

# Irish Economy Watch

AIB Treasury Economic Research Unit



Wednesday 25 August 2021

	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	
<b>MANUFACTURING</b>									
AIB Manufacturing PMI	57.2	51.8	52.0	57.1	60.8	64.1	64.0	63.3	Manufacturing PMI at 63.3 in July representing another month of robust growth in the sector. Supply chains remain stretched though, as both input and output prices continued to rise
OECD Leading Indicator	99.9	100.0	100.0	100.1	100.4	100.7	101.0	101.3	
Industrial Production (Ex-Modern)	114.8	116.7	115.0	110.5	122.3	122.4	121.9	#N/A	Traditional industrial production output edged 0.4% lower in June, but 3mma up 7.1%
Production (Ex-Modern) : 3mma YoY%	0.0	-0.3	2.3	-0.7	15.4	30.6	41.9	#N/A	
3mth / 3mth % seas. adj.	2.5	4.0	5.3	2.1	2.0	2.5	7.1	#N/A	
<b>SERVICES / RETAIL</b>									
AIB Services PMI	50.1	36.2	41.2	54.6	57.7	62.1	63.1	66.6	The services PMI hit its highest reading in over two decades, at 66.6 in July. Growth in activity remained broad based across all sub-sectors. However, costs continue to rise, with input price inflation at a 13-year high
CSO Services Index (Value)	121.8	115.7	119.5	122.0	122.1	120.2	129.8	#N/A	
- YoY %	-0.9	-7.9	-5.5	-1.0	24.0	18.9	15.9	#N/A	CSO Services Index jumped to 129.8 in June from 120.2 in May, with the 3mma up 4.2%
- 3mth / 3mth % seas. adj.	0.5	0.0	2.1	1.7	3.6	2.0	4.2	#N/A	
SIMI Car Registrations	601	25,141	13,699	9,192	7,147	5,914	2,764	26,458	New car sales up 22.0% YTD vs. 2020 following a very strong July. However, they are down 14.5% YTD vs. 2019 levels
- 12 mth cum total	88,324	82,816	83,377	86,562	93,366	97,539	99,297	104,584	
- 3 mma YoY %	20.6	-15.7	-10.4	-3.5	54.1	175.0	412.1	46.9	Total retail sales rose by 3.3% in June. Sales were 10.6% higher YoY, and up 13.4% on June 2019
Retail Sales Index	127.8	102.3	122.7	123.3	125.6	129.9	134.2	#N/A	
- YoY %	7.2	-14.6	1.0	12.8	83.4	46.1	10.6	#N/A	Construction PMI stayed above 60 in July, at 62.8. Housing and commercial activity continued to grow at a robust pace, while new orders and business expectations continued to rise
- 3mth / 3mth % seas. adj.	-4.2	-11.8	-5.8	-5.6	8.4	7.4	11.9	#N/A	
Ex Autos Index	128.9	108.6	116.6	118.0	116.3	125.4	136.0	#N/A	Following a very strong Q2, commencements are up 26.7% YTD compared to the same period in 2019. 12mth total rises above 27k
- YoY %	7.1	-10.0	-2.8	-0.2	28.4	21.2	9.9	#N/A	
- 3mth / 3mth % seas. adj.	-3.1	-9.9	-6.3	-8.5	-0.5	1.6	10.1	#N/A	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
Construction PMI: Ulster Bank	52.3	21.2	27.0	30.9	49.3	66.4	65.0	62.8	Mortgage approvals continue to rise in June. 3mma up 5.1% on the same period in 2019. 12mth total rises above 42k
- Housing Activity	56.2	19.0	23.8	33.8	54.8	73.4	68.8	63.7	
- Commercial Activity	49.7	24.2	31.2	31.3	42.2	63.5	63.8	60.9	Over 4k transactions were completed for the 6th month running in July as activity in the housing sector remains elevated
- New Orders	55.6	29.4	30.5	39.7	55.1	68.2	63.7	65.4	
- Business Expectations	62.5	59.9	64.2	73.9	73.9	73.6	71.9	73.6	House prices rose 1.4% in June, YoY growth rate at 6.9%. Ex-Dublin price inflation (+7.4%) outpaces the capital (+6.4%)
Commencements: 12mth Total	21,686	21,019	19,122	17,708	21,405	25,501	27,264	#N/A	
- 3 Month Avg YoY %	-1.4	3.7	-43.9	-58.0	6.6	148.5	308.4	#N/A	Daft.ie asking prices up 12.7% YoY in June
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	3,247	2,696	2,964	3,420	3,537	3,814	4,167	#N/A	CSO rental index rose by 0.3% in July. YoY rate edged higher to 3.1%, largely due to base effects
- 3 Month Avg YoY %	27.5	23.6	13.8	7.7	51.7	114.5	210.1	#N/A	
- 12 Mth Total	34,156	34,258	34,384	34,809	37,640	40,134	42,613	#N/A	Affordability index holds steady in Q1 as industrial wages rise
RPPR Transactions : Month	7,413	3,150	4,358	5,152	4,184	4,119	4,606	4,374	
- 3 Month Avg YoY %	5.5	3.4	7.7	8.9	27.8	39.7	56.1	40.7	
- 12 Mth Total	49,151	48,759	49,456	50,181	51,741	53,278	54,818	55,531	
<b>HOUSING MARKET PRICES</b>									
CSO Price Index - MoM	0.7	0.4	0.4	0.5	0.9	0.9	1.4	#N/A	
- YoY %	2.2	2.5	3.1	3.5	4.5	5.4	6.9	#N/A	
Daft Asking Prices: MoM %	1.0	1.7	-1.2	1.9	1.7	0.6	0.5	#N/A	
- YoY %	7.4	8.7	6.9	7.1	15.0	11.5	12.7	#N/A	
<b>RENTS:</b> CSO Private Rents - MoM%	0.4	0.3	0.2	0.8	1.2	-0.2	0.1	0.3	
- YoY %	-2.9	-2.5	-2.5	-1.4	1.6	2.6	3.0	3.1	
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	17.5	17.5	17.4	17.6	#N/A	#N/A	#N/A	#N/A	

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<b>CONSUMER PRICES - YoY %</b>	-1.0	-0.2	-0.4	0.0	1.1	1.7	1.6	2.2	Prices rose by 0.4% in July, led by increases in energy, fuel and transport costs. Annual CPI jumped to 2.2% from 1.6%, as base effects continue to impact the index. HICP rate increased to 2.2% in July also	
- MoM %	0.3	0.1	0.4	0.8	0.7	0.1	0.2	0.4		
HICP - YoY %	-1.0	-0.1	-0.4	0.1	1.1	1.9	1.6	2.2		
- MoM %	0.2	0.2	0.3	0.9	0.6	0.2	0.1	0.4		
<b>PERSONAL / FINANCIAL</b>										
KBC/ESRI Consumer Confidence	74.6	64.9	70.8	77.1	77.9	85.8	87.2	84.9	Consumer sentiment moved lower but remained well above 80 amid a further re-opening of the economy	
Credit Growth YoY %										
- Private Sector (Underlying)	-2.6	-2.2	-2.3	-5.7	-4.1	-3.2	-3.1	#N/A	Household credit declined by 1.6% YoY in June. Mortgage lending down by 1.3% YoY also	
- of which : Household	-1.5	-1.7	-1.8	-1.8	-1.8	-1.6	-1.6	#N/A		
- of which : Mortgage Lending	-1.0	-1.1	-1.1	-1.2	-1.3	-1.3	-1.3	#N/A		
<b>LABOUR MARKET</b>										
Live Register	193,500	189,600	187,200	185,200	180,500	175,300	171,700	169,500	Official unemployment rate dropped to 6.5% in July, from 6.7% in June. The Covid adjusted rate fell below 15%, for the first time since pandemic started, to 13.5%	
- Change In Month	-10,600	-3,900	-2,400	-2,000	-4,700	-5,200	-3,600	-2,200		
Unemployment Rate %	6.3	7.0	7.5	7.7	7.4	7.0	6.7	6.5	Employment subcomponent of the manufacturing, and construction PMIs declined but remained well above 50 in July. The services index rose to 60	
PMI Employment Indices										
- AIB Manufacturing	53.0	50.8	52.9	55.7	57.7	60.0	59.4	57.7		
- AIB Services	51.1	49.8	48.6	52.6	53.0	54.8	58.6	60.0		
- Ulster Bank Construction	54.3	34.6	34.5	43.7	51.6	58.2	56.9	56.4		
<b>MERCHANDISE TRADE</b>										
Export Values - 3M / 3M %	-2.8	0.4	-4.4	-1.5	-3.0	2.8	2.3	#N/A	Goods trade surplus fell by 4% to €4.7bn in June. Exports rose by 6% YoY in June, but were 2% lower in the first half of the year. Imports were up 43% YoY and were 20% higher YTD. Exports to the UK were up 20% YTD, while imports were down 32%	
- 3MMA YoY %	1.5	2.5	-0.7	-8.8	-2.8	-3.1	6.7	#N/A		
Import Values - 3M / 3M %	8.7	13.9	0.3	-2.5	0.9	11.5	13.1	#N/A		
- 3MMA YoY %	3.9	4.9	-7.3	0.8	17.4	38.8	41.6	#N/A		
<b>PUBLIC FINANCES</b>										
Total Tax Receipts: Cum YTD %	-3.6	-8.8	-8.1	1.0	4.2	9.1	9.8	13.0	Exchequer deficit of €5.7bn recorded to end of July. Tax intake up 13.0% YTD and 12.4% ahead of profile. Gross voted spending up 2.9% YTD. 12mth total improves to -€10.7bn	
Voted Spending : Cum YTD %	25.3	2.4	11.0	13.9	7.3	1.9	1.3	0.5		
Exchequer Bal: 12 Mth Total €m	-12,316	-12,741	-14,038	-13,953	-12,472	-12,212	-12,285	-10,657		
<b>QUARTERLY DATA</b>										
		Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	
<b>GDP - YoY %</b>		6.0	5.1	6.5	1.4	10.8	4.5	10.7	#N/A	Q1 GDP up 10.7 YoY%, largely due to distortionary effect from MNC's. GNP up 2.2% YoY
*Domestic Demand - YoY%		3.3	2.0	-2.7	-12.2	-2.8	-2.2	-4.8	#N/A	
Consumer Spending - YoY %		3.2	2.9	-5.8	-19.5	-7.7	-8.8	-11.8	#N/A	Modified domestic demand contracted by 4.8% YoY in Q1, driven by an 11.8% fall in personal consumption
Services Exports - YoY % (3Q Avg)		17.2	17.4	13.1	5.8	0.0	1.0	4.7	#N/A	
* Excludes Some Investment Related to the Multinational Sector										
<b>EMPLOYMENT &amp; EARNINGS</b>										Employment declined by 5.0% YoY in Q1. However, this likely understates labour market weakness, as many jobs still rely on government supports
Employment YoY %		2.4	3.6	2.1	-6.9	-3.2	-3.4	-5.0	#N/A	
Labour Force YoY %		1.6	2.6	2.0	-6.9	-0.9	-2.0	-2.5	#N/A	
Average Earnings YoY %										
- Hourly		4.0	3.9	3.0	7.2	3.6	5.5	8.6	#N/A	Weekly earnings growth at +8.4% YoY in Q1. Although, the changing composition of the work force is distorting the data, with job losses concentrated amongst lower paid workers
- Weekly		3.6	3.8	3.7	6.0	3.3	7.7	8.4	#N/A	
Weekly Earnings YoY %										
- Private Sector		4.0	4.0	4.0	6.0	3.1	9.1	8.7	#N/A	
- Public Sector		1.3	3.1	3.1	2.9	2.5	3.0	4.9	#N/A	
<b>CSO DWELLING COMPLETIONS</b>										Completions performed much better than expected over the first half of the year, rising by 9.7% YoY
- YoY %		5647	6378	4932	3229	5048	7326	3934	5021	
- Cum 12 Mth Total		20126	21075	21759	20186	19587	20535	19537	21329	



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