

Irish Economy Watch

AIB Treasury Economic Research Unit



12 September 2016

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16
MANUFACTURING								
Industrial Production (Ex-Modern)	122.7	121.7	119.5	123.2	119.8	122.6	121.0	#N/A
Production (Ex-Modern) : 3mma YoY%	2.7	0.7	1.2	-0.4	-1.9	-2.2	-5.2	#N/A
3mth / 3mth % seas. adj.	-2.4	-2.6	0.5	0.4	0.4	0.5	-0.3	#N/A
Investec Manufacturing PMI	54.3	52.9	54.9	52.6	51.5	53.0	50.2	51.7
OECD Leading Indicator	100.4	100.2	100.0	99.8	#N/A	#N/A	#N/A	#N/A
SERVICES / RETAIL								
Monthly Services Index (Value)	123.8	124.0	123.2	122.2	123.1	123.7	124.3	#N/A
- YoY %	0.9	8.0	5.0	6.2	8.3	6.4	0.2	#N/A
- 3mth / 3mth % seas. adj.	1.5	1.8	4.0	2.3	1.0	-0.5	0.5	#N/A
Investec Services PMI	64.0	62.1	62.8	59.8	61.7	61.2	59.5	59.7
SIMI Car Registrations	39,722	21,574	21,531	10,383	6,501	1,624	29,898	7,309
- 12 mth cum total	134,859	140,655	143,253	144,185	143,767	143,943	146,247	147,147
- 3 mma YoY %	32.5	34.2	28.4	21.1	8.8	3.9	5.7	9.5
Retail Sales Index	114.0	114.5	111.8	112.8	113.5	105.4	118.6	#N/A
- YoY %	10.8	10.7	4.7	5.2	7.8	5.3	6.3	#N/A
- 3mth / 3mth % seas. adj.	2.8	3.7	4.2	1.8	0.1	-2.5	-0.5	#N/A
Ex Autos Index	113.9	114.4	114.2	114.5	116.3	114.7	114.1	#N/A
- YoY %	6.5	6.7	6.0	3.2	6.3	4.8	2.7	#N/A
- 3mth / 3mth % seas. adj.	2.0	1.1	1.1	0.5	1.1	0.9	0.6	#N/A
CONSTRUCTION PMI: Ulster Bank								
- Housing Activity	63.6	68.8	62.3	56.4	55.9	59.7	61.0	58.4
- Commercial Activity	65.9	71.2	63.6	58.4	57.4	61.8	61.3	63.1
- New Orders	62.4	68.5	65.1	56.5	59.7	62.0	66.2	63.9
- Business Expectations	62.5	67.4	64.0	59.4	56.7	59.8	60.2	60.8
	79.6	81.4	77.7	83.8	73.4	84.9	74.7	81.6
RESIDENTIAL CONSTRUCTION ACTIVITY								
Housing Registrations: 12Mth Total	4,242	4,257	4,764	4,831	4,973	4,898	5,105	#N/A
- 3 Month Avg YoY %	-17.1	-15.7	60.1	63.0	66.2	11.6	23.6	#N/A
Commencements: 12mth Total	8,425	8,859	8,816	8,780	9,206	9,553	9,646	#N/A
- 3 Month Avg YoY %	79.2	80.0	53.9	19.2	15.1	31.8	34.4	#N/A
Completions: Month	920	1,192	1,032	1,149	1,294	1,055	1,110	#N/A
- 12 Mth Total	12,893	13,249	13,181	13,384	13,687	13,683	13,673	#N/A
HOUSING MARKET ACTIVITY								
BPFI Mortgage Approvals : Month	1,627	1,726	1,753	2,601	2,616	2,909	2,908	#N/A
- 3 Month Avg YoY %	-20.3	-17.8	-16.1	-4.9	4.9	19.9	14.5	#N/A
- 12 Mth Total	25,840	25,516	25,041	25,572	25,841	26,388	26,638	#N/A
RPPR Transactions : Month	2,616	3,651	3,376	3,641	3,799	3,962	4,023	#N/A
- 3 Month Avg YoY %	-14.5	-17.0	-9.4	-2.5	-1.2	-1.4	-5.9	#N/A
- 12 Mth Total	47,813	47,834	47,566	47,546	47,698	47,407	46,820	#N/A
HOUSING MARKET PRICES								
CSO (Mortgaged Transactions) - MoM	-0.5	0.0	0.4	0.4	0.2	-0.1	#N/A	#N/A
- YoY %	7.6	8.0	7.4	7.1	6.9	6.6	#N/A	#N/A
Daft Asking Prices: MoM %	1.9	0.7	2.3	-0.6	0.8	1.4	#N/A	#N/A
- YoY %	8.2	4.5	5.5	5.3	5.5	8.1	#N/A	#N/A
RENTS: CSO Private Rents - MoM%	1.2	1.1	0.2	1.0	0.5	0.5	0.9	0.7
- YoY %	9.4	9.7	9.2	9.7	9.7	9.3	9.1	8.9
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30Yr Mortgage, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	16.3	16.2	16.4	16.6	16.8	16.8	#N/A	#N/A

YoY decline in production (ex-modern) increased to 5.2% in July. Largely reflects lower level of food production

Manufacturing PMI shows some recovery in August following July's initial post-UK referendum related fall. But, still suggests weaker pace of growth overall

Services index remains on an upward trend in July; 3mth/3mth growth modest at 0.5%

Services PMI only modestly lower following UK vote. Averaging 59.6 in July/Aug, it points to strong growth in Q3

Car sales fall back in August, following July new number plate related jump. YoY growth rises to 9.5% in 3mth to August

May's increase aside, core retail sales index has been relatively stable in recent months. YoY growth slows further in July to 2.7%

Construction PMI moves lower in August, but remains at a strong level. Expectations still very strong

Housing registrations above 5k on a 12mth cumulative basis in July, first time since Aug'09. But, still very weak overall

Commencements have shown improvement so far this year. YoY comparison still distorted by 2014 policy change

Housing completions on course for improved performance in 2016, up 15% YoY YTD in July

Mortgage approvals have shown a marked improvement in recent months—may suggest some lessening impact of CB mortgage lending rules

YoY growth in CSO house prices slowed in Q2 to 6.6% from 7.4%. Price inflation in Dublin (4.5%) continues to lag behind the rest of the country (8.6%), in part due to the CB mortgage lending rules

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	-0.1	-0.3	-0.1	0.0	0.4	0.5	-0.1	CPI inflation falls back into negative territory in August—largely reflects a sharp fall in volatile 'airfares' prices, as well as lower petrol, electricity and insurance costs HICP inflation also turns negative in August
- MoM %	-0.8	0.4	0.4	0.2	0.5	0.7	-0.2	-0.2	
HICP - YoY %	0.0	-0.2	-0.6	-0.2	-0.2	0.1	0.1	-0.4	
- MoM %	-0.9	0.4	0.3	0.3	0.5	0.7	-0.3	-0.2	
PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	108.6	105.8	100.6	102.7	98.1	103.4	99.6	102.7	Consumer confidence rises in August, following July's Brexit related decline. Overall, the index remains near multi-year highs on more upbeat view of personal finances/employment Pace of decline in private sector credit has slowed somewhat
Credit Growth YoY %									
- Private Sector (Underlying)	-7.3	-7.8	-7.1	-6.5	-5.8	-5.2	-5.6	#N/A	
- of which : Household	-2.6	-2.7	-2.6	-2.4	-2.3	-2.1	-1.9	#N/A	
- of which : Mortgage Lending	-2.5	-2.4	-2.4	-2.3	-2.2	-2.0	-1.9	#N/A	
LABOUR MARKET									
Live Register	323,200	320,400	317,000	312,700	309,100	305,900	301,000	299,200	Live Register continues to decline at a healthy pace. Unemployment rate has held around 8.3% recently, mainly due to growth in the labour force
- Change In Month	-4,800	-2,800	-3,400	-4,300	-3,600	-3,200	-4,900	-1,800	
Unemployment Rate %	8.5	8.4	8.3	8.3	8.4	8.4	8.3	8.3	
Redundancies	282	223	670	439	616	418	#N/A	#N/A	Redundancies rise in Q2—back above 4,500 on a 12mth cumulative basis
-12 Mth Total	4,203	4,101	4,332	4,371	4,568	4,511	#N/A	#N/A	
PMI Employment Indices									Employment PMIs rise in August, pointing to further solid improvement in the labour market
- Investec Manufacturing	52.1	54.0	54.8	52.0	51.8	53.5	52.6	52.8	
- Investec Services	59.7	61.0	59.7	59.4	60.1	57.2	54.9	58.7	
- Ulster Bank Construction	60.7	61.5	58.4	55.2	55.5	57.1	58.5	59.7	
MERCHANDISE TRADE									
Export Values - 3M / 3M %	0.2	-3.6	-11.8	-6.9	-3.0	3.7	#N/A	#N/A	The firmer tone to the euro has weighed on the value of Irish exports (-0.8% YoY in Q2)
- 3MMA YoY %	14.5	5.1	3.3	1.0	-0.2	-0.8	#N/A	#N/A	
Import Values - 3M / 3M %	-2.4	-12.8	-22.0	-13.4	-4.2	2.6	#N/A	#N/A	Lower import prices, especially oil, have seen the value of imports decline too (-10.3% YoY in Q2)
- 3MMA YoY %	7.0	1.1	-6.4	-7.8	-7.9	-10.3	#N/A	#N/A	
PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	7.4	7.1	6.4	9.1	9.0	9.2	8.4	6.2	Tax receipts have been weaker in recent months, though they remain ahead of target YTD
Voted Spending : Cum YTD %	-7.2	-4.6	-0.7	-0.5	-0.5	1.8	5.9	1.2	
Exchequer Bal: 12 Mth Total €m	356	1,651	-1,429	1,202	-828	-912	1,448	1,558	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	24.3	28.4	2.3	#N/A	Irish GDP data were heavily distorted in 2015 by the impact of corporate restructuring, relocation & reclassification as well as aircraft leasing Domestic economy continues to perform strongly, consumer spending up 5% YoY in Q1. Strong growth in service exports
*Core Domestic Expd - YoY % (3Q Avg)	4.4	4.5	6.4	6.7	7.0	5.6	4.2	#N/A	
Consumer Spending - YoY %	1.5	2.7	4.9	4.1	4.9	4.2	5.0	#N/A	
Services Exports - YoY % (3Q Avg)	12.8	14.4	15.7	13.4	12.0	10.4	8.2	#N/A	
* 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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