

Irish Economy Watch

AIB Treasury Economic Research Unit



18 February 2016

	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	
MANUFACTURING									
Industrial Production (Ex-Modern)	124.2	133.7	125.7	124.6	123.8	124.2	115.4	#N/A	Production (ex-modern sector) declined by 5.4% in Q4 following seven consecutive quarters of growth
Production (Ex-Modern) : 3mma YoY%	11.0	12.9	10.7	8.8	4.6	5.8	2.9	#N/A	
3mth / 3mth % seas. adj.	3.7	4.2	2.9	2.0	-2.7	-2.9	-5.4	#N/A	
Investec Manufacturing PMI	54.6	56.7	53.6	53.8	53.6	53.3	54.2	54.3	Manufacturing PMI improves further at the start of Q1, suggesting the sector started the year on a firmer footing
OECD Leading Indicator	102.5	102.4	102.1	101.7	101.1	100.6	100.0	#N/A	
SERVICES / RETAIL									
Monthly Services Index (Value)	116.7	122.9	117.7	118.8	118.8	119.4	118.2	#N/A	Services index declines by 0.8% in Q4 following Q3's strong 3.9% growth. In part reflects contractions in IT and professional service sectors
- YoY %	3.2	9.8	4.3	4.9	5.6	7.3	1.7	#N/A	
- 3mth / 3mth % seas. adj.	-2.8	1.4	3.1	3.9	0.5	-0.1	-0.8	#N/A	
Investec Services PMI	63.3	63.4	62.1	62.4	60.1	63.6	61.8	64.0	Services PMI increases to 64 in January, a 9½ yr high. Suggests sector had a strong start to the year, after slowing slightly in Q4
SIMI Car Registrations	1,448	27,594	6,404	4,769	2,559	940	342	39,732	
- 12 mth cum total	113,000	121,873	123,413	124,272	124,795	124,953	124,945	134,869	Car sales rise sharply in January (on 2016 reg. plate)—show strong YoY growth of 33%
- 3 mma YoY %	12.9	34.8	40.3	41.0	27.0	22.9	21.2	32.6	
Retail Sales Index	99.7	112.9	108.0	107.9	107.1	109.2	108.4	#N/A	Core retail sales remained strong in Q4 (+1.6%). Data show growth relatively broad based, though mild weather did impact fuel and clothes sales
- YoY %	4.3	10.3	8.7	8.1	6.9	9.1	6.4	#N/A	
- 3mth / 3mth % seas. adj.	-0.8	0.4	0.7	5.4	1.5	1.1	-1.2	#N/A	
Ex Autos Index	109.5	110.7	111.4	111.8	111.2	114.4	113.6	#N/A	Registrations increased by 67% in 2015; but still weak overall. YoY growth negative in Q4
- YoY %	5.0	6.4	6.9	7.6	5.4	9.0	5.9	#N/A	
- 3mth / 3mth % seas. adj.	2.4	1.2	1.1	1.1	1.3	1.7	1.6	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	65.7	59.1	56.5	55.8	56.3	55.5	58.6	63.6	Construction PMI jumps in January. Housing activity at best level since October '14, while new orders component suggests stronger momentum
- Commercial Activity	64.9	57.3	54.4	55.6	57.4	55.2	58.3	65.9	
- New Orders	66.4	60.5	56.9	56.4	55.7	56.0	59.7	62.4	
- Business Expectations	64.1	58.2	58.3	58.7	58.3	60.9	60.4	62.5	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	3,520	3,659	4,470	4,326	4,384	4,384	4,290	#N/A	Commencements continue to improve on a 12mth cumulative basis. YoY comparison distorted by base effects from 2014
- 3 Month Avg YoY %	126.4	110.5	192.8	118.7	98.9	-9.9	-4.0	#N/A	
Commencements: 12mth Total	5,838	6,459	6,851	7,411	7,673	8,074	8,098	#N/A	12,666 completions last year—well below estimated demand
- 3 Month Avg YoY %	587.5	319.3	200.1	154.3	106.6	103.6	64.9	#N/A	
Completions: Month	1,059	1,120	949	1,220	1,138	1,262	1,352	#N/A	YoY growth in mortgage approvals and housing transactions negative in Q4—may reflect impact from new Central Bank mortgage rules as well as limited sale stock
- 12 Mth Total	11,809	11,937	12,104	12,141	12,272	12,503	12,666	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	2,362	2,700	2,133	2,210	2,267	2,110	1,756	#N/A	House price inflation was at 6.6% in Dec'15 vs 16.3% in Dec'14. Mainly due to sharp slowdown in Dublin price growth (2.6% vs 22.3%) on Central Bank regulations. EX-Dublin price growth broadly stable (10.2% Dec'15 and Dec'14)
- 3 Month Avg YoY %	7.5	4.6	1.1	-1.3	-7.5	-13.5	-20.3	#N/A	
- 12 Mth Total	27,744	27,811	27,722	27,651	27,236	26,634	26,030	#N/A	
RPPR Transactions : Month	4,186	4,573	3,518	4,154	4,379	3,986	5,272	#N/A	Rents continue to rise strongly in January (+1.2%)—now 3.1% above previous peak
- 3 Month Avg YoY %	26.2	16.5	11.7	8.0	2.4	3.5	-12.4	#N/A	
- 12 Mth Total	48,948	49,341	49,476	49,975	49,668	49,969	48,052	#N/A	
HOUSING MARKET PRICES									
CSO (Mortgaged Transactions) - MoM	0.1	0.9	2.3	1.3	1.6	-0.5	0.5	#N/A	Lower mortgage rates mean affordability remains accommodative
- YoY %	10.7	9.4	9.5	8.9	7.6	6.5	6.6	#N/A	
Daft Asking Prices: MoM %	-1.0	1.8	0.1	0.9	-0.7	-0.9	0.3	#N/A	Rents continue to rise strongly in January (+1.2%)—now 3.1% above previous peak
- YoY %	9.5	9.5	8.3	7.6	9.1	8.6	7.8	#N/A	
RENTS: CSO Private Rents - MoM%	0.9	1.0	0.9	1.2	0.5	0.4	0.3	#N/A	Lower mortgage rates mean affordability remains accommodative
- YoY %	9.3	10.4	10.5	10.3	10.3	10.0	9.6	#N/A	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30Yr Mortgage, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	16.6	16.8	17.3	17.5	17.2	17.2	17.2	#N/A	

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CONSUMER PRICES YoY %	-0.1	-0.2	0.0	-0.3	-0.2	-0.2	0.1	0.1
- MoM %	0.3	-0.3	0.4	-0.5	-0.2	-0.3	-0.1	-0.8
HICP - YoY %	0.4	0.2	0.2	0.0	0.0	-0.1	0.2	0.0
- MoM %	0.4	-0.3	0.3	-0.5	-0.3	-0.4	-0.1	-0.9

CPI inflation holds at 0.1% in Jan. Data show that abating oil price drag offset by negative base effects related to water charge introduction in Jan'14

HICP inflation slows to 0%, dragged down by water charge base effects

PERSONAL / FINANCIAL

KBC/ESRI Consumer Confidence	102.8	99.7	101.1	100.6	101.3	103.1	103.9	108.6
Credit Growth YoY %								
- Private Sector (Underlying)	-10.8	-10.2	-9.5	-10.0	-10.7	-11.7	-7.9	#N/A
- of which : Household	-2.9	-2.7	-2.7	-2.7	-2.5	-2.7	-2.8	#N/A
- of which : Mortgage Lending	-2.6	-2.6	-2.6	-2.5	-2.4	-2.6	-2.6	#N/A

Consumer confidence at a 15 year high in January. Reflects a more positive view of personal finances

Pace of decline in private sector credit growth slowed in January, but fall in financial sector borrowing continues to impact

LABOUR MARKET

Live Register	345,100	342,900	340,500	336,900	332,100	329,900	328,000	323,200
- Change In Month	-2,400	-2,200	-2,400	-3,600	-4,800	-2,200	-1,900	-4,800
Unemployment Rate %	9.4	9.2	9.1	9.0	8.9	8.8	8.8	8.6
Redundancies	475	367	339	260	249	388	260	#N/A
-12 Mth Total	5,533	5,340	5,024	4,802	4,507	4,467	4,342	#N/A
PMI Employment Indices								
- Investec Manufacturing	55.8	56.3	54.0	54.4	53.5	53.4	52.0	52.1
- Investec Services	60.1	60.3	60.8	59.6	61.0	62.0	58.6	59.7
- Ulster Bank Construction	61.4	57.6	57.7	56.4	55.7	57.9	58.2	60.7

Live Register records a big fall in January. The unemployment rate fell to 8.6%, its lowest level since end 2008

Redundancies continued to decline in 2015, totalling 4,342 versus 6,883 in 2014—a 37% reduction

PMI employment components improve in January after a solid performance in Q4—suggests employment continuing robust pace of improvement

MERCHANDISE TRADE

Export Values - 3M / 3M %	8.1	2.2	-0.1	-4.3	0.6	1.7	7.9	#N/A
- 3MMA YoY %	21.8	22.3	22.0	18.1	17.1	21.7	19.8	#N/A
Import Values - 3M / 3M %	7.2	5.6	1.6	0.8	-2.8	-0.8	3.8	#N/A
- 3MMA YoY %	14.6	12.6	12.1	7.2	6.5	6.6	8.5	#N/A

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

Growth in the value of imports weakened by falls in commodity prices, especially oil

PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	11.7	9.7	9.7	9.5	9.6	10.0	10.5	7.4
Voted Spending : Cum YTD %	-0.5	-12.4	-0.5	-0.4	-0.7	-0.4	1.5	-7.2
Exchequer Bal: 12 Mth Total €m	-3,537	-3,651	-3,142	-2,326	-1,857	-2,081	-62	356

Exchequer records a good surplus in January and moves into surplus on a 12mth cumulative basis. Tax receipts remain strong

QUARTERLY DATA

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