

Irish Economy Watch

AIB Treasury Economic Research Unit



Thursday 20 July 2023

	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	
MANUFACTURING									
AIB Manufacturing PMI	48.7	48.7	50.1	51.3	49.7	48.6	47.5	47.3	
AIB Manufacturing PMI - Future Output	61.3	64.0	66.4	72.2	72.0	64.8	66.1	68.8	
Industrial Production (Ex-Modern)	124.6	111.4	123.0	120.3	120.9	120.4	126.9	#N/A	
Production (Ex-Modern) : 3mma YoY%	10.7	10.3	6.4	4.2	3.5	4.0	6.6	#N/A	
3mth / 3mth % seas. adj.	5.3	0.9	-1.8	-3.6	0.5	0.7	3.8	#N/A	
SERVICES / RETAIL									
AIB Services PMI	50.8	52.7	54.1	58.2	55.7	58.4	57.0	56.8	
CSO Services Index (Value)	158.0	156.6	160.4	160.8	160.9	163.0	162.2	#N/A	
- YoY %	11.5	10.4	16.3	8.3	1.6	9.6	4.9	#N/A	
- 3mth / 3mth % seas. adj.	-0.1	-1.5	-0.5	0.5	2.2	2.0	1.7	#N/A	
SIMI Car Registrations	985	209	27,323	13,108	17,627	8,907	7,542	2,989	
- 12 mth cum total	105,576	105,398	107,697	108,831	113,551	114,601	116,848	117,683	
- 3 mma YoY %	20.3	-9.0	7.5	8.7	16.3	21.1	30.8	27.0	
Retail Sales Index	127.5	126.0	126.8	128.1	131.1	134.7	132.6	#N/A	
- YoY %	-3.8	1.4	3.4	3.6	8.9	7.1	5.2	#N/A	
- 3mth / 3mth % seas. adj.	1.3	0.8	-0.4	-0.2	1.3	3.6	4.6	#N/A	
Ex Autos Index	130.8	128.3	129.0	129.2	129.7	131.1	131.2	#N/A	
- YoY %	-1.6	0.5	0.5	0.8	0.7	0.2	2.5	#N/A	
- 3mth / 3mth % seas. adj.	0.8	1.5	1.5	0.5	0.5	0.5	1.4	#N/A	
RESIDENTIAL CONSTRUCTION ACTIVITY									
BNP Paribas Construction PMI	46.8	43.2	47.7	49.8	49.5	48.4	49.4	50.4	
- Housing Activity	41.6	40.6	45.2	46.2	46.5	42.8	45.4	48.4	
- Commercial Activity	49.5	46.9	49.0	51.5	51.9	51.4	53.7	51.1	
- New Orders	44.2	43.5	49.6	50.4	52.5	50.5	50.6	51.0	
- Business Expectations	50.9	55.0	58.6	60.4	58.0	59.4	60.2	58.0	
Commencements: 12mth Total	26,898	26,957	27,204	26,874	27,309	27,542	27,855	#N/A	
- 3 Month Avg YoY %	-19.0	-7.1	10.4	-0.4	5.0	4.5	12.4	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	3,786	2,650	2,820	2,744	3,896	3,373	4,282	#N/A	
- 3 Month Avg YoY %	-6.2	-8.2	-5.6	-6.9	2.8	2.8	9.0	#N/A	
- 12 Mth Total	41,426	40,988	41,046	40,814	41,249	41,323	41,764	#N/A	
RPPR Transactions : Month	5,963	6,693	3,618	4,289	5,171	4,166	5,144	4,715	
- 3 Month Avg YoY %	6.2	11.8	14.0	7.0	0.1	-2.5	2.8	-4.5	
- 12 Mth Total	60,881	62,181	62,174	61,838	62,196	61,819	62,232	61,533	
HOUSING MARKET PRICES									
CSO Price Index - MoM	0.2	0.2	-0.5	-0.4	-0.6	-0.1	-0.2	#N/A	
- YoY %	8.4	7.7	6.2	5.2	4.0	3.4	2.4	#N/A	
Daft Asking Prices: MoM %	0.0	1.2	-2.4	0.9	1.0	0.2	1.8	0.0	
- YoY %	3.8	5.2	1.7	1.0	-0.7	-0.9	-0.2	-0.3	
RENTS: CSO Private Rents - MoM%	0.5	0.3	0.2	1.0	0.3	0.1	0.6	0.6	
- YoY %	11.0	10.6	10.4	10.6	10.0	8.8	7.8	7.7	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	20.7	20.6	20.3	19.8	19.3	#N/A	#N/A	#N/A	

The manu. PMI declined to 47.3 in June, indicating a further softening in business conditions. New orders, and output fell. Meantime, there was a further easing in inflationary pressures

Traditional industrial production rose by 3.8% in the 3 mths to May. 3 mma up 6.6% YoY also

In May, the services PMI posted a strong reading of 56.8, down slightly from 57. There was yet another steep increase in new business, including exports. However, both input and output price inflation re-accelerated

The CSO services index rose by 1.7% in the 3 mths to May, and was up 4.9% YoY

New car sales performing very well, up by 18.8% YTD in the first half of 2023

Retail sales rose by 4.6% in the 3 mths to May, and were 5.2% higher YoY. Core retail sales up 2.5% YoY in May

The construction PMI rose to 50.4 in June, consistent with a stabilisation of conditions in the sector. The housing component improved, but stayed below 50. New orders and commercial sector activity expanded slightly

Commencements increased strongly, by 12.4% YoY in the 3 mths to May. 12 mth rolling total up to just below 28k

Mortgage approvals rose by 9% YoY in the 3 mths to May. 12 mth total increases to near 42k

Transactions fell slightly in June. 3 mma down 4.5% YoY. 12 mth total eased down to 61.5k

House prices declined for the fifth consecutive month in May, down 0.2%. The YoY rate, slowed to 2.4% also

Asking prices on Daft.ie were around 0.5% lower in YoY terms in Q2

CSO rental index rose by 0.6% in June. YoY rate at 7.7%, down from a peak of 12.7% last July

Affordability improved slightly in Q1, as wage growth outpaced house price growth

	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	
CONSUMER PRICES - YoY %	8.9	8.2	7.8	8.5	7.7	7.2	6.6	6.1	Consumer prices rose by 0.8% in June, led by increases in the transport and recreation sectors. Due to base effects though, the YoY rate fell to 6.1% from 6.6%. Similarly, HICP inflation eased to 4.8% YoY, from 54%
- MoM %	0.4	-0.2	-0.8	1.6	1.1	0.5	0.3	0.8	
HICP - YoY %	9.0	8.2	7.5	8.1	7.0	6.3	5.4	4.8	
- MoM %	0.2	-0.3	-1.0	1.5	1.0	0.3	0.3	0.8	
PERSONAL / FINANCIAL									
ILCU Consumer Sentiment Index	45.3	48.7	55.2	55.6	53.9	59.2	62.4	63.7	Consumer sentiment remained at a very low level, but improved for the sixth time in seven months, to 63.7 in June
Credit Growth YoY %									
- Private Sector (Underlying)	2.5	2.2	-0.6	-0.4	-1.7	1.2	0.3	#N/A	Stock of private sector credit rose slightly in May, as household debt levels increased
- of which : Household	-1.0	-1.1	-0.7	-0.5	-0.4	0.0	0.3	#N/A	
- of which : Mortgage Lending	-0.7	-0.9	-0.8	-0.5	-0.4	-0.1	0.0	#N/A	
LABOUR MARKET									
Live Register	185,000	185,600	184,800	183,200	181,900	181,900	182,600	182,700	The unemployment rate has continued to fall in 2023. It declined to 3.8% in May, the lowest level on record, and remained at that level in June
- Change In Month	+1,100	+600	-800	-1,600	-1,300	+0	+700	+100	
Unemployment Rate %	4.5	4.4	4.3	4.2	4.0	3.9	3.8	3.8	The employment sub-indices of the services and construction PMIs stayed above 50 in June. However, the manufacturing index, fell into contraction mode for the first time since Nov.
PMI Employment Indices									
- AIB Manufacturing	49.7	50.2	52.6	53.9	51.5	51.5	50.8	48.1	
- AIB Services	55.3	54.4	52.7	53.3	54.0	56.4	54.5	54.7	
- BNP Paribas Construction	49.9	48.1	50.6	54.7	53.1	50.5	51.2	52.0	
MERCHANDISE TRADE									
Export Values - 3M / 3M %	2.6	-5.2	-13.3	-6.2	-2.0	3.2	-2.2	#N/A	Goods trade surplus widened to €4.5bn in May. Exports are 5.5% lower YTD, led by a sharp fall in pharmaceuticals and medical products (down 15% YTD). Imports are up 5.1% YTD. Trade with the GB has rebounded significantly this year
- 3MMA YoY %	19.3	14.4	6.6	5.0	-2.9	-5.4	-8.8	#N/A	
Import Values - 3M / 3M %	-0.5	-6.6	-9.7	-3.5	-2.2	-0.5	-4.0	#N/A	
- 3MMA YoY %	35.3	21.9	17.4	19.3	14.8	6.8	-4.0	#N/A	
PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	24.5	21.5	12.2	12.5	14.6	14.2	10.2	11.0	Exchequer finances performing well in 2023. Tax intake, up 11% YTD, with strong spending growth also. 12 mth rolling exchequer surplus at €1.1bn, despite €4bn transfer to NRF
Voted Spending : Cum YTD %	0.9	1.8	8.8	9.4	4.6	7.2	6.7	9.8	
Exchequer Bal: 12 Mth Total €m	6,196	4,985	5,609	1,506	2,757	2,412	3,021	1,055	
QUARTERLY DATA									
	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	
GDP - YoY %	21.7	12.4	14.3	8.8	9.3	9.4	10.2	2.2	Revised data show GDP contracted by 2.8% in Q1, due to a sharp fall in the MNE sector. However, it was up 2.2% YoY
*Domestic Demand - YoY%	17.2	5.4	11.1	12.9	10.6	9.0	5.1	4.5	
Consumer Spending - YoY %	21.1	10.5	14.1	18.6	8.6	5.8	6.5	5.1	Modified domestic demand rose by just 0.1% in Q1, but was 4.5% higher in YoY terns
Services Exports - YoY % (3Q Avg)	15.7	15.6	15.3	13.4	9.2	9.8	3.1	0.6	
* Excludes Some Investment Related to the Multinational Sector									
EMPLOYMENT & EARNINGS									
Employment YoY %	9.9	9.8	10.1	12.3	8.8	3.4	2.7	4.1	Employment rose by 4.1% YoY in Q1, leaving it 10.6% above pre-pandemic levels. The labour force grew by 3.3% YoY in Q1, and is up 10.2% since end 2019
Labour Force YoY %	12.1	7.9	8.9	9.6	5.6	2.0	2.0	3.3	
Average Earnings YoY %									Weekly average earnings rose by 4.3% YoY in Q1. Public sector pay was up 7.7% YoY. Private sector earnings rose by 3.4% YoY in Q1, with a sharp increase in pay in the ICT sector
- Hourly	2.7	3.7	2.8	2.2	2.5	3.6	6.0	4.1	
- Weekly	4.1	5.4	1.9	2.9	2.5	3.6	4.5	4.3	
Weekly Earnings YoY %									
- Private Sector	5.0	5.8	2.8	4.8	3.6	4.9	2.4	3.4	
- Public Sector	2.2	5.3	0.2	-1.3	1.3	0.8	10.4	7.7	
CSO DWELLING COMPLETIONS									
- YoY %	4982	4647	6957	5640	7637	7402	9143	6716	New dwelling completions rose steeply by 19.1% YoY in Q1. 12 mth running total rises to just below 31k
- Cum 12 Mth Total	53.6	-7.9	-5.1	42.2	53.3	59.3	31.4	19.1	
	21329	20929	20553	22226	24881	27636	29822	30898	



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>