

Irish Economy Watch

AIB Treasury Economic Research Unit



Wednesday 18 September 2019

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	
MANUFACTURING									
AIB Manufacturing PMI	52.6	54.0	53.9	52.5	50.4	49.8	48.7	48.6	<p>Manufacturing PMI broadly unchanged at 48.6 in August, 3rd straight month index is below key 50 level, with new orders deep in negative territory</p> <p>Industrial production (ex-modern) rose by a strong 5.7% in July, reversing the sharp decline in June</p>
OECD Leading Indicator	99.4	99.6	99.7	99.7	99.6	99.3	98.9	#N/A	
Industrial Production (Ex-Modern)	109.8	113.6	115.3	114.1	115.0	110.0	116.3	#N/A	
Production (Ex-Modern) : 3mma YoY%	6.8	6.6	10.4	11.8	10.5	6.1	4.8	#N/A	
3mth / 3mth % seas. adj.	-1.8	-2.2	0.0	3.4	3.8	0.1	-0.5	#N/A	
SERVICES / RETAIL									
AIB Services PMI	54.2	55.9	55.3	54.7	57.0	56.9	55.0	54.6	<p>Services PMI edged down to 54.6 in August, the third consecutive monthly decline. However, index still at level consistent with good growth</p> <p>Volatile CSO services index improved again in July, leaving the YoY growth rate at 10.6%</p> <p>Second hand car imports have failed to offset the 7.9% fall in new sales. Total registrations down 3.3% YTD in August</p> <p>Core retail sales rose by a robust 1.9% in July. Retail expenditure is up 4.6% YoY in the first 7 months of 2019, with most sectors performing strongly</p>
CSO Services Index (Value)	122.0	124.2	123.4	124.8	125.0	127.6	128.4	#N/A	
- YoY %	7.2	12.0	12.1	6.0	6.1	10.8	10.6	#N/A	
- 3mth / 3mth % seas. adj.	-0.1	-2.0	1.5	2.8	2.9	2.1	2.3	#N/A	
SIMI Car Registrations	32,370	15,069	16,687	8,904	6,320	1,406	24,682	5,123	
- 12 mth cum total	120,904	118,962	117,923	118,774	119,039	119,197	116,991	116,216	
- 3 mma YoY %	-12.4	-12.2	-10.6	-5.0	0.2	8.3	-5.2	-8.3	
Retail Sales Index	116.0	117.6	116.9	119.9	116.4	117.2	112.1	#N/A	
- YoY %	-0.4	4.3	5.1	4.5	0.5	-0.3	-4.4	#N/A	
- 3mth / 3mth % seas. adj.	-0.6	-1.1	-1.0	0.9	0.6	0.9	-2.5	#N/A	
Ex Autos Index	117.1	119.2	120.2	120.2	118.1	117.0	119.2	#N/A	
- YoY %	4.0	5.7	7.8	6.2	2.8	1.8	4.2	#N/A	
- 3mth / 3mth % seas. adj.	0.5	1.0	2.3	2.8	1.7	-0.3	-1.5	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	54.6	60.5	55.9	56.6	54.9	53.1	51.4	53.7	<p>Construction PMI increased to 53.7 in August. Housing activity reverses fall in July, suggesting continued good growth in house building</p> <p>Registrations (measure of developer activity) 14.5% lower in 3 months to June compared to same period in 2018</p> <p>Commencements levelling off just above 24k, but 6.8% lower in Q2 than same quarter in 2018</p>
- Commercial Activity	55.7	64.3	60.8	60.5	58.3	58.4	55.9	58.4	
- New Orders	55.4	62.2	55.5	54.6	53.1	52.8	54.7	55.1	
- Business Expectations	57.1	60.2	58.5	59.6	56.4	56.6	53.7	52.6	
	71.5	67.6	65.1	66.5	67.1	65.5	59.0	51.3	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	10,807	10,863	11,004	10,817	10,614	10,604	#N/A	#N/A	<p>Mortgage approvals very strong in July. 12 month running total moves up close to 39k</p> <p>Transactions higher in July but 12 month total holding steady around the 57k level</p> <p>Annual CSO house price growth picks up to 2.3% in August. Reflects 4.8% increase outside of the capital, as Dublin property prices are down 0.2% over the year</p> <p>CSO rent inflation at 5.2% in August. Rents now 30% above previous peak</p> <p>House price rises have impacted affordability in recent monthly, but it remains at a relatively accommodative level</p>
- 3 Month Avg YoY %	65.8	40.4	36.7	0.4	-10.6	-14.5	#N/A	#N/A	
Commencements: 12mth Total	22,719	23,392	24,642	24,690	24,438	24,226	#N/A	#N/A	
- 3 Month Avg YoY %	38.6	39.0	49.7	39.0	19.9	-6.8	#N/A	#N/A	
HOUSING MARKET ACTIVITY									
BPMI Mortgage Approvals : Month	2,438	2,741	3,276	3,307	3,960	3,692	4,227	#N/A	<p>Annual CSO house price growth picks up to 2.3% in August. Reflects 4.8% increase outside of the capital, as Dublin property prices are down 0.2% over the year</p> <p>CSO rent inflation at 5.2% in August. Rents now 30% above previous peak</p> <p>House price rises have impacted affordability in recent monthly, but it remains at a relatively accommodative level</p>
- 3 Month Avg YoY %	-2.4	0.8	7.8	12.5	12.6	8.1	13.0	#N/A	
- 12 Mth Total	36,507	36,725	37,264	37,540	37,905	38,085	38,908	#N/A	
RPPR Transactions : Month	3,249	4,117	4,263	4,499	4,850	4,249	5,333	#N/A	
- 3 Month Avg YoY %	0.6	-1.2	0.1	5.5	5.9	3.1	-0.1	#N/A	
- 12 Mth Total	56,441	56,548	56,542	57,117	57,304	56,957	57,097	#N/A	
HOUSING MARKET PRICES									
CSO Price Index - MoM	-0.6	-0.1	0.1	0.2	0.3	0.4	0.9	#N/A	
- YoY %	5.2	4.3	3.8	3.0	2.6	2.0	2.3	#N/A	
Daft Asking Prices: MoM %	0.8	1.5	1.3	-0.6	-1.4	3.6	#N/A	#N/A	
- YoY %	5.3	5.1	6.3	3.9	1.9	5.4	#N/A	#N/A	
RENTS: CSO Private Rents - MoM%	0.4	0.3	0.4	0.4	0.3	0.3	0.3	0.6	
- YoY %	6.6	5.7	5.6	5.4	5.2	5.5	5.6	5.2	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	17.7	17.6	17.6	17.7	17.9	17.9	18.1	#N/A	

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CONSUMER PRICES - YoY %	0.7	0.6	1.1	1.7	1.0	1.1	0.5	0.7	CPI inflation picks back up to 0.7% in August. Services inflation at 2.3%, but price pressures contained by goods price deflation. HICP inflation at 0.6% in same month	
- MoM %	-0.7	0.8	0.8	0.4	-0.1	0.2	-0.2	0.5		
HICP - YoY %	0.8	0.7	1.1	1.7	1.0	1.1	0.5	0.6		
- MoM %	-0.7	0.8	0.8	0.4	-0.1	0.2	-0.2	0.4		
PERSONAL / FINANCIAL										
KBC/ESRI Consumer Confidence	98.8	86.5	93.1	87.7	89.9	90.7	85.5	77.2	Consumer confidence fell to a 6-year low in August as Brexit related developments weighed on sentiment	
Credit Growth YoY %										
- Private Sector (Underlying)	-3.2	-3.3	-3.6	-3.2	-2.7	-2.2	-2.5	#N/A	Household credit outstanding still contracting, though rate of decline eased to 0.2% in July	
- of which : Household	-0.7	-0.7	-0.5	-0.4	-0.3	-0.3	-0.2	#N/A		
- of which : Mortgage Lending	-1.1	-1.1	-1.1	-1.0	-0.8	-0.9	-0.9	#N/A		
LABOUR MARKET										
Live Register	200,300	197,300	195,200	194,800	191,400	190,400	190,000	188,500	Unemployment rate edged down to 5.2% in August, from 5.3%. Numbers on Live Register continue to decline, though pace of reduction has moderated	
- Change In Month	-3,100	-3,000	-2,100	-400	-3,400	-1,000	-400	-1,500		
Unemployment Rate %	5.2	5.0	5.0	5.2	5.2	5.3	5.3	5.2	PMI employment subcomponents suggest pace of job creation likely slowed further in August, with both services and construction indices easing	
PMI Employment Indices										
- AIB Manufacturing	52.4	54.0	54.1	53.8	51.4	51.8	50.1	50.5		
- AIB Services	56.3	55.5	55.6	54.6	54.7	55.3	53.6	53.1		
- Ulster Bank Construction	54.6	56.1	59.6	58.8	53.5	56.0	52.9	51.3		
MERCHANDISE TRADE										
Export Values - 3M / 3M %	9.6	10.3	1.7	-5.1	-6.9	-0.6	5.3	#N/A	YoY growth in value of goods exported at 9.8% in July as chemical, energy and machinery exports rise	
- 3MMA YoY %	16.7	16.9	12.1	13.1	12.0	8.6	9.8	#N/A		
Import Values - 3M / 3M %	-3.7	-8.8	-16.4	-8.1	-4.7	0.8	-1.3	#N/A	Imports fell sharply in same period as chemical and machinery imports declined	
- 3MMA YoY %	16.6	11.2	6.0	7.7	8.2	-0.4	-4.9	#N/A		
PUBLIC FINANCES										
Total Tax Receipts: Cum YTD %	7.0	3.7	7.1	5.7	5.7	6.9	7.6	8.1	Public finances running slightly ahead of target YTD, reflecting strong tax take. Exchequer recorded deficit of €0.6bn in year to August vs deficit of €1.8bn in same period of 2018	
Voted Spending : Cum YTD %	6.5	8.1	7.2	5.4	8.0	5.9	6.6	6.8		
Exchequer Bal: 12 Mth Total €m	220	28	254	344	68	1,189	1,279	1,299		
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
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	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										
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 19.4k, well below estimated demand (35k)
- Cum 12 Mth Total		51.5	50.3	25.2	34.6	23.5	20.5	23.2	11.8	
		12848	14373	15071	16203	17090	18023	18828	19346	



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