

Irish Economy Watch

AIB Treasury Economic Research Unit



Thursday 22 August 2024

	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	
MANUFACTURING									
AIB Manufacturing PMI	48.9	49.5	52.2	49.6	47.6	49.8	47.4	50.1	The manu. PMI rose to 50.1 in July, consistent with conditions in the sector stabilising, after four months of contraction. Output expanded marginally, but new orders remained weak
AIB Manufacturing PMI - Future Output	71.2	67.0	65.6	59.4	64.4	64.0	66.3	67.9	
Industrial Production (Ex-Modern)	133.7	132.8	131.2	137.8	137.5	135.1	138.2	#N/A	Traditional industrial production rose by 2.2% in Q2 and was 11.2% higher YoY
Production (Ex-Modern) : 3mma YoY%	8.5	12.2	13.9	10.8	12.8	11.9	11.2	#N/A	
3mth / 3mth % seas. adj.	2.3	4.1	3.9	3.6	2.8	3.2	2.2	#N/A	
SERVICES / RETAIL									
AIB Services PMI	53.2	50.5	54.4	56.6	53.3	55.0	54.2	53.6	The services PMI fell to 53.6 in July, indicating a continued solid pace of expansion. New business, including new export orders rose. However, both input and output price inflation accelerated in the month
CSO Services Index (Value)	169.4	171.4	173.4	174.7	181.5	179.2	179.4	#N/A	
- YoY %	6.8	9.2	7.9	7.9	11.8	9.8	10.9	#N/A	
- 3mth / 3mth % seas. adj.	1.8	0.7	2.7	3.1	4.8	4.1	4.0	#N/A	The CSO services index was up by 10.9% YoY in May
SIMI Car Registrations	345	31,407	16,431	14,643	8,562	6,394	1,488	25,692	
- 12 mth cum total	122,400	126,463	129,772	126,727	126,376	125,225	123,723	122,079	Having had a solid start to 2024, new car sales have trended lower recently. 12mth running total to 122k in July
- 3 mma YoY %	-8.8	14.5	18.5	7.4	-0.2	-13.3	-15.4	-11.3	
Retail Sales Index	130.6	133.1	131.0	133.7	132.6	132.2	130.4	#N/A	Retail sales fell by 0.7% in Q2, and were 0.8% lower YoY. Over the same period, core sales fell by 0.2% but were up 0.2% YoY
- YoY %	2.8	5.3	1.7	2.2	-0.2	-0.5	-1.7	#N/A	
- 3mth / 3mth % seas. adj.	-0.5	0.8	1.3	1.9	0.9	1.0	-0.7	#N/A	
Ex Autos Index	130.3	130.3	130.6	130.9	130.7	130.5	130.0	#N/A	
- YoY %	1.3	0.9	1.2	1.6	0.2	-0.3	0.7	#N/A	
- 3mth / 3mth % seas. adj.	0.6	0.9	1.2	1.0	0.5	0.2	-0.2	#N/A	
RESIDENTIAL CONSTRUCTION ACTIVITY									
BNP Paribas Construction PMI	45.1	45.9	47.4	51.6	53.2	49.8	47.5	49.9	The construction PMI rose to 49.9 in July, indicating a slight contraction in activity. New orders, and housing activity still above 50. Commercial activity improved but stayed below 50
- Housing Activity	45.0	48.3	49.8	54.3	53.4	52.0	52.4	53.2	
- Commercial Activity	42.8	44.7	47.2	53.2	54.6	51.4	43.3	49.9	
- New Orders	47.2	47.4	47.7	51.5	53.9	52.9	51.8	54.9	
- Business Expectations	59.9	58.6	64.9	63.8	59.5	61.2	61.7	61.6	
Commencements: 12mth Total	32,801	34,050	35,752	37,408	53,011	51,935	51,024	#N/A	Commencements remain distorted. Having surged in April ahead of the waiver/rebate deadlines, they fell by 35% YoY in May/Jun. 12 mth total at 51k
- 3 Month Avg YoY %	47.0	52.4	73.3	62.7	242.5	182.2	165.8	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	2,364	2,718	2,922	3,237	3,796	3,894	3,806	#N/A	Mortgage approvals fell by 2.8% YoY in Q2. 12 mth running total down near 41.5k
- 3 Month Avg YoY %	-2.2	-5.8	-1.9	-5.3	0.0	-5.1	-2.8	#N/A	
- 12 Mth Total	42,559	42,399	42,604	41,976	42,399	42,011	41,642	#N/A	
RPPR Transactions : Month	7,112	3,446	4,158	4,414	4,397	5,197	4,794	5,124	Transactions 3mma down by 5.7% YoY in the 3 mths to July. 12 mth run rate just above 61k
- 3 Month Avg YoY %	1.6	-0.4	0.5	-8.7	-5.7	-4.3	-3.3	-5.7	
- 12 Mth Total	62,988	62,803	62,640	61,842	62,024	62,014	61,345	61,103	
HOUSING MARKET PRICES									
CSO Price Index - MoM	1.3	0.7	0.4	0.5	0.4	0.4	0.7	#N/A	House prices continue to trend sharply higher. They were up 8.6% YoY in June
- YoY %	4.1	5.4	6.2	7.4	7.9	8.5	8.6	#N/A	
Daft Asking Prices: MoM %	1.1	0.7	1.8	-0.1	2.0	1.4	0.7	#N/A	Asking prices on Daft.ie were revised higher for Q1'24, and continued to trend upwards in Q2, up 6.7% YoY
- YoY %	4.9	6.0	6.7	6.3	6.4	6.1	7.5	#N/A	
RENTS: CSO Private Rents - MoM%	0.2	0.1	0.4	0.0	0.2	0.4	0.7	0.4	CSO rental index rose by 0.4% in July. However, the YoY rate slowed slightly to 4.7%
- YoY %	6.2	6.0	5.3	5.1	5.1	4.9	4.9	4.7	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	22.9	21.9	21.6	21.2	#N/A	#N/A	#N/A	#N/A	Affordability improved somewhat in Q1, as average take-home pay increased

	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
CONSUMER PRICES - YoY %	4.6	4.1	3.4	2.9	2.6	2.6	2.2	2.2
- MoM %	0.5	-1.3	1.0	0.5	0.2	0.5	0.4	0.2
HICP - YoY %	3.2	2.7	2.3	1.7	1.6	2.0	1.5	1.5
- MoM %	0.4	-1.4	1.1	0.3	0.2	0.6	0.3	0.2

Consumer prices rose by 0.2% in July, amid further increases in transport and hospitality costs. However, the YoY rate stayed at 2.2%. Similarly, HICP inflation rose by 0.2% in July, with the annual rate remaining at 2.2%

PERSONAL / FINANCIAL

ILCU Consumer Sentiment Index	62.4	74.2	70.2	69.5	67.8	65.7	70.5	74.9
Credit Growth YoY %								
- Private Sector	-1.8	2.1	1.4	2.5	-1.3	-0.3	0.6	#N/A
- of which : Household	2.0	2.0	1.9	2.1	2.0	2.0	2.2	#N/A
- of which : Mortgage Lending	1.8	1.8	1.5	1.7	1.6	1.7	2.0	#N/A

Sentiment rose in July for the second month running, reaching its highest level since Jan'19

Private sector credit growth rate expanded in June, as the household and mortgage credit growth rates accelerated

LABOUR MARKET

Live Register	175,200	176,900	174,800	174,300	173,700	173,100	172,000	171,900
- Change In Month	-200	+1,700	-2,100	-500	-600	-600	-1,100	-100
Unemployment Rate %	4.5	4.5	4.1	4.2	4.3	4.4	4.5	4.7
PMI Employment Indices								
- AIB Manufacturing	50.0	50.6	52.5	51.7	50.0	52.7	50.2	52.1
- AIB Services	51.9	52.7	54.4	53.2	52.9	53.3	50.8	52.0
- BNP Paribas Construction	52.3	53.5	52.5	53.9	52.7	51.8	51.7	50.9

Revisions to the data show the unemployment rate averaged 4.4% in Q2'24 up from 4.3% in Q1'24. Furthermore, the jobless rate rose again to 4.7% in July

In July, the employment sub-indices of the manu and services PMI's improved. In contrast the construction sub-index moved lower. Crucially though, all three stayed in expansion mode

MERCHANDISE TRADE

Export Values - 3M / 3M %	1.1	-1.0	5.7	9.3	11.0	5.4	-0.2	#N/A
- 3MMA YoY %	-5.3	1.5	2.1	4.8	7.0	11.4	8.0	#N/A
Import Values - 3M / 3M %	4.2	1.6	-12.7	-13.3	-5.9	3.3	5.7	#N/A
- 3MMA YoY %	1.2	-1.9	-10.8	-9.5	-4.3	-4.7	-6.2	#N/A

Goods trade surplus stood at €42.9bn in H1, up 38.8% YoY. Exports rose by 6% YTD to €107.6bn, led by a strong increase in pharma and medical products (up 20.5% YTD). Imports stood at €64.7bn in H1, down 9.6% YoY

PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	6.0	4.8	5.5	1.8	2.6	6.2	9.3	9.5
Voted Spending : Cum YTD %	7.6	20.0	23.2	15.4	12.8	15.3	13.2	14.1
Exchequer Bal: 12 Mth Total €m	1,178	602	3,612	3,512	3,637	2,586	4,005	3,825

Total tax take up by 9.5% YTD in July. Voted expenditure rose by 14.1% YTD, owing to increases in current and capital spending. 12mth rolling Exchequer surplus declined slightly to €3.8bn

QUARTERLY DATA

	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24	Q2-24
GDP - YoY %	9.2	8.8	-0.2	-3.9	-8.4	-9.1	-4.7	-1.4
*Domestic Demand - YoY%	8.5	3.7	6.0	0.9	-0.2	4.2	2.2	#N/A
Consumer Spending - YoY %	7.2	8.2	7.4	6.5	1.7	4.0	2.1	#N/A
Services Exports - YoY % (3Q Avg)	9.2	2.7	-0.2	-1.6	0.6	3.7	9.3	#N/A

* Excludes Some Investment Related to the Multinational Sector

The preliminary reading indicates GDP expanded by 1.2% in Q2'24, but it remained 1.4% lower in YoY terms

MFDD rose by 1.0% in Q1, supported by a rise in modified investment and consumption

EMPLOYMENT & EARNINGS

Employment YoY %	3.5	2.6	3.7	3.1	3.6	3.4	1.9	2.7
Labour Force YoY %	2.1	1.8	2.8	3.0	3.8	3.5	2.0	2.9
Average Earnings YoY %								
- Hourly	3.6	6.1	3.9	5.3	6.1	1.9	4.5	#N/A
- Weekly	3.6	4.5	4.3	4.4	4.4	2.6	4.7	#N/A
Weekly Earnings YoY %								
- Private Sector	4.9	2.4	3.5	3.9	3.8	4.1	4.9	#N/A
- Public Sector	0.8	10.4	7.7	5.9	5.8	-1.2	4.0	#N/A

Employment increased by 2.7% YoY in Q2'24, putting it 15.7% above pre-COVID levels. The employment rate rose to 74.4% in Q2. The labour force grew by 2.9% YoY in the quarter

Weekly average earnings rose by 4.7% YoY in Q1'24. Public sector pay was up by 4.9% YoY. Private sector earnings rose by 4.0% YoY

CSO DWELLING COMPLETIONS

	7377	9093	6646	7277	8425	10234	5846	6884
- YoY %	59.1	31.3	18.4	-4.4	14.2	12.5	-12.0	-5.4
- Cum 12 Mth Total	27521	29690	30725	30393	31441	32582	31782	31389

Having trended higher in 2023, completions declined by 8.6% YoY in H1. 12mth total back at circa 31.4k



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