## **Irish Economy Watch**

## **AIB Treasury Economic Research Unit**



## 12 March 2015

MANUFACTURING	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Manufacturing stable in January, but data remain
MANUFACTURING									distorted by outsourcing abroad
Manufacturing Output Index : seas adj	114.9	114.8	117.2	126.8	130.8	115.1	115.0	#N/A	Manufacturing PMI rises to 57.5
Mfg Output: 3 mma YoY % 3mth / 3mth % seas. adj.	18.4 -2.8	15.0	21.0	27.0	30.3	28.2 7.4	19.3	#N/A #N/A	in February—best level since
3mtn / 3mtn % seas. adj.	-2.8	-10.7	-3.3	4.7	13.4	7.4	0.6	#N/A	end 1999
Investec Manufacturing PMI	55.4	57.3	55.7	56.6	56.2	56.9	55.1	57.5	OECD indicator stuck near a
OECD Leading Indicator	100.9	100.9	100.9	100.9	100.9	101.0	101.1	#N/A	solid 101 level since June
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
- YoY %	5.8	5.0	5.1	7.8	6.0	4.9	12.6	#N/A	to 12.6%, an all-time high
- 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
invested dervices i wii	01.5	02.4	02.0	01.5	01.0	02.0	02.0	01.4	but avg for Jan/Feb (62.0) in line with Q4 avg (61.9)—indicates
SIMI Car Registrations	18,723	4,866	3,912	2,039	782	350	29,888	15,807	sector maintained healthy pace
- 12 mth cum total	93,861	95,031	95,780	96,128	96,206	96,344	103,338	106,434	of growth at the start of the year
- 3 mma YoY %	38.7	48.8	48.8	26.6	21.2	21.7	30.3	28.6	
Retail Sales Index	102.9	99.5	99.8	99.5	100.4	101.1	104.4	#N/A	Car sales remain strong in
- YoY %	8.9	6.3	5.8	5.2	5.2	5.6	8.9	#N/A	February—up 28% year-to-date
- 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
Ex Autos Index	104.0	104.2	103.9	105.1	105.5	107.5	107.4	#N/A	remains at a very encouraging level. Pace of 3mth/3mth growth
- YoY %	3.2	3.4	3.1	4.5	3.9	4.8	4.8	#N/A	at a strong +2.3% in January
- 3mth / 3mth % seas. adj.	1.2	1.2	0.5	0.6	0.7	1.9	2.3	#N/A	J. 100 100 100 100 100 100 100 100 100 10
CONSTRUCTION PMI: Ulster Bank	62.6	61.4	61.5	64.9	63.5	63.1	57.1	52.0	Construction PMI falls sharply in
- Housing Activity	65.4	63.7	68.4	66.4	62.9	61.4	54.4	50.1	Jan/Feb, may in part reflect
- Commercial Activity	64.6	63.2	62.7	66.8	65.0	63.3	61.7	54.6	some uncertainty over new mortgage lending rules
- New Orders	64.8	60.6	63.5	67.8	66.0	61.8	55.1	52.0	mortgage rending rules
- Business Expectations	77.2	80.5	79.8	79.5	85.3	80.0	81.4	74.3	Housing registrations continue to record strong YoY growth,
RESIDENTIAL CONSTRUCTION ACTIV	VITY								though it is from a very subdued
Housing Registrations: 12Mth Total	1,839	1,879	1,961	2,205	2,368	2,574	2,683	#N/A	level
- 3 Month Avg YoY %	51.2	89.0	62.8	99.7	128.0	217.4	136.2	#N/A	Housing commencements data
Commencements: 12mth Total	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	delayed since February 2014
- 3 Month Avg YoY %	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
5 Month 7 Vg 1 51 70	#1 <b>4</b> // C	m w//	#1 <b>4</b> // (	#1 <b>4</b> // C	#1 <b>4</b> // (	#1 <b>4</b> // C	#1 <b>4</b> // C	7714/71	Completions came in at 11k in
Completions: Month	992	782	1,183	1,007	1,031	1,189	#N/A	#N/A	2014—best performance since 2010, but still very low overall
- 12 Mth Total	9,720	9,898	10,408	10,590	10,703	11,016	#N/A	#N/A	2010, but still very low overall
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
- 3 Month Avg YoY %	46.5	45.6	45.2	44.6	52.1	56.4	55.3	#N/A	Mortgage approvals and transactions slow after Q4 rush
- 12 Mth Total	21,404	21,989	22,726	23,601	24,597	25,500	26,055	#N/A	ahead of new lending rules
									3
RPPR Transactions : Month	4,265	3,383	3,723	4,686	3,685	7,189	3,063	#N/A	CSO house prices fall in
- 3 Month Avg YoY %	48.0	46.6	42.6	44.4	41.1	45.2	44.5	#N/A	January possibly on uncertainty
- 12 Mth Total	36,013	36,882	37,946	39,640	40,406	42,790	43,934	#N/A	over new mortgage rules, but
HOUSING MARKET PRICES									they remain well up on a YoY basis
CSO (Mortgaged Transactions) - MoM	2.0	2.3	1.8	2.9	0.5	0.4	-1.4	#N/A	
- YoY %	13.4	14.9	15.0	16.3	16.2	16.3	15.5	#N/A	Private rents rise further in
									February (+0.9%) - now just 5%
Daft Asking Prices: MoM %	1.9	1.1	1.5	-2.2	-0.5	8.0	#N/A	#N/A	off their peak from February
- YoY %	13.3	13.8	15.8	12.3	12.3	13.7	#N/A	#N/A	2008
RENTS: CSO Private Rents - MoM%	0.0	0.9	1.4	0.5	0.6	0.7	1.4	0.9	Moderation in house prices and
- YoY %	8.2	8.7	9.3	8.9	8.4	8.0	8.8	8.5	rising wages have benefited
									affordability
AFFORDABILITY: Couple on Avg Indus	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	

COMBUMER PRICES YOY %   0.3   0.4   0.3   0.2   0.1   0.3   0.4   0.6   0.6		Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Pace of decline in CPI inflation
HiCP - Yor' %										slows slightly in February to 0.5%
Personal										HICP inflation unchanged at
Second   Financial										
Marchannest	PERSONAL / FINANCIAL									Consumer confidence jumps sharply in January to a 9 year
Private Sector (Underlying)		89.4	87.1	92.8	85.5	85.3	90.5	101.1	#N/A	high as consumers more upbeat about their personal finances/
Live Register   Section	- Private Sector (Underlying)									
Like Register   382,900 379,700 375,000 371,300   367,200   363,700   359,900   355,600   Like Register   382,900   32,400   3,200   4,700   3,700   4,100   3,500   3,800   4,300   4,300   Linemployment Rate %   111,2   111,1   10.9   10.7   10.4										borrowings increases pace of decline in private sector credit
Like Register	LABOUR MARKET									Live Register falls in Feb to its lowest level in over six years.
Redundancies   S60   655   482   544   428   385   #N/A   #N/A   #N/A   FIVA	•	,	,				•	,	,	Unemployment falls to 10.1%,
New	Unemployment Rate %	11.2	11.1	10.9	10.7	10.4	10.4	10.3	10.1	Redundancies continue their
Trace capts page and of job growth in remained solid in Orl — suggest page of job growth in remained solid in Orl — suggest further falls in unemployment solid in Orl — suggest further falls in unemployment solid in Orl — suggest further falls in unemployment solid in Orl — suggest further falls in unemployment solid in Orl — suggest further falls in unemployment solid in Orl — suggest further falls in unemployment solid in Orl — suggest further falls in unemployment solid in Orl — suggest further falls in unemployment solid in Orl — suggest further falls in unemployment solid in Orl — suggest further falls in University or Solid in Orl — suggest further falls in Orl — suggest further falls in Orl — suggest further falls in University or Solid in Orl — suggest further falls i										
- Investec Services		50.0	55.0		50.4	50.4	<b>57.</b> 0	54.0	57.0	PMI employment components suggest pace of job growth has
Marked decline in budget define opening 2 months of 2015	9									remained solid in Q1—suggests
Export Values - 3M / 3M %	- Ulster Bank Construction	58.5	55.3	59.4	62.2	60.7	60.3	59.1	53.6	
Expert Values - 3M/ 3M %	MERCHANDISE TRADE									Trade data remain very volatile.
PUBLIC FINANCES   Tax receipts: Cum YTD %   6.4   8.7   7.4   9.3   8.5   9.2   33.8   15.9   15.9   15.5   15.5   10.4   15.5	•									
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   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 EU as it continues to recover GNP up by 5.2% in 2014 Q4-14  Total Exports - Volume YoY % 2.3 1.5 1.5 3.8 7.3 13.0 16.0 13.9 15.6 18.8  EMPLOYMENT & EARNINGS  Employment YoY % -0.4 0.5 0.8 0.9 0.4 -0.7 -0.4 -0.5  EMPLOYMENT & EARNINGS  EMPLOYMENT & EARNINGS  EMPLOYMENT & EARNINGS  EMPLOYMENT & EARNINGS  Finance And A continues to recover a contract manufacturing  Pace of YoY growth in employment yoY % -0.4 0.5 0.8 0.9 0.4 -0.7 -0.4 -0.5  Hourly 0.2 0.2 -2.0 -0.7 -0.3 -2.2 -1.6 1.7  Weekly Earnings YoY % -Private Sector Up 0.0 1.1 -1.2 0.3 1.1 -1.0 -0.6 3.0  Tax receipts strong so far in 2015, up 16% YoY will public will also the following to a single and solid in 2015, up 16% YoY will public up by 3 and 15.9 and 12.9 and										Value of imports also up in Q4,
Total Tax Receipts: Cum YTD %  6.4  8.7  7.4  9.3  8.5  9.2  33.8  15.9  Marked decline in budget define in opening 2 months of 2015  Exchequer Bal: 12 Mth Total €m  -11,511  -10,495  -10,316  -9,481  -8,680  -8,183  -6,261  -5,931  Ireland records strongest GD growth for 2014 (4.8%) in the EU as it continues to recover and distorted by overseas contract manufacturing  EMPLOYMENT & EARNINGS  Employment YoY %  -0.4  -0.5  -0.4  -0.5  -0.6  -0.6  -0.0  -0.1  -0.0	•									but by a more modest 1.2% - +5.4% YoY
Total Tax Receipts: Cum YTD %	PUBLIC FINANCES									Tax receipts strong so far in
Composition										2013, up 1076 101
Comparison   Com	. 0									Marked decline in budget deficit in opening 2 months of 2015
Republic Composition   Pace of YoY growth in employment stable at a solic Labour Force YoY %   Private Sector   Pace of YoY while public up by 3.   Pace of YoY while public up by 3.   Pace of YoY while public up by 5.	Exchequer Bai: 12 Mth Total €m	-11,511	-10,495	-10,316	-9,481	-8,680	-8,183	-0,201	-5,931	, ,
Friedrich Godd   Continue   Con	QUARTERLY DATA	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	
- QoQ% seas. adj.  - 3.7  - 0.1  - 2.2  - 0.3  - 2.3  - 2.3  - 2.3  - 2.3  - 2.3  - 2.3  - 2.4  - 2.3  - 3.3  - 3.3  - 3.										growth for 2014 (4.8%) in the
Total Exports - Volume YoY %										EU as it continues to recover.  GNP up by 5.2% in 2014
Total Imports - Volume YoY %	,									Quarterly trade data remain
Employment YoY % 1.1 1.8 3.2 3.3 2.3 1.7 1.5 1.5 1.5% in Q4—now growing for nine consecutive quarters  Average Earnings YoY %  - Hourly 0.2 0.2 -2.0 -0.7 -0.3 -2.2 -1.6 1.7  - Weekly Earnings YoY %  - Private Sector 0.0 1.1 -1.2 0.3 1.1 -1.0 -0.6 3.0 3% YoY, while public up by a consecutive part of the private sector up by a consecutive part of the private sector up by a consecutive solic at a										distorted by overseas contract
Employment YoY % 1.1 1.8 3.2 3.3 2.3 1.7 1.5 1.5 1.5 in Q4—now growing for nine consecutive quarters  Average Earnings YoY % - Hourly 0.2 0.2 -2.0 -0.7 -0.3 -2.2 -1.6 1.7 - Weekly Earnings YoY % - Private Sector 0.0 1.1 -1.2 0.3 1.1 -1.0 -0.6 3.0 3% YoY, while public up by a consecutive part of the private sector up by a consecutive quarters.  Labour force growth negative again YoY (0.5%) in Q4 - 0.5	EMPLOYMENT & EARNINGS									Pace of YoY growth in employment stable at a solid
Average Earnings YoY %  - Hourly										1.5% in Q4—now growing for
- Weekly       -0.6       0.4       -2.1       -0.4       0.0       -1.5       -1.0       2.3       Weakly earnings pick up in Q (+2.3%). Private sector up by 3 (+2.3%). Priv	-	2.2	2.2	2.2	o =	0.0	0.0	4.0		Labour force growth negative again YoY (0.5%) in Q4
- Private Sector 0.0 1.1 -1.2 0.3 1.1 -1.0 -0.6 3.0 3% YoY, while public up by a	•									Weakly earnings pick up in Q4
- Public Sector -0.2 1.2 -1.3 -1.5 -1.4 -1.1 -1.1 0.3 modest 0.3%		0.0	1.1	-1.2	0.3	1.1	-1.0	-0.6	3.0	(+2.3%). Private sector up by 3% YoY, while public up by a
										modest 0.3%



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