

Irish Economy Watch

AIB Treasury Economic Research Unit



12 September 2016

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	
MANUFACTURING									
Industrial Production (Ex-Modern)	122.7	121.7	119.5	123.2	119.8	122.6	121.0	#N/A	YoY decline in production (ex-modern) increased to 5.2% in July. Largely reflects lower level of food production
Production (Ex-Modern) : 3mma YoY%	2.7	0.7	1.2	-0.4	-1.9	-2.2	-5.2	#N/A	
3mth / 3mth % seas. adj.	-2.4	-2.6	0.5	0.4	0.4	0.5	-0.3	#N/A	
Investec Manufacturing PMI	54.3	52.9	54.9	52.6	51.5	53.0	50.2	51.7	Manufacturing PMI shows some recovery in August following July's initial post-UK referendum related fall. But, still suggests weaker pace of growth overall
OECD Leading Indicator	100.4	100.2	100.0	99.8	#N/A	#N/A	#N/A	#N/A	
SERVICES / RETAIL									
Monthly Services Index (Value)	123.8	124.0	123.2	122.2	123.1	123.7	124.3	#N/A	Services index remains on an upward trend in July; 3mth/3mth growth modest at 0.5%
- YoY %	0.9	8.0	5.0	6.2	8.3	6.4	0.2	#N/A	
- 3mth / 3mth % seas. adj.	1.5	1.8	4.0	2.3	1.0	-0.5	0.5	#N/A	
Investec Services PMI	64.0	62.1	62.8	59.8	61.7	61.2	59.5	59.7	Services PMI only modestly lower following UK vote. Averaging 59.6 in July/Aug, it points to strong growth in Q3
SIMI Car Registrations	39,722	21,574	21,531	10,383	6,501	1,624	29,898	7,309	
- 12 mth cum total	134,859	140,655	143,253	144,185	143,767	143,943	146,247	147,147	Car sales fall back in August, following July new number plate related jump. YoY growth rises to 9.5% in 3mth to August
- 3 mma YoY %	32.5	34.2	28.4	21.1	8.8	3.9	5.7	9.5	
Retail Sales Index	114.0	114.5	111.8	112.8	113.5	105.4	118.6	#N/A	May's increase aside, core retail sales index has been relatively stable in recent months. YoY growth slows further in July to 2.7%
- YoY %	10.8	10.7	4.7	5.2	7.8	5.3	6.3	#N/A	
- 3mth / 3mth % seas. adj.	2.8	3.7	4.2	1.8	0.1	-2.5	-0.5	#N/A	
Ex Autos Index	113.9	114.4	114.2	114.5	116.3	114.7	114.1	#N/A	
- YoY %	6.5	6.7	6.0	3.2	6.3	4.8	2.7	#N/A	
- 3mth / 3mth % seas. adj.	2.0	1.1	1.1	0.5	1.1	0.9	0.6	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	63.6	68.8	62.3	56.4	55.9	59.7	61.0	58.4	Construction PMI moves lower in August, but remains at a strong level. Expectations still very strong
- Commercial Activity	65.9	71.2	63.6	58.4	57.4	61.8	61.3	63.1	
- New Orders	62.4	68.5	65.1	56.5	59.7	62.0	66.2	63.9	
- Business Expectations	62.5	67.4	64.0	59.4	56.7	59.8	60.2	60.8	
	79.6	81.4	77.7	83.8	73.4	84.9	74.7	81.6	Housing registrations above 5k on a 12mth cumulative basis in July, first time since Aug'09. But, still very weak overall
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	4,242	4,257	4,764	4,831	4,973	4,898	5,105	#N/A	Commencements have shown improvement so far this year. YoY comparison still distorted by 2014 policy change
- 3 Month Avg YoY %	-17.1	-15.7	60.1	63.0	66.2	11.6	23.6	#N/A	
Commencements: 12mth Total	8,425	8,859	8,816	8,780	9,206	9,553	9,646	#N/A	Housing completions on course for improved performance in 2016, up 15% YoY YTD in July
- 3 Month Avg YoY %	79.2	80.0	53.9	19.2	15.1	31.8	34.4	#N/A	
Completions: Month	920	1,192	1,032	1,149	1,294	1,055	1,110	#N/A	
- 12 Mth Total	12,893	13,249	13,181	13,384	13,687	13,683	13,673	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	1,627	1,726	1,753	2,601	2,616	2,909	2,908	#N/A	Mortgage approvals have shown a marked improvement in recent months—may suggest some lessening impact of CB mortgage lending rules
- 3 Month Avg YoY %	-20.3	-17.8	-16.1	-4.9	4.9	19.9	14.5	#N/A	
- 12 Mth Total	25,840	25,516	25,041	25,572	25,841	26,388	26,638	#N/A	
RPPR Transactions : Month	2,616	3,651	3,376	3,641	3,799	3,962	4,023	#N/A	YoY growth in CSO house prices slowed in Q2 to 6.6% from 7.4%. Price inflation in Dublin (4.5%) continues to lag behind the rest of the country (8.6%), in part due to the CB mortgage lending rules
- 3 Month Avg YoY %	-14.5	-17.0	-9.4	-2.5	-1.2	-1.4	-5.9	#N/A	
- 12 Mth Total	47,813	47,834	47,566	47,546	47,698	47,407	46,820	#N/A	
HOUSING MARKET PRICES									
CSO (Mortgaged Transactions) - MoM	-0.5	0.0	0.4	0.4	0.2	-0.1	#N/A	#N/A	CSO rents measure continued to rise strongly in August, up 8.9% YoY. They are now 8.4% above their previous peak
- YoY %	7.6	8.0	7.4	7.1	6.9	6.6	#N/A	#N/A	
Daft Asking Prices: MoM %	1.9	0.7	2.3	-0.6	0.8	1.4	#N/A	#N/A	Lower mortgage rates and taxes mean affordability remains at favourable levels, despite slow wage growth
- YoY %	8.2	4.5	5.5	5.3	5.5	8.1	#N/A	#N/A	
RENTS: CSO Private Rents - MoM%	1.2	1.1	0.2	1.0	0.5	0.5	0.9	0.7	
- YoY %	9.4	9.7	9.2	9.7	9.7	9.3	9.1	8.9	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30Yr Mortgage, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	16.3	16.2	16.4	16.6	16.8	16.8	#N/A	#N/A	

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CONSUMER PRICES YoY %	0.1	-0.1	-0.3	-0.1	0.0	0.4	0.5	-0.1	CPI inflation falls back into negative territory in August—largely reflects a sharp fall in volatile 'airfares' prices, as well as lower petrol, electricity and insurance costs HICP inflation also turns negative in August
- MoM %	-0.8	0.4	0.4	0.2	0.5	0.7	-0.2	-0.2	
HICP - YoY %	0.0	-0.2	-0.6	-0.2	-0.2	0.1	0.1	-0.4	
- MoM %	-0.9	0.4	0.3	0.3	0.5	0.7	-0.3	-0.2	
PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	108.6	105.8	100.6	102.7	98.1	103.4	99.6	102.7	Consumer confidence rises in August, following July's Brexit related decline. Overall, the index remains near multi-year highs on more upbeat view of personal finances/employment Pace of decline in private sector credit has slowed somewhat
Credit Growth YoY %									
- Private Sector (Underlying)	-7.3	-7.8	-7.1	-6.5	-5.8	-5.2	-5.6	#N/A	
- of which : Household	-2.6	-2.7	-2.6	-2.4	-2.3	-2.1	-1.9	#N/A	
- of which : Mortgage Lending	-2.5	-2.4	-2.4	-2.3	-2.2	-2.0	-1.9	#N/A	
LABOUR MARKET									
Live Register	323,200	320,400	317,000	312,700	309,100	305,900	301,000	299,200	Live Register continues to decline at a healthy pace. Unemployment rate has held around 8.3% recently, mainly due to growth in the labour force
- Change In Month	-4,800	-2,800	-3,400	-4,300	-3,600	-3,200	-4,900	-1,800	
Unemployment Rate %	8.5	8.4	8.3	8.3	8.4	8.4	8.3	8.3	
Redundancies	282	223	670	439	616	418	#N/A	#N/A	Redundancies rise in Q2—back above 4,500 on a 12mth cumulative basis
-12 Mth Total	4,203	4,101	4,332	4,371	4,568	4,511	#N/A	#N/A	
PMI Employment Indices									Employment PMIs rise in August, pointing to further solid improvement in the labour market
- Investec Manufacturing	52.1	54.0	54.8	52.0	51.8	53.5	52.6	52.8	
- Investec Services	59.7	61.0	59.7	59.4	60.1	57.2	54.9	58.7	
- Ulster Bank Construction	60.7	61.5	58.4	55.2	55.5	57.1	58.5	59.7	
MERCHANDISE TRADE									
Export Values - 3M / 3M %	0.2	-3.6	-11.8	-6.9	-3.0	3.7	#N/A	#N/A	The firmer tone to the euro has weighed on the value of Irish exports (-0.8% YoY in Q2)
- 3MMA YoY %	14.5	5.1	3.3	1.0	-0.2	-0.8	#N/A	#N/A	
Import Values - 3M / 3M %	-2.4	-12.8	-22.0	-13.4	-4.2	2.6	#N/A	#N/A	Lower import prices, especially oil, have seen the value of imports decline too (-10.3% YoY in Q2)
- 3MMA YoY %	7.0	1.1	-6.4	-7.8	-7.9	-10.3	#N/A	#N/A	
PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	7.4	7.1	6.4	9.1	9.0	9.2	8.4	6.2	Tax receipts have been weaker in recent months, though they remain ahead of target YTD
Voted Spending : Cum YTD %	-7.2	-4.6	-0.7	-0.5	-0.5	1.8	5.9	1.2	
Exchequer Bal: 12 Mth Total €m	356	1,651	-1,429	1,202	-828	-912	1,448	1,558	Budget deficit of below 1% of GDP possible this year
QUARTERLY DATA									
	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16	Q2-16	
GDP - YoY %	3.6	11.1	28.1	24.3	24.3	28.4	2.3	#N/A	Irish GDP data were heavily distorted in 2015 by the impact of corporate restructuring, relocation & reclassification as well as aircraft leasing Domestic economy continues to perform strongly, consumer spending up 5% YoY in Q1. Strong growth in service exports
*Core Domestic Expd - YoY % (3Q Avg)	4.4	4.5	6.4	6.7	7.0	5.6	4.2	#N/A	
Consumer Spending - YoY %	1.5	2.7	4.9	4.1	4.9	4.2	5.0	#N/A	
Services Exports - YoY % (3Q Avg)	12.8	14.4	15.7	13.4	12.0	10.4	8.2	#N/A	
* Excludes Aircraft, R&D/Intangibles									
EMPLOYMENT & EARNINGS									
Employment YoY %	1.5	1.5	2.2	3.0	2.9	2.3	2.4	2.9	YoY employment growth rises to 2.9% in Q2. Underlying data show broad based gains. YoY growth in the labour force jumps to 1.5% (partly due to return to net inward migration)
Labour Force YoY %	-0.4	-0.5	-0.2	0.6	0.6	0.8	0.6	1.5	
Average Earnings YoY %									YoY growth in earnings slowed in Q2. Underlying data show unbalanced growth, with wages falling in some sectors, while rising strongly in others
- Hourly	-1.6	1.4	0.5	0.3	2.1	-0.7	1.2	0.2	
- Weekly	-1.0	1.9	1.2	0.8	3.2	1.1	1.8	0.5	
Weekly Earnings YoY %									
- Private Sector	-0.6	2.8	1.2	1.3	4.1	0.9	3.3	1.5	
- Public Sector	-1.1	0.4	0.4	-0.1	0.3	1.9	-0.5	-1.2	



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