

# Irish Economy Watch

AIB Treasury Economic Research Unit



Friday 21 June 2024

Oct-23 Nov-23 Dec-23 Jan-24 Feb-24 Mar-24 Apr-24 May-24

## MANUFACTURING

AIB Manufacturing PMI	48.2	50.0	48.9	49.5	52.2	49.6	47.6	49.8
AIB Manufacturing PMI - Future Output	70.0	69.7	71.2	67.0	65.6	59.4	64.4	64.0
Industrial Production (Ex-Modern)	125.3	128.9	133.8	132.9	131.3	137.9	138.3	#N/A
Production (Ex-Modern) : 3mma YoY%	3.4	3.6	8.5	12.2	13.9	10.7	13.1	#N/A
3mth / 3mth % seas. adj.	1.5	2.7	2.2	4.2	4.0	3.6	3.0	#N/A

The manu. PMI stayed below 50 for a third consecutive month in May. However, the index printed at 49.8, consistent with only a marginal contraction. Output and business orders were weak

Traditional industrial production rose by 3.0% in the 3 mths to Apr and was 13.1% higher YoY

## SERVICES / RETAIL

AIB Services PMI	52.6	54.2	53.2	50.5	54.4	56.6	53.3	55.0
CSO Services Index (Value)	169.4	164.0	169.5	172.3	173.1	174.3	177.2	#N/A
- YoY %	8.9	3.1	6.9	9.2	7.9	7.9	9.0	#N/A
- 3mth / 3mth % seas. adj.	2.8	2.0	1.6	0.9	3.0	3.3	3.7	#N/A
SIMI Car Registrations	2,208	921	345	31,407	16,431	14,644	8,563	6,401
- 12 mth cum total	122,328	122,264	122,400	126,463	129,772	126,728	126,378	125,234
- 3 mma YoY %	-5.2	-10.7	-8.8	14.5	18.5	7.4	-0.2	-13.3
Retail Sales Index	129.4	129.9	130.4	132.9	131.0	133.8	132.3	#N/A
- YoY %	0.3	0.9	2.8	5.3	1.6	2.0	-0.9	#N/A
- 3mth / 3mth % seas. adj.	-1.6	-1.6	-0.7	0.7	1.4	2.1	1.0	#N/A
Ex Autos Index	128.0	129.3	130.5	130.2	130.6	131.1	131.3	#N/A
- YoY %	0.5	-0.8	1.4	0.9	1.2	1.6	0.2	#N/A
- 3mth / 3mth % seas. adj.	-1.2	-0.8	0.6	1.0	1.4	1.1	0.8	#N/A

The services PMI rose to 55.0 in May, indicating an acceleration in the pace of expansion. New business, including new export orders continued to rise. However, inflationary pressures remained elevated

The CSO services index was up by 9.0% YoY in Mar

Having had a solid start to 2024, new car sales have trended lower recently. 12mth running total fell to near 125k in May

Retail sales increased by 1% in the 3 mths to Apr. Similarly, core sales rose by 0.8% over the same period

## RESIDENTIAL CONSTRUCTION ACTIVITY

BNP Paribas Construction PMI	47.3	44.5	45.1	45.9	47.4	51.6	53.2	49.8
- Housing Activity	45.3	43.5	45.0	48.3	49.8	54.3	53.4	52.0
- Commercial Activity	50.9	43.8	42.8	44.7	47.2	53.2	54.6	51.4
- New Orders	49.6	46.7	47.2	47.4	47.7	51.5	53.9	52.9
- Business Expectations	53.6	57.2	59.9	58.6	64.9	63.8	59.5	61.2
Commencements: 12mth Total	30,744	31,429	32,801	34,050	35,752	37,408	53,011	51,935
- 3 Month Avg YoY %	29.6	28.9	47.0	52.4	73.3	62.7	242.5	182.2

The construction PMI declined to 49.8 in May, indicating a slight contraction in activity. New orders, housing and commercial activity all fell but stayed above the key 50 level

Commencements surged in April ahead of the waiver and rebate deadlines. In May though, they were down 35% YoY. 12 mth rolling total just below 52k

## HOUSING MARKET ACTIVITY

BPFI Mortgage Approvals : Month	3,676	3,614	2,364	2,718	2,922	3,237	3,796	#N/A
- 3 Month Avg YoY %	3.7	-0.4	-2.2	-5.8	-1.9	-5.3	0.0	#N/A
- 12 Mth Total	43,017	42,845	42,559	42,399	42,604	41,976	42,399	#N/A
RPPR Transactions : Month	5,605	5,671	7,112	3,435	4,138	4,389	4,346	4,512
- 3 Month Avg YoY %	3.5	-2.0	1.6	-0.4	0.3	-9.1	-6.4	-9.5
- 12 Mth Total	62,861	62,569	62,988	62,792	62,609	61,786	61,917	61,222

Mortgage approvals 3mma to Apr matches last years figure. 12 mth running total near 42.5k

Transactions 3mma down by 9.5% YoY, owing to a marked slowdown in Mar-May. 12 mth run rate falls to 61k

## HOUSING MARKET PRICES

CSO Price Index - MoM	1.0	1.0	1.3	0.7	0.5	0.5	0.4	#N/A
- YoY %	2.3	3.0	4.1	5.4	6.2	7.4	7.9	#N/A
Daft Asking Prices: MoM %	-1.3	-1.4	1.6	0.0	1.8	-0.1	#N/A	#N/A
- YoY %	6.2	4.7	5.1	5.5	6.2	5.8	#N/A	#N/A
RENTS: CSO Private Rents - MoM%	0.0	0.2	0.2	0.1	0.4	0.0	0.2	0.4
- YoY %	6.6	6.3	6.2	6.0	5.3	5.1	5.1	4.9

House prices continued to trend higher, up 0.4% m/m in May. They were 7.9% higher YoY also

Asking prices on Daft.ie were revised higher for Q4'23, and were up 5.8% YoY in Q1

CSO rental index rose by 0.4% in May. However, the YoY rate slowed to 4.9%

**AFFORDABILITY:** Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm<sup>1</sup> TSB  
- Mortgage as % of Disposable Income 22.8 22.8 22.9 21.9 21.6 21.2 #N/A #N/A

Affordability improved somewhat in Q1, as average take-home pay increased

	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	
<b>CONSUMER PRICES - YoY %</b>	5.0	3.9	4.6	4.1	3.4	2.9	2.6	2.6	Consumer prices rose by 0.5% in May, amid an increase in transport and hospitality costs. However, the YoY rate stayed at 2.6%. HICP inflation rose by 0.6% in the month, with the annual rate increasing to 2.0%
- MoM %	0.3	-0.8	0.5	-1.3	1.0	0.5	0.2	0.5	
HICP - YoY %	3.6	2.5	3.2	2.7	2.3	1.7	1.6	2.0	Consumer sentiment declined, albeit marginally, for a fourth consecutive month in May
- MoM %	0.2	-0.9	0.4	-1.4	1.1	0.3	0.2	0.6	

## PERSONAL / FINANCIAL

ILCU Consumer Sentiment Index	60.4	61.9	62.4	74.2	70.2	69.5	67.8	65.7	Private sector credit growth rate declined in Apr. The household and mortgage credit growth rates slowed slightly
Credit Growth YoY %									
- Private Sector	-2.2	-2.1	-1.8	2.1	1.4	2.5	-1.3	#N/A	Revisions to the data show the unemployment rate averaged 4.2% in Q1'24 down from 4.5% in Q4'23. On a monthly basis, it has printed at 4.0% in Mar-May
- of which : Household	1.8	1.9	2.0	2.0	1.9	2.1	2.0	#N/A	
- of which : Mortgage Lending	1.6	1.6	1.8	1.8	1.5	1.7	1.6	#N/A	

## LABOUR MARKET

Live Register	176,300	175,300	175,100	176,900	174,800	174,400	173,800	173,200	In May, the employment sub-indices of the manu. and services PMI's moved higher, while the construction reading declined. Crucially though, all three stayed in expansion mode
- Change In Month	-2,000	-1,000	-200	+1,800	-2,100	-400	-600	-600	
Unemployment Rate %	4.5	4.4	4.5	4.5	4.1	4.0	4.0	4.0	Goods trade surplus stood at €30.9bn YTD to Apr, up 48.9% YoY. Exports rose by 10.2% YTD to €72.4bn, led by a strong increase in pharma and medical products (up 28.2% YTD). Imports stood at €41.5bn YTD in Apr, down 8.6% YoY
PMI Employment Indices									
- AIB Manufacturing	50.2	51.1	50.0	50.6	52.5	51.7	50.0	52.7	
- AIB Services	52.0	53.3	51.9	52.7	54.4	53.2	52.9	53.3	
- BNP Paribas Construction	53.4	49.1	52.3	53.5	52.5	53.9	52.7	51.8	Total tax take up by 6.2% YTD in May. Voted expenditure rose by 15.3% YTD, owing to increases in current and capital spending. 12mth rolling Exchequer surplus declined to €2.6bn

## MERCHANDISE TRADE

Export Values - 3M / 3M %	0.7	-2.0	2.1	0.1	5.0	8.4	9.1	#N/A	Total tax take up by 6.2% YTD in May. Voted expenditure rose by 15.3% YTD, owing to increases in current and capital spending. 12mth rolling Exchequer surplus declined to €2.6bn
- 3MMA YoY %	-12.3	-7.6	-4.0	2.8	2.1	4.8	5.9	#N/A	
Import Values - 3M / 3M %	-4.5	4.3	4.2	1.8	-12.9	-13.3	-7.3	#N/A	GDP expanded by 0.9% in Q1 amid a sharp rise in exports. In YoY terms though, GDP was down 6.5%
- 3MMA YoY %	-12.4	-1.1	1.1	-2.0	-11.1	-9.5	-5.2	#N/A	

## PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	4.0	5.8	6.0	4.8	5.5	1.8	2.6	6.2	MDD rose by 1.4% in Q1, supported by a rise in modified investment and consumption
Voted Spending : Cum YTD %	9.9	12.9	7.6	20.0	23.2	15.4	12.8	15.3	
Exchequer Bal: 12 Mth Total €m	-3,185	-1,722	1,178	602	3,612	3,512	3,637	2,586	Employment rose by 1.9% YoY in Q1'24, putting it 14.4% above pre-COVID levels. Employment rate eased to 73.8% in Q1, down slightly from Q4'23. The labour force grew by 2% YoY in Q1

## QUARTERLY DATA

	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24	
<b>GDP - YoY %</b>	9.3	9.4	10.2	2.7	-0.3	-5.8	-8.7	-0.8	Weekly average earnings rose by 3.5% YoY in Q4'23. Public sector pay was down by 1.6% YoY. Private sector earnings rose by 3.5% YoY
*Domestic Demand - YoY%	10.6	9.0	5.1	4.3	-1.2	-0.1	-0.5	11	
Consumer Spending - YoY %	8.6	5.8	6.5	5.6	2.7	3.0	1.5	1.7	Having trended higher in 2023, completions declined by 12.1% YoY in Q1. 12mth total back below 32k
Services Exports - YoY % (3Q Avg)	9.2	9.8	3.1	0.6	-0.2	2.0	4.6	10.2	

\* Excludes Some Investment Related to the Multinational Sector

## EMPLOYMENT & EARNINGS

Employment YoY %	9.2	3.5	2.6	3.7	3.1	3.6	3.4	1.9	Weekly average earnings rose by 3.5% YoY in Q4'23. Public sector pay was down by 1.6% YoY. Private sector earnings rose by 3.5% YoY
Labour Force YoY %	6.0	2.1	1.8	2.8	3.0	3.8	3.5	2.0	
Average Earnings YoY %									Having trended higher in 2023, completions declined by 12.1% YoY in Q1. 12mth total back below 32k
- Hourly	2.6	3.6	6.1	3.9	5.3	6.1	1.9	#N/A	
- Weekly	2.6	3.6	4.5	4.3	4.4	4.4	2.6	#N/A	
Weekly Earnings YoY %									
- Private Sector	3.7	4.9	2.4	3.5	3.9	3.8	4.1	#N/A	
- Public Sector	1.3	0.8	10.4	7.7	5.9	5.8	-1.2	#N/A	

## CSO DWELLING COMPLETIONS

CSO DWELLING COMPLETIONS	7611	7385	9101	6647	7281	8444	10254	5841	Having trended higher in 2023, completions declined by 12.1% YoY in Q1. 12mth total back below 32k
- YoY %	52.9	59.0	31.4	18.4	-4.3	14.3	12.7	-12.1	
- Cum 12 Mth Total	24796	27537	29711	30744	30414	31473	32626	31820	



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