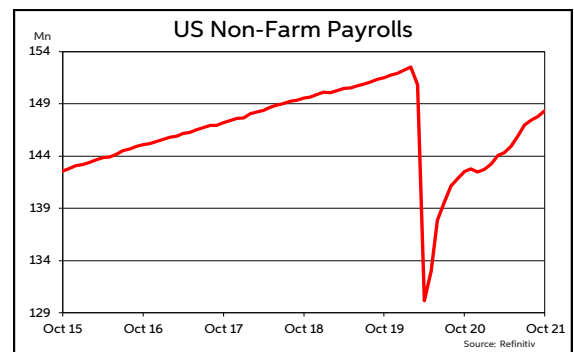


## On the Job

- The labour force data for the third quarter of this year published by the CSO provide further evidence of a strong rebound by the Irish economy in 2021.** Employment stood at 2.47 million, or 2.37 million when adjusted for Covid, i.e. for those with jobs but who have not yet returned to work owing to ongoing Covid restrictions. Both measures are well up on the level of employment in Q3 2019, before the pandemic took hold, which stood at 2.32 million. Meanwhile, the labour force has increased by 170,000 or almost 7% in the past two years, with the participation rate standing at 65%, up sharply from 62.5% in 2019. Thus, unlike in some other economies, which have seen their labour forces shrink as participation rates fell owing to the pandemic, Ireland has witnessed strong labour force growth.
- This may reflect rising job openings in some high wage sectors.** The CSO data show very strong employment growth in ICT, financial services and in professional/scientific/technical activities. These are all areas of the economy that have performed well in the past two years, despite the pandemic. There has also been a marked increase in employment in the public sector, most notably health, education and administration, consistent with the bigger role the State has played in the economy as a result of the pandemic. Meanwhile, areas that were hard hit by lockdowns and restrictions, such as hospitality and construction, are only now seeing employment return to around pre-Covid levels. Finally, the Covid-adjusted unemployment rate has fallen from 27% earlier in the year to 8% by October.
- The labour market data are consistent with a broad range of other indicators showing a strong rebound by the Irish economy since the spring.** Core retail sales rose by 10% in Q2 and a further 5% in Q3. The PMIs for both services and manufacturing have been well above 60 since April/May, signalling very strong growth in both sectors. CSO data show robust growth in indigenous manufacturing output this year, as well as from the high-tech sector. Meanwhile, the PMI for the construction sector has also picked up very strongly from earlier in the year. Perhaps the most encouraging data has been the surge in housing commencements since the spring, with the number rising to over 30,000 on a twelve month basis. This points to a likely marked increase in housing output in 2022-23.
- The broad based strength of the economy is reflected in surging tax receipts, which are up by 20% to end October.** The three main tax headings – Income, VAT and Corporation, show increases of 21-25%. As a result, the budget deficit is in marked decline. Not surprisingly, growth forecasts for the economy in 2021 have been revised sharply upwards. The domestic economy is now expected to grow by circa 6%, with GNP up by around 8%. Considerable uncertainty remains about the economic outlook, though, with Covid proving more persistent than anticipated, and concerns regarding possible new, more infectious variants. It is unclear also if the supply chain disruptions and rising inflationary pressures seen this year will prove to be temporary. Thus, despite a very strong performance in 2021, it remains a very uncertain economic environment.
- A busy schedule on the home front this week** sees the release of the National Accounts for Q3, retail sales for October, as well as unemployment data, the PMIs and the Exchequer Returns for November. The data are likely to confirm the strong economic rebound remains intact.
- The main data highlight this week, comes from the US, in the form of the labour market report for November.** Payrolls rose sharply by 531,000 in October and the consensus is for another strong increase of 563,000 in November. However, this would still leave payrolls circa 3.5m below their pre-pandemic level. The unemployment rate is anticipated to edge lower to 4.5% from 4.6% also. Elsewhere in the US, the Conference Board measure of Consumer Confidence is forecast to deteriorate in November as higher prices weigh on sentiment. Meanwhile, both the manufacturing and non-manufacturing ISMs are projected to remain above 60 in November.
- In the Eurozone, flash HICP inflation for November will garner close attention.** Headline HICP rose to 4.1% in October, up from 3.4% in September. However, large increases in inflation this year have mainly been driven by surging energy prices, with core inflation running at just 2.1%. The forecast is for inflation to rise to 4.4%, although there are clear upside risks to the consensus, as even if prices did not rise in November, the annual rate would reach 4.4% owing to base effects. Elsewhere, the EC sentiment indices are projected to decline slightly in November. More lagging indicators though, such as retail sales and the jobless rate are set to show further improvement in October. **In the UK, house price data for November are the only release of note.**



	Interest Rate Forecasts			
	Current	End Q4 2021	End Q1 2022	End Q2 2022
Fed Funds	0.125	0.125	0.125	0.125
ECB Deposit	-0.50	-0.50	-0.50	-0.50
BoE Repo	0.10	0.10	0.25	0.50
BoJ OCR	-0.10	-0.10	-0.10	-0.10

Current Rates Reuters, Forecasts AIB's ERU

	Exchange Rate Forecasts (Mid-Point of Range)			
	Current	End Q4 2021	End Q1 2022	End Q2 2022
EUR/USD	1.1319	1.12	1.11	1.11
EUR/GBP	0.8481	0.84	0.83	0.83
EUR/JPY	127.99	129	129	130
GBP/USD	1.3342	1.33	1.34	1.34
USD/JPY	113.09	115	116	117

Current Rates Reuters, Forecasts AIB's ERU

Date	UK & Irish Time	Release	Previous	Forecast
<b>This Week:</b>	<b>ECB Speakers:</b>	Schnabel, <b>Lagarde</b> , de Guindos (Mon); Panetta (Thu); <b>Lagarde</b> , Lane ( <b>Fri</b> )		
	<b>BoE Speakers:</b>	Mann (Tue); <b>Bailey</b> (Wed)		
	<b>Fed Speakers:</b>	<b>Powell</b> , Williams, Bowman (Mon); Williams, Clarida (Tue) <b>Powell</b> (Wed); <b>Powell</b> , Bostic, Quarles, Daly (Thu); Bullard (Fri)		
<b>Mon 29th</b>	<b>SPA:</b>	08:00 Flash HICP (November)	+1.6% (+5.4%)	(+5.6%)
	<b>UK:</b>	09:30 Mortgage Approvals (October)	+72,645	+71,250
	<b>EU-19:</b>	10:00 EC Economic Sentiment (November)	118.6	117.5
		Industrial / Services / Consumer	14.2 / 18.2 / -5.3	13.9 / 16.6 / -6.8
	<b>IRL:</b>	<b>11:00 Retail Sales (October)</b>	<b>+0.3% (+0.7%)</b>	<b>+0.5% (+5.0%)</b>
	<b>GER:</b>	13:00 Flash HICP (November)	+0.5% (+4.6%)	-0.3% (+5.5%)
	<b>JPN:</b>	23:30 Jobs/Applicants Ratio (October)	1.16	1.17
	<b>JPN:</b>	23:30 Unemployment Rate (October)	2.8%	2.8%
<b>Tue 30th</b>	<b>FRA:</b>	07:45 GDP (Q3: Final Reading)	+3.0% (+3.3%)	+3.0% (+3.3%)
	<b>FRA:</b>	07:45 Flash HICP (November)	+0.4% (+3.2%)	+0.2% (+3.3%)
	<b>ITA:</b>	08:00 GDP (Q3: Final Reading)	+2.6% (+3.8%)	+2.6% (+3.8%)
	<b>GER:</b>	08:55 Unemployment Rate (November)	5.4%	5.3%
	<b>EU-19:</b>	10:00 Flash HICP (November)	+0.8% (+4.1%)	+0.0% (+4.4%)
		- Ex-Food & Energy	(+2.1%)	(+2.3%)
	<b>ITA:</b>	10:00 Flash HICP (November)	+0.9% (+3.2%)	+0.2% (+3.4%)
	<b>US:</b>	14:00 Caseshiller House Price (September)	+1.2% (+19.7%)	
	<b>US:</b>	15:00 Consumer Confidence (November)	113.8	110.7
<b>Wed 1st</b>	<b>IRL:</b>	<b>01:01 AIB Manufacturing PMI (November)</b>	<b>62.1</b>	
	<b>UK:</b>	07:00 Nationwide House Prices (November)	+0.7% (+9.9%)	+0.5% (+9.3%)
	<b>GER:</b>	07:00 Retail Sales (October)	-2.5% (-0.9%)	+1.0% (-2.0%)
	<b>EU-19:</b>	09:00 Final Markit Manufacturing PMI (November)	58.6	58.6
	<b>UK:</b>	09:30 Final Markit / CIPS Manufacturing PMI (Nov)	58.2	58.1
	<b>IRL:</b>	<b>11:00 Unemployment Rate (November)</b>	<b>5.2%</b>	<b>5.1%</b>
		- Covid-19 Adjusted Rate	<b>7.9%</b>	<b>7.5%</b>
	<b>US:</b>	13:15 ADP National Employment (November)	+571,000	+480,00
	<b>US:</b>	14:45 Final Markit Manufacturing PMI (November)	59.1	59.1
	<b>US:</b>	15:00 Manufacturing-ISM (November)	60.8	61.0
<b>Thu 2nd</b>	<b>ITA:</b>	09:00 Unemployment Rate (October)	9.2%	9.1%
	<b>EU-19:</b>	10:00 Producer Prices (October)	+2.7% (+16.0%)	+3.2% (+19.0%)
	<b>EU-19:</b>	10:00 Unemployment Rate (October)	7.4%	7.3%
	<b>US:</b>	13:30 Initial Jobless Claims (w/e 15th November)	+199,000	+250,000
	<b>IRL:</b>	<b>16:30 Exchequer Returns (November)</b>	<b>Nov'20: -€8.9Bn</b>	<b>-€2.2Bn</b>
<b>Fri 3rd</b>	<b>IRL:</b>	<b>01:01 AIB Services PMI (November)</b>	<b>63.4</b>	
	<b>EU-19:</b>	09:00 Final Markit Composite PMI (November)	55.8	55.8
		- Final Markit Services PMI	56.6	56.6
	<b>UK:</b>	09:30 Final Markit /CIPS Composite PMI (November)	57.7	57.7
		- Final Markit Services PMI	56.6	56.5
	<b>EU-19:</b>	10:00 Retail Sales (October)	-0.3% (+2.5%)	+0.2% (+1.1%)
	<b>IRL:</b>	<b>11:00 National Accounts</b>		
		- GDP (Q3 2021)	<b>(+21.6%)</b>	<b>(+12.9%)</b>
	<b>US:</b>	13:30 Non-farm payrolls (November)	+531,000	+563,000
		- Unemployment Rate	4.6%	4.5%
		- Average Earnings	+0.4% (+4.9%)	+0.4% (+5.0%)
	<b>US:</b>	14:45 Final Markit Composite PMI (November)	56.5	56.5
		- Final Markit Services PMI	57.0	57.0
	<b>US:</b>	15:00 Factory Orders (October)	+0.2%	+0.5%
		- Ex-Transport	+0.5%	
	<b>US:</b>	15:00 Non-Manufacturing ISM (November)	66.7	65.2

◆ Month-on-month changes (year-on-year shown in brackets)

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