

Irish Economy Watch

AIB Treasury Economic Research Unit



12 March 2015

	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	
MANUFACTURING									
Manufacturing Output Index : seas adj	114.9	114.8	117.2	126.8	130.8	115.1	115.0	#N/A	Manufacturing stable in January, but data remain distorted by outsourcing abroad
Mfg Output : 3 mma YoY %	18.4	15.0	21.0	27.0	30.3	28.2	19.3	#N/A	
3mth / 3mth % seas. adj.	-2.8	-10.7	-3.3	4.7	13.4	7.4	0.6	#N/A	
Investec Manufacturing PMI	55.4	57.3	55.7	56.6	56.2	56.9	55.1	57.5	Manufacturing PMI rises to 57.5 in February—best level since end 1999
OECD Leading Indicator	100.9	100.9	100.9	100.9	100.9	101.0	101.1	#N/A	
SERVICES / RETAIL									
Monthly Services Index (Value)	113.2	112.1	113.3	113.1	112.2	115.7	123.4	#N/A	Services index picks up strongly in January—YoY growth jumps to 12.6%, an all-time high
- YoY %	5.8	5.0	5.1	7.8	6.0	4.9	12.6	#N/A	
- 3mth / 3mth % seas. adj.	1.5	1.6	1.5	1.2	0.5	0.7	3.8	#N/A	
Investec Services PMI	61.3	62.4	62.5	61.5	61.6	62.6	62.5	61.4	Services PMI falls in February but avg for Jan/Feb (62.0) in line with Q4 avg (61.9)—indicates sector maintained healthy pace of growth at the start of the year
SIMI Car Registrations	18,723	4,866	3,912	2,039	782	350	29,888	15,807	
- 12 mth cum total	93,861	95,031	95,780	96,128	96,206	96,344	103,338	106,434	
- 3 mma YoY %	38.7	48.8	48.8	26.6	21.2	21.7	30.3	28.6	Car sales remain strong in February—up 28% year-to-date
Retail Sales Index	102.9	99.5	99.8	99.5	100.4	101.1	104.4	#N/A	
- YoY %	8.9	6.3	5.8	5.2	5.2	5.6	8.9	#N/A	
- 3mth / 3mth % seas. adj.	1.9	2.3	4.9	1.3	0.8	-0.4	2.4	#N/A	Growth in core retail sales remains at a very encouraging level. Pace of 3mth/3mth growth at a strong +2.3% in January
Ex Autos Index	104.0	104.2	103.9	105.1	105.5	107.5	107.4	#N/A	
- YoY %	3.2	3.4	3.1	4.5	3.9	4.8	4.8	#N/A	
- 3mth / 3mth % seas. adj.	1.2	1.2	0.5	0.6	0.7	1.9	2.3	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	62.6	61.4	61.5	64.9	63.5	63.1	57.1	52.0	Construction PMI falls sharply in Jan/Feb, may in part reflect some uncertainty over new mortgage lending rules
- Commercial Activity	65.4	63.7	68.4	66.4	62.9	61.4	54.4	50.1	
- New Orders	64.6	63.2	62.7	66.8	65.0	63.3	61.7	54.6	
- Business Expectations	64.8	60.6	63.5	67.8	66.0	61.8	55.1	52.0	
	77.2	80.5	79.8	79.5	85.3	80.0	81.4	74.3	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	1,839	1,879	1,961	2,205	2,368	2,574	2,683	#N/A	Housing registrations continue to record strong YoY growth, though it is from a very subdued level
- 3 Month Avg YoY %	51.2	89.0	62.8	99.7	128.0	217.4	136.2	#N/A	
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	<i>Housing commencements data delayed since February 2014</i>
Completions: Month	992	782	1,183	1,007	1,031	1,189	#N/A	#N/A	
- 12 Mth Total	9,720	9,898	10,408	10,590	10,703	11,016	#N/A	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	2,633	2,222	2,281	2,619	2,712	2,360	1,817	#N/A	Mortgage approvals and transactions slow after Q4 rush ahead of new lending rules
- 3 Month Avg YoY %	46.5	45.6	45.2	44.6	52.1	56.4	55.3	#N/A	
- 12 Mth Total	21,404	21,989	22,726	23,601	24,597	25,500	26,055	#N/A	
RPPR Transactions : Month	4,265	3,383	3,723	4,686	3,685	7,189	3,063	#N/A	CSO house prices fall in January possibly on uncertainty over new mortgage rules, but they remain well up on a YoY basis
- 3 Month Avg YoY %	48.0	46.6	42.6	44.4	41.1	45.2	44.5	#N/A	
- 12 Mth Total	36,013	36,882	37,946	39,640	40,406	42,790	43,934	#N/A	
HOUSING MARKET PRICES									
CSO (Mortgaged Transactions) - MoM	2.0	2.3	1.8	2.9	0.5	0.4	-1.4	#N/A	Private rents rise further in February (+0.9%) - now just 5% off their peak from February 2008
- YoY %	13.4	14.9	15.0	16.3	16.2	16.3	15.5	#N/A	
Daft Asking Prices: MoM %	1.9	1.1	1.5	-2.2	-0.5	0.8	#N/A	#N/A	
- YoY %	13.3	13.8	15.8	12.3	12.3	13.7	#N/A	#N/A	Moderation in house prices and rising wages have benefited affordability
RENTS: CSO Private Rents - MoM%	0.0	0.9	1.4	0.5	0.6	0.7	1.4	0.9	
- YoY %	8.2	8.7	9.3	8.9	8.4	8.0	8.8	8.5	
AFFORDABILITY: Couple on Avg Industrial Wage, 92% LTV, 30Yr Mortgage : Mortgage cost as % of Disposable Income									
	16.9	17.4	17.6	17.9	17.4	17.4	16.9	#N/A	

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CONSUMER PRICES YoY %	0.3	0.4	0.3	0.2	0.1	-0.3	-0.6	-0.5
- MoM %	-0.2	0.2	-0.2	-0.3	-0.3	-0.4	-0.8	0.6
HICP - YoY %	0.5	0.6	0.5	0.4	0.2	-0.3	-0.4	-0.4
- MoM %	-0.1	0.3	-0.3	-0.3	-0.3	-0.4	-0.7	0.7

Pace of decline in CPI inflation slows slightly in February to 0.5%

HICP inflation unchanged at a very subdued -0.4% in February

PERSONAL / FINANCIAL

KBC/ESRI Consumer Confidence	89.4	87.1	92.8	85.5	85.3	90.5	101.1	#N/A
Credit Growth YoY %								
- Private Sector (Underlying)	-7.0	-7.8	-7.8	-7.8	-7.2	-10.8	-10.9	#N/A
- of which : Household	-3.9	-3.7	-3.7	-3.8	-3.8	-3.7	-3.2	#N/A
- of which : Mortgage Lending	-3.1	-3.1	-3.0	-3.0	-2.9	-2.7	-2.3	#N/A

Consumer confidence jumps sharply in January to a 9 year high as consumers more upbeat about their personal finances/ falling oil prices

Sharp fall in financial sector borrowings increases pace of decline in private sector credit

LABOUR MARKET

Live Register	382,900	379,700	375,000	371,300	367,200	363,700	359,900	355,600
- Change In Month	-3,400	-3,200	-4,700	-3,700	-4,100	-3,500	-3,800	-4,300
Unemployment Rate %	11.2	11.1	10.9	10.7	10.4	10.4	10.3	10.1
Redundancies	560	655	482	544	428	385	#N/A	#N/A
-12 Mth Total	8,211	7,987	7,878	7,784	7,548	6,883	#N/A	#N/A
PMI Employment Indices								
- Investec Manufacturing	53.9	55.2	55.7	56.4	56.4	57.0	54.8	57.8
- Investec Services	58.8	59.6	59.2	59.3	60.7	61.8	60.1	60.5
- Ulster Bank Construction	58.5	55.3	59.4	62.2	60.7	60.3	59.1	53.6

Live Register falls in Feb to its lowest level in over six years. Unemployment falls to 10.1%, lowest since January 2009

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

PMI employment components suggest pace of job growth has remained solid in Q1—suggests further falls in unemployment rate in the coming months

MERCHANDISE TRADE

Export Values - 3M / 3M %	5.8	2.9	-0.6	4.8	0.0	4.8	#N/A	#N/A
- 3MMA YoY %	2.0	0.9	1.3	6.1	2.7	5.5	#N/A	#N/A
Import Values - 3M / 3M %	9.6	3.0	4.1	-0.3	1.8	1.2	#N/A	#N/A
- 3MMA YoY %	10.3	6.8	8.1	7.2	7.0	5.4	#N/A	#N/A

Trade data remain very volatile. Value of exports rose by 4.8% in Q4—up 5.5% YoY

Value of imports also up in Q4, but by a more modest 1.2% - +5.4% YoY

PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	6.4	8.7	7.4	9.3	8.5	9.2	33.8	15.9
Voted Spending : Cum YTD %	7.5	-1.7	-2.0	-1.4	-2.5	-2.0	-5.0	-2.4
Exchequer Bal: 12 Mth Total €m	-11,511	-10,495	-10,316	-9,481	-8,680	-8,183	-6,261	-5,931

Tax receipts strong so far in 2015, up 16% YoY

Marked decline in budget deficit in opening 2 months of 2015

QUARTERLY DATA

	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
GDP - YoY %	0.3	-0.2	1.8	-1.2	3.8	7.2	3.6	4.1
- QoQ% seas. adj.	-3.7	0.1	2.2	0.3	2.3	1.2	0.4	0.2
Total Exports - Volume YoY %	-2.3	1.5	1.5	3.8	7.3	13.0	16.0	13.9
Total Imports - Volume YoY %	-2.9	-0.4	1.4	4.4	5.9	11.9	15.6	18.8

Ireland records strongest GDP growth for 2014 (4.8%) in the EU as it continues to recover. GNP up by 5.2% in 2014

Quarterly trade data remain distorted by overseas contract manufacturing

EMPLOYMENT & EARNINGS

Employment YoY %	1.1	1.8	3.2	3.3	2.3	1.7	1.5	1.5
Labour Force YoY %	-0.4	0.5	0.8	0.9	0.4	-0.7	-0.4	-0.5
Average Earnings YoY %								
- Hourly	0.2	0.2	-2.0	-0.7	-0.3	-2.2	-1.6	1.7
- Weekly	-0.6	0.4	-2.1	-0.4	0.0	-1.5	-1.0	2.3
Weekly Earnings YoY %								
- Private Sector	0.0	1.1	-1.2	0.3	1.1	-1.0	-0.6	3.0
- Public Sector	-0.2	1.2	-1.3	-1.5	-1.4	-1.1	-1.1	0.3

Pace of YoY growth in employment stable at a solid 1.5% in Q4—now growing for nine consecutive quarters

Labour force growth negative again YoY (0.5%) in Q4

Weakly earnings pick up in Q4 (+2.3%). Private sector up by 3% YoY, while public up by a modest 0.3%



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