

Irish Economy Watch

AIB Treasury Economic Research Unit



27 August 2015

	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
MANUFACTURING								
Industrial Production (Ex-Modern)	117.4	119.1	122.8	120.3	125.7	126.9	125.6	#N/A
Production (Ex-Modern) : 3mma YoY%	9.6	8.3	9.0	10.8	12.4	13.2	11.6	#N/A
3mth / 3mth % seas. adj.	-0.8	-1.5	1.7	2.8	4.5	3.8	4.4	#N/A
Investec Manufacturing PMI	56.9	55.1	57.5	56.8	55.8	57.1	54.6	56.7
OECD Leading Indicator	100.4	100.7	101.0	101.3	101.6	101.9	102.3	#N/A
SERVICES / RETAIL								
Monthly Services Index (Value)	115.5	121.5	116.1	117.5	114.6	113.7	115.2	#N/A
- YoY %	4.9	11.2	7.6	8.7	2.0	3.2	2.4	#N/A
- 3mth / 3mth % seas. adj.	0.4	2.9	4.2	4.2	-0.2	-2.1	-3.3	#N/A
Investec Services PMI	62.6	62.5	61.4	60.9	60.6	61.4	63.3	63.4
SIMI Car Registrations	350	29,806	15,776	18,948	9,465	6,923	1,449	27,597
- 12 mth cum total	96,344	103,256	106,321	110,972	112,614	113,241	113,000	121,875
- 3 mma YoY %	21.7	30.0	28.2	29.3	26.9	24.4	12.9	34.8
Retail Sales Index	101.4	104.4	104.2	106.2	106.7	105.1	101.0	#N/A
- YoY %	5.7	8.2	9.2	9.9	12.0	8.5	5.4	#N/A
- 3mth / 3mth % seas. adj.	-0.2	2.5	3.3	4.4	3.5	2.6	-0.6	#N/A
Ex Autos Index	107.5	107.3	107.9	107.4	110.7	109.6	110.1	#N/A
- YoY %	4.8	4.7	5.3	5.2	7.7	6.4	5.8	#N/A
- 3mth / 3mth % seas. adj.	1.8	2.2	2.6	1.4	1.8	1.5	2.4	#N/A
CONSTRUCTION PMI: Ulster Bank								
- Housing Activity	63.1	57.1	52.0	52.9	57.2	63.3	65.7	59.1
- Commercial Activity	61.4	54.4	50.1	50.9	55.8	62.7	64.9	57.3
- New Orders	63.3	61.7	54.6	54.8	59.3	64.2	66.4	60.5
- Business Expectations	61.8	55.1	52.0	54.8	59.3	60.4	64.1	58.2
	80.0	81.4	74.3	81.9	78.1	80.4	76.7	79.4
RESIDENTIAL CONSTRUCTION ACTIVITY								
Housing Registrations: 12Mth Total	2,574	2,683	2,724	2,874	3,049	3,344	3,520	3,659
- 3 Month Avg YoY %	217.4	136.2	78.8	61.3	64.3	134.5	126.4	110.5
Commencements: 12mth Total	7,717	7,114	3,112	3,811	4,551	5,263	5,838	#N/A
- 3 Month Avg YoY %	-16.8	-50.1	-83.2	-74.4	-57.9	1,424.5	587.5	#N/A
Completions: Month	1,189	693	836	1,100	946	991	1,059	#N/A
- 12 Mth Total	11,016	11,033	11,258	11,555	11,735	11,641	11,809	#N/A
HOUSING MARKET ACTIVITY								
BPFI Mortgage Approvals : Month	2,360	1,817	2,093	2,228	2,070	2,347	2,362	#N/A
- 3 Month Avg YoY %	56.4	55.3	49.2	40.6	28.8	17.3	7.5	#N/A
- 12 Mth Total	25,500	26,055	26,664	27,271	27,483	27,645	27,744	#N/A
RPPR Transactions : Month	7,189	3,325	3,583	3,584	3,605	3,595	4,041	#N/A
- 3 Month Avg YoY %	45.2	47.2	56.5	55.0	43.2	30.3	23.9	#N/A
- 12 Mth Total	42,790	44,196	45,496	46,522	47,465	48,031	48,692	#N/A
HOUSING MARKET PRICES								
CSO (Mortgaged Transactions) - MoM	0.4	-1.4	-0.4	0.9	0.6	0.5	0.1	0.9
- YoY %	16.3	15.5	14.9	16.8	15.8	13.8	10.7	9.4
Daft Asking Prices: MoM %	1.0	1.5	4.3	1.3	-0.3	0.6	-1.0	#N/A
- YoY %	15.5	12.9	18.4	15.3	13.6	11.4	9.5	#N/A
RENTS: CSO Private Rents - MoM%	0.7	1.4	0.9	0.6	0.6	0.6	0.9	1.0
- YoY %	8.0	8.8	8.5	8.3	8.7	8.9	9.3	10.4
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30Yr Mortgage, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	17.1	16.6	16.6	16.8	16.9	17.1	16.6	16.7

Production (ex-modern) grew by a strong 4.4% in Q2—largely reflects growth in food output, with the 'dairy' sector continuing to perform particularly well

Mfg PMI at 56.7 in July after averaging 55.8 in Q2, suggests sector maintained strong growth

OECD indicator at a 7 year high

Volatile services index fell by 3.3% in Q2 after rising by 4.2% in Q1. YoY growth rate remains well below its recent highs

However, the services PMI remained at a near 9 year high in July, suggests very strong growth in the sector

Car sales rose very strongly in July as new number plate introduced—sales YTD are up 30% on a YoY basis

Core retail sales grew strongly in Q2 (+2.4%)—best quarterly performance since Q2 2007

While the construction PMI fell back in July, at close to 60, it still points to strong growth

Housing registrations remain on upward trajectory, but they are still at low levels overall

Commencements remain soft—data distorted by Feb'14 surge ahead of revised guidelines

Housing completions pick up after seasonal weakness at the start of the year, but improvement in 12mth total showing signs of stalling

Marked slowdown in rate of growth in mortgage approvals and housing transactions as new Central Bank lending criteria impact market

Sharp slowing in house price YTD in 2015, also reflecting impact of new Central Bank rules. Dublin prices have fallen slightly since the end of 2014

YoY growth in rents picks up further in July to 10.4% - strongest rate since Jan'08. Rents now just 1.4% from previous peak

Lower mortgage interest rates means affordability remains accommodative

	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	
CONSUMER PRICES YoY %	-0.3	-0.6	-0.5	-0.6	-0.7	-0.3	-0.1	-0.2	A fresh fall in transport costs (lower fuel and airfare prices) sees inflation (both CPI & HICP) ease back in July
- MoM %	-0.4	-0.8	0.6	0.6	0.0	0.4	0.3	-0.3	
HICP - YoY %	-0.3	-0.4	-0.4	-0.3	-0.4	0.2	0.4	0.2	Lower mortgage interest (not included in HICP) sees CPI remain in negative territory
- MoM %	-0.4	-0.7	0.7	0.6	-0.1	0.6	0.4	-0.3	
PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	90.5	101.1	96.1	97.8	98.7	98.5	102.8	99.7	Consumer confidence falls back in July from June's 9yr high. Remains strong overall given more upbeat assessment of personal finances
Credit Growth YoY %									
- Private Sector (Underlying)	-10.2	-10.4	-10.6	-10.6	-10.2	-11.0	-10.7	#N/A	Fall in financial sector borrowing continues to impact on private sector credit growth
- of which : Household	-3.3	-3.1	-3.1	-3.0	-2.9	-2.8	-2.9	#N/A	
- of which : Mortgage Lending	-2.7	-2.6	-2.6	-2.7	-2.6	-2.5	-2.6	#N/A	
LABOUR MARKET									
Live Register	363,600	360,100	356,000	351,500	349,800	347,300	345,200	343,100	Live Register continues to fall, now down over 20k YTD. Downturn in unemployment maintained, now at a of 9.5%, its lowest level since end 2008
- Change In Month	-3,300	-3,500	-4,100	-4,500	-1,700	-2,500	-2,100	-2,100	
Unemployment Rate %	10.2	10.1	10.0	9.8	9.7	9.6	9.5	9.5	Redundancies continue their marked decline in Q1
Redundancies	385	421	325	439	#N/A	#N/A	#N/A	#N/A	
-12 Mth Total	6,883	6,567	6,104	5,843	#N/A	#N/A	#N/A	#N/A	PMI employment components point to further strong growth as Q3 gets underway. Thus, the unemployment rate should fall further in the coming months
PMI Employment Indices									
- Investec Manufacturing	57.0	54.8	57.8	59.2	57.1	57.6	55.8	56.3	
- Investec Services	61.8	60.1	60.5	59.3	57.6	60.9	60.1	60.3	
- Ulster Bank Construction	60.3	59.1	53.6	52.7	56.4	59.1	61.4	57.6	
MERCHANDISE TRADE									
Export Values - 3M / 3M %	4.6	3.9	15.0	7.5	7.2	1.3	5.1	#N/A	YoY growth in the value of exports remained very strong in Q2 (+18.3%), partly reflecting currency effects
- 3MMA YoY %	7.7	11.3	19.0	19.6	22.9	18.9	18.3	#N/A	
Import Values - 3M / 3M %	2.0	-1.7	-8.2	-6.1	-1.4	2.4	-1.3	#N/A	Growth in the value of imports slowed in Q2 (+2.5%) reflecting, in part, lower energy prices
- 3MMA YoY %	16.0	10.3	8.1	7.1	7.7	4.2	2.5	#N/A	
PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	9.2	33.8	15.9	13.4	11.3	10.9	11.7	9.7	Growth in tax receipts remained solid in July, up c.10% YTD
Voted Spending : Cum YTD %	-2.0	-5.0	-2.4	-0.1	0.5	-1.0	-0.5	-12.4	
Exchequer Bal: 12 Mth Total €m	-8,183	-6,261	-6,711	-5,670	-5,748	-4,073	-3,537	-3,651	Increased receipts have aided the marked improvement in the budget deficit in 2015

QUARTERLY DATA

	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	
GDP - YoY %	4.9	2.9	4.1	7.0	3.6	6.0	6.5	#N/A	YoY growth in GDP picked up to 6.5% in Q1. Data show further positive impact from export and consumer sectors. Overall, we could see GDP growth of c.5% in 2015
- QoQ% seas. adj.	3.4	-0.3	1.2	1.9	1.4	1.2	1.4	#N/A	
Total Exports - Volume YoY %	4.9	2.2	6.9	11.9	15.5	13.8	14.3	#N/A	Trade data remain distorted by contract manufacturing
Total Imports - Volume YoY %	1.5	0.8	6.8	12.8	18.8	20.2	14.7	#N/A	

EMPLOYMENT & EARNINGS

Employment YoY %	3.2	3.3	2.3	1.7	1.5	1.5	2.2	3.0	Pace of YoY growth in employment picks up further in Q2, from 2.2% to 3%. Underlying data show broad based improvement across employment sectors
Labour Force YoY %	0.8	0.9	0.4	-0.7	-0.4	-0.5	-0.2	0.6	
Average Earnings YoY %									Weekly earnings growth picks up to 1.8% YoY in Q2. Growth in private sector wages (2.3%) remains far stronger than in public sector (0%)
- Hourly	-2.0	-0.7	-0.3	-2.2	-1.6	1.4	0.5	1.5	
- Weekly	-2.1	-0.4	0.0	-1.5	-1.0	1.9	1.0	1.8	
Weekly Earnings YoY %									
- Private Sector	-1.2	0.3	1.1	-1.0	-0.6	2.7	1.2	2.3	
- Public Sector	-1.3	-1.5	-1.4	-1.1	-1.1	0.4	0.4	0.0	



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