

Irish Economy Watch

AIB Treasury Economic Research Unit



22 February 2017

	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
MANUFACTURING								
Industrial Production (Ex-Modern)	122.7	120.7	121.0	126.6	119.5	122.7	121.0	#N/A
Production (Ex-Modern) : 3mma YoY%	-1.8	-4.7	-3.9	-3.0	-1.2	-0.4	0.0	#N/A
3mth / 3mth % seas. adj.	0.5	-0.4	0.7	0.8	1.2	1.2	-1.4	#N/A
Investec Manufacturing PMI	53.0	50.2	51.7	51.3	52.1	53.7	55.7	55.5
OECD Leading Indicator	99.5	99.5	99.5	99.6	99.6	99.7	99.7	#N/A
SERVICES / RETAIL								
Monthly Services Index (Value)	123.7	125.0	124.8	125.2	125.9	127.4	127.4	#N/A
- YoY %	6.5	0.1	6.1	4.9	5.1	6.6	9.2	#N/A
- 3mth / 3mth % seas. adj.	-0.4	0.7	1.3	1.6	1.1	1.3	1.5	#N/A
Investec Services PMI	61.2	59.5	59.7	56.2	54.6	56.0	59.1	61.0
SIMI Car Registrations	1,624	29,883	7,286	4,688	2,240	747	430	38,988
- 12 mth cum total	143,937	146,226	147,108	147,027	146,708	146,515	146,603	145,869
- 3 mma YoY %	3.9	5.7	9.4	8.0	3.5	-7.2	-11.0	-2.0
Retail Sales Index	105.0	119.6	113.0	112.8	112.5	114.5	113.7	#N/A
- YoY %	5.1	7.8	4.3	3.7	4.2	4.3	3.4	#N/A
- 3mth / 3mth % seas. adj.	-2.5	-0.3	-0.1	4.3	0.1	0.7	-1.4	#N/A
Ex Autos Index	114.9	114.6	114.8	115.8	115.6	119.0	115.9	#N/A
- YoY %	4.9	3.2	3.1	3.5	3.8	4.4	2.0	#N/A
- 3mth / 3mth % seas. adj.	1.0	0.8	-0.1	-0.1	0.1	1.8	1.5	#N/A
CONSTRUCTION PMI: Ulster Bank								
- Housing Activity	59.7	61.0	58.4	58.7	62.3	59.8	58.9	55.7
- Commercial Activity	61.8	61.3	63.1	59.5	63.5	63.9	60.6	59.1
- New Orders	62.0	66.2	63.9	61.3	64.5	62.8	61.0	56.5
- Business Expectations	59.8	60.2	60.8	61.4	65.9	59.5	62.6	58.1
- 3mth / 3mth % seas. adj.	84.9	74.7	81.6	78.1	80.5	76.0	80.3	79.2
RESIDENTIAL CONSTRUCTION ACTIVITY								
Housing Registrations: 12Mth Total	4,898	5,105	4,675	4,864	5,075	5,359	5,626	#N/A
- 3 Month Avg YoY %	11.6	23.6	-17.4	-2.3	-2.1	87.1	88.7	#N/A
Commencements: 12mth Total	9,553	9,646	9,906	9,965	11,053	11,667	13,234	#N/A
- 3 Month Avg YoY %	31.8	34.4	29.2	15.2	64.1	73.3	66.3	#N/A
Completions: Month	1,055	1,110	1,415	1,340	1,290	1,579	1,556	#N/A
- 12 Mth Total	13,683	13,673	14,139	14,259	14,411	14,728	14,932	#N/A
HOUSING MARKET ACTIVITY								
BPMI Mortgage Approvals : Month	2,909	2,908	2,948	2,766	2,628	3,155	2,255	#N/A
- 3 Month Avg YoY %	19.9	14.5	22.9	23.5	26.6	29.8	31.1	#N/A
- 12 Mth Total	26,388	26,638	27,474	28,030	28,391	29,436	29,935	#N/A
RPPR Transactions : Month	3,977	4,390	4,001	4,365	4,444	4,205	4,403	#N/A
- 3 Month Avg YoY %	-0.4	-2.4	-0.4	3.3	5.6	3.0	-6.8	#N/A
- 12 Mth Total	47,624	47,404	47,848	48,029	48,108	48,268	47,160	#N/A
HOUSING MARKET PRICES								
CSO (Stamp Duties) - MoM	1.0	2.4	1.4	1.5	0.5	1.3	-0.5	#N/A
- YoY %	4.9	6.6	6.8	7.6	6.8	8.2	8.1	#N/A
Daft Asking Prices: MoM %	1.4	0.9	0.9	0.6	-1.7	0.2	1.6	#N/A
- YoY %	8.1	7.1	8.1	7.7	6.7	7.9	9.3	#N/A
RENTS: CSO Private Rents - MoM%								
- YoY %	0.5	0.9	0.7	1.9	0.9	0.0	0.3	0.0
- 3mth / 3mth % seas. adj.	9.3	9.1	8.9	9.6	10.1	9.7	9.6	8.3
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	16.1	16.0	16.3	16.6	16.6	16.9	16.8	#N/A

Production (ex-modern) declined by 1.4% in Q4, after rising by 0.8% in Q3—largely reflects reduced food output

Manufacturing PMI remained at a strong level in January, suggesting sector has maintained the improved momentum seen at end 2016

Services index remains very strong. YoY growth rises further to 9.2% in December

Services PMI also continues to improve. Rising to a very strong level of 61 in January, pointing to a strong start to 2017

New car sales jump sharply in Jan on new number plate, but they are down 8% YoY. Big jump in second hand imports from the UK offset this decline

Core retail sales recorded a strong 1.5% rise in Q4 (best since Q2'15), after declining slightly in Q3

Const' PMI has fallen slightly, while remaining strong overall, as commercial activity weakens.

Housing registrations total 5,626 in 2016. This represents a 31% increase on 2015

Commencements totalled 13,234 in 2016, a 50% rise versus 2015. However, they remain at a modest level overall

Completions came in at 14,932 in 2016, a modest improvement on 2015's 12,666 rise. Still well below market demand

The pace of YoY growth in mortgage approvals continues to rise. Suggests impact of CB rules continuing to abate

CSO house price growth remains above 8% YoY. Price growth outside Dublin (12%) continues to exceed that in the Capital (5.7%); partly due to CB rules

CSO rent inflation has slowed somewhat, while remaining at a high level. Now, 12% above previous peak

Higher house prices are impacting on mortgage affordability, but it still remains at a favourable level

	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17
CONSUMER PRICES - YoY %	0.5	0.5	-0.1	0.0	-0.3	-0.1	0.0	0.3
- MoM %	0.7	-0.2	-0.2	-0.4	-0.5	-0.1	0.0	-0.5
HICP - YoY %	0.1	0.1	-0.4	-0.3	-0.4	-0.2	-0.2	0.2
- MoM %	0.7	-0.3	-0.2	-0.4	-0.4	-0.1	-0.1	-0.5

CPI inflation rises to 0.3% in January, from 0%. This primarily reflects a further rise in petrol and diesel prices versus year earlier levels

Meantime, HICP inflation is back in positive territory at 0.2%

PERSONAL / FINANCIAL								
KBC/ESRI Consumer Confidence	103.4	99.6	102.7	102.0	97.3	97.8	96.2	103.1
Credit Growth YoY %								
- Private Sector (Underlying)	-4.9	-5.2	-5.5	-4.9	-3.8	-3.9	-3.8	#N/A
- of which : Household	-2.2	-2.0	-1.9	-1.9	-1.5	-1.2	-1.0	#N/A
- of which : Mortgage Lending	-2.2	-2.1	-2.0	-1.9	-1.7	-1.6	-1.4	#N/A

Consumer confidence jumped to a 7-month high of 103.1 in Jan. May suggest a more positive post-Christmas mood and abating political concerns

Pace of decline in private sector credit continued to slow in December, now -3.8%

LABOUR MARKET								
Live Register	305,200	300,200	298,600	291,000	287,900	285,400	282,100	278,600
- Change In Month	-3,400	-5,000	-1,600	-7,600	-3,100	-2,500	-3,300	-3,500
Unemployment Rate %	8.3	8.1	7.9	7.5	7.3	7.1	6.9	6.8
Redundancies	418	337	338	361	#N/A	#N/A	#N/A	#N/A
-12 Mth Total	4,511	4,481	4,480	4,581	#N/A	#N/A	#N/A	#N/A
PMI Employment Indices								
- Investec Manufacturing	53.5	52.6	52.8	49.9	52.1	55.5	56.4	56.1
- Investec Services	57.2	54.9	58.7	54.4	54.7	56.4	60.7	60.1
- Ulster Bank Construction	57.1	58.5	59.7	54.7	60.2	61.5	61.5	63.3

Live Register continues to decline at a solid pace. The unemployment rate fell to 6.8% in January, its lowest level since July 2008

PMI employment indices remain at very strong levels in January, pointing to further solid growth in the sector after Q4's robust performance. Construction employment component has risen to its highest level since November 2004

MERCHANDISE TRADE								
Export Values - 3M / 3M %	7.0	2.9	4.4	1.5	8.0	3.0	1.4	#N/A
- 3MMA YoY %	3.9	2.4	8.4	8.6	6.4	3.2	-0.8	#N/A
Import Values - 3M / 3M %	10.8	9.4	2.7	0.6	-6.3	-2.7	-6.5	#N/A
- 3MMA YoY %	5.4	5.4	4.4	3.2	-2.9	-3.0	-11.8	#N/A

Value of goods exports declined slightly YoY in Q4—lower value of goods sent to the UK, reflecting the weaker sterling

The value of imports weighed down by weak sterling in Q4

PUBLIC FINANCES								
Total Tax Receipts: Cum YTD %	9.2	8.4	6.2	5.7	4.7	6.5	5.0	6.0
Voted Spending : Cum YTD %	1.8	5.9	1.2	2.0	1.3	2.7	2.6	4.7
Exchequer Bal: 12 Mth Total €m	-912	1,448	1,558	17	-307	1,116	-1,012	-740

Exchequer tax receipts were strong in January, up 6% YoY. VAT receipts were particularly buoyant in the month

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

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 is around 3%

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

Employment grows at a very strong 3.3% YoY in Q4. Underlying data show improvement in all job sectors. Labour force growth slowed slightly

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.aibconomics.com