

Irish Economy Watch

AIB Treasury Economic Research Unit



15 January 2015

	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
MANUFACTURING								
Manufacturing Output Index : seas adj	126.2	100.4	114.4	113.4	116.1	127.7	132.9	#N/A
Mfg Output : 3 mma YoY %	27.8	23.4	18.3	15.0	21.1	27.0	31.0	#N/A
3mth / 3mth % seas. adj.	16.8	9.2	-3.5	-11.0	-3.8	4.8	14.8	#N/A
Investec Manufacturing PMI	55.0	55.3	55.4	57.3	55.7	56.6	56.2	56.9
OECD Leading Indicator	100.9	101.1	101.2	101.3	101.3	101.3	#N/A	#N/A
SERVICES / RETAIL								
Monthly Services Index (Value)	110.0	111.8	113.7	112.2	113.3	113.0	111.8	#N/A
- YoY %	1.7	2.7	5.9	5.0	5.1	7.9	5.9	#N/A
- 3mth / 3mth % seas. adj.	1.4	1.6	1.6	1.7	1.5	0.9	0.1	#N/A
Investec Services PMI	61.7	62.6	61.3	62.4	62.5	61.5	61.6	62.6
SIMI Car Registrations	6,272	1,685	18,723	4,866	3,912	2,039	782	350
- 12 mth cum total	86,742	86,758	93,861	95,031	95,780	96,128	96,206	96,344
- 3 mma YoY %	19.6	14.7	38.7	48.8	48.8	26.6	21.2	21.7
Retail Sales Index	97.0	94.8	102.7	99.4	99.5	99.1	99.3	#N/A
- YoY %	5.9	5.1	8.7	6.3	5.7	5.2	4.8	#N/A
- 3mth / 3mth % seas. adj.	0.6	-0.9	1.7	2.1	4.7	1.2	0.3	#N/A
Ex Autos Index	103.3	103.9	103.9	104.1	103.7	104.7	104.9	#N/A
- YoY %	3.5	4.0	3.2	3.4	3.1	4.4	3.7	#N/A
- 3mth / 3mth % seas. adj.	0.2	1.4	1.1	1.0	0.3	0.5	0.4	#N/A
CONSTRUCTION PMI: Ulster Bank								
- Housing Activity	60.2	59.9	62.6	61.4	61.5	64.9	63.5	63.1
- Commercial Activity	61.0	61.3	65.4	63.7	68.4	66.4	62.9	61.4
- New Orders	61.4	59.4	64.6	63.2	62.7	66.8	65.0	63.3
- Business Expectations	60.0	60.2	64.8	60.6	63.5	67.8	66.0	61.8
	74.6	76.8	77.2	80.5	79.8	79.5	85.3	80.0
RESIDENTIAL CONSTRUCTION ACTIVITY								
Housing Registrations: 12Mth Total	1,604	1,699	1,839	1,879	1,961	2,205	2,368	2,574
- 3 Month Avg YoY %	24.3	25.2	51.2	89.0	62.8	99.7	128.0	217.4
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: Month	1,085	891	992	782	1,183	1,007	#N/A	#N/A
- 12 Mth Total	9,245	9,433	9,720	9,898	10,408	10,590	#N/A	#N/A
HOUSING MARKET ACTIVITY								
BPFI Mortgage Approvals : Month	2,185	2,263	2,633	2,222	2,281	2,619	2,712	#N/A
- 3 Month Avg YoY %	43.3	43.1	46.5	45.6	45.2	44.6	52.1	#N/A
- 12 Mth Total	19,760	20,505	21,404	21,989	22,726	23,601	24,597	#N/A
RPPR Transactions : Month	3,017	3,349	4,244	3,370	3,704	4,627	3,475	#N/A
- 3 Month Avg YoY %	41.4	44.7	47.2	45.8	41.9	43.3	37.8	#N/A
- 12 Mth Total	33,336	34,479	35,933	36,789	37,834	39,469	40,025	#N/A
HOUSING MARKET PRICES								
CSO (Mortgaged Transactions) - MoM	2.3	2.9	2.0	2.3	1.8	2.9	0.5	#N/A
- YoY %	10.6	12.5	13.4	14.9	15.0	16.3	16.2	#N/A
Daft Asking Prices: MoM %	2.5	0.4	1.9	1.1	1.5	-2.2	-0.5	0.8
- YoY %	9.8	9.6	13.3	13.8	15.8	12.3	12.3	13.7
RENTS: CSO Private Rents - MoM%	0.4	0.5	0.0	0.9	1.4	0.5	0.6	0.7
- YoY %	9.0	8.7	8.2	8.7	9.3	8.9	8.4	8.0
AFFORDABILITY: Couple on Avg Industrial Wage, 92% LTV, 30Yr Mortgage : Mortgage cost as % of Disposable Income	15.9	16.5	16.9	17.3	17.7	18.2	17.8	#N/A

CSO manufacturing data show very strong rise, but are distorted by outsourcing abroad

Mfg PMI avg 56.6 in Q4 vs 56.1 in Q3—indicates strong growth momentum sustained

OECD indicator remains at an over 6 year high in October

Growth in services falls back in November, but YoY rate remains strong at 6%

Services PMI avg in Q4 (61.9) slightly below avg for Q3 (62.1); still suggests strong growth in the sector

Car sales show best annual performance since 2008. Up 30% YoY in 2014

3m/3m growth in core retail sales slowed in the second half of 2014, though YoY growth still at strong levels

Construction PMI avg for Q4 (63.8) suggests stronger growth vs Q3 (61.8). Sentiment remains extremely high

Housing registrations continue to pick up (+94% YoY in 2014), though from very depressed levels

Housing commencements data have been delayed since February

Completions on course for 11k in 2014—highest level since 2010

Mortgage approvals continue on their upward trajectory, though in absolute terms, they remain at a low level

Pace of YoY growth in transactions slows in the 3mths to November, though at +38%, is still very strong

YoY house price growth slows for first time in 8 months in November. Though rate remains very strong at 16.2%. Recovery in prices being led by Dublin, but rising elsewhere too

Rents pick up again in December (+0.7%) - YoY growth strong at 8%

The pick-up in house prices and falling wages have impacted on affordability, though it remains at relatively good levels

	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
CONSUMER PRICES YoY %	0.4	0.4	0.3	0.4	0.3	0.2	0.1	-0.3
- MoM %	0.0	0.1	-0.2	0.2	-0.2	-0.3	-0.3	-0.4
HICP - YoY %	0.4	0.5	0.5	0.6	0.5	0.4	0.2	-0.3
- MoM %	0.0	0.2	-0.1	0.3	-0.3	-0.3	-0.3	-0.4

Ireland follows trend of other Eurozone countries as CPI inflation turns negative (-0.3%) in December. Reflects the sharp fall in oil prices

HICP inflation also negative (-0.4%) in December

PERSONAL / FINANCIAL

KBC/ESRI Consumer Confidence	79.4	81.1	89.4	87.1	92.8	85.5	85.3	90.5
Credit Growth YoY %								
- Private Sector (Underlying)	-3.0	-3.1	-3.1	-3.1	-3.0	-3.0	-2.9	#N/A
- of which : Household	-3.7	-3.9	-3.9	-3.7	-3.7	-3.8	-3.8	#N/A
- of which : Mortgage Lending	-6.6	-7.0	-7.0	-7.8	-7.8	-7.8	-7.2	#N/A

Consumer confidence jumps in December to near an eight year high as consumers more upbeat about their personal finances

YoY credit growth remains in decline, with pace of contraction fairly steady over the course of 2014

LABOUR MARKET

Live Register	390,700	386,100	382,700	379,600	374,900	371,200	367,200	363,900
- Change In Month	-2,000	-4,600	-3,400	-3,100	-4,700	-3,700	-4,000	-3,300
Unemployment Rate %	11.5	11.3	11.2	11.1	11.0	10.9	10.7	10.6
Redundancies	461	626	560	655	482	544	428	385
-12 Mth Total	8,810	8,496	8,211	7,987	7,878	7,784	7,548	6,883
PMI Employment Indices								
- Investec Manufacturing	56.4	54.1	53.9	55.2	55.7	56.4	56.4	57.0
- Investec Services	56.6	59.6	58.8	59.6	59.2	59.3	60.7	61.8
- Ulster Bank Construction	56.5	53.4	58.5	55.3	59.4	62.2	60.7	60.3

Live register falls by 40k in 2014 after a 29k decrease in 2013. Unemployment ends the year at 10.6% having started at 12.2%

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

PMI employment components indicate pace of job growth picked up in Q4—should see further falls in unemployment in the coming months

MERCHANDISE TRADE

Export Values - 3M / 3M %	-2.0	5.4	5.7	2.8	-0.7	4.9	0.0	#N/A
- 3MMA YoY %	-1.3	3.5	2.0	1.0	1.3	6.1	2.7	#N/A
Import Values - 3M / 3M %	6.2	4.1	9.7	3.2	4.3	-0.1	1.4	#N/A
- 3MMA YoY %	10.1	7.7	10.3	7.0	8.3	7.4	6.8	#N/A

Trade data remain very volatile. Value of exports rose by 2.7% YoY in 3mths to November

Strong import growth, but slows to 6.8% YoY in 3mths to November,

PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	5.6	4.9	6.4	8.7	7.4	9.3	8.5	9.2
Voted Spending : Cum YTD %	-2.7	-2.1	7.5	-1.7	-2.0	-1.4	-2.5	-2.0
Exchequer Bal: 12 Mth Total €m	-9,671	-9,842	-11,511	-10,495	-10,316	-9,481	-8,680	-8,183

Tax receipts for 2014 were €1.24bn ahead of target

Budget deficit declined by €3.3bn in 2014

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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