

Irish Economy Watch

AIB Treasury Economic Research Unit



Friday 19 April 2024

Aug-23 Sep-23 Oct-23 Nov-23 Dec-23 Jan-24 Feb-24 Mar-24

MANUFACTURING

AIB Manufacturing PMI	50.8	49.6	48.2	50.0	48.9	49.5	52.2	49.6
AIB Manufacturing PMI - Future Output	72.1	71.6	70.0	69.7	71.2	67.0	65.6	59.4
Industrial Production (Ex-Modern)	126.0	128.4	125.2	128.7	133.3	132.4	129.5	#N/A
Production (Ex-Modern) : 3mma YoY%	5.9	5.9	3.3	3.6	8.5	12.2	13.4	#N/A
3mth / 3mth % seas. adj.	1.2	2.7	1.3	2.6	2.0	3.9	3.4	#N/A

The manu. PMI fell to 49.6 in Mar. The slight decline reflected a fall in new business and output and a sharp drop in sentiment. Meantime, inflationary pressures in the sector continued to build

Traditional industrial production rose by 3.4% in the 3 mths to Feb and was 13.4% higher YoY

SERVICES / RETAIL

AIB Services PMI	55.0	54.5	52.6	54.2	53.2	50.5	54.4	56.6
CSO Services Index (Value)	165.6	166.6	170.0	164.2	169.3	172.8	172.3	#N/A
- YoY %	3.3	4.6	9.1	3.2	6.8	9.2	7.3	#N/A
- 3mth / 3mth % seas. adj.	0.6	1.6	3.0	2.2	1.7	0.8	2.7	#N/A
SIMI Car Registrations	8,261	5,726	2,207	921	345	31,427	16,444	14,675
- 12 mth cum total	123,313	122,721	122,311	122,247	122,383	126,468	129,790	126,785
- 3 mma YoY %	19.8	13.6	-5.2	-10.7	-8.9	14.6	18.5	7.6
Retail Sales Index	131.0	129.4	129.3	130.0	130.5	133.1	130.4	#N/A
- YoY %	3.5	2.1	0.2	1.1	2.8	5.4	1.1	#N/A
- 3mth / 3mth % seas. adj.	-1.2	-1.8	-1.4	-1.3	-0.4	1.0	1.4	#N/A
Ex Autos Index	129.5	128.8	128.3	129.4	129.9	130.1	130.2	#N/A
- YoY %	1.0	1.1	0.5	-0.6	1.4	0.8	0.7	#N/A
- 3mth / 3mth % seas. adj.	-0.6	-2.3	-1.0	-0.7	0.6	0.7	1.0	#N/A

The services PMI improved to 56.6 in Mar, signalling a further acceleration in growth. New business, including new export orders rose markedly. Despite easing somewhat, inflationary pressures remained elevated

The CSO services index was up by 7.3% YoY in Feb

New car sales enjoyed a strong start to 2024, up 7.6% YTD in Q1. However, 12mth running total fell back below 127k in Mar

Retail sales fell in Feb, but were 1.1% higher YoY. Core retail sales were broadly flat in the month and up by 0.7% YoY

RESIDENTIAL CONSTRUCTION ACTIVITY

BNP Paribas Construction PMI	44.9	48.6	47.3	44.5	45.1	45.9	47.4	51.6
- Housing Activity	46.3	48.9	45.3	43.5	45.0	48.3	49.8	54.3
- Commercial Activity	41.9	49.2	50.9	43.8	42.8	44.7	47.2	53.2
- New Orders	45.2	49.4	49.6	46.7	47.2	47.4	47.7	51.5
- Business Expectations	59.4	59.2	53.6	57.2	59.9	58.6	64.9	63.8
Commencements: 12mth Total	29,565	29,961	30,744	31,429	32,801	34,050	35,752	37,408
- 3 Month Avg YoY %	25.8	23.5	29.6	28.9	47.0	52.4	73.3	62.7

The construction PMI jumped to 51.6 in Mar, indicating a first monthly increase in activity since Jun'23. New orders, housing and commercial activity moved higher, and rose above the key 50 level

Commencements markedly higher in 2024, up 62.7% YTD in Q1. 12 mth rolling total rises above 37k in Mar

HOUSING MARKET ACTIVITY

BPFI Mortgage Approvals : Month	3,952	3,527	3,676	3,614	2,364	2,718	2,922	#N/A
- 3 Month Avg YoY %	10.1	7.3	3.7	-0.4	-2.2	-5.8	-1.9	#N/A
- 12 Mth Total	42,886	42,780	43,017	42,845	42,559	42,399	42,604	#N/A
RPPR Transactions : Month	5,684	5,501	5,605	5,671	7,112	3,424	4,083	3,801
- 3 Month Avg YoY %	3.0	1.4	3.5	-2.0	1.6	-0.5	-0.2	-14.1
- 12 Mth Total	62,916	62,704	62,861	62,569	62,988	62,781	62,543	61,132

Mortgage approvals 3mma down 1.9% YoY in Feb. 12 mth running total near 42.5k

Transactions down by 14.1% YoY in Q1, due to a sharp decline in Mar. 12 mth run rate falls back to near 61k

HOUSING MARKET PRICES

CSO Price Index - MoM	0.5	1.0	1.1	0.9	1.3	0.7	0.3	#N/A
- YoY %	1.1	1.4	2.3	3.0	4.1	5.4	6.1	#N/A
Daft Asking Prices: MoM %	-0.6	1.0	-1.3	-1.4	1.6	0.0	1.8	-0.1
- YoY %	4.2	4.5	6.2	4.7	5.1	5.5	6.2	5.8
RENTS: CSO Private Rents - MoM%	1.3	0.7	0.0	0.2	0.2	0.1	0.4	0.0
- YoY %	7.2	7.1	6.6	6.3	6.2	6.0	5.3	5.1

House prices continued to trend higher, up 0.3% m/m in Feb. They were 6.1% higher YoY also

Asking prices on Daft.ie were revised higher for Q4'23, and were up 5.8% YoY in Q1

CSO rental index flat-lined in Mar. YoY rate declined to 5.1%, its lowest level since Aug'21

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

- Mortgage as % of Disposable Income	22.7	23.0	22.9	23.0	23.1	#N/A	#N/A	#N/A
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Affordability deteriorated somewhat in Q4, as house prices continued to rise

	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	
CONSUMER PRICES - YoY %	6.4	6.4	5.0	3.9	4.6	4.1	3.4	2.9	Consumer prices rose by 0.5% in Mar. This was largely due to rising transport and recreational prices. However, the YoY rate dropped to 2.9%. HICP inflation eased to 1.7%, below 2% for the first time since Jun'21
- MoM %	0.6	0.1	0.3	-0.8	0.5	-1.3	1.0	0.5	
HICP - YoY %	4.9	5.0	3.6	2.5	3.2	2.7	2.3	1.7	
- MoM %	0.5	0.1	0.2	-0.9	0.4	-1.4	1.1	0.3	

PERSONAL / FINANCIAL

ILCU Consumer Sentiment Index	62.2	58.8	60.4	61.9	62.4	74.2	70.2	69.5	Consumer sentiment declined, albeit marginally, for a second consecutive month in Mar
Credit Growth YoY %									
- Private Sector	-1.8	-2.1	-2.2	-2.1	-1.8	2.1	1.4	#N/A	Private sector credit growth rate slowed in Feb, as household and mortgage growth rates eased somewhat
- of which : Household	1.6	1.6	1.8	1.9	2.0	2.0	1.9	#N/A	
- of which : Mortgage Lending	1.3	1.5	1.6	1.6	1.8	1.8	1.5	#N/A	

LABOUR MARKET

Live Register	174,100	178,200	176,000	175,100	175,000	176,900	174,900	174,500	The unemployment rate printed at 4.2% in Feb, but edged higher to 4.3% in Mar. Overall, it averaged 4.4% in Q1'24 down slightly from 4.5% in Q4'23
- Change In Month	-6,700	+4,100	-2,200	-900	-100	+1,900	-2,000	-400	
Unemployment Rate %	4.4	4.6	4.5	4.5	4.5	4.6	4.2	4.3	In Mar, the employment sub-indices of the manufacturing and services PMI's deteriorated. However, the construction index improved. Crucially, all three stayed above the key 50 mark
PMI Employment Indices									
- AIB Manufacturing	53.7	53.0	50.2	51.1	50.0	50.6	52.5	51.7	
- AIB Services	53.9	53.2	52.0	53.3	51.9	52.7	54.4	53.2	
- BNP Paribas Construction	51.1	51.2	53.4	49.1	52.3	53.5	52.5	53.9	

MERCHANDISE TRADE

Export Values - 3M / 3M %	3.0	-1.7	0.7	-1.8	1.6	-0.5	4.3	#N/A	Goods trade surplus widened to €15.3bn YTD in Feb, up 60.3% YoY. Exports rose by 7.9% YTD to €34.7bn, led by a strong increase in pharma and medical products (up 30.8% YTD). Imports stood at €19.4bn YTD in Feb, down 14.2% YoY
- 3MMA YoY %	-3.8	-11.3	-12.1	-7.3	-4.2	2.5	2.0	#N/A	
Import Values - 3M / 3M %	1.4	-2.6	-6.8	1.9	2.3	3.2	-11.4	#N/A	
- 3MMA YoY %	-6.0	-10.0	-14.0	-3.1	-1.1	-2.6	-11.5	#N/A	

PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	6.6	6.1	4.0	5.8	6.0	4.8	5.5	1.8	Total tax take up by 1.8% YoY in Q1. Voted expenditure rose by 23% YoY, owing to increases in current and capital spending. 12mth rolling Exchequer surplus down slightly to €3.5bn
Voted Spending : Cum YTD %	11.0	10.0	9.9	12.9	7.6	20.0	23.2	15.4	
Exchequer Bal: 12 Mth Total €m	-1,615	-1,809	-3,185	-1,722	1,178	602	3,612	3,512	

QUARTERLY DATA

	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23	
GDP - YoY %	8.8	9.3	9.4	10.2	2.7	-0.3	-5.8	-8.7	Overall GDP declined by 3.2% in 2023, owing to a normalisation in the Pharma sector. Domestic sector output rose by 3.8%
*Domestic Demand - YoY%	12.9	10.6	9.0	5.1	4.3	-1.2	-0.1	-0.5	
Consumer Spending - YoY %	18.6	8.6	5.8	6.5	5.6	2.7	3.0	1.5	MDD rose by 0.5% in 2023, boosted by a 3.1% increase in consumer spending
Services Exports - YoY % (3Q Avg)	13.4	9.2	9.8	3.1	0.6	-0.2	2.0	4.6	

* Excludes Some Investment Related to the Multinational Sector

EMPLOYMENT & EARNINGS

Employment YoY %	13.3	9.2	3.5	2.6	3.7	3.1	3.6	3.4	Employment rose by 3.4% YoY in Q4, putting it 13.8% above pre-COVID levels. Employment rate eased to 74% in Q4, down slightly from Q3. The labour force grew by 3.5% YoY in Q4
Labour Force YoY %	10.5	6.0	2.1	1.8	2.8	3.0	3.8	3.5	
Average Earnings YoY %									Weekly average earnings rose by 3.5% YoY in Q4. Public sector pay was down by 1.6% YoY. Private sector earnings rose by 3.5% YoY
- Hourly	2.2	2.5	3.6	6.0	4.0	5.4	6.1	2.1	
- Weekly	2.9	2.5	3.6	4.5	4.4	4.5	4.4	2.1	
Weekly Earnings YoY %									
- Private Sector	4.8	3.6	4.9	2.4	3.6	4.0	3.8	3.5	
- Public Sector	-1.3	1.3	0.8	10.4	7.7	5.9	5.8	-1.6	

CSO DWELLING COMPLETIONS

	5623	7611	7387	9105	6650	7306	8450	10289	New dwelling completions up by 13% YoY in Q4. Full year total rose to 32.7k in 2023, circa 10% higher than in 2022
- YoY %	41.8	52.9	59.1	31.4	18.3	-4.0	14.4	13.0	
- Cum 12 Mth Total	22173	24806	27549	29726	30753	30448	31511	32695	



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