

# Irish Economy Watch

AIB Treasury Economic Research Unit



Tuesday 29 August 2023

	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	
<b>MANUFACTURING</b>									
AIB Manufacturing PMI	48.7	50.1	51.3	49.7	48.6	47.5	47.3	47.0	The manu. PMI declined to 47.0 in July, as business conditions softened for a fifth consecutive month. New orders, and output fell. Meantime, there was a further easing in price inflation
AIB Manufacturing PMI - Future Output	64.0	66.4	72.2	72.0	64.8	66.1	68.8	67.1	
Industrial Production (Ex-Modern)	110.4	123.6	120.7	121.4	121.6	128.0	125.3	#N/A	Traditional industrial production rose by 2.5% in Q2, and was 11.4% higher YoY
Production (Ex-Modern) : 3mma YoY%	10.3	6.4	4.2	3.6	4.0	6.8	11.4	#N/A	
3mth / 3mth % seas. adj.	0.8	-1.8	-3.7	1.1	1.3	4.6	2.5	#N/A	
<b>SERVICES / RETAIL</b>									
AIB Services PMI	52.7	54.1	58.2	55.7	58.4	57.0	56.8	56.7	The services PMI posted another strong reading of 56.7 in July. There was a further steep rise in new business, including exports. Both input and output price inflation eased to their lowest levels since April/May 2021
CSO Services Index (Value)	156.5	160.4	160.8	160.8	163.0	162.4	163.3	#N/A	
- YoY %	10.4	16.3	8.3	1.6	9.6	5.0	3.7	#N/A	
- 3mth / 3mth % seas. adj.	-1.6	-0.6	0.5	2.3	2.0	1.8	1.4	#N/A	The CSO services index increased by 1.4% in Q2, and was up 6.1% YoY also
SIMI Car Registrations	209	27,323	13,108	17,627	8,907	7,542	2,986	27,106	
- 12 mth cum total	105,398	107,697	108,831	113,551	114,601	116,848	117,680	122,882	New car sales performing very well, up by 20.1% YTD, with the 12 mth running total near 123k
- 3 mma YoY %	-9.0	7.5	8.7	16.3	21.1	30.8	27.0	28.2	
Retail Sales Index	126.3	127.1	128.3	131.3	134.6	132.9	132.8	131.7	Retail sales rose by 0.8% in the 3 mths to July, and were 6.2% higher YoY. However, core retail sales fell notably in July
- YoY %	1.6	3.5	3.7	8.9	7.0	5.9	6.8	6.0	
- 3mth / 3mth % seas. adj.	0.9	-0.1	0.1	1.3	3.5	4.5	3.5	0.8	
Ex Autos Index	128.6	129.0	129.1	129.5	130.8	130.9	132.1	126.8	The construction PMI fell sharply to 45.6 in July. The housing component stayed below 50 for the tenth month running. New orders and commercial activity moved back into contraction territory also
- YoY %	0.4	0.6	0.9	0.7	0.2	2.7	3.6	0.3	
- 3mth / 3mth % seas. adj.	0.8	1.1	0.7	0.5	0.5	1.2	1.6	0.1	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
BNP Paribas Construction PMI	43.2	47.7	49.8	49.5	48.4	49.4	50.4	45.6	Commencements increased strongly, by 14.8% YoY in Q2. 12 mth rolling total up above the 28k threshold
- Housing Activity	40.6	45.2	46.2	46.5	42.8	45.4	48.4	45.9	
- Commercial Activity	46.9	49.0	51.5	51.9	51.4	53.7	51.1	45.4	
- New Orders	43.5	49.6	50.4	52.5	50.5	50.6	51.0	45.7	
- Business Expectations	55.0	58.6	60.4	58.0	59.4	60.2	58.0	59.5	
Commencements: 12mth Total	26,957	27,204	26,874	27,309	27,542	27,855	28,369	#N/A	
- 3 Month Avg YoY %	-7.1	10.4	-0.4	5.0	4.5	12.4	14.8	#N/A	
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	2,650	2,820	2,744	3,896	3,373	4,282	4,175	4,136	Mortgage approvals rose by 11.4% YoY in the 3 mths to July. 12 mth total up above 42k
- 3 Month Avg YoY %	-8.2	-5.6	-6.9	2.8	2.8	9.0	6.7	11.4	
- 12 Mth Total	40,988	41,046	40,814	41,249	41,323	41,764	41,992	42,614	Transactions fell in July, with the 3 mma down 2.8% YoY. 12 mth total eased down below 61.5k
RPPR Transactions : Month	6,693	3,619	4,292	5,181	4,178	5,171	5,366	4,720	
- 3 Month Avg YoY %	11.8	14.0	7.0	0.2	-2.4	3.1	0.2	-2.8	House prices ended a run of five consecutive monthly falls in June, rising by 0.6%. However, the YoY rate, slowed to 2.2%
- 12 Mth Total	62,181	62,175	61,842	62,210	61,845	62,285	62,237	61,405	
<b>HOUSING MARKET PRICES</b>									
CSO Price Index - MoM	0.2	-0.5	-0.4	-0.6	-0.1	-0.1	0.6	#N/A	Asking prices on Daft.ie were around 0.5% lower in YoY terms in Q2
- YoY %	7.7	6.2	5.2	4.0	3.5	2.6	2.2	#N/A	
Daft Asking Prices: MoM %	1.2	-2.4	0.9	1.0	0.2	1.8	0.0	#N/A	CSO rental index rose by 0.6% in July. YoY rate at 7.2%, down from a peak of 12.7% last July
- YoY %	5.2	1.7	1.0	-0.7	-0.9	-0.2	-0.3	#N/A	
<b>RENTS:</b> CSO Private Rents - MoM%	0.3	0.2	1.0	0.3	0.1	0.6	0.6	0.6	Affordability deteriorated during Q2 despite a fall in house prices, as mortgage rates rose
- YoY %	10.6	10.4	10.6	10.0	8.8	7.8	7.7	7.2	
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	20.6	20.3	19.9	19.4	20.1	20.3	20.7	#N/A	

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<b>CONSUMER PRICES - YoY %</b>	8.2	7.8	8.5	7.7	7.2	6.6	6.1	5.8	Consumer prices rose by 0.2% in July, led by increases in the transport and recreation sectors. Due to base effects though, the YoY rate fell to 5.8% from 6.1%. Similarly, HICP inflation eased to 4.6% YoY, from 4.8%	
- MoM %	-0.2	-0.8	1.6	1.1	0.5	0.3	0.8	0.2		
HICP - YoY %	8.2	7.5	8.1	7.0	6.3	5.4	4.8	4.6		
- MoM %	-0.3	-1.0	1.5	1.0	0.3	0.3	0.8	0.2		
<b>PERSONAL / FINANCIAL</b>										
ILCU Consumer Sentiment Index	48.7	55.2	55.6	53.9	59.2	62.4	63.7	64.5	Consumer sentiment remained at a low level, but improved for the seventh time in eight months, to 64.5 in July	
Credit Growth YoY %										
- Private Sector (Underlying)	2.2	-0.6	-0.4	-1.7	1.2	0.3	-1.9	#N/A	Stock of private sector credit fell in June, on lower securitisation, but household debt levels rose	
- of which : Household	-1.1	-0.7	-0.5	-0.4	0.0	0.3	0.6	#N/A		
- of which : Mortgage Lending	-0.9	-0.8	-0.5	-0.4	-0.1	0.0	0.4	#N/A		
<b>LABOUR MARKET</b>										
Live Register	185,300	184,500	183,000	181,700	182,000	182,900	183,300	183,500	Revisions to the data show that the unemployment rate has operated in a very tight 4.1-4.2% range so far this year, which is near full employment	
- Change In Month	+500	-800	-1,500	-1,300	+300	+900	+400	+200		
Unemployment Rate %	4.4	4.2	4.1	4.1	4.2	4.1	4.2	4.1	The employment sub-indices of the services, manufacturing, and construction PMIs printed above 50 in July. However, the services index fell to its lowest level since January	
PMI Employment Indices										
- AIB Manufacturing	50.2	52.6	53.9	51.5	51.5	50.8	48.1	51.6		
- AIB Services	54.4	52.7	53.3	54.0	56.4	54.5	54.7	53.1		
- BNP Paribas Construction	48.1	50.6	54.7	53.1	50.5	51.2	52.0	53.4		
<b>MERCHANDISE TRADE</b>										
Export Values - 3M / 3M %	-5.3	-13.4	-6.2	-1.9	3.5	-1.9	1.4	#N/A	Value of goods trade surplus €4.6bn narrower in H1 2023 compared to last year, at €32.6bn. Exports are 2.8% lower YTD, led by a sharp fall in pharmaceuticals and medical products (down 11.5% YTD). Imports are up 2.4% YTD	
- 3MMA YoY %	14.2	6.5	4.9	-2.8	-5.4	-8.9	-2.9	#N/A		
Import Values - 3M / 3M %	-6.1	-9.4	-3.9	-4.7	-3.6	-3.8	2.9	#N/A		
- 3MMA YoY %	21.9	17.2	18.1	11.6	2.7	-4.8	-5.2	#N/A		
<b>PUBLIC FINANCES</b>										
Total Tax Receipts: Cum YTD %	21.5	12.2	12.5	14.6	14.2	10.2	11.0	10.0	Exchequer finances performing well in 2023. Tax intake, up 10% YTD, with spending growth up 10% also. 12 mth rolling exchequer surplus at €0.7bn, despite €4bn transfer to NRF	
Voted Spending : Cum YTD %	1.8	8.8	9.4	4.6	7.2	6.7	9.8	9.9		
Exchequer Bal: 12 Mth Total €m	4,985	5,609	1,506	2,757	2,412	3,021	1,055	700		
<b>QUARTERLY DATA</b>										
		Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	
<b>GDP - YoY %</b>		12.4	14.3	8.8	9.3	9.4	10.2	2.2	2.7	Flash estimate of GDP indicates growth rebounded by 3.3% in Q2, having contracted by 2.8% in Q1. YoY rate up 2.7% in Q2
*Domestic Demand - YoY%		5.4	11.1	12.9	10.6	9.0	5.1	4.5	#N/A	
Consumer Spending - YoY %		10.5	14.1	18.6	8.6	5.8	6.5	5.1	#N/A	Modified domestic demand rose by just 0.1% in Q1, but was 4.5% higher in YoY terms
Services Exports - YoY % (3Q Avg)		15.6	15.3	13.4	9.2	9.8	3.1	0.6	#N/A	
* Excludes Some Investment Related to the Multinational Sector										
<b>EMPLOYMENT &amp; EARNINGS</b>										
Employment YoY %		9.8	10.1	12.3	8.8	3.4	2.7	4.1	3.5	Employment rose by 3.5% YoY in Q2, leaving it 12.1% above pre-pandemic levels. Employment rate now at 74.2%, the highest level on record. The labour force grew by 3.4% YoY in Q2.
Labour Force YoY %		7.9	8.9	9.6	5.6	2.0	2.0	3.3	3.4	
Average Earnings YoY %										Weekly average earnings rose by 4.3% YoY in Q2. Public sector pay was up 6.0% YoY. Private sector earnings rose by 3.8% YoY in Q2
- Hourly		3.7	2.8	2.2	2.5	3.6	6.0	4.0	5.1	
- Weekly		5.4	1.9	2.9	2.5	3.6	4.5	4.4	4.3	
Weekly Earnings YoY %										
- Private Sector		5.8	2.8	4.8	3.6	4.9	2.4	3.6	3.8	
- Public Sector		5.3	0.2	-1.3	1.3	0.8	10.4	7.7	6.0	
<b>CSO DWELLING COMPLETIONS</b>										
		4645	6949	5628	7619	7392	9137	6664	7353	New dwelling completions down by 3.5% YoY in Q2. 12 mth running total edges back slightly to 30.5k
- YoY %		-7.9	-5.2	41.9	52.9	59.1	31.5	18.4	-3.5	
- Cum 12 Mth Total		20928	20544	22205	24841	27588	29776	30812	30546	



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