

Irish Economy Watch

AIB Treasury Economic Research Unit



12 January 2016

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	
MANUFACTURING									
Industrial Production (Ex-Modern)	126.7	124.0	134.0	125.9	125.1	124.7	125.8	#N/A	Production (ex-modern sector) picked up in November. Overall, excluding July spike, output has been quite stable since April
Production (Ex-Modern) : 3mma YoY%	13.1	11.0	12.9	10.7	8.9	4.7	5.9	#N/A	
3mth / 3mth % seas. adj.	3.7	4.0	4.4	3.1	2.3	-2.3	-2.2	#N/A	
Investec Manufacturing PMI	57.1	54.6	56.7	53.6	53.8	53.6	53.3	54.2	Manufacturing PMI picks up in December. But, it still suggests that growth in the sector slowed slightly during Q4 (avg 53.7) compared to Q3 (avg 54.7)
OECD Leading Indicator	102.0	102.2	102.3	102.2	102.0	101.8	101.5	#N/A	
SERVICES / RETAIL									
Monthly Services Index (Value)	114.1	116.7	123.2	117.9	119.3	119.7	120.6	#N/A	Pace of YoY growth in CSO services index picks up further in Nov. Boosted by IT sector and strong car sales
- YoY %	3.3	3.2	9.8	4.3	4.9	5.8	8.1	#N/A	
- 3mth / 3mth % seas. adj.	-1.8	-2.8	1.5	3.2	4.3	0.8	0.5	#N/A	
Investec Services PMI	61.4	63.3	63.4	62.1	62.4	60.1	63.6	61.8	Services PMI edges back in Dec from Nov's 15 year high, but remains very strong. Index averages 61.8 in Q4 after a similarly impressive 62.6 in Q3
SIMI Car Registrations	6,919	1,448	27,594	6,404	4,769	2,559	940	342	
- 12 mth cum total	113,236	113,000	121,873	123,413	124,272	124,795	124,953	124,945	Car sales recorded their best annual performance last year since 2008—up 30% YoY
- 3 mma YoY %	24.3	12.9	34.8	40.3	41.0	27.0	22.9	21.2	
Retail Sales Index	105.6	99.7	113.1	108.1	108.1	107.3	109.7	#N/A	Core retail sales very strong in Nov. Sales up 1.3% in Oct/Nov after growing by 1.2% in Q3. Underlying data show generally broad based improvement
- YoY %	8.6	4.4	10.2	8.6	8.2	6.9	9.4	#N/A	
- 3mth / 3mth % seas. adj.	2.9	-0.7	0.4	0.8	5.5	1.6	1.3	#N/A	
Ex Autos Index	109.8	109.4	110.7	111.4	111.8	111.2	114.3	#N/A	
- YoY %	6.5	4.9	6.4	6.9	7.6	5.5	8.9	#N/A	
- 3mth / 3mth % seas. adj.	1.7	2.3	1.2	1.1	1.2	1.4	1.7	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	63.3	65.7	59.1	56.5	55.8	56.3	55.5	58.6	Construction PMI pointed to a slightly more modest pace of growth in Q4. Expectations remain near an all-time high
- Commercial Activity	62.7	64.9	57.3	54.4	55.6	57.4	55.2	58.3	
- New Orders	64.2	66.4	60.5	56.9	56.4	55.7	56.0	59.7	
- Business Expectations	60.4	64.1	58.2	58.3	58.7	58.3	60.9	60.4	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	3,344	3,520	3,659	4,470	4,326	4,384	4,384	#N/A	Improvement in housing registrations has stalled. YoY growth now in negative territory
- 3 Month Avg YoY %	134.5	126.4	110.5	192.8	118.7	98.9	-9.9	#N/A	
Commencements: 12mth Total	5,263	5,838	6,459	6,851	7,411	7,673	8,074	#N/A	Commencements continue to improve on a 12mth cumulative basis. YoY comparison distorted by base effects from 2014
- 3 Month Avg YoY %	1,424.5	587.5	319.3	200.1	154.3	106.6	103.6	#N/A	
Completions: Month	991	1,059	1,120	949	1,220	1,138	1,262	#N/A	Completions stay very soft. Likely only 12-13k units built in 2015—below market demand
- 12 Mth Total	11,641	11,809	11,937	12,104	12,141	12,272	12,503	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	2,347	2,362	2,700	2,133	2,210	2,243	2,089	#N/A	YoY growth in mortgage approvals negative in 3mths to November, transactions continues to slow—may reflect impact from new Central Bank rules and limited sale stock
- 3 Month Avg YoY %	17.3	7.5	4.6	1.1	-1.3	-7.5	-14.1	#N/A	
- 12 Mth Total	27,645	27,744	27,811	27,722	27,651	27,275	26,652	#N/A	
RPPR Transactions : Month	3,623	4,186	4,573	3,518	4,133	4,290	3,823	#N/A	House prices fall in Nov after 4 months of strong growth. YoY growth continues to slow, largely reflecting sharp slowdown in Dublin price inflation (now 3.3%). Ex-Dublin price growth remains strong (9.6%)
- 3 Month Avg YoY %	31.0	26.2	16.5	11.7	7.5	1.3	1.3	#N/A	
- 12 Mth Total	48,105	48,948	49,341	49,476	49,886	49,490	49,628	#N/A	
HOUSING MARKET PRICES									
CSO (Mortgaged Transactions) - MoM	0.5	0.1	0.9	2.3	1.3	1.6	-0.5	#N/A	Rents continue to rise, with YoY growth remaining around 10%. Rents now 1.6% above their previous peak
- YoY %	13.8	10.7	9.4	9.5	8.9	7.6	6.5	#N/A	
Daft Asking Prices: MoM %	0.6	-1.0	1.8	0.1	0.9	-0.7	-0.9	0.3	Lower mortgage interest rates mean affordability remains accommodative
- YoY %	11.4	9.5	9.5	8.3	7.6	9.1	8.6	7.8	
RENTS: CSO Private Rents - MoM%	0.6	0.9	1.0	0.9	1.2	0.5	0.4	#N/A	
- YoY %	8.9	9.3	10.4	10.5	10.3	10.3	10.0	#N/A	
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	16.8	17.3	17.5	17.2	17.2	#N/A	

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CONSUMER PRICES YoY %	-0.3	-0.1	-0.2	0.0	-0.3	-0.2	-0.2	#N/A
- MoM %	0.4	0.3	-0.3	0.4	-0.5	-0.2	-0.3	#N/A
HICP - YoY %	0.2	0.4	0.2	0.2	0.0	0.0	-0.1	#N/A
- MoM %	0.6	0.4	-0.3	0.3	-0.5	-0.3	-0.4	#N/A

CPI inflation remained in negative territory in November, still weighed down by fall in oil prices and mortgage interest

HICP also negative, though slightly less so as it excludes mortgage interest which is down 8.6% YoY

PERSONAL / FINANCIAL								
KBC/ESRI Consumer Confidence	98.5	102.8	99.7	101.1	100.6	101.3	103.1	#N/A
Credit Growth YoY %								
- Private Sector (Underlying)	-10.8	-10.8	-10.2	-9.5	-10.0	-10.7	-11.7	#N/A
- of which : Household	-2.8	-2.9	-2.7	-2.7	-2.7	-2.5	-2.7	#N/A
- of which : Mortgage Lending	-2.5	-2.6	-2.6	-2.6	-2.5	-2.4	-2.6	#N/A

Consumer confidence rises to its highest level in 10 years in November. May reflect reaction to October's Budget as well as better employment prospects

Fall in financial sector borrowing continues to weigh on private sector credit growth

LABOUR MARKET								
Live Register	347,300	344,800	342,800	340,700	337,000	332,400	330,400	328,600
- Change In Month	-2,500	-2,500	-2,000	-2,100	-3,700	-4,600	-2,000	-1,800
Unemployment Rate %	9.6	9.4	9.2	9.1	9.0	8.9	8.8	8.8
Redundancies	419	475	367	339	260	#N/A	#N/A	#N/A
-12 Mth Total	5,684	5,533	5,340	5,024	4,802	#N/A	#N/A	#N/A
PMI Employment Indices								
- Investec Manufacturing	57.6	55.8	56.3	54.0	54.4	53.5	53.4	52.0
- Investec Services	60.9	60.1	60.3	60.8	59.6	61.0	62.0	58.6
- Ulster Bank Construction	59.1	61.4	57.6	57.7	56.4	55.7	57.9	58.2

Live Register falls by 35k in 2015, now down for 42 consecutive months. Unemployment rate falls to a new 7 year low of 8.8%

Redundancies continued to decline during Q3, 12 month cumulative total now below 5k

PMI employment components point to another quarter of solid improvement in the labour market in Q4—services index particularly strong

MERCHANDISE TRADE								
Export Values - 3M / 3M %	3.2	8.1	2.1	-0.1	-4.4	0.9	#N/A	#N/A
- 3MMA YoY %	21.6	21.8	22.1	21.9	18.0	17.2	#N/A	#N/A
Import Values - 3M / 3M %	7.9	7.5	4.7	-0.7	-2.2	-1.6	#N/A	#N/A
- 3MMA YoY %	12.9	13.9	10.1	8.3	3.5	5.6	#N/A	#N/A

YoY growth in the value of exports remains very strong, partly reflecting currency effects from a weaker euro

Growth in the value of imports weakened by falls in commodity prices (esp. oil)

PUBLIC FINANCES								
Total Tax Receipts: Cum YTD %	10.9	11.7	9.7	9.7	9.5	9.6	10.0	10.5
Voted Spending : Cum YTD %	-1.0	-0.5	-12.4	-0.5	-0.4	-0.7	-0.4	1.5
Exchequer Bal: 12 Mth Total €m	-4,073	-3,537	-3,651	-3,142	-2,326	-1,857	-2,081	-62

Exchequer balance broadly flat in 2015, a marked improvement from 2014's -€8.1bn. Largely reflects strong corporation tax, lower interest payments and one-off sale of State assets

QUARTERLY DATA

	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15
GDP - YoY %	2.9	4.1	7.0	3.6	6.0	7.3	6.8	7.0
- QoQ% seas. adj.	-1.4	1.6	1.2	2.1	1.1	2.2	1.9	1.4
Total Exports - Volume YoY %	2.2	6.9	11.9	15.5	13.8	14.0	13.5	12.4
Total Imports - Volume YoY %	0.8	6.8	12.8	18.8	20.2	15.0	16.5	18.9

Irish GDP increases strongly again in Q3 (+1.4%). Underlying data show generally broad based growth, but rising imports see drag from net trade. GDP growth running at c.7% in 2015

International trade data distorted by contract manufacturing

EMPLOYMENT & EARNINGS								
Employment YoY %	3.3	2.3	1.7	1.5	1.5	2.2	3.0	2.9
Labour Force YoY %	0.9	0.4	-0.7	-0.4	-0.5	-0.2	0.6	0.6
Average Earnings YoY %								
- Hourly	-0.7	-0.3	-2.2	-1.6	1.4	0.5	1.4	2.1
- Weekly	-0.4	0.0	-1.5	-1.0	1.9	1.0	1.9	2.7
Weekly Earnings YoY %								
- Private Sector	0.3	1.1	-1.0	-0.6	2.7	1.2	2.5	3.6
- Public Sector	-1.5	-1.4	-1.1	-1.1	0.4	0.4	-0.1	0.1

YoY growth in employment steady at around 3% in Q3. Underlying data show that employment picking up in almost all sectors—construction sector particularly encouraging

Weekly earnings growth jumps to 2.7% in Q3, best rate since end 2008. Dichotomy between private (+3.6%) and public (+0.1%) workers is widening



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