

# Irish Economy Watch

AIB Treasury Economic Research Unit



13 March 2014

	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	
<b>MANUFACTURING</b>									
Manufacturing Output Index : seas adj	106.9	105.4	108.6	103.2	107.5	105.0	105.3	#N/A	Manufacturing edges up slightly at the start of 2014. Has been somewhat volatile recently
Mfg Output : 3 mma YoY %	-3.8	-3.7	-0.5	1.4	5.7	-0.7	-1.0	#N/A	
3mth / 3mth % seas. adj.	2.1	2.3	-2.5	-3.3	-2.4	-1.6	0.2	#N/A	
Investec Manufacturing PMI	51.0	52.0	52.7	54.9	52.4	53.5	52.8	52.9	Manufacturing PMI broadly unchanged at 52.9 in February
OECD Leading Indicator	101.2	101.3	101.3	101.3	101.2	101.1	#N/A	#N/A	
<b>SERVICES / RETAIL</b>									
Monthly Services Index (Value)	108.6	106.7	108.0	105.0	104.8	108.0	110.6	#N/A	CSO services index picks up further in Jan'. YoY growth rate increases to 3.6% from 0.9%
- YoY %	3.0	-0.3	3.7	-3.0	-3.3	0.9	3.6	#N/A	
- 3mth / 3mth % seas. adj.	1.0	0.0	-0.7	-1.8	-2.0	-1.7	1.2	#N/A	
Investec Services PMI	57.6	61.6	56.8	60.1	57.1	61.8	61.5	57.5	Services PMI falls in February to 57.5, but remains well up in expansionary territory. Q1 avg to date of 59.5 is broadly the same as Q4'13 avg
SIMI Car Registrations	11,620	3,696	3,159	1,692	702	212	22,900	12,717	
- 12 mth cum total	73,278	73,882	74,558	74,591	74,408	74,304	79,962	82,100	Car sales remain strong in February as a result of new year purchases. Sales for the first two months of 2014 are up 28% on 2013 levels
- 3 mma YoY %	4.1	22.5	84.8	18.2	10.5	-8.9	29.1	27.3	
Retail Sales Index	95.4	93.5	94.0	93.9	94.5	95.4	97.6	#N/A	
- YoY %	4.7	2.3	1.7	-1.1	2.3	3.5	8.9	#N/A	Core retail sales fall back in January, after end year surge. Up 2.7% on a YoY basis
- 3mth / 3mth % seas. adj.	1.5	2.4	4.1	1.8	1.3	0.3	2.2	#N/A	
Ex Autos Index	100.7	100.6	100.2	100.3	101.5	103.2	102.2	#N/A	The construction PMI falls for a 4th consecutive month in Feb, but at 56.2 it remains high. Expectations remain very strong
- YoY %	1.4	1.1	-0.2	-1.8	1.6	3.0	2.7	#N/A	
- 3mth / 3mth % seas. adj.	1.0	1.2	0.9	0.2	0.2	1.2	1.9	#N/A	
<b>CONSTRUCTION PMI: Ulster Bank</b>									
- Housing Activity	47.5	49.7	55.7	59.5	58.9	58.4	56.4	56.2	Housing registrations continue to pick up from very depressed levels
- Commercial Activity	50.7	53.8	59.5	61.7	60.4	63.2	59.8	57.5	
- New Orders	48.1	51.0	56.1	61.6	60.0	62.3	59.4	55.5	
- Business Expectations	52.6	52.9	57.7	58.6	62.1	61.8	57.4	58.1	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
Housing Registrations: 12Mth Total	957	1,041	1,207	1,168	1,242	1,326	1,353	#N/A	Strong increase in commencements in recent months—up 95% YoY in the 3mths to January
- 3 Month Avg YoY %	92.1	119.1	233.6	135.3	111.0	73.0	111.4	#N/A	
Commencements: 12mth Total	4,204	4,241	4,395	4,343	4,273	4,708	5,270	#N/A	Completions look to have bottomed out just above 8,000 per annum
- 3 Month Avg YoY %	8.4	17.4	44.4	14.6	2.8	32.6	95.0	#N/A	
Completions: Month	705	604	673	825	918	876	676	#N/A	
- 12 Mth Total	8,298	8,130	8,134	8,180	8,251	8,301	8,466	#N/A	
<b>HOUSING MARKET ACTIVITY</b>									
IBF Mortgage Approvals : Month	1,734	1,637	1,544	1,744	1,716	1,457	1,259	#N/A	Mortgage approvals show continued YoY growth
- 3 Month Avg YoY %	11.0	12.9	13.4	12.2	3.1	2.9	11.4	#N/A	
- 12 Mth Total	16,561	16,770	16,916	17,097	16,924	17,058	17,549	#N/A	Further fall in transactions in Feb'. Subdued growth in recent months reflects in part a base effect from ending of mortgage interest relief (MIR) in 2012
RPPR Transactions : Month	2,783	2,493	2,613	2,915	2,666	2,406	1,483	1,155	
- 3 Month Avg YoY %	16.5	16.5	23.8	23.6	12.0	-12.9	-21.3	-26.6	
- 12 Mth Total	27,134	27,464	28,099	28,664	28,342	26,918	26,887	26,510	House prices in January decline for first time in 10 months. YoY growth remains strong, +6.3%. Recovery in prices led by Dublin where they are 18% off their lows
HOUSING MARKET PRICES									
CSO (Mortgaged Transactions) - MoM	1.2	0.9	1.8	1.8	0.6	0.3	-0.7	#N/A	Rents show continuing recovery - now 18% off their lows
- YoY %	2.3	2.8	3.7	6.1	5.6	6.4	6.3	#N/A	
Daft Asking Prices: MoM %	-1.4	0.6	-0.3	0.8	-0.5	-0.4	#N/A	#N/A	Some levelling off in house prices and a pick-up in wages in Q4'13 means affordability quite stable recently
- YoY %	-1.7	-2.1	-0.5	-1.0	0.9	0.6	#N/A	#N/A	
RENTS: CSO Private Rents - MoM%	0.5	0.4	0.8	0.8	1.1	1.0	0.6	1.2	
- YoY %	7.2	7.6	7.5	7.6	8.2	8.5	9.1	10.2	
<b>AFFORDABILITY: Couple on Avg Industrial Wage, 92% LTV, 30Yr Mortgage : Mortgage cost as % of Disposable Income</b>									
	15.2	15.3	15.6	15.8	15.7	15.8	15.7	#N/A	

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<b>CONSUMER PRICES</b> YoY %	0.7	0.2	0.2	0.1	0.3	0.2	0.2	-0.1
- MoM %	-0.1	0.1	-0.1	-0.2	-0.2	0.0	-0.5	0.5
HICP - YoY %	0.7	0.0	0.0	-0.1	0.3	0.4	0.3	0.1
- MoM %	-0.1	0.1	-0.1	-0.2	-0.1	0.1	-0.6	0.7

Inflation was negative (-0.1%) in February for the first time since July 2010, reinforcing the subdued inflationary climate

HICP inflation rate falls to just 0.1% in February

#### PERSONAL / FINANCIAL

KBC/ESRI Consumer Confidence	68.2	66.8	73.1	76.2	71.0	79.8	84.6	85.5
Credit Growth YoY %								
- Private Sector (Underlying)	-8.0	-7.9	-8.1	-8.6	-8.5	-6.7	-6.7	#N/A
- of which : Household	-4.4	-4.3	-4.2	-4.2	-4.3	-4.1	-4.1	#N/A
- of which : Mortgage Lending	-2.2	-2.3	-2.4	-2.5	-2.8	-3.0	-3.0	#N/A

Consumer confidence rises again in Feb to 85.5, its highest level since May 2007, as confidence in the economic outlook continues to build

Private sector credit growth remains in decline for all main aggregates

#### LABOUR MARKET

Live Register	419,100	415,600	413,400	409,500	406,200	403,100	400,800	398,300
- Change In Month	-2,900	-3,500	-2,200	-3,900	-3,300	-3,100	-2,300	-2,500
Unemployment Rate %	13.0	12.7	12.5	12.3	12.1	12.1	12.0	11.9
Redundancies	845	879	591	638	664	1,050	#N/A	#N/A
-12 Mth Total	22,558	21,311	19,743	17,625	15,345	13,628	#N/A	#N/A
PMI Employment Indices								
- Investec Manufacturing	52.8	51.6	52.8	55.7	54.3	52.8	53.9	54.9
- Investec Services	57.6	55.6	56.8	56.2	56.4	57.6	57.3	59.4
- Ulster Bank Construction	47.6	47.7	50.2	50.5	54.6	51.7	53.2	54.3

Further fall in Live Register in February—now below 400k

The unemployment rate fell again in February to 11.9% - lowest since April 2009

Redundancies fall almost 60% in 2013

Manufacturing, services and construction PMI employment components all rise in February—further into expansionary territory

#### MERCHANDISE TRADE

Export Values - 3M / 3M %	-0.9	1.2	3.2	3.4	-2.4	-1.0	#N/A	#N/A
- 3MMA YoY %	-5.8	-9.7	-7.5	-7.5	-4.2	-0.1	#N/A	#N/A
Import Values - 3M / 3M %	5.0	7.8	3.7	4.4	0.0	2.8	#N/A	#N/A
- 3MMA YoY %	0.2	2.2	0.3	-0.4	0.9	8.2	#N/A	#N/A

Goods exports down 1% in Q4 and by 5% in 2013 - continued decline reflects fall in pharma exports

Goods imports rise by 2.8% in Q4 2013 and by 1% in the year

#### PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	3.5	3.8	2.9	3.1	4.2	3.2	-17.1	-0.1
Voted Spending : Cum YTD %	-6.0	-5.4	-4.9	-3.8	-4.4	-4.2	3.8	-3.2
Exchequer Bal: 12 Mth Total €m	-10,931	-10,879	-10,899	-11,345	-10,499	-11,497	-13,343	-12,238

Tax receipts improve in February—delayed payments due to SEPA changeover still having some impact

Exchequer deficit falls in Feb

#### QUARTERLY DATA

	Q1-12	Q2-12	Q3-12	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13
<b>GDP</b> - YoY %	1.8	0.4	-0.5	-1.0	-1.7	-1.6	2.7	-0.7
- QoQ% seas. adj.	-0.5	0.7	-1.9	0.8	-1.4	1.1	2.1	-2.3
<b>Total Exports</b> - Volume YoY %	3.3	1.3	0.4	1.3	-4.2	1.1	0.6	2.9
<b>Total Imports</b> - Volume YoY %	-0.1	-3.0	2.0	1.4	-4.0	2.6	-1.2	6.3

GDP impacted by Pharma cliff in 2013, falling by 0.3% — but GNP rose strongly (+3.4%)

In 2013, Irish exports increased by 0.2%, but imports grew (+1%) more quickly, reversing the trend of recent years

#### EMPLOYMENT & EARNINGS

Employment YoY %	-0.9	-1.4	-0.2	0.1	1.1	1.8	3.2	3.3
Labour Force YoY %	-0.1	-0.9	-0.4	-0.8	-0.4	0.5	0.8	0.9
Average Earnings YoY %								
- Hourly	-0.3	0.3	1.0	-0.6	0.2	0.2	-2.0	-0.9
- Weekly	1.5	0.7	0.6	-0.8	-0.6	0.4	-2.1	-0.6
Weekly Earnings YoY %								
- Private Sector	2.2	0.4	1.2	0.1	0.0	1.1	-1.2	0.0
- Public Sector	2.6	2.6	1.0	0.3	-0.2	1.2	-1.3	-1.5

Employment up +3.3% YoY in Q4, its fastest rate of growth in over 6-years. Emp' now growing YoY for 5 consecutive quarters

Labour force up by 0.9% in Q4. Now 3 consecutive quarters of growth - first time since Q3 2008

Earnings fall in Q4, -0.6% on a weekly basis. Driven by decline in public sector pay by 1.5%



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