

# Irish Economy Watch

AIB Treasury Economic Research Unit



15 October 2018

	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	
<b>MANUFACTURING</b>									
Investec Manufacturing PMI	56.2	54.1	55.3	55.4	56.6	56.3	57.5	56.3	Manufacturing PMI declined in September, albeit from a high level. The index averaged 56.7 in Q3 versus 55.8 in Q2
OECD Leading Indicator	100.2	99.9	99.6	99.2	99.0	98.7	98.2	#N/A	
Industrial Production (Ex-Modern)	104.3	102.7	101.8	109.4	108.6	108.2	110.6	#N/A	
Production (Ex-Modern) : 3mma YoY%	-1.4	-8.2	-7.1	-4.3	3.9	6.8	8.3	#N/A	Production (ex-modern) recorded a strong rise of 4.3% in the 3 months to August. Growth broad-based with most sectors showing increases
3mth / 3mth % seas. adj.	0.3	-1.1	-0.2	1.1	3.6	5.6	4.3	#N/A	
<b>SERVICES / RETAIL</b>									
Investec Services PMI	57.2	56.5	58.4	59.3	59.5	57.4	58.0	58.7	The services PMI rose to 58.7 in September. However, it averaged 58 in Q3 against 59 in Q2. Remains at a very high level
CSO Services Index (Value)	111.4	109.5	117.4	116.7	115.0	115.3	115.6	#N/A	
- YoY %	1.5	2.9	9.9	8.6	8.0	5.6	5.3	#N/A	
- 3mth / 3mth % seas. adj.	1.9	1.0	0.7	2.2	4.2	2.6	0.7	#N/A	Volatile CSO services index +0.7% in August on a 3mth/3mth basis.
SIMI Car Registrations	17,011	17,744	8,061	6,062	1,248	26,933	5,930	3,185	
- 12 mth cum total	129,283	127,134	127,351	127,419	127,266	126,492	126,641	125,893	New car sales down by 4.2% YTD. The decline is being somewhat offset by imports of used cars, primarily from the UK
- 3 mma YoY %	-4.1	-5.5	-4.5	-5.5	0.9	-2.4	-2.2	-3.7	
Retail Sales Index	113.7	110.8	114.7	116.0	114.0	121.1	117.1	#N/A	Core retail sales recorded a solid increase of 0.7% in August. Broad based growth, with core sales up 4.1% in YoY terms
- YoY %	2.0	-1.8	5.4	3.8	8.2	4.9	2.5	#N/A	
- 3mth / 3mth % seas. adj.	0.7	-0.8	-0.7	0.2	2.0	6.2	-3.3	#N/A	
Ex Autos Index	112.9	111.6	113.3	115.0	115.0	114.5	115.4	#N/A	
- YoY %	4.6	1.6	3.6	3.5	4.5	2.9	4.1	#N/A	
- 3mth / 3mth % seas. adj.	0.6	0.4	0.0	0.7	1.7	2.0	1.5	#N/A	
<b>CONSTRUCTION PMI: Ulster Bank</b>									
- Housing Activity	59.2	57.5	60.7	61.8	58.4	60.7	58.3	56.2	Construction PMI fell back to 56.2 in September. It averaged 58.4 in Q3 against 60.3 in Q2—remains at level consistent with robust pace of activity.
- Commercial Activity	61.0	60.4	62.0	65.2	60.4	63.9	60.4	56.1	
- New Orders	59.4	58.0	63.1	65.6	62.0	60.9	57.7	58.1	
- Business Expectations	60.3	58.5	61.6	62.8	62.2	58.8	56.2	57.3	
	80.5	80.4	76.3	78.4	75.7	76.7	77.7	75.0	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
Housing Registrations: 12Mth Total	9,521	9,269	9,385	9,458	9,036	9,269	9,263	#N/A	Growth in registrations, a measure of developer activity, has remained soft—down 3% in the year to August
- 3 Month Avg YoY %	0.5	-8.9	-3.0	-2.6	-7.8	-3.9	-6.8	#N/A	
Commencements: 12mth Total	18,544	18,086	18,392	18,453	18,805	19,451	#N/A	#N/A	YoY growth in commencements has slowed in 2018, +17.8% YTD after rising by 46.9% in 2017
- 3 Month Avg YoY %	29.5	13.3	10.5	-1.7	13.3	20.9	#N/A	#N/A	
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	2,523	2,737	3,031	3,595	3,512	3,404	3,324	#N/A	Mortgage approvals continue to decline. This may partly reflect tighter Central Bank lending rules and affordability issues
- 3 Month Avg YoY %	2.2	-3.9	-3.6	-1.9	0.8	-0.9	-2.3	#N/A	
- 12 Mth Total	36,981	36,551	36,712	36,798	36,628	36,617	36,561	#N/A	
RPPR Transactions : Month	3,976	4,228	3,876	4,599	4,531	5,078	4,397	#N/A	Slowdown in transactions continues. YoY growth entered negative territory in August—trend is broadly flat
- 3 Month Avg YoY %	21.9	4.9	4.1	4.1	3.5	3.5	-1.7	#N/A	
- 12 Mth Total	55,091	55,034	55,195	55,702	55,582	55,801	55,490	#N/A	
<b>HOUSING MARKET PRICES</b>									
CSO Price Index - MoM	0.8	0.6	1.0	0.7	1.0	0.7	0.3	#N/A	CSO house price growth continues to slow—8.6% in the year to August. YoY ex-Dublin price inflation (11.4%) continues to outpace the capital (6.1%)
- YoY %	12.5	12.6	13.3	12.4	11.9	10.0	8.6	#N/A	
Daft Asking Prices: MoM %	1.7	0.1	1.6	0.5	0.1	1.4	-1.1	1.1	CSO rent inflation still in a 6-7% range. Rents now 24.2% above their previous peak
- YoY %	7.5	7.5	5.5	5.1	6.2	7.1	5.4	7.4	
RENTS: CSO Private Rents - MoM%	1.1	0.5	0.6	0.6	0.0	0.3	1.0	0.5	Higher house prices means that housing affordability has dis-improved
- YoY %	6.2	6.4	6.5	7.0	6.1	6.0	6.2	6.1	
<b>AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB</b>									
- Mortgage as % of Disposable Income	17.3	17.4	17.7	17.9	18.1	18.2	18.2	#N/A	

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<b>CONSUMER PRICES - YoY %</b>	0.5	0.2	-0.4	0.4	0.4	0.8	0.7	0.9	CPI inflation picked up slightly to 0.9% in September, a 13 month high, although it remains very subdued. Rise driven by increase in housing costs and clothing prices. Similarly, HICP edged up to 1.2% in September
- MoM %	0.9	0.3	-0.2	0.6	0.1	0.4	0.3	-0.4	
HICP - YoY %	0.7	0.5	-0.1	0.7	0.7	1.0	0.9	1.2	
- MoM %	0.9	0.4	-0.2	0.6	0.1	0.4	0.3	-0.3	
<b>PERSONAL / FINANCIAL</b>									
KBC/ESRI Consumer Confidence	105.2	108.1	104.0	106.7	102.1	107.6	102.4	96.4	Consumer confidence fell to its lowest level since December 2016 in September
Credit Growth YoY %									
- Private Sector (Underlying)	-0.8	0.0	0.2	0.2	-0.1	0.6	0.8	#N/A	The YoY growth rate of private sector credit rose to 0.8% in August, a seven year high
- of which : Household	-1.6	-1.5	-1.5	-1.6	-1.4	-1.4	-1.4	#N/A	
- of which : Mortgage Lending	-1.9	-1.8	-1.8	-1.8	-1.6	-1.5	-1.5	#N/A	
<b>LABOUR MARKET</b>									
Live Register	234,500	231,900	228,600	224,400	220,000	217,600	211,000	212,600	The Live Register rose in September for the first time since November 2012. However, at 5.4%, the unemployment rate is at its lowest level since 2007
- Change In Month	-3,500	-2,600	-3,300	-4,200	-4,400	-2,400	-6,600	+1,600	
Unemployment Rate %	5.8	5.8	5.8	5.8	5.8	5.8	5.6	5.4	PMI employment sub-indices strong in Q3. Construction did fall to 56.8 (from Q2's 61.3), but manufacturing rose to 58 (from 57), while key services index edged up to 54.5 (54)
Redundancies	211	152	163	315	178	174	174	#N/A	
-12 Mth Total	3,036	2,922	2,854	2,795	2,743	2,649	2,649	#N/A	
PMI Employment Indices									
- Investec Manufacturing	57.3	55.8	55.0	53.3	53.9	53.3	53.4	56.7	
- Investec Services	55.9	54.2	57.1	56.4	57.5	57.9	58.0	58.2	
- Ulster Bank Construction	57.3	58.5	62.9	59.9	61.2	59.6	55.4	55.3	
<b>MERCHANDISE TRADE</b>									
Export Values - 3M / 3M %	15.2	11.2	-1.5	-2.4	2.2	8.1	5.0	#N/A	YoY growth in value of goods exports has accelerated, largely due to rise in chemical and pharmaceutical exports
- 3MMA YoY %	10.1	5.2	2.2	5.3	14.6	17.0	20.1	#N/A	
Import Values - 3M / 3M %	6.5	-0.4	-1.4	-5.7	5.2	8.8	18.4	#N/A	Imports up 23.1% in value terms, as energy, food and pharma imports have increased
- 3MMA YoY %	7.0	5.6	2.3	-1.5	2.4	13.2	23.1	#N/A	
<b>PUBLIC FINANCES</b>									
Total Tax Receipts: Cum YTD %	4.1	4.0	4.5	6.0	6.5	6.7	6.4	6.6	Tax receipts and total gross voted expenditure broadly in line with profile
Voted Spending : Cum YTD %	5.0	3.9	8.6	8.4	8.5	8.2	8.3	8.9	
Exchequer Bal: 12 Mth Total €m	1,538	1,697	1,015	1,501	-1,400	-1,735	-1,728	-1,907	Government deficit of just 0.1% of GDP in 2018 likely
<b>QUARTERLY DATA</b>									
	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	
<b>GDP - YoY %</b>	1.4	12.7	2.9	6.2	13.2	6.5	9.3	9.0	Irish GDP grew by 9% YoY in Q2'18. The data remain heavily distorted by the activity of multi-nationals
*Domestic Demand - YoY% (3Q Avg)	5.0	5.8	4.9	3.7	2.3	3.7	5.0	6.1	
Consumer Spending - YoY %	2.9	3.1	-0.3	1.0	3.1	2.8	2.9	4.4	
Services Exports - YoY % (3Q Avg)	9.6	11.7	16.3	17.9	17.0	15.0	8.9	6.3	
* Excludes Some Investment Related to the Multinational Sector									
<b>EMPLOYMENT &amp; EARNINGS</b>									
Employment YoY %	3.8	3.8	3.7	2.6	2.2	3.1	2.9	3.4	Employment grew by a very strong 3.4% YoY in Q2. Pick up in net inward migration helps labour force growth accelerate from 1.4% to 2.5% YoY
Labour Force YoY %	2.3	1.7	1.8	0.1	0.4	1.9	1.4	2.5	
Average Earnings YoY %									Weekly earnings growth +3.3% YoY in Q2. All employment sectors now recording YoY increases, though 'high-skill' jobs continue to see firmer growth than other sectors
- Hourly	0.3	1.2	0.6	1.4	2.8	1.9	3.1	2.8	
- Weekly	1.5	0.9	1.5	2.0	2.1	2.0	2.7	3.3	
Weekly Earnings YoY %									
- Private Sector	2.1	1.9	1.6	1.5	1.7	1.5	2.1	3.6	
- Public Sector	1.2	-0.8	1.8	3.4	2.7	2.9	4.0	2.4	
<b>CSO DWELLING COMPLETIONS</b>									
	2511	3041	2779	3298	3785	4584	3526	4419	CSO data show 16.3k completions in the year to Q2'18—supply continues to trail demand (estimated at 35k)
- YoY %	23.5	35.5	41.2	37.7	50.7	50.7	26.9	34.0	
- Cum 12 Mth Total	9119	9915	10726	11629	12903	14446	15193	16314	



**Oliver Mangan**  
Chief Economist  
oliver.n.mangan@aib.ie

**John Fahey**  
Senior Economist  
john.j.fahey@aib.ie

**Conor Beakey**  
Economist  
conor.x.beakey@aib.ie

AIB Bankcentre, Ballsbridge, Dublin 4 Tel: 353-1-6600311 www.aibconomics.com