

Irish Economy Watch

AIB Treasury Economic Research Unit



10 July 2014

	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14		
MANUFACTURING										
Manufacturing Output Index : seas adj	109.5	106.9	106.8	111.4	116.7	119.7	#N/A	#N/A	Further strong pick-up in manufacturing in April (+2.6%). Output up by 11.9% YoY	
Mfg Output : 3 mma YoY %	6.8	0.3	-0.5	-1.9	3.9	8.5	#N/A	#N/A		Manufacturing PMI stronger in Q2 than Q1, averaging 55.5 vs. 53.7—this indicates a pick-up in the pace of growth
3mth / 3mth % seas. adj.	-1.5	-0.6	0.8	0.2	4.3	7.6	#N/A	#N/A		OECD indicator at its best level since July 2008
Investec Manufacturing PMI	52.4	53.5	52.8	52.9	55.5	56.1	55.0	55.3		
OECD Leading Indicator	101.0	101.1	101.2	101.3	101.4	101.5	#N/A	#N/A		
SERVICES / RETAIL										
Monthly Services Index (Value)	105.1	108.3	111.4	108.0	109.5	112.4	110.9	#N/A	Services index falls in May, but remains at a strong level. YoY growth rate somewhat volatile, slows to 3.4%	
- YoY %	-3.1	1.0	4.4	1.7	0.2	4.9	3.4	#N/A		Services PMI at a 7 year high of 62.6 in June—Q2 avg. of 62.1 (vs. 59.9 in Q1) suggests a pick-up in the pace of growth
- 3mth / 3mth % seas. adj.	-1.9	-1.5	1.6	3.0	3.3	1.6	1.6	#N/A		Car sales have been strong in the first half of 2014, rising by 23% year-to-date
Investec Services PMI	57.1	61.8	61.5	57.5	60.7	61.9	61.7	62.6	Core retail sales up 3.3% YoY in May—growth of 1.1% in Q2 to date compared to +0.5% in Q1	
SIMI Car Registrations	702	212	22,894	12,714	14,306	7,827	6,275	1,689		
- 12 mth cum total	74,408	74,304	79,956	82,091	84,752	86,433	86,762	86,782		
- 3 mma YoY %	10.5	-8.9	29.1	27.3	26.5	22.8	19.7	14.8		
Retail Sales Index	94.7	95.7	97.4	96.0	97.5	96.2	97.0	#N/A		
- YoY %	2.3	3.6	9.4	5.0	8.6	6.0	6.1	#N/A		
- 3mth / 3mth % seas. adj.	1.4	0.5	2.2	2.3	2.3	0.7	0.6	#N/A		
Ex Autos Index	101.6	103.2	102.5	102.4	101.7	103.6	103.1	#N/A		
- YoY %	1.6	3.0	3.1	2.6	2.7	4.9	3.3	#N/A		
- 3mth / 3mth % seas. adj.	0.3	1.2	2.1	2.0	0.5	0.1	0.1	#N/A		
CONSTRUCTION PMI: Ulster Bank										
- Housing Activity	58.8	58.3	56.4	56.2	60.2	63.5	60.2	#N/A	The construction PMI falls in May, after April's jump—still very high at 60.2. New orders component remains very strong	
- Commercial Activity	60.4	63.2	59.8	57.5	59.9	63.4	61.0	#N/A		Housing registrations continue to recover from very depressed levels—show year-to-date growth of 53% in May
- New Orders	62.1	61.8	57.4	58.1	61.7	63.8	60.0	#N/A		Sharp jump in commencements in February ahead of new regulations in March
- Business Expectations	78.7	79.5	78.7	79.1	77.7	80.8	74.6	#N/A	Completions continue to show signs of recovery—year-to-date growth at 32% in May	
RESIDENTIAL CONSTRUCTION ACTIVITY										
Housing Registrations: 12Mth Total	1,242	1,326	1,353	1,514	1,596	1,652	1,604	#N/A		
- 3 Month Avg YoY %	111.0	73.0	111.4	151.1	123.3	110.7	24.3	#N/A		
Commencements: 12mth Total	4,273	4,708	5,270	9,310	#N/A	#N/A	#N/A	#N/A		
- 3 Month Avg YoY %	2.8	32.6	95.0	636.0	#N/A	#N/A	#N/A	#N/A		
Completions: Month	918	876	676	611	803	766	1,085	#N/A		
- 12 Mth Total	8,251	8,301	8,466	8,473	8,700	8,767	9,245	#N/A		
HOUSING MARKET ACTIVITY										
IBF Mortgage Approvals : Month	1,716	1,457	1,259	1,476	1,622	1,858	2,185	#N/A	Mortgage approvals remain on an upward trend. YoY comparison impacted by base effects from ending of interest relief at the end of 2012	
- 3 Month Avg YoY %	3.1	2.9	11.4	36.2	54.6	47.7	43.3	#N/A		Transactions continue to rise—12 month cumulative total now above 30k
- 12 Mth Total	16,924	17,058	17,549	18,038	18,597	19,155	19,760	#N/A		House prices up strongly in May. YoY growth is at its fastest pace (+10.6%) in 7 years. Recovery in prices led by Dublin, but rising elsewhere too
RPPR Transactions : Month	2,666	2,406	1,896	2,242	2,523	2,518	2,785	#N/A	Rents show continuing recovery, up 9% YoY—now over 20% of their lows	
- 3 Month Avg YoY %	12.0	-12.9	-16.4	-4.8	37.6	41.5	34.8	#N/A		A pick-up in house prices in Q2 has impacted on affordability, though it remains at accommodative levels
- 12 Mth Total	28,342	26,918	27,300	28,010	28,739	29,436	30,030	#N/A		
HOUSING MARKET PRICES										
CSO (Mortgaged Transactions) - MoM	0.6	0.3	-0.7	0.1	-0.7	1.5	2.3	#N/A		
- YoY %	5.6	6.4	6.3	8.1	7.8	8.5	10.6	#N/A		
Daft Asking Prices: MoM %	-0.5	-0.4	3.0	-0.7	4.7	0.8	2.5	0.4		
- YoY %	0.9	0.6	2.2	2.0	6.3	7.7	9.8	9.6		
RENTS: CSO Private Rents - MoM%	1.1	1.0	0.6	1.2	0.8	0.2	0.4	0.5		
- YoY %	8.2	8.5	9.1	10.2	10.0	9.1	9.0	8.7		
AFFORDABILITY: Couple on Avg Industrial Wage, 92% LTV, 30Yr Mortgage : Mortgage cost as % of Disposable Income										
	15.7	15.7	15.4	15.3	15.2	15.5	15.8	#N/A		

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CONSUMER PRICES YoY %	0.3	0.2	0.2	-0.1	0.2	0.3	0.4	0.4	CPI inflation unchanged in June at a very subdued 0.4%
- MoM %	-0.2	0.0	-0.5	0.5	0.7	0.1	0.0	0.1	
HICP - YoY %	0.3	0.4	0.3	0.1	0.3	0.4	0.4	0.5	
- MoM %	-0.1	0.1	-0.6	0.7	0.6	0.0	0.0	0.2	HICP inflation rate edges up slightly in June, but at 0.5% it remains very subdued
PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	71.0	79.8	84.6	85.5	83.1	87.2	79.4	81.1	Consumer confidence rises in June—but still off its recent highs after May's sharp fall. Overall, consumer confidence remains at an encouraging level Private sector credit growth remains in decline for all main aggregates
Credit Growth YoY %									
- Private Sector (Underlying)	-8.5	-6.7	-6.7	-5.6	-6.6	-6.9	-6.7	#N/A	
- of which : Household	-4.3	-4.1	-4.1	-3.8	-3.8	-3.7	-3.7	#N/A	
- of which : Mortgage Lending	-2.8	-3.0	-3.0	-3.1	-3.1	-3.1	-3.0	#N/A	
LABOUR MARKET									
Live Register	406,600	403,600	401,200	398,600	396,300	392,800	390,600	386,200	Strong fall in the Live Register (4.4k) in June, now down 17.4k YTD. Unemployment falls to an over 5yr low of 11.6% in June
- Change In Month	-3,200	-3,000	-2,400	-2,600	-2,300	-3,500	-2,200	-4,400	
Unemployment Rate %	12.2	12.1	12.1	12.0	12.0	11.8	11.7	11.6	Redundancies continue their marked decline in Q2
Redundancies	664	1,050	737	788	700	517	461	626	Manufacturing and services PMI employment components remain well up in expansionary territory in Q2, averaging 55 & 58.7 respectively (vs. 54.5 & 58.4 in Q1)
-12 Mth Total	15,345	13,628	12,135	11,415	10,735	9,581	8,810	8,496	
PMI Employment Indices									
- Investec Manufacturing	54.3	52.8	53.9	54.9	54.6	54.5	56.4	54.1	
- Investec Services	56.4	57.6	57.3	59.4	58.5	60.0	56.6	59.6	
- Ulster Bank Construction	54.6	51.7	53.2	54.3	57.4	60.9	56.5	#N/A	
MERCHANDISE TRADE									
Export Values - 3M / 3M %	-2.3	-1.2	-2.0	2.3	-3.3	-4.0	#N/A	#N/A	Value of goods exports falls by 4% in the 3 months to April
- 3MMA YoY %	-4.0	-0.1	2.0	6.4	-0.7	-3.5	#N/A	#N/A	
Import Values - 3M / 3M %	0.1	2.5	-0.7	-4.0	-4.0	-2.7	#N/A	#N/A	Value of imports also declines in April, but is up 6.3% on a YoY basis
- 3MMA YoY %	2.2	9.0	8.6	7.0	6.5	6.3	#N/A	#N/A	
PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	4.2	3.2	-17.1	-0.1	4.7	5.6	5.6	4.9	H1 Exchequer Returns show tax receipts €500m ahead of target Deficit on course to come in below its 4.8% target in 2014
Voted Spending : Cum YTD %	-4.4	-4.2	3.8	-3.2	-6.1	-2.3	-2.7	-2.1	
Exchequer Bal: 12 Mth Total €m	-10,499	-11,497	-13,343	-12,238	-10,118	-10,107	-9,671	-9,842	

QUARTERLY DATA

	Q2-12	Q3-12	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	
GDP - YoY %	-2.6	-0.7	1.1	0.3	-0.2	1.8	-1.2	4.1	GDP jumps by 2.7% in Q1—up 4.1% YoY. Boosted by exports
- QoQ% seas. adj.	0.3	0.4	2.8	-3.5	0.7	1.8	-0.1	2.7	
Total Exports - Volume YoY %	4.6	3.5	3.7	-2.3	1.5	1.5	3.8	7.4	Growth in exports was strong in Q1 (+7.4% YoY) - as pharma sector begins to recover. Imports also rise (+5.9% YoY)
Total Imports - Volume YoY %	8.6	7.8	5.6	-2.9	-0.4	1.4	4.4	5.9	
EMPLOYMENT & EARNINGS									
Employment YoY %	-1.4	-0.2	0.1	1.1	1.8	3.2	3.3	2.3	Employment up +2.3% YoY in Q1. Employment now growing YoY for 6 consecutive quarters
Labour Force YoY %	-0.9	-0.4	-0.8	-0.4	0.5	0.8	0.9	0.4	
Average Earnings YoY %									Labour force up by 0.4% in Q1. Now 4 consecutive quarters of growth
- Hourly	0.3	1.0	-0.6	0.2	0.2	-2.0	-0.7	-0.5	
- Weekly	0.7	0.6	-0.8	-0.6	0.4	-2.1	-0.4	-0.4	Earnings continue to fall in Q1, -0.4% on a weekly basis. Driven by YoY decline in public sector pay
Weekly Earnings YoY %									
- Private Sector	0.4	1.2	0.1	0.0	1.1	-1.2	0.3	0.7	
- Public Sector	2.6	1.0	0.3	-0.2	1.2	-1.3	-1.5	-1.8	



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