

Irish Economy Watch

AIB Treasury Economic Research Unit



22 September 2017

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17		
MANUFACTURING										
Industrial Production (Ex-Modern)	126.2	123.0	124.8	119.8	121.6	120.2	122.1	#N/A	Production (ex-modern) 3mth/3mth growth rate remains negative at -1%, while YoY growth is flat	
Production (Ex-Modern) : 3mma YoY%	2.5	3.1	3.7	1.1	1.2	-1.4	0.2	#N/A		
3mth / 3mth % seas. adj.	1.1	0.6	2.4	-1.0	-1.5	-3.3	-1.0	#N/A		
Investec Manufacturing PMI	55.5	53.8	53.6	55.0	55.9	56.0	54.6	56.1	The manufacturing PMI rose to a 25 month high in August. This suggests the sector continues to expand at a solid pace	
OECD Leading Indicator	100.5	100.6	100.7	100.8	100.9	101.0	101.2	#N/A		
SERVICES / RETAIL										
Monthly Services Index (Value)	130.6	128.4	127.8	126.0	128.2	125.9	134.7	#N/A	Volatile services index jumps to +10% YoY in July	
- YoY %	5.9	3.7	3.2	1.7	3.3	0.9	10.0	#N/A		
- 3mth / 3mth % seas. adj.	1.8	1.4	2.4	-0.1	-0.4	-1.7	1.7	#N/A		
Investec Services PMI	61.0	60.6	59.1	61.1	59.5	57.6	58.3	58.4	The services PMI was little changed in Aug at 58.4, still pointing to strong growth	
SIMI Car Registrations	38,986	17,098	19,888	7,833	5,993	1,396	27,725	5,741		
- 12 mth cum total	145,869	141,394	139,753	137,204	136,698	136,470	134,312	132,767	New car sales are down 10% in the year to August. The decline is being offset by rise in imports of second hand cars, largely due to the sharp fall in sterling	
- 3 mma YoY %	-2.0	-8.3	-8.3	-16.2	-12.2	-17.7	-7.6	-10.1		
Retail Sales Index	127.8	126.8	126.3	125.5	127.7	122.2	136.8	#N/A		
- YoY %	3.6	1.5	3.3	1.3	3.8	4.4	2.1	#N/A	Core retail sales continue to grow very strongly, up 7% YoY. Underlying data show broad based improvement in sales	
- 3mth / 3mth % seas. adj.	2.1	1.6	1.0	-0.5	-0.3	-1.4	2.1	#N/A		
Ex Autos Index	119.2	119.7	121.1	121.1	122.8	122.7	122.5	#N/A		
- YoY %	6.2	5.5	6.2	6.4	7.3	7.0	7.0	#N/A		
- 3mth / 3mth % seas. adj.	2.2	1.1	1.6	1.5	2.3	1.8	1.7	#N/A		
CONSTRUCTION PMI: Ulster Bank										
- Housing Activity	55.7	57.9	60.8	61.3	63.6	58.2	56.6	55.1	Construction PMI has eased back somewhat in Q3, while remaining at a strong level	
- Commercial Activity	59.1	63.3	61.3	61.9	69.2	59.5	57.4	57.4		
- New Orders	56.5	58.9	63.5	59.6	65.3	60.8	56.1	55.7		
- Business Expectations	58.1	59.6	59.3	63.7	66.2	61.2	62.5	59.9		
- Housing Registrations	79.2	73.9	77.9	78.2	76.0	81.0	74.9	77.7	Housing registrations up over 100% YoY in July, but still very low in level terms	
RESIDENTIAL CONSTRUCTION ACTIVITY										
Housing Registrations: 12Mth Total	5,859	6,537	6,573	6,932	7,155	8,281	8,468	#N/A		
- 3 Month Avg YoY %	114.1	173.0	75.0	70.4	34.4	132.3	107.0	#N/A	12mth cumulative total of commencements remains on a solid upward trend (now above 15k), though still at low level	
Commencements: 12mth Total	13,334	13,169	14,192	14,979	15,579	#N/A	#N/A	#N/A		
- 3 Month Avg YoY %	35.6	7.1	33.0	56.2	81.8	#N/A	#N/A	#N/A		
Completions (ESB Connection): Month	1,244	1,263	1,389	1,413	1,686	#N/A	#N/A	#N/A	Steady improvement in level of completions, but at c.16k on a 12mth cumulative basis, still well below market demand	
- 12 Mth Total	15,256	15,327	15,684	15,948	16,340	#N/A	#N/A	#N/A		
HOUSING MARKET ACTIVITY										
BPFI Mortgage Approvals : Month	2,465	2,586	3,261	2,928	3,557	3,767	3,431	#N/A	Mortgage approvals growing strongly YoY. But, transactions growth remains more muted as lack of supply remains and issue	
- 3 Month Avg YoY %	42.3	41.8	61.4	44.3	39.8	26.2	27.5	#N/A		
- 12 Mth Total	30,730	31,590	33,098	33,425	34,366	35,224	35,747	#N/A		
RPPR Transactions : Month	3,038	3,545	4,245	3,660	4,135	4,576	4,699	#N/A	CSO house price growth accelerates further in July (now 12.3%). Reflects acceleration in Dublin price growth to 12.7%	
- 3 Month Avg YoY %	-2.7	-5.8	10.9	6.3	9.6	7.1	9.1	#N/A		
- 12 Mth Total	47,896	47,763	48,567	48,587	48,847	49,413	49,700	#N/A		
HOUSING MARKET PRICES										
CSO Price Index - MoM	0.7	0.2	0.4	0.3	1.5	1.5	3.0	#N/A	CSO rent prices continue to rise in July, now 16.3% above previous peak. Although, YoY growth remains off its recent highs, at 7.3%	
- YoY %	8.8	9.7	9.8	9.5	10.9	11.5	12.3	#N/A		
Daft Asking Prices: MoM %	2.4	1.1	0.1	3.8	0.7	-0.7	#N/A	#N/A		
- YoY %	9.8	10.3	8.0	12.7	12.6	10.3	#N/A	#N/A	Strong house price rises have diminished affordability recently, though it still remains at accommodative levels overall	
RENTS: CSO Private Rents - MoM%	0.0	1.2	0.3	0.5	0.1	0.8	0.4	0.8		
- YoY %	8.3	8.5	8.6	7.9	7.6	7.9	7.3	7.3		
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB										
- Mortgage as % of Disposable Income	16.3	16.3	16.5	16.7	17.2	17.4	17.9	#N/A		

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CONSUMER PRICES - YoY %	0.3	0.5	0.7	0.9	0.2	-0.4	-0.2	0.4	CPI inflation back in positive territory in August, however at 0.4% it remains very subdued. Increase in inflation in the month reflects higher electricity and fuel costs
- MoM %	-0.5	0.6	0.6	0.4	-0.2	0.1	0.0	0.4	
HICP - YoY %	0.2	0.3	0.6	0.7	0.0	-0.6	-0.2	0.4	
- MoM %	-0.5	0.5	0.6	0.4	-0.2	0.1	0.1	0.4	
PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	103.1	100.7	101.9	102.0	100.5	105.0	105.1	102.9	Consumer confidence edges back in August, but still at a very high level Private sector credit decline accelerating. Although, household credit contraction eases to -1.8% YoY
Credit Growth YoY %									
- Private Sector (Underlying)	-4.1	-4.6	-4.5	-5.7	-5.8	-6.0	-6.1	#N/A	
- of which : Household	-2.4	-2.3	-2.2	-2.1	-2.0	-1.9	-1.8	#N/A	
- of which : Mortgage Lending	-2.9	-2.8	-2.7	-2.6	-2.6	-2.5	-2.4	#N/A	
LABOUR MARKET									
Live Register	278,900	275,700	271,600	266,500	263,800	258,900	255,800	248,500	Live Register declined very strongly in August, while the unemployment rate edged back down to 6.1%
- Change In Month	-3,700	-3,200	-4,100	-5,100	-2,700	-4,900	-3,100	-7,300	
Unemployment Rate %	6.9	6.8	6.6	6.4	6.2	6.1	6.2	6.1	
Redundancies -12 Mth Total	138	225	266	231	374	230	#N/A	#N/A	
PMI Employment Indices									The services and construction PMI employment sub-components point to a further improvement in the pace of jobs growth in Q3. However, the manufacturing sub-index is lower, averaging 53.4 in July/Aug versus 56.2 in Q2
- Investec Manufacturing	56.1	53.8	53.9	56.2	57.5	54.9	53.4	53.3	
- Investec Services	60.1	60.5	58.7	58.1	55.8	58.6	59.4	58.5	
- Ulster Bank Construction	63.3	62.9	58.6	61.0	60.8	59.7	60.7	60.9	
MERCHANDISE TRADE									
Export Values - 3M / 3M %	0.4	2.9	5.3	1.0	-2.3	-7.6	-5.2	#N/A	YoY growth in the value of exports fallen somewhat, as chemical and machinery exports slow Imports weighed down in part by weak sterling and lower aircraft imports
- 3MMA YoY %	6.8	9.5	15.3	10.2	8.4	2.2	2.1	#N/A	
Import Values - 3M / 3M %	3.2	-2.5	-4.1	2.9	4.0	10.4	-3.8	#N/A	
- 3MMA YoY %	5.1	4.4	7.9	8.3	6.4	6.8	-0.8	#N/A	
PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	6.0	4.1	3.2	0.5	2.9	4.0	4.5	4.9	Tax receipts close to target at the end of August Spending also close to profile Deficit on target
Voted Spending : Cum YTD %	4.7	6.9	5.7	4.0	5.3	5.0	5.1	5.2	
Exchequer Bal: 12 Mth Total €m	-740	-735	-745	-2,494	-504	2,615	-1,874	477	

QUARTERLY DATA

	Q3-15	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	
GDP - YoY %	26.7	26.6	2.5	5.4	2.7	9.9	5.2	5.8	Irish GDP grew by 5.8% YoY in Q2, up from 5.2% in Q1. GDP data remain distorted by the activities of multi-nationals Growth in core domestic expenditure remains strong. Services exports growth still very encouraging
*Core Domestic Exp - YoY% (3Q Avg)	4.9	4.5	4.7	4.8	5.2	5.5	5.0	3.8	
Consumer Spending - YoY %	5.4	4.4	5.9	3.1	1.9	2.2	1.8	1.7	
Services Exports - YoY % (3Q Avg)	16.1	14.7	12.4	10.7	10.2	10.6	13.4	13.8	
* Excludes Aircraft, R&D/Intangibles									
EMPLOYMENT & EARNINGS									
Employment YoY %	2.9	2.3	2.4	2.9	2.9	3.3	3.5	2.4	Employment grows at a strong 3% YoY in H1. Underlying data show jobs growth in most sectors, with construction particularly encouraging YoY growth in weekly earnings rose further to 2.2% in Q2, partly due to rise in hours worked. Wages now up in all employment sectors, with the exception of construction
Labour Force YoY %	0.6	0.8	0.6	1.5	1.5	1.2	1.6	0.1	
Average Earnings YoY %									
- Hourly	1.4	-0.7	0.9	0.4	0.2	1.0	0.6	1.6	
- Weekly	2.4	1.2	1.5	0.9	1.3	0.7	1.5	2.2	
Weekly Earnings YoY %									
- Private Sector	3.3	1.0	2.7	2.1	1.9	1.4	1.7	1.9	
- Public Sector	0.3	1.8	-0.5	-1.0	1.2	-0.7	1.7	3.3	



Oliver Mangan
Chief Economist
oliver.n.mangan@aib.ie

John Fahey
Senior Economist
john.j.fahey@aib.ie

Dara Turnbull
Economist
dara.c.turnbull@aib.ie

AIB Bankcentre, Ballsbridge, Dublin 4

Tel: 353-1-6600311

www.aibconomics.com