

Irish Economy Watch

AIB Treasury Economic Research Unit



14 September 2015

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
MANUFACTURING								
Industrial Production (Ex-Modern)	119.3	122.8	120.6	126.0	127.3	124.9	132.8	#N/A
Production (Ex-Modern) : 3mma YoY%	8.3	9.1	10.9	12.5	13.2	11.1	12.9	#N/A
3mth / 3mth % seas. adj.	-1.2	1.9	2.9	4.6	3.9	4.3	4.2	#N/A
Investec Manufacturing PMI	55.1	57.5	56.8	55.8	57.1	54.6	56.7	53.6
OECD Leading Indicator	100.7	101.0	101.4	101.6	101.9	102.1	102.3	#N/A
SERVICES / RETAIL								
Monthly Services Index (Value)	121.7	116.2	117.5	114.9	114.2	116.4	124.3	#N/A
- YoY %	11.3	7.8	8.6	2.0	3.3	3.1	10.3	#N/A
- 3mth / 3mth % seas. adj.	3.0	4.3	4.4	-0.1	-1.9	-2.8	1.8	#N/A
Investec Services PMI	62.5	61.4	60.9	60.6	61.4	63.3	63.4	62.1
SIMI Car Registrations	29,806	15,776	18,948	9,465	6,923	1,449	27,592	6,418
- 12 mth cum total	103,256	106,321	110,972	112,614	113,241	113,000	121,870	123,424
- 3 mma YoY %	30.0	28.2	29.3	26.9	24.4	12.9	34.8	40.3
Retail Sales Index	104.6	104.3	106.4	107.0	105.8	99.8	111.4	#N/A
- YoY %	8.2	9.2	9.8	11.9	8.6	4.3	9.9	#N/A
- 3mth / 3mth % seas. adj.	2.5	3.4	4.5	3.6	2.9	-0.9	-0.2	#N/A
Ex Autos Index	107.3	107.9	107.4	110.8	109.9	109.7	110.4	#N/A
- YoY %	4.7	5.2	5.1	7.7	6.5	5.1	6.6	#N/A
- 3mth / 3mth % seas. adj.	2.2	2.6	1.5	1.9	1.7	2.4	1.2	#N/A
CONSTRUCTION PMI: Ulster Bank								
- Housing Activity	57.1	52.0	52.9	57.2	63.3	65.7	59.1	56.5
- Commercial Activity	54.4	50.1	50.9	55.8	62.7	64.9	57.3	54.4
- New Orders	61.7	54.6	54.8	59.3	64.2	66.4	60.5	56.9
- Business Expectations	55.1	52.0	54.8	59.3	60.4	64.1	58.2	58.3
- Business Expectations	81.4	74.3	81.9	78.1	80.4	76.7	79.4	76.7
RESIDENTIAL CONSTRUCTION ACTIVITY								
Housing Registrations: 12Mth Total	2,683	2,724	2,874	3,049	3,344	3,520	3,659	#N/A
- 3 Month Avg YoY %	136.2	78.8	61.3	64.3	134.5	126.4	110.5	#N/A
Commencements: 12mth Total	7,114	3,112	3,811	4,551	5,263	5,838	#N/A	#N/A
- 3 Month Avg YoY %	-50.1	-83.2	-74.4	-57.9	1,424.5	587.5	#N/A	#N/A
Completions: Month	693	836	1,100	946	991	1,059	#N/A	#N/A
- 12 Mth Total	11,033	11,258	11,555	11,735	11,641	11,809	#N/A	#N/A
HOUSING MARKET ACTIVITY								
BPFI Mortgage Approvals : Month	1,817	2,093	2,228	2,070	2,347	2,362	2,700	#N/A
- 3 Month Avg YoY %	55.3	49.2	40.6	28.8	17.3	7.5	4.6	#N/A
- 12 Mth Total	26,055	26,664	27,271	27,483	27,645	27,744	27,811	#N/A
RPPR Transactions : Month	3,325	3,604	3,586	3,612	3,603	4,088	4,195	#N/A
- 3 Month Avg YoY %	47.2	56.9	55.1	43.4	30.5	24.6	11.4	#N/A
- 12 Mth Total	44,196	45,530	46,530	47,480	48,054	48,762	48,692	#N/A
HOUSING MARKET PRICES								
CSO (Mortgaged Transactions) - MoM	-1.4	-0.4	0.9	0.6	0.5	0.1	0.9	#N/A
- YoY %	15.5	14.9	16.8	15.8	13.8	10.7	9.4	#N/A
Daft Asking Prices: MoM %	1.5	4.3	1.3	-0.3	0.6	-1.0	#N/A	#N/A
- YoY %	12.9	18.4	15.3	13.6	11.4	9.5	#N/A	#N/A
RENTS: CSO Private Rents - MoM%	1.4	0.9	0.6	0.6	0.6	0.9	1.0	0.9
- YoY %	8.8	8.5	8.3	8.7	8.9	9.3	10.4	10.5
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30Yr Mortgage, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	16.6	16.6	16.8	16.9	17.1	16.6	16.7	#N/A

Industrial production (ex-modern) maintained its strong momentum at the start of Q3 after growing by 4.3% in Q2

Meanwhile, mfg PMI falls in August to 53.6, a 1½ year low

OECD indicator rises further in July, hitting a fresh 7 year high

Services index remains volatile. YoY growth rises sharply in August from 3.1% to 10.3%

Services PMI averaged 62.8 in July/August vs 61.8 in Q2—suggests strong pace of growth

Volume of car sales much lower in August as impact from new number plate abates. But, sales remain strong and are up by 30% YTD

Core retail sales continue to perform strongly increasing again in July after picking up by 2.4% in Q2

Construction PMI falls for second month, but new orders component remains very strong

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 continue to pick up, but improvement in 12mth total showing signs of stalling

Further slowdown in mortgage approvals and housing transactions growth in July as new Central Bank lending criteria continue to impact

House price growth has also slowed in 2015, reflecting impact of new Central Bank rules. Dublin prices are flat compared to the end of 2014, while ex-Dublin are up 2.6%

YoY growth in rents picks up further in July to 10.5% - strongest rate since Jan'08. Rents now just 0.5% from pre-recessionary peak

Lower mortgage interest rates mean affordability remains accommodative

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
CONSUMER PRICES YoY %	-0.6	-0.5	-0.6	-0.7	-0.3	-0.1	-0.2	0.0
- MoM %	-0.8	0.6	0.6	0.0	0.4	0.3	-0.3	0.4
HICP - YoY %	-0.4	-0.4	-0.3	-0.4	0.2	0.4	0.2	0.2
- MoM %	-0.7	0.7	0.6	-0.1	0.6	0.4	-0.3	0.3

Pick up in the cost of motor insurance sees CPI inflation edge up out of negative territory in August, first time since November—still weighed down, though, by weak energy prices and lower mortgage interest

PERSONAL / FINANCIAL								
KBC/ESRI Consumer Confidence	101.1	96.1	97.8	98.7	98.5	102.8	99.7	101.1
Credit Growth YoY %								
- Private Sector (Underlying)	-10.4	-10.7	-10.6	-10.1	-10.8	-10.8	-10.4	#N/A
- of which : Household	-3.1	-3.1	-3.0	-2.9	-2.8	-2.9	-2.8	#N/A
- of which : Mortgage Lending	-2.6	-2.6	-2.7	-2.6	-2.5	-2.6	-2.6	#N/A

Consumer confidence remains at a very encouraging level in August, boosted by more positive view of the economy, though some concerns remain

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

LABOUR MARKET								
Live Register	360,000	356,000	351,500	349,800	347,300	345,200	343,300	341,400
- Change In Month	-3,600	-4,000	-4,500	-1,700	-2,500	-2,100	-1,900	-1,900
Unemployment Rate %	10.1	10.0	9.8	9.7	9.6	9.5	9.5	9.5
Redundancies	421	325	439	400	419	475	#N/A	#N/A
-12 Mth Total	6,567	6,104	5,843	5,726	5,684	5,533	#N/A	#N/A
PMI Employment Indices								
- Investec Manufacturing	54.8	57.8	59.2	57.1	57.6	55.8	56.3	54.0
- Investec Services	60.1	60.5	59.3	57.6	60.9	60.1	60.3	60.8
- Ulster Bank Construction	59.1	53.6	52.7	56.4	59.1	61.4	57.6	57.7

Live Register continues to fall in August, now down for 38 consecutive months.

Unemployment rate remains at 9.5%, a near 7 year low

Redundancies continue to decline on a 12mth cumulative basis in Q2

PMI employment components continue to point to solid jobs growth in Q3. Thus, the unemployment rate should fall further in the coming months

MERCHANDISE TRADE								
Export Values - 3M / 3M %	3.7	14.8	7.7	8.9	4.0	8.1	0.0	#N/A
- 3MMA YoY %	11.1	18.8	19.9	24.7	21.8	21.9	19.9	#N/A
Import Values - 3M / 3M %	-1.4	-6.9	-3.7	3.0	8.8	4.3	-0.8	#N/A
- 3MMA YoY %	10.8	9.1	9.5	12.8	11.6	10.5	4.1	#N/A

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

Growth in the value of imports has slowed, reflecting, in part, lower energy prices

PUBLIC FINANCES								
Total Tax Receipts: Cum YTD %	33.8	15.9	13.4	11.3	10.9	11.7	9.7	9.7
Voted Spending : Cum YTD %	-5.0	-2.4	-0.1	0.5	-1.0	-0.5	-12.4	-0.5
Exchequer Bal: 12 Mth Total €m	-6,261	-6,711	-5,670	-5,748	-4,073	-3,537	-3,651	-3,142

Growth in tax receipts very strong in August, up c.10% YTD

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	7.2	6.7
- QoQ% seas. adj.	4.7	-1.4	1.7	1.2	2.1	1.0	2.1	1.9
Total Exports - Volume YoY %	4.9	2.2	6.9	11.9	15.5	13.8	14.2	13.6
Total Imports - Volume YoY %	1.5	0.8	6.8	12.8	18.8	20.2	15.5	16.9

Irish GDP up 7% YoY in H1, primarily driven by strong performances by exports and investment. We could see growth average around 6% in 2015

Trade data remain distorted by contract manufacturing

EMPLOYMENT & EARNINGS								
Employment YoY %	3.2	3.3	2.3	1.7	1.5	1.5	2.2	3.0
Labour Force YoY %	0.8	0.9	0.4	-0.7	-0.4	-0.5	-0.2	0.6
Average Earnings YoY %								
- 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

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

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%)



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