

Irish Economy Watch

AIB Treasury Economic Research Unit



12 June 2014

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
MANUFACTURING								
Manufacturing Output Index : seas adj	104.8	109.5	106.9	106.8	111.4	116.7	119.7	#N/A
Mfg Output : 3 mma YoY %	2.2	6.8	0.3	-0.5	-1.9	3.9	8.5	#N/A
3mth / 3mth % seas. adj.	-2.8	-1.5	-0.6	0.8	0.2	4.3	7.6	#N/A
Investec Manufacturing PMI	54.9	52.4	53.5	52.8	52.9	55.5	56.1	55.0
OECD Leading Indicator	100.9	101.0	101.1	101.2	101.3	101.4	101.5	#N/A

Further strong pick-up in manufacturing in April (+2.6%). Output up by 11.9% YoY
Manufacturing PMI falls back in May, but Q2 avg so far (55.6) is ahead of Q1 (53.7), indicating a pick-up in the pace of growth
OECD indicator at its best level since July 2008

SERVICES / RETAIL								
Monthly Services Index (Value)	105.0	105.0	108.2	111.3	107.8	109.3	111.7	#N/A
- YoY %	-3.0	-3.1	1.0	4.3	1.6	0.2	4.1	#N/A
- 3mth / 3mth % seas. adj.	-1.8	-1.9	-1.6	1.5	2.9	3.2	1.3	#N/A
Investec Services PMI	60.1	57.1	61.8	61.5	57.5	60.7	61.9	61.7
SIMI Car Registrations	1,692	702	212	22,894	12,714	14,306	7,827	6,290
- 12 mth cum total	74,591	74,408	74,304	79,956	82,091	84,752	86,433	86,777
- 3 mma YoY %	18.2	10.5	-8.9	29.1	27.3	26.5	22.8	19.7
Retail Sales Index	93.9	94.7	95.7	97.5	96.2	97.7	96.9	#N/A
- YoY %	-1.1	2.3	3.5	9.4	5.1	8.7	6.8	#N/A
- 3mth / 3mth % seas. adj.	1.9	1.4	0.5	2.2	2.4	2.5	1.0	#N/A
Ex Autos Index	100.3	101.5	103.2	102.5	102.4	101.7	103.3	#N/A
- YoY %	-1.8	1.6	3.0	3.1	2.6	2.7	4.7	#N/A
- 3mth / 3mth % seas. adj.	0.2	0.2	1.2	2.0	2.0	0.5	0.1	#N/A

CSO services index rises in April to its highest level since it began in 2009. Shows YoY growth of 4.1%

Services PMI edges back in May, but remains near an over 7 year high. Q2 avg to date (61.8) indicates pick-up in growth compared to Q1 (59.9)

Car sales have been strong so far in 2014. Year-to-date growth in sales at +24% in May

Core retail sales up 1.6% in April—first time in 3mths. YoY growth very strong at +4.7%

CONSTRUCTION PMI: Ulster Bank								
- Housing Activity	59.4	58.8	58.3	56.4	56.2	60.2	63.5	60.2
- Commercial Activity	61.7	60.4	63.2	59.8	57.5	59.9	63.4	61.0
- New Orders	61.6	60.0	62.3	59.4	55.5	61.3	63.6	61.4
- Business Expectations	58.6	62.1	61.8	57.4	58.1	61.7	63.8	60.0
	72.8	78.7	79.5	78.7	79.1	77.7	80.8	74.6

The construction PMI falls in May, after April's jump—still very high at 60.2. New orders component remains very strong

Housing registrations continue to edge up from very depressed levels

Strong increase in commencements—up 95% YoY in the 3 months to January

Completions have shown signs of recovery in recent months

RESIDENTIAL CONSTRUCTION ACTIVITY								
Housing Registrations: 12Mth Total	1,168	1,242	1,326	1,353	1,514	1,596	1,652	#N/A
- 3 Month Avg YoY %	135.3	111.0	73.0	111.4	151.1	123.3	110.7	#N/A
Commencements: 12mth Total	4,343	4,273	4,708	5,270	#N/A	#N/A	#N/A	#N/A
- 3 Month Avg YoY %	14.6	2.8	32.6	95.0	#N/A	#N/A	#N/A	#N/A
Completions: Month	825	918	876	676	611	803	#N/A	#N/A
- 12 Mth Total	8,180	8,251	8,301	8,466	8,473	8,700	#N/A	#N/A

HOUSING MARKET ACTIVITY								
IBF Mortgage Approvals : Month	1,744	1,716	1,457	1,259	1,476	1,622	#N/A	#N/A
- 3 Month Avg YoY %	12.2	3.1	2.9	11.4	36.2	54.6	#N/A	#N/A
- 12 Mth Total	17,097	16,924	17,058	17,549	18,038	18,597	#N/A	#N/A
RPPR Transactions : Month	2,915	2,666	2,406	1,896	2,242	2,523	2,518	#N/A
- 3 Month Avg YoY %	23.6	12.0	-12.9	-16.4	-4.8	37.6	41.5	#N/A
- 12 Mth Total	28,664	28,342	26,918	27,300	28,010	28,739	29,436	#N/A

Mortgage approvals show continued YoY growth, +55% in Q1. YoY comparison impacted by base effects from ending of interest relief at the end of 2012

Growth in transactions up strongly on a YoY basis

House prices up strongly in April. YoY growth is at its fastest pace (+8.5%) since June 2007. Recovery in prices led by Dublin, but rising elsewhere too

Rents show continuing recovery - now 20% off their lows

Some levelling off in house prices in Q1 and abating downward pressure on wages means affordability has been quite stable recently

HOUSING MARKET PRICES								
CSO (Mortgaged Transactions) - MoM	1.8	0.6	0.3	-0.7	0.1	-0.7	1.5	#N/A
- YoY %	6.1	5.6	6.4	6.3	8.1	7.8	8.5	#N/A
Daft Asking Prices: MoM %	0.8	-0.5	-0.4	3.0	-0.7	4.7	#N/A	#N/A
- YoY %	-1.0	0.9	0.6	2.2	2.0	6.3	#N/A	#N/A
RENTS: CSO Private Rents - MoM%	0.8	1.1	1.0	0.6	1.2	0.8	0.2	0.4
- YoY %	7.6	8.2	8.5	9.1	10.2	10.0	9.1	9.0
AFFORDABILITY: Couple on Avg Industrial Wage, 92% LTV, 30Yr Mortgage : Mortgage cost as % of Disposable Income								
	15.8	15.7	15.8	15.4	15.3	15.2	15.5	#N/A

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CONSUMER PRICES YoY %	0.1	0.3	0.2	0.2	-0.1	0.2	0.3	0.4	CPI inflation edges up slightly in May, but at just 0.4% it remains very subdued
- MoM %	-0.2	-0.2	0.0	-0.5	0.5	0.7	0.1	0.0	HICP inflation rate also at a very subdued 0.4% in May
HICP - YoY %	-0.1	0.3	0.4	0.3	0.1	0.3	0.4	0.4	
- MoM %	-0.2	-0.1	0.1	-0.6	0.7	0.6	0.0	0.0	
PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	76.2	71.0	79.8	84.6	85.5	83.1	87.2	79.4	Consumer confidence falls back in May. Election campaign may have prompted a re-assessment of current conditions
Credit Growth YoY %									Private sector credit growth remains in decline for all main aggregates
- Private Sector (Underlying)	-8.6	-8.5	-6.7	-6.7	-5.6	-6.6	-6.9	#N/A	
- of which : Household	-4.2	-4.3	-4.1	-4.1	-3.8	-3.8	-3.7	#N/A	
- of which : Mortgage Lending	-2.5	-2.8	-3.0	-3.0	-3.1	-3.1	-3.1	#N/A	
LABOUR MARKET									
Live Register	409,500	406,300	403,300	401,000	398,600	396,400	393,400	391,800	Another fall in the Live Register in May, further below 400k
- Change In Month	-3,800	-3,200	-3,000	-2,300	-2,400	-2,200	-3,000	-1,600	Unemployment rate stable in May at a 5 year low of 11.8%
Unemployment Rate %	12.4	12.2	12.1	12.1	12.0	12.0	11.8	11.8	Redundancies continue their marked decline in Q1
Redundancies	638	664	1,050	737	788	700	#N/A	#N/A	PMI employment components remain well up in expansionary territory in May—at 56.4, manufacturing component is at its best level since December 1999
-12 Mth Total	17,625	15,345	13,628	12,135	11,415	10,735	#N/A	#N/A	
PMI Employment Indices									
- Investec Manufacturing	55.7	54.3	52.8	53.9	54.9	54.6	54.5	56.4	
- Investec Services	56.2	56.4	57.6	57.3	59.4	58.5	60.0	56.6	
- Ulster Bank Construction	50.5	54.6	51.7	53.2	54.3	57.4	60.9	56.5	
MERCHANDISE TRADE									
Export Values - 3M / 3M %	3.6	-2.2	-1.3	-2.1	2.1	-2.9	#N/A	#N/A	Value of goods exports falls by 2.9% in Q1—down 0.5% YoY
- 3MMA YoY %	-7.2	-4.0	-0.2	1.9	6.3	-0.5	#N/A	#N/A	Value of imports declines by 3.5% in Q1—but up by 7% YoY
Import Values - 3M / 3M %	3.8	0.1	2.3	-0.9	-4.1	-3.5	#N/A	#N/A	
- 3MMA YoY %	0.3	2.2	8.8	8.5	6.9	7.0	#N/A	#N/A	
PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	3.1	4.2	3.2	-17.1	-0.1	4.7	5.6	5.6	Pick-up in tax receipts in 2014, while spending falls
Voted Spending : Cum YTD %	-3.8	-4.4	-4.2	3.8	-3.2	-6.1	-2.3	-2.7	Exchequer deficit continues to decline
Exchequer Bal: 12 Mth Total €m	-11,345	-10,499	-11,497	-13,343	-12,238	-10,118	-10,107	-9,671	

QUARTERLY DATA

	Q2-12	Q3-12	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	
GDP - YoY %	0.4	-0.5	-1.0	-1.7	-1.6	2.7	-0.7	#N/A	GDP impacted by Pharma cliff in 2013, falling by 0.3% — but GNP rose strongly (+3.4%)
- QoQ% seas. adj.	0.7	-1.9	0.8	-1.4	1.1	2.1	-2.3	#N/A	In 2013, Irish exports increased by 0.2%, but imports grew (+1%) more quickly, reversing the trend of recent years
Total Exports - Volume YoY %	1.3	0.4	1.3	-4.2	1.1	0.6	2.9	#N/A	
Total Imports - Volume YoY %	-3.0	2.0	1.4	-4.0	2.6	-1.2	6.3	#N/A	
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	Labour force up by 0.4% in Q1. Now 4 consecutive quarters of growth
Average Earnings YoY %									Earnings continue to fall in Q1, -0.4% on a weekly basis. Driven by YoY decline in public sector pay
- 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	
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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