

Irish Economy Watch

AIB Treasury Economic Research Unit



Friday 21 January 2022

	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	
MANUFACTURING									
AIB Manufacturing PMI	64.1	64.0	63.3	62.8	60.3	62.1	59.9	58.3	December's manufacturing PMI indicated continued strong growth in the sector. However, the index declined again, to 58.3. Supply issues and inflationary pressures remain elevated also
OECD Leading Indicator	101.1	101.8	102.4	102.9	103.2	103.3	103.4	103.4	
Industrial Production (Ex-Modern)	119.6	117.1	115.6	109.3	115.4	119.5	127.8	#N/A	Traditional production rose sharply in Nov, lifting output in the past 3 months by 6.8% YoY
Production (Ex-Modern) : 3mma YoY%	11.3	16.9	7.5	0.1	-1.3	2.1	6.8	#N/A	
3mth / 3mth % seas. adj.	1.5	6.1	2.1	-2.4	-5.3	-2.3	6.1	#N/A	
SERVICES / RETAIL									
AIB Services PMI	62.1	63.1	66.6	63.7	63.7	63.4	59.3	55.4	The services PMI slowed markedly in Dec to 55.4 as Covid cases surged. The slowdown in activity was evident in all the sub-components. Price and capacity pressures increased again also
CSO Services Index (Value)	121.6	129.9	129.9	132.9	137.8	137.6	140.5	#N/A	
- YoY %	19.6	16.2	15.0	15.5	14.5	18.1	24.0	#N/A	The CSO services index moved higher in Nov, from already elevated levels
- 3mth / 3mth % seas. adj.	0.9	3.7	5.7	8.4	7.9	7.1	5.9	#N/A	
SIMI Car Registrations	5,914	2,762	26,477	5,966	4,449	2,680	1,120	387	New car sales performed well in H1, but less so as 2021 progressed. Up 18.8% vs. 2020 levels, but down 10.4% vs. 2019
- 12 mth cum total	97,419	99,175	104,599	105,640	104,555	104,823	105,030	104,932	
- 3 mma YoY %	175.0	412.1	47.0	30.5	16.6	2.7	-6.9	9.9	
Retail Sales Index	129.9	133.3	130.3	133.8	132.6	130.5	131.2	#N/A	Headline and core retail sales moved higher in November from already elevated levels, after big gains in Q2 and Q3
- YoY %	46.1	9.8	4.7	5.4	-0.6	1.8	16.3	#N/A	
- 3mth / 3mth % seas. adj.	7.4	11.6	5.9	4.9	2.0	0.9	-0.8	#N/A	
Ex Autos Index	125.4	135.5	129.7	132.7	132.6	132.1	134.4	#N/A	Construction PMI declined to 53.7 in Dec, as activity in the housing and commercial sectors grew at a slower pace. New orders expanded more slowly also. Firms business expectations remained very positive though.
- YoY %	21.2	9.5	2.0	3.5	0.6	0.8	16.9	#N/A	
- 3mth / 3mth % seas. adj.	1.6	9.9	11.3	10.6	4.7	1.7	0.3	#N/A	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Construction PMI: Ulster Bank	66.4	65.0	62.8	57.5	56.3	56.9	56.3	53.7	Commencements were 17.1% higher in 2021 than in 2019, and rose above 30k for the first time since 2007.
- Housing Activity	73.4	68.8	63.7	62.2	59.8	54.5	55.1	53.2	
- Commercial Activity	63.5	63.8	60.9	54.9	56.7	60.4	56.3	54.6	Mortgage approvals down by 9% YoY in the 3mths to Nov. However, they are up 30% YTD
- New Orders	68.2	63.7	65.4	61.7	57.5	57.2	58.6	56.3	
- Business Expectations	73.6	71.9	73.6	71.1	68.1	69.7	69.0	69.2	
Commencements: 12mth Total	25,501	27,264	28,974	29,565	30,519	30,947	30,537	30,724	Fewest amount of transaction in December since 2012. Overall, transactions last year were 4.4% below 2019 levels
- 3 Month Avg YoY %	148.5	308.4	205.6	92.8	59.8	32.7	13.9	3.3	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	3,814	4,167	4,144	3,749	3,905	3,717	3,957	#N/A	House prices jumped by 1.2% in Nov, up 14% YoY. Ex-Dublin price inflation (+15%) continues to outpace the capital (+12.8%)
- 3 Month Avg YoY %	114.5	210.1	111.9	55.9	18.3	-2.7	-9.0	#N/A	
- 12 Mth Total	40,134	42,613	44,044	44,456	44,434	43,732	43,317	#N/A	Daft.ie asking prices fell in Dec resulting in a marked decline in the YoY rate to 5.4%
RPPR Transactions : Month	4,175	4,680	5,157	4,714	5,273	5,489	5,156	4,180	
- 3 Month Avg YoY %	40.8	57.9	50.5	50.2	38.6	20.7	4.6	-19.1	CSO rental index rose by 0.6% in Dec, lifting the YoY rate to 8.4%
- 12 Mth Total	53,413	55,028	56,524	58,278	59,243	59,182	58,981	55,748	
HOUSING MARKET PRICES									
CSO Price Index - MoM	0.8	1.4	1.7	2.2	1.6	1.2	1.2	NA	Affordability deteriorates, as house prices rises far more sharply than industrial wages
- YoY %	5.4	6.8	8.5	10.9	12.4	13.3	14.0	NA	
Daft Asking Prices: MoM %	0.8	0.8	0.5	0.3	0.1	0.8	-0.1	-1.0	CSO rental index rose by 0.6% in Dec, lifting the YoY rate to 8.4%
- YoY %	11.6	13.1	10.9	9.1	9.0	9.1	8.8	5.4	
RENTS: CSO Private Rents - MoM%	-0.2	0.1	0.3	1.5	1.8	0.9	0.6	0.6	Affordability deteriorates, as house prices rises far more sharply than industrial wages
- YoY %	2.6	3.0	3.1	4.5	5.9	7.5	8.1	8.4	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	18.5	18.7	19.0	19.5	19.8	#N/A	#N/A	#N/A	

	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
CONSUMER PRICES - YoY %	1.7	1.6	2.2	2.9	3.8	5.1	5.3	5.5
- MoM %	0.1	0.2	0.4	0.6	0.5	0.7	0.6	0.5
HICP - YoY %	1.9	1.6	2.2	3.0	3.8	5.1	5.4	5.7
- MoM %	0.2	0.1	0.4	0.7	0.4	0.8	0.6	0.5

Consumer prices rose by 0.6% in Dec, led by increases in energy, fuel and transport costs once again. The YoY rate rose to 5.5%, its highest level since April 2001. The HICP rate increased to 5.7% also

PERSONAL / FINANCIAL

KBC/ESRI Consumer Confidence	85.8	87.2	84.9	86.5	86.4	86.8	83.1	74.9
Credit Growth YoY %								
- Private Sector (Underlying)	-3.2	-3.1	-1.6	-1.4	0.2	0.5	0.7	#N/A
- of which : Household	-1.6	-1.6	-1.3	-1.2	-1.2	-1.2	-1.1	#N/A
- of which : Mortgage Lending	-1.3	-1.3	-1.2	-1.1	-1.1	-1.1	-1.1	#N/A

Consumer sentiment fell to 74.9 in Dec, its lowest level since Feb as Covid cases surged and some restrictions were re-imposed

Private sector credit was up by 0.7% YoY in Nov. Household credit, was down by 1.1% YoY

LABOUR MARKET

Live Register	176,100	172,800	171,000	169,700	167,100	170,000	168,900	166,300
- Change In Month	-4,700	-3,300	-1,800	-1,300	-2,600	+2,900	-1,100	-2,600
Unemployment Rate %	6.9	6.3	5.8	5.4	5.2	5.2	5.2	5.1
PMI Employment Indices								
- AIB Manufacturing	60.0	59.4	57.7	58.0	55.6	55.7	55.0	54.3
- AIB Services	54.8	58.6	60.0	58.3	56.8	57.6	55.7	54.0
- Ulster Bank Construction	58.2	56.9	56.4	57.4	54.8	55.1	56.2	54.7

Standard unemployment rate edged lower to 5.1% in Dec. The Covid-19 adjusted rate rose to 7.5% from 6.9%, as the labour market recovery was halted by the re-imposition of restrictions

Employment subcomponents of the manufacturing, construction and services PMIs moved lower, in Dec. However, all three remained well above 50

MERCHANDISE TRADE

Export Values - 3M / 3M %	2.3	2.3	5.4	4.3	3.9	5.7	5.9	#N/A
- 3MMA YoY %	-3.5	6.7	2.9	1.7	0.8	9.0	9.0	#N/A
Import Values - 3M / 3M %	10.1	11.4	7.9	3.8	-1.9	-0.1	1.6	#N/A
- 3MMA YoY %	41.4	44.1	23.6	19.9	14.5	23.6	15.4	#N/A

Goods trade surplus fell by 13% to €5.5bn in Nov. Exports rose by 2% YoY in Nov, and were 1% higher YTD. Imports increased by 6% YoY & were 17% higher YTD. Exports to the UK were up 20% YTD, while imports were down 21%

PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	9.1	9.8	13.0	15.2	15.9	19.6	21.8	19.7
Voted Spending : Cum YTD %	1.9	1.3	0.5	0.3	2.3	1.9	1.6	5.5
Exchequer Bal: 12 Mth Total €m	-12,212	-12,285	-10,657	-9,546	-9,162	-8,073	-4,862	-7,372

Exchequer finances much better than expected in 2021, largely due to very strong tax intake (up 19.7%). Net voted spending up 5.5% in 2021. Exchequer deficit of €7.4bn recorded last year

QUARTERLY DATA

	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21
GDP - YoY %	5.1	6.5	1.4	10.8	4.5	11.7	21.1	11.4
*Domestic Demand - YoY%	2.0	-2.7	-12.2	-2.8	-2.2	-5.1	15.6	5.3
Consumer Spending - YoY %	2.9	-5.8	-19.5	-7.7	-8.8	-11.8	19.3	7.7
Services Exports - YoY % (3Q Avg)	17.4	13.1	5.8	0.0	1.0	4.7	12.1	14.5

* Excludes Some Investment Related to the Multinational Sector

GDP expanded by 11.4% YoY in Q3, due to strong exports, and an easing of restrictions

Modified domestic demand continued to recover in Q3, rising by 5.3% YoY. Consumer spending was up by 7.7% YoY

EMPLOYMENT & EARNINGS

Employment YoY %	3.6	2.1	-6.9	-3.2	-3.4	-5.0	9.9	9.8
Labour Force YoY %	2.6	2.0	-6.9	-0.9	-2.0	-2.5	12.1	7.9
Average Earnings YoY %								
- Hourly	3.9	3.0	7.2	3.6	5.5	8.4	2.7	3.8
- Weekly	3.8	3.7	6.0	3.3	7.7	7.5	4.1	5.4
Weekly Earnings YoY %								
- Private Sector	4.0	4.0	6.0	3.1	9.1	7.7	5.0	5.5
- Public Sector	3.1	3.1	2.9	2.5	3.0	4.9	2.2	6.3

Employment rose by 9.8% YoY in Q3, as the economy re-opened more fully. Up by 6.4% on 2019 levels. Strong labour force growth also

Weekly earnings growth accelerated to +5.4% YoY in Q3, from 4.1% in Q2. Although, the changing composition of the labour force is distorting the data somewhat

CSO DWELLING COMPLETIONS

- YoY %	6376	4928	3230	5045	7329	3929	4989	4656
- Cum 12 Mth Total	17.4	16.1	-32.7	-10.6	14.9	-20.3	54.5	-7.7
	21068	21750	20179	19579	20532	19533	21292	20903

Having performed well in H1, completions slowed somewhat in Q3, and were 7.7% lower YoY. However, they are up 2.8% YTD



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