

# Irish Economy Watch

AIB Treasury Economic Research Unit



Monday 23 March 2020

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	
<b>MANUFACTURING</b>									
AIB Manufacturing PMI	48.7	48.6	48.7	50.7	49.7	49.5	51.4	51.2	Manufacturing PMI broadly unchanged at 51.2 in February. New orders growth strong but index likely to drop sharply in coming months as impact of coronavirus is felt
OECD Leading Indicator	99.7	99.7	99.8	100.0	100.2	100.3	#N/A	#N/A	
Industrial Production (Ex-Modern)	113.4	111.0	111.4	114.4	112.4	107.0	122.3	#N/A	Industrial output jumps higher in January. May reflect boost from clearing of Brexit uncertainty
Production (Ex-Modern) : 3mma YoY%	4.2	2.8	3.4	1.8	1.9	0.5	4.4	#N/A	
3mth / 3mth % seas. adj.	-0.7	-1.2	0.6	0.5	1.3	-0.6	1.5	#N/A	
<b>SERVICES / RETAIL</b>									
AIB Services PMI	55.0	54.6	53.1	50.6	53.7	55.9	56.9	59.9	Services PMI hits a 26-month high in February, with new export business accelerating. Index likely to plummet in March as virus hammers demand
CSO Services Index (Value)	127.4	126.2	128.0	124.9	124.7	123.5	124.3	#N/A	
- YoY %	10.2	9.1	5.5	-0.1	-0.9	6.1	1.1	#N/A	Base effects that lifted YoY growth rate of CSO Services index fade in January
- 3mth / 3mth % seas. adj.	1.5	2.0	1.4	0.1	-0.7	-2.2	-1.7	#N/A	
SIMI Car Registrations	24,862	5,087	3,415	2,177	758	224	31,193	13,887	Both 2nd hand and new car sales soft at the start of 2020. Total registrations down 8.6% YoY to end February
- 12 mth cum total	117,173	116,362	116,413	116,903	117,018	117,100	115,923	114,725	
- 3 mma YoY %	-4.7	-7.9	-7.7	-0.8	15.2	27.8	-3.0	-4.8	
Retail Sales Index	112.0	118.3	122.9	123.4	119.9	124.6	120.3	#N/A	Core retail sales fell by a sharp 1.8% in January, following a soft Q4. Weakness broad-based, with most sectors registering sizeable declines
- YoY %	-4.5	2.0	3.8	3.9	1.9	6.1	3.7	#N/A	
- 3mth / 3mth % seas. adj.	-2.5	-1.6	-0.1	5.5	5.4	4.2	0.1	#N/A	
Ex Autos Index	119.0	119.7	122.0	120.1	118.8	122.7	120.5	#N/A	
- YoY %	4.0	3.9	4.3	3.7	2.1	5.5	2.9	#N/A	
- 3mth / 3mth % seas. adj.	-1.5	-0.8	1.5	2.2	1.5	0.2	0.1	#N/A	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
Construction PMI: Ulster Bank	51.4	53.7	48.3	46.2	48.2	52.0	50.9	50.6	Construction PMI slightly softer in February. Housing activity index improves but remains in contractionary territory. Coronavirus will likely see data begin to deteriorate from March
- Housing Activity	55.9	58.4	52.9	51.3	47.7	51.8	48.0	49.7	
- Commercial Activity	54.7	55.1	47.6	46.9	51.2	53.6	55.7	52.1	Commencements total circa 26,000 in 2019, up a robust 17% on 2018 level. Data softer in Nov/Dec after pick up in activity in Oct ahead of introduction of new building regulations
- New Orders	53.7	52.6	50.8	48.8	48.3	52.4	54.9	53.6	
- Business Expectations	59.0	51.3	52.4	57.6	57.3	63.1	69.4	64.7	
Commencements: 12mth Total	24,467	25,112	26,106	26,940	26,022	26,237	#N/A	#N/A	
- 3 Month Avg YoY %	-3.6	10.8	32.9	40.4	14.4	2.1	#N/A	#N/A	
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	4,227	3,581	3,088	3,692	3,358	2,393	2,594	#N/A	Mortgage approvals improve slightly in January. 12 month total approaches 40k
- 3 Month Avg YoY %	13.0	12.3	11.9	6.1	5.0	5.7	5.1	#N/A	
- 12 Mth Total	38,908	39,165	39,240	39,502	39,652	39,753	39,909	#N/A	Transaction activity eases over winter but cumulative 12 month total continues to inch higher
RPPR Transactions : Month	5,501	5,013	5,054	5,514	5,201	6,649	3,424	#N/A	
- 3 Month Avg YoY %	1.9	1.1	6.7	5.4	2.4	1.4	1.8	#N/A	
- 12 Mth Total	57,464	57,588	58,154	58,292	57,988	58,388	58,563	#N/A	House prices bounce back by 0.7% MoM in January. YoY growth rate put at 1.8%. Ex-Dublin price inflation (+3.1%) continues to significantly outpace the capital (+0.5%)
<b>HOUSING MARKET PRICES</b>									
CSO Price Index - MoM	0.8	0.3	0.2	0.1	-0.2	-1.0	0.7	#N/A	Rents modestly higher in February but YoY growth rate holds at 3.9%
- YoY %	2.2	1.9	1.1	1.0	1.1	0.5	1.8	#N/A	
Daft Asking Prices: MoM %	-1.1	-0.5	-2.2	-0.1	-2.2	2.4	#N/A	#N/A	Affordability improves since autumn as incomes continue to rise and flat house price growth
- YoY %	0.7	1.3	-2.0	-1.5	-1.4	-0.8	#N/A	#N/A	
<b>RENTS:</b> CSO Private Rents - MoM%	0.3	0.6	1.1	0.2	0.0	0.0	-0.1	0.3	
- YoY %	5.6	5.2	5.8	5.1	4.5	4.3	3.9	3.9	
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	18.4	18.6	18.6	18.6	18.6	17.9	18.0	#N/A	

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<b>CONSUMER PRICES - YoY %</b>	0.5	0.7	0.9	0.7	1.1	1.3	1.3	1.1	CPI inflation moderates from 1.3% to 1.1% in February. Largely reflects a sharp fall in communication costs. HICP also eases and is recorded at the lower rate of 0.9%	
- MoM %	-0.2	0.5	-0.2	-0.3	-0.1	0.2	-0.7	0.6		
HICP - YoY %	0.5	0.6	0.6	0.6	0.8	1.1	1.1	0.9		
- MoM %	-0.2	0.4	-0.3	-0.2	-0.2	0.2	-0.7	0.6		
<b>PERSONAL / FINANCIAL</b>										
KBC/ESRI Consumer Confidence	85.5	77.2	75.3	69.5	77.1	81.4	85.5	85.2	Prior to coronavirus outbreak, decline in near term Brexit related uncertainty had helped consumer confidence improve	
Credit Growth YoY %										
- Private Sector (Underlying)	-2.5	-3.8	-3.7	-3.3	-3.3	-3.0	-3.4	#N/A	YoY growth of household credit outstanding flat in January. Pace of decline in existing mortgage stock eases since summer	
- of which : Household	-0.2	-0.2	0.1	0.0	0.0	0.1	0.0	#N/A		
- of which : Mortgage Lending	-0.9	-0.8	-0.7	-0.6	-0.5	-0.4	-0.4	#N/A		
<b>LABOUR MARKET</b>										
Live Register	190,000	188,700	189,300	189,300	186,800	185,200	183,900	182,500	Unemployment rate held at 4.8% in Feb, while Live Register fell further. Data to deteriorate in March as government confirms applications for jobseeker's benefit has spiked	
- Change In Month	-500	-1,300	+600	+0	-2,500	-1,600	-1,300	-1,400		
Unemployment Rate %	5.1	5.0	4.8	4.7	4.7	4.7	4.8	4.8	Employment subcomponent of services PMI consistent with strong jobs growth in February but outlook has changed drastically since then	
PMI Employment Indices										
- AIB Manufacturing	50.1	50.5	50.0	51.2	49.2	49.7	51.2	48.4		
- AIB Services	53.6	53.1	53.3	54.3	54.5	53.4	54.5	55.0		
- Ulster Bank Construction	52.9	51.3	50.6	50.6	51.9	53.2	53.6	51.3		
<b>MERCHANDISE TRADE</b>										
Export Values - 3M / 3M %	5.7	1.2	3.3	1.4	5.1	1.2	-1.5	#N/A	YoY growth in value of goods exported eases to 2.7% in January. Machinery and pharma exports remain strong	
- 3MMA YoY %	9.7	5.1	10.2	9.1	7.9	5.1	2.7	#N/A		
Import Values - 3M / 3M %	2.0	3.6	4.8	3.6	1.1	3.1	-0.5	#N/A	Imports declined by 8.8% YoY in January, largely reflecting sharp fall in aircraft imports	
- 3MMA YoY %	-3.4	-7.3	-7.1	-8.5	-10.1	-8.4	-8.8	#N/A		
<b>PUBLIC FINANCES</b>										
Total Tax Receipts: Cum YTD %	7.6	8.1	8.7	6.7	6.7	6.8	10.0	13.8	Tax receipts up 13.8% in year to February, ahead of profile by 3.2%. Public finances running ahead of target YTD but coronavirus outbreak means this situation will prove temporary	
Voted Spending : Cum YTD %	6.6	6.8	6.9	7.7	6.2	7.3	8.5	1.7		
Exchequer Bal: 12 Mth Total €m	1,279	1,299	1,615	1,103	1,542	647	670	1,509		
<b>QUARTERLY DATA</b>										
		Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Irish GDP expanded by 5.5% YoY in 2019 but data remain heavily distorted by the activities of multi-nationals  Modified domestic demand, which aims to strip out some of these distortions, registered at a solid 3% in 2019
<b>GDP - YoY %</b>		12.1	10.4	7.4	3.6	7.6	3.9	4.5	6.2	
*Domestic Demand - YoY% (3Q Avg)		4.1	5.2	5.4	4.5	3.0	2.2	2.8	3.3	
Consumer Spending - YoY %		3.1	4.5	3.4	2.8	2.9	3.4	2.9	2.0	
Services Exports - YoY % (3Q Avg)		11.7	10.1	6.5	7.4	9.5	11.9	14.0	14.4	
* Excludes Some Investment Related to the Multinational Sector										
<b>EMPLOYMENT &amp; EARNINGS</b>										
Employment YoY %		2.9	3.4	3.0	2.3	3.7	2.0	2.4	3.5	Employment growth robust at 3.5% YoY in Q4, leaving average annual rate for 2019 at 2.9%. Labour force growth also picks up to 2.6% YoY at end 2019. Average annual growth at 2.1%
Labour Force YoY %		1.4	2.5	2.0	1.5	2.7	1.3	1.6	2.6	
Average Earnings YoY %										Weekly earnings growth little changed at 3.5% in Q4. Average annual growth rate strong at 3.6% in 2019, driven by gains for private sector workers
- Hourly		3.1	3.0	2.1	3.2	2.8	3.3	4.0	3.6	
- Weekly		2.7	3.4	3.5	3.5	3.6	3.6	3.6	3.5	
Weekly Earnings YoY %										
- Private Sector		2.1	3.7	3.9	3.9	4.5	4.0	4.0	3.5	
- Public Sector		4.0	2.8	2.1	1.8	0.8	1.9	1.3	2.7	
<b>CSO DWELLING COMPLETIONS</b>										
		3469	4400	4638	5445	4256	4837	5698	6450	Completions up 18% to over 21k in 2019. However, supply continues to trail demand (estimated at 35k)
- YoY %		25.1	34.6	22.9	19.5	22.7	9.9	22.9	18.5	
- Cum 12 Mth Total		15070	16200	17065	17952	18739	19176	20236	21241	



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