

# Irish Economy Watch

AIB Treasury Economic Research Unit



Wednesday 26 May 2021

	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	
<b>MANUFACTURING</b>									
AIB Manufacturing PMI	50.0	50.3	52.2	57.2	51.8	52.0	57.1	60.8	Manufacturing PMI jumped to a record 60.8, as firms here participate in a global rebound in activity. Supply chains though remain under sever pressure
OECD Leading Indicator	99.8	100.0	100.2	100.3	100.4	100.5	100.6	100.7	
Industrial Production (Ex-Modern)	108.8	110.7	108.9	113.6	114.2	112.8	107.7	#N/A	Traditional industrial production contracted for the second month running in March. Output up 0.5% In Q1, but down 1.6% YoY
Production (Ex-Modern) : 3mma YoY%	-1.2	-1.7	-2.7	-0.2	-0.5	2.0	-1.6	#N/A	
3mth / 3mth % seas. adj.	24.9	14.3	4.7	1.5	2.6	3.7	0.5	#N/A	
<b>SERVICES / RETAIL</b>									
AIB Services PMI	45.8	48.3	45.4	50.1	36.2	41.2	54.6	57.7	In April, the services PMI rose to 57.7, pointing to accelerating growth in the sector. Although, much of the sector remained in lockdown, all the main components showed significant improvements
CSO Services Index (Value)	120.8	115.7	113.3	121.6	115.8	119.3	121.0	#N/A	
- YoY %	-4.0	-7.4	-10.0	-1.0	-7.8	-4.8	-1.5	#N/A	
- 3mth / 3mth % seas. adj.	12.0	6.9	2.2	0.2	-0.2	2.0	1.6	#N/A	CSO Services Index continued to improve in March, but was 1.5% lower YoY
SIMI Car Registrations	5,651	2,296	913	601	25,143	13,701	9,194	7,157	
- 12 mth cum total	87,673	87,792	87,947	88,324	82,818	83,381	86,568	93,382	
- 3 mma YoY %	-4.7	19.4	39.5	20.6	-15.7	-10.4	-3.5	54.2	New car sales up 10% YTD vs. 2020 sales. However, they are down 24.4% YTD vs. 2019 levels
Retail Sales Index	130.9	129.1	113.3	127.1	100.7	119.2	116.9	#N/A	
- YoY %	10.6	7.4	-4.5	7.0	-14.7	0.1	8.5	#N/A	
- 3mth / 3mth % seas. adj.	36.5	13.3	-2.4	-4.5	-12.3	-7.0	-8.8	#N/A	Total retail sales fell by 8.8% in Q1. Ex-autos sales declined by 8.3%, down 4.1% YoY, though well off their January low
Ex Autos Index	130.7	130.9	115.6	129.6	109.0	117.2	118.7	#N/A	
- YoY %	9.2	9.5	-2.9	7.1	-9.8	-2.7	0.3	#N/A	
- 3mth / 3mth % seas. adj.	21.9	10.4	-0.4	-2.6	-9.2	-5.7	-8.3	#N/A	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
Construction PMI: Ulster Bank	47.0	48.6	53.5	52.3	21.2	27.0	30.9	49.3	Construction PMI improved to 49.3 in April, following a very weak Q1 due to Covid restrictions. Housing activity and new orders picked up markedly, while firms outlook remains elevated
- Housing Activity	44.1	50.3	53.0	56.2	19.0	23.8	33.8	54.8	
- Commercial Activity	49.2	46.7	50.0	49.7	24.2	31.2	31.3	42.2	
- New Orders	48.8	51.8	57.3	55.6	29.4	30.5	39.7	55.1	Commencements fell by 17.3% in 2020 to 21.7k. Declined further in Q1, by 64.3% YoY, leaving the 12 mth cumulative total at 17.3k
- Business Expectations	48.7	51.9	60.5	62.5	59.9	64.2	73.9	73.9	
Commencements: 12mth Total	21,774	20,823	21,830	21,686	20,701	18,790	17,278	#N/A	
- 3 Month Avg YoY %	-28.4	-29.7	-3.3	-1.4	-2.3	-49.3	-64.3	#N/A	
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	3,927	4,419	4,372	3,247	2,696	2,964	3,420	#N/A	Mortgage approvals continue to rise in March, up 14.2% YoY
- 3 Month Avg YoY %	-8.4	12.8	25.4	27.5	23.6	13.8	7.7	#N/A	
- 12 Mth Total	31,561	32,288	33,302	34,156	34,258	34,384	34,809	#N/A	
RPPR Transactions : Month	4,308	5,550	5,357	7,413	3,135	4,341	5,082	3,518	Transactions picked up pace as Q1 progressed, and remained strong at the start of Q2. 3mma up 20.8% in April
- 3 Month Avg YoY %	-29.8	-17.8	-3.5	5.5	3.3	7.5	8.0	20.8	
- 12 Mth Total	48,195	48,231	48,387	49,151	48,744	49,424	50,079	50,973	
<b>HOUSING MARKET PRICES</b>									
CSO Price Index - MoM	0.2	0.5	0.6	0.7	0.4	0.4	0.7	#N/A	House prices rose 0.7% in March, YoY growth rate at 3.7%. Ex-Dublin price inflation (+5.0%) outpaces the capital (+2.5%)
- YoY %	-0.8	-0.4	0.4	2.2	2.5	3.1	3.7	#N/A	
Daft Asking Prices: MoM %	0.3	0.8	0.4	1.0	1.7	-1.2	1.9	#N/A	
- YoY %	5.3	6.1	8.9	7.4	8.7	6.9	7.1	#N/A	Daft.ie asking prices up 7.1% YoY in March
<b>RENTS:</b> CSO Private Rents - MoM%	0.4	-0.5	0.0	0.4	0.3	0.2	0.8	1.2	
- YoY %	-2.6	-3.2	-3.2	-2.9	-2.5	-2.5	-1.4	1.6	
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	18.3	17.7	17.5	17.6	#N/A	#N/A	#N/A	#N/A	Affordability index improved in Q4 as average industrial wages rise sharply

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<b>CONSUMER PRICES - YoY %</b>	-1.2	-1.5	-1.1	-1.0	-0.2	-0.4	0.0	1.1	Prices rose by 0.7% in April, following a similar 0.8% rise in March as the VAT cut was unwound. Annual CPI rate jumped to 1.1% owing largely to base effects in energy prices. Annual HICP at 1.1% also	
- MoM %	-0.4	-0.6	0.3	0.3	0.1	0.4	0.8	0.7		
HICP - YoY %	-1.2	-1.5	-1.0	-1.0	-0.1	-0.4	0.1	1.1		
- MoM %	-0.4	-0.5	0.3	0.2	0.2	0.3	0.9	0.6		
<b>PERSONAL / FINANCIAL</b>										
KBC/ESRI Consumer Confidence	60.7	52.6	65.5	74.6	64.9	70.8	77.1	77.9	The consumer sentiment index was relatively unchanged, at 77.9 in April. Consumer expectations rose slightly	
Credit Growth YoY %										
- Private Sector (Underlying)	-2.6	-3.4	-2.8	-2.6	-2.2	-2.3	-5.7	#N/A	Household credit declined by 1.8% YoY in March. Mortgage lending down by 1.2% YoY also	
- of which : Household	-1.5	-1.4	-1.5	-1.5	-1.7	-1.8	-1.8	#N/A		
- of which : Mortgage Lending	-1.0	-0.9	-1.0	-1.0	-1.1	-1.1	-1.2	#N/A		
<b>LABOUR MARKET</b>										
Live Register	214,200	210,300	203,900	195,200	191,100	188,500	185,300	181,800	Official unemployment rate remained unchanged at 5.8% in April. Covid adjusted rate falls to 22.4% from 23.8%, as the number of PUP recipients start to fall due to the easing of restrictions	
- Change In Month	+800	-3,900	-6,400	-8,700	-4,100	-2,600	-3,200	-3,500		
Unemployment Rate %	6.7	6.2	6.0	5.8	5.8	5.7	5.8	5.8		
PMI Employment Indices										
- AIB Manufacturing	49.1	50.8	51.2	53.0	50.8	52.9	55.7	57.7	Employment subcomponent of the manufacturing, services and construction PMIs all improved and were in expansion territory	
- AIB Services	47.0	47.4	49.0	51.1	49.8	48.6	52.6	53.0		
- Ulster Bank Construction	48.9	51.6	52.4	54.3	34.6	34.5	43.7	51.6		
<b>MERCHANDISE TRADE</b>										
Export Values - 3M / 3M %	9.3	1.9	0.1	-2.6	3.4	-0.3	1.4	#N/A	Goods trade surplus narrowed by 6.6% to €5.5bn in March. Exports decreased by 8.5% YoY. Pharma exports were up by 9.2% YoY in Q1, but food, chemical, and machinery equipment exports all declined. Imports were down 1.2% YoY	
- 3MMA YoY %	7.8	1.6	3.7	1.3	2.4	-0.5	-8.5	#N/A		
Import Values - 3M / 3M %	15.1	-1.7	2.7	8.3	13.5	-1.2	-5.5	#N/A		
- 3MMA YoY %	-6.2	-12.2	-2.4	3.6	4.0	-7.9	-1.2	#N/A		
<b>PUBLIC FINANCES</b>										
Total Tax Receipts: Cum YTD %	-3.0	-5.3	-6.9	-3.6	-8.8	-8.1	1.0	4.2	Exchequer deficit of €7.6bn recorded to end of April. Tax intake up 4.2% YTD due to base effects. Total net voted spending up 7.3% YTD. 12 Mth running balance improves to -€12.5bn	
Voted Spending : Cum YTD %	24.9	24.6	23.7	25.3	2.4	11.0	13.9	7.3		
Exchequer Bal: 12 Mth Total €m	-8,764	-9,337	-11,627	-12,316	-12,741	-14,038	-13,953	-12,472		
<b>QUARTERLY DATA</b>										
		Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	
<b>GDP - YoY %</b>		5.6	6.3	5.9	5.8	-2.6	8.7	1.5	#N/A	Irish GDP grew by 1.5 YoY% in Q4. Overall, the economy expanded by 3.4% in 2020
*Domestic Demand - YoY%		2.0	4.5	2.9	-1.8	-15.5	-1.9	-3.1	#N/A	
Consumer Spending - YoY %		3.6	3.0	2.7	-2.4	-21.4	-5.2	-7.6	#N/A	However, modified domestic demand contracted by 5.4% in 2020, driven by a 9% fall in personal consumption
Services Exports - YoY % (3Q Avg)		13.2	13.4	13.6	10.1	3.3	-2.1	-1.6	#N/A	
* Excludes Some Investment Related to the Multinational Sector										
<b>EMPLOYMENT &amp; EARNINGS</b>										
Employment YoY %		2.0	2.4	3.5	2.2	-3.4	-1.4	-2.3	#N/A	Employment declined by 2.3% YoY in Q4. However, this understates labour market weakness, as many jobs rely on government supports
Labour Force YoY %		1.3	1.6	2.6	2.1	-3.7	0.6	-1.1	#N/A	
Average Earnings YoY %										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
- Hourly		3.3	4.0	3.9	3.0	7.2	3.6	5.5	#N/A	
- Weekly		3.6	3.6	3.8	3.7	6.0	3.3	7.5	#N/A	
Weekly Earnings YoY %										
- Private Sector		4.0	4.0	4.0	4.0	6.0	3.1	8.5	#N/A	
- Public Sector		1.9	1.3	3.1	3.1	2.9	2.5	3.4	#N/A	
<b>CSO DWELLING COMPLETIONS</b>										
- YoY %		4800	5649	6379	4945	3230	5065	7344	3953	Completions down 20.1% YoY in Q1, not a bad as expected. Although, 12 mth running total falls back below 20k
- Cum 12 Mth Total		19110	20126	21076	21773	20203	19619	20584	19592	
		9.3	21.9	17.5	16.4	-32.7	-10.3	15.1	-20.1	



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