

Irish Economy Watch

AIB Treasury Economic Research Unit



12 December 2016

	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	
MANUFACTURING									
Industrial Production (Ex-Modern)	123.2	119.4	122.8	120.7	121.1	126.4	120.1	#N/A	Production (ex-modern sector) fell back in October following September's jump. Pace of YoY decline has slowed further
Production (Ex-Modern) : 3mma YoY%	-0.3	-1.9	-1.8	-4.7	-3.9	-3.0	-1.0	#N/A	
3mth / 3mth % seas. adj.	0.4	0.2	0.5	-0.4	0.7	0.8	1.3	#N/A	
Investec Manufacturing PMI	52.6	51.5	53.0	50.2	51.7	51.3	52.1	53.7	Manufacturing PMI rose further in November, hitting an 8-month high of 53.7. Suggests that sector is performing more strongly in Q4
OECD Leading Indicator	99.7	99.5	99.5	99.5	99.6	99.6	99.7	#N/A	
SERVICES / RETAIL									
Monthly Services Index (Value)	122.2	123.0	123.6	124.8	124.4	124.7	125.8	#N/A	Services index continues to rise in October. 3mth/3mth growth remains strong at 0.9%
- YoY %	6.3	8.3	6.4	0.1	6.1	4.9	5.5	#N/A	
- 3mth / 3mth % seas. adj.	2.4	0.9	-0.6	0.5	1.2	1.4	0.9	#N/A	
Investec Services PMI	59.8	61.7	61.2	59.5	59.7	56.2	54.6	56.0	Services PMI rises in Nov, while indicating solid growth, although the PMI does remain below its highs from H1
SIMI Car Registrations	10,383	6,501	1,624	29,888	7,288	4,689	2,244	747	
- 12 mth cum total	144,185	143,767	143,943	146,237	147,121	147,041	146,726	146,516	Car sales slow further in Nov, but they remain on course for their best annual performance since 2008; c.146k sales
- 3 mma YoY %	21.1	8.8	3.9	5.7	9.5	8.0	3.6	-7.2	
Retail Sales Index	112.7	113.4	104.8	120.2	113.0	112.8	112.4	#N/A	Core retail sales broadly flat in Oct after falling in Q3. But, pace of YoY growth picks up further, now at +3.8%
- YoY %	5.2	7.8	5.1	7.8	4.3	3.7	4.2	#N/A	
- 3mth / 3mth % seas. adj.	1.6	0.0	-2.7	-0.1	0.1	4.6	-0.1	#N/A	
Ex Autos Index	114.6	116.3	114.9	114.6	114.8	115.7	115.5	#N/A	Construction PMI edges back in November, but it remains at a very strong level
- YoY %	3.2	6.2	4.8	3.2	3.1	3.4	3.8	#N/A	
- 3mth / 3mth % seas. adj.	0.5	1.1	1.0	0.8	-0.2	-0.2	0.1	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	56.4	55.9	59.7	61.0	58.4	58.7	62.3	59.8	Housing registrations rise further on a 12mth cumulative basis in November. Yearly comparison distorted by unusually strong rise in Aug'15
- Commercial Activity	58.4	57.4	61.8	61.3	63.1	59.5	63.5	63.9	
- New Orders	56.5	59.7	62.0	66.2	63.9	61.3	64.5	62.8	
- Business Expectations	59.4	56.7	59.8	60.2	60.8	61.4	65.9	59.5	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	4,831	4,973	4,898	5,105	4,675	4,864	5,075	5,359	Commencements record strong 1,759 increase in October—12 month total now above 11k
- 3 Month Avg YoY %	63.0	66.2	11.6	23.6	-17.4	-2.3	-2.1	87.1	
Commencements: 12mth Total	8,780	9,206	9,553	9,646	9,906	9,965	11,053	#N/A	Housing completions improving—on course for around 15k in 2016
- 3 Month Avg YoY %	19.2	15.1	31.8	34.4	29.2	15.2	64.1	#N/A	
Completions: Month	1,149	1,294	1,055	1,110	1,415	1,340	1,290	#N/A	
- 12 Mth Total	13,384	13,687	13,683	13,673	14,139	14,259	14,411	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	2,601	2,616	2,909	2,908	2,948	2,766	2,628	#N/A	The pace of YoY growth in mortgage approvals continues to rise. Suggests impact from CB lending rules is abating
- 3 Month Avg YoY %	-4.9	4.9	19.9	14.5	22.9	23.5	26.6	#N/A	
- 12 Mth Total	25,572	25,841	26,388	26,638	27,474	28,030	28,391	#N/A	
RPPR Transactions : Month	3,655	3,846	4,005	4,356	3,986	4,306	3,942	#N/A	YoY growth in CSO house prices accelerated further in Sept. Price inflation outside of Dublin (+11%) remains higher than in the Capital (+5.4%), in part due to CB rules
- 3 Month Avg YoY %	-2.1	0.0	-0.3	-2.5	-0.6	2.4	0.4	#N/A	
- 12 Mth Total	47,592	47,867	47,619	47,365	47,794	47,916	47,416	#N/A	
HOUSING MARKET PRICES									
CSO (Stamp Duties) - MoM	0.4	0.5	1.0	2.4	1.4	1.3	#N/A	#N/A	CSO rent prices stable in Nov after 27 consecutive monthly increases. YoY price inflation still strong at 9.7%
- YoY %	5.8	5.4	4.9	6.6	6.8	7.3	#N/A	#N/A	
Daft Asking Prices: MoM %	-0.6	0.8	1.4	0.9	0.9	0.6	#N/A	#N/A	Lower mortgage rates mean affordability remains at favourable levels, despite higher prices and the lack of wage growth
- YoY %	5.3	5.5	8.1	7.1	8.1	7.7	#N/A	#N/A	
RENTS: CSO Private Rents - MoM%									
- YoY %	1.0	0.5	0.5	0.9	0.7	1.9	0.9	0.0	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	15.7	15.8	16.1	16.0	16.3	16.5	#N/A	#N/A	

	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16
CONSUMER PRICES - YoY %	-0.1	0.0	0.4	0.5	-0.1	0.0	-0.3	-0.1
- MoM %	0.2	0.5	0.7	-0.2	-0.2	-0.4	-0.5	-0.1
HICP - YoY %	-0.2	-0.2	0.1	0.1	-0.4	-0.3	-0.4	-0.2
- MoM %	0.3	0.5	0.7	-0.3	-0.2	-0.4	-0.4	-0.1

The pace of decline in CPI inflation slowed from to -0.1% in November, from -0.3%. This reflects a reduced drag from fuel prices and a jump in volatile air fare prices

PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	102.7	98.1	103.4	99.6	102.7	102.0	97.3	97.8	
Credit Growth YoY %									
- Private Sector (Underlying)	-6.6	-5.8	-5.1	-5.5	-5.8	-5.1	-4.0	#N/A	
- of which : Household	-2.6	-2.5	-2.2	-2.0	-1.9	-1.9	-1.5	#N/A	
- of which : Mortgage Lending	-2.5	-2.5	-2.2	-2.1	-2.0	-1.9	-1.7	#N/A	

Consumer confidence remains near a 1½-year low in Nov, driven by more pessimistic view of personal finances

Pace of decline in private sector credit slowed further to -4% in November, its best level since December 2011

LABOUR MARKET									
Live Register	312,500	308,800	305,400	300,500	298,700	291,300	288,400	285,600	
- Change In Month	-4,400	-3,700	-3,400	-4,900	-1,800	-7,400	-2,900	-2,800	
Unemployment Rate %	8.4	8.4	8.3	8.0	7.9	7.7	7.5	7.3	
Redundancies	439	616	418	337	338	361	#N/A	#N/A	
-12 Mth Total	4,371	4,568	4,511	4,481	4,480	4,581	#N/A	#N/A	
PMI Employment Indices									
- Investec Manufacturing	52.0	51.8	53.5	52.6	52.8	49.9	52.1	55.5	
- Investec Services	59.4	60.1	57.2	54.9	58.7	54.4	54.7	56.4	
- Ulster Bank Construction	55.2	55.5	57.1	58.5	59.7	54.7	60.2	61.5	

Pace of decline in the Live Register has slowed slightly in recent months, though it remains encouraging. Unemployment fell to an 8-year low of 7.3% in November

Manufacturing PMI employment component jumps to a 16-month high in November. Services index remains consistent with solid growth. Construction index very strong at 61.5 (9mth high)

MERCHANDISE TRADE									
Export Values - 3M / 3M %	-5.4	-0.6	7.0	2.5	3.1	-0.6	#N/A	#N/A	
- 3MMA YoY %	3.8	3.5	3.8	1.7	6.9	6.4	#N/A	#N/A	
Import Values - 3M / 3M %	-6.2	2.3	9.1	6.8	-0.6	-1.0	#N/A	#N/A	
- 3MMA YoY %	2.5	4.4	3.6	2.3	0.6	-0.2	#N/A	#N/A	

Value of goods exports boosted this year by strong performance by electrical machinery

The value of imports has been weighed down by weak oil prices; softer sterling may also be having some impact

PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	9.1	9.0	9.2	8.4	6.2	5.7	4.7	6.5	
Voted Spending : Cum YTD %	-0.5	-0.5	1.8	5.9	1.2	2.0	1.3	2.7	
Exchequer Bal: 12 Mth Total €m	1,202	-828	-912	1,448	1,558	17	-307	1,116	

Tax receipts stronger in Nov, up 6.5% YoY and ahead of profile

Budget deficit of around 1% of GDP likely this year

QUARTERLY DATA									
	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16	Q2-16	Q3-16	
GDP - YoY %	11.1	28.1	24.3	24.4	28.4	3.9	3.1	6.9	
*Core Domestic Expd - YoY% (3Q Avg)	4.4	6.4	6.7	7.0	5.6	4.4	3.7	3.0	
Consumer Spending - YoY %	2.5	4.9	4.0	5.0	4.2	5.3	2.2	2.1	
Services Exports - YoY % (3Q Avg)	14.4	15.7	13.4	12.0	10.4	7.0	6.2	6.5	

* Excludes Aircraft, R&D/Intangibles

Irish GDP rose by 6.9% YoY in Q3; averaging 4.6% YTD. Data show that Q3 growth was boosted by strong improvement in net exports

'Underlying' core domestic spending measure of growth slows to c.3%

EMPLOYMENT & EARNINGS									
Employment YoY %	1.5	2.2	3.0	2.9	2.3	2.4	2.9	2.9	
Labour Force YoY %	-0.5	-0.2	0.6	0.6	0.8	0.6	1.5	1.5	
Average Earnings YoY %									
- Hourly	0.9	-0.2	0.3	1.4	-0.7	0.9	0.4	0.2	
- Weekly	1.4	0.4	0.8	2.4	1.2	1.5	0.9	1.2	
Weekly Earnings YoY %									
- Private Sector	2.1	0.5	1.3	3.3	1.0	2.7	2.1	1.8	
- Public Sector	0.3	0.4	-0.1	0.3	1.8	-0.5	-1.0	1.0	

YoY growth in employment remained strong at 2.9% in Q3. Underlying data show broad based improvement. Labour force growth remains at 1.5%, aided by net inward migration

YoY earnings growth improved slightly in Q3. Underlying data show unbalanced growth, with wages falling in some sectors, while rising strongly in others



Oliver Mangan
Chief Economist
oliver.n.mangan@aib.ie

John Fahey
Senior Economist
john.j.fahey@aib.ie

Dara Turnbull
Economist
dara.c.turnbull@aib.ie

AIB Bankcentre, Ballsbridge, Dublin 4

Tel: 353-1-6600311

www.aibeconomics.com