

Irish Economy Watch

AIB Treasury Economic Research Unit



Monday 14 October 2019

	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	
MANUFACTURING									
AIB Manufacturing PMI	54.0	53.9	52.5	50.4	49.8	48.7	48.6	48.7	
OECD Leading Indicator	99.5	99.7	99.8	99.7	99.5	99.3	98.7	#N/A	
Industrial Production (Ex-Modern)	113.7	115.6	114.3	115.2	109.7	118.5	116.3	#N/A	
Production (Ex-Modern) : 3mma YoY%	6.6	10.5	11.9	10.5	6.1	5.6	5.0	#N/A	
3mth / 3mth % seas. adj.	-2.1	0.2	3.6	3.9	0.0	-0.1	-0.2	#N/A	
SERVICES / RETAIL									
AIB Services PMI	55.9	55.3	54.7	57.0	56.9	55.0	54.6	53.1	
CSO Services Index (Value)	124.2	123.4	124.7	125.0	127.5	128.2	127.4	#N/A	
- YoY %	12.1	12.1	6.0	6.2	10.7	10.4	9.0	#N/A	
- 3mth / 3mth % seas. adj.	-2.1	1.4	2.7	2.9	2.1	2.3	2.7	#N/A	
SIMI Car Registrations	15,069	16,687	8,904	6,320	1,408	24,683	5,088	3,420	
- 12 mth cum total	118,962	117,923	118,774	119,039	119,199	116,994	116,184	116,421	
- 3 mma YoY %	-12.2	-10.6	-5.0	0.2	8.3	-5.2	-8.4	-7.7	
Retail Sales Index	117.6	116.9	119.9	116.4	117.2	112.0	118.4	#N/A	
- YoY %	4.3	5.1	4.5	0.5	-0.3	-4.5	2.1	#N/A	
- 3mth / 3mth % seas. adj.	-1.1	-1.0	0.9	0.6	0.9	-2.5	-1.6	#N/A	
Ex Autos Index	119.2	120.2	120.2	118.1	117.0	119.0	120.2	#N/A	
- YoY %	5.7	7.8	6.2	2.8	1.8	4.0	4.3	#N/A	
- 3mth / 3mth % seas. adj.	1.0	2.3	2.8	1.7	-0.3	-1.5	-0.6	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	60.5	55.9	56.6	54.9	53.1	51.4	53.7	48.3	
- Commercial Activity	64.3	60.8	60.5	58.3	58.4	55.9	58.4	52.9	
- New Orders	62.2	55.5	54.6	53.1	52.8	54.7	55.1	47.6	
- Business Expectations	60.2	58.5	59.6	56.4	56.6	53.7	52.6	50.8	
	67.6	65.1	66.5	67.1	65.5	59.0	51.3	52.4	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	10,863	11,004	10,817	10,614	10,604	#N/A	#N/A	#N/A	
- 3 Month Avg YoY %	40.4	36.7	0.4	-10.6	-14.5	#N/A	#N/A	#N/A	
Commencements: 12mth Total	23,392	24,642	24,690	24,438	24,226	#N/A	#N/A	#N/A	
- 3 Month Avg YoY %	39.0	49.7	39.0	19.9	-6.8	#N/A	#N/A	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	2,741	3,276	3,307	3,960	3,692	4,227	3,581	#N/A	
- 3 Month Avg YoY %	0.8	7.8	12.5	12.6	8.1	13.0	12.3	#N/A	
- 12 Mth Total	36,725	37,264	37,540	37,905	38,085	38,908	39,165	#N/A	
RPPR Transactions : Month	4,117	4,263	4,499	4,862	4,284	5,422	4,835	#N/A	
- 3 Month Avg YoY %	-1.2	0.1	5.5	6.1	3.6	0.8	-0.9	#N/A	
- 12 Mth Total	56,548	56,542	57,117	57,332	57,020	57,249	57,195	#N/A	
HOUSING MARKET PRICES									
CSO Price Index - MoM	-0.1	0.1	0.2	0.3	0.4	0.9	0.3	#N/A	
- YoY %	4.3	3.8	3.0	2.6	2.0	2.3	2.0	#N/A	
Daft Asking Prices: MoM %	1.5	1.3	-0.6	-1.4	3.6	-1.0	-0.5	-2.0	
- YoY %	5.1	6.3	3.9	1.9	5.4	0.8	1.4	-1.8	
RENTS: CSO Private Rents - MoM%									
- YoY %	0.3	0.4	0.4	0.3	0.3	0.3	0.6	1.1	
	5.7	5.6	5.4	5.2	5.5	5.6	5.2	5.8	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	17.6	17.6	17.7	17.9	17.9	18.1	18.1	#N/A	

Manufacturing PMI broadly unchanged at 48.7 in September. Both Brexit and uncertainty related to the global economic outlook have weighed on the index of late

Industrial production (ex-modern) volatile but continues to register good YoY growth

Services PMI dipped to 53.1 in September, its lowest reading since May 2013 and its 4th consecutive monthly decline

Volatile CSO services index reversed July's increase in August, but YoY growth rate remains strong at 9%

Second hand car imports have failed to fully offset the 7.7% fall in new sales. Total registrations down circa 2% YTD in Sept

Core retail sales rose by a robust 1.1% in August. Retail expenditure is up 4.6% YoY in the first 8 months of 2019. Home-ware spending very strong YTD

Construction PMI dropped to 48.3 in September, its first time below the key 50 level in 6-years. Housing and commercial sub-indices fell sharply

Registrations (measure of developer activity) 14.5% lower in 3 months to June compared to same period in 2018

Commencements levelling off just above 24k, but 6.8% lower in Q2 than same quarter in 2018

Mortgage approvals fell back in August but 12 month total remains above 39k

12 month running total of transactions continues to hover around the 57k level

Annual CSO house price growth eases back down to 2.0% in August, though prices have risen for 6 consecutive months. Ex-capital inflation at 4.4% YoY, while Dublin prices down 0.3%

CSO rent inflation at 5.8% in September. Rents now 31.4% above previous peak

Affordability trending upwards since Spring on renewed rise in house prices

	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19		
CONSUMER PRICES - YoY %	0.6	1.1	1.7	1.0	1.1	0.5	0.7	0.9	CPI inflation picked up to 0.9% in September. Services inflation at 2.6%, but price pressures contained by goods price deflation. HICP inflation at 0.6% in same month	
- MoM %	0.8	0.8	0.4	-0.1	0.2	-0.2	0.5	-0.2		
HICP - YoY %	0.7	1.1	1.7	1.0	1.1	0.5	0.6	0.6		
- MoM %	0.8	0.8	0.4	-0.1	0.2	-0.2	0.4	-0.3		
PERSONAL / FINANCIAL										
KBC/ESRI Consumer Confidence	86.5	93.1	87.7	89.9	90.7	85.5	77.2	75.3	Consumer confidence fell to a fresh 6-year low in September as Brexit continued to weigh on sentiment Pace of contraction of household credit outstanding held at 0.2% in August	
Credit Growth YoY %										
- Private Sector (Underlying)	-3.3	-3.6	-3.2	-2.7	-2.2	-2.5	-3.8	#N/A		
- of which : Household	-0.7	-0.5	-0.4	-0.3	-0.3	-0.2	-0.2	#N/A		
- of which : Mortgage Lending	-1.1	-1.1	-1.0	-0.8	-0.9	-0.9	-0.8	#N/A		
LABOUR MARKET										
Live Register	197,300	195,200	194,800	191,400	190,400	190,000	189,000	188,800	Jobless rate at 5.3% in September, unchanged in 4 months. Live Register decline slows sharply since May	
- Change In Month	-3,000	-2,100	-400	-3,400	-1,000	-400	-1,000	-200		
Unemployment Rate %	5.0	5.0	5.2	5.2	5.3	5.3	5.3	5.3	PMI employment subcomponents point to a slower pace of job creation. Manufacturing (50) and construction (50.6) at 6 and 3-year lows. Services (53.3) at a more encouraging level	
PMI Employment Indices										
- AIB Manufacturing	54.0	54.1	53.8	51.4	51.8	50.1	50.5	50.0		
- AIB Services	55.5	55.6	54.6	54.7	55.3	53.6	53.1	53.3		
- Ulster Bank Construction	56.1	59.6	58.8	53.5	56.0	52.9	51.3	50.6		
MERCHANDISE TRADE										
Export Values - 3M / 3M %	10.3	1.7	-5.1	-6.9	-0.6	5.3	#N/A	#N/A	YoY growth in value of goods exported at 9.8% in July, largely reflects significant increase in Bio-Pharma exports Imports fell sharply in same period as chemical and machinery imports declined	
- 3MMA YoY %	16.9	12.1	13.1	12.0	8.6	9.8	#N/A	#N/A		
Import Values - 3M / 3M %	-8.8	-16.4	-8.1	-4.7	0.8	-1.3	#N/A	#N/A		
- 3MMA YoY %	11.2	6.0	7.7	8.2	-0.4	-4.9	#N/A	#N/A		
PUBLIC FINANCES										
Total Tax Receipts: Cum YTD %	3.7	7.1	5.7	5.7	6.9	7.6	8.1	8.7	Public finances running slightly ahead of target YTD, reflecting strong tax take. Exchequer recorded small surplus of €38m YTD. Government forecasting €600m surplus in 2019	
Voted Spending : Cum YTD %	8.1	7.2	5.4	8.0	5.9	6.6	6.8	6.9		
Exchequer Bal: 12 Mth Total €m	28	254	344	68	1,189	1,279	1,299	1,615		
QUARTERLY DATA										
		Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Irish GDP expanded by 5.8% YoY in Q2'19. Data remain distorted by multi-nationals 3 quarter moving average growth rate of modified domestic demand, which aims to strip out multi-national distortions, +2.5% as of Q2'19
GDP - YoY %		14.2	6.5	12.1	10.4	7.4	3.6	7.4	5.8	
*Domestic Demand - YoY% (3Q Avg)		2.4	3.0	4.1	5.2	5.4	4.5	3.0	2.5	
Consumer Spending - YoY %		4.3	3.0	3.1	4.5	3.4	2.8	2.5	3.1	
Services Exports - YoY % (3Q Avg)		16.8	16.7	11.7	10.1	6.5	7.4	9.5	11.7	
* Excludes Some Investment Related to the Multinational Sector										
EMPLOYMENT & EARNINGS										
Employment YoY %		2.3	3.1	2.9	3.4	3.0	2.3	3.7	2.0	Employment and labour force growth decelerated in Q2 after spike in data in Q1 that looked odd and unsustainable
Labour Force YoY %		0.5	1.9	1.4	2.5	2.0	1.5	2.7	1.3	
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		2.8	1.9	3.1	3.0	2.1	3.2	2.8	3.8	
- Weekly		2.1	2.0	2.7	3.4	3.5	3.5	3.6	3.5	
Weekly Earnings YoY %										
- Private Sector		1.7	1.5	2.1	3.7	3.9	3.9	4.5	3.9	
- Public Sector		2.7	2.9	4.0	2.8	2.1	1.8	0.8	2.0	
CSO DWELLING COMPLETIONS										
- YoY %		3772	4559	3470	4402	4659	5492	4275	4920	YoY growth of completions eases to 11.8% in Q2. 12 month cumulative total at 19.3k, well below estimated demand (35k)
- Cum 12 Mth Total		12848	14373	15071	16203	17090	18023	18828	19346	
		51.5	50.3	25.2	34.6	23.5	20.5	23.2	11.8	



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