

Irish Economy Watch

AIB Treasury Economic Research Unit



Wednesday 24 May 2023

| | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 |
|------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| MANUFACTURING | | | | | | | | |
| AIB Manufacturing PMI | 51.5 | 51.4 | 48.7 | 48.7 | 50.1 | 51.3 | 49.7 | 48.6 |
| EC Economic Sentiment Indicator | 95.7 | 91.4 | 91.9 | 96.8 | 104.1 | #N/A | #N/A | #N/A |
| Industrial Production (Ex-Modern) | 116.4 | 125.4 | 124.0 | 111.6 | 122.2 | 119.5 | 127.7 | #N/A |
| Production (Ex-Modern) : 3mma YoY% | 8.5 | 11.6 | 10.6 | 10.2 | 6.5 | 4.3 | 7.0 | #N/A |
| 3mth / 3mth % seas. adj. | 3.9 | 4.4 | 4.8 | 0.7 | -1.8 | -3.4 | 2.3 | #N/A |

The manu. PMI eased back to 48.6 in Apr, indicating a further softening in business conditions. New orders, including exports, and output fell. Meantime, there was a notable easing in inflation

Traditional industrial production rose sharply in Mar, leaving it up by 2.3% QoQ and 7% YoY in Q1

| | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| SERVICES / RETAIL | | | | | | | | |
| AIB Services PMI | 54.1 | 53.2 | 50.8 | 52.7 | 54.1 | 58.2 | 55.7 | 58.4 |
| CSO Services Index (Value) | 160.2 | 157.2 | 157.9 | 156.9 | 160.7 | 161.1 | 161.2 | #N/A |
| - YoY % | 17.9 | 13.2 | 11.5 | 10.6 | 16.1 | 8.3 | 1.8 | #N/A |
| - 3mth / 3mth % seas. adj. | 3.9 | 1.6 | 0.0 | -1.3 | -0.3 | 0.7 | 2.3 | #N/A |
| SIMI Car Registrations | 6,318 | 2,617 | 985 | 209 | 27,326 | 13,114 | 17,633 | 8,917 |
| - 12 mth cum total | 105,774 | 105,711 | 105,576 | 105,398 | 107,700 | 108,840 | 113,566 | 114,626 |
| - 3 mma YoY % | -1.4 | 30.5 | 20.3 | -9.0 | 7.5 | 8.7 | 16.4 | 21.2 |
| Retail Sales Index | 126.1 | 127.6 | 127.4 | 125.9 | 126.5 | 127.4 | 130.0 | #N/A |
| - YoY % | -5.4 | -2.3 | -3.7 | 1.5 | 3.4 | 3.4 | 8.6 | #N/A |
| - 3mth / 3mth % seas. adj. | -0.5 | 2.1 | 1.4 | 0.9 | -0.4 | -0.3 | 0.8 | #N/A |
| Ex Autos Index | 127.0 | 126.9 | 130.6 | 128.5 | 128.7 | 128.6 | 129.0 | #N/A |
| - YoY % | -5.8 | -3.5 | -1.6 | 0.3 | 0.5 | 0.7 | 0.5 | #N/A |
| - 3mth / 3mth % seas. adj. | -2.1 | 0.1 | 0.8 | 1.6 | 1.5 | 0.3 | 0.1 | #N/A |

In Apr, the services PMI posted a very strong reading of 58.4, up from 55.7 in Mar. There was a steep increase in new business, including exports. Inflationary pressures eased further, but remain elevated overall

The CSO services index rose by 2.3% in Q1, and was up 8.7% YoY also

New car sales performing well, with the 12 mth running total rising above 114k in April

Retail sales rose by 0.8% in Q1, and were 5.1% higher YoY. Core sales broadly flat in Q1, but 0.6% higher compared to Q1'22

| | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
| RESIDENTIAL CONSTRUCTION ACTIVITY | | | | | | | | |
| BNP Paribas Construction PMI | 50.2 | 47.4 | 46.8 | 43.2 | 47.7 | 49.8 | 49.5 | 48.4 |
| - Housing Activity | 50.8 | 49.7 | 41.6 | 40.6 | 45.2 | 46.2 | 46.5 | 42.8 |
| - Commercial Activity | 51.1 | 45.1 | 49.5 | 46.9 | 49.0 | 51.5 | 51.9 | 51.4 |
| - New Orders | 49.5 | 49.6 | 44.2 | 43.5 | 49.6 | 50.4 | 52.5 | 50.5 |
| - Business Expectations | 52.8 | 58.0 | 50.9 | 55.0 | 58.6 | 60.4 | 58.0 | 59.4 |
| Commencements: 12mth Total | 27,417 | 26,608 | 26,898 | 26,957 | 27,204 | 26,874 | 27,309 | 27,542 |
| - 3 Month Avg YoY % | -22.1 | -23.0 | -19.0 | -7.1 | 10.4 | -0.4 | 5.0 | 4.5 |

The construction PMI fell to 48.4 in Apr, from 49.5 in Mar. The commercial, and new orders components stayed above 50, but housing deteriorated markedly, and remains firmly in contraction territory

Commencements rose strongly in Mar/Apr. As a result, they were up 6.5% YTD in 2023. 12 mth rolling total rises to 27.5k

| | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 |
|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| HOUSING MARKET ACTIVITY | | | | | | | | |
| BPFI Mortgage Approvals : Month | 3,633 | 3,439 | 3,786 | 2,650 | 2,820 | 2,744 | 3,896 | #N/A |
| - 3 Month Avg YoY % | -8.2 | -5.4 | -6.2 | -8.2 | -5.6 | -6.9 | 2.8 | #N/A |
| - 12 Mth Total | 41,875 | 41,597 | 41,426 | 40,988 | 41,046 | 40,814 | 41,249 | #N/A |
| RPPR Transactions : Month | 5,713 | 5,448 | 5,963 | 6,693 | 3,606 | 4,272 | 5,091 | 3,519 |
| - 3 Month Avg YoY % | 7.2 | 4.0 | 6.2 | 11.8 | 13.9 | 6.8 | -0.7 | -7.9 |
| - 12 Mth Total | 60,266 | 60,178 | 60,881 | 62,181 | 62,162 | 61,809 | 62,087 | 61,063 |

Mortgage approvals rose by 2.8% YoY in Q1. 12 mth total relatively steady near 41k

Transactions levelling off. 3mma down 7.9% YoY in April. 12mth total falls back to 61k

House prices fell for the third consecutive month, down by 0.7% in Mar. YoY rate slowed to 3.9% also

Asking prices fell for the second quarter running, down 0.3% in Q1, but they were up 2.7% YoY

| | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 |
|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| HOUSING MARKET PRICES | | | | | | | | |
| CSO Price Index - MoM | 0.6 | 0.2 | 0.2 | 0.2 | -0.5 | -0.4 | -0.7 | #N/A |
| - YoY % | 10.7 | 9.7 | 8.4 | 7.7 | 6.2 | 5.2 | 3.9 | #N/A |
| Daft Asking Prices: MoM % | 0.7 | -0.8 | -0.9 | 1.6 | -1.9 | 1.1 | 0.3 | #N/A |
| - YoY % | 7.8 | 6.0 | 5.1 | 6.8 | 3.9 | 3.3 | 1.0 | #N/A |
| RENTS: CSO Private Rents - MoM% | 0.7 | 0.4 | 0.5 | 0.3 | 0.2 | 1.0 | 0.3 | 0.1 |
| - YoY % | 11.6 | 11.1 | 11.0 | 10.6 | 10.4 | 10.6 | 10.0 | 8.8 |

CSO rental index rose by 0.1% in Apr. The YoY rate moved sharply lower to 8.8%

| | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
| AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB | | | | | | | | |
| - Mortgage as % of Disposable Income | 21.3 | 20.9 | 20.7 | 20.6 | #N/A | #N/A | #N/A | #N/A |

Affordability improved slightly in Q4 as wage growth outpaced house price growth

| | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---|
| CONSUMER PRICES - YoY % | 8.2 | 9.2 | 8.9 | 8.2 | 7.8 | 8.5 | 7.7 | 7.2 | Consumer prices rose by 0.5% in Apr, as all sub-sectors bar health and transport rose in the month. However, due to base effects the YoY rate fell to 7.2%. Similarly, HICP inflation eased to 6.3% YoY in Apr |
| - MoM % | 0.0 | 1.6 | 0.4 | -0.2 | -0.8 | 1.6 | 1.1 | 0.5 | |
| HICP - YoY % | 8.6 | 9.4 | 9.0 | 8.2 | 7.5 | 8.1 | 7.0 | 6.3 | |
| - MoM % | 0.0 | 1.5 | 0.2 | -0.3 | -1.0 | 1.5 | 1.0 | 0.3 | |
| PERSONAL / FINANCIAL | | | | | | | | | |
| ILCU Consumer Sentiment Index | 42.1 | 46.1 | 45.3 | 48.7 | 55.2 | 55.6 | 53.9 | 59.2 | Consumer sentiment rose to 59.2 in Apr, a 13 mth high. However, it remains well below the long-term average of 85.3 |
| Credit Growth YoY % | | | | | | | | | |
| - Private Sector (Underlying) | 2.6 | 2.9 | 2.5 | 2.2 | -0.6 | -0.4 | -1.7 | #N/A | Stock of private sector credit fell sharply in Mar. Household debt continued to contract also |
| - of which : Household | -0.8 | -1.0 | -1.0 | -1.1 | -0.7 | -0.5 | -0.4 | #N/A | |
| - of which : Mortgage Lending | -0.4 | -0.6 | -0.7 | -0.9 | -0.8 | -0.5 | -0.4 | #N/A | |
| LABOUR MARKET | | | | | | | | | |
| Live Register | 185,300 | 184,900 | 185,100 | 185,300 | 184,200 | 182,300 | 180,800 | 180,500 | Revisions to the data now show the jobless rate has continued to fall in 2023. The unemployment rate stood at just 3.9% in Apr, its lowest level since Apr'01, and down from 7.7% in Mar/Apr'21 |
| - Change In Month | -800 | -400 | +200 | +200 | -1,100 | -1,900 | -1,500 | -300 | |
| Unemployment Rate % | 4.3 | 4.5 | 4.5 | 4.4 | 4.3 | 4.1 | 4.0 | 3.9 | |
| PMI Employment Indices | | | | | | | | | |
| - AIB Manufacturing | 53.8 | 52.9 | 49.7 | 50.2 | 52.6 | 53.9 | 51.5 | 51.5 | The employment sub-indices of the manufacturing, services and construction PMIs all stayed above the key 50 level in Apr. Only services improved though |
| - AIB Services | 56.3 | 56.6 | 55.3 | 54.4 | 52.7 | 53.3 | 54.0 | 56.4 | |
| - BNP Paribas Construction | 51.1 | 50.9 | 49.9 | 48.1 | 50.6 | 54.7 | 53.1 | 50.5 | |
| MERCHANDISE TRADE | | | | | | | | | |
| Export Values - 3M / 3M % | 3.8 | 12.4 | 1.0 | -6.2 | -14.5 | -5.3 | -1.4 | #N/A | Goods trade surplus widened to €6.5bn in Mar. However, it is down 10.3% YoY. Exports are 2.6% lower YTD, led by a sharp fall in pharmaceuticals. Imports are up 9.5% YTD. Trade with the UK rebounded significantly compared to Q1'22 |
| - 3MMA YoY % | 30.5 | 31.4 | 18.8 | 13.9 | 6.1 | 5.0 | -2.6 | #N/A | |
| Import Values - 3M / 3M % | 5.3 | 6.0 | -0.5 | -8.0 | -9.1 | 0.2 | 1.1 | #N/A | |
| - 3MMA YoY % | 50.6 | 50.5 | 34.8 | 21.4 | 15.4 | 17.5 | 9.5 | #N/A | |
| PUBLIC FINANCES | | | | | | | | | |
| Total Tax Receipts: Cum YTD % | 26.2 | 25.5 | 24.5 | 21.5 | 12.2 | 12.5 | 14.6 | 14.2 | Exchequer finances performing very well in 2023. Tax intake, up 14.2% YTD. 12 mth rolling exchequer surplus at €2.4bn in Apr, despite €4bn transfer to NRF, with large surplus forecast |
| Voted Spending : Cum YTD % | -2.6 | -1.6 | 0.9 | 1.8 | 8.8 | 9.4 | 4.6 | 7.2 | |
| Exchequer Bal: 12 Mth Total €m | 6,751 | 7,350 | 6,196 | 4,985 | 5,609 | 1,506 | 2,757 | 2,412 | |
| QUARTERLY DATA | | | | | | | | | |
| | Q2-21 | Q3-21 | Q4-21 | Q1-22 | Q2-22 | Q3-22 | Q4-22 | Q1-23 | |
| GDP - YoY % | 19.5 | 10.4 | 13.8 | 11.7 | 12.6 | 11.6 | 12.0 | 6.4 | The preliminary reading of GDP for Q1 shows the economy contracted by 2.7% QoQ, but was 6.4% larger YoY |
| *Domestic Demand - YoY% | 14.7 | 3.9 | 10.4 | 13.4 | 10.6 | 6.1 | 2.8 | #N/A | |
| Consumer Spending - YoY % | 17.1 | 6.5 | 9.4 | 15.6 | 5.7 | 2.5 | 4.5 | #N/A | |
| Services Exports - YoY % (3Q Avg) | 14.5 | 14.3 | 13.6 | 12.5 | 8.6 | 10.4 | 4.5 | #N/A | |
| * Excludes Some Investment Related to the Multinational Sector | | | | | | | | | |
| EMPLOYMENT & EARNINGS | | | | | | | | | |
| Employment YoY % | 9.9 | 9.8 | 10.1 | 12.3 | 8.8 | 3.4 | 2.7 | 4.1 | Employment rose by 4.1% YoY in Q1, leaving it 10.6% above pre-pandemic levels. The labour force grew by 3.3% YoY in Q1, and is up 10.2% since end 2019 |
| Labour Force YoY % | 12.1 | 7.9 | 8.9 | 9.6 | 5.6 | 2.0 | 2.0 | 3.3 | |
| Average Earnings YoY % | | | | | | | | | Weekly average earnings rose by 4.2% YoY in Q4, with all sectors registering an increase. Public sector pay rose by 3% on average in 2022, compared to 3.8% in the private sector |
| - Hourly | 2.7 | 3.7 | 2.8 | 2.2 | 2.5 | 3.6 | 5.5 | #N/A | |
| - Weekly | 4.1 | 5.4 | 1.9 | 2.9 | 2.5 | 3.6 | 4.2 | #N/A | |
| Weekly Earnings YoY % | | | | | | | | | |
| - Private Sector | 5.0 | 5.8 | 2.8 | 4.8 | 3.6 | 4.9 | 2.0 | #N/A | |
| - Public Sector | 2.2 | 5.3 | 0.2 | -1.3 | 1.3 | 0.8 | 10.8 | #N/A | |
| CSO DWELLING COMPLETIONS | | | | | | | | | |
| - YoY % | 4982 | 4647 | 6957 | 5640 | 7637 | 7402 | 9143 | 6716 | New dwelling completions rose steeply by 19.1% YoY in Q1. 12 mth running total rises to just below 31k |
| - Cum 12 Mth Total | 53.6 | -7.9 | -5.1 | 42.2 | 53.3 | 59.3 | 31.4 | 19.1 | |
| | 21329 | 20929 | 20553 | 22226 | 24881 | 27636 | 29822 | 30898 | |



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