

# Irish Economy Watch

AIB Treasury Economic Research Unit



Tuesday 19 November 2019

	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	
<b>MANUFACTURING</b>									
AIB Manufacturing PMI	53.9	52.5	50.4	49.8	48.7	48.6	48.7	50.7	<p>In October, the manufacturing PMI moved back above the key 50 level for the first time since May, aided by an improvement in output volumes and new orders</p> <p>Industrial production (ex-modern) continues to register good YoY growth</p>
OECD Leading Indicator	99.5	99.7	99.7	99.7	99.6	99.6	99.7	#N/A	
Industrial Production (Ex-Modern)	115.4	114.1	114.9	110.0	118.4	114.9	114.6	#N/A	
Production (Ex-Modern) : 3mma YoY%	10.4	11.8	10.5	6.1	5.6	4.6	5.9	#N/A	
3mth / 3mth % seas. adj.	0.1	3.4	3.8	0.1	0.1	-0.3	2.6	#N/A	
<b>SERVICES / RETAIL</b>									
AIB Services PMI	55.3	54.7	57.0	56.9	55.0	54.6	53.1	50.6	<p>Services PMI dropped sharply to 50.6 in October, a 7-year low. The new business sub-index was particularly weak</p> <p>Volatile CSO services index improved in Sept., but base effects saw YoY growth slow</p> <p>New car sales weaker YTD compared to 2018, but mostly offset by a rise in 2nd hand imports. Total registrations down 0.6% YoY</p> <p>Core retail sales rose by a solid 1.6% in Q3. Expenditure on home-ware goods, as well as food &amp; beverage, was robust in the quarter</p>
CSO Services Index (Value)	123.2	124.3	124.2	126.3	126.6	126.1	127.1	#N/A	
- YoY %	12.0	5.9	5.9	10.7	10.0	8.8	2.7	#N/A	
- 3mth / 3mth % seas. adj.	1.2	2.2	2.0	1.1	1.3	2.0	1.3	#N/A	
SIMI Car Registrations	16,687	8,904	6,320	1,408	24,862	5,087	3,417	2,180	
- 12 mth cum total	117,923	118,774	119,039	119,199	117,173	116,362	116,596	117,089	
- 3 mma YoY %	-10.6	-5.0	0.2	8.3	-4.7	-7.9	-7.2	-0.8	
Retail Sales Index	116.9	119.9	116.4	117.2	112.0	118.3	123.4	#N/A	
- YoY %	5.1	4.5	0.5	-0.3	-4.5	2.0	4.2	#N/A	
- 3mth / 3mth % seas. adj.	-1.0	0.9	0.6	0.9	-2.5	-1.6	0.1	#N/A	
Ex Autos Index	120.2	120.2	118.1	117.0	119.0	119.7	122.4	#N/A	
- YoY %	7.8	6.2	2.8	1.8	4.0	3.9	4.6	#N/A	
- 3mth / 3mth % seas. adj.	2.3	2.8	1.7	-0.3	-1.5	-0.8	1.6	#N/A	
<b>CONSTRUCTION PMI: Ulster Bank</b>									
- Housing Activity	55.9	56.6	54.9	53.1	51.4	53.7	48.3	46.2	<p>Construction PMI for October points to worsening outlook for sector. Housing activity sub-index at an over 4-year low, consistent with slowing growth in house-building</p> <p>Registrations (measure of developer activity) down 12.7% in Q3 compared to Q3 2018</p> <p>Commencements picked up strongly in Q3, ahead of introduction of new building regulations from November 1st</p>
- Commercial Activity	60.8	60.5	58.3	58.4	55.9	58.4	52.9	51.3	
- New Orders	55.5	54.6	53.1	52.8	54.7	55.1	47.6	46.9	
- Business Expectations	58.5	59.6	56.4	56.6	53.7	52.6	50.8	48.8	
	65.1	66.5	67.1	65.5	59.0	51.3	52.4	57.6	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
Housing Registrations: 12Mth Total	11,004	10,817	10,614	10,604	10,208	10,120	10,224	#N/A	<p>Registrations (measure of developer activity) down 12.7% in Q3 compared to Q3 2018</p>
- 3 Month Avg YoY %	36.7	0.4	-10.6	-14.5	-21.3	-18.4	-12.7	#N/A	
Commencements: 12mth Total	24,642	24,690	24,438	24,226	24,467	25,112	26,106	#N/A	<p>Commencements picked up strongly in Q3, ahead of introduction of new building regulations from November 1st</p>
- 3 Month Avg YoY %	49.7	39.0	19.9	-6.8	-3.6	10.8	32.9	#N/A	
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	3,276	3,307	3,960	3,692	4,227	3,581	3,088	#N/A	<p>Mortgage approvals lower in September, but 12 month running total remains above 39k</p>
- 3 Month Avg YoY %	7.8	12.5	12.6	8.1	13.0	12.3	11.9	#N/A	
- 12 Mth Total	37,264	37,540	37,905	38,085	38,908	39,165	39,240	#N/A	
RPPR Transactions : Month	4,274	4,523	4,881	4,297	5,459	4,974	4,940	#N/A	<p>Transactions activity has increased recently, with the 12 mth cumulative total close to 58k</p>
- 3 Month Avg YoY %	0.3	5.9	6.4	3.9	1.3	0.4	5.3	#N/A	
- 12 Mth Total	56,564	57,163	57,381	57,082	57,348	57,433	57,855	#N/A	
<b>HOUSING MARKET PRICES</b>									
CSO Price Index - MoM	0.1	0.2	0.3	0.4	0.8	0.4	0.1	#N/A	<p>Annual CSO house price growth decelerated to 1.1% YoY in Sept, though prices have risen for 7 straight months. Dublin prices down 1.3%, while ex-Capital inflation at 3.6%</p>
- YoY %	3.8	3.0	2.6	2.0	2.2	2.0	1.1	#N/A	
Daft Asking Prices: MoM %	1.3	-0.6	-1.4	3.6	-1.0	-0.5	-2.0	#N/A	
- YoY %	6.3	3.9	1.9	5.4	0.8	1.4	-1.8	#N/A	<p>CSO rent inflation slows to a still robust 5.1% in October. Rents are 31.6% above previous peak</p> <p>Affordability trending upwards since Spring on renewed rise in house prices</p>
RENTS: CSO Private Rents - MoM%	0.4	0.4	0.3	0.3	0.3	0.6	1.1	0.2	
- YoY %	5.6	5.4	5.2	5.5	5.6	5.2	5.8	5.1	
<b>AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB</b>									
- Mortgage as % of Disposable Income	17.6	17.7	17.9	17.9	18.1	18.1	18.2	#N/A	

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<b>CONSUMER PRICES - YoY %</b>	1.1	1.7	1.0	1.1	0.5	0.7	0.9	0.7	CPI inflation eased to 0.7% in October, reflecting goods and energy price deflation. Services inflation at 2.7%. HICP measure held at 0.6% for third month in a row	
- MoM %	0.8	0.4	-0.1	0.2	-0.2	0.5	-0.2	-0.3		
HICP - YoY %	1.1	1.7	1.0	1.1	0.5	0.6	0.6	0.6		
- MoM %	0.8	0.4	-0.1	0.2	-0.2	0.4	-0.3	-0.2		
<b>PERSONAL / FINANCIAL</b>										
KBC/ESRI Consumer Confidence	93.1	87.7	89.9	90.7	85.5	77.2	75.3	69.5	Consumer confidence fell for a 4th consecutive month in October, as Brexit continued to weigh on sentiment	
Credit Growth YoY %										
- Private Sector (Underlying)	-3.6	-3.2	-2.7	-2.2	-2.5	-3.8	-3.7	#N/A	Irish household credit expanded by 0.1% in September, the first increase since October 2009	
- of which : Household	-0.5	-0.4	-0.3	-0.3	-0.2	-0.2	0.1	#N/A		
- of which : Mortgage Lending	-1.1	-1.0	-0.8	-0.9	-0.9	-0.8	-0.7	#N/A		
<b>LABOUR MARKET</b>										
Live Register	195,200	194,800	191,600	190,700	190,400	189,200	188,700	188,700	Unemployment rate edged down to 4.8% in October, while downtrend in the Live Register slows considerably	
- Change In Month	-2,000	-400	-3,200	-900	-300	-1,200	-500	+0		
Unemployment Rate %	5.0	5.2	5.2	5.2	5.1	4.9	4.9	4.8	Employment sub-components of the manufacturing and services PMIs picked up in October, pointing to a faster pace of new jobs creation. Construction sub-index unchanged in the month	
PMI Employment Indices										
- AIB Manufacturing	54.1	53.8	51.4	51.8	50.1	50.5	50.0	51.2		
- AIB Services	55.6	54.6	54.7	55.3	53.6	53.1	53.3	54.3		
- Ulster Bank Construction	59.6	58.8	53.5	56.0	52.9	51.3	50.6	50.6		
<b>MERCHANDISE TRADE</b>										
Export Values - 3M / 3M %	0.9	-4.8	-6.4	0.2	5.6	1.1	2.6	#N/A	YoY growth in value of goods exported at 9.7% in Sept, largely reflects increase in pharma and machinery exports	
- 3MMA YoY %	11.2	13.0	11.9	8.6	9.9	5.1	9.7	#N/A		
Import Values - 3M / 3M %	-13.5	-11.2	-8.7	-3.2	-3.4	-1.0	-0.8	#N/A	Imports from same sectors weak over the year, leaving YoY rate of goods imports at -13.4%	
- 3MMA YoY %	9.1	6.9	6.9	-1.7	-7.5	-11.7	-13.4	#N/A		
<b>PUBLIC FINANCES</b>										
Total Tax Receipts: Cum YTD %	7.1	5.7	5.7	6.9	7.6	8.1	8.7	6.7	Revenue running ahead of target YTD, largely reflecting a very strong corporation tax take. Exchequer recorded deficit of €1.7bn in year to Oct, vs deficit of €2.7bn in same period of '18	
Voted Spending : Cum YTD %	7.2	5.4	8.0	5.9	6.6	6.8	6.9	7.7		
Exchequer Bal: 12 Mth Total €m	254	344	68	1,189	1,279	1,299	1,615	1,103		
<b>QUARTERLY DATA</b>										
		Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Irish GDP expanded by 5.8% YoY in Q2'19. Data remain distorted by multi-nationals
<b>GDP - YoY %</b>		6.5	12.1	10.4	7.4	3.6	7.4	5.8	#N/A	
*Domestic Demand - YoY% (3Q Avg)		3.0	4.1	5.2	5.4	4.5	3.0	2.5	#N/A	
Consumer Spending - YoY %		3.0	3.1	4.5	3.4	2.8	2.5	3.1	#N/A	
Services Exports - YoY % (3Q Avg)		16.7	11.7	10.1	6.5	7.4	9.5	11.7	#N/A	3 quarter moving average growth rate of modified domestic demand, which aims to strip out multi-national distortions, +2.5% as of Q2'19
* Excludes Some Investment Related to the Multinational Sector										
<b>EMPLOYMENT &amp; EARNINGS</b>										
Employment YoY %		3.1	2.9	3.4	3.0	2.3	3.7	2.0	2.4	Employment grew by a solid 2.4% YoY in Q3, with growth strongest in financial and public administration sectors. Labour force growth picks back up, to 1.6% YoY
Labour Force YoY %		1.9	1.4	2.5	2.0	1.5	2.7	1.3	1.6	
Average Earnings YoY %										Weekly earnings growth remains strong at 3.5% YoY in Q2. Gains broad based but more substantial in the private than public sector
- Hourly		1.9	3.1	3.0	2.1	3.2	2.8	3.8	#N/A	
- Weekly		2.0	2.7	3.4	3.5	3.5	3.6	3.5	#N/A	
Weekly Earnings YoY %										
- Private Sector		1.5	2.1	3.7	3.9	3.9	4.5	3.9	#N/A	
- Public Sector		2.9	4.0	2.8	2.1	1.8	0.8	2.0	#N/A	
<b>CSO DWELLING COMPLETIONS</b>										
- YoY %		4559	3466	4399	4645	5485	4259	4838	5667	Completions up 18% in year to September, with 12 month running total at 20k. Still well below estimated demand (35k)
- Cum 12 Mth Total		50.3	25.0	34.5	23.1	20.3	22.9	10.0	22.0	
		14373	15067	16196	17069	17995	18788	19227	20249	



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