

# Irish Economy Watch

AIB Treasury Economic Research Unit



Friday 20 September 2024

	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	
<b>MANUFACTURING</b>									
AIB Manufacturing PMI	49.5	52.2	49.6	47.6	49.8	47.4	50.1	50.4	The manu. PMI rose to 50.4 in Aug, consistent with conditions in the sector remaining broadly stable. Output expanded marginally, but new orders and exports remained weak
AIB Manufacturing PMI - Future Output	67.0	65.6	59.4	64.4	64.0	66.3	67.9	63.0	
Industrial Production (Ex-Modern)	132.8	131.1	137.6	137.2	134.8	137.0	134.0	#N/A	Traditional industrial production was 8.3% higher YoY in the 3 mths to July
Production (Ex-Modern) : 3mma YoY%	12.2	13.9	10.7	12.8	11.9	11.0	8.3	#N/A	
3mth / 3mth % seas. adj.	4.0	3.8	3.5	2.7	3.0	1.9	0.0	#N/A	
<b>SERVICES / RETAIL</b>									
AIB Services PMI	50.5	54.4	56.6	53.3	55.0	54.2	53.6	53.8	The serv. PMI edged up to 53.8 in Aug, indicating a continued solid pace of expansion. New business, including new export orders rose. However, inflationary pressures stayed elevated in the month
CSO Services Index (Value)	172.8	173.2	174.7	181.4	178.7	178.8	178.8	#N/A	
- YoY %	9.4	7.8	7.9	11.8	9.6	11.3	9.5	#N/A	
- 3mth / 3mth % seas. adj.	0.9	2.9	3.3	4.5	3.7	3.5	1.3	#N/A	The CSO services index was up by 9.5% YoY in July
SIMI Car Registrations	31,407	16,430	14,644	8,562	6,394	1,488	25,761	7,544	
- 12 mth cum total	126,463	129,771	126,727	126,376	125,225	123,723	122,148	121,431	
- 3 mma YoY %	14.9	25.2	-17.2	-3.9	-15.3	-50.2	-5.8	-8.7	Having had a solid start to 2024, new car sales have trended lower recently. 12mth running total fell to 121k in Aug
Retail Sales Index	113.4	113.0	114.2	112.1	112.5	112.2	112.2	#N/A	Retail sales declined by 0.7% in the 3 mths to July. Likewise, core sales fell by a modest 0.2% over the same period
- YoY %	4.7	1.3	1.6	-0.4	-1.1	-1.1	0.4	#N/A	
- 3mth / 3mth % seas. adj.	1.8	1.6	1.2	-0.1	-0.2	-1.1	-0.7	#N/A	
Ex Autos Index	111.4	111.8	111.9	111.8	112.0	111.3	111.5	#N/A	The construction PMI rose to 50.0 in Aug, indicating stable conditions in the sector. New orders and commercial activity printed above 50. Housing activity fell just below 50
- YoY %	-0.2	-0.4	0.2	1.5	-0.1	-1.2	0.2	#N/A	
- 3mth / 3mth % seas. adj.	0.7	0.1	-0.5	-0.4	-0.1	0.0	-0.2	#N/A	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
BNP Paribas Construction PMI	45.9	47.4	51.6	53.2	49.8	47.5	49.9	50.0	Commencements still distorted. Having surged in April ahead of the waiver/rebate deadlines, they fell by 34% YoY between Jun-Aug. 12 mth total at 49.1k
- Housing Activity	48.3	49.8	54.3	53.4	52.0	52.4	53.2	49.8	
- Commercial Activity	44.7	47.2	53.2	54.6	51.4	43.3	49.9	51.1	
- New Orders	47.4	47.7	51.5	53.9	52.9	51.8	54.9	51.8	Mortgage approvals fell by 2.3% YoY in the 3 mths to July. 12 mth running total rises to 42.1k
- Business Expectations	58.6	64.9	63.8	59.5	61.2	61.7	61.6	64.7	
Commencements: 12mth Total	34,050	35,752	37,408	53,011	51,935	51,024	49,613	49,107	
- 3 Month Avg YoY %	52.4	73.3	62.7	242.5	182.2	165.8	-39.4	-34.0	Transactions 3mma down by 11.5% YoY in the 3 mths to Aug. 12 mth run rate back at 60k
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	2,718	2,922	3,237	3,796	3,894	3,806	4,603	#N/A	House prices continue to trend sharply higher. They were up 9.6% YoY in July
- 3 Month Avg YoY %	-5.8	-1.9	-5.3	0.0	-5.1	-2.8	-2.3	#N/A	
- 12 Mth Total	42,399	42,604	41,976	42,399	42,011	41,642	42,109	#N/A	
RPPR Transactions : Month	3,447	4,161	4,416	4,400	5,213	4,820	5,633	4,165	Asking prices on Daft.ie were revised higher for Q1'24, and continued to trend upwards in Q2, up 6.7% YoY
- 3 Month Avg YoY %	-0.3	0.5	-8.7	-5.6	-4.1	-3.0	-2.3	-11.5	
- 12 Mth Total	62,804	62,644	61,848	62,033	62,039	61,396	61,663	60,144	
<b>HOUSING MARKET PRICES</b>									
CSO Price Index - MoM	0.7	0.4	0.5	0.4	0.4	0.9	1.2	#N/A	CSO rental index rose by 0.7% in Aug. However, the YoY rate slowed markedly to 4.0%
- YoY %	5.4	6.2	7.4	7.9	8.5	8.9	9.6	#N/A	
Daft Asking Prices: MoM %	0.0	1.8	-0.1	2.0	1.4	0.7	#N/A	#N/A	
- YoY %	5.5	6.2	5.8	6.4	6.1	7.5	#N/A	#N/A	Affordability deteriorated somewhat in Q2, as house price growth outpaced wage growth
<b>RENTS:</b> CSO Private Rents - MoM%	0.1	0.4	0.0	0.2	0.4	0.7	0.4	0.7	
- YoY %	6.0	5.3	5.1	5.1	4.9	4.9	4.7	4.0	
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	21.9	21.6	21.3	22.4	22.8	23.3	#N/A	#N/A	

	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	
<b>CONSUMER PRICES - YoY %</b>	4.1	3.4	2.9	2.6	2.6	2.2	2.2	1.7	Consumer prices rose by just 0.1% in Aug, meaning CPI inflation fell to 1.7%, its lowest level since June 2021. Similarly, HICP inflation rose by 0.1% in Aug, with the annual rate declining to just 1.1%
- MoM %	-1.3	1.0	0.5	0.2	0.5	0.4	0.2	0.1	
HICP - YoY %	2.7	2.3	1.7	1.6	2.0	1.5	1.5	1.1	
- MoM %	-1.4	1.1	0.3	0.2	0.6	0.3	0.2	0.1	
<b>PERSONAL / FINANCIAL</b>									
ILCU Consumer Sentiment Index	74.2	70.2	69.5	67.8	65.7	70.5	74.9	72.0	Sentiment edged lower in Aug, amid a slight deterioration in household personal finances
Credit Growth YoY %									Private sector credit growth rate expanded in July, as the household and mortgage credit growth rates accelerated
- Private Sector	2.1	1.4	2.5	-1.3	-0.3	0.6	1.4	#N/A	
- of which : Household	2.0	1.9	2.1	2.0	2.0	2.2	2.4	#N/A	
- of which : Mortgage Lending	1.8	1.5	1.7	1.6	1.7	2.0	2.1	#N/A	
<b>LABOUR MARKET</b>									
Live Register	176,800	174,900	174,400	173,600	173,100	172,000	171,800	166,100	Overall, the unemployment rate has remained quite low so far this year. It averaged 4.3% in Q1, and 4.4% in Q2. More recently, it rose to 4.7% in July but declined to 4.3% again in Aug
- Change In Month	+1,600	-1,900	-500	-800	-500	-1,100	-200	-5,700	
Unemployment Rate %	4.5	4.1	4.2	4.3	4.4	4.4	4.7	4.3	
PMI Employment Indices									In Aug, the employment sub-indices of the manu and services PMIs improved. In contrast the construction index moved lower and fell below the key 50 level
- AIB Manufacturing	50.6	52.5	51.7	50.0	52.7	50.2	52.1	53.5	
- AIB Services	52.7	54.4	53.2	52.9	53.3	50.8	52.0	54.0	
- BNP Paribas Construction	53.5	52.5	53.9	52.7	51.8	51.7	50.9	47.7	
<b>MERCHANDISE TRADE</b>									
Export Values - 3M / 3M %	-0.7	6.0	9.6	10.8	5.2	-0.2	-4.7	#N/A	Goods trade surplus widened to €50.2bn in H1, up 40.7% YoY. Exports rose by 8.1% YTD to €126.2bn, led by a strong increase in pharma and medical products (up 17.8% YTD). Imports stood at €76.0bn YTD, down 6.2% YoY
- 3MMA YoY %	1.8	2.4	5.1	7.0	11.4	8.4	5.0	#N/A	
Import Values - 3M / 3M %	2.5	-11.8	-12.3	-6.7	2.3	4.0	4.6	#N/A	
- 3MMA YoY %	-1.1	-10.0	-8.7	-4.3	-4.7	-6.8	-4.8	#N/A	
<b>PUBLIC FINANCES</b>									
Total Tax Receipts: Cum YTD %	4.8	5.5	1.8	2.6	6.2	9.3	9.5	12.6	Total tax take up 12.6% YTD in Aug. Voted expenditure rose by 13.7% YTD, owing to increases in current and capital spending. 12mth rolling Exchequer surplus jumped to €5.3bn
Voted Spending : Cum YTD %	20.0	23.2	15.4	12.8	15.3	13.2	14.1	13.7	
Exchequer Bal: 12 Mth Total €m	602	3,612	3,512	3,637	2,586	4,005	3,825	5,286	
<b>QUARTERLY DATA</b>									
	<b>Q3-22</b>	<b>Q4-22</b>	<b>Q1-23</b>	<b>Q2-23</b>	<b>Q3-23</b>	<b>Q4-23</b>	<b>Q1-24</b>	<b>Q2-24</b>	
<b>GDP - YoY %</b>	9.2	8.8	-0.2	-3.9	-8.4	-9.1	-4.7	-4.0	GDP fell by 1% in Q2. Overall, GDP contracted by 4.4% YoY in H1, driven by a reduction in output in MNE related sectors
*Domestic Demand - YoY%	8.5	3.7	6.0	0.9	-0.2	4.2	2.3	1.5	
Consumer Spending - YoY %	7.2	8.2	7.4	6.5	1.7	4.0	2.5	1.3	
Services Exports - YoY % (3Q Avg)	9.2	2.7	-0.2	-1.6	0.6	3.7	9.2	17.8	MDD fell by 0.5% in Q2. It was up 1.9% YoY in H1 though, led by a rise in consumer spending
* Excludes Some Investment Related to the Multinational Sector									
<b>EMPLOYMENT &amp; EARNINGS</b>									
Employment YoY %	3.5	2.6	3.7	3.1	3.6	3.4	1.9	2.7	Employment increased by 2.7% YoY in Q2'24, putting it 15.7% above pre-COVID levels. The employment rate rose to 74.4% in Q2. The labour force grew by 2.9% YoY in the quarter
Labour Force YoY %	2.1	1.8	2.8	3.0	3.8	3.5	2.0	2.9	
Average Earnings YoY %									
- Hourly	3.6	6.1	3.9	5.3	6.1	1.9	4.9	5.4	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
- Weekly	3.6	4.5	4.3	4.4	4.4	2.6	5.0	5.6	
Weekly Earnings YoY %									
- Private Sector	4.9	2.4	3.5	3.9	3.8	4.1	5.3	5.6	
- Public Sector	0.8	10.4	7.7	5.9	5.8	-1.2	4.0	4.9	
<b>CSO DWELLING COMPLETIONS</b>									
	7377	9093	6646	7277	8425	10234	5846	6884	Having trended higher in 2023, completions declined by 8.6% YoY in H1. 12mth total back at circa 31.4k
- YoY %	59.1	31.3	18.4	-4.4	14.2	12.5	-12.0	-5.4	
- Cum 12 Mth Total	27521	29690	30725	30393	31441	32582	31782	31389	



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