

# Irish Economy Watch

AIB Treasury Economic Research Unit



Monday 16 December 2019

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	
<b>MANUFACTURING</b>									
ALB Manufacturing PMI	52.5	50.4	49.8	48.7	48.6	48.7	50.7	49.7	Manufacturing PMI moved back below the 50 level in November, as output contracted. Index consistent with stagnant activity in the sector
OECD Leading Indicator	99.6	99.7	99.8	99.8	99.7	99.6	99.7	#N/A	
Industrial Production (Ex-Modern)	114.3	115.3	110.3	118.8	115.6	117.3	119.8	#N/A	Industrial output (ex-modern) edges higher for a second consecutive month in October
Production (Ex-Modern) : 3mma YoY%	11.8	10.6	6.2	5.7	4.7	6.8	4.9	#N/A	
3mth / 3mth % seas. adj.	3.5	3.9	0.3	0.3	-0.1	3.5	2.4	#N/A	
<b>SERVICES / RETAIL</b>									
ALB Services PMI	54.7	57.0	56.9	55.0	54.6	53.1	50.6	53.7	Services PMI rebounded in November to 53.7, from 50.6, with most sub-indices improving in the month
CSO Services Index (Value)	124.3	124.2	126.6	126.8	126.6	129.3	126.1	#N/A	
- YoY %	5.8	5.9	10.7	9.9	9.0	5.1	0.4	#N/A	CSO service index remains volatile. Base effects see YoY growth rate slow in October
- 3mth / 3mth % seas. adj.	2.4	2.2	0.8	1.3	2.2	2.0	1.2	#N/A	
SIMI Car Registrations	8,904	6,320	1,408	24,862	5,087	3,192	2,177	763	New car sales slightly weaker YTD compared to 2018, but more than offset by a rise in second hand imports
- 12 mth cum total	118,774	119,039	119,199	117,173	116,362	116,371	116,861	116,981	
- 3 mma YoY %	-5.0	0.2	8.3	-4.7	-7.9	-7.9	-2.9	11.2	
Retail Sales Index	119.9	116.4	117.2	112.0	118.3	122.9	122.4	#N/A	Core retail sales dropped by a sharp 2.1% in October, possibly reflecting the impact of Brexit related concerns. YoY rate, though, remains strong at 3.2%, reflecting robust spending in Q3
- YoY %	4.5	0.5	-0.3	-4.5	2.0	3.8	3.0	#N/A	
- 3mth / 3mth % seas. adj.	0.9	0.6	0.9	-2.5	-1.6	-0.1	5.2	#N/A	
Ex Autos Index	120.2	118.1	117.0	119.0	119.7	122.0	119.5	#N/A	
- YoY %	6.2	2.8	1.8	4.0	3.9	4.3	3.2	#N/A	
- 3mth / 3mth % seas. adj.	2.8	1.7	-0.3	-1.5	-0.8	1.5	2.0	#N/A	
<b>CONSTRUCTION PMI: Ulster Bank</b>									
- Housing Activity	56.6	54.9	53.1	51.4	53.7	48.3	46.2	48.2	Construction PMI improved in November, but at 48.2 remains below the key 50 level. Housing activity sub-index moved into contraction territory for the first time since mid-2013
- Commercial Activity	60.5	58.3	58.4	55.9	58.4	52.9	51.3	47.7	
- New Orders	54.6	53.1	52.8	54.7	55.1	47.6	46.9	51.2	
- Business Expectations	59.6	56.4	56.6	53.7	52.6	50.8	48.8	48.3	
	66.5	67.1	65.5	59.0	51.3	52.4	57.6	57.3	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
Housing Registrations: 12Mth Total	10,817	10,614	10,604	10,208	10,120	10,224	#N/A	#N/A	Registrations (measure of developer activity) down 12.7% in Q3 compared to Q3 2018
- 3 Month Avg YoY %	0.4	-10.6	-14.5	-21.3	-18.4	-12.7	#N/A	#N/A	
Commencements: 12mth Total	24,690	24,438	24,226	24,467	25,112	26,106	#N/A	#N/A	Commencements picked up strongly in Q3, ahead of introduction of new building regulations from November 1st
- 3 Month Avg YoY %	39.0	19.9	-6.8	-3.6	10.8	32.9	#N/A	#N/A	
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	3,307	3,960	3,692	4,227	3,581	3,088	3,692	#N/A	Mortgage approvals higher in October, but 3 month YoY growth rate slips to 6.1%
- 3 Month Avg YoY %	12.5	12.6	8.1	13.0	12.3	11.9	6.1	#N/A	
- 12 Mth Total	37,540	37,905	38,085	38,908	39,165	39,240	39,502	#N/A	Transaction activity has picked up slightly, with the 12 month cumulative total close to 58k
RPPR Transactions : Month	4,526	4,886	4,300	5,480	4,993	5,001	5,276	#N/A	
- 3 Month Avg YoY %	6.0	6.5	4.0	1.5	0.6	6.0	3.3	#N/A	
- 12 Mth Total	57,168	57,391	57,095	57,382	57,486	57,969	57,869	#N/A	Annual CSO house price growth slowed to 0.9% YoY in Oct, though prices have risen for 8 straight months. Dublin prices fall by 1.5%, while ex-Capital inflation at 3.3%
CSO Price Index - MoM	0.2	0.3	0.4	0.8	0.3	0.1	0.1	#N/A	
- YoY %	3.0	2.6	2.0	2.2	1.9	1.0	0.9	#N/A	CSO rent inflation decelerates to a 6.5 year low of 4.5% in Nov. Rents 31.6% above prior peak
Daft Asking Prices: MoM %	-0.5	-1.7	1.5	-1.0	-0.5	-2.0	#N/A	#N/A	
- YoY %	4.1	1.8	3.3	0.8	1.4	-1.8	#N/A	#N/A	
<b>RENTS:</b> CSO Private Rents - MoM%	0.4	0.3	0.3	0.3	0.6	1.1	0.2	0.0	Affordability stable over the autumn as impact of house price rises negated by good earnings growth
- YoY %	5.4	5.2	5.5	5.6	5.2	5.8	5.1	4.5	
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	17.9	18.0	18.2	18.4	18.6	18.6	18.6	#N/A	

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19		
<b>CONSUMER PRICES - YoY %</b>	1.7	1.0	1.1	0.5	0.7	0.9	0.7	1.1	CPI inflation picked up to 1.1% in November as the drag from lower energy prices faded due to base effects. Services inflation at 3.0%. HICP edged up to 0.8% in the same month	
- MoM %	0.4	-0.1	0.2	-0.2	0.5	-0.2	-0.3	-0.1		
HICP - YoY %	1.7	1.0	1.1	0.5	0.6	0.6	0.6	0.8		
- MoM %	0.4	-0.1	0.2	-0.2	0.4	-0.3	-0.2	-0.2		
<b>PERSONAL / FINANCIAL</b>										
KBC/ESRI Consumer Confidence	87.7	89.9	90.7	85.5	77.2	75.3	69.5	77.1	Consumer confidence rose sharply in November as the risk of a no-deal Brexit faded. Index remains well below highs seen in early part of the year  Amount of Irish household credit outstanding unchanged in October	
Credit Growth YoY %										
- Private Sector (Underlying)	-3.2	-2.7	-2.2	-2.5	-3.8	-3.7	-3.3	#N/A		
- of which : Household	-0.4	-0.3	-0.3	-0.2	-0.2	0.1	0.0	#N/A		
- of which : Mortgage Lending	-1.0	-0.8	-0.9	-0.9	-0.8	-0.7	-0.6	#N/A		
<b>LABOUR MARKET</b>										
Live Register	194,900	191,600	190,600	190,300	188,900	188,600	188,700	186,400	Unemployment rate held at 4.8% in November, while Live Register recorded its largest monthly fall since May	
- Change In Month	-300	-3,300	-1,000	-300	-1,400	-300	+100	-2,300		
Unemployment Rate %	5.2	5.2	5.2	5.1	4.9	4.9	4.8	4.8	Employment sub-components of services and construction PMIs point to an increase in the pace of jobs creation in Nov. Manufacturing sub-index, though, below the 50 level for the 1st time since Sept. '16	
PMI Employment Indices										
- AIB Manufacturing	53.8	51.4	51.8	50.1	50.5	50.0	51.2	49.2		
- AIB Services	54.6	54.7	55.3	53.6	53.1	53.3	54.3	54.5		
- Ulster Bank Construction	58.8	53.5	56.0	52.9	51.3	50.6	50.6	51.9		
<b>MERCHANDISE TRADE</b>										
Export Values - 3M / 3M %	-4.9	-6.3	0.2	5.6	1.0	3.0	1.1	#N/A	YoY growth in value of goods exported at 8.7% in Oct., largely reflects increase in pharma and machinery exports	
- 3MMA YoY %	12.8	11.9	8.5	9.7	5.0	10.0	8.7	#N/A		
Import Values - 3M / 3M %	-12.1	-7.8	-1.4	-1.6	-0.2	0.3	2.8	#N/A	Pharma imports weak over the year, leaving YoY rate of goods imports at -12.5%	
- 3MMA YoY %	5.9	6.9	-0.9	-6.7	-10.9	-11.7	-12.5	#N/A		
<b>PUBLIC FINANCES</b>										
Total Tax Receipts: Cum YTD %	5.7	5.7	6.9	7.6	8.1	8.7	6.7	6.7	Public finances continue to run ahead of target as of Nov, with revenue boosted by another large corporation tax take. Government expected to run surplus of 0.4% of GDP in 2019	
Voted Spending : Cum YTD %	5.4	8.0	5.9	6.6	6.8	6.9	7.7	6.2		
Exchequer Bal: 12 Mth Total €m	344	68	1,189	1,279	1,299	1,615	1,103	1,542		
<b>QUARTERLY DATA</b>										
		Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Irish GDP expanded by 5% YoY in Q3 '19. Data remain distorted by multi-nationals  3 quarter moving average growth rate of modified domestic demand, which aims to strip out multi-national distortions, +2.5% as of Q3 '19
<b>GDP - YoY %</b>		6.5	12.1	10.4	7.4	3.6	7.9	4.9	5.0	
*Domestic Demand - YoY% (3Q Avg)		3.0	4.1	5.2	5.4	4.5	3.0	2.3	2.5	
Consumer Spending - YoY %		3.0	3.1	4.5	3.4	2.8	3.3	3.7	3.3	
Services Exports - YoY % (3Q Avg)		16.7	11.7	10.1	6.5	7.4	9.5	11.9	13.8	
* Excludes Some Investment Related to the Multinational Sector										
<b>EMPLOYMENT &amp; EARNINGS</b>										
Employment YoY %		3.1	2.9	3.4	3.0	2.3	3.7	2.0	2.4	Employment grew by a solid 2.4% YoY in Q3, with growth strongest in financial and public administration sectors. Labour force growth picks back up, to 1.6% YoY
Labour Force YoY %		1.9	1.4	2.5	2.0	1.5	2.7	1.3	1.6	
Average Earnings YoY %										
- Hourly		1.9	3.1	3.0	2.1	3.2	2.8	3.3	4.0	
- Weekly		2.0	2.7	3.4	3.5	3.5	3.6	3.6	3.4	
Weekly Earnings YoY %										
- Private Sector		1.5	2.1	3.7	3.9	3.9	4.5	4.0	3.9	
- Public Sector		2.9	4.0	2.8	2.1	1.8	0.8	1.9	1.3	
<b>CSO DWELLING COMPLETIONS</b>										
- YoY %		4559	3466	4399	4645	5485	4259	4838	5667	Completions up 18% in year to September, with 12 month running total at 20k. Still well below estimated demand (35k)
- Cum 12 Mth Total		50.3	25.0	34.5	23.1	20.3	22.9	10.0	22.0	
		14373	15067	16196	17069	17995	18788	19227	20249	



**Oliver Mangan**  
Chief Economist  
oliver.n.mangan@aib.ie

**John Fahey**  
Senior Economist  
john.j.fahey@aib.ie

**Conor Beakey**  
Economist  
conor.x.beakey@aib.ie

AIB, 10 Molesworth Street, Dublin 2

Tel: 353-1-6600311

<https://aib.ie/investorrelations/economic-research-unit>