

# Irish Economy Watch

AIB Treasury Economic Research Unit



14 November 2016

	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	
<b>MANUFACTURING</b>									
Industrial Production (Ex-Modern)	119.5	123.4	119.7	123.1	121.0	121.9	125.1	#N/A	Production (ex-modern sector) rose by 0.5% in Q3. Pace of YoY decline increased—largely reflecting lower food output
Production (Ex-Modern) : 3mma YoY%	1.1	-0.3	-1.8	-1.8	-4.7	-3.9	-3.3	#N/A	
3mth / 3mth % seas. adj.	0.6	0.7	0.6	0.7	-0.2	0.9	0.5	#N/A	
Investec Manufacturing PMI	54.9	52.6	51.5	53.0	50.2	51.7	51.3	52.1	Manufacturing PMI rose to 52.1 in October, suggesting the sector started the fourth quarter on a firmer footing after slowing in Q3
OECD Leading Indicator	100.0	99.8	99.6	99.5	99.5	99.5	99.4	99.3	
<b>SERVICES / RETAIL</b>									
Monthly Services Index (Value)	123.2	122.3	123.2	124.0	124.5	125.4	127.2	#N/A	Services index continues to improve, growing 2.1% in Q3. Underlying data show pick up concentrated in wholesaling
- YoY %	5.0	6.3	8.3	6.4	0.0	7.0	7.5	#N/A	
- 3mth / 3mth % seas. adj.	4.1	2.5	1.0	-0.5	0.5	1.4	2.1	#N/A	
Investec Services PMI	62.8	59.8	61.7	61.2	59.5	59.7	56.2	54.6	Services PMI at its lowest rate in Oct since May'13—likely reflecting some Brexit vote related impact
SIMI Car Registrations	21,531	10,383	6,501	1,624	29,888	7,288	4,689	2,244	
- 12 mth cum total	143,253	144,185	143,767	143,943	146,237	147,121	147,041	146,726	Car sales slow further in Oct, but they remain on course for their best annual performance since 2008; c.145-147k sales
- 3 mma YoY %	28.4	21.1	8.8	3.9	5.7	9.5	8.0	3.6	
Retail Sales Index	111.7	112.7	113.4	105.1	120.3	113.2	112.9	#N/A	Core retail sales decline by 0.2% in Q3—first fall in 12 quarters. Sales dragged down by declines in food and clothing
- YoY %	4.7	5.1	7.8	5.2	7.8	4.4	3.9	#N/A	
- 3mth / 3mth % seas. adj.	4.1	1.6	0.1	-2.6	0.0	0.2	4.6	#N/A	
Ex Autos Index	114.2	114.6	116.3	115.0	114.7	115.0	115.5	#N/A	Construction PMI continues to improve, rising to 62.3 in Oct, from an already strong level
- YoY %	6.0	3.2	6.3	4.9	3.2	3.1	3.2	#N/A	
- 3mth / 3mth % seas. adj.	1.2	0.6	1.1	1.0	0.8	-0.1	-0.2	#N/A	
<b>CONSTRUCTION PMI: Ulster Bank</b>									
- Housing Activity	62.3	56.4	55.9	59.7	61.0	58.4	58.7	62.3	Housing registrations decline by 2.3% YoY in Q3, following Q2's 11.6% rise. Figure distorted by very strong data in August 2015
- Commercial Activity	63.6	58.4	57.4	61.8	61.3	63.1	59.5	63.5	
- New Orders	65.1	56.5	59.7	62.0	66.2	63.9	61.3	64.5	
- Business Expectations	64.0	59.4	56.7	59.8	60.2	60.8	61.4	65.9	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
Housing Registrations: 12Mth Total	4,764	4,831	4,973	4,898	5,105	4,675	4,864	#N/A	Pace of growth in commencements has slowed on a YoY basis, while they remain at low levels
- 3 Month Avg YoY %	60.1	63.0	66.2	11.6	23.6	-17.4	-2.3	#N/A	
Commencements: 12mth Total	8,816	8,780	9,206	9,553	9,646	9,906	9,965	#N/A	Housing completions improving—on course for around 15k in 2016
- 3 Month Avg YoY %	53.9	19.2	15.1	31.8	34.4	29.2	15.2	#N/A	
Completions: Month	1,032	1,149	1,294	1,055	1,110	1,415	1,340	#N/A	Mortgage approvals rose by 23.5% YoY in Q3, up from 19.9% in Q2. Suggests impact from Central Bank lending rules is abating
- 12 Mth Total	13,181	13,384	13,687	13,683	13,673	14,139	14,259	#N/A	
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	1,753	2,601	2,616	2,909	2,908	2,948	2,766	#N/A	YoY growth in CSO house prices accelerated further in Aug. Price inflation outside of Dublin (+11.4%) remains higher than in the Capital (+4.5%), in part due to CB rules
- 3 Month Avg YoY %	-16.1	-4.9	4.9	19.9	14.5	22.9	23.5	#N/A	
- 12 Mth Total	25,041	25,572	25,841	26,388	26,638	27,474	28,030	#N/A	
RPPR Transactions : Month	3,391	3,655	3,814	3,972	4,339	3,970	4,101	#N/A	CSO rent price inflation reaccelerating from already high levels; +10.1% in Oct. Rents now 11.4% above previous peak
- 3 Month Avg YoY %	-9.1	-2.1	-0.9	-1.1	-2.8	-1.0	0.5	#N/A	
- 12 Mth Total	47,598	47,592	47,750	47,469	47,242	47,655	47,572	#N/A	
<b>HOUSING MARKET PRICES</b>									
CSO (Mortgaged Transactions) - MoM	-0.1	0.4	0.5	1.0	2.5	1.6	#N/A	#N/A	Lower mortgage rates mean affordability remains at favourable levels, despite slow wage growth
- YoY %	5.5	5.8	5.4	4.9	6.7	7.2	#N/A	#N/A	
Daft Asking Prices: MoM %	2.3	-0.6	0.8	1.4	0.9	0.9	0.6	#N/A	
- YoY %	5.5	5.3	5.5	8.1	7.1	8.1	7.7	#N/A	
<b>RENTS: CSO Private Rents - MoM%</b>									
- YoY %	0.2	1.0	0.5	0.5	0.9	0.7	1.9	0.9	
	9.2	9.7	9.7	9.3	9.1	8.9	9.6	10.1	
<b>AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB</b>									
- Mortgage as % of Disposable Income	15.5	15.7	15.9	16.1	16.0	16.2	#N/A	#N/A	

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<b>CONSUMER PRICES</b> - YoY %	-0.3	-0.1	0.0	0.4	0.5	-0.1	0.0	-0.3	CPI inflation edges further into negative territory in October, as food prices fall accelerates and insurance cost inflation slows
- MoM %	0.4	0.2	0.5	0.7	-0.2	-0.2	-0.4	-0.5	
HICP - YoY %	-0.6	-0.2	-0.2	0.1	0.1	-0.4	-0.3	-0.4	HICP inflation remains at -0.4% in October
- MoM %	0.3	0.3	0.5	0.7	-0.3	-0.2	-0.4	-0.4	
<b>PERSONAL / FINANCIAL</b>									
KBC/ESRI Consumer Confidence	100.6	102.7	98.1	103.4	99.6	102.7	102.0	97.3	Consumer confidence falls to a 20 month low in Oct, driven by a sharp fall in how households viewed their financial situation
Credit Growth YoY %									
- Private Sector (Underlying)	-7.2	-6.6	-5.8	-5.1	-5.5	-5.8	-5.1	#N/A	Pace of decline in private sector credit slowed to -5.1% in September
- of which : Household	-2.7	-2.6	-2.5	-2.2	-2.0	-1.9	-1.9	#N/A	
- of which : Mortgage Lending	-2.6	-2.5	-2.5	-2.2	-2.1	-2.0	-1.9	#N/A	
<b>LABOUR MARKET</b>									
Live Register	317,000	312,600	308,900	305,400	300,300	298,600	291,100	288,000	Live Register continues to decline at a very healthy pace. Unemployment rate fell to 7.7% in October, an eight-year low
- Change In Month	-3,600	-4,400	-3,700	-3,500	-5,100	-1,700	-7,500	-3,100	
Unemployment Rate %	8.3	8.3	8.3	8.4	8.3	8.2	7.9	7.7	Manufacturing PMI employment component back above expansion indicating 50 level in October. Services index points to healthy, though overall more modest, pace of improvement. Construction index jumps to 60.2, pointing to further solid improvement
Redundancies	670	439	616	418	#N/A	#N/A	#N/A	#N/A	
-12 Mth Total	4,332	4,371	4,568	4,511	#N/A	#N/A	#N/A	#N/A	
PMI Employment Indices									
- Investec Manufacturing	54.8	52.0	51.8	53.5	52.6	52.8	49.9	52.1	
- Investec Services	59.7	59.4	60.1	57.2	54.9	58.7	54.4	54.7	
- Ulster Bank Construction	58.4	55.2	55.5	57.1	58.5	59.7	54.7	60.2	
<b>MERCHANDISE TRADE</b>									
Export Values - 3M / 3M %	-11.6	-5.1	-0.6	7.1	2.3	3.2	#N/A	#N/A	Value of goods exports boosted this year by strong performance by electrical machinery
- 3MMA YoY %	4.4	3.8	3.3	3.6	1.5	6.8	#N/A	#N/A	
Import Values - 3M / 3M %	-18.9	-8.4	0.1	9.6	6.4	0.3	#N/A	#N/A	Higher oil prices have boosted import values recently, though they are still negative YoY
- 3MMA YoY %	-2.4	-1.4	-0.7	-0.3	-2.0	-3.4	#N/A	#N/A	
<b>PUBLIC FINANCES</b>									
Total Tax Receipts: Cum YTD %	6.4	9.1	9.0	9.2	8.4	6.2	5.7	4.7	Tax receipts have been weaker in recent months, though they remain ahead of target YTD
Voted Spending : Cum YTD %	-0.7	-0.5	-0.5	1.8	5.9	1.2	2.0	1.3	
Exchequer Bal: 12 Mth Total €m	-1,429	1,202	-828	-912	1,448	1,558	17	-307	Budget deficit of around 1% of GDP likely this year

## QUARTERLY DATA

	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16	Q2-16	
<b>GDP</b> - YoY %	3.6	11.1	28.1	24.3	24.4	28.4	3.9	4.1	Irish GDP was heavily distorted in 2015
*Core Domestic Expd - YoY% (3Q Avg)	4.4	4.4	6.4	6.7	7.0	5.6	4.3	3.3	
Consumer Spending - YoY %	1.3	2.5	4.9	4.0	5.0	4.2	5.1	1.8	Economy grew by 4% YoY in H1 2016. But still, there were signs of some slowdown in the underlying domestic economy during the period
Services Exports - YoY % (3Q Avg)	12.8	14.4	15.7	13.4	12.0	10.4	8.2	7.5	
* Excludes Aircraft, R&D/Intangibles									

## EMPLOYMENT & EARNINGS

Employment YoY %	1.5	1.5	2.2	3.0	2.9	2.3	2.4	2.9	YoY employment growth rises to 2.9% in Q2. Underlying data show broad based gains. YoY growth in the labour force jumps to 1.5% (partly due to return to net inward migration)
Labour Force YoY %	-0.4	-0.5	-0.2	0.6	0.6	0.8	0.6	1.5	
Average Earnings YoY %									YoY growth in earnings slowed in Q2. Underlying data show unbalanced growth, with wages falling in some sectors, while rising strongly in others
- Hourly	-1.6	1.4	0.5	0.3	2.1	-0.7	1.2	0.2	
- Weekly	-1.0	1.9	1.2	0.8	3.2	1.1	1.8	0.5	
Weekly Earnings YoY %									
- Private Sector	-0.6	2.8	1.2	1.3	4.1	0.9	3.3	1.5	
- Public Sector	-1.1	0.4	0.4	-0.1	0.3	1.9	-0.5	-1.2	



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