

Irish Economy Watch

AIB Treasury Economic Research Unit



19 February 2015

	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	
MANUFACTURING									
Manufacturing Output Index : seas adj	100.4	114.6	114.1	116.2	127.6	131.2	114.5	#N/A	Manufacturing rises by 8.2% in Q4, but data are distorted by outsourcing abroad
Mfg Output : 3 mma YoY %	23.5	18.3	14.9	21.0	27.0	30.3	28.3	#N/A	
3mth / 3mth % seas. adj.	9.8	-3.3	-11.0	-3.7	4.7	13.9	8.2	#N/A	
Investec Manufacturing PMI	55.3	55.4	57.3	55.7	56.6	56.2	56.9	55.1	Manufacturing PMI falls in January, but remains at a strong level
OECD Leading Indicator	101.0	101.1	101.1	101.1	101.1	101.0	101.1	#N/A	
SERVICES / RETAIL									
Monthly Services Index (Value)	111.7	113.4	112.1	113.2	112.6	111.6	114.0	#N/A	Growth in services levels off in Q4, but strong number in December
- YoY %	2.8	5.9	5.0	5.1	7.8	6.0	4.2	#N/A	
- 3mth / 3mth % seas. adj.	1.7	1.6	1.7	1.4	0.9	0.1	-0.1	#N/A	
Investec Services PMI	62.6	61.3	62.4	62.5	61.5	61.6	62.6	62.5	Services PMI at a robust level in January of 62.5, better than Q4 avg. of 61.9—indicates sector maintained healthy pace of growth at the start of the year
SIMI Car Registrations	1,685	18,723	4,866	3,912	2,039	782	350	29,893	
- 12 mth cum total	86,758	93,861	95,031	95,780	96,128	96,206	96,344	103,343	
- 3 mma YoY %	14.7	38.7	48.8	48.8	26.6	21.2	21.7	30.3	Car sales up 31% in Jan versus the same month in 2014
Retail Sales Index	94.8	102.8	99.4	99.6	99.2	99.6	100.2	#N/A	
- YoY %	5.0	8.8	6.3	5.8	5.2	4.8	5.1	#N/A	
- 3mth / 3mth % seas. adj.	-0.9	1.8	2.2	4.8	1.2	0.5	-0.9	#N/A	Growth in core retail sales up 1.9% in Q4, its best quarterly performance since Q2 2007, now growing for seven consecutive quarters
Ex Autos Index	104.0	104.0	104.2	103.9	105.1	105.5	107.5	#N/A	
- YoY %	4.1	3.2	3.4	3.1	4.5	3.9	4.9	#N/A	
- 3mth / 3mth % seas. adj.	1.4	1.2	1.2	0.5	0.6	0.7	1.9	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	59.9	62.6	61.4	61.5	64.9	63.5	63.1	57.1	Construction PMI falls in January, but remains strong. Expectations at a high level
- Commercial Activity	61.3	65.4	63.7	68.4	66.4	62.9	61.4	54.4	
- New Orders	59.4	64.6	63.2	62.7	66.8	65.0	63.3	61.6	
- Business Expectations	60.2	64.8	60.6	63.5	67.7	66.0	61.8	55.1	Housing registrations continue to pick up (+94% YoY in 2014), though from very depressed levels
	76.8	77.2	80.5	79.8	79.5	85.3	80.0	81.4	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	1,699	1,839	1,879	1,961	2,205	2,368	2,574	#N/A	<i>Housing commencements data delayed since February 2014</i>
- 3 Month Avg YoY %	25.2	51.2	89.0	62.8	99.7	128.0	217.4	#N/A	
Commencements: 12mth Total	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
- 3 Month Avg YoY %	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	Completions come in at 11k in 2014—best annual performance since 2010, but still very low overall
Completions: Month	891	992	782	1,183	1,007	1,031	1,189	#N/A	
- 12 Mth Total	9,433	9,720	9,898	10,408	10,590	10,703	11,016	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	2,263	2,633	2,222	2,281	2,619	2,712	2,360	#N/A	Mortgage approvals up 50% in 2014, though in absolute terms, they remain at a low level
- 3 Month Avg YoY %	43.1	46.5	45.6	45.2	44.6	52.1	56.4	#N/A	
- 12 Mth Total	20,505	21,404	21,989	22,726	23,601	24,597	25,500	#N/A	
RPPR Transactions : Month	3,367	4,258	3,379	3,713	4,676	3,663	7,016	#N/A	Number of transactions picks up sharply in December ahead of new mortgage rules
- 3 Month Avg YoY %	45.2	47.7	46.3	42.3	44.1	40.6	43.3	#N/A	
- 12 Mth Total	34,529	35,986	36,851	37,905	39,589	40,333	42,544	#N/A	
HOUSING MARKET PRICES									
CSO (Mortgaged Transactions) - MoM	2.9	2.0	2.3	1.8	2.9	0.5	0.4	#N/A	CSO house prices rose by 13% in 2014. Recovery being lead by Dublin where prices were up 21%, although prices increased elsewhere too (5.9%)
- YoY %	12.5	13.4	14.9	15.0	16.3	16.2	16.3	#N/A	
Daft Asking Prices: MoM %	0.4	1.9	1.1	1.5	-2.2	-0.5	0.8	#N/A	
- YoY %	9.6	13.3	13.8	15.8	12.3	12.3	13.7	#N/A	Rents pick up strongly in January (+1.4%) - rents now just 6% off their previous peak
RENTS: CSO Private Rents - MoM%	0.5	0.0	0.9	1.4	0.5	0.6	0.7	1.4	
- YoY %	8.7	8.2	8.7	9.3	8.9	8.4	8.0	8.8	
AFFORDABILITY: Couple on Avg Industrial Wage, 92% LTV, 30Yr Mortgage : Mortgage cost as % of Disposable Income									
	16.5	16.9	17.3	17.7	18.2	17.8	17.8	#N/A	The pick-up in house prices and falling wages have impacted on affordability, though it remains at relatively good levels

	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
CONSUMER PRICES YoY %	0.4	0.3	0.4	0.3	0.2	0.1	-0.3	-0.6
- MoM %	0.1	-0.2	0.2	-0.2	-0.3	-0.3	-0.4	-0.8
HICP - YoY %	0.5	0.5	0.6	0.5	0.4	0.2	-0.3	-0.4
- MoM %	0.2	-0.1	0.3	-0.3	-0.3	-0.3	-0.4	-0.7

CPI inflation in negative territory (-0.6%) for a second consecutive month in January. Reflects lower energy costs

HICP inflation also remains in negative territory (-0.4%) in January

PERSONAL / FINANCIAL

KBC/ESRI Consumer Confidence	81.1	89.4	87.1	92.8	85.5	85.3	90.5	101.1
Credit Growth YoY %								
- Private Sector (Underlying)	-3.1	-3.1	-3.1	-3.0	-3.0	-2.9	-2.7	#N/A
- of which : Household	-3.9	-3.9	-3.7	-3.7	-3.8	-3.8	-3.7	#N/A
- of which : Mortgage Lending	-7.0	-7.0	-7.8	-7.8	-7.8	-7.2	-10.7	#N/A

Consumer confidence jumps sharply in January to a 9 year high as consumers more upbeat about their personal finances/ falling oil prices

Private sector credit continues to decline YoY, although at a slower pace

LABOUR MARKET

Live Register	386,200	382,700	379,600	374,900	371,300	367,200	363,800	360,200
- Change In Month	-4,600	-3,500	-3,100	-4,700	-3,600	-4,100	-3,400	-3,600
Unemployment Rate %	11.3	11.2	11.1	11.0	10.9	10.7	10.6	10.5
Redundancies	626	560	655	482	544	428	385	#N/A
-12 Mth Total	8,496	8,211	7,987	7,878	7,784	7,548	6,883	#N/A
PMI Employment Indices								
- Investec Manufacturing	54.1	53.9	55.2	55.7	56.4	56.4	57.0	54.8
- Investec Services	59.6	58.8	59.6	59.2	59.3	60.7	61.8	60.1
- Ulster Bank Construction	53.4	58.5	55.3	59.4	62.2	60.7	60.3	59.1

Live Register falls in Jan to its lowest level in six years. Unemployment down to 10.5% vs 12.1% a year ago

Redundancies continue their marked decline in 2014, halving compared to 2013

PMI employment components indicate pace of job growth remained strong in Jan— suggests further falls in unemployment in the coming months

MERCHANDISE TRADE

Export Values - 3M / 3M %	5.3	5.8	2.9	-0.6	4.8	0.0	4.8	#N/A
- 3MMA YoY %	3.5	2.0	0.9	1.3	6.1	2.7	5.5	#N/A
Import Values - 3M / 3M %	4.1	9.6	3.0	4.1	-0.3	1.8	1.2	#N/A
- 3MMA YoY %	7.7	10.3	6.8	8.1	7.2	7.0	5.4	#N/A

Trade data remain very volatile. Value of exports rose by 4.8% in Q4—up 5.5% YoY

Value of imports also up in Q4, but by a more modest 1.2% - +5.4% YoY

PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	4.9	6.4	8.7	7.4	9.3	8.5	9.2	33.8
Voted Spending : Cum YTD %	-2.1	7.5	-1.7	-2.0	-1.4	-2.5	-2.0	-5.0
Exchequer Bal: 12 Mth Total €m	-9,842	-11,511	-10,495	-10,316	-9,481	-8,680	-8,183	-6,261

Tax receipts, although distorted, were still strong in January

Marked decline seen in the budget deficit in recent months

QUARTERLY DATA

	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14
GDP - YoY %	1.1	0.3	-0.2	1.8	-1.2	4.0	7.3	3.6
- QoQ% seas. adj.	2.6	-3.4	0.1	2.6	-0.4	2.8	1.1	0.1
Total Exports - Volume YoY %	3.7	-2.3	1.5	1.5	3.8	7.3	13.1	15.5
Total Imports - Volume YoY %	5.6	-2.9	-0.4	1.4	4.4	5.9	11.9	15.6

GDP rises for a third consecutive quarter in Q3—YoY growth Q1-Q3 a strong 4.9%

Recent quarterly trade data distorted by overseas contract manufacturing

EMPLOYMENT & EARNINGS

Employment YoY %	0.1	1.1	1.8	3.2	3.3	2.3	1.7	1.5
Labour Force YoY %	-0.8	-0.4	0.5	0.8	0.9	0.4	-0.7	-0.4
Average Earnings YoY %								
- Hourly	-0.6	0.2	0.2	-2.0	-0.7	-0.3	-2.2	-1.4
- Weekly	-0.8	-0.6	0.4	-2.1	-0.4	0.0	-1.5	-0.8
Weekly Earnings YoY %								
- Private Sector	0.1	0.0	1.1	-1.2	0.3	1.1	-1.0	-0.4
- Public Sector	0.3	-0.2	1.2	-1.3	-1.5	-1.4	-1.1	-0.9

Employment up by a solid 1.5% YoY in Q3—pace of growth slowing. Employment now up for eight consecutive quarters

Labour force growth negative again YoY (0.4%) in Q3

Earnings continue to fall in Q3. Weekly earnings down 0.8% YoY—private down 0.4% vs public sector down 0.9%



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