

Irish Economy Watch

AIB Treasury Economic Research Unit



21 May 2019

	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19		
MANUFACTURING										
AIB Manufacturing PMI	56.3	54.9	55.4	54.5	52.6	54.0	53.9	52.5	<p>Manufacturing PMI declined to a 13-month low level of 52.5 in April, reflecting weak new orders growth. Activity has moderated in the sector in 2019</p> <p>Industrial output (ex-modern) dipped by 0.5% in Q1. However, YoY growth remains firmly in positive territory</p>	
OECD Leading Indicator	98.8	98.7	98.7	98.7	98.7	98.8	98.8	#N/A		
Industrial Production (Ex-Modern)	108.9	116.9	113.4	108.3	109.7	113.2	113.9	#N/A		
Production (Ex-Modern) : 3mma YoY%	8.6	10.5	9.9	8.5	6.8	6.5	9.9	#N/A		
3mth / 3mth % seas. adj.	2.7	3.3	3.2	3.0	-1.8	-2.4	-0.5	#N/A		
SERVICES / RETAIL										
AIB Services PMI	58.7	57.2	57.1	56.3	54.2	55.9	55.3	54.7	<p>Service PMI edged down to 54.7 in April, from 55.3, as the new business subcomponent fell. Overall, index continues to point to slower, but still solid, growth</p> <p>Volatile CSO services index +1.5% in Q1 vs Q4'18. Underlying data show ICT sector performing very strongly</p> <p>Second hand car imports have failed to offset the 9% fall in new sales this year. Total registrations down 4.9% YTD in April</p> <p>Core retail sales rose by a strong 1.2% in March, leaving the quarterly growth rate at an impressive 2.4%</p>	
CSO Services Index (Value)	123.0	123.8	124.0	116.9	122.2	124.5	123.6	#N/A		
- YoY %	13.2	13.7	12.2	5.6	7.2	12.1	13.1	#N/A		
- 3mth / 3mth % seas. adj.	1.5	4.0	6.4	2.6	0.0	-1.9	1.5	#N/A		
SIMI Car Registrations	3,183	1,732	643	142	32,367	15,063	16,676	8,911		
- 12 mth cum total	125,895	125,683	125,574	125,557	120,901	118,953	117,903	118,761		
- 3 mma YoY %	-3.7	-6.6	-15.5	-11.2	-12.4	-12.2	-10.7	-5.0		
Retail Sales Index	118.4	118.8	117.7	117.4	116.0	117.6	116.7	#N/A		
- YoY %	6.3	6.4	3.0	3.3	-0.4	4.3	4.9	#N/A		
- 3mth / 3mth % seas. adj.	1.0	0.7	1.1	0.6	-0.6	-1.1	-1.0	#N/A		
Ex Autos Index	117.0	115.8	116.4	116.3	117.1	119.2	120.6	#N/A		
- YoY %	6.1	4.2	1.8	3.8	4.0	5.7	8.2	#N/A		
- 3mth / 3mth % seas. adj.	1.0	1.1	1.4	0.5	0.5	1.0	2.4	#N/A		
CONSTRUCTION PMI: Ulster Bank										
- Housing Activity	56.2	52.9	55.5	56.3	54.6	60.5	55.9	56.6	<p>Construction PMI moved up to 56.6 in April, from 55.9. Housing activity sub-index held at a very high level</p> <p>Growth in registrations (measure of developer activity) remains very robust—3 month average +47.6% YoY in Q1</p> <p>12 month cumulative total of commencements remains on a steady upward trend (close to 24k in March)</p>	
- Commercial Activity	56.1	53.6	58.2	56.0	55.7	64.3	60.8	60.5		
- New Orders	58.1	53.9	57.5	58.5	55.4	62.2	55.5	54.6		
- Business Expectations	57.3	56.4	59.1	56.2	57.1	60.2	58.5	59.6		
	75.0	71.6	68.1	70.2	71.5	67.6	65.1	66.5		
RESIDENTIAL CONSTRUCTION ACTIVITY										
Housing Registrations: 12Mth Total	9,593	9,824	10,107	10,265	10,807	10,863	11,004	#N/A	<p>Mortgage approvals picked up in March, leaving the 12 month cumulative total above 37k for the first time in 14 months</p> <p>Transactions showing flat trend overall. 12 month total holding steady in a 56-57k range</p> <p>CSO house price inflation continues to slow—at 3.9% in March. Ex-Dublin YoY price growth (+6.8%) outpacing the capital (+1.2%)</p> <p>CSO rent inflation edged down to 5.4% in April. Rents 27.9% above their previous peak</p> <p>Affordability index has now held at 18.0 for 3 straight months, partly reflecting slower house price growth</p>	
- 3 Month Avg YoY %	22.9	23.1	35.8	36.9	65.8	40.4	36.7	#N/A		
Commencements: 12mth Total	20,460	21,211	21,836	22,467	22,719	23,392	23,851	#N/A		
- 3 Month Avg YoY %	40.8	40.3	30.2	47.3	38.6	39.0	31.6	#N/A		
HOUSING MARKET ACTIVITY										
BPMI Mortgage Approvals : Month	3,013	3,430	3,208	2,292	2,438	2,741	3,276	#N/A	<p>CSO house price inflation continues to slow—at 3.9% in March. Ex-Dublin YoY price growth (+6.8%) outpacing the capital (+1.2%)</p> <p>CSO rent inflation edged down to 5.4% in April. Rents 27.9% above their previous peak</p> <p>Affordability index has now held at 18.0 for 3 straight months, partly reflecting slower house price growth</p>	
- 3 Month Avg YoY %	-1.4	0.8	1.1	1.8	-2.4	0.8	7.8	#N/A		
- 12 Mth Total	36,493	36,699	36,664	36,655	36,507	36,725	37,264	#N/A		
RPPR Transactions : Month	4,518	5,376	5,505	6,249	3,089	4,068	4,118	#N/A		
- 3 Month Avg YoY %	1.5	1.5	2.7	3.2	0.8	-1.8	-2.5	#N/A		
- 12 Mth Total	55,980	56,325	56,692	56,514	56,189	56,262	56,134	#N/A		
HOUSING MARKET PRICES										
CSO Price Index - MoM	0.9	0.2	-0.3	-0.4	-0.6	-0.1	0.2	#N/A		
- YoY %	8.5	8.3	7.2	6.3	5.2	4.3	3.9	#N/A		
Daft Asking Prices: MoM %	1.1	-0.5	-2.3	1.8	0.9	1.6	1.4	#N/A		
- YoY %	7.4	6.2	5.7	4.5	5.4	5.3	6.7	#N/A		
RENTS: CSO Private Rents - MoM%										
- YoY %	0.5	0.8	0.5	0.2	0.4	0.3	0.4	0.4		
	6.1	6.5	7.0	6.4	6.6	5.7	5.6	5.4		
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB										
- Mortgage as % of Disposable Income	18.5	18.4	18.3	18.2	18.0	18.0	18.0	#N/A		

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CONSUMER PRICES - YoY %	0.9	0.9	0.6	0.7	0.7	0.6	1.1	1.7	CPI inflation spiked up to 1.7% in April, though this was largely due to base effects that will unwind. Goods price inflation remains weak. HICP inflation also higher at 1.7%
- MoM %	-0.4	-0.1	-0.5	0.0	-0.7	0.8	0.8	0.4	
HICP - YoY %	1.2	1.1	0.8	0.8	0.8	0.7	1.1	1.7	
- MoM %	-0.3	-0.2	-0.4	-0.1	-0.7	0.8	0.8	0.4	
PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	96.4	93.5	96.5	96.5	98.8	86.5	93.1	87.7	Consumer confidence dropped sharply in April as Brexit and the uncertain economic outlook weighed on sentiment
Credit Growth YoY %									
- Private Sector (Underlying)	0.7	-0.7	-1.6	-2.8	-3.2	-3.3	-3.6	#N/A	Private sector credit fell by 3.6% YoY in March. Household credit contracted by 0.6%
- of which : Household	-1.4	-1.2	-1.1	-0.8	-0.7	-0.7	-0.6	#N/A	
- of which : Mortgage Lending	-1.4	-1.4	-1.2	-1.1	-1.1	-1.1	-1.1	#N/A	
LABOUR MARKET									
Live Register	211,000	208,700	205,900	203,600	200,500	197,500	195,400	194,700	The unemployment rate dropped to an over 12-year low level of 4.6% in April
- Change In Month	-2,900	-2,300	-2,800	-2,300	-3,100	-3,000	-2,100	-700	
Unemployment Rate %	5.6	5.7	5.6	5.5	5.2	5.0	4.7	4.6	Live Register fell to its lowest level since February 2008 in April
Redundancies	228	362	269	340	#N/A	#N/A	#N/A	#N/A	
-12 Mth Total	2,628	2,699	2,680	2,845	#N/A	#N/A	#N/A	#N/A	The employment sub-components of the construction, manufacturing and service sector PMIs all fell back in April, but continue to point to a solid pace of new jobs creation
PMI Employment Indices									
- AIB Manufacturing	56.7	54.4	53.2	52.7	52.4	54.0	54.1	53.8	
- AIB Services	58.2	58.3	57.4	57.4	56.3	55.5	55.6	54.6	
- Ulster Bank Construction	54.3	56.1	54.8	55.5	54.6	56.1	59.6	58.8	
MERCHANDISE TRADE									
Export Values - 3M / 3M %	0.8	-0.4	2.8	6.5	10.0	10.6	1.9	#N/A	YoY growth in value of goods exported at 12.4% in 3 months to March as chemical and machinery exports rise
- 3MMA YoY %	17.7	19.8	19.9	21.6	16.9	17.1	12.4	#N/A	
Import Values - 3M / 3M %	11.5	7.1	3.4	3.5	-4.0	-10.1	-18.2	#N/A	Weaker demand for imports sees YoY growth rate fall to just 1.5% in the same month
- 3MMA YoY %	23.9	21.2	23.0	21.8	14.6	8.1	1.5	#N/A	
PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	6.6	8.1	8.8	9.5	7.0	3.7	7.1	5.7	Tax receipts and gov spending up 5.7 and 5.4% respectively YTD in April. Both broadly in line with profile, leaving public finances close to target
Voted Spending : Cum YTD %	8.9	9.2	11.0	9.0	6.5	8.1	7.2	5.4	
Exchequer Bal: 12 Mth Total €m	-1,907	-1,112	-769	106	220	28	254	344	
QUARTERLY DATA									
	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	
GDP - YoY %	6.2	13.2	6.5	9.6	9.5	5.4	3.0	#N/A	Irish GDP expanded by 6.7% in 2018. Data remains distorted by activity of multi-nationals
*Domestic Demand - YoY% (3Q Avg)	3.7	2.3	3.7	4.9	6.0	5.6	4.1	#N/A	
Consumer Spending - YoY %	1.0	3.1	2.8	2.6	3.8	3.0	2.6	#N/A	Modified final domestic demand, which excludes some multi-national activity, increased by 4.5% in 2018, though slowed in H2 of the year
Services Exports - YoY % (3Q Avg)	17.9	17.0	15.0	8.9	5.7	3.7	6.6	#N/A	
* Excludes Some Investment Related to the Multinational Sector									
EMPLOYMENT & EARNINGS									
Employment YoY %	2.6	2.3	3.1	2.9	3.4	3.0	2.3	3.7	Employment growth accelerated in Q1—increasing to 3.7%. Jobs gains broad-based. Labour force growth also picked up momentum in the quarter, rising to 2.7%
Labour Force YoY %	0.1	0.5	1.9	1.4	2.5	2.0	1.5	2.7	
Average Earnings YoY %									Weekly earnings growth picked up to 4.1% YoY in Q4. Growth relatively broad based but gains have been more substantial in the private than public sector
- Hourly	1.4	2.8	1.9	3.1	3.0	2.1	3.8	#N/A	
- Weekly	2.0	2.1	2.0	2.7	3.4	3.5	4.1	#N/A	
Weekly Earnings YoY %									
- Private Sector	1.5	1.7	1.5	2.1	3.7	3.9	4.4	#N/A	
- Public Sector	3.4	2.7	2.9	4.0	2.8	2.1	2.3	#N/A	
CSO DWELLING COMPLETIONS									
	3275	3787	4567	3470	4404	4671	5522	4275	CSO data show nearly 19k completions in the year to Q1'19—supply continues to trail demand (estimated at 35k)
- YoY %	36.5	51.7	50.1	24.9	34.5	23.3	20.9	23.2	
- Cum 12 Mth Total	11593	12883	14407	15099	16228	17112	18067	18872	



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