

# Irish Economy Watch

AIB Treasury Economic Research Unit



15 March 2017

	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
<b>MANUFACTURING</b>								
Industrial Production (Ex-Modern)	120.6	121.0	126.8	119.9	123.2	122.8	127.1	#N/A
Production (Ex-Modern) : 3mma YoY%	-4.7	-3.9	-3.0	-1.2	-0.4	0.3	2.8	#N/A
3mth / 3mth % seas. adj.	-0.3	0.7	0.9	1.4	1.6	-0.7	1.5	#N/A
Investec Manufacturing PMI	50.2	51.7	51.3	52.1	53.7	55.7	55.5	53.8
OECD Leading Indicator	99.1	99.2	99.3	99.6	99.9	100.4	101.0	#N/A
<b>SERVICES / RETAIL</b>								
Monthly Services Index (Value)	125.1	124.8	125.2	125.8	127.3	125.4	128.4	#N/A
- YoY %	0.2	6.1	4.9	5.1	6.6	7.7	3.9	#N/A
- 3mth / 3mth % seas. adj.	0.5	1.3	1.6	1.0	1.3	0.9	1.4	#N/A
Investec Services PMI	59.5	59.7	56.2	54.6	56.0	59.1	61.0	60.6
SIMI Car Registrations	29,883	7,286	4,688	2,240	747	430	38,977	17,086
- 12 mth cum total	146,226	147,108	147,027	146,708	146,515	146,603	145,858	141,371
- 3 mma YoY %	5.7	9.4	8.0	3.5	-7.2	-11.0	-2.1	-8.3
Retail Sales Index	134.1	124.5	123.8	124.2	126.7	126.3	129.1	#N/A
- YoY %	9.3	5.0	4.2	4.4	6.0	4.6	4.9	#N/A
- 3mth / 3mth % seas. adj.	0.2	0.7	5.4	-0.2	0.3	-1.4	2.6	#N/A
Ex Autos Index	114.6	115.5	116.4	116.9	119.0	117.4	119.2	#N/A
- YoY %	4.1	4.3	4.3	4.4	5.9	3.5	6.1	#N/A
- 3mth / 3mth % seas. adj.	0.9	0.7	0.8	1.2	2.1	2.0	1.9	#N/A
<b>CONSTRUCTION PMI: Ulster Bank</b>								
- Housing Activity	61.0	58.4	58.7	62.3	59.8	58.9	55.7	57.9
- Commercial Activity	61.3	63.1	59.5	63.5	63.9	60.6	59.1	63.3
- New Orders	66.2	63.9	61.3	64.5	62.8	61.0	56.5	58.9
- Business Expectations	60.2	60.8	61.4	65.9	59.5	62.6	58.1	59.6
- 3mth / 3mth % seas. adj.	74.7	81.6	78.1	80.5	76.0	80.3	79.2	73.9
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>								
Housing Registrations: 12Mth Total	5,105	4,675	4,864	5,075	5,359	5,626	5,859	#N/A
- 3 Month Avg YoY %	23.6	-17.4	-2.3	-2.1	87.1	88.7	114.1	#N/A
Commencements: 12mth Total	9,646	9,906	9,965	11,053	11,667	13,234	#N/A	#N/A
- 3 Month Avg YoY %	34.4	29.2	15.2	64.1	73.3	66.3	#N/A	#N/A
Completions: Month	1,110	1,415	1,340	1,290	1,579	1,556	#N/A	#N/A
- 12 Mth Total	13,673	14,139	14,259	14,411	14,728	14,932	#N/A	#N/A
<b>HOUSING MARKET ACTIVITY</b>								
BPFI Mortgage Approvals : Month	2,908	2,948	2,766	2,628	3,155	2,255	2,465	#N/A
- 3 Month Avg YoY %	14.5	22.9	23.5	26.6	29.8	31.1	42.3	#N/A
- 12 Mth Total	26,638	27,474	28,030	28,391	29,436	29,935	30,730	#N/A
RPPR Transactions : Month	4,390	4,034	4,405	4,456	4,228	4,490	2,892	#N/A
- 3 Month Avg YoY %	-2.4	0.2	4.0	5.8	3.3	-5.9	-4.8	#N/A
- 12 Mth Total	47,404	47,949	48,170	48,184	48,367	47,346	47,599	#N/A
<b>HOUSING MARKET PRICES</b>								
CSO (Stamp Duties) - MoM	2.4	1.4	1.5	0.5	1.1	-0.6	0.6	#N/A
- YoY %	6.6	6.8	7.6	6.8	8.1	7.9	7.9	#N/A
Daft Asking Prices: MoM %	0.9	0.9	0.6	-1.7	0.2	1.6	#N/A	#N/A
- YoY %	7.1	8.1	7.7	6.7	7.9	9.3	#N/A	#N/A
<b>RENTS: CSO Private Rents - MoM%</b>								
- YoY %	0.9	0.7	1.9	0.9	0.0	0.3	0.0	1.2
- 3mth / 3mth % seas. adj.	9.1	8.9	9.7	10.0	9.7	9.6	8.3	8.5
<b>AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB</b>								
- Mortgage as % of Disposable Income	16.0	16.3	16.4	16.4	16.5	16.4	16.4	#N/A

Production (ex-modern) recorded a strong start to 2017, boosted by a strong increase in food & beverage output. Production up 2.8% YoY

Manufacturing PMI moved lower in February, while still pointing to a solid pace of growth in the sector

Services index shows a strong start to the New Year. Now +1.4% in 3mth/3mth terms

Services PMI has remained at a very strong level above 60 in Feb. Suggests sector performing strongly in Q1

New car sales decline YoY in Jan/Feb. Big jump in second hand imports from the UK offsetting this

Core retail sales have remained strong, rising by 1.5% in Jan. Underlying data show broad based strength. Sales now up 6.1% YoY

Construction PMI slightly softer in Jan/Feb, but still points to encouraging pace of growth

Housing registrations have been solid recently, while remaining at low levels

Commencements totalled 13,234 in 2016, a 50% rise versus 2015. Overall though, they remain at a muted level

Completions came in at 14,932 in 2016, a modest improvement on 2015's 12,666 rise. Still well below market demand

The pace of YoY growth in mortgage approvals continues to rise. Suggests impact of CB rules continuing to abate

CSO house price growth remains around 8% YoY. Price growth outside Dublin (11.3%) continues to exceed that in the Capital (5.3%); partly due to CB mortgage rules

CSO rent prices jump by 1.2% in February after period of subdued rises. YoY growth in rents edges up to 8.5%

Low mortgage rates and higher wages help to keep affordability at very accommodative levels

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



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