

# Irish Economy Watch

AIB Treasury Economic Research Unit



Monday 20 January 2020

	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	
<b>MANUFACTURING</b>									
AIB Manufacturing PMI	50.4	49.8	48.7	48.6	48.7	50.7	49.7	49.5	Manufacturing PMI edged slightly lower in December, as weak export demand continues to weigh on the sector. Index remains in contractionary territory at 49.5
OECD Leading Indicator	99.7	99.8	99.8	99.7	99.6	99.7	#N/A	#N/A	
Industrial Production (Ex-Modern)	115.2	110.2	118.7	115.5	117.2	120.4	116.4	#N/A	YoY growth rate of industrial output (ex-modern) solid at 4.9% in November
Production (Ex-Modern) : 3mma YoY%	10.6	6.2	5.7	4.7	6.8	5.1	4.9	#N/A	
3mth / 3mth % seas. adj.	3.8	0.1	0.1	-0.2	3.4	2.6	2.8	#N/A	
<b>SERVICES / RETAIL</b>									
AIB Services PMI	57.0	56.9	55.0	54.6	53.1	50.6	53.7	55.9	Services PMI jumps to 55.9 in December, hitting a 6-month high. Boosted by rising domestic and export orders
CSO Services Index (Value)	124.0	126.4	126.5	126.2	128.8	125.6	126.8	#N/A	
- YoY %	5.9	10.7	10.0	8.9	5.1	0.1	1.0	#N/A	CSO services index volatile. YoY growth rate slows sharply over the autumn
- 3mth / 3mth % seas. adj.	1.8	1.1	1.3	2.1	1.8	1.0	0.6	#N/A	
SIMI Car Registrations	6,320	1,408	24,862	5,087	3,415	2,177	758	224	New car sales down 6.8% YoY in 2019, but decline more than offset by rise in 2nd hand imports. Total regs up 0.7% YoY
- 12 mth cum total	119,039	119,199	117,173	116,362	116,413	116,903	117,018	117,100	
- 3 mma YoY %	0.2	8.3	-4.7	-7.9	-7.7	-0.8	15.2	27.8	
Retail Sales Index	116.4	117.2	112.0	118.3	122.9	123.4	119.4	#N/A	Core retail sales fell in November, dropping by 1.2% MoM. However, consumers may have delayed spending ahead of Black Friday sales, which will be included in December's report
- YoY %	0.5	-0.3	-4.5	2.0	3.8	3.9	1.4	#N/A	
- 3mth / 3mth % seas. adj.	0.6	0.9	-2.5	-1.6	-0.1	5.5	5.2	#N/A	
Ex Autos Index	118.1	117.0	119.0	119.7	122.0	120.1	118.6	#N/A	
- YoY %	2.8	1.8	4.0	3.9	4.3	3.7	1.9	#N/A	
- 3mth / 3mth % seas. adj.	1.7	-0.3	-1.5	-0.8	1.5	2.2	1.4	#N/A	
<b>CONSTRUCTION PMI: Ulster Bank</b>									
- Housing Activity	54.9	53.1	51.4	53.7	48.3	46.2	48.2	52.0	In December, construction PMI moved above the key 50 level for the first time since August. Increase driven by improvements across all of the key sub-sectors
- Commercial Activity	58.3	58.4	55.9	58.4	52.9	51.3	47.7	51.8	
- New Orders	53.1	52.8	54.7	55.1	47.6	46.9	51.2	53.6	
- Business Expectations	56.4	56.6	53.7	52.6	50.8	48.8	48.3	52.4	
	67.1	65.5	59.0	51.3	52.4	57.6	57.3	63.1	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
Housing Registrations: 12Mth Total	10,614	10,604	10,208	10,120	10,224	#N/A	#N/A	#N/A	Registrations (measure of developer activity) down 12.7% in Q3 compared to Q3 2018
- 3 Month Avg YoY %	-10.6	-14.5	-21.3	-18.4	-12.7	#N/A	#N/A	#N/A	
Commencements: 12mth Total	24,438	24,226	24,467	25,112	26,106	#N/A	#N/A	#N/A	Commencements picked up strongly in Q3, ahead of introduction of new building regulations from November 1st
- 3 Month Avg YoY %	19.9	-6.8	-3.6	10.8	32.9	#N/A	#N/A	#N/A	
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	3,960	3,692	4,227	3,581	3,088	3,692	3,358	#N/A	Mortgage approvals little changed in November. YoY growth rate slows to 5%
- 3 Month Avg YoY %	12.6	8.1	13.0	12.3	11.9	6.1	5.0	#N/A	
- 12 Mth Total	37,905	38,085	38,908	39,165	39,240	39,502	39,652	#N/A	Transaction activity moderates slightly in November, with 12 month total slipping below 58k
RPPR Transactions : Month	4,891	4,321	5,491	5,002	5,029	5,470	5,000	#N/A	
- 3 Month Avg YoY %	6.5	4.3	1.7	0.9	6.3	4.9	0.6	#N/A	Annual CSO house price growth picks up to 1.4% in November. Prices have now risen for 9 straight months. Dublin prices declined by 0.7%, while ex-Capital inflation at 3.6% YoY
- 12 Mth Total	57,407	57,132	57,430	57,543	58,054	58,148	57,643	#N/A	
<b>HOUSING MARKET PRICES</b>									
CSO Price Index - MoM	0.3	0.4	0.8	0.3	0.2	0.1	0.1	#N/A	CSO rental inflation continues to moderate but rents 31.6% above their previous peak
- YoY %	2.6	2.0	2.2	1.9	1.1	1.0	1.4	#N/A	
Daft Asking Prices: MoM %	-1.7	1.5	-1.1	-0.5	-2.2	-0.1	-2.2	2.4	Affordability stable since the autumn as impact of modest house price rises negated by good earnings growth
- YoY %	1.8	3.3	0.7	1.3	-2.0	-1.5	-1.4	-0.8	
<b>RENTS:</b> CSO Private Rents - MoM%	0.3	0.3	0.3	0.6	1.1	0.2	0.0	0.0	
- YoY %	5.2	5.5	5.6	5.2	5.8	5.1	4.5	4.3	
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	18.0	18.2	18.4	18.6	18.6	18.6	18.6	#N/A	

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<b>CONSUMER PRICES - YoY %</b>	1.0	1.1	0.5	0.7	0.9	0.7	1.1	1.3	CPI picks up to 1.3% in December, reflecting increased housing costs and higher VAT rate in hospitality sector. HICP also accelerates to 1.1% in the same month	
- MoM %	-0.1	0.2	-0.2	0.5	-0.2	-0.3	-0.1	0.2		
HICP - YoY %	1.0	1.1	0.5	0.6	0.6	0.6	0.8	1.1		
- MoM %	-0.1	0.2	-0.2	0.4	-0.3	-0.2	-0.2	0.2		
<b>PERSONAL / FINANCIAL</b>										
KBC/ESRI Consumer Confidence	89.9	90.7	85.5	77.2	75.3	69.5	77.1	81.4	Consumer confidence improved again in December as Brexit uncertainty abated. Index remains below recent highs	
Credit Growth YoY %										
- Private Sector (Underlying)	-2.7	-2.2	-2.5	-3.8	-3.7	-3.3	-3.3	#N/A	Irish household credit outstanding up by 0.1% YoY in November as new mortgage lending trends higher	
- of which : Household	-0.3	-0.3	-0.2	-0.2	0.1	0.0	0.1	#N/A		
- of which : Mortgage Lending	-0.8	-0.9	-0.9	-0.8	-0.7	-0.6	-0.5	#N/A		
<b>LABOUR MARKET</b>										
Live Register	191,600	190,600	190,300	188,900	188,500	188,700	186,400	185,300	Unemployment rate held at 4.8% in December, while Live Register fell to its lowest level since 2008	
- Change In Month	-3,300	-1,000	-300	-1,400	-400	+200	-2,300	-1,100		
Unemployment Rate %	5.2	5.2	5.1	4.9	4.9	4.8	4.8	4.8	Employment sub-components of service and construction sector PMIs point to continued good jobs growth in December. Manufacturing sub-index below key 50 level, but did edge higher in the month	
PMI Employment Indices										
- AIB Manufacturing	51.4	51.8	50.1	50.5	50.0	51.2	49.2	49.7		
- AIB Services	54.7	55.3	53.6	53.1	53.3	54.3	54.5	53.4		
- Ulster Bank Construction	53.5	56.0	52.9	51.3	50.6	50.6	51.9	53.2		
<b>MERCHANDISE TRADE</b>										
Export Values - 3M / 3M %	-6.3	0.3	5.6	1.1	3.0	1.2	4.5	#N/A	Goods exports strong in 2019. YoY growth rate remained robust at 7.3% in November	
- 3MMA YoY %	11.9	8.5	9.7	5.0	10.0	8.9	7.3	#N/A		
Import Values - 3M / 3M %	-8.0	-1.2	0.0	1.3	1.6	3.0	-2.6	#N/A	Imports have declined over the year, which largely reflects a steep fall in pharma imports. Down 15.7% YoY in November	
- 3MMA YoY %	6.7	-0.9	-5.4	-9.7	-10.4	-11.0	-15.7	#N/A		
<b>PUBLIC FINANCES</b>										
Total Tax Receipts: Cum YTD %	5.7	6.9	7.6	8.1	8.7	6.7	6.7	6.8	General government balance estimated at €1.5bn in 2019 vs €0.2bn in 2018. Tax receipts rose by a strong 6.8% YoY, which was above target due to buoyant corporation tax take	
Voted Spending : Cum YTD %	8.0	5.9	6.6	6.8	6.9	7.7	6.2	7.3		
Exchequer Bal: 12 Mth Total €m	68	1,189	1,279	1,299	1,615	1,103	1,542	647		
<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
<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	3 quarter moving average growth rate of modified domestic demand, which aims to strip out multi-national distortions, +2.5% as of Q3 '19
* 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 at 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 %										Weekly earnings growth put at a robust 3.4% YoY in Q3. Wage inflation in private sector at 3.9%. Public gains more modest at 1.3% 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	



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