

Irish Economy Watch

AIB Treasury Economic Research Unit



10 September 2014

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	
MANUFACTURING									
Manufacturing Output Index : seas adj	103.3	108.4	110.3	129.0	126.2	98.5	111.1	#N/A	Manufacturing jumps in July, but still off recent highs. Very strong growth YoY as pharma recovers from patent impact
Mfg Output : 3 mma YoY %	4.1	7.3	13.0	22.9	28.5	23.7	18.1	#N/A	
3mth / 3mth % seas. adj.	4.4	2.9	6.6	13.5	17.3	9.8	-3.4	#N/A	
Investec Manufacturing PMI	52.8	52.9	55.5	56.1	55.0	55.3	55.4	57.3	Mfg PMI rises to 57.3 in August, strongest since Dec'99
OECD Leading Indicator	101.4	101.4	101.2	101.0	100.6	100.3	#N/A	#N/A	
SERVICES / RETAIL									
Monthly Services Index (Value)	111.5	108.0	109.5	112.5	110.1	111.7	113.2	#N/A	Services index rises further in July. YoY growth rate jumps to 5.3% - a 2½ year high
- YoY %	4.4	1.7	0.2	4.8	1.7	2.7	5.3	#N/A	
- 3mth / 3mth % seas. adj.	1.5	3.0	3.3	1.6	1.3	1.6	1.5	#N/A	
Investec Services PMI	61.5	57.5	60.7	61.9	61.7	62.6	61.3	62.4	The services PMI averaged 61.9 in July/Aug, near its Q2 average of 62.1; suggests growth in the sector has maintained its strong momentum in Q3
SIMI Car Registrations	22,894	12,714	14,297	7,823	6,272	1,685	18,723	4,866	
- 12 mth cum total	79,956	82,091	84,738	86,416	86,742	86,758	93,861	95,031	Car sales fall back in August after July number plate change. Overall, sales have been strong in 2014—up 30% year-to-date
- 3 mma YoY %	29.1	27.3	26.4	22.8	19.6	14.7	38.7	48.8	
Retail Sales Index	97.1	96.0	97.5	96.3	97.1	94.8	102.6	#N/A	Core retail sales fall in July, but at 3.1%, pace of YoY growth remains healthy
- YoY %	9.4	5.0	8.5	5.8	5.8	5.0	8.6	#N/A	
- 3mth / 3mth % seas. adj.	2.0	2.1	2.2	0.8	0.8	-0.8	1.6	#N/A	
Ex Autos Index	102.5	102.5	101.8	103.9	103.5	104.3	103.5	#N/A	
- YoY %	3.1	2.7	2.7	5.1	3.5	4.2	3.1	#N/A	
- 3mth / 3mth % seas. adj.	2.1	2.1	0.6	0.4	0.3	1.6	1.0	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	56.4	56.2	60.2	63.5	60.2	59.9	62.6	61.4	The construction PMI averaged 62.0 in July/Aug, higher than Q2 avg of 61.2—suggests further pick-up in growth in Q3
- Commercial Activity	59.8	57.5	59.9	63.4	61.0	61.3	65.4	63.7	
- New Orders	59.4	55.5	61.3	63.6	61.4	59.4	64.6	63.2	
- Business Expectations	57.4	58.1	61.7	63.8	60.0	60.2	64.8	60.6	
	78.7	79.1	77.7	80.8	74.6	76.8	77.2	80.5	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	1,353	1,514	1,596	1,652	1,604	1,699	1,839	#N/A	Housing registrations continue to recover from very depressed levels—show year-to-date growth of 66% in August
- 3 Month Avg YoY %	111.4	151.1	123.3	110.7	24.3	25.2	51.2	#N/A	
Commencements: 12mth Total	5,270	9,310	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
- 3 Month Avg YoY %	95.0	636.0	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	Spike in commencements in Feb ahead of new regulations in March - newer data delayed
Completions: Month	676	611	803	766	1,085	891	992	#N/A	
- 12 Mth Total	8,466	8,473	8,700	8,767	9,245	9,433	9,720	#N/A	Completions also continue to show signs of recovery—year-to-date growth at 32% in July
HOUSING MARKET ACTIVITY									
IBF Mortgage Approvals : Month	1,259	1,476	1,622	1,858	2,185	2,263	2,633	#N/A	Mortgage approvals continue to trend upwards. YoY growth at a strong 47% in 3mth to July
- 3 Month Avg YoY %	11.4	36.2	54.6	47.7	43.3	43.1	46.5	#N/A	
- 12 Mth Total	17,549	18,038	18,597	19,155	19,760	20,505	21,404	#N/A	
RPPR Transactions : Month	1,896	2,242	2,563	2,630	2,988	3,295	4,005	#N/A	Transactions also increasing. Pace of YoY growth at 44% in 3mth to July
- 3 Month Avg YoY %	-16.4	-4.8	38.5	44.5	40.9	43.7	43.6	#N/A	
- 12 Mth Total	27,300	28,010	28,779	29,588	30,385	31,490	32,712	#N/A	
HOUSING MARKET PRICES									
CSO (Mortgaged Transactions) - MoM	-0.7	0.1	-0.7	1.5	2.3	2.9	2.0	#N/A	House prices continue to rise strongly in July (+2%). YoY growth is at its fastest pace (+13.4%) since April'07. Recovery in prices led by Dublin, but rising elsewhere too
- YoY %	6.3	8.1	7.8	8.5	10.6	12.5	13.4	#N/A	
Daft Asking Prices: MoM %	3.0	-0.7	4.7	0.8	2.5	0.4	#N/A	#N/A	
- YoY %	2.2	2.0	6.3	7.7	9.8	9.6	#N/A	#N/A	YoY growth in rents has slowed in recent months, but at 8.2% in July, it remains strong
RENTS: CSO Private Rents - MoM%	0.6	1.2	0.8	0.2	0.4	0.5	0.0	#N/A	
- YoY %	9.1	10.2	10.0	9.1	9.0	8.7	8.2	#N/A	Pick-up in house prices & falling wages have impacted on affordability, though it remains relatively accommodative
AFFORDABILITY: Couple on Avg Industrial Wage, 92% LTV, 30Yr Mortgage : Mortgage cost as % of Disposable Income	15.4	15.3	15.2	15.5	15.9	16.4	16.7	#N/A	

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	
CONSUMER PRICES YoY %	0.2	-0.1	0.2	0.3	0.4	0.4	0.3	#N/A	CPI inflation edges lower in July, remaining very subdued at 0.3%
- MoM %	-0.5	0.5	0.7	0.1	0.0	0.1	-0.2	#N/A	HICP inflation rate unchanged in July at a very subdued at 0.5%
HICP - YoY %	0.3	0.1	0.3	0.4	0.4	0.5	0.5	#N/A	
- MoM %	-0.6	0.7	0.6	0.0	0.0	0.2	-0.1	#N/A	
PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	84.6	85.5	83.1	87.2	79.4	81.1	89.4	#N/A	Consumer confidence rises in July to a 7yr high. May in part reflect signs of stronger growth and hopes for an easier Budget in October
Credit Growth YoY %									YoY credit growth remains in decline for all the main categories
- Private Sector (Underlying)	-6.7	-5.6	-6.6	-6.9	-6.7	-7.3	-7.3	#N/A	
- of which : Household	-4.1	-3.8	-3.8	-3.7	-3.7	-3.9	-3.9	#N/A	
- of which : Mortgage Lending	-3.0	-3.1	-3.1	-3.1	-3.0	-3.1	-3.1	#N/A	
LABOUR MARKET									
Live Register	401,100	398,500	396,300	392,900	390,700	386,300	383,000	380,100	Further fall in the Live Register in August, now down 23k YTD. Unemployment rate falls to an over 5yr low of 11.2%
- Change In Month	-2,400	-2,600	-2,200	-3,400	-2,200	-4,400	-3,300	-2,900	Redundancies continue their marked decline in Q2
Unemployment Rate %	12.1	12.0	11.9	11.7	11.5	11.4	11.3	11.2	PMI employment components all remain well up in expansionary territory in August. Suggests unemployment may continue to fall in coming mths
Redundancies	737	788	700	517	461	626	#N/A	#N/A	
-12 Mth Total	12,135	11,415	10,735	9,581	8,810	8,496	#N/A	#N/A	
PMI Employment Indices									
- Investec Manufacturing	53.9	54.9	54.6	54.5	56.4	54.1	53.9	55.2	
- Investec Services	57.3	59.4	58.5	60.0	56.6	59.6	58.8	59.6	
- Ulster Bank Construction	53.2	54.3	57.4	60.9	56.5	53.4	58.5	55.3	
MERCHANDISE TRADE									
Export Values - 3M / 3M %	-2.1	2.3	-3.4	-3.7	-1.6	5.5	#N/A	#N/A	Growth in value of goods exports picks up sharply in Q2 (+5.5%) vs Q1 (-3.4%)
- 3MMA YoY %	1.9	6.3	-0.8	-3.5	-0.9	3.7	#N/A	#N/A	Value of imports also rises in Q2 (+1.8%) compared to Q1 (-3.8%)
Import Values - 3M / 3M %	-0.6	-3.8	-3.8	-2.8	4.8	1.8	#N/A	#N/A	
- 3MMA YoY %	8.9	7.4	6.9	6.5	8.5	5.0	#N/A	#N/A	
PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	-17.1	-0.1	4.7	5.6	5.6	4.9	6.4	8.7	August Exchequer Returns show receipts ahead of target
Voted Spending : Cum YTD %	3.8	-3.2	-6.1	-2.3	-2.7	-2.1	7.5	-1.7	Deficit on course to come in well below its 4.8% target in 2014
Exchequer Bal: 12 Mth Total €m	-13,343	-12,238	-10,118	-10,107	-9,671	-9,842	-11,511	-10,495	

QUARTERLY DATA

	Q3-12	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	
GDP - YoY %	-0.7	1.1	0.3	-0.2	1.8	-1.2	4.1	#N/A	GDP jumps by 2.7% in Q1—up 4.1% YoY. Boosted by exports
- QoQ% seas. adj.	0.4	2.8	-3.5	0.7	1.8	-0.1	2.7	#N/A	Growth in exports was strong in Q1 (+7.4% YoY) - as pharma sector begins to recover. Imports also rise (+5.9% YoY)
Total Exports - Volume YoY %	3.5	3.7	-2.3	1.5	1.5	3.8	7.4	#N/A	Employment up (+1.7%) YoY in Q2 for a 7th consecutive quarter. Though growth slowing
Total Imports - Volume YoY %	7.8	5.6	-2.9	-0.4	1.4	4.4	5.9	#N/A	Labour force falls by 0.7% in Q2, reversing recent positive trend
EMPLOYMENT & EARNINGS									
Employment YoY %	-0.2	0.1	1.1	1.8	3.2	3.3	2.3	1.7	Earnings continue to fall in Q2. Weekly earnings down 1.1% YoY—driven by decline in public sector pay
Labour Force YoY %	-0.4	-0.8	-0.4	0.5	0.8	0.9	0.4	-0.7	
Average Earnings YoY %									
- Hourly	1.0	-0.6	0.2	0.2	-2.0	-0.7	-0.3	-1.7	
- Weekly	0.6	-0.8	-0.6	0.4	-2.1	-0.4	0.0	-1.1	
Weekly Earnings YoY %									
- Private Sector	1.2	0.1	0.0	1.1	-1.2	0.3	1.1	-0.3	
- Public Sector	1.0	0.3	-0.2	1.2	-1.3	-1.5	-1.4	-1.0	



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.aibeconomicresearch.com