

# Irish Economy Watch

AIB Treasury Economic Research Unit



Thursday 15 August 2019

	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	
<b>MANUFACTURING</b>									
ALB Manufacturing PMI	54.5	52.6	54.0	53.9	52.5	50.4	49.8	48.7	<p>Manufacturing PMI fell further below the 50 level in July, to 48.7. Output contracted by fastest pace in over 6 years</p> <p>Industrial production (ex-modern) fell sharply in June, leaving the quarterly growth rate at 0.4% in Q2</p>
OECD Leading Indicator	99.1	99.2	99.4	99.5	99.6	99.6	99.4	#N/A	
Industrial Production (Ex-Modern)	108.3	109.7	113.4	115.1	114.0	114.7	110.9	#N/A	
Production (Ex-Modern) : 3mma YoY%	8.4	6.8	6.5	10.4	11.8	10.5	6.3	#N/A	
3mth / 3mth % seas. adj.	2.8	-1.9	-2.3	-0.1	3.4	3.7	0.4	#N/A	
<b>SERVICES / RETAIL</b>									
ALB Services PMI	56.3	54.2	55.9	55.3	54.7	57.0	56.9	55.0	<p>Services PMI down to 55 in July, with new export orders contracting. However, PMI still consistent with solid growth</p> <p>Volatile CSO services index improved further in June</p> <p>Second hand car imports have failed to offset the 7.6% fall in new sales this year. Total registrations down 3.5% to July</p> <p>Core retail sales up by a robust 4.7% YoY in H1. However, this largely reflects a surge in sales in Q1. Sales volumes down 0.4% QoQ in second quarter, with broad-based weakness</p>
CSO Services Index (Value)	116.6	122.1	124.3	123.4	124.8	125.0	127.6	#N/A	
- YoY %	5.5	7.2	12.1	12.2	6.1	6.2	10.8	#N/A	
- 3mth / 3mth % seas. adj.	2.4	-0.2	-1.9	1.5	2.8	2.8	2.1	#N/A	
SIMI Car Registrations	142	32,370	15,069	16,687	8,904	6,320	1,406	24,701	
- 12 mth cum total	125,557	120,904	118,962	117,923	118,774	119,039	119,197	117,010	
- 3 mma YoY %	-11.2	-12.4	-12.2	-10.6	-5.0	0.2	8.3	-5.2	
Retail Sales Index	117.4	116.0	117.6	116.9	119.9	116.4	117.7	#N/A	
- YoY %	3.3	-0.4	4.3	5.1	4.5	0.5	0.1	#N/A	
- 3mth / 3mth % seas. adj.	0.6	-0.6	-1.1	-1.0	0.9	0.6	1.0	#N/A	
Ex Autos Index	116.3	117.1	119.2	120.2	120.2	118.1	116.8	#N/A	
- YoY %	3.8	4.0	5.7	7.8	6.2	2.8	1.7	#N/A	
- 3mth / 3mth % seas. adj.	0.5	0.5	1.0	2.3	2.8	1.7	-0.4	#N/A	
<b>CONSTRUCTION PMI: Ulster Bank</b>									
- Housing Activity	56.3	54.6	60.5	55.9	56.6	54.9	53.1	51.4	<p>Construction PMI declined for a third consecutive month to 51.4 in July. Housing activity index also weaker, suggesting an easing in pace of house building</p> <p>Registrations (measure of developer activity) 10.6% lower in 3 months to May compared to same period in 2018</p> <p>Commencements move lower in Q2. 12 month cumulative total back below 23k in May</p>
- Commercial Activity	56.0	55.7	64.3	60.8	60.5	58.3	58.4	55.9	
- New Orders	58.5	55.4	62.2	55.5	54.6	53.1	52.8	54.7	
- Business Expectations	56.2	57.1	60.2	58.5	59.6	56.4	56.6	53.7	
	70.2	71.5	67.6	65.1	66.5	67.1	65.5	59.0	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
Housing Registrations: 12Mth Total	10,265	10,807	10,863	11,004	10,817	10,614	#N/A	#N/A	<p>Commencements move lower in Q2. 12 month cumulative total back below 23k in May</p>
- 3 Month Avg YoY %	36.9	65.8	40.4	36.7	0.4	-10.6	#N/A	#N/A	
Commencements: 12mth Total	22,467	22,719	23,392	23,851	23,479	22,681	#N/A	#N/A	<p>Commencements move lower in Q2. 12 month cumulative total back below 23k in May</p>
- 3 Month Avg YoY %	47.3	38.6	39.0	31.6	15.1	-13.5	#N/A	#N/A	
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	2,292	2,438	2,741	3,276	3,307	3,960	3,692	#N/A	<p>Mortgage approvals continue to pick up, with the 12 month total now above 38k</p> <p>Transactions have held steady in a narrow range YTD</p> <p>Annual CSO house price growth continues to slow—at 2.0% in June. However, prices have risen in last 4 months—most recently by 0.4% in June</p> <p>CSO rent inflation at 5.6% in July. Rents now 29.2% above previous peak</p> <p>Affordability has held constant in recent months as good earnings growth has negated the impact of house price inflation</p>
- 3 Month Avg YoY %	1.8	-2.4	0.8	7.8	12.5	12.6	8.1	#N/A	
- 12 Mth Total	36,655	36,507	36,725	37,264	37,540	37,905	38,085	#N/A	
RPPR Transactions : Month	6,249	3,249	4,110	4,256	4,487	4,828	#N/A	#N/A	
- 3 Month Avg YoY %	3.2	0.6	-1.2	-0.1	5.3	5.6	#N/A	#N/A	
- 12 Mth Total	56,514	56,441	56,541	56,528	57,091	57,256	#N/A	#N/A	
<b>HOUSING MARKET PRICES</b>									
CSO Price Index - MoM	-0.4	-0.6	-0.1	0.1	0.2	0.3	0.4	#N/A	<p>CSO rent inflation at 5.6% in July. Rents now 29.2% above previous peak</p>
- YoY %	6.3	5.2	4.3	3.8	3.0	2.6	2.0	#N/A	
Daft Asking Prices: MoM %	1.8	0.8	1.5	1.3	-0.6	-1.4	3.6	#N/A	<p>Affordability has held constant in recent months as good earnings growth has negated the impact of house price inflation</p>
- YoY %	4.5	5.3	5.1	6.3	3.9	1.9	5.4	#N/A	
<b>RENTS:</b> CSO Private Rents - MoM%	0.2	0.4	0.3	0.4	0.4	0.3	0.3	0.3	<p>Affordability has held constant in recent months as good earnings growth has negated the impact of house price inflation</p>
- YoY %	6.4	6.6	5.7	5.6	5.4	5.2	5.5	5.6	
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	18.1	17.8	17.6	17.6	17.6	17.7	17.8	#N/A	

	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	
<b>CONSUMER PRICES - YoY %</b>	0.7	0.7	0.6	1.1	1.7	1.0	1.1	0.5	CPI inflation decelerated to 0.5% in July, from 1.1% in June, as food, alcohol and fuel prices all fell
- MoM %	0.0	-0.7	0.8	0.8	0.4	-0.1	0.2	-0.2	
HICP - YoY %	0.8	0.8	0.7	1.1	1.7	1.0	1.1	0.5	HICP inflation also recorded at 0.5% in same month
- MoM %	-0.1	-0.7	0.8	0.8	0.4	-0.1	0.2	-0.2	
<b>PERSONAL / FINANCIAL</b>									
KBC/ESRI Consumer Confidence	96.5	98.8	86.5	93.1	87.7	89.9	90.9	85.5	Consumer confidence close to a 5-year low in July as Brexit related developments weighed heavily on sentiment
Credit Growth YoY %									
- Private Sector (Underlying)	-2.8	-3.2	-3.3	-3.6	-3.2	-2.7	-2.2	#N/A	Household credit outstanding still contracting, though rate of decline held at just 0.3% in June
- of which : Household	-0.8	-0.7	-0.7	-0.5	-0.4	-0.3	-0.3	#N/A	
- of which : Mortgage Lending	-1.1	-1.1	-1.1	-1.1	-1.0	-0.8	-0.9	#N/A	
<b>LABOUR MARKET</b>									
Live Register	203,400	200,200	197,100	195,100	194,900	191,600	190,400	190,300	Unemployment rate at 4.5-4.6% in recent months. Live Register broadly unchanged in same month and continues to stand at an 11-year low
- Change In Month	-2,300	-3,200	-3,100	-2,000	-200	-3,300	-1,200	-100	
Unemployment Rate %	5.5	5.2	5.0	4.7	4.6	4.5	4.5	4.6	PMI employment subcomponents lower across each of the key 3 sectors in July, indicative of a slowdown in jobs growth. Manufacturing the weakest sector
PMI Employment Indices									
- AIB Manufacturing	52.7	52.4	54.0	54.1	53.8	51.4	51.8	50.1	
- AIB Services	57.4	56.3	55.5	55.6	54.6	54.7	55.3	53.6	
- Ulster Bank Construction	55.5	54.6	56.1	59.6	58.8	53.5	56.0	52.9	
<b>MERCHANDISE TRADE</b>									
Export Values - 3M / 3M %	6.3	9.5	10.4	1.8	-5.0	-6.9	-0.8	#N/A	YoY growth in value of goods exported at 8.4% in Q2 as chemical, energy and machinery exports rise
- 3MMA YoY %	21.5	16.6	16.9	12.2	13.1	12.0	8.4	#N/A	
Import Values - 3M / 3M %	4.4	-3.9	-8.6	-18.1	-9.9	-6.8	4.0	#N/A	Import growth moderated to 0.3% YoY in Q2 as chemical imports declined
- 3MMA YoY %	23.9	16.4	11.2	3.4	5.1	5.7	0.3	#N/A	
<b>PUBLIC FINANCES</b>									
Total Tax Receipts: Cum YTD %	9.5	7.0	3.7	7.1	5.7	5.7	6.9	7.6	Tax receipts and government spending broadly in line with profile YTD. Exchequer recorded a surplus of €896m in year to July vs a deficit of €277m in same period of 2018
Voted Spending : Cum YTD %	9.0	6.5	8.1	7.2	5.4	8.0	5.9	6.6	
Exchequer Bal: 12 Mth Total €m	106	220	28	254	344	68	1,189	1,279	
<b>QUARTERLY DATA</b>									
	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	
<b>GDP - YoY %</b>	14.2	6.5	12.1	10.4	7.4	3.6	6.3	#N/A	Irish GDP expanded by 6.3% YoY in Q1'19. Data distorted by multi-nationals
*Domestic Demand - YoY% (3Q Avg)	2.4	3.0	4.1	5.2	5.4	4.5	2.9	#N/A	
Consumer Spending - YoY %	4.3	3.0	3.1	4.5	3.4	2.8	2.9	#N/A	3 quarter moving average growth rate of modified domestic demand, which aims to strip out multi-national distortions, +2.9% as of Q1'19
Services Exports - YoY % (3Q Avg)	16.8	16.7	11.7	10.1	6.5	7.4	9.8	#N/A	
* Excludes Some Investment Related to the Multinational Sector									
<b>EMPLOYMENT &amp; EARNINGS</b>									
Employment YoY %	2.3	3.1	2.9	3.4	3.0	2.3	3.7	#N/A	Employment growth accelerated in Q1—increasing to 3.7%. Jobs gains broad-based. Labour force growth also picked up momentum in the quarter, rising by 2.7% YoY
Labour Force YoY %	0.5	1.9	1.4	2.5	2.0	1.5	2.7	#N/A	
Average Earnings YoY %									Weekly earnings growth at 3.4% YoY in Q1. Growth relatively broad based but gains have been more substantial in the private than public sector
- Hourly	2.8	1.9	3.1	3.0	2.1	3.2	2.3	#N/A	
- Weekly	2.1	2.0	2.7	3.4	3.5	3.5	3.4	#N/A	
Weekly Earnings YoY %									
- Private Sector	1.7	1.5	2.1	3.7	3.9	3.9	4.2	#N/A	
- Public Sector	2.7	2.9	4.0	2.8	2.1	1.8	1.2	#N/A	
<b>CSO DWELLING COMPLETIONS</b>									
	3772	4559	3470	4402	4659	5492	4275	4920	YoY growth of completions eases to 11.8% in Q2. 12 month cumulative total at 19.4k, well below estimated demand (35k)
- YoY %	51.5	50.3	25.2	34.6	23.5	20.5	23.2	11.8	
- Cum 12 Mth Total	12848	14373	15071	16203	17090	18023	18828	19346	



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