

# Irish Economy Watch

AIB Treasury Economic Research Unit



20 January 2014

	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
<b>MANUFACTURING</b>								
Manufacturing Output Index : seas adj	106.4	115.0	107.5	106.3	109.6	102.8	116.2	#N/A
Mfg Output : 3 mma YoY %	-5.2	-2.6	-3.7	-3.6	-0.4	1.5	9.1	#N/A
3mth / 3mth % seas. adj.	-1.8	3.2	2.3	2.6	-1.9	-3.1	-0.1	#N/A
Investec Manufacturing PMI	49.7	50.3	51.0	52.0	52.7	54.9	52.4	53.5
OECD Leading Indicator	101.0	101.2	101.3	101.4	101.4	101.4	101.3	#N/A
<b>SERVICES / RETAIL</b>								
Monthly Services Index (Value)	107.9	109.0	108.2	106.2	107.3	104.3	104.4	#N/A
- YoY %	0.8	4.1	3.0	-0.3	3.6	-3.3	-3.3	#N/A
- 3mth / 3mth % seas. adj.	0.7	1.3	0.8	-0.3	-1.2	-2.2	-2.3	#N/A
Investec Services PMI	52.7	55.0	57.6	61.6	56.8	60.1	57.1	61.8
SIMI Car Registrations	5,946	1,669	11,620	3,696	3,159	1,692	702	212
- 12 mth cum total	70,763	66,080	73,278	73,882	74,558	74,591	74,408	74,304
- 3 mma YoY %	-13.9	-34.0	4.1	22.5	84.8	18.2	10.5	-8.9
Retail Sales Index	91.2	89.6	95.3	93.3	93.7	93.4	93.4	#N/A
- YoY %	-0.3	-0.6	4.6	2.3	1.7	-1.2	1.6	#N/A
- 3mth / 3mth % seas. adj.	-0.8	-0.4	1.3	2.2	4.0	1.6	0.8	#N/A
Ex Autos Index	99.8	100.0	100.6	100.5	100.1	100.1	101.4	#N/A
- YoY %	0.1	1.6	1.3	1.1	-0.2	-1.8	1.6	#N/A
- 3mth / 3mth % seas. adj.	-0.7	0.2	1.0	1.2	0.8	0.1	0.2	#N/A
<b>CONSTRUCTION PMI: Ulster Bank</b>								
- Housing Activity	42.0	43.4	47.5	49.7	55.7	59.5	58.9	58.4
- Commercial Activity	44.2	46.4	50.7	53.8	59.5	61.7	60.4	63.2
- New Orders	40.3	44.3	48.1	51.0	56.1	61.6	60.0	62.3
- Business Expectations	43.3	49.5	52.6	52.9	57.7	58.6	62.1	61.8
	58.5	68.0	64.1	68.5	73.4	72.8	78.7	79.5
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>								
Housing Registrations: 3M Avg saar	1,301	1,444	1,311	1,331	1,755	1,541	1,492	1,660
- 3 Month Avg YoY %	103.8	109.2	103.7	134.8	251.2	135.3	111.0	73.0
Commencements: 3M Avg saar	3,627	3,679	4,535	4,657	4,585	3,780	4,901	#N/A
- 3 Month Avg YoY %	-15.7	-17.6	8.4	17.4	23.8	-6.2	2.8	#N/A
Completions: Month	607	703	705	604	673	825	918	876
- 12 Mth Total	8,202	8,259	8,298	8,130	8,134	8,180	8,251	8,301
<b>HOUSING MARKET ACTIVITY</b>								
IBF Mortgage Approvals : Month	1,580	1,518	1,734	1,637	1,544	1,744	1,716	#N/A
- 3 Month Avg YoY %	4.5	9.7	11.0	12.9	13.4	12.2	3.1	#N/A
- 12 Mth Total	16,211	16,334	16,561	16,770	16,916	17,095	16,922	#N/A
RPPR Transactions : Month	2,191	2,190	2,783	2,493	2,613	2,915	2,666	2,406
- 3 Month Avg YoY %	18.0	15.9	16.5	16.5	23.8	23.6	12.0	-12.9
- 12 Mth Total	26,408	26,582	27,134	27,464	28,099	28,664	28,342	26,918
<b>HOUSING MARKET PRICES</b>								
CSO (Mortgaged Transactions) - MoM	0.3	1.2	1.2	0.9	1.8	1.8	0.6	#N/A
- YoY %	-1.1	1.2	2.3	2.8	3.7	6.1	5.6	#N/A
Daft Asking Prices: MoM %	0.5	0.5	-1.4	0.6	-0.3	0.8	-0.5	-0.4
- YoY %	-5.4	-1.9	-1.7	-2.1	-0.5	-1.0	0.9	0.6
<b>RENTS:</b> CSO Private Rents - MoM%	0.5	0.8	0.5	0.4	0.8	0.8	1.1	1.0
- YoY %	5.6	7.0	7.2	7.6	7.5	7.6	8.2	8.5
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 92% LTV, 30Yr Mortgage : Mortgage cost as % of Disposable Income								
	14.4	15.0	15.2	15.3	15.6	15.9	16.0	#N/A

Rebound in manufacturing in November after a sharp fall in October  
 Manufacturing PMI rises to 53.5 in Dec, giving a Q4 avg. of 53.6 vs. 51.9 in Q3  
 OECD lead indicator slips slightly in November, but remains near a 5½ year high

Services index edges up in November, but falls again on a YoY basis - looks inconsistent with other data  
 Strong rise in services PMI in December to 61.8, its highest level since Feb 2007. Averages 59.6 in Q4 against Q3 avg. of 58.6 - indicates that the pace of growth in the sector picked up further in Q4  
 Further seasonal fall in car sales in December. Overall, car sales were down 6.6% in 2013  
 Core retail sales up strongly in November, +1.6% YoY

The construction PMI, while edging back in December, remains very high. Housing activity component jumps to its best level since January 2005  
 Housing registrations picking up from very depressed levels  
 Good jump in commencements in H2 2013  
 Completions look to have bottomed out just above 8,000 per annum

Mortgage approvals fall in November, although remain on a broadly improving trend.  
 Growth in transactions seems to have stalled but reflects a base effect from ending of mortgage interest relief (MIR) in 2012  
 House prices increase again in November, although at a slower pace. Recovery in prices being led by Dublin where prices are 19.2% off their lows  
 Rents show continuing recovery - now 15.8% off their lows  
 Rising house prices hitting affordability but still at a reasonable level

	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	
<b>CONSUMER PRICES</b> YoY %	0.4	0.7	0.7	0.2	0.2	0.1	0.3	0.2	YoY CPI edges down to 0.2% in December, remaining very subdued
- MoM %	-0.1	0.1	-0.1	0.1	-0.1	-0.2	-0.2	0.0	
HICP - YoY %	0.5	0.7	0.7	0.0	0.0	-0.1	0.3	0.4	
- MoM %	0.0	0.1	-0.1	0.1	-0.1	-0.2	-0.1	0.1	HICP slightly higher in December at 0.4% YoY, but also remains very subdued
<b>PERSONAL / FINANCIAL</b>									
KBC/ESRI Consumer Confidence	61.2	70.6	68.2	66.8	73.1	76.2	71.0	79.8	Consumer confidence jumps to 79.8 in December, its highest level in 6½ years, as the outlook for the Irish economy improves
Credit Growth YoY %									
- Private Sector (Underlying)	-8.0	-7.6	-8.0	-7.9	-8.1	-8.6	-8.5	#N/A	Private sector credit growth continues to decline for all main aggregates
- of which : Household	-4.5	-4.4	-4.4	-4.3	-4.2	-4.2	-4.3	#N/A	
- of which : Mortgage Lending	-2.1	-2.2	-2.2	-2.3	-2.4	-2.5	-2.8	#N/A	
<b>LABOUR MARKET</b>									
Live Register	425,200	422,300	419,100	415,700	413,500	409,600	406,100	402,800	Further fall in Live Register in December to an over 4-year low - fell by 28,800 in 2013
- Change In Month	-900	-2,900	-3,200	-3,400	-2,200	-3,900	-3,500	-3,300	
Unemployment Rate %	13.6	13.3	13.1	12.8	12.7	12.6	12.5	12.4	Unemployment rate fell for a 7th consecutive month in December, now at 12.4%. Redundancies continue their marked decline
Redundancies	1,232	940	845	879	591	638	#N/A	#N/A	
-12 Mth Total	25,848	24,526	22,558	21,311	19,743	17,625	#N/A	#N/A	Manufacturing, services and construction PMI employment components remain in expansionary territory
PMI Employment Indices									
- Investec Manufacturing	49.2	52.5	52.8	51.6	52.8	55.7	54.3	52.8	
- Investec Services	52.4	55.4	57.6	55.6	56.8	56.2	56.4	57.6	
- Ulster Bank Construction	46.1	44.7	47.6	47.7	50.2	50.5	54.6	51.7	
<b>MERCHANDISE TRADE</b>									
Export Values - 3M / 3M %	7.7	1.8	-0.9	1.2	3.3	3.5	-2.3	#N/A	Goods exports down 2.3% in 3 months to November - continued YoY decline reflects fall in pharma exports
- 3MMA YoY %	-2.3	-3.2	-5.8	-9.6	-7.4	-7.4	-4.0	#N/A	
Import Values - 3M / 3M %	1.8	4.9	5.0	6.9	2.9	3.6	1.2	#N/A	Goods imports up 1.2% in 3 months to November - also up 1.3% YoY
- 3MMA YoY %	-3.7	3.2	0.2	1.4	-0.4	-1.1	1.3	#N/A	
<b>PUBLIC FINANCES</b>									
Total Tax Receipts: Cum YTD %	2.5	3.4	3.5	3.8	2.9	3.1	4.2	3.2	Tax receipts increase by 3.2% YoY in 2013
Voted Spending : Cum YTD %	-6.0	-6.5	-6.0	-5.4	-4.9	-3.8	-4.4	-4.2	
Exchequer Bal: 12 Mth Total €m	-13,656	-12,041	-10,931	-10,879	-10,899	-11,345	-10,499	-11,497	Exchequer deficit up in Dec, but on target for 2013

## QUARTERLY DATA

	Q4-11	Q1-12	Q2-12	Q3-12	Q4-12	Q1-13	Q2-13	Q3-13	
<b>GDP</b> - YoY %	3.4	1.8	0.4	-0.5	-1.0	-1.8	-1.6	1.7	Strong pick-up in GDP in Q3, growing 1.5%. First YoY increase (+1.7%) since Q2'12
- QoQ% seas. adj.	0.6	-0.3	0.7	-1.7	0.2	-1.1	1.0	1.5	
<b>Total Exports</b> - Volume YoY %	3.5	3.3	1.3	0.4	1.3	-4.2	1.1	0.6	Exports continue to increase in Q3, although at a slower pace (+0.6% vs. +1.1%). Imports fall by 1.3% in Q3.
<b>Total Imports</b> - Volume YoY %	-4.8	-0.1	-3.0	2.0	1.4	-4.0	2.6	-1.3	
<b>EMPLOYMENT &amp; EARNINGS</b>									
Employment YoY %	-0.5	-0.9	-1.4	-0.2	0.1	1.1	1.8	3.2	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 YoY %	-0.3	-0.1	-0.9	-0.4	-0.8	-0.4	0.5	0.8	
Average Earnings YoY %									Labour force up by 0.8% in Q3. Now 2 consecutive quarters of growth - first time since Q3 2008
- 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	Earnings fall in Q3, -2.4% on a weekly basis. Driven by both private and public sector workers
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	



**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.aibeconomicresearch.com