

Irish Economy Watch

AIB Treasury Economic Research Unit



23 January 2017

	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	
MANUFACTURING									
Industrial Production (Ex-Modern)	119.4	122.7	120.7	121.0	126.6	119.6	122.3	#N/A	Pace of YoY decline in production (ex-modern sector) has continued to slow—at -0.6% in three months to Nov
Production (Ex-Modern) : 3mma YoY%	-1.9	-1.8	-4.7	-3.9	-3.0	-1.1	-0.6	#N/A	
3mth / 3mth % seas. adj.	0.2	0.5	-0.4	0.7	0.8	1.2	1.1	#N/A	
Investec Manufacturing PMI	51.5	53.0	50.2	51.7	51.3	52.1	53.7	55.7	Mfg PMI avg 53.8 in Q4, up from Q3's post-Brexit vote 51.1. Rises to 17-mth high in Dec. Suggests sector has recovered from initial UK vote shock
OECD Leading Indicator	99.5	99.4	99.4	99.4	99.5	99.6	99.8	#N/A	
SERVICES / RETAIL									
Monthly Services Index (Value)	123.1	123.8	124.7	124.8	125.2	126.1	129.4	#N/A	Services index continues to pick up in November. 3mth/3mth growth rises to a strong 2%
- YoY %	8.3	6.4	0.0	6.1	4.9	5.3	8.9	#N/A	
- 3mth / 3mth % seas. adj.	1.0	-0.4	0.7	1.3	1.5	1.2	2.0	#N/A	
Investec Services PMI	61.7	61.2	59.5	59.7	56.2	54.6	56.0	59.1	Services PMI rises further in Dec. Index avg 56.6 in Q4. While this is slower than Q3's 58.6, still suggests strong growth
SIMI Car Registrations	6,499	1,624	29,883	7,286	4,688	2,240	747	430	
- 12 mth cum total	143,761	143,937	146,226	147,108	147,027	146,708	146,515	146,603	Car sales totalled 146k in 2016 (+17% YoY). This represents their strongest year since 2008
- 3 mma YoY %	8.8	3.9	5.7	9.4	8.0	3.5	-7.2	-11.0	
Retail Sales Index	113.3	105.0	120.1	113.0	113.0	112.8	113.8	#N/A	Core retail sales jump in November, perhaps boosted by pre-Christmas discounts (i.e. Black Friday). Sales up 1.8% in Oct/Nov versus Q3
- YoY %	7.8	5.1	7.9	4.3	3.8	4.3	4.3	#N/A	
- 3mth / 3mth % seas. adj.	-0.4	-3.0	0.1	0.2	4.6	0.1	0.4	#N/A	
Ex Autos Index	116.2	115.1	114.9	115.2	116.4	115.8	119.4	#N/A	Const' PMI improves further in Q4 (60.3 vs 59.4), pointing to on-going solid growth
- YoY %	6.3	5.0	3.3	3.1	3.5	3.8	4.8	#N/A	
- 3mth / 3mth % seas. adj.	1.2	1.1	1.0	0.1	0.2	0.3	1.9	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	55.9	59.7	61.0	58.4	58.7	62.3	59.8	58.9	Housing registrations total 5,626 in 2016. This represents a 31% increase on 2015
- Commercial Activity	57.4	61.8	61.3	63.1	59.5	63.5	63.9	60.6	
- New Orders	59.7	62.0	66.2	63.9	61.3	64.5	62.8	61.0	
- Business Expectations	56.7	59.8	60.2	60.8	61.4	65.9	59.5	62.6	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	4,973	4,898	5,105	4,675	4,864	5,075	5,359	5,626	Commencements continue to increase at a very encouraging pace in November. YoY growth rate at 73% in 3mths to Nov
- 3 Month Avg YoY %	66.2	11.6	23.6	-17.4	-2.3	-2.1	87.1	88.7	
Commencements: 12mth Total	9,206	9,553	9,646	9,906	9,965	11,053	11,667	#N/A	Completions rise by 1,579 in November—best month since end 2009. They are on course for c.15k in 2016
- 3 Month Avg YoY %	15.1	31.8	34.4	29.2	15.2	64.1	73.3	#N/A	
Completions: Month	1,294	1,055	1,110	1,415	1,340	1,290	1,579	#N/A	
- 12 Mth Total	13,687	13,683	13,673	14,139	14,259	14,411	14,728	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	2,616	2,909	2,908	2,948	2,766	2,628	3,155	#N/A	The pace of YoY growth in mortgage approvals continues to rise. Suggests impact of CB rules continuing to abate
- 3 Month Avg YoY %	4.9	19.9	14.5	22.9	23.5	26.6	29.8	#N/A	
- 12 Mth Total	25,841	26,388	26,638	27,474	28,030	28,391	29,436	#N/A	
RPPR Transactions : Month	3,851	3,977	4,390	4,001	4,365	4,411	4,064	#N/A	YoY growth in CSO house prices accelerated further in Nov. Price inflation outside of Dublin (+13%) remains higher than in the Capital (+6%), in part due to CB lending rules
- 3 Month Avg YoY %	0.2	-0.4	-2.4	-0.4	3.3	4.9	1.3	#N/A	
- 12 Mth Total	47,888	47,624	47,404	47,848	48,029	47,998	48,017	#N/A	
HOUSING MARKET PRICES									
CSO (Stamp Duties) - MoM	0.5	1.0	2.4	1.4	1.5	0.6	1.5	#N/A	CSO rent prices rose by 9.5% for a second consecutive year in 2016. Prices now 12% above their previous peak
- YoY %	5.4	4.9	6.6	6.8	7.6	6.9	8.6	#N/A	
Daft Asking Prices: MoM %	0.8	1.4	0.9	0.9	0.6	-1.7	0.2	1.6	Lower mortgage rates mean affordability remains at favourable levels, despite higher prices and subdued wage growth
- YoY %	5.5	8.1	7.1	8.1	7.7	6.7	7.9	9.3	
RENTS: CSO Private Rents - MoM%									
- YoY %	0.5	0.5	0.9	0.7	1.9	0.9	0.0	0.3	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	15.8	16.1	16.0	16.3	16.6	16.6	16.9	#N/A	

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CONSUMER PRICES - YoY %	0.0	0.4	0.5	-0.1	0.0	-0.3	-0.1	0.0
- MoM %	0.5	0.7	-0.2	-0.2	-0.4	-0.5	-0.1	0.0
HICP - YoY %	-0.2	0.1	0.1	-0.4	-0.3	-0.4	-0.2	-0.2
- MoM %	0.5	0.7	-0.3	-0.2	-0.4	-0.4	-0.1	-0.1

CPI inflation ended 2016 at 0%, broadly unchanged from end 2015. While the drag from energy seen at the start of the period has now turned positive, further falls in food and household goods prices have kept price pressures down

PERSONAL / FINANCIAL

KBC/ESRI Consumer Confidence	98.1	103.4	99.6	102.7	102.0	97.3	97.8	96.2
Credit Growth YoY %								
- Private Sector (Underlying)	-5.8	-5.1	-5.5	-5.8	-5.1	-4.0	-3.9	#N/A
- of which : Household	-2.5	-2.2	-2.0	-1.9	-1.9	-1.5	-1.4	#N/A
- of which : Mortgage Lending	-2.5	-2.2	-2.1	-2.0	-1.9	-1.7	-1.6	#N/A

Consumer confidence edged lower, hitting a near 2yr low in December. Sub-indices shows consumers are less certain about the economic outlook

Pace of decline in private sector credit continued to slow in November, now -3.9%

LABOUR MARKET

Live Register	308,800	305,400	300,500	298,800	291,300	288,300	285,700	282,400
- Change In Month	-3,700	-3,400	-4,900	-1,700	-7,500	-3,000	-2,600	-3,300
Unemployment Rate %	8.3	8.3	8.0	7.9	7.7	7.5	7.3	7.2
Redundancies	616	418	337	338	361	#N/A	#N/A	#N/A
-12 Mth Total	4,568	4,511	4,481	4,480	4,581	#N/A	#N/A	#N/A
PMI Employment Indices								
- Investec Manufacturing	51.8	53.5	52.6	52.8	49.9	52.1	55.5	56.4
- Investec Services	60.1	57.2	54.9	58.7	54.4	54.7	56.4	60.7
- Ulster Bank Construction	55.5	57.1	58.5	59.7	54.7	60.2	61.5	61.5

Pace of decline in the Live Register has slowed slightly recently, though trend remains firmly downwards. Unemployment rate falls further to 7.2% in December

PMI employment indices end 2016 on an upward trajectory, pointing to further solid growth. Manufacturing index rose to a 17-month high, while services and construction measures are at 10-month highs

MERCHANDISE TRADE

Export Values - 3M / 3M %	-0.6	6.9	3.0	4.3	1.4	7.7	3.0	#N/A
- 3MMA YoY %	3.6	3.8	2.4	8.2	8.4	6.2	3.0	#N/A
Import Values - 3M / 3M %	2.2	10.4	10.1	3.1	1.1	-6.7	-2.9	#N/A
- 3MMA YoY %	4.4	5.0	5.5	4.3	3.2	-3.2	-3.2	#N/A

Value of goods exports boosted this year by strong performance by electrical machinery

The value of imports has been weighed down by weak oil prices; softer sterling may also be having some impact

PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	9.0	9.2	8.4	6.2	5.7	4.7	6.5	5.0
Voted Spending : Cum YTD %	-0.5	1.8	5.9	1.2	2.0	1.3	2.7	2.6
Exchequer Bal: 12 Mth Total €m	-828	-912	1,448	1,558	17	-307	1,116	-1,012

The budget deficit fell to c.1% of GDP in 2016

Exchequer tax receipts rose by 5% in the year, 1.4% above expectations

QUARTERLY DATA

	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16	Q2-16	Q3-16
GDP - YoY %	11.1	28.1	24.3	24.4	28.4	3.9	3.1	6.9
*Core Domestic Expd - YoY% (3Q Avg)	4.4	6.4	6.7	7.0	5.6	4.4	3.7	3.0
Consumer Spending - YoY %	2.5	4.9	4.0	5.0	4.2	5.3	2.2	2.1
Services Exports - YoY % (3Q Avg)	14.4	15.7	13.4	12.0	10.4	7.0	6.2	6.5

* Excludes Aircraft, R&D/Intangibles

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

YoY growth in employment remained strong at 2.9% in Q3. Underlying data show broad based improvement. Labour force growth remained at 1.5%, aided by net inward migration

YoY earnings growth improved slightly in Q3. Underlying data show unbalanced growth, with wages falling in some sectors, while rising strongly in others



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