

Irish Economy Watch

AIB Treasury Economic Research Unit



13 July 2015

	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	
MANUFACTURING									
Industrial Production (Ex-Modern)	116.3	117.3	119.1	122.6	120.3	125.9	126.6	#N/A	Industrial production (ex-modern) up 4.6% in April/May vs Q1. YoY growth very strong - aided by pick up in food output
Production (Ex-Modern) : 3mma YoY%	9.9	9.6	8.3	8.7	10.3	11.9	12.7	#N/A	
3mth / 3mth % seas. adj.	1.6	-0.8	-1.5	1.6	2.8	4.6	3.8	#N/A	
Investec Manufacturing PMI	56.2	56.9	55.1	57.5	56.8	55.8	57.1	54.6	Mfg PMI averages 55.8 in Q2 vs 56.5 in Q1—suggests sector maintained solid pace of growth
OECD Leading Indicator	100.6	100.8	101.1	101.4	101.7	102.1	#N/A	#N/A	
SERVICES / RETAIL									
Monthly Services Index (Value)	111.9	115.6	122.2	116.4	118.0	115.1	114.1	#N/A	Volatile services index weakens in April/May (-3.6%) vs Q1 (+4.7%)
- YoY %	6.0	4.9	11.6	7.7	8.7	2.1	3.4	#N/A	
- 3mth / 3mth % seas. adj.	0.5	0.6	3.3	4.7	4.7	-0.1	-2.0	#N/A	
Investec Services PMI	61.6	62.6	62.5	61.4	60.9	60.6	61.4	63.3	However, the services PMI suggests that the sector maintained a solid pace of growth—avg 61.8 in Q2 after 61.6 in Q1
SIMI Car Registrations	782	350	29,806	15,776	18,948	9,465	6,923	1,449	
- 12 mth cum total	96,206	96,344	103,256	106,321	110,972	112,614	113,241	113,000	Car sales were very strong in the first half of the year—up c.25% YoY
- 3 mma YoY %	21.2	21.7	30.0	28.2	29.3	26.9	24.4	12.9	
Retail Sales Index	100.6	101.4	104.5	104.4	106.5	107.2	104.4	#N/A	Core retail sales softer in May, but sales in Q2-to-date are still up 1.7% versus Q1
- YoY %	5.2	5.7	8.2	9.3	9.9	12.0	7.3	#N/A	
- 3mth / 3mth % seas. adj.	1.0	-0.1	2.5	3.4	4.6	3.8	2.5	#N/A	
Ex Autos Index	105.5	107.6	107.5	108.2	107.5	110.7	108.5	#N/A	
- YoY %	3.8	4.8	4.8	5.3	5.2	7.8	5.4	#N/A	
- 3mth / 3mth % seas. adj.	0.9	2.0	2.3	2.8	1.6	1.8	1.1	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	63.5	63.1	57.1	52.0	52.9	57.2	63.3	65.7	Construction PMI jumps again in June, hitting its best level since November 2004
- Commercial Activity	62.9	61.4	54.4	50.1	50.9	55.8	62.7	64.9	
- New Orders	65.0	63.3	61.7	54.6	54.8	59.3	64.2	66.4	
- Business Expectations	66.0	61.8	55.1	52.0	54.8	59.3	60.4	64.1	
	85.3	80.0	81.4	74.3	81.9	78.1	80.4	76.7	Registrations continue to improve—12mth cumulative total at best level since end '09
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	2,368	2,574	2,683	2,724	2,874	3,049	3,344	#N/A	Commencements remain soft—data distorted by Feb'14 surge ahead of revised guidelines
- 3 Month Avg YoY %	128.0	217.4	136.2	78.8	61.3	64.3	134.5	#N/A	
Commencements: 12mth Total	7,959	7,717	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	Housing completions pick up after seasonal weakness at the start of the year—12mth cumulative total rises further
- 3 Month Avg YoY %	2.0	-16.8	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
Completions: Month	1,031	1,189	693	836	1,100	#N/A	#N/A	#N/A	
- 12 Mth Total	10,703	11,016	11,033	11,258	11,555	#N/A	#N/A	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	2,712	2,360	1,817	2,093	2,228	2,070	2,347	#N/A	Mortgage approvals and transactions show some signs of improvement in May—as impact from new Central Bank mortgage criteria abate
- 3 Month Avg YoY %	52.1	56.4	55.3	49.2	40.6	28.8	17.3	#N/A	
- 12 Mth Total	24,597	25,500	26,055	26,664	27,271	27,483	27,645	#N/A	
RPPR Transactions : Month	3,685	7,189	3,325	3,583	3,533	3,366	3,338	#N/A	CSO house prices continue to show solid pace of growth in May—YoY rate at 13.8%. Pace of growth in Dublin has continued to slow, now at 15.2% (from 20.2%). Pace of growth ex-Dublin has continued to increase, now at 11.9%
- 3 Month Avg YoY %	41.1	45.2	47.2	56.5	53.8	39.2	23.7	#N/A	
- 12 Mth Total	40,406	42,790	44,196	45,496	46,443	47,147	47,456	#N/A	
HOUSING MARKET PRICES									
CSO (Mortgaged Transactions) - MoM	0.5	0.4	-1.4	-0.4	0.9	0.6	0.5	#N/A	Annual growth in rents reaccelerating, now at 9.3% - best level since September 2014. Rents now just 2.4% from previous peak
- YoY %	16.2	16.3	15.5	14.9	16.8	15.8	13.8	#N/A	
Daft Asking Prices: MoM %	-0.5	1.0	1.5	4.3	1.3	-0.3	0.6	-1.0	Affordability remains relatively stable and at accommodative levels
- YoY %	13.5	15.5	12.9	18.4	15.3	13.6	11.4	9.5	
RENTS: CSO Private Rents - MoM%	0.6	0.7	1.4	0.9	0.6	0.6	0.6	0.9	
- YoY %	8.4	8.0	8.8	8.5	8.3	8.7	8.9	9.3	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30Yr Mortgage : Mortgage cost as % of Disposable Income									
	17.1	17.1	16.7	16.6	16.8	16.9	17.0	#N/A	

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CONSUMER PRICES YoY %	0.1	-0.3	-0.6	-0.5	-0.6	-0.7	-0.3	-0.1
- MoM %	-0.3	-0.4	-0.8	0.6	0.6	0.0	0.4	0.3
HICP - YoY %	0.2	-0.3	-0.4	-0.4	-0.3	-0.4	0.2	0.4
- MoM %	-0.3	-0.4	-0.7	0.7	0.6	-0.1	0.6	0.4

Falling mortgage interest continues to keep CPI inflation in negative territory at -0.1% in June. Inflation now negative for 7 consecutive months

Higher fuel & clothing costs boost HICP inflation (+0.4%)

PERSONAL / FINANCIAL

KBC/ESRI Consumer Confidence	85.3	90.5	101.1	96.1	97.8	98.7	98.5	102.8
Credit Growth YoY %								
- Private Sector (Underlying)	-7.0	-10.6	-10.8	-11.1	-11.1	-10.6	-11.4	#N/A
- of which : Household	-3.5	-3.4	-3.2	-3.2	-3.2	-3.0	-2.9	#N/A
- of which : Mortgage Lending	-2.9	-2.7	-2.6	-2.6	-2.7	-2.6	-2.5	#N/A

Consumer confidence at a 9yr high in June, aided by improved assessment of personal finances

Sharp fall in financial sector borrowings continue to impact on private sector credit growth

LABOUR MARKET

Live Register	367,000	363,700	360,100	356,000	351,500	349,700	347,200	344,900
- Change In Month	-4,000	-3,300	-3,600	-4,100	-4,500	-1,800	-2,500	-2,300
Unemployment Rate %	10.4	10.2	10.1	10.0	9.8	9.8	9.7	9.7
Redundancies	428	385	421	325	439	#N/A	#N/A	#N/A
-12 Mth Total	7,548	6,883	6,567	6,104	5,843	#N/A	#N/A	#N/A
PMI Employment Indices								
- Investec Manufacturing	56.4	57.0	54.8	57.8	59.2	57.1	57.6	55.8
- Investec Services	60.7	61.8	60.1	60.5	59.3	57.6	60.9	60.1
- Ulster Bank Construction	60.7	60.3	59.1	53.6	52.7	56.4	59.1	61.4

Live Register maintains its steady decline in June, now at its lowest level since Jan'09. The unemployment rate is at an over 6 year low of 9.7%

Redundancies continue their marked decline in Q1

PMI employment components indicate growth remained solid in Q2. Thus, unemployment could fall further in the coming months

MERCHANDISE TRADE

Export Values - 3M / 3M %	0.3	5.1	3.8	14.6	7.1	8.1	#N/A	#N/A
- 3MMA YoY %	3.1	5.9	9.2	16.3	17.2	22.4	#N/A	#N/A
Import Values - 3M / 3M %	4.6	3.5	1.8	-4.1	-0.7	3.0	#N/A	#N/A
- 3MMA YoY %	9.5	7.8	7.3	7.7	11.1	12.6	#N/A	#N/A

YoY growth in the value of exports rises to 22.4% in April—largely due to strong pharma & chemical exports (+27%)

Imports growth also improves to 12.6%, primarily driven by pharma, chemical & vehicles

PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	8.5	9.2	33.8	15.9	13.4	11.3	10.9	11.7
Voted Spending : Cum YTD %	-2.5	-2.0	-5.0	-2.4	-0.1	0.5	-1.0	-0.5
Exchequer Bal: 12 Mth Total €m	-8,680	-8,183	-6,261	-6,711	-5,670	-5,748	-4,073	-3,537

Growth in tax receipts strong in H1, up 11.7% YoY

Increased receipts have aided the marked improvement in the budget deficit in 2015

QUARTERLY DATA

	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15
GDP - YoY %	-0.2	1.8	-1.2	3.8	7.2	3.6	4.1	#N/A
- QoQ% seas. adj.	0.1	2.2	0.3	2.3	1.2	0.4	0.2	#N/A
Total Exports - Volume YoY %	1.5	1.5	3.8	7.3	13.0	16.0	13.9	#N/A
Total Imports - Volume YoY %	-0.4	1.4	4.4	5.9	11.9	15.6	18.8	#N/A

Ireland records strongest GDP growth for 2014 (4.8%) in the EU as it continues to recover. GNP up by 5.2% in 2014

Quarterly trade data remain distorted by overseas contract manufacturing

EMPLOYMENT & EARNINGS

Employment YoY %	1.8	3.2	3.3	2.3	1.7	1.5	1.5	2.2
Labour Force YoY %	0.5	0.8	0.9	0.4	-0.7	-0.4	-0.5	-0.2
Average Earnings YoY %								
- Hourly	0.2	-2.0	-0.7	-0.3	-2.2	-1.6	1.4	0.4
- Weekly	0.4	-2.1	-0.4	0.0	-1.5	-1.0	1.9	0.5
Weekly Earnings YoY %								
- Private Sector	1.1	-1.2	0.3	1.1	-1.0	-0.6	2.7	0.6
- Public Sector	1.2	-1.3	-1.5	-1.4	-1.1	-1.1	0.4	0.1

Pace of YoY growth in employment rises to 2.2% in Q1—growing for 10 consecutive quarters

Weakly earnings growth slows to 0.5% YoY in Q1, with growth in wages in private sector continuing to outperform public sector. But, private sector growth is not broad based



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