

# Irish Economy Watch

AIB Treasury Economic Research Unit



Wednesday 25 June 2025

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
<b>MANUFACTURING</b>								
AIB Manufacturing PMI	51.5	49.9	49.1	51.3	51.9	51.6	53.0	52.6
AIB Manufacturing PMI - Future Output	68.8	67.5	71.6	70.3	64.6	65.6	63.0	65.2
Industrial Production (Ex-Modern)	121.2	113.1	121.3	112.3	112.7	119.1	118.0	#N/A
Production (Ex-Modern) : 3mma YoY%	5.2	4.5	3.6	-0.9	-1.5	-2.2	-0.7	#N/A
3mth / 3mth % seas. adj.	4.1	2.7	1.7	-2.7	-2.3	-3.2	0.9	#N/A

The manu. PMI stayed firmly in expansion mode but eased to 52.6 in May. Output rose robustly, supported by a further expansion in new orders. Export orders fell markedly though

Traditional industrial production rose by 0.9% in the 3 mths to Apr, but were down 0.7% YoY

<b>SERVICES / RETAIL</b>								
AIB Services PMI	53.8	58.3	57.1	53.4	53.2	55.3	52.8	54.7
CSO Services Index (Value)	147.5	150.4	153.3	154.2	159.7	167.9	159.2	#N/A
- YoY %	17.2	16.6	16.8	15.8	22.2	26.5	15.9	#N/A
- 3mth / 3mth % seas. adj.	3.2	4.0	5.5	5.4	5.8	6.8	6.3	#N/A
SIMI Car Registrations	2,416	1,120	423	33,499	13,994	17,291	8,706	5,822
- 12 mth cum total	120,953	121,152	121,230	123,307	120,869	123,516	123,657	123,081
- 3 mma YoY %	-7.0	-2.3	14.0	7.2	-0.6	3.7	0.9	7.5
Retail Sales Index	112.0	112.6	113.9	113.8	114.5	113.7	115.0	#N/A
- YoY %	1.4	-1.0	0.9	0.4	1.7	-0.8	3.0	#N/A
- 3mth / 3mth % seas. adj.	-0.7	0.1	0.9	1.7	1.8	1.0	0.9	#N/A
Ex Autos Index	112.7	113.5	112.3	111.8	112.9	112.6	112.4	#N/A
- YoY %	1.3	0.5	0.4	-0.5	1.3	0.9	1.1	#N/A
- 3mth / 3mth % seas. adj.	0.7	1.3	0.6	0.1	-0.6	-0.4	0.1	#N/A

The serv. PMI increased to 54.7 in May, consistent with a sharper pace of expansion in the sector. The rate of new business growth accelerated. However, both input and prices charged inflation remained elevated

The CSO services index was up by 6.3% in the 3mths to Apr

New car sales are 2.4% higher YTD in May, amid a strong Mar/ Apr. 12 mth running total just above 123k

Headline retail sales increased by 0.9% in the 3mths to Apr. Core retail sales were just 0.1% higher over the same period

<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>								
AIB Construction PMI	49.4	47.5	51.6	48.2	48.7	53.9	52.4	49.2
- Housing Activity	56.4	50.3	54.4	52.7	53.3	53.5	51.7	49.7
- Commercial Activity	47.0	47.2	51.0	48.0	51.7	56.0	53.5	53.4
- New Orders	48.4	52.5	52.8	48.4	50.6	53.8	53.7	51.6
- Business Expectations	63.6	63.5	67.1	65.3	60.2	57.6	60.7	59.7
Commencements: 12mth Total	63,349	61,649	69,060	66,873	64,175	59,989	42,316	41,178
- 3 Month Avg YoY %	159.7	137.8	91.7	36.6	24.7	-75.7	-89.9	-89.2

The construction PMI fell to 49.2 in May, indicating a marginal contraction in activity. Housing activity declined slightly, while commercial activity and new orders both softened

Having rocketed higher to 69k in 2024, housing commencements have been very weak in 2025. They are down by 84.9% YTD. 12 mth total is back near 41k

<b>HOUSING MARKET ACTIVITY</b>								
BPFI Mortgage Approvals : Month	4,088	3,702	2,949	2,745	2,791	3,647	3,835	#N/A
- 3 Month Avg YoY %	5.4	6.5	11.2	8.0	6.0	3.4	3.2	#N/A
- 12 Mth Total	42,706	42,794	43,379	43,406	43,275	43,685	43,724	#N/A
RPPR Transactions : Month	6,205	5,598	6,687	3,540	4,066	4,465	4,586	4,347
- 3 Month Avg YoY %	-3.5	0.7	0.6	-2.5	-3.1	-0.1	0.6	-5.0
- 12 Mth Total	61,344	61,271	60,846	60,930	60,814	60,833	61,002	60,107

Mortgage approvals rose by 3.2% in the 3mths to Apr. Overall, 43.7k approvals were registered over the past year

Residential property transactions fell by 5.0% YoY in the 3mths to May. The 12 mth total is at 60.1K

<b>HOUSING MARKET PRICES</b>								
CSO Price Index - MoM	0.8	0.9	0.6	0.2	0.1	0.2	0.3	#N/A
- YoY %	9.7	9.6	8.9	8.3	7.9	7.6	7.5	#N/A
Daft Asking Prices: MoM %	0.8	0.6	0.7	2.7	1.6	0.5	1.9	0.9
- YoY %	11.3	12.1	11.6	13.8	13.6	14.2	14.2	13.6
RENTS: CSO Private Rents - MoM%	0.4	0.5	0.5	0.1	0.2	0.0	0.2	0.5
- YoY %	4.8	5.1	5.4	5.4	5.2	5.2	5.2	5.2

The annual rate of house price growth continued to slow in Apr, easing to 7.5% YoY

Asking prices on Daft.ie rose by 3.0% in Q2. They were up 12.3% YoY in the quarter

CSO rental index increased by 0.2% in May. However, the YoY rate remained at 5.2%

<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	23.6	23.6	23.5	22.3	21.8	21.4	#N/A	#N/A

Affordability improved in Q1 amid robust wage growth and favourable income tax changes

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25		
									CPI inflation slowed to 1.7% in May, while HICP eased to 1.4%. Higher hospitality, food, alcohol, & health prices were the main drivers of inflation. Meantime, transport and clothing costs were lower on an annual basis	
<b>CONSUMER PRICES - YoY %</b>										
- MoM %	0.7	1.0	1.4	1.9	1.8	2.0	2.2	1.7		
	0.3	-0.5	0.9	-0.8	0.9	0.7	0.4	0.0		
HICP - YoY %	0.1	0.5	1.0	1.7	1.4	1.8	2.0	1.4		
- MoM %	0.3	-0.5	0.9	-0.8	0.8	0.7	0.4	0.0		
<b>PERSONAL / FINANCIAL</b>									Sentiment improved but remained muted, as ongoing global trade tensions continue to dampen the outlook	
ILCU Consumer Sentiment Index	74.1	74.1	73.9	74.9	74.8	67.5	58.7	60.8		
Credit Growth YoY %										
- Private Sector	1.8	2.5	3.0	1.9	2.7	2.7	4.3	#N/A		
- of which : Household	2.8	2.9	3.1	3.2	3.4	3.7	3.9	#N/A	Private sector credit growth accelerated in Apr, amid a rise in household/mortgage lending	
- of which : Mortgage Lending	2.6	2.9	3.0	3.2	3.4	3.7	4.0	#N/A		
<b>LABOUR MARKET</b>									The unemployment rate has been below 5% for over 3 years, the longest such sequence on record. It averaged 4.4% in Q1 and fell further to 4.0% in May	
Live Register	168,800	162,500	165,700	165,400	165,200	163,700	170,400	165,700		
- Change In Month	+1,200	-6,300	+3,200	-300	-200	-1,500	+6,700	-4,700		
Unemployment Rate %	4.2	4.2	4.4	4.5	4.4	4.4	4.1	4.0		
PMI Employment Indices									The employment sub-indices of the manu & construction PMIs rose slightly in May. In contrast, the services measure edged lower. Crucially, all three metrics stayed in expansion mode	
- AIB Manufacturing	49.6	49.3	51.4	53.4	50.7	50.4	51.1	51.5		
- AIB Services	51.0	52.1	53.0	49.9	53.2	54.3	53.5	52.0		
- AIB Construction	51.8	52.2	53.2	51.7	48.0	50.4	51.3	51.5		
<b>MERCHANDISE TRADE</b>									Goods trade surplus widened to €63.9bn YTD in Apr, up 135.6% YoY. Exports rose by 51.3% to €111.1bn, led by a marked increase in pharma and medical products (up 117%). Imports stood at €47.1bn over the same period, up by 10.9% YoY	
Export Values - 3M / 3M %	16.6	19.1	2.3	4.4	9.9	47.0	32.1	#N/A		
- 3MMA YoY %	22.7	30.4	23.4	29.5	38.3	65.1	56.3	#N/A		
Import Values - 3M / 3M %	-2.0	-7.4	-6.0	-0.2	7.4	10.8	9.1	#N/A		
- 3MMA YoY %	0.8	-7.5	-6.1	-3.9	9.9	14.6	10.9	#N/A		
<b>PUBLIC FINANCES</b>									Total tax take up 8.5% YTD in May. Voted expenditure rose by 9.2% YTD, owing to increases in current and capital spending. 12mth rolling Exchequer surplus falls to €16.0bn	
Total Tax Receipts: Cum YTD %	14.9	20.8	22.6	29.3	26.5	17.5	15.3	8.5		
Voted Spending : Cum YTD %	12.7	11.3	9.3	28.3	12.5	10.8	11.6	9.2		
Exchequer Bal: 12 Mth Total €m	3,326	9,576	12,755	14,053	16,108	16,636	16,753	15,969		
<b>QUARTERLY DATA</b>										
	Q2-23	Q3-23	Q4-23	Q1-24	Q2-24	Q3-24	Q4-24	Q1-25		
GDP - YoY %	-3.9	-8.4	-9.1	-4.5	-3.0	3.2	9.2	13.3	GDP surged by 13.3% YoY in Q1, led by a 23.3% rise in exports and a 50.9% jump in investment	
*Domestic Demand - YoY%	0.9	-0.2	4.2	2.7	2.9	4.0	1.3	1.0		
Consumer Spending - YoY %	6.5	1.7	4.0	3.0	2.4	1.4	2.3	2.5		
Services Exports - YoY % (3Q Avg)	-1.6	0.6	3.7	9.2	17.8	18.2	15.4	7.7		
* Excludes Some Investment Related to the Multinational Sector										
<b>EMPLOYMENT &amp; EARNINGS</b>									Employment increased by 3.3% YoY in Q1'25, putting it 17.5% above pre-COVID levels. The employment rate rose to 74.7% in Q1. The labour force grew by 3.5% YoY in the quarter	
Employment YoY %		3.1	3.6	3.4	1.9	2.7	3.7	2.6		3.3
Labour Force YoY %		3.0	3.8	3.5	2.0	2.9	3.5	2.4		3.5
Average Earnings YoY %										
- Hourly		5.3	6.1	1.9	4.9	5.5	5.0	6.1	5.9	Weekly average earnings rose by 5.6% YoY in Q1'25. Public sector pay was up by 6.4% YoY. Private sector earnings rose by 4.9% YoY
- Weekly		4.4	4.4	2.6	5.0	5.7	5.5	5.8	5.6	
Weekly Earnings YoY %										
- Private Sector		3.9	3.8	4.1	5.3	5.9	5.4	5.3	4.9	
- Public Sector		6.1	5.9	-1.3	4.0	4.5	4.7	6.0	6.4	
<b>CSO DWELLING COMPLETIONS</b>									Around 6k new dwelling completions were registered in Q1, up 2% YoY. 12 mth running total remains just north of 30k	
		7264	8400	10216	5819	6829	8897	8692		5938
- YoY %		-4.3	14.0	12.5	-12.3	-6.0	5.9	-14.9		2.0
- Cum 12 Mth Total		30351	31382	32515	31699	31264	31761	30237		30356



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