

Irish Economy Watch

AIB Treasury Economic Research Unit



10 March 2016

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	
MANUFACTURING									
Industrial Production (Ex-Modern)	133.5	125.2	124.7	124.0	125.0	116.8	123.1	#N/A	Production (ex-modern sector) recovers in January, following December's sharp decline. But, growth has continued to slow on a YoY basis—now 2.8%
Production (Ex-Modern) : 3mma YoY%	12.9	10.7	8.8	4.6	5.9	3.2	2.8	#N/A	
3mth / 3mth % seas. adj.	4.1	2.8	2.0	-2.6	-2.4	-4.6	-2.4	#N/A	
Investec Manufacturing PMI	56.7	53.6	53.8	53.6	53.3	54.2	54.3	52.9	Manufacturing PMI slows in February to 52.9, its lowest level in 2 years. Suggests weaker pace of growth
OECD Leading Indicator	102.4	102.1	101.7	101.1	100.6	100.0	#N/A	#N/A	
SERVICES / RETAIL									
Monthly Services Index (Value)	123.2	117.7	119.0	119.0	119.8	117.7	120.1	#N/A	Services index recovers in January, hitting a 6 month high. YoY growth in negative territory for first time since end 2013
- YoY %	9.9	4.3	4.9	5.6	7.3	1.0	-0.3	#N/A	
- 3mth / 3mth % seas. adj.	1.5	3.1	4.1	0.5	0.1	-0.9	0.5	#N/A	
Investec Services PMI	63.4	62.1	62.4	60.1	63.6	61.8	64.0	62.1	Services PMI falls back in Feb from Jan's 10yr high. At 62.1, it still points to very strong growth
SIMI Car Registrations	27,594	6,404	4,769	2,559	940	342	39,732	21,592	
- 12 mth cum total	121,873	123,413	124,272	124,795	124,953	124,945	134,869	140,683	Car sales up 35% YTD. Sales slower in February as initial surge from January number plate change starts to abate
- 3 mma YoY %	34.8	40.3	41.0	27.0	22.9	21.2	32.6	34.2	
Retail Sales Index	111.6	108.2	108.2	107.4	109.9	109.3	113.7	#N/A	Core retail sales remained strong in January, with YoY growth increasing to 6.4%. Underlying data show that improvement is broad based
- YoY %	10.2	8.7	8.2	6.9	9.4	6.4	10.3	#N/A	
- 3mth / 3mth % seas. adj.	0.0	0.3	5.0	2.1	1.8	-0.4	2.8	#N/A	
Ex Autos Index	110.7	111.4	111.8	111.2	114.3	113.1	113.9	#N/A	
- YoY %	6.4	6.9	7.7	5.4	8.9	5.2	6.4	#N/A	
- 3mth / 3mth % seas. adj.	1.2	1.1	1.2	1.4	1.7	1.4	2.1	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	59.1	56.5	55.8	56.3	55.5	58.6	63.6	#N/A	Construction PMI jumps in January. Housing activity at best level since October '14, while new orders component suggests stronger momentum
- Commercial Activity	57.3	54.4	55.6	57.4	55.2	58.3	65.9	#N/A	
- New Orders	60.5	56.9	56.4	55.7	56.0	59.7	62.4	#N/A	
- Business Expectations	58.2	58.3	58.7	58.3	60.9	60.4	62.5	#N/A	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	3,659	4,470	4,326	4,384	4,384	4,290	4,242	#N/A	Sluggishness in housing registration growth in H2'15 carries over into the new year
- 3 Month Avg YoY %	110.5	192.8	118.7	98.9	-9.9	-4.0	-17.1	#N/A	
Commencements: 12mth Total	6,459	6,851	7,411	7,673	8,074	8,098	8,425	#N/A	Commencements continue to improve on a 12mth cumulative basis. YoY comparison distorted by base effects from 2014
- 3 Month Avg YoY %	319.3	200.1	154.3	106.6	103.6	64.9	79.2	#N/A	
Completions: Month	1,120	949	1,220	1,138	1,262	1,352	920	#N/A	Housing completions continue to improve on 12mth cumulative basis, but remain weak overall
- 12 Mth Total	11,937	12,104	12,141	12,272	12,503	12,666	12,893	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	2,700	2,133	2,210	2,267	2,110	1,756	1,627	#N/A	YoY growth in mortgage approvals and housing transactions negative—may reflect impact from new Central Bank mortgage rules as well as limited sale stock
- 3 Month Avg YoY %	4.6	1.1	-1.3	-7.5	-13.5	-20.3	-20.3	#N/A	
- 12 Mth Total	27,811	27,722	27,651	27,236	26,634	26,030	25,840	#N/A	
RPPR Transactions : Month	4,596	3,547	4,162	4,399	4,010	5,389	#N/A	#N/A	YoY house price growth rises to 7.6% in Jan—still well below level from one year earlier (15.5%). Weaker price inflation largely reflects slowdown in Dublin growth—in part due to new Central Bank rules. Ex-Dublin prices reaccelerating
- 3 Month Avg YoY %	17.0	12.3	8.2	2.7	3.9	-11.3	#N/A	#N/A	
- 12 Mth Total	49,410	49,574	50,013	49,726	50,051	48,251	#N/A	#N/A	
HOUSING MARKET PRICES									
CSO (Mortgaged Transactions) - MoM	0.9	2.3	1.3	1.6	-0.5	0.5	-0.5	#N/A	Rents continue to rise strongly in February (+1.1%)—now 4.3% above previous peak
- YoY %	9.4	9.5	8.9	7.6	6.5	6.6	7.6	#N/A	
Daft Asking Prices: MoM %	1.8	0.1	0.9	-0.7	-0.9	0.3	#N/A	#N/A	Pick-up in earnings and lower mortgage interest means affordability has improved from already accommodative levels
- YoY %	9.5	8.3	7.6	9.1	8.6	7.8	#N/A	#N/A	
RENTS: CSO Private Rents - MoM%	1.0	0.9	1.2	0.5	0.4	0.3	1.2	1.1	
- YoY %	10.4	10.5	10.3	10.3	10.0	9.6	9.4	9.7	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30Yr Mortgage, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	16.8	17.3	17.3	17.0	16.7	16.8	16.5	#N/A	

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CONSUMER PRICES YoY %	-0.2	0.0	-0.3	-0.2	-0.2	0.1	0.1	-0.1
- MoM %	-0.3	0.4	-0.5	-0.2	-0.3	-0.1	-0.8	0.4
HICP - YoY %	0.2	0.2	0.0	0.0	-0.1	0.2	0.0	-0.2
- MoM %	-0.3	0.3	-0.5	-0.3	-0.4	-0.1	-0.9	0.4

CPI inflation turns negative again in Feb. Largely reflects increased drag from lower oil prices and slower growth in hotel accommodation prices

HICP inflation also turns negative in February, reflecting the same factors as CPI

PERSONAL / FINANCIAL								
KBC/ESRI Consumer Confidence	99.7	101.1	100.6	101.3	103.1	103.9	108.6	#N/A
Credit Growth YoY %								
- Private Sector (Underlying)	-10.2	-9.5	-10.0	-10.7	-11.7	-7.9	-7.3	#N/A
- of which : Household	-2.7	-2.7	-2.7	-2.5	-2.7	-2.8	-2.6	#N/A
- of which : Mortgage Lending	-2.6	-2.6	-2.5	-2.4	-2.6	-2.6	-2.5	#N/A

Consumer confidence at a 15 year high in January. Reflects a more positive view of personal finances

Pace of decline in private sector credit growth slowed in January, but little change in trend for households

LABOUR MARKET								
Live Register	342,800	340,600	336,900	332,200	330,000	328,200	323,700	321,000
- Change In Month	-2,200	-2,200	-3,700	-4,700	-2,200	-1,800	-4,500	-2,700
Unemployment Rate %	9.2	9.1	9.1	9.1	9.1	9.0	8.9	8.8
Redundancies	367	339	260	249	388	260	#N/A	#N/A
-12 Mth Total	5,340	5,024	4,802	4,507	4,467	4,342	#N/A	#N/A
PMI Employment Indices								
- Investec Manufacturing	56.3	54.0	54.4	53.5	53.4	52.0	52.1	54.0
- Investec Services	60.3	60.8	59.6	61.0	62.0	58.6	59.7	61.0
- Ulster Bank Construction	57.6	57.7	56.4	55.7	57.9	58.2	60.7	#N/A

Live Register records another healthy fall in February. The unemployment rate fell to 8.8%, its lowest level since end 2008

Redundancies continued to decline in 2015, totalling 4,342 versus 6,883 in 2014—a 37% reduction

PMI employment components improve again in February—suggests employment continuing robust pace of growth

MERCHANDISE TRADE								
Export Values - 3M / 3M %	2.2	-0.1	-4.3	0.6	1.7	7.9	#N/A	#N/A
- 3MMA YoY %	22.3	22.0	18.1	17.1	21.7	19.8	#N/A	#N/A
Import Values - 3M / 3M %	5.6	1.6	0.8	-2.8	-0.8	3.8	#N/A	#N/A
- 3MMA YoY %	12.6	12.1	7.2	6.5	6.6	8.5	#N/A	#N/A

Value of exports grew 7.9% in Q4, partly reflecting currency effects from a weaker euro

Value of imports grew by a more modest 3.8%, weighed down by falls in commodity prices, especially oil

PUBLIC FINANCES								
Total Tax Receipts: Cum YTD %	9.7	9.7	9.5	9.6	10.0	10.5	7.4	7.1
Voted Spending : Cum YTD %	-12.4	-0.5	-0.4	-0.7	-0.4	1.5	-7.2	-4.6
Exchequer Bal: 12 Mth Total €m	-3,651	-3,142	-2,326	-1,857	-2,081	-62	356	1,651

12mth cumulative Exchequer surplus increases to €1.65bn in February

Tax receipts remain strong, while spending falls YoY

QUARTERLY DATA

	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15
GDP - YoY %	4.1	7.0	3.6	6.0	7.7	7.1	7.2	9.2
- QoQ% seas. adj.	1.7	1.5	2.1	0.6	2.7	2.1	1.5	2.7
Total Exports - Volume YoY %	6.9	11.9	15.5	13.8	14.0	13.5	12.3	15.6
Total Imports - Volume YoY %	6.8	12.8	18.8	20.2	14.9	16.5	18.8	15.2

Irish GDP increased by a staggering 7.8% in 2015, while GNP rose by 5.7%.

GDP rose by 2.7% in Q4, driven by strong consumption and investment. Net exports slowed

Trade data distorted by contract manufacturing

EMPLOYMENT & EARNINGS								
Employment YoY %	2.3	1.7	1.5	1.5	2.2	3.0	2.9	2.3
Labour Force YoY %	0.4	-0.7	-0.4	-0.5	-0.2	0.6	0.6	0.8
Average Earnings YoY %								
- Hourly	-0.3	-2.2	-1.6	1.4	0.5	1.4	2.1	-0.5
- Weekly	0.0	-1.5	-1.0	1.9	1.0	1.9	3.2	1.4
Weekly Earnings YoY %								
- Private Sector	1.1	-1.0	-0.6	2.8	1.2	2.5	4.1	1.1
- Public Sector	-1.4	-1.1	-1.1	0.4	0.4	-0.1	0.3	2.2

YoY growth in employment slows to 2.3% in Q4. Underlying data show broad based gains in employment—construction sector particularly encouraging

While weekly earnings increase in Q4, pace of YoY growth slows, reflecting base effects. Public vs private growth trend reverses, with public sector pay now growing more quickly



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