

# Irish Economy Watch

AIB Treasury Economic Research Unit



14 December 2015

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15
<b>MANUFACTURING</b>								
Industrial Production (Ex-Modern)	125.6	126.7	123.3	133.5	125.7	125.2	124.5	#N/A
Production (Ex-Modern) : 3mma YoY%	12.5	13.2	10.7	12.4	10.2	8.7	4.7	#N/A
3mth / 3mth % seas. adj.	4.4	3.7	3.8	4.0	2.7	2.3	-2.1	#N/A
Investec Manufacturing PMI	55.8	57.1	54.6	56.7	53.6	53.8	53.6	53.3
OECD Leading Indicator	101.7	101.8	101.8	101.8	101.6	101.4	101.2	#N/A
<b>SERVICES / RETAIL</b>								
Monthly Services Index (Value)	114.7	113.9	116.4	122.9	117.6	119.0	118.9	#N/A
- YoY %	2.0	3.2	3.1	9.8	4.3	4.9	5.0	#N/A
- 3mth / 3mth % seas. adj.	-0.3	-2.1	-3.0	1.4	3.1	4.2	0.7	#N/A
Investec Services PMI	60.6	61.4	63.3	63.4	62.1	62.4	60.1	63.6
SIMI Car Registrations	9,441	6,908	1,446	27,575	6,404	4,768	2,558	948
- 12 mth cum total	112,518	113,154	112,916	121,770	123,310	124,168	124,690	124,856
- 3 mma YoY %	26.6	24.2	12.8	34.7	40.2	40.9	27.0	23.0
Retail Sales Index	106.8	105.5	99.5	113.0	108.0	108.0	107.1	#N/A
- YoY %	11.9	8.5	4.3	10.2	8.7	8.2	6.9	#N/A
- 3mth / 3mth % seas. adj.	3.5	2.8	-0.9	0.3	0.7	5.5	1.6	#N/A
Ex Autos Index	110.8	109.7	109.4	110.6	111.3	111.7	111.4	#N/A
- YoY %	7.7	6.5	4.9	6.5	6.9	7.6	5.9	#N/A
- 3mth / 3mth % seas. adj.	1.8	1.6	2.3	1.1	1.1	1.1	1.4	#N/A
<b>CONSTRUCTION PMI: Ulster Bank</b>								
- Housing Activity	57.2	63.3	65.7	59.1	56.5	55.8	56.3	55.5
- Commercial Activity	55.8	62.7	64.9	57.3	54.4	55.6	57.4	55.2
- New Orders	59.3	64.2	66.4	60.5	56.9	56.4	55.7	56.0
- Business Expectations	59.3	60.4	64.1	58.2	58.3	58.7	58.3	60.9
	78.1	80.4	76.7	79.4	76.7	74.3	76.2	81.5
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>								
Housing Registrations: 12Mth Total	3,049	3,344	3,520	3,659	4,470	4,326	4,384	4,384
- 3 Month Avg YoY %	64.3	134.5	126.4	110.5	192.8	118.7	98.9	-9.9
Commencements: 12mth Total	4,551	5,263	5,838	6,459	6,851	7,410	7,671	#N/A
- 3 Month Avg YoY %	-57.9	1,424.5	587.5	319.3	200.1	154.2	106.4	#N/A
Completions: Month	946	991	1,059	1,120	949	1,220	1,138	#N/A
- 12 Mth Total	11,735	11,641	11,809	11,937	12,104	12,141	12,272	#N/A
<b>HOUSING MARKET ACTIVITY</b>								
BPFI Mortgage Approvals : Month	2,070	2,347	2,362	2,700	2,133	2,210	2,243	#N/A
- 3 Month Avg YoY %	28.8	17.3	7.5	4.6	1.1	-1.3	-7.5	#N/A
- 12 Mth Total	27,483	27,645	27,744	27,811	27,722	27,651	27,275	#N/A
RPPR Transactions : Month	3,626	3,623	4,186	4,559	3,496	4,086	3,821	#N/A
- 3 Month Avg YoY %	43.8	31.0	26.2	15.9	11.0	6.8	-3.3	#N/A
- 12 Mth Total	47,511	48,105	48,948	49,242	49,355	49,718	48,853	#N/A
<b>HOUSING MARKET PRICES</b>								
CSO (Mortgaged Transactions) - MoM	0.6	0.5	0.1	0.9	2.3	1.3	1.6	#N/A
- YoY %	15.8	13.8	10.7	9.4	9.5	8.9	7.6	#N/A
Daft Asking Prices: MoM %	-0.3	0.6	-1.0	1.8	0.1	0.9	#N/A	#N/A
- YoY %	13.6	11.4	9.5	9.5	8.3	7.6	#N/A	#N/A
<b>RENTS:</b> CSO Private Rents - MoM%	0.6	0.6	0.9	1.0	0.9	1.2	0.5	0.4
- YoY %	8.7	8.9	9.3	10.4	10.5	10.3	10.3	10.0
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30Yr Mortgage, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	16.9	17.1	16.6	16.8	17.3	17.5	17.2	#N/A

Production (ex-modern sector) has continued to edge back from July's high—though YoY growth remained strong in Oct'

Manufacturing PMI and OECD indicator have been pointing to a more modest pace of growth in recent months, though both are still at good levels

CSO services index edges lower in October, but remains at a strong level—up 5% YoY

Services PMI rebounds very strongly in November after declining in October. Now at its best level in 15 years

Car sales have been strong—on course for c.125k sales in 2015 (+30% YoY), their best annual performance since 2008

Core retail sales softer in October, though pace of YoY growth remains very strong at 5.9%. Underlying data show generally broad based gains

Construction PMI has pointed to a more modest pace of growth in recent months. Expectations are near an all-time high

Improvement in housing registrations on a 12mth basis has slowed sharply recently

Commencements improving on a 12mth cumulative basis. YoY comparison distorted by base effects from 2014

Housing completions stay very soft—12 month total looks to have stalled around 12k

YoY growth in mortgage approvals & housing transactions negative in 3mths to October—may reflect impact from new Central Bank lending rules and limited sale stock

House prices record third consecutive 1%+ gain in October. But, strong pick-up towards end 2014 means YoY growth slowing. Growth in ex-Dublin prices have outpaced Dublin YTD (8.6% vs 4.4%)

Rents continue to rise, with YoY growth remaining around 10%. Rents now 1.6% above their previous peak

Lower mortgage interest rates mean affordability remains accommodative

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15
<b>CONSUMER PRICES</b> YoY %	-0.7	-0.3	-0.1	-0.2	0.0	-0.3	-0.2	-0.2
- MoM %	0.0	0.4	0.3	-0.3	0.4	-0.5	-0.2	-0.3
HICP - YoY %	-0.4	0.2	0.4	0.2	0.2	0.0	0.0	-0.1
- MoM %	-0.1	0.6	0.4	-0.3	0.3	-0.5	-0.3	-0.4

CPI inflation remains 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	98.7	98.5	102.8	99.7	101.1	100.6	101.3	103.1
Credit Growth YoY %								
- Private Sector (Underlying)	-10.1	-10.8	-10.8	-10.2	-9.5	-10.0	-10.7	#N/A
- of which : Household	-2.9	-2.8	-2.9	-2.7	-2.7	-2.7	-2.5	#N/A
- of which : Mortgage Lending	-2.6	-2.5	-2.6	-2.6	-2.6	-2.5	-2.4	#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	350,100	347,300	345,000	342,700	340,600	336,900	332,200	330,000
- Change In Month	-1,700	-2,800	-2,300	-2,300	-2,100	-3,700	-4,700	-2,200
Unemployment Rate %	9.7	9.6	9.4	9.2	9.1	9.0	8.9	8.9
Redundancies	400	419	475	367	339	260	#N/A	#N/A
-12 Mth Total	5,726	5,684	5,533	5,340	5,024	4,802	#N/A	#N/A
PMI Employment Indices								
- Investec Manufacturing	57.1	57.6	55.8	56.3	54.0	54.4	53.5	53.4
- Investec Services	57.6	60.9	60.1	60.3	60.8	59.6	61.0	62.0
- Ulster Bank Construction	56.4	59.1	61.4	57.6	57.7	56.4	55.7	57.9

Live Register falls further in November, now down 34k YTD. Unemployment rate remains at a 7-year low of 8.9%

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 %	8.0	3.1	8.0	0.2	-3.8	-9.6	#N/A	#N/A
- 3MMA YoY %	24.6	21.6	21.7	20.0	17.5	11.4	#N/A	#N/A
Import Values - 3M / 3M %	1.1	7.9	5.5	0.6	-6.8	-7.3	#N/A	#N/A
- 3MMA YoY %	13.1	12.9	11.8	5.8	1.6	-3.7	#N/A	#N/A

YoY growth in the value of exports very strong in Q3, partly reflecting currency effects from a weaker euro

Growth in the value of imports negative in Q3, reflecting, in part, lower oil prices

#### PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	11.3	10.9	11.7	9.7	9.7	9.5	9.6	10.0
Voted Spending : Cum YTD %	0.5	-1.0	-0.5	-12.4	-0.5	-0.4	-0.7	-0.4
Exchequer Bal: 12 Mth Total €m	-5,748	-4,073	-3,537	-3,651	-3,142	-2,326	-1,857	-2,081

Growth in tax receipts has been very strong in 2015

Budget deficit has seen a marked decline, should be below 2% in 2015

#### QUARTERLY DATA

	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15
<b>GDP</b> - 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
<b>Total Exports</b> - Volume YoY %	2.2	6.9	11.9	15.5	13.8	14.0	13.5	12.4
<b>Total Imports</b> - 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 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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