300	184,800	184,400	209,400	216,900	#N/A	Official unemployment rate at 5.4% in April, but Covid-19 adjusted measure at 28.2%. Will take some time to establish the actual rate. Latest data show 1.27m on some form of state income support	
- Change In Month	+100	-2,200	-900	-500	-400	+25,000	+7,500	#N/A		
Unemployment Rate %	4.7	4.7	4.7	4.9	4.8	5.3	5.4	#N/A		
PMI Employment Indices										
- AIB Manufacturing	51.2	49.2	49.7	51.2	48.4	42.6	30.5	#N/A	Employment subcomponents of PMIs all remain in contraction territory in April, reflecting the impact of Covid-19	
- AIB Services	54.3	54.5	53.4	54.5	55.0	47.3	31.1	#N/A		
- Ulster Bank Construction	50.6	51.9	53.2	53.6	51.3	39.4	22.6	#N/A		
<b>MERCHANDISE TRADE</b>										
Export Values - 3M / 3M %	1.5	5.1	1.2	-1.3	-3.2	4.1	#N/A	#N/A	Goods exports increase by 38% on a month-on-month basis in March as demand for pharma and medical exports surges due to virus outbreak. Goods trade surplus jumps from €2.8bn to €9.0bn as imports drop sharply in same month	
- 3MMA YoY %	9.1	7.8	5.1	3.0	0.5	12.7	#N/A	#N/A		
Import Values - 3M / 3M %	2.4	-0.3	1.7	-1.4	4.0	-4.0	#N/A	#N/A		
- 3MMA YoY %	-7.4	-9.4	-7.8	-8.8	0.7	-0.1	#N/A	#N/A		
<b>PUBLIC FINANCES</b>										
Total Tax Receipts: Cum YTD %	6.7	6.7	6.8	10.0	13.8	1.1	-0.6	#N/A	Tax receipts projected at €49.6bn in 2020, down €13.9bn on January forecasts. Gov spending €2.4bn above January profile in April. Talk of €30bn budget deficit this year	
Voted Spending : Cum YTD %	7.7	6.2	7.3	8.5	1.7	13.5	23.4	#N/A		
Exchequer Bal: 12 Mth Total €m	1,103	1,542	647	670	1,509	-922	-3,634	#N/A		
<b>QUARTERLY DATA</b>										
		Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	
<b>GDP - YoY %</b>		10.4	7.4	3.6	7.6	3.9	4.5	6.2	#N/A	Irish GDP expanded by 5.5% YoY in 2019 but data remain heavily distorted by the activities of multi-nationals
*Domestic Demand - YoY% (3Q Avg)		5.2	5.4	4.5	3.0	2.2	2.8	3.3	#N/A	
Consumer Spending - YoY %		4.5	3.4	2.8	2.9	3.4	2.9	2.0	#N/A	
Services Exports - YoY % (3Q Avg)		10.1	6.5	7.4	9.5	11.9	14.0	14.4	#N/A	
* Excludes Some Investment Related to the Multinational Sector										
<b>EMPLOYMENT &amp; EARNINGS</b>										
Employment YoY %		3.4	3.0	2.3	3.7	2.0	2.4	3.5	2.2	Employment rose by 2.2% YoY in Q1, but end quarter employment may have fallen by as much as 12% due to the onset of the Covid lockdown
Labour Force YoY %		2.5	2.0	1.5	2.7	1.3	1.6	2.6	2.1	
Average Earnings YoY %										Weekly earnings growth little changed at 3.5% in Q4. Average annual growth rate strong at 3.6% in 2019, driven by gains for private sector workers
- Hourly		3.0	2.1	3.2	2.8	3.3	4.0	3.6	#N/A	
- Weekly		3.4	3.5	3.5	3.6	3.6	3.6	3.5	#N/A	
Weekly Earnings YoY %										
- Private Sector		3.7	3.9	3.9	4.5	4.0	4.0	3.5	#N/A	
- Public Sector		2.8	2.1	1.8	0.8	1.9	1.3	2.7	#N/A	
<b>CSO DWELLING COMPLETIONS</b>										
- YoY %		4400	4638	5445	4256	4837	5698	6450	4986	CSO data show nearly 22k completions in year to Q1'20 but Covid shock to depress house-building activity this year
- Cum 12 Mth Total		34.6	22.9	19.5	22.7	9.9	22.9	18.5	17.2	
		16200	17065	17952	18739	19176	20236	21241	21971	



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