

Irish Economy Watch

AIB Treasury Economic Research Unit



Thursday 28 November 2024

Mar-24 Apr-24 May-24 Jun-24 Jul-24 Aug-24 Sep-24 Oct-24

MANUFACTURING

AIB Manufacturing PMI	49.6	47.6	49.8	47.4	50.1	50.4	49.4	51.5
AIB Manufacturing PMI - Future Output	59.4	64.4	64.0	66.3	67.9	63.0	64.3	68.8
Industrial Production (Ex-Modern)	137.4	137.0	134.6	136.6	133.0	131.0	137.3	#N/A
Production (Ex-Modern) : 3mma YoY%	10.7	12.7	11.8	10.9	8.0	7.0	5.3	#N/A
3mth / 3mth % seas. adj.	3.5	2.5	2.9	1.7	-0.3	-2.1	-1.7	#N/A

The manu. PMI rose to 51.5 in Oct, consistent with an improvement in conditions in the sector. Output returned to growth and new orders rose for the first time since February

Traditional industrial production fell by 1.7% in Q3 compared to Q2, but it was up 5.3% YoY

SERVICES / RETAIL

AIB Services PMI	56.6	53.3	55.0	54.2	53.6	53.8	55.7	53.8
CSO Services Index (Value)	175.1	181.1	178.6	179.6	180.0	182.7	180.7	#N/A
- YoY %	7.9	11.8	9.6	11.3	10.3	11.3	8.3	#N/A
- 3mth / 3mth % seas. adj.	3.2	4.7	3.8	3.6	1.7	1.4	0.8	#N/A
SIMI Car Registrations	14,644	8,562	6,394	1,488	25,665	7,532	5,121	2,418
- 12 mth cum total	126,727	126,376	125,225	123,723	122,052	121,323	120,717	120,927
- 3 mma YoY %	7.4	-0.2	-13.3	-15.4	-11.4	-10.1	-7.3	-6.9
Retail Sales Index	114.0	111.9	112.3	112.0	112.7	111.3	111.8	#N/A
- YoY %	1.6	-0.5	-1.1	-1.1	1.4	-1.9	0.2	#N/A
- 3mth / 3mth % seas. adj.	1.2	-0.2	-0.4	-1.2	-0.5	-0.7	-0.1	#N/A
Ex Autos Index	111.8	111.9	112.0	111.3	111.5	111.1	111.9	#N/A
- YoY %	0.4	1.5	-0.3	-1.2	0.3	-1.5	0.4	#N/A
- 3mth / 3mth % seas. adj.	-0.4	-0.4	-0.1	0.1	-0.2	-0.5	-0.2	#N/A

The serv. PMI fell to 53.8 in Oct, indicating a solid, albeit slower pace of expansion. New business, especially new export orders, rose sharply. However, inflationary pressures accelerated in the month

The CSO services index was up by 8.3% YoY in September

After a solid start to 2024, new car sales have been trending lower. 12mth running total below 121k in Oct

Retail sales fell by 0.1% in Q3 and were 0.1% lower YoY also. Likewise, core sales fell by 0.2% in Q3, and were down 0.3% YoY

RESIDENTIAL CONSTRUCTION ACTIVITY

BNP Paribas Construction PMI	51.6	53.2	49.8	47.5	49.9	50.0	49.0	49.4
- Housing Activity	54.3	53.4	52.0	52.4	53.2	49.8	51.0	56.4
- Commercial Activity	53.2	54.6	51.4	43.3	49.9	51.1	47.9	47.0
- New Orders	51.5	53.9	52.9	51.8	54.9	51.8	52.4	48.4
- Business Expectations	63.8	59.5	61.2	61.7	61.6	64.7	62.9	63.6
Commencements: 12mth Total	37,408	53,011	51,935	51,024	49,613	49,107	57,885	59,510
- 3 Month Avg YoY %	62.7	242.5	182.2	165.8	-39.4	-34.0	82.0	123.7

The construction PMI was below 50 in Oct, albeit the pace of contraction eased slightly. Housing activity grew strongly but commercial activity deteriorated further

Commencements still distorted. They surged again in Sept ahead of the waiver/rebate deadline and were elevated in Oct also. 12 mth total running at 59.5k

HOUSING MARKET ACTIVITY

BPFI Mortgage Approvals : Month	3,237	3,796	3,894	3,806	4,603	3,933	3,731	#N/A
- 3 Month Avg YoY %	-5.3	0.0	-5.1	-2.8	-2.3	0.6	5.6	#N/A
- 12 Mth Total	41,976	42,399	42,011	41,642	42,109	42,090	42,294	#N/A
RPPR Transactions : Month	4,441	4,413	5,223	4,839	5,696	4,880	5,038	5,489
- 3 Month Avg YoY %	-8.4	-5.3	-3.8	-2.8	-1.7	-6.6	-5.7	-8.2
- 12 Mth Total	61,885	62,083	62,099	61,475	61,805	61,001	60,538	60,422

Mortgage approvals rose by 5.6% YoY in Q3. 12 mth running total rises to 42.3k

Transactions 3mma down by 8.2% YoY in the 3mths to Oct. 12 mth moving total near 60k

House prices continue to trend sharply higher, increasing by 0.9% m/m in Sep. They were up 10.0% YoY

Asking prices on Daft.ie stayed on an upward trajectory in Q3, rising by 8.2% YoY

CSO rental index rose by 0.4% in Oct. The YoY rate accelerated to 4.8% also

HOUSING MARKET PRICES

CSO Price Index - MoM	0.5	0.4	0.4	0.9	1.2	0.9	0.9	#N/A
- YoY %	7.4	7.9	8.5	8.9	9.6	10.1	10.0	#N/A
Daft Asking Prices: MoM %	-0.1	2.0	1.4	0.9	1.3	0.8	0.6	#N/A
- YoY %	5.8	6.4	6.1	7.7	7.3	8.8	8.4	#N/A
RENTS: CSO Private Rents - MoM%	0.0	0.2	0.4	0.7	0.4	0.7	1.1	0.4
- YoY %	5.1	5.1	4.9	4.9	4.7	4.0	4.4	4.8

AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB

- Mortgage as % of Disposable Income	21.3	22.4	22.8	23.3	#N/A	#N/A	#N/A	#N/A
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Affordability deteriorated somewhat in Q2, as house price growth outpaced wage growth

	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24
CONSUMER PRICES - YoY %	2.9	2.6	2.6	2.2	2.2	1.7	0.7	0.7
- MoM %	0.5	0.2	0.5	0.4	0.2	0.1	-0.9	0.3
HICP - YoY %	1.7	1.6	2.0	1.5	1.5	1.1	0.0	0.1
- MoM %	0.3	0.2	0.6	0.3	0.2	0.1	-1.0	0.3

Consumer prices rose by 0.3% in Oct, but CPI inflation remained at 0.7%. However, excluding food & energy, CPI inflation was up 2.3%. Prices as measured by HICP rose by 0.3% in Oct, with the annual rate rising to 0.1%

PERSONAL / FINANCIAL

ILCU Consumer Sentiment Index	69.5	67.8	65.7	70.5	74.9	72.0	71.9	74.1
Credit Growth YoY %								
- Private Sector	2.5	-1.3	-0.3	0.6	1.4	1.3	2.4	#N/A
- of which : Household	2.1	2.0	2.0	2.2	2.4	2.3	2.6	#N/A
- of which : Mortgage Lending	1.7	1.6	1.7	2.0	2.1	2.0	2.3	#N/A

Sentiment improved to 74.1 in Oct, but remained well below its long-run average of 84.4

Private sector credit growth rate expanded in Sept, amid an acceleration in the household credit growth rate

LABOUR MARKET

Live Register	173,800	173,200	172,800	171,900	171,900	171,000	168,300	169,000
- Change In Month	-300	-600	-400	-900	+0	-900	-2,700	+700
Unemployment Rate %	4.2	4.4	4.4	4.4	4.5	4.1	4.1	4.2
PMI Employment Indices								
- AIB Manufacturing	51.7	50.0	52.7	50.2	52.1	53.5	49.6	49.6
- AIB Services	53.2	52.9	53.3	50.8	52.0	54.0	52.5	51.0
- BNP Paribas Construction	53.9	52.7	51.8	51.7	50.9	47.7	51.7	51.8

The unemployment rate has been quite steady throughout this year. It drifted slightly higher in H1, averaging 4.3% in Q1 and 4.4% in Q2, but, it averaged just 4.2% in Q3

The employment sub-indices of the services and construction PMIs remained above the key 50 level in Oct. The manu. PMI stayed in contraction territory

MERCHANDISE TRADE

Export Values - 3M / 3M %	10.3	11.8	6.0	-0.7	-5.8	-3.6	7.6	#N/A
- 3MMA YoY %	6.0	8.0	12.4	8.4	4.1	3.7	20.8	#N/A
Import Values - 3M / 3M %	-11.9	-6.1	2.1	3.5	4.3	9.6	7.7	#N/A
- 3MMA YoY %	-8.1	-3.7	-4.6	-6.8	-4.6	2.3	3.2	#N/A

Goods trade surplus widened to €67.5bn in Sep, up 46.3% YTD. Exports rose by 11.6% YTD to €165.9bn, led by a strong increase in pharma and medical products (up 24.0% YTD). Imports stood at €98.4bn YTD, down 4.1% YoY

PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	1.8	2.6	6.2	9.3	9.5	12.6	11.0	14.9
Voted Spending : Cum YTD %	15.4	12.8	15.3	13.2	14.1	13.7	12.8	12.7
Exchequer Bal: 12 Mth Total €m	3,512	3,637	2,586	4,005	3,825	5,286	5,070	3,326

Total tax take up 14.9% YTD in Oct. Voted expenditure rose by 12.7% YTD, owing to increases in current and capital spending. Overall, the 12mth rolling Exchequer surplus fell to €3.3bn

QUARTERLY DATA

	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24	Q2-24	Q3-24
GDP - YoY %	8.8	-0.2	-3.9	-8.4	-9.1	-4.7	-4.0	-1.2
*Domestic Demand - YoY%	3.7	6.0	0.9	-0.2	4.2	2.3	1.5	#N/A
Consumer Spending - YoY %	8.2	7.4	6.5	1.7	4.0	2.5	1.3	#N/A
Services Exports - YoY % (3Q Avg)	2.7	-0.2	-1.6	0.6	3.7	9.2	17.8	#N/A

* Excludes Some Investment Related to the Multinational Sector

The flash estimate of GDP indicates it rose by 2.0% in Q3. However, in YoY terms, GDP was 1.2% lower

MDD fell by 0.5% in Q2. It was up 1.9% YoY in H1 though, led by a rise in consumer spending

EMPLOYMENT & EARNINGS

Employment YoY %	2.6	3.7	3.1	3.6	3.4	1.9	2.7	3.7
Labour Force YoY %	1.8	2.8	3.0	3.8	3.5	2.0	2.9	3.5
Average Earnings YoY %								
- Hourly	6.1	3.9	5.3	6.1	1.9	4.9	5.4	#N/A
- Weekly	4.5	4.3	4.4	4.4	2.6	5.0	5.6	#N/A
Weekly Earnings YoY %								
- Private Sector	2.4	3.5	3.9	3.8	4.1	5.3	5.6	#N/A
- Public Sector	10.4	7.7	5.9	5.8	-1.2	4.0	4.9	#N/A

Employment increased by 3.7% YoY in Q3'24, putting it 17.5% above pre-COVID levels. The employment rate rose to 75.3% in Q3. The labour force grew by 3.5% YoY in the quarter

Weekly average earnings rose by 5.6% YoY in Q2'24. Public sector pay was up by 4.9% YoY. Private sector earnings rose by 5.6% YoY

CSO DWELLING COMPLETIONS

9089	6642	7272	8411	10223	5844	6851	8939	
- YoY %	31.3	18.6	-4.2	14.0	12.5	-12.0	-5.8	6.3
- Cum 12 Mth Total	29662	30702	30380	31414	32548	31750	31329	31857

Despite rising in YoY terms in Q3, completions are 3.1% lower YTD compared to 2023. 12mth total just below 32k



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