

# Irish Economy Watch

AIB Treasury Economic Research Unit



09 May 2017

	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	
<b>MANUFACTURING</b>									
Industrial Production (Ex-Modern)	126.6	119.7	123.0	122.3	126.3	123.4	123.1	#N/A	Production (ex-modern) recorded a strong 2.1% increase in Q1 after falling 0.8% in Q4'16. Largely reflects improving food and beverage sector
Production (Ex-Modern) : 3mma YoY%	-3.1	-1.2	-0.4	0.2	2.6	3.1	2.8	#N/A	
3mth / 3mth % seas. adj.	0.8	1.2	1.4	-0.8	1.2	0.7	2.1	#N/A	
Investec Manufacturing PMI	51.3	52.1	53.7	55.7	55.5	53.8	53.6	55.0	Manufacturing PMI rose to 55 in April, above its Q1 avg (54.3) - suggest sector began Q2 on a firmer footing
OECD Leading Indicator	99.3	99.7	100.2	100.7	101.1	101.4	#N/A	#N/A	
<b>SERVICES / RETAIL</b>									
Monthly Services Index (Value)	125.2	125.8	127.7	124.7	130.7	128.8	128.5	#N/A	Services index continues to grow at a strong pace, rising by 2.6% in Q1, after 0.9% in Q4'16
- YoY %	4.9	5.1	6.6	7.5	6.1	2.9	4.3	#N/A	
- 3mth / 3mth % seas. adj.	1.5	1.0	1.4	0.9	2.0	1.5	2.6	#N/A	
Investec Services PMI	56.2	54.6	56.0	59.1	61.0	60.6	59.1	61.1	The services PMI rose to 61.1 in April, a 10-month high. This indicates that the sector maintained its strong momentum at the start of Q2
SIMI Car Registrations	4,688	2,240	749	430	38,970	17,081	19,893	7,852	
- 12 mth cum total	147,027	146,708	146,517	146,603	145,853	141,361	139,747	137,217	New car sales are down 10% in the year to April. However, total vehicle registrations (incl. second hand imports) are up 2%
- 3 mma YoY %	8.0	3.5	-7.1	-11.0	-2.1	-8.4	-8.3	-16.2	
Retail Sales Index	123.8	124.1	126.4	125.8	127.9	128.1	127.1	#N/A	Core retail sales continued to grow at a strong pace in Q1, rising by 1.6%. Underlying data show broad based growth
- YoY %	4.2	4.4	6.0	4.4	3.7	1.9	3.2	#N/A	
- 3mth / 3mth % seas. adj.	5.4	-0.2	0.2	-1.6	2.1	2.0	#N/A	#N/A	
Ex Autos Index	116.3	116.9	119.3	117.8	119.4	119.6	120.5	#N/A	Construction PMI softer in Q1 (58.1) vs Q4'16 (60.3), but back above 60 at end quarter
- YoY %	4.2	4.5	6.0	3.6	6.3	5.4	6.0	#N/A	
- 3mth / 3mth % seas. adj.	0.8	1.3	2.3	2.2	2.2	1.2	1.6	#N/A	
<b>CONSTRUCTION PMI: Ulster Bank</b>									
- Housing Activity	58.7	62.3	59.8	58.9	55.7	57.9	60.8	#N/A	Housing registrations rose by 75% YoY in Q1, while remaining at low levels overall
- Commercial Activity	59.5	63.5	63.9	60.6	59.1	63.3	61.3	#N/A	
- New Orders	61.3	64.5	62.8	61.0	56.5	58.9	63.5	#N/A	
- Business Expectations	61.4	65.9	59.5	62.6	58.1	59.6	59.3	#N/A	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
Housing Registrations: 12Mth Total	4,864	5,075	5,359	5,626	5,859	6,537	6,573	#N/A	Commencements improve over the winter, perhaps aided by the mild weather, but still remain at low levels
- 3 Month Avg YoY %	-2.3	-2.1	87.1	88.7	114.1	173.0	75.0	#N/A	
Commencements: 12mth Total	9,965	11,053	11,667	13,234	13,334	13,169	#N/A	#N/A	Completions continue to show steady improvement, but at c.15k on a 12mth cumulative basis, still far below demand
- 3 Month Avg YoY %	15.2	64.1	73.3	66.3	35.6	7.1	#N/A	#N/A	
Completions: Month	1,340	1,290	1,579	1,556	1,244	1,263	#N/A	#N/A	
- 12 Mth Total	14,259	14,411	14,728	14,932	15,256	15,327	#N/A	#N/A	
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	2,766	2,628	3,155	2,255	2,465	2,586	3,261	#N/A	Growth in mortgage approvals strong. Transactions, though, remain static as lack of supply remains an issue
- 3 Month Avg YoY %	23.5	26.6	29.8	31.1	42.3	41.8	61.4	#N/A	
- 12 Mth Total	28,030	28,391	29,436	29,935	30,730	31,590	33,098	#N/A	
RPPR Transactions : Month	4,411	4,468	4,280	4,556	3,022	3,506	3,968	#N/A	CSO house price growth strong in Jan/Feb, perhaps reflecting some impact from Govt's help-to-buy scheme. CB rules muting Dublin growth (currently 8.3%) which is being outpaced by rises elsewhere (13.2%)
- 3 Month Avg YoY %	4.1	6.1	3.9	-5.0	-2.8	-6.3	7.4	#N/A	
- 12 Mth Total	48,175	48,220	48,455	47,500	47,880	47,708	48,219	#N/A	
<b>HOUSING MARKET PRICES</b>									
CSO (Stamp Duties) - MoM	1.5	0.5	1.1	-0.7	0.9	1.5	#N/A	#N/A	CSO rent prices continue to rise in March. YoY growth up to 8.6%, though still below its recent highs
- YoY %	7.6	6.8	8.1	7.8	8.1	10.7	#N/A	#N/A	
Daft Asking Prices: MoM %	0.6	-1.7	0.2	1.6	2.4	1.1	0.1	#N/A	Low mortgage rates help to keep affordability at overall accommodative levels despite rising house prices
- YoY %	7.7	6.7	7.9	9.3	9.8	10.3	8.0	#N/A	
<b>RENTS: CSO Private Rents - MoM%</b>									
- YoY %	1.9	0.9	0.0	0.3	0.0	1.2	0.3	#N/A	
	9.7	10.0	9.7	9.6	8.3	8.5	8.6	#N/A	
<b>AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB</b>									
- Mortgage as % of Disposable Income	16.4	16.4	16.5	16.4	16.4	16.7	#N/A	#N/A	

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<b>CONSUMER PRICES - YoY %</b>	0.0	-0.3	-0.1	0.0	0.3	0.5	0.7	#N/A	CPI inflation rises to 0.7% in March—largely reflects very sharp 22% MoM increase in the volatile air fares component (likely Easter holiday impact)
- MoM %	-0.4	-0.5	-0.1	0.0	-0.5	0.6	0.6	#N/A	
HICP - YoY %	-0.3	-0.4	-0.2	-0.2	0.2	0.3	0.6	#N/A	Meantime, HICP inflation edged up to 0.6% in March
- MoM %	-0.4	-0.4	-0.1	-0.1	-0.5	0.5	0.6	#N/A	

<b>PERSONAL / FINANCIAL</b>									
KBC/ESRI Consumer Confidence	102.0	97.3	97.8	96.2	103.1	100.7	101.9	102.0	Consumer confidence avg 101.9 in Q1 after dipping slightly in Q4 (97.1). Stable at 102 in April
Credit Growth YoY %									
- Private Sector (Underlying)	-4.9	-3.8	-3.8	-3.8	-4.2	-4.7	-4.4	#N/A	Decline in private sector credit accelerated in Q1, but pace of contraction in household credit has continued to ease slightly—now at -2.2% YoY
- of which : Household	-3.1	-2.8	-2.7	-2.5	-2.4	-2.3	-2.2	#N/A	
- of which : Mortgage Lending	-3.3	-3.1	-3.1	-2.9	-2.9	-2.8	-2.7	#N/A	

<b>LABOUR MARKET</b>									
Live Register	291,100	288,200	285,700	282,300	278,500	275,300	271,200	266,600	Live Register continues to decline at a very solid pace. The unemployment rate fell yet again in March to 6.2%, its lowest level since June 2008
- Change In Month	-7,600	-2,900	-2,500	-3,400	-3,800	-3,200	-4,100	-4,600	
Unemployment Rate %	7.5	7.2	7.0	6.9	6.7	6.6	6.4	6.2	Both the services and manufacturing employment PMIs pointed to on-going strong jobs growth in April, coming in ahead of their Q1 averages. The construction index remained very strong in Q1
Redundancies	361	212	257	202	138	225	#N/A	#N/A	
-12 Mth Total	4,581	4,544	4,413	4,355	4,211	4,213	#N/A	#N/A	
PMI Employment Indices									
- Investec Manufacturing	49.9	52.1	55.5	56.4	56.1	53.8	53.9	56.2	
- Investec Services	54.4	54.7	56.4	60.7	60.1	60.5	58.7	58.1	
- Ulster Bank Construction	54.7	60.2	61.5	61.5	63.3	62.9	58.6	#N/A	

<b>MERCHANDISE TRADE</b>									
Export Values - 3M / 3M %	1.2	7.6	3.2	3.4	-0.5	1.1	#N/A	#N/A	YoY value of exports rise, aided by pick-up in pharmaceutical sector output
- 3MMA YoY %	8.7	6.4	3.6	1.2	6.0	7.8	#N/A	#N/A	
Import Values - 3M / 3M %	-1.6	-6.9	-1.1	-0.3	0.7	-5.3	#N/A	#N/A	Imports weighed down by weak sterling, but higher oil prices are boosting total
- 3MMA YoY %	3.8	-0.8	0.3	-5.5	0.2	-2.5	#N/A	#N/A	

<b>PUBLIC FINANCES</b>									
Total Tax Receipts: Cum YTD %	5.7	4.7	6.5	5.0	6.0	4.1	3.2	0.5	Exchequer tax receipts remain below profile YTD—partly due to weaker corporate tax receipts. Deficit boosted in April by timing factors
Voted Spending : Cum YTD %	2.0	1.3	2.7	2.6	4.7	6.9	5.7	4.0	
Exchequer Bal: 12 Mth Total €m	17	-307	1,116	-1,012	-740	-735	-745	-2,494	

<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. 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	Consumer spending increased by 3% in 2016. Construction recorded a strong increase of 11.4%, while services exports rose by 7.8%
Services Exports - YoY % (3Q Avg)	15.7	13.4	12.0	10.4	7.0	6.2	6.5	9.2	
* 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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