

# Irish Economy Watch

AIB Treasury Economic Research Unit



13 May 2015

	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	
<b>MANUFACTURING</b>									
Industrial Production (Ex-Modern)	115.3	120.1	116.7	119.0	119.5	122.4	119.1	#N/A	Industrial production (ex-modern sector) growth slows to 1.5% in Q1 versus 2.7% in Q4
Production (Ex-Modern) : 3mma YoY%	6.3	8.2	9.8	11.9	11.3	12.1	13.3	#N/A	
3mth / 3mth % seas. adj.	3.2	3.2	3.1	2.7	1.4	2.5	1.5	#N/A	
Investec Manufacturing PMI	55.7	56.6	56.2	56.9	55.1	57.5	56.8	55.8	Manufacturing PMI falls in April, though remains at a robust level overall
OECD Leading Indicator	100.7	100.7	100.8	101.0	101.3	101.7	#N/A	#N/A	
<b>SERVICES / RETAIL</b>									
Monthly Services Index (Value)	113.4	113.1	112.2	115.7	122.3	116.8	118.3	#N/A	Services index records very strong growth of 4.8% in Q1, well above Q4's +0.7% increase
- YoY %	5.1	7.8	6.0	4.9	11.6	7.7	8.3	#N/A	
- 3mth / 3mth % seas. adj.	1.5	1.2	0.6	0.7	3.5	4.8	4.8	#N/A	
Investec Services PMI	62.5	61.5	61.6	62.6	62.5	61.4	60.9	60.6	Services PMI falls for a fourth consecutive month in April, though at 60.6, it remains at a very strong level
SIMI Car Registrations	3,912	2,039	782	350	29,806	15,776	18,948	9,465	
- 12 mth cum total	95,780	96,128	96,206	96,344	103,256	106,321	110,972	112,614	Car sales very robust in 2015—up c.30% YTD
- 3 mma YoY %	48.8	26.6	21.2	21.7	30.0	28.2	29.3	26.9	
Retail Sales Index	99.7	99.5	100.4	101.3	104.5	104.4	105.9	#N/A	Core retail sales growth slows in Q1 to c.1% from c.2% in Q4, still strong by recent historical standards
- YoY %	5.8	5.2	5.1	5.7	8.2	9.3	9.2	#N/A	
- 3mth / 3mth % seas. adj.	4.9	1.4	0.8	-0.2	2.5	3.5	4.5	#N/A	
Ex Autos Index	103.9	105.1	105.4	107.4	107.1	107.6	106.6	#N/A	
- YoY %	3.1	4.5	3.8	4.7	4.6	5.1	4.7	#N/A	
- 3mth / 3mth % seas. adj.	0.5	0.6	0.7	1.9	2.1	2.4	1.1	#N/A	
<b>CONSTRUCTION PMI: Ulster Bank</b>									
- Housing Activity	61.5	64.9	63.5	63.1	57.1	52.0	52.9	57.2	Construction PMI rebounds in April, in part due to recovery in new orders sub-component
- Commercial Activity	68.4	66.4	62.9	61.4	54.4	50.1	50.9	55.8	
- New Orders	62.7	66.8	65.0	63.3	61.7	54.6	54.8	59.3	
- Business Expectations	63.5	67.8	66.0	61.8	55.1	52.0	54.8	59.3	
	79.8	79.5	85.3	80.0	81.4	74.3	81.9	78.1	Housing registrations continue to improve, although they remain at a low level overall
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
Housing Registrations: 12Mth Total	1,961	2,205	2,368	2,574	2,683	2,724	2,874	3,049	Commencements remain soft—data distorted by Feb'14 surge ahead of revised guidelines
- 3 Month Avg YoY %	62.8	99.7	128.0	217.4	136.2	78.8	61.3	64.3	
Commencements: 12mth Total	7,931	8,067	7,959	7,717	#N/A	#N/A	#N/A	#N/A	Monthly completions slow in January, though this likely reflects seasonal factors
- 3 Month Avg YoY %	-23.2	4.4	2.0	-16.8	#N/A	#N/A	#N/A	#N/A	
Completions: Month	1,183	1,007	1,031	1,189	693	#N/A	#N/A	#N/A	
- 12 Mth Total	10,408	10,590	10,703	11,016	11,033	#N/A	#N/A	#N/A	
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	2,281	2,619	2,712	2,360	1,817	2,093	2,228	#N/A	YoY growth in mortgage approvals (+40%) and transactions (+49%) very strong in Q1, though both remain at subdued in level terms
- 3 Month Avg YoY %	45.2	44.6	52.1	56.4	55.3	49.2	40.6	#N/A	
- 12 Mth Total	22,726	23,601	24,597	25,500	26,055	26,664	27,271	#N/A	
RPPR Transactions : Month	3,723	4,686	3,685	7,189	3,305	3,558	3,281	#N/A	CSO house prices pick up in March after declining at the start of the year. YoY growth rate increases to 16.8%
- 3 Month Avg YoY %	42.6	44.4	41.1	45.2	47.0	56.0	49.4	#N/A	
- 12 Mth Total	37,946	39,640	40,406	42,790	44,176	45,451	46,146	#N/A	
<b>HOUSING MARKET PRICES</b>									
CSO (Mortgaged Transactions) - MoM	1.8	2.9	0.5	0.4	-1.4	-0.4	0.9	#N/A	Private rents rise by 2.9% in Q1, highest quarterly growth since Q3 2007. Rents now just 4% of previous peak
- YoY %	15.0	16.3	16.2	16.3	15.5	14.9	16.8	#N/A	
Daft Asking Prices: MoM %	1.5	-2.2	-0.5	0.8	0.6	4.6	1.3	#N/A	Moderation in house prices and rising wages have been helpful to affordability recently
- YoY %	15.8	12.3	12.3	13.7	11.1	17.0	13.3	#N/A	
<b>RENTS:</b> CSO Private Rents - MoM%	1.4	0.5	0.6	0.7	1.4	0.9	0.6	#N/A	
- YoY %	9.3	8.9	8.4	8.0	8.8	8.5	8.3	#N/A	
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 92% LTV, 30Yr Mortgage : Mortgage cost as % of Disposable Income									
	17.6	17.9	17.4	17.4	16.9	16.9	17.0	#N/A	

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<b>CONSUMER PRICES</b> YoY %	0.3	0.2	0.1	-0.3	-0.6	-0.5	-0.6	#N/A
- MoM %	-0.2	-0.3	-0.3	-0.4	-0.8	0.6	0.6	#N/A
HICP - YoY %	0.5	0.4	0.2	-0.3	-0.4	-0.4	-0.3	#N/A
- MoM %	-0.3	-0.3	-0.3	-0.4	-0.7	0.7	0.6	#N/A

Pace of decline in CPI inflation accelerates slightly to -0.6% in March,

But, pace of decline in HICP inflation slows marginally to -0.3% as oil prices pick up

#### PERSONAL / FINANCIAL

KBC/ESRI Consumer Confidence	92.8	85.5	85.3	90.5	101.1	96.1	97.8	98.7
Credit Growth YoY %								
- Private Sector (Underlying)	-7.8	-7.8	-7.0	-10.6	-10.8	-11.1	-11.0	#N/A
- of which : Household	-3.7	-3.8	-3.5	-3.4	-3.2	-3.2	-3.2	#N/A
- of which : Mortgage Lending	-3.0	-3.0	-2.9	-2.7	-2.6	-2.6	-2.7	#N/A

Consumer confidence improves again in April—aided by more positive economic outlook and improved personal finances

Sharp fall in financial sector borrowings has increased pace of decline in private sector credit

#### LABOUR MARKET

Live Register	374,700	371,100	367,100	363,700	360,100	355,900	351,300	349,500
- Change In Month	-4,700	-3,600	-4,000	-3,400	-3,600	-4,200	-4,600	-1,800
Unemployment Rate %	10.9	10.7	10.4	10.4	10.3	10.2	10.0	10.0
Redundancies	482	544	428	385	421	325	439	#N/A
-12 Mth Total	7,878	7,784	7,548	6,883	6,567	6,104	5,843	#N/A
PMI Employment Indices								
- Investec Manufacturing	55.7	56.4	56.4	57.0	54.8	57.8	59.2	57.1
- Investec Services	59.2	59.3	60.7	61.8	60.1	60.5	59.3	57.6
- Ulster Bank Construction	59.4	62.2	60.7	60.3	59.1	53.6	52.7	56.4

Live Register continues to fall in April. The unemployment rate remains at an over 6 year low of 10%

Redundancies continue their marked decline in Q1

PMI employment components indicate pace of job growth remained solid at the start of Q2—suggests unemployment rate will fall further in the coming months

#### MERCHANDISE TRADE

Export Values - 3M / 3M %	-0.6	4.9	0.1	4.8	3.5	14.7	#N/A	#N/A
- 3MMA YoY %	1.4	6.3	2.9	5.6	8.8	16.2	#N/A	#N/A
Import Values - 3M / 3M %	4.5	0.3	2.5	1.3	-0.7	-2.0	#N/A	#N/A
- 3MMA YoY %	7.7	7.1	6.9	5.2	4.6	7.5	#N/A	#N/A

Trade data very volatile. Value of exports up by 16.2% YoY in 3 months to February

Imports data are also volatile. Value of imports also increases to 7.5% YoY in 3mths to Feb

#### PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	7.4	9.3	8.5	9.2	33.8	15.9	13.4	11.3
Voted Spending : Cum YTD %	-2.0	-1.4	-2.5	-2.0	-5.0	-2.4	-0.1	0.5
Exchequer Bal: 12 Mth Total €m	-10,316	-9,481	-8,680	-8,183	-6,261	-5,931	-5,095	-4,976

Annual growth in tax receipts remains strong YTD, +11.3%

Increased receipts have continued to drive a marked decline in the budget deficit

#### QUARTERLY DATA

	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
<b>GDP</b> - 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
<b>Total Exports</b> - Volume YoY %	-2.3	1.5	1.5	3.8	7.3	13.0	16.0	13.9
<b>Total Imports</b> - 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

Weekly 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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