

Irish Economy Watch

AIB Treasury Economic Research Unit



18 February 2014

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	
MANUFACTURING									
Manufacturing Output Index : seas adj	114.8	106.8	105.4	108.6	103.3	107.6	105.2	#N/A	Manufacturing has been volatile in recent months. Declines in Dec after some recovery in Nov
Mfg Output : 3 mma YoY %	-2.6	-3.8	-3.7	-0.5	1.4	5.8	-0.6	#N/A	
3mth / 3mth % seas. adj.	3.0	2.0	2.2	-2.5	-3.2	-2.3	-1.5	#N/A	
Investec Manufacturing PMI	50.3	51.0	52.0	52.7	54.9	52.4	53.5	52.8	Manufacturing PMI falls to 52.8 in January
OECD Leading Indicator	101.1	101.2	101.3	101.3	101.3	101.2	101.1	#N/A	
SERVICES / RETAIL									
Monthly Services Index (Value)	109.0	108.3	106.3	107.5	104.6	104.5	105.9	#N/A	CSO services index picks up in December, but remains negative (-1.5%) on a YoY basis
- YoY %	4.1	3.0	-0.3	3.7	-3.1	-3.3	-1.5	#N/A	
- 3mth / 3mth % seas. adj.	1.2	0.8	-0.3	-1.1	-2.1	-2.2	-2.2	#N/A	
Investec Services PMI	55.0	57.6	61.6	56.8	60.1	57.1	61.8	61.5	Services PMI edges back in January to 61.5, but remains well up in expansionary territory. Close to a near 7-year high
SIMI Car Registrations	1,669	11,620	3,696	3,159	1,692	702	212	22,900	
- 12 mth cum total	66,080	73,278	73,882	74,558	74,591	74,408	74,304	79,962	Very sharp rise in car sales in January as a result of new year purchases. Sales for the first month of 2014 are up over 30% on 2013 levels
- 3 mma YoY %	-34.0	4.1	22.5	84.8	18.2	10.5	-8.9	29.1	
Retail Sales Index	89.6	95.4	93.4	93.8	93.6	93.8	94.4	#N/A	Core retail sales up strongly in December, +3.0% YoY. Rise by 1.1% in Q4 after 1% gain in Q3
- YoY %	-0.4	4.7	2.3	1.7	-1.2	2.0	2.9	#N/A	
- 3mth / 3mth % seas. adj.	-0.4	1.4	2.2	4.0	1.6	1.0	-0.3	#N/A	
Ex Autos Index	100.0	100.7	100.7	100.3	100.3	101.7	103.1	#N/A	The construction PMI, while falling back in January, remains high. Construction PMI components remain at strong levels
- YoY %	1.5	1.4	1.1	-0.2	-1.8	1.7	3.0	#N/A	
- 3mth / 3mth % seas. adj.	0.2	1.1	1.3	1.0	0.3	0.3	1.1	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	43.4	47.5	49.7	55.7	59.5	58.9	58.4	56.4	Housing registrations continue to pick up from very depressed levels
- Commercial Activity	46.4	50.7	53.8	59.5	61.7	60.4	63.2	59.8	
- New Orders	44.3	48.1	51.0	56.1	61.6	60.0	62.3	59.4	
- Business Expectations	49.5	52.6	52.9	57.7	58.6	62.1	61.8	57.4	
	68.0	64.1	68.5	73.4	72.8	78.7	79.5	78.7	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 3M Avg saar	1,444	1,311	1,331	1,755	1,541	1,492	1,428	1,722	Strong increase in commencements in December. Overall, good jump in commencements in H2 2013
- 3 Month Avg YoY %	109.2	103.7	134.8	251.2	135.3	111.0	73.0	111.4	
Commencements: 3M Avg saar	3,679	4,535	4,657	4,585	3,780	4,901	6,489	#N/A	
- 3 Month Avg YoY %	-17.6	8.4	17.4	23.8	-6.2	2.8	0.0	#N/A	Completions look to have bottomed out just above 8,000 per annum
Completions: Month	703	705	604	673	825	918	876	#N/A	
- 12 Mth Total	8,259	8,298	8,130	8,134	8,180	8,251	8,301	#N/A	
HOUSING MARKET ACTIVITY									
IBF Mortgage Approvals : Month	1,518	1,734	1,637	1,544	1,744	1,716	1,457	#N/A	Mortgage approvals show continued YoY growth
- 3 Month Avg YoY %	9.7	11.0	12.9	13.4	12.2	3.1	2.9	#N/A	
- 12 Mth Total	16,334	16,561	16,770	16,916	17,097	16,924	17,058	#N/A	
RPPR Transactions : Month	2,190	2,783	2,493	2,613	2,915	2,666	2,406	1,120	Sharp fall in transactions in January. Subdued growth in recent months reflects a base effect from ending of mortgage interest relief (MIR) in 2012
- 3 Month Avg YoY %	15.9	16.5	16.5	23.8	23.6	12.0	-12.9	-25.7	
- 12 Mth Total	26,582	27,134	27,464	28,099	28,664	28,342	26,918	26,524	
HOUSING MARKET PRICES									
CSO (Mortgaged Transactions) - MoM	1.2	1.2	0.9	1.8	1.8	0.6	0.3	#N/A	House prices increase again in December, although at a slower pace. National prices rise by 6.4% YoY in December. Recovery in prices led by Dublin where they are 19.5% off their lows
- YoY %	1.2	2.3	2.8	3.7	6.1	5.6	6.4	#N/A	
Daft Asking Prices: MoM %	0.5	-1.4	0.6	-0.3	0.8	-0.5	-0.4	#N/A	
- YoY %	-1.9	-1.7	-2.1	-0.5	-1.0	0.9	0.6	#N/A	Rents show continuing recovery - now 15.8% off their lows
RENTS: CSO Private Rents - MoM%	0.8	0.5	0.4	0.8	0.8	1.1	1.0	#N/A	
- YoY %	7.0	7.2	7.6	7.5	7.6	8.2	8.5	#N/A	Rising house prices are impacting affordability but still at a reasonable level
AFFORDABILITY: Couple on Avg Industrial Wage, 92% LTV, 30Yr Mortgage : Mortgage cost as % of Disposable Income	15.0	15.2	15.3	15.6	15.9	16.0	16.1	#N/A	

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CONSUMER PRICES YoY %	0.7	0.7	0.2	0.2	0.1	0.3	0.2	#N/A
- MoM %	0.1	-0.1	0.1	-0.1	-0.2	-0.2	0.0	#N/A
HICP - YoY %	0.7	0.7	0.0	0.0	-0.1	0.3	0.4	#N/A
- MoM %	0.1	-0.1	0.1	-0.1	-0.2	-0.1	0.1	#N/A

Inflation edges down to 0.2% in December, remaining very subdued (avg. 0.5% in 2013)
HICP inflation slightly higher in December at 0.4% YoY, but also remains very subdued (avg. 0.5% in 2013)

PERSONAL / FINANCIAL

KBC/ESRI Consumer Confidence	70.6	68.2	66.8	73.1	76.2	71.0	79.8	84.6
Credit Growth YoY %								
- Private Sector (Underlying)	-7.6	-8.0	-7.9	-8.1	-8.6	-8.5	-6.7	#N/A
- of which : Household	-4.4	-4.4	-4.3	-4.2	-4.2	-4.3	-4.1	#N/A
- of which : Mortgage Lending	-2.2	-2.2	-2.3	-2.4	-2.5	-2.8	-3.0	#N/A

Consumer confidence jumps again in January to 84.6, its highest level in over 6½ years, as confidence in the economic outlook continues to build
Private sector credit growth remains in decline for all main aggregates

LABOUR MARKET

Live Register	422,100	419,200	415,600	413,400	409,500	406,100	403,000	400,700
- Change In Month	-3,200	-2,900	-3,600	-2,200	-3,900	-3,400	-3,100	-2,300
Unemployment Rate %	13.3	13.1	12.8	12.7	12.6	12.5	12.4	12.3
Redundancies	940	845	879	591	638	#N/A	#N/A	#N/A
-12 Mth Total	24,526	22,558	21,311	19,743	17,625	#N/A	#N/A	#N/A
PMI Employment Indices								
- Investec Manufacturing	52.5	52.8	51.6	52.8	55.7	54.3	52.8	53.9
- Investec Services	55.4	57.6	55.6	56.8	56.2	56.4	57.6	57.3
- Ulster Bank Construction	44.7	47.6	47.7	50.2	50.5	54.6	51.7	53.2

Further fall in Live Register in January to an over 4½ year low
Unemployment rate fell for a 8th consecutive month in January, now at 12.3% - lowest since June 2009
Redundancies continue their marked decline
Manufacturing, services and construction PMI employment components remain well up in expansionary territory

MERCHANDISE TRADE

Export Values - 3M / 3M %	1.8	-0.9	1.2	3.2	3.4	-2.4	-1.0	#N/A
- 3MMA YoY %	-3.2	-5.8	-9.7	-7.5	-7.5	-4.2	-0.1	#N/A
Import Values - 3M / 3M %	4.9	5.0	7.8	3.7	4.4	0.0	2.8	#N/A
- 3MMA YoY %	3.2	0.2	2.2	0.3	-0.4	0.9	8.2	#N/A

Goods exports down 1% in Q4 and by 5% in 2013 - continued decline reflects fall in pharma exports
Goods imports rise by 2.8% in Q4 2013 and by 1% in the year

PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	3.4	3.5	3.8	2.9	3.1	4.2	3.2	-17.1
Voted Spending : Cum YTD %	-6.5	-6.0	-5.4	-4.9	-3.8	-4.4	-4.2	3.8
Exchequer Bal: 12 Mth Total €m	-12,041	-10,931	-10,879	-10,899	-11,345	-10,499	-11,497	-13,343

Tax receipts fall sharply at the start of 2014 as a result of delayed payments due to SEPA changeover
Exchequer deficit up in January

QUARTERLY DATA

	Q4-11	Q1-12	Q2-12	Q3-12	Q4-12	Q1-13	Q2-13	Q3-13
GDP - YoY %	3.4	1.8	0.4	-0.5	-1.0	-1.8	-1.6	1.7
- QoQ% seas. adj.	0.6	-0.3	0.7	-1.7	0.2	-1.1	1.0	1.5
Total Exports - Volume YoY %	3.5	3.3	1.3	0.4	1.3	-4.2	1.1	0.6
Total Imports - Volume YoY %	-4.8	-0.1	-3.0	2.0	1.4	-4.0	2.6	-1.3

Strong pick-up in GDP in Q3, growing 1.5%. First YoY increase (+1.7%) since Q2'12
Exports continue to increase in Q3, although at a slower pace (+0.6% vs. +1.1%). Imports fall by 1.3% in Q3

EMPLOYMENT & EARNINGS

Employment YoY %	-0.5	-0.9	-1.4	-0.2	0.1	1.1	1.8	3.2
Labour Force YoY %	-0.3	-0.1	-0.9	-0.4	-0.8	-0.4	0.5	0.8
Average Earnings YoY %								
- Hourly	-0.2	-0.3	0.3	1.0	-0.6	0.2	0.2	-1.8
- Weekly	-0.6	1.5	0.7	0.6	-0.8	-0.6	0.4	-2.4
Weekly Earnings YoY %								
- Private Sector	-1.1	2.2	0.4	1.2	0.1	0.0	1.1	-1.4
- Public Sector	0.2	2.6	2.6	1.0	0.3	-0.2	1.2	-1.1

Employment up +3.2% YoY in Q3, its fastest rate of growth in 6-years. Emp' now growing YoY for 4 consecutive quarters
Labour force up by 0.8% in Q3. Now 2 consecutive quarters of growth - first time since Q3 2008
Earnings fall in Q3, -2.4% on a weekly basis. Driven by both private and public sector workers



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