

# Irish Economy Watch

AIB Treasury Economic Research Unit



Friday 19 January 2024

	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	
<b>MANUFACTURING</b>									
AIB Manufacturing PMI	47.5	47.3	47.0	50.8	49.6	48.2	50.0	48.9	The manu. PMI fell to 48.9 in Dec, as business conditions deteriorated. There was a marginal decline in output and orders. Input prices rose, although, output prices eased
AIB Manufacturing PMI - Future Output	66.1	68.8	67.1	72.1	71.6	70.0	69.7	71.2	
Industrial Production (Ex-Modern)	127.1	121.8	124.8	125.4	128.0	123.9	127.2	#N/A	Traditional industrial production rose by 1.9% in the 3 mths to Nov, and was up by 3.3% YoY
Production (Ex-Modern) : 3mma YoY%	6.8	8.5	8.2	5.9	5.9	3.3	3.3	#N/A	
3mth / 3mth % seas. adj.	4.3	1.6	3.5	1.0	2.4	1.0	1.9	#N/A	
<b>SERVICES / RETAIL</b>									
AIB Services PMI	57.0	56.8	56.7	55.0	54.5	52.6	54.2	53.2	The services PMI edged down to 53.2 in Dec, signalling a slower pace of growth. New business, including new export orders expanded. However, inflationary pressures strengthened
CSO Services Index (Value)	163.4	161.5	163.1	165.4	166.6	169.8	163.2	#N/A	
- YoY %	6.4	1.8	2.8	3.2	4.5	9.2	2.9	#N/A	The CSO services index was up by 2.9% YoY in Nov
- 3mth / 3mth % seas. adj.	1.7	1.3	0.7	0.7	1.5	2.8	2.0	#N/A	
SIMI Car Registrations	7,543	2,988	27,300	8,247	5,723	2,207	921	345	Despite falling by 8.9% YoY in Q4, new car sales rose by 16.1% overall in 2023. Full year total above 122k
- 12 mth cum total	116,920	117,754	123,150	123,243	122,648	122,238	122,174	122,310	
- 3 mma YoY %	30.9	27.0	28.9	19.6	13.5	-5.3	-10.8	-8.9	
Retail Sales Index	131.7	131.4	130.7	130.6	129.0	128.8	129.1	#N/A	Retail sales rose by 0.8% YoY, but core retail sales declined by 0.8% YoY in Nov. However, both measures contracted in the three month period to Nov
- YoY %	5.6	6.6	6.3	3.4	2.1	0.2	0.8	#N/A	
- 3mth / 3mth % seas. adj.	5.2	4.2	-1.1	-2.3	-3.0	-1.4	-1.5	#N/A	
Ex Autos Index	130.8	132.3	126.8	129.5	128.7	128.2	129.0	#N/A	The construction PMI remained in contraction territory, at 45.1 in Dec. New orders and housing activity moved higher, but remained well below the key 50 level. Commercial activity deteriorated further
- YoY %	2.7	3.7	0.5	1.1	1.1	0.6	-0.8	#N/A	
- 3mth / 3mth % seas. adj.	1.0	1.5	0.1	-0.6	-2.2	-0.9	-0.7	#N/A	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
BNP Paribas Construction PMI	49.4	50.4	45.6	44.9	48.6	47.3	44.5	45.1	Commencements increased very strongly, by 47% YoY in Q4. In total, commencements rose by 21.7% in 2023, to 32.8k
- Housing Activity	45.4	48.4	45.9	46.3	48.9	45.3	43.5	45.0	
- Commercial Activity	53.7	51.1	45.4	41.9	49.2	50.9	43.8	42.8	Mortgage approvals declined by 0.4% YoY in the 3mths to Nov. 12 mth total near 43k
- New Orders	50.6	51.0	45.7	45.2	49.4	49.6	46.7	47.2	
- Business Expectations	60.2	58.0	59.5	59.4	59.2	53.6	57.2	59.9	
Commencements: 12mth Total	27,855	28,369	28,916	29,565	29,961	30,744	31,429	32,801	Transactions fell by 5.9% YoY in Q4. Full year total of 61.5k was 1.1% lower than in 2022
- 3 Month Avg YoY %	12.4	14.8	19.0	25.8	23.5	29.6	28.9	47.0	
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	4,282	4,175	4,136	3,952	3,527	3,676	3,614	#N/A	Residential property prices rose for a fifth consecutive month in Oct, up by 1.1%. The YoY rate, increased to 2.3%
- 3 Month Avg YoY %	9.0	6.7	11.4	10.1	7.3	3.7	-0.4	#N/A	
- 12 Mth Total	41,764	41,992	42,614	42,886	42,780	43,017	42,845	#N/A	Asking prices on Daft.ie were revised higher for Q3, and were up 5.1% YoY in Q4
RPPR Transactions : Month	5,197	5,451	5,342	5,666	5,471	5,571	5,565	5,897	
- 3 Month Avg YoY %	3.7	1.1	1.9	2.7	0.9	3.0	-3.0	-5.9	CSO rental index edged 0.3% higher in Dec. YoY rate stood at 6.2%
- 12 Mth Total	62,384	62,421	62,211	62,816	62,574	62,697	62,299	61,503	
<b>HOUSING MARKET PRICES</b>									
CSO Price Index - MoM	-0.1	0.6	0.5	0.5	1.0	1.1	#N/A	#N/A	Affordability deteriorated at a faster pace in Q3, as mortgage rates and house prices rose
- YoY %	2.6	2.1	1.6	1.1	1.4	2.3	#N/A	#N/A	
Daft Asking Prices: MoM %	1.7	-0.5	1.6	-0.6	1.0	-2.0	-0.3	0.9	CSO rental index edged 0.3% higher in Dec. YoY rate stood at 6.2%
- YoY %	3.0	2.3	4.5	4.2	4.5	5.4	5.2	4.8	
<b>RENTS:</b> CSO Private Rents - MoM%	0.6	0.6	0.6	1.3	0.8	0.0	0.1	0.3	Affordability deteriorated at a faster pace in Q3, as mortgage rates and house prices rose
- YoY %	7.8	7.7	7.2	7.1	7.1	6.6	6.2	6.2	
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	20.4	20.8	20.8	22.7	23.0	#N/A	#N/A	#N/A	

	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
<b>CONSUMER PRICES - YoY %</b>	6.6	6.1	5.8	6.3	6.4	5.1	3.9	4.6
- MoM %	0.3	0.8	0.2	0.7	0.1	0.3	-0.8	0.5
HICP - YoY %	5.4	4.8	4.6	4.9	5.0	3.6	2.5	3.2
- MoM %	0.3	0.8	0.2	0.5	0.1	0.2	-0.9	0.4

Consumer prices rose by 0.5% in Dec, led by an increase in package holiday prices. The YoY rate jumped to 4.6% largely on energy price base effects. HICP inflation rose to 3.2% YoY in Dec and averaged 5.2% last year

## PERSONAL / FINANCIAL

ILCU Consumer Sentiment Index	62.4	63.7	64.5	62.2	58.8	60.4	61.9	62.4
Credit Growth YoY %								
- Private Sector	0.3	-1.9	-2.0	-1.8	-2.1	-2.2	-2.1	#N/A
- of which : Household	0.3	0.6	1.0	1.6	1.6	1.8	1.9	#N/A
- of which : Mortgage Lending	0.0	0.4	0.9	1.3	1.5	1.6	1.6	#N/A

Consumer sentiment improved for a fourth month running, to 62.4 in Dec, albeit, this remains a relatively subdued level

Stock of private sector credit declined in Nov. Growth rate of mortgage debt was unchanged

## LABOUR MARKET

Live Register	181,900	181,700	181,200	174,700	178,500	175,700	174,400	173,900
- Change In Month	+400	-200	-500	-6,500	+3,800	-2,800	-1,300	-500
Unemployment Rate %	4.2	4.4	4.4	4.5	4.7	4.8	4.8	4.9
PMI Employment Indices								
- AIB Manufacturing	50.8	48.1	51.6	53.7	53.0	50.2	51.1	50.0
- AIB Services	54.5	54.7	53.1	53.9	53.2	52.0	53.3	51.9
- BNP Paribas Construction	51.2	52.0	53.4	51.1	51.2	53.4	49.1	52.3

The unemployment rate rose in H2 2023 due to strong labour force growth. It was at 4.9% in Dec. Overall, it averaged 4.4% in 2023, compared to 4.5% in 2022

In Dec, the employment sub-index of the construction PMI printed in expansion mode. The services reading was also above 50. The manu. reading fell to 50, its lowest level since June

## MERCHANDISE TRADE

Export Values - 3M / 3M %	-2.2	-1.3	-1.4	3.3	-1.1	0.6	-2.4	#N/A
- 3MMA YoY %	-8.7	-5.1	0.5	-3.2	-10.7	-11.8	-7.4	#N/A
Import Values - 3M / 3M %	-4.2	1.3	3.2	0.0	-2.9	-7.2	-0.9	#N/A
- 3MMA YoY %	-4.1	-4.7	-3.1	-7.9	-11.2	-15.3	-7.9	#N/A

Value of Goods trade surplus was down €7.2bn YTD to Nov compared to last year, at €57.8bn. Exports were 5% lower YTD, led by sharp falls in pharmaceuticals and ICT products. Imports running 2% lower YTD

## PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	10.2	11.0	10.0	6.6	6.1	4.0	5.8	6.0
Voted Spending : Cum YTD %	6.7	9.8	9.9	11.0	10.0	9.9	12.9	7.6
Exchequer Bal: 12 Mth Total €m	3,021	1,055	700	-1,615	-1,809	-3,185	-1,722	1,178

Total tax take was up by 6% last year, with increases in income, VAT, and corporate receipts. Expenditure rose by 7.6% also. Overall, an Exchequer surplus of €1.2bn was recorded in 2023

## QUARTERLY DATA

	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23
<b>GDP - YoY %</b>	14.3	8.8	9.3	9.4	10.2	2.6	-0.3	-5.8
*Domestic Demand - YoY %	11.1	12.9	10.6	9.0	5.1	4.2	-1.2	-0.4
Consumer Spending - YoY %	14.1	18.6	8.6	5.8	6.5	5.6	2.6	2.6
Services Exports - YoY % (3Q Avg)	15.3	13.4	9.2	9.8	3.1	0.6	-0.2	2.0

\* Excludes Some Investment Related to the Multinational Sector

GDP contracted by 1.9% in Q3, largely owing to a decline in output in the MNE sector. It was down 5.8% YoY in the quarter

MDD fell by 0.4% YoY in Q3. Output from domestic sectors up 4% YTD though

## EMPLOYMENT & EARNINGS

Employment YoY %	10.1	12.3	8.8	3.4	2.7	4.1	3.5	4.0
Labour Force YoY %	8.9	9.6	5.6	2.0	2.0	3.3	3.4	4.2
Average Earnings YoY %								
- Hourly	2.8	2.2	2.5	3.6	6.0	4.0	5.4	6.2
- Weekly	1.9	2.9	2.5	3.6	4.5	4.4	4.5	4.6
Weekly Earnings YoY %								
- Private Sector	2.8	4.8	3.6	4.9	2.4	3.6	4.0	3.9
- Public Sector	0.2	-1.3	1.3	0.8	10.4	7.7	5.9	6.3

Employment rose by 4% YoY in Q3, leaving it 12.7% above pre-pandemic levels. Employment rate eased to 74.1% in Q3, down slightly from Q2. The labour force grew by 4.2% YoY in Q3.

Weekly average earnings rose by 4.6% YoY in Q3. Public sector pay was up 6.3% YoY. Private sector earnings rose by 3.9% YoY

## CSO DWELLING COMPLETIONS

	6949	5625	7614	7388	9124	6652	7339	8452
- YoY %	-5.2	41.8	52.8	59.0	31.3	18.3	-3.6	14.4
- Cum 12 Mth Total	20546	22204	24834	27576	29751	30778	30503	31567

New dwelling completions up by 14.4% YoY in Q3. 12 mth running total moves higher to 31.5k



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

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

**Daniel Noonan**  
Economist  
daniel.x.noonan@aib.ie

AIB, 10 Molesworth Street, Dublin 2

Tel: 353-1-6600311

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