

Irish Economy Watch

AIB Treasury Economic Research Unit



Thursday 26 May 2022

	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	
MANUFACTURING									
AIB Manufacturing PMI	60.3	62.1	59.9	58.3	59.4	57.8	59.4	59.1	The manu. PMI eased back to 59.1 in Apr. New orders and output growth remained strong. However, business sentiment weakened again and inflationary pressures intensified further
OECD Leading Indicator	102.4	102.6	102.7	102.8	102.9	102.9	102.8	102.7	
Industrial Production (Ex-Modern)	116.3	120.9	128.6	109.5	136.2	137.5	137.7	#N/A	Traditional industrial production edged slightly higher in Mar. Output up 22.7% YoY in Q1
Production (Ex-Modern) : 3mma YoY%	-1.2	2.3	7.1	5.0	9.7	12.0	22.7	#N/A	
3mth / 3mth % seas. adj.	-4.8	-1.6	6.6	4.9	7.8	4.8	14.6	#N/A	
SERVICES / RETAIL									
AIB Services PMI	63.7	63.4	59.3	55.4	56.2	61.8	63.4	61.7	The services PMI fell to 61.7 in Apr. It was the third consecutive month the index was above 60. New business and exports continued to rise. However, costs remained under severe upward pressure
CSO Services Index (Value)	137.9	138.3	141.0	140.5	139.9	148.1	154.5	#N/A	
- YoY %	14.4	18.4	23.4	14.4	18.4	23.8	30.2	#N/A	The CSO services index jumped again in Mar as the sector continued to rebound from the removal of COVID restrictions
- 3mth / 3mth % seas. adj.	8.5	7.4	6.4	4.6	3.0	2.7	5.4	#N/A	
SIMI Car Registrations	4,449	2,680	1,120	387	25,021	11,969	12,899	7,856	
- 12 mth cum total	104,555	104,823	105,030	104,932	104,813	103,084	106,791	107,500	New car sales continued to recover, up 4.7% YTD vs 2021, but down 20.9% YTD vs 2019
- 3 mma YoY %	16.6	2.7	-6.9	9.9	-0.5	-5.2	3.9	8.9	
Retail Sales Index	130.5	128.9	129.0	125.6	124.5	126.2	126.9	#N/A	Retail sales rose by 8.4% YoY in Q1. Core sales were up 12.5% YoY in the first quarter also
- YoY %	-2.2	0.5	14.4	-1.7	21.7	2.9	2.9	#N/A	
- 3mth / 3mth % seas. adj.	0.8	-0.1	-1.6	-2.1	-3.2	-3.1	-1.5	#N/A	
Ex Autos Index	132.6	130.5	133.0	128.7	128.6	128.3	129.1	#N/A	Construction PMI declined to 52.5 in Apr. Activity in the housing and commercial sectors slowed. New orders dropped below 50 for the first time since March 2021
- YoY %	0.6	-0.5	15.7	-0.2	18.4	10.0	9.4	#N/A	
- 3mth / 3mth % seas. adj.	4.4	1.4	-0.1	-0.4	-1.3	-2.7	-1.6	#N/A	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Construction PMI: Ulster Bank	56.3	56.9	56.3	53.7	56.1	58.4	53.9	52.5	Commencements maintained momentum in Mar, and were 2.1% higher in Q1 vs Q1 2020. 12mth rolling total climbed to a new cycle high, just below 35k
- Housing Activity	59.8	54.5	55.1	53.2	55.1	58.5	56.7	56.1	
- Commercial Activity	56.7	60.4	56.3	54.6	56.7	61.4	56.7	55.7	Having slowed in Q4, mortgage approvals steadied at the start of 2022, up 1.3% YoY in Q1
- New Orders	57.5	57.2	58.6	56.3	56.8	61.0	54.0	49.4	
- Business Expectations	68.1	69.7	69.0	69.2	75.4	69.5	57.1	57.7	
Commencements: 12mth Total	30,519	30,947	30,537	30,724	31,201	33,006	34,846	#N/A	Transactions have continued to trend lower in April, with the 3mma down 2.5% YoY
- 3 Month Avg YoY %	59.8	32.7	13.9	3.3	4.7	71.5	143.4	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	3,905	3,717	3,957	3,088	2,762	2,976	3,461	#N/A	House prices rose by 0.6% in Mar, up 15.2% YoY. Ex-Dublin price inflation (+17.3%) continues to outpace the capital (+12.7%)
- 3 Month Avg YoY %	18.3	-2.7	-9.0	-10.6	-4.9	-0.9	1.3	#N/A	
- 12 Mth Total	44,434	43,732	43,317	43,158	43,224	43,236	43,277	#N/A	Daft.ie asking prices rose by 2.4% in Q1, meaning they were 8.4% higher vs Q1 2021
RPPR Transactions : Month	5,315	5,528	5,232	5,357	3,584	4,568	4,745	4,123	
- 3 Month Avg YoY %	39.2	21.5	5.7	-12.0	-11.1	-9.7	1.3	-2.5	
- 12 Mth Total	59,340	59,318	59,193	57,137	57,555	57,740	57,306	57,215	Rents continue to rise sharply due to a lack of supply, up 1.3% in Apr. Up 9.3% YoY also
RPPR Transactions : Month	5,315	5,528	5,232	5,357	3,584	4,568	4,745	4,123	
- 3 Month Avg YoY %	39.2	21.5	5.7	-12.0	-11.1	-9.7	1.3	-2.5	Affordability holds steady in Q4 as average industrial wages rose by 2.1% YoY in the quarter
- 12 Mth Total	59,340	59,318	59,193	57,137	57,555	57,740	57,306	57,215	
HOUSING MARKET PRICES									
CSO Price Index - MoM	1.6	1.2	1.3	0.9	0.9	0.7	0.6	#N/A	Rents continue to rise sharply due to a lack of supply, up 1.3% in Apr. Up 9.3% YoY also
- YoY %	12.4	13.2	14.0	14.2	14.7	15.1	15.2	#N/A	
Daft Asking Prices: MoM %	0.1	0.9	-0.1	-0.1	0.5	1.9	2.2	#N/A	Affordability holds steady in Q4 as average industrial wages rose by 2.1% YoY in the quarter
- YoY %	9.0	9.2	8.8	6.5	6.5	9.5	9.1	#N/A	
RENTS: CSO Private Rents - MoM%	1.8	0.9	0.6	0.6	0.4	0.9	0.8	1.3	Affordability holds steady in Q4 as average industrial wages rose by 2.1% YoY in the quarter
- YoY %	5.9	7.5	8.1	8.4	8.4	9.2	9.2	9.3	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	19.8	19.5	19.6	19.6	#N/A	#N/A	#N/A	#N/A	

	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
CONSUMER PRICES - YoY %	3.8	5.1	5.3	5.5	5.0	5.6	6.7	7.0
- MoM %	0.5	0.7	0.6	0.5	-0.4	0.9	1.9	0.9
HICP - YoY %	3.8	5.1	5.4	5.7	5.0	5.7	6.9	7.3
- MoM %	0.4	0.8	0.6	0.5	-0.4	0.9	2.1	0.9

Consumer prices rose by 0.9% in Apr, led by an increase in transport, hospitality and clothing. The YoY rate jumped to 7% largely due the sharp rise in energy and transport costs. The HICP rate climbed to 7.3%

PERSONAL / FINANCIAL

KBC/ESRI Consumer Confidence	86.4	86.8	83.1	74.9	81.9	77.0	67.0	57.7
Credit Growth YoY %								
- Private Sector (Underlying)	0.2	0.3	0.4	0.3	0.2	0.2	0.1	#N/A
- of which : Household	1.1	1.1	1.2	1.2	1.1	1.1	1.0	#N/A
- of which : Mortgage Lending	0.2	0.5	0.7	1.5	1.6	1.3	3.2	#N/A

Consumer sentiment dropped to 57.7 in April as concerns regarding living costs weighed on household spending plans

The main credit metrics show modest growth, led by an increase in mortgage lending

LABOUR MARKET

Live Register	168,300	169,600	171,200	166,700	164,100	163,100	181,000	177,100
- Change In Month	-1,300	+1,300	+1,600	-4,500	-2,600	-1,000	+17,900	-3,900
Unemployment Rate %	5.3	5.3	5.2	5.1	5.0	4.8	5.1	4.8
PMI Employment Indices								
- AIB Manufacturing	55.6	55.7	55.0	54.3	54.9	53.7	56.6	58.6
- AIB Services	56.8	57.6	55.7	54.0	55.6	56.5	58.2	57.6
- Ulster Bank Construction	54.8	55.1	56.2	54.7	55.0	53.5	52.1	52.5

Traditional unemployment rate fell back to its pre-pandemic level in Apr, at 4.8%

The employment subcomponent of the manu PMI rose at its sharpest pace in 10 months. Construction PMI moved higher in Apr also. In contrast, the services reading edged lower. However, all three remained in expansion mode

MERCHANDISE TRADE

Export Values - 3M / 3M %	4.3	6.0	6.7	3.3	1.1	2.7	16.3	#N/A
- 3MMA YoY %	1.5	9.3	9.6	9.5	10.1	18.5	29.5	#N/A
Import Values - 3M / 3M %	-1.0	1.4	3.4	8.8	11.2	10.3	6.5	#N/A
- 3MMA YoY %	15.5	24.9	16.7	14.3	21.7	30.9	30.7	#N/A

Goods trade surplus widened to €8.7bn in Mar. Exports rose by 12.2%. Imports fell by 2.5%. The value of goods exports were up 30% YoY in Q1, led by a sharp rise in medical and pharma exports. Imports (excl. aircraft) were 41% higher YoY in Q1

PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	15.9	19.6	21.8	19.7	23.7	19.3	31.8	31.1
Voted Spending : Cum YTD %	2.3	1.9	1.6	5.5	3.0	1.7	-2.0	-5.9
Exchequer Bal: 12 Mth Total €m	-9,162	-8,073	-4,862	-7,372	-6,399	-5,718	-3,044	-833

Exchequer finances continued to perform very well in April. Strong tax intake, up 31.1% YTD. Net voted spending down 5.9% YTD. 12 mth rolling Exchequer deficit fell sharply to €0.8bn

QUARTERLY DATA

	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22
GDP - YoY %	14	10.8	4.5	12.8	21.0	11.3	9.6	#N/A
*Domestic Demand - YoY%	-12.2	-2.8	-2.2	-4.9	15.9	5.9	9.8	#N/A
Consumer Spending - YoY %	-19.5	-7.7	-8.8	-11.7	19.1	7.9	9.3	#N/A
Services Exports - YoY % (3Q Avg)	5.8	0.0	1.0	4.7	12.1	14.6	15.2	#N/A

* Excludes Some Investment Related to the Multinational Sector

Irish GDP grew by 9.6% YoY in Q4. Overall, the economy expanded by 13.5% in 2021

Domestic Demand rebounded by 6.5% in 2021, led by a 5.3% recovery in Personal Consumption Expenditure

EMPLOYMENT & EARNINGS

Employment YoY %	-6.9	-3.2	-3.4	-5.0	9.9	9.8	10.1	12.3
Labour Force YoY %	-6.9	-0.9	-2.0	-2.5	12.1	7.9	8.9	9.6
Average Earnings YoY %								
- Hourly	7.2	3.6	5.5	8.4	2.7	3.7	2.6	#N/A
- Weekly	6.0	3.3	7.7	7.5	4.1	5.4	2.0	#N/A
Weekly Earnings YoY %								
- Private Sector	6.0	3.1	9.1	7.7	5.0	5.8	2.7	#N/A
- Public Sector	2.9	2.5	3.0	4.9	2.2	5.4	1.1	#N/A

Employment rose by 12.3% YoY in Q1, as the economy re-opened fully. Up by 6.3% on pre-pandemic levels. Strong labour force growth of 9.6% YoY also

Weekly average earnings rose by 2% YoY in Q4, and were 9% higher than in the same period in 2019. However, the changing composition of the labour force may still be impacting the data

CSO DWELLING COMPLETIONS

- YoY %	3227	5042	7319	3923	4968	4607	6975	5669
- Cum 12 Mth Total	-32.7	-10.6	14.9	-20.4	54.0	-8.6	-4.7	44.5
	20159	19563	20514	19511	21252	20817	20473	22219

Having slowed in H2 2021, completions have regained momentum in Q1 2022. 12 mth running total rises above 22k



Oliver Mangan
Chief Economist
oliver.n.mangan@aib.ie

John Fahey
Senior Economist
john.j.fahey@aib.ie

Daniel Noonan
Economist
daniel.x.noonan@aib.ie

AIB, 10 Molesworth Street, Dublin 2

Tel: 353-1-6600311

<https://aib.ie/investorrelations/economic-research-unit>