

# Irish Economy Watch

AIB Treasury Economic Research Unit



Friday 26 March 2021

	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21
<b>MANUFACTURING</b>								
AIB Manufacturing PMI	57.3	52.3	50.0	50.3	52.2	57.2	51.8	52.0
OECD Leading Indicator	99.0	99.3	99.7	100.1	100.3	100.6	100.7	100.8
Industrial Production (Ex-Modern)	110.5	108.6	108.6	110.8	109.2	114.5	116.2	#N/A
Production (Ex-Modern) : 3mma YoY%	-14.2	-5.4	-1.3	-1.6	-2.7	-0.1	-0.2	#N/A
3mth / 3mth % seas. adj.	-6.8	11.4	24.8	14.5	5.1	2.1	3.6	#N/A
<b>SERVICES / RETAIL</b>								
AIB Services PMI	51.9	52.4	45.8	48.3	45.4	50.1	36.2	41.2
CSO Services Index (Value)	113.9	114.8	120.5	115.4	112.3	120.5	113.6	#N/A
- YoY %	-10.9	-9.0	-4.2	-7.4	-10.2	-1.3	-9.0	#N/A
- 3mth / 3mth % seas. adj.	-5.6	5.8	11.5	6.4	1.4	-0.3	-1.2	#N/A
SIMI Car Registrations	21,171	4,808	5,651	2,296	913	601	25,152	13,783
- 12 mth cum total	85,716	85,437	87,673	87,792	87,947	88,324	82,826	83,469
- 3 mma YoY %	-26.2	-13.4	-4.7	19.4	39.5	20.6	-15.7	-10.2
Retail Sales Index	127.1	129.0	131.6	130.6	114.7	131.1	119.3	#N/A
- YoY %	9.0	8.6	10.7	7.7	-4.3	8.3	-14.1	#N/A
- 3mth / 3mth % seas. adj.	17.9	46.9	37.8	14.6	-1.3	-2.9	-6.7	#N/A
Ex Autos Index	126.8	128.2	130.6	130.7	115.9	130.3	109.0	#N/A
- YoY %	5.7	6.8	9.1	9.4	-2.8	7.3	-9.8	#N/A
- 3mth / 3mth % seas. adj.	7.2	21.5	21.9	10.5	-0.3	-2.3	-8.8	#N/A
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>								
Construction PMI: Ulster Bank	53.2	44.0	47.0	48.6	53.5	52.3	21.2	27.0
- Housing Activity	57.8	44.7	44.1	50.3	53.0	56.2	19.0	23.8
- Commercial Activity	50.2	41.6	49.2	46.7	50.0	49.7	24.2	31.2
- New Orders	53.8	46.5	48.8	51.8	57.3	55.6	29.4	30.5
- Business Expectations	55.9	53.5	48.7	51.9	60.5	62.5	59.9	64.2
Commencements: 12mth Total	23,379	22,066	21,774	20,823	21,830	21,686	20,701	#N/A
- 3 Month Avg YoY %	-37.7	-36.8	-28.4	-29.7	-3.3	-1.4	-2.3	#N/A
<b>HOUSING MARKET ACTIVITY</b>								
BPFI Mortgage Approvals : Month	2,713	3,337	3,927	4,419	4,372	3,247	2,696	2,964
- 3 Month Avg YoY %	-51.8	-32.7	-8.4	12.8	25.4	27.5	23.6	13.8
- 12 Mth Total	30,966	30,722	31,561	32,288	33,302	34,156	34,258	34,384
RPPR Transactions : Month	3,659	2,954	4,266	5,537	5,341	7,372	3,112	4,072
- 3 Month Avg YoY %	-36.9	-34.8	-30.2	-18.2	-4.0	5.1	2.9	5.2
- 12 Mth Total	50,977.0	48,911.0	48,123.0	48,146.0	48,286.0	49,009.0	48,585.0	49,006.0
<b>HOUSING MARKET PRICES</b>								
CSO Price Index - MoM	0.2	0.1	0.2	0.4	0.7	0.7	0.5	#N/A
- YoY %	-0.7	-0.9	-0.8	-0.5	0.4	2.2	2.6	#N/A
Daft Asking Prices: MoM %	2.5	1.9	0.3	0.8	0.4	1.0	#N/A	#N/A
- YoY %	0.3	2.7	5.3	6.1	8.9	7.4	#N/A	#N/A
<b>RENTS:</b> CSO Private Rents - MoM%	0.2	0.2	0.4	-0.5	0.0	0.4	0.3	0.2
- YoY %	-1.4	-1.8	-2.6	-3.2	-3.2	-2.9	-2.5	-2.5
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	18.2	18.3	18.3	17.7	17.5	17.6	#N/A	#N/A

Manufacturing PMI was little changed at 52.0 in February. However, output and new orders contracted again as underlying business conditions remain weak in the sector

Traditional industrial production continued to rise in January, but 3mma down 0.2% YoY

In February the services PMI remained in contraction at 41.2. The continuation of restrictions resulted in a further decline in new business. On a more optimistic note, firms future outlook rose sharply to its highest level in 13 months

CSO Services Index declined in January, and was 9.5% lower than in February 2020

New car sales up 4.9% YoY in February, following a weak January, ahead of VAT cut expiry

Retail sales plunged by 14.1% YoY in January as the national lockdown came into effect

Construction PMI remained at a very low level in February (27.0) as most of the sector was closed due to restrictions. However, firms outlook strengthened to 64.2, its highest level for a year

Commencements were 48% lower YoY in January, reflecting the impact of restrictions. 12 month running total falls below 21K

Approvals continue to trend upwards in early 2021. 3mma up 13.8% YoY in February

Transactions holding steady so far in Q1, with the 3mma up 5.2% YoY

House prices rose by 0.5% in January, YoY growth rate at 2.6%. Ex-Dublin price inflation (+4.0%) continues to outpace the capital (+1.1%)

Daft.ie asking prices up 7.4% YoY in December

CSO rental index edged higher by 0.2% in February. YoY rate stayed at -2.5%

Affordability index improves as average industrial wages rise sharply in Q4

	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	
<b>CONSUMER PRICES - YoY %</b>	-0.4	-1.0	-1.2	-1.5	-1.1	-1.0	-0.2	-0.4	
- MoM %	-0.2	-0.1	-0.4	-0.6	0.3	0.3	0.1	0.4	
HICP - YoY %	-0.6	-1.1	-1.2	-1.5	-1.0	-1.0	-0.1	-0.4	
- MoM %	-0.2	-0.1	-0.4	-0.5	0.3	0.2	0.2	0.3	
<b>PERSONAL / FINANCIAL</b>									
KBC/ESRI Consumer Confidence	62.6	58.9	60.7	52.6	65.5	74.6	64.9	70.8	
Credit Growth YoY %									
- Private Sector (Underlying)	-2.2	-1.8	-2.6	-3.4	-2.8	-2.6	-2.2	#N/A	
- of which : Household	-1.3	-1.3	-1.5	-1.4	-1.5	-1.5	-1.7	#N/A	
- of which : Mortgage Lending	-0.7	-0.8	-1.0	-0.9	-1.0	-1.0	-1.1	#N/A	
<b>LABOUR MARKET</b>									
Live Register	225,600	213,400	214,200	210,300	203,700	195,200	191,300	188,500	
- Change In Month	+12,100	-12,200	+800	-3,900	-6,600	-8,500	-3,900	-2,800	
Unemployment Rate %	6.2	6.6	6.8	6.2	6.0	5.8	5.8	5.8	
PMI Employment Indices									
- AIB Manufacturing	50.8	47.5	49.1	50.8	51.2	53.0	50.8	52.9	
- AIB Services	46.1	47.3	47.0	47.4	49.0	51.1	49.8	48.6	
- Ulster Bank Construction	47.5	48.3	48.9	51.6	52.4	54.3	34.6	34.5	
<b>MERCHANDISE TRADE</b>									
Export Values - 3M / 3M %	-3.2	-1.1	10.9	3.6	-0.5	-4.0	0.0	#N/A	
- 3MMA YoY %	2.3	8.3	8.1	1.9	3.1	0.8	1.8	#N/A	
Import Values - 3M / 3M %	1.9	13.4	13.3	-4.0	3.0	9.2	13.6	#N/A	
- 3MMA YoY %	-8.0	-6.1	-7.1	-11.8	-3.2	2.7	0.9	#N/A	
<b>PUBLIC FINANCES</b>									
Total Tax Receipts: Cum YTD %	-2.5	-2.3	-3.0	-5.3	-6.9	-3.6	-8.8	-8.1	
Voted Spending : Cum YTD %	29.5	28.0	24.9	24.6	23.7	25.3	2.4	11.0	
Exchequer Bal: 12 Mth Total €m	-7,654	-8,180	-8,764	-9,337	-11,627	-12,316	-12,741	-14,038	
<b>QUARTERLY DATA</b>									
		Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20
<b>GDP - YoY %</b>		4.4	5.6	6.3	5.9	5.8	-2.6	8.7	1.5
*Domestic Demand - YoY%		3.8	2.0	4.5	2.9	-1.8	-15.5	-1.9	-3.1
Consumer Spending - YoY %		3.4	3.6	3.0	2.7	2.7	2.7	2.7	2.7
Services Exports - YoY % (3Q Avg)		12.5	13.2	13.4	13.6	10.1	3.3	-2.1	-1.6
<i>* Excludes Some Investment Related to the Multinational Sector</i>									
<b>EMPLOYMENT &amp; EARNINGS</b>									
Employment YoY %		3.7	2.0	2.4	3.5	2.2	-3.4	-1.4	-2.3
Labour Force YoY %		2.7	1.3	1.6	2.6	2.1	-3.7	0.6	-1.1
Average Earnings YoY %									
- Hourly		2.8	3.3	4.0	3.9	3.0	7.2	3.6	5.5
- Weekly		3.6	3.6	3.6	3.8	3.7	6.0	3.3	7.5
Weekly Earnings YoY %									
- Private Sector		4.5	4.0	4.0	4.0	4.0	6.0	3.1	8.5
- Public Sector		0.8	1.9	1.3	3.1	3.1	2.9	2.5	3.4
<b>CSO DWELLING COMPLETIONS</b>									
- YoY %		4249	4801	5650	6387	4966	3237	5073	7400
- Cum 12 Mth Total		22.8	9.2	22.0	17.6	16.9	-32.6	-10.2	15.9
		18708	19113	20131	21087	21804	20240	19663	20676

CPI inflation edged lower in February to -0.4% from -0.2% in January. HICP annual rate at -0.4% also. Extended clothing sales, and less travel due to restrictions contributed to the fall in prices

Consumer sentiment index rose to 70.8 in February, as employment and future activity expectations rose sharply

Household credit declined by 1.7% YoY in January. Mortgage lending down by 1.1% YoY also

Official unemployment rate remained unchanged at 5.8% in February, for the third month running. Covid adjusted rate little changed at 24.8%, as the economy remained in a broad based lockdown

Manufacturing employment moved higher. Services index edged lower, while construction was unchanged.

Goods trade surplus widened to €6.4bn in January, as exports (led by medical & pharma products) rose by 1% and imports fell by 12%. Imports from the UK were down €906m (65% YoY), while exports were down €149m (-14%).

Exchequer deficit of €0.7bn recorded in February. 12 Mth cumulative balance deteriorates to -€14bn. Gross voted expenditure up 20.5% YoY and ahead of profile by €356m

Irish GDP grew by 1.5 YoY% in Q4. Overall, the economy expanded by 3.4% in 2020

However, modified domestic demand contracted by 5.4% in 2020, driven by a 9% fall in personal consumption

Employment declined by 2.3% YoY in Q4. However, this understates labour market weakness, as many jobs rely on government supports

Weekly earnings growth at +7.5% YoY in Q4. Although, the changing composition of the work force is distorting the data, with job losses concentrated amongst lower paid workers

Completions up 15.9% YoY in Q4. Hold up much better than expected, with 2020 total above 20k, down just 1.9% YoY



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