Irish Economy Watch

AIB Treasury Economic Research Unit



15 March 2017

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	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Production (ex-modern) recorded a strong start to 2017,
MANUFACTURING									boosted by a strong increase in
Industrial Production (Ex-Modern)	120.6	121.0	126.8	119.9	123.2	122.8	127.1	#N/A	food & beverage output.
Production (Ex-Modern) : 3mma YoY% 3mth / 3mth % seas. adj.	-4.7 -0.3	-3.9 0.7	-3.0 0.9	-1.2 1.4	-0.4 1.6	0.3 -0.7	2.8 1.5	#N/A #N/A	Production up 2.8% YoY
Smary Smar / Seas. auj.	-0.5	0.7	0.9	1.4	1.0	-0.7	1.5	π in / A	Manufacturing PMI moved lower in February, while still
Investec Manufacturing PMI	50.2	51.7	51.3	52.1	53.7	55.7	55.5	53.8	pointing to a solid pace of
OECD Leading Indicator	99.1	99.2	99.3	99.6	99.9	100.4	101.0	#N/A	growth in the sector
SERVICES / RETAIL									Services index shows a strong
Monthly Services Index (Value)	125.1	124.8	125.2	125.8	127.3	125.4	128.4	#N/A	start to the New Year. Now
- YoY %	0.2	6.1	4.9	5.1	6.6	7.7	3.9	#N/A	+1.4% in 3mth/3mth terms
- 3mth / 3mth % seas. adj.	0.5	1.3	1.6	1.0	1.3	0.9	1.4	#N/A	Services PMI has remained at a
Investec Services PMI	59.5	59.7	56.2	54.6	56.0	59.1	61.0	60.6	very strong level above 60 in Feb. Suggests sector
SIMI Car Registrations	29,883	7,286	4,688	2,240	747	430	38,977	17,086	performing strongly in Q1
- 12 mth cum total	146,226	147,108	5	146,708	146,515	146,603	145,858	141,371	New car sales decline YoY in
- 3 mma YoY %	5.7	9.4	8.0	3.5	-7.2	-11.0	-2.1	-8.3	Jan/Feb. Big jump in second
Retail Sales Index	134.1	124.5	123.8	124.2	126.7	126.3	129.1	#N/A	hand imports from the UK offsetting this
- YoY %	9.3	5.0	4.2	4.4	6.0	4.6	4.9	#N/A	Core retail sales have remained
- 3mth / 3mth % seas. adj.	0.2	0.7	5.4	-0.2	0.3	-1.4	2.6	#N/A	strong, rising by 1.5% in Jan.
Ex Autos Index	114.6	115.5	116.4	116.9	119.0	117.4	119.2	#N/A	Underlying data show broad
- YoY %	4.1	4.3	4.3	4.4	5.9	3.5	6.1	#N/A	based strength. Sales now up 6.1% YoY
- 3mth / 3mth % seas. adj.	0.9	0.7	0.8	1.2	2.1	2.0	1.9	#N/A	0.1% 101
CONSTRUCTION PMI: Ulster Bank	61.0	58.4	58.7	62.3	59.8	58.9	55.7	57.9	Construction PMI slightly softer
- Housing Activity	61.3	63.1	59.5	63.5	63.9	60.6	59.1	63.3	in Jan/Feb, but still points to encouraging pace of growth
- Commercial Activity	66.2	63.9	61.3	64.5	62.8	61.0	56.5	58.9	0 0 1 0
- New Orders	60.2	60.8	61.4	65.9	59.5	62.6	58.1	59.6	Housing registrations have been solid recently, while remaining
- Business Expectations	74.7	81.6	78.1	80.5	76.0	80.3	79.2	73.9	at low levels
RESIDENTIAL CONSTRUCTION ACTIVIT	Y								Commencements totalled
Housing Registrations: 12Mth Total	5,105	4,675	4,864	5,075	5,359	5,626	5,859	#N/A	13,234 in 2016, a 50% rise versus
- 3 Month Avg YoY %	23.6	-17.4	-2.3	-2.1	87.1	88.7	114.1	#N/A	2015. Overall though, they remain at a muted level
Commencements: 12mth Total	9,646	9,906	9,965	11,053	11,667	13,234	#N/A	#N/A	Completions came in at 14,932
- 3 Month Avg YoY %	34.4	29.2	15.2	64.1	73.3	66.3	#N/A	#N/A	in 2016, a modest improvement
Completions: Month	1,110	1,415	1,340	1,290	1,579	1,556	#N/A	#N/A	on 2015's 12,666 rise. Still well
- 12 Mth Total	13,673	14,139	14,259	14,411	14,728	14,932	#N/A	#N/A	below market demand
HOUSING MARKET ACTIVITY									The pace of YoY growth in mortgage approvals continues
BPFI Mortgage Approvals : Month - 3 Month Avg YoY %	2,908 14.5	2,948 22.9	2,766 23.5	2,628 26.6	3,155 29.8	2,255 31.1	2,465 42.3	#N/A #N/A	to rise. Suggests impact of CB
- 12 Mth Total	26,638	27,474	28,030	28,391	29,436	29,935	30,730	#N/A	rules continuing to abate
RPPR Transactions : Month	4,390	4,034	4,405	4,456	4,228	4,490	2,892	#N/A	CSO house price growth
- 3 Month Avg YoY %	-2.4	0.2	4.0	5.8	3.3	-5.9	-4.8	#N/A	remains around 8% YoY. Price
- 12 Mth Total	47,404	47,949	48,170	48,184	48,367	47,346	47,599	#N/A	growth outside Dublin (11.3%) continues to exceed that in the
HOUSING MARKET PRICES									Capital (5.3%); partly due to CB
CSO (Stamp Duties) - MoM	2.4	1.4	1.5	0.5	1.1	-0.6	0.6	#N/A	mortgage rules
- YoY %	6.6	6.8	7.6	6.8	8.1	7.9	7.9	#N/A	CSO rent prices jump by 1.2% in
Daft Asking Prices: MoM %	0.9	0.9	0.6	-1.7	0.2	1.6	#N/A	#N/A	February after period of subdued rises. YoY growth in
- YoY %	7.1	8.1	7.7	6.7	7.9	9.3	#N/A	#N/A	rents edges up to 8.5%
RENTS: CSO Private Rents - MoM%	0.9	0.7	1.9	0.9	0.0	0.3	0.0	1.2	
- YoY %	9.1	8.9	9.7	10.0	9.7	9.6	8.3	8.5	Low mortgage rates and higher wages help to keep
AFFORDABILITY: Couple on Avg Industrial Wage. 90% LTV. 30 Years. AIB Mortgage Rate, Prices: CSO/Perm' TSB						affordability at very			
- Mortgage as % of Disposable Income	16.0	16.3	16.4	16.4	16.5	16.4	16.4	#N/A	accommodative levels

	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	CPI inflation rises further to
CONSUMER PRICES - YoY %	0.5	-0.1	0.0	-0.3	-0.1	0.0	0.3	0.5	0.5% in February—largely reflects transportation costs as
- MoM %	-0.2	-0.2	-0.4	-0.5	-0.1	0.0	-0.5	0.6	fuel prices pick up. Overall, inflation remains very subdued
HICP - YoY %	0.1	-0.4	-0.3	-0.4	-0.2	-0.2	0.2	0.3	
- MoM %	-0.3	-0.2	-0.4	-0.4	-0.1	-0.1	-0.5	0.5	Meantime, HICP inflation edged up to 0.3% in February
PERSONAL / FINANCIAL									Consumer confidence remains
KBC/ESRI Consumer Confidence Credit Growth YoY %	99.6	102.7	102.0	97.3	97.8	96.2	103.1	100.7	at a strong level in February. Underlying data show that consumers are cautiously
- Private Sector (Underlying)	-5.2	-5.5	-4.9	-3.8	-3.9	-3.8	-4.2	#N/A	optimistic
 of which : Household of which : Mortgage Lending 	-2.0 -2.1	-1.9 -2.0	-1.9 -1.9	-1.5 -1.7	-1.3 -1.6	-1.1 -1.3	-0.9 -1.2	#N/A #N/A	Pace of decline in private sector credit rises in Jan. Household
	2.1	2.0	1.9	1.7	1.0	1.5	1.2		credit decline now just -0.9%
LABOUR MARKET									Live Register continues to
Live Register - Change In Month	300,000 -5,100	298,500 -1,500	290,900 -7,600	287,900 -3,000	285,500 -2,400	282,300 -3,200	278,800 -3,500	276,000 -2,800	decline at a solid pace. The unemployment rate fell yet again in February to 6.6%, its
Unemployment Rate %	8.1	7.9	7.5	7.3	7.0	6.9	6.7	6.6	lowest level since July 2008
Redundancies -12 Mth Total	337 4,481	338 4,480	361 4,581	212 4,544	257 4,413	202 4,355	138 4,211	225 4,213	PMI employment indices have remained at very strong levels
PMI Employment Indices									in Q1 so far. They suggest that
- Investec Manufacturing - Investec Services	52.6 54.9	52.8 58.7	49.9 54.4	52.1 54.7	55.5 56.4	56.4 60.7	56.1 60.1	53.8 60.5	the labour market continued to improve at a strong pace.
- Ulster Bank Construction	58.5	59.7	54.7	60.2	61.5	61.5	63.3	62.9	Construction empl index has been particularly strong
MERCHANDISE TRADE									Value of goods exports declined
Export Values - 3M / 3M %	2.9	4.4	1.5	8.0	3.0	1.4	#N/A	#N/A	slightly YoY in Q4—lower value of goods sent to the UK,
- 3MMA YoY %	2.4	8.4	8.6	6.4	3.2	-0.8	#N/A	#N/A	reflecting the weaker sterling
Import Values - 3M / 3M % - 3MMA YoY %	9.4 5.4	2.7 4.4	0.6 3.2	-6.3 -2.9	-2.7 -3.0	-6.5 -11.8	#N/A #N/A	#N/A #N/A	The value of imports weighed down by weak sterling in Q4
PUBLIC FINANCES									Exchequer tax receipts
Total Tax Receipts: Cum YTD %	8.4	6.2	5.7	4.7	6.5	5.0	6.0	4.1	remained solid in February, up 4.1% versus first two months of
Voted Spending : Cum YTD %	5.9	1.2	2.0	1.3	2.7	2.6	4.7	6.9	2016. VAT receipts still
Exchequer Bal: 12 Mth Total €m	1,448	1,558	17	-307	1,116	-1,012	-740	-735	particularly buoyant
QUARTERLY DATA									Irish GDP rose by 5.2% in 2016.
	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	However, the data remain highly distorted by the activities
GDP - YoY %	28.1	24.3	24.4	28.4	3.9	3.3	6.2	7.2	of multi-nationals Consumer spending increased
*Core Domestic Expd - YoY% (3Q Avg	·	6.7	7.0	5.6	4.4	3.8	3.2	#N/A	by 3% in 2016. Construction recorded a strong increase of
Consumer Spending - YoY % Services Exports - YoY % (3Q Avg)	4.9 15.7	4.0 13.4	5.0 12.0	4.2 10.4	5.7 7.0	2.6 6.2	2.4 6.5	1.6 9.2	11.4%, while services exports
* Excludes Aircraft, R&D/Intangibles									rose by 7.8%
EMPLOYMENT & EARNINGS									Employment grows at a very strong 3.3% YoY in Q4.
Employment YoY % Labour Force YoY %	2.2	3.0 0.6	2.9	2.3 0.8	2.4 0.6	2.9 1.5	2.9 1.5	3.3 1.2	Underlying data show improvement in all job sectors.
LADOUL FOICE TOT %	-0.2	0.6	0.6	0.8	0.6	1.5	1.5	1.2	Labour force growth slower
Average Earnings YoY % - Hourly	-0.2	0.3	1.4	-0.7	0.9	0.4	0.2	1.1	YoY growth in weekly earnings
- Weekly	-0.2	0.8		-0.7	1.5	0.4	1.3	0.6	slowed to 0.6% in Q4, partly due to fewer hours worked.
Weekly Earnings YoY % - Private Sector	0.5	1.3	3.3	1.0	2.7	2.1	1.9	1.4	Data show that wage growth still unbalanced—some sectors
- Public Sector	0.4	-0.1		1.8	-0.5	-1.0	1.2	-0.7	rising, others flat or declining



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