

# Irish Economy Watch

AIB Treasury Economic Research Unit



Thursday 22 October 2020

	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	
<b>MANUFACTURING</b>									
AIB Manufacturing PMI	51.2	45.1	36.0	39.2	51.0	57.3	52.3	50.0	Manufacturing PMI fell to 50.0 in September as summer rebound came to a halt. Weakening demand a result of Covid-19 and EU-UK trade talks uncertainty
OECD Leading Indicator	99.8	98.7	93.3	94.1	97.5	99.1	99.3	99.3	
Industrial Production (Ex-Modern)	108.3	112.6	86.5	82.9	93.7	110.9	108.4	#N/A	Traditional industrial output fell back in August, although still above February's level. YoY growth rate at -5.8%
Production (Ex-Modern) : 3mma YoY%	2.8	1.7	-10.0	-17.6	-21.2	-14.1	-5.8	#N/A	
3mth / 3mth % seas. adj.	0.4	2.5	-9.5	-16.2	-22.8	-6.5	11.0	#N/A	
<b>SERVICES / RETAIL</b>									
AIB Services PMI	59.9	32.5	13.9	23.4	39.7	51.9	52.4	45.8	Services PMI moved down to 45.8 in line with trends elsewhere across the Eurozone. Activity declined across all four sub-sectors. Business conditions very challenging for the sector
CSO Services Index (Value)	125.8	124.6	98.1	101.0	114.1	114.5	115.4	#N/A	
- YoY %	0.6	-0.4	-21.8	-19.3	-10.5	-10.6	-8.7	#N/A	CSO Services Index moved higher in August but remained well below pre-Covid levels
- 3mth / 3mth % seas. adj.	-0.7	1.2	-6.2	-13.2	-16.7	-5.4	6.3	#N/A	
SIMI Car Registrations	13,098	6,007	343	1,741	1,006	21,181	4,824	5,669	
- 12 mth cum total	113,409	102,729	94,168	89,589	89,187	85,687	85,424	87,678	New car sales up 66% in the month compared to last September. Although, weak H1 means YTD total down 26% YoY
- 3 mma YoY %	-7.6	-22.4	-52.2	-74.6	-81.4	-26.2	-13.4	-4.5	
Retail Sales Index	118.7	103.9	66.7	88.4	122.4	127.8	129.4	#N/A	Core retail sales up 1% in August. Core sales 5.9% higher than Feb. levels, but rebound uneven across sectors
- YoY %	0.0	-11.4	-43.8	-25.0	3.6	9.4	8.9	#N/A	
- 3mth / 3mth % seas. adj.	-0.6	-5.6	-19.8	-28.0	-18.9	17.0	46.6	#N/A	
Ex Autos Index	120.0	118.3	90.1	101.8	123.1	125.8	127.1	#N/A	Core retail sales up 1% in August. Core sales 5.9% higher than Feb. levels, but rebound uneven across sectors
- YoY %	0.8	-0.3	-25.0	-14.2	3.5	5.3	5.9	#N/A	
- 3mth / 3mth % seas. adj.	0.3	-0.6	-9.2	-14.3	-12.3	6.8	21.2	#N/A	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
Construction PMI: Ulster Bank	50.6	28.9	4.5	19.9	51.9	53.2	44.0	47.0	Construction PMI rose to 47.0. Housing activity edged lower (44.1), commercial activity neared stabilisation (49.2), new orders moderated (48.8). Business expectations fell to its lowest level in 4 months (48.7)
- Housing Activity	49.7	32.4	4.9	21.4	55.8	57.8	44.7	44.1	
- Commercial Activity	52.1	28.2	3.1	25.6	50.9	50.2	41.6	49.2	Commencements moved lower in August, from an already subdued level. 12 month cumulative total just above 22k, lowest level since Dec.18
- New Orders	53.6	33.9	10.1	24.6	46.0	53.8	46.5	48.8	
- Business Expectations	64.7	36.0	37.1	48.6	54.6	55.9	53.5	48.7	
Commencements: 12mth Total	26,635	26,541	25,606	24,617	23,929	23,379	22,066	#N/A	Commencements moved lower in August, from an already subdued level. 12 month cumulative total just above 22k, lowest level since Dec.18
- 3 Month Avg YoY %	11.0	4.6	-16.8	-32.0	-45.7	-37.7	-36.8	#N/A	
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	2,838	2,995	706	1,320	1,688	2,713	3,337	#N/A	Bounce back in mortgage approvals continued in August. However, 12 month total still far below pre-Covid level
- 3 Month Avg YoY %	4.7	-0.3	-29.9	-52.4	-66.1	-51.8	-32.7	#N/A	
- 12 Mth Total	40,006	39,725	37,124	34,484	32,480	30,966	30,722	#N/A	Residential property transactions rise in September, but well below September '19 level. 12 month total below 48k
RPPR Transactions : Month	3,632	4,403	2,625	2,565	3,034	3,625	2,865	3,475	
- 3 Month Avg YoY %	1.0	-1.2	-17.8	-30.1	-40.3	-37.4	-35.9	-36.0	
- 12 Mth Total	58,147	58,264	56,351	54,014	52,719	50,840	48,685	47,106	House prices rose by 0.4% in August, YoY growth rate at -0.6%. Ex-Dublin price inflation (+0.3%) continues to outpace the capital (-1.6%)
HOUSING MARKET PRICES									
CSO Price Index - MoM	-0.2	0.1	-0.1	-0.1	0.1	0.2	0.4	#N/A	House prices rose by 0.4% in August, YoY growth rate at -0.6%. Ex-Dublin price inflation (+0.3%) continues to outpace the capital (-1.6%)
- YoY %	1.0	1.0	0.7	0.4	0.0	-0.7	-0.6	#N/A	
Daft Asking Prices: MoM %	0.4	1.8	-5.4	3.8	-0.5	2.5	1.9	0.3	CSO rental index up 0.4% in September, the biggest rise this year but down 2.6% YoY
- YoY %	-2.2	-1.7	-6.6	-1.4	-3.4	0.1	2.6	5.2	
RENTS: CSO Private Rents - MoM%	0.3	-0.4	-1.8	-1.1	-0.3	0.2	0.2	0.4	CSO rental index up 0.4% in September, the biggest rise this year but down 2.6% YoY
- YoY %	3.9	3.1	0.8	-0.7	-1.2	-1.4	-1.8	-2.6	
<b>AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB</b>									
- Mortgage as % of Disposable Income	17.3	17.3	17.9	17.9	17.9	#N/A	#N/A	#N/A	Affordability relatively stable, though volatility in industrial wages sees measure rise in Q2

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<b>CONSUMER PRICES - YoY %</b>	1.1	0.7	-0.1	-0.5	-0.4	-0.4	-1.0	-1.2	In September, CPI inflation moved further into deflationary territory, with prices down 1.2% YoY. Reflects VAT cut, decreases in transport, and fall in clothing and footwear. HICP at -1.2% in September also	
- MoM %	0.6	0.4	-0.4	-0.5	0.3	-0.2	-0.1	-0.4		
HICP - YoY %	0.9	0.5	-0.3	-0.8	-0.6	-0.6	-1.1	-1.2		
- MoM %	0.6	0.4	-0.4	-0.6	0.4	-0.2	-0.1	-0.4		
<b>PERSONAL / FINANCIAL</b>										
KBC/ESRI Consumer Confidence	85.2	77.3	42.6	52.3	61.6	62.6	58.9	60.7	Consumer sentiment edged higher in September, but remained very subdued	
Credit Growth YoY %										
- Private Sector (Underlying)	-2.6	-1.0	-0.7	-1.8	-2.2	-2.2	-1.8	#N/A	Household credit outstanding fell by 1.3% YoY in August. Pace of decline in mortgage stock picks up to -0.8% YoY	
- of which : Household	0.0	-0.1	-0.5	-0.8	-0.9	-1.3	-1.3	#N/A		
- of which : Mortgage Lending	-0.3	-0.3	-0.3	-0.5	-0.6	-0.7	-0.8	#N/A		
<b>LABOUR MARKET</b>										
Live Register	183,600	209,600	217,600	227,500	213,000	226,200	213,800	215,400	Official unemployment rate at 5.4% in September. Covid adjusted measure declined to 14.7% from peak of circa 29% in April	
- Change In Month	-1,400	+26,000	+8,000	+9,900	-14,500	+13,200	-12,400	+1,600		
Unemployment Rate %	4.9	5.0	4.8	4.8	5.0	5.2	5.2	5.4	Employment subcomponent of manufacturing PMI remains below 50 in September, but did move higher in the month. Services and construction sub-indices also below 50	
PMI Employment Indices										
- AIB Manufacturing	48.4	42.6	30.5	40.1	46.1	50.8	47.5	49.1		
- AIB Services	55.0	47.3	31.1	32.9	40.1	46.1	47.3	47.0		
- Ulster Bank Construction	51.3	39.4	22.6	26.7	43.3	47.5	48.3	48.9		
<b>MERCHANDISE TRADE</b>										
Export Values - 3M / 3M %	-3.0	10.0	5.9	8.9	-12.7	-3.8	-3.1	#N/A	Goods trade surplus widened in August to €6.8bn from €4.8bn. Value of goods exports rises. Medical and pharma products up 12%. Imports down 10%, although the figure is distorted by a fall relating to transport, including aircraft imports	
- 3MMA YoY %	1.3	16.5	9.2	8.9	-1.7	2.5	7.3	#N/A		
Import Values - 3M / 3M %	3.3	-0.9	-9.1	-18.5	-17.0	2.2	13.7	#N/A		
- 3MMA YoY %	1.9	1.1	-4.3	-14.6	-14.7	-4.9	-4.0	#N/A		
<b>PUBLIC FINANCES</b>										
Total Tax Receipts: Cum YTD %	13.8	1.1	-0.6	0.0	0.7	-2.5	-2.3	-3.0	Tax receipts down 3.0% YTD at the end of Q3. Driven by VAT & excise receipts. Corporation tax take up 27.9%. Net-voted expenditure up 24.9%, boosts exchequer deficit to €9.4bn	
Voted Spending : Cum YTD %	17	13.5	23.4	24.9	27.3	29.5	28.0	24.9		
Exchequer Bal: 12 Mth Total €m	1,509	-922	-3,634	-5,434	-4,944	-7,654	-8,180	-8,764		
<b>QUARTERLY DATA</b>										
		Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	
<b>GDP - YoY %</b>		7.9	3.4	4.4	5.6	6.3	5.9	5.7	-3.0	Irish GDP contracted by 6.1% in Q2 much smaller than expected. Due to favourable export product mix (Pharma etc.)  However, modified final domestic demand down 16.4% in Q2, with consumer spending falling by 20%
*Domestic Demand - YoY%		5.4	3.1	3.8	2.0	4.5	2.9	-0.9	-15.7	
Consumer Spending - YoY %		3.1	2.0	3.4	3.6	3.0	2.7	-2.5	-22.1	
Services Exports - YoY % (3Q Avg)		11.0	12.2	12.5	13.2	13.4	13.6	10.1	3.4	
* Excludes Some Investment Related to the Multinational Sector										
<b>EMPLOYMENT &amp; EARNINGS</b>										
Employment YoY %		3.0	2.3	3.7	2.0	2.4	3.5	2.2	-3.4	Employment declined by 3.4% YoY in Q2, but the true number is likely higher as some are classified as having left the labour force instead
Labour Force YoY %		2.0	1.5	2.7	1.3	1.6	2.6	2.1	-3.7	
Average Earnings YoY %										Weekly earnings growth higher in Q2 2020, as the composition of the labour market changed with more lower paid workers falling out of the labour force than higher paid
- Hourly		2.1	3.2	2.8	3.3	4.0	3.9	3.0	7.9	
- Weekly		3.5	3.5	3.6	3.6	3.6	3.8	3.7	6.2	
Weekly Earnings YoY %										
- Private Sector		3.9	3.9	4.5	4.0	4.0	4.0	4.0	6.4	
- Public Sector		2.1	1.8	0.8	1.9	1.3	3.1	3.1	2.3	
<b>CSO DWELLING COMPLETIONS</b>										
- YoY %		4635	5443	4253	4829	5661	6390	4968	3290	Completions down 31.9% YoY in Q2 as pandemic saw constructions sites close. 12 month total falls to 20.3k
- Cum 12 Mth Total		23.0	19.4	22.7	9.8	22.1	17.4	16.8	-31.9	
		17058	17944	18730	19160	20186	21133	21848	20309	



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