

Irish Economy Watch

AIB Treasury Economic Research Unit



10 October 2016

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
MANUFACTURING								
Industrial Production (Ex-Modern)	121.6	119.4	123.1	119.4	122.7	120.5	120.7	#N/A
Production (Ex-Modern) : 3mma YoY%	0.7	1.1	-0.2	-1.8	-1.8	-4.7	-4.1	#N/A
3mth / 3mth % seas. adj.	-2.6	0.3	0.4	0.2	0.5	-0.4	0.6	#N/A
Investec Manufacturing PMI	52.9	54.9	52.6	51.5	53.0	50.2	51.7	51.3
OECD Leading Indicator	100.2	99.9	99.6	99.5	99.5	99.6	#N/A	#N/A
SERVICES / RETAIL								
Monthly Services Index (Value)	124.3	123.1	122.2	123.2	123.9	124.3	125.6	#N/A
- YoY %	8.1	5.0	6.2	8.3	6.4	0.0	7.4	#N/A
- 3mth / 3mth % seas. adj.	1.9	4.1	2.4	0.9	-0.5	0.5	1.4	#N/A
Investec Services PMI	62.1	62.8	59.8	61.7	61.2	59.5	59.7	56.2
SIMI Car Registrations	21,574	21,531	10,383	6,501	1,624	29,888	7,288	4,692
- 12 mth cum total	140,655	143,253	144,185	143,767	143,943	146,237	147,121	147,044
- 3 mma YoY %	34.2	28.4	21.1	8.8	3.9	5.7	9.5	8.0
Retail Sales Index	114.4	111.8	112.8	113.6	105.4	119.9	114.3	#N/A
- YoY %	10.6	4.7	5.2	7.8	5.3	7.8	5.2	#N/A
- 3mth / 3mth % seas. adj.	3.5	4.0	1.8	0.2	-2.4	0.0	0.4	#N/A
Ex Autos Index	114.4	114.3	114.7	116.3	115.2	114.7	115.7	#N/A
- YoY %	6.7	6.1	3.2	6.3	5.0	3.2	4.1	#N/A
- 3mth / 3mth % seas. adj.	1.1	1.2	0.6	1.2	1.1	0.8	0.1	#N/A
CONSTRUCTION PMI: Ulster Bank								
- Housing Activity	68.8	62.3	56.4	55.9	59.7	61.0	58.4	58.7
- Commercial Activity	71.2	63.6	58.4	57.4	61.8	61.3	63.1	59.5
- New Orders	68.5	65.1	56.5	59.7	62.0	66.2	63.9	61.3
- Business Expectations	67.4	64.0	59.4	56.7	59.8	60.2	60.8	61.4
- 3mth / 3mth % seas. adj.	81.4	77.7	83.8	73.4	84.9	74.7	81.6	78.1
RESIDENTIAL CONSTRUCTION ACTIVITY								
Housing Registrations: 12Mth Total	4,257	4,764	4,831	4,973	4,898	5,105	4,675	#N/A
- 3 Month Avg YoY %	-15.7	60.1	63.0	66.2	11.6	23.6	-17.4	#N/A
Commencements: 12mth Total	8,859	8,816	8,780	9,206	9,553	9,646	9,906	#N/A
- 3 Month Avg YoY %	80.0	53.9	19.2	15.1	31.8	34.4	29.2	#N/A
Completions: Month	1,192	1,032	1,149	1,294	1,055	1,110	1,415	#N/A
- 12 Mth Total	13,249	13,181	13,384	13,687	13,683	13,673	14,139	#N/A
HOUSING MARKET ACTIVITY								
BPMI Mortgage Approvals : Month	1,726	1,753	2,601	2,616	2,909	2,908	#N/A	#N/A
- 3 Month Avg YoY %	-17.8	-16.1	-4.9	4.9	19.9	14.5	#N/A	#N/A
- 12 Mth Total	25,516	25,041	25,572	25,841	26,388	26,638	#N/A	#N/A
RPPR Transactions : Month	3,651	3,391	3,655	3,814	3,972	4,302	3,687	#N/A
- 3 Month Avg YoY %	-17.0	-9.1	-2.1	-0.9	-1.1	-3.4	-3.7	#N/A
- 12 Mth Total	47,834	47,598	47,592	47,750	47,469	47,161	47,291	#N/A
HOUSING MARKET PRICES								
CSO (Mortgaged Transactions) - MoM	-1.0	-0.1	0.4	0.5	1.0	2.5	#N/A	#N/A
- YoY %	5.4	5.5	5.8	5.4	4.9	6.7	#N/A	#N/A
Daft Asking Prices: MoM %	0.7	2.3	-0.6	0.8	1.4	0.9	0.9	0.6
- YoY %	4.5	5.5	5.3	5.5	8.1	7.1	8.1	7.7
RENTS: CSO Private Rents - MoM%								
- YoY %	1.1	0.2	1.0	0.5	0.5	0.9	0.7	#N/A
- 3mth / 3mth % seas. adj.	9.7	9.2	9.7	9.7	9.3	9.1	8.9	#N/A
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	15.4	15.5	15.7	15.9	16.1	16.0	#N/A	#N/A

Production (ex-modern sector) remains in decline on a YoY basis—largely reflects lower level of food production

Manufacturing PMI averaged 51.1 in Q3 following Brexit vote, compared to 52.4 in Q2. Suggests some moderation in growth in the quarter

Services index remains on an upward trajectory in August, indicating continued solid growth in the sector

Services PMI at its lowest rate in over 3 years in Sept. But, averaging 58.5 in Q3, it still points to strong growth

Car sales slow further in Sept, following July's new number plate related jump. Sales up by 8% YoY in Q3

Core retail sales have been relatively stable in recent months, though pace of YoY growth has slowed

Construction PMI held firm after Brexit vote. Indeed, it averaged 59.4 in Q3 vs 57.3 in Q2

Housing registrations negative YoY in August, due to unusually strong performance in Aug'15. Underlying trend still positive

Commencements have improved this year, up by c.30% YoY in recent months—but still at low levels overall

Housing completions on course for improved performance in 2016, up 19% in year to August

Mortgage approvals have shown a marked improvement in recent months—may suggest abating impact of CB mortgage lending rules. But, transactions remain negative YoY

New CSO house price index shows prices up 6.7% YoY in July. Price inflation is rising in both Dublin (+3.8%) and elsewhere (+11.3%)

CSO rents measure continued to rise strongly in August, up 8.9% YoY. They are now 8.4% above their previous peak

Lower mortgage rates and taxes mean affordability remains at favourable levels, despite slow wage growth

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CONSUMER PRICES YoY %	-0.1	-0.3	-0.1	0.0	0.4	0.5	-0.1	#N/A	CPI inflation back in negative territory in Aug—largely reflects a sharp fall in volatile 'airfares', as well as lower petrol, electricity and insurance costs
- MoM %	0.4	0.4	0.2	0.5	0.7	-0.2	-0.2	#N/A	
HICP - YoY %	-0.2	-0.6	-0.2	-0.2	0.1	0.1	-0.4	#N/A	
- MoM %	0.4	0.3	0.3	0.5	0.7	-0.3	-0.2	#N/A	HICP inflation also turns negative in August

PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	105.8	100.6	102.7	98.1	103.4	99.6	102.7	102.0	Consumer confidence remains near multi-year highs in September on more upbeat view of personal finances/ employment situation
Credit Growth YoY %									
- Private Sector (Underlying)	-7.8	-7.1	-6.5	-5.8	-5.1	-5.4	-5.7	#N/A	Pace of decline in private sector credit has reaccelerated somewhat in recent months
- of which : Household	-2.7	-2.6	-2.4	-2.4	-2.1	-1.9	-1.8	#N/A	
- of which : Mortgage Lending	-2.4	-2.4	-2.3	-2.3	-2.0	-1.9	-1.9	#N/A	

LABOUR MARKET									
Live Register	320,900	317,300	312,800	309,000	305,100	300,000	298,300	290,600	Live Register continues to decline at a very healthy pace. Unemployment rate fell to 7.9% in September, an eight-year low
- Change In Month	-2,900	-3,600	-4,500	-3,800	-3,900	-5,100	-1,700	-7,700	
Unemployment Rate %	8.4	8.3	8.3	8.3	8.4	8.3	8.2	7.9	Redundancies rise slightly in Q2—back above 4,500 on a 12mth cumulative basis
Redundancies	223	670	439	616	418	#N/A	#N/A	#N/A	
-12 Mth Total	4,101	4,332	4,371	4,568	4,511	#N/A	#N/A	#N/A	PMI employment components softer in September, with manufacturing index below 50. But, the indices still point to healthy growth in Q3 overall
PMI Employment Indices									
- Investec Manufacturing	54.0	54.8	52.0	51.8	53.5	52.6	52.8	49.9	
- Investec Services	61.0	59.7	59.4	60.1	57.2	54.9	58.7	54.4	
- Ulster Bank Construction	61.5	58.4	55.2	55.5	57.1	58.5	59.7	54.7	

MERCHANDISE TRADE									
Export Values - 3M / 3M %	-3.5	-10.9	-5.0	-0.4	6.4	3.1	#N/A	#N/A	Value of goods exports boosted this year by strong performance by electrical machinery
- 3MMA YoY %	5.2	4.4	3.1	2.6	2.9	1.6	#N/A	#N/A	
Import Values - 3M / 3M %	-11.8	-18.5	-8.2	1.5	8.4	7.5	#N/A	#N/A	Higher oil prices have boosted import values recently, though they are still negative YoY
- 3MMA YoY %	1.6	-2.4	-2.6	-1.8	-1.5	-2.2	#N/A	#N/A	

PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	7.1	6.4	9.1	9.0	9.2	8.4	6.2	5.7	Tax receipts have been weaker in recent months, though they remain ahead of target YTD
Voted Spending : Cum YTD %	-4.6	-0.7	-0.5	-0.5	1.8	5.9	1.2	2.0	
Exchequer Bal: 12 Mth Total €m	1,651	-1,429	1,202	-828	-912	1,448	1,558	17	Budget deficit of below 1% of GDP possible this year

QUARTERLY DATA									
	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16	Q2-16	
GDP - YoY %	3.6	11.1	28.1	24.3	24.4	28.4	3.9	4.1	Irish GDP was heavily distorted in 2015
*Core Domestic Expd - YoY% (3Q Avg)	4.4	4.4	6.4	6.7	7.0	5.6	4.3	3.3	
Consumer Spending - YoY %	1.3	2.5	4.9	4.0	5.0	4.2	5.1	1.8	Economy grew by 4% YoY in H1 2016. But still, there were signs of some slowdown in the underlying domestic economy during the period
Services Exports - YoY % (3Q Avg)	12.8	14.4	15.7	13.4	12.0	10.4	8.2	7.5	
* Excludes Aircraft, R&D/Intangibles									

EMPLOYMENT & EARNINGS									
Employment YoY %	1.5	1.5	2.2	3.0	2.9	2.3	2.4	2.9	YoY employment growth rises to 2.9% in Q2. Underlying data show broad based gains. YoY growth in the labour force jumps to 1.5% (partly due to return to net inward migration)
Labour Force YoY %	-0.4	-0.5	-0.2	0.6	0.6	0.8	0.6	1.5	
Average Earnings YoY %									YoY growth in earnings slowed in Q2. Underlying data show unbalanced growth, with wages falling in some sectors, while rising strongly in others
- Hourly	-1.6	1.4	0.5	0.3	2.1	-0.7	1.2	0.2	
- Weekly	-1.0	1.9	1.2	0.8	3.2	1.1	1.8	0.5	
Weekly Earnings YoY %									
- Private Sector	-0.6	2.8	1.2	1.3	4.1	0.9	3.3	1.5	
- Public Sector	-1.1	0.4	0.4	-0.1	0.3	1.9	-0.5	-1.2	



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