

# Irish Economy Watch

AIB Treasury Economic Research Unit



25 June 2019

	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	
<b>MANUFACTURING</b>									
AIB Manufacturing PMI	54.9	55.4	54.5	52.6	54.0	53.9	52.5	50.4	Manufacturing PMI fell to its lowest level since July 2016 in May as the boost to activity from Brexit stockpiling earlier in the year continued to unwind
OECD Leading Indicator	98.7	98.8	98.8	98.9	99.1	99.2	99.4	#N/A	
Industrial Production (Ex-Modern)	116.9	113.3	108.3	109.7	113.3	114.9	113.3	#N/A	Industrial output (ex-modern) has picked up strongly in the 3 months to April
Production (Ex-Modern) : 3mma YoY%	10.5	9.9	8.5	6.8	6.5	10.3	11.5	#N/A	
3mth / 3mth % seas. adj.	3.3	3.1	3.0	-1.8	-2.3	-0.2	3.1	#N/A	
<b>SERVICES / RETAIL</b>									
AIB Services PMI	57.2	57.1	56.3	54.2	55.9	55.3	54.7	57.0	Service PMI jumped to 57.0 in May, a 6-month high. New orders growth particularly strong. Overall, index suggests sector performing strongly
CSO Services Index (Value)	123.9	123.8	116.7	122.1	124.4	122.9	124.1	#N/A	
- YoY %	13.7	12.2	5.5	7.1	12.2	12.0	5.6	#N/A	Volatile CSO services index improved in April, leaving YoY growth rate at 5.6%
- 3mth / 3mth % seas. adj.	4.0	6.3	2.4	-0.1	-2.0	1.4	2.4	#N/A	
SIMI Car Registrations	1,732	643	142	32,367	15,063	16,676	8,911	6,313	New car sales strong in April/May but 7.7% lower YTD. Second hand imports have failed to fully offset the decline, with total registrations down 4%
- 12 mth cum total	125,683	125,574	125,557	120,901	118,953	117,903	118,761	118,992	
- 3 mma YoY %	-6.6	-15.5	-11.2	-12.4	-12.2	-10.7	-5.0	0.1	
Retail Sales Index	118.8	117.7	117.4	116.0	117.6	116.9	119.3	#N/A	Core retail sales have risen strongly in 2019, up 5.8% YTD in April, with most sectors performing well
- YoY %	6.4	3.0	3.3	-0.4	4.3	5.1	4.0	#N/A	
- 3mth / 3mth % seas. adj.	0.7	1.1	0.6	-0.6	-1.1	-1.0	0.8	#N/A	
Ex Autos Index	115.8	116.4	116.3	117.1	119.2	120.2	119.5	#N/A	
- YoY %	4.2	1.8	3.8	4.0	5.7	7.8	5.6	#N/A	
- 3mth / 3mth % seas. adj.	1.1	1.4	0.5	0.5	1.0	2.3	2.6	#N/A	
<b>CONSTRUCTION PMI: Ulster Bank</b>									
- Housing Activity	52.9	55.5	56.3	54.6	60.5	55.9	56.6	54.9	Construction PMI moved down to 54.9 in May, from 56.6. Housing activity index also weaker but still consistent with a good level of house building
- Commercial Activity	53.6	58.2	56.0	55.7	64.3	60.8	60.5	58.3	
- New Orders	53.9	57.5	58.5	55.4	62.2	55.5	54.6	53.1	Growth in registrations (measure of developer activity) has stagnated—3 month average +0.4% YoY in April
- Business Expectations	56.4	59.1	56.2	57.1	60.2	58.5	59.6	56.4	
	71.6	68.1	70.2	71.5	67.6	65.1	66.5	67.1	12 month cumulative total of commencements has levelled out at circa 23.5k recently - still a low level
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
Housing Registrations: 12Mth Total	9,824	10,107	10,265	10,807	10,863	11,004	10,817	#N/A	
- 3 Month Avg YoY %	23.1	35.8	36.9	65.8	40.4	36.7	0.4	#N/A	
Commencements: 12mth Total	21,211	21,836	22,467	22,719	23,392	23,851	23,479	#N/A	
- 3 Month Avg YoY %	40.3	30.2	47.3	38.6	39.0	31.6	15.1	#N/A	
<b>HOUSING MARKET ACTIVITY</b>									
BPMI Mortgage Approvals : Month	3,430	3,208	2,292	2,438	2,741	3,276	3,307	#N/A	Mortgage approvals have picked up, with the 12 month total now above 37k
- 3 Month Avg YoY %	0.8	1.1	1.8	-2.4	0.8	7.8	12.5	#N/A	
- 12 Mth Total	36,699	36,664	36,655	36,507	36,725	37,264	37,540	#N/A	Transactions showing flat trend overall. 12 month total holding steady in a 56-57k range
RPPR Transactions : Month	5,376	5,505	6,249	3,089	4,101	4,230	4,427	#N/A	
- 3 Month Avg YoY %	1.5	2.7	3.2	0.8	-1.6	-1.2	5.0	#N/A	CSO house price growth continues to slow—at 3.1% in April. Ex-Dublin YoY price growth (+5.6%) outpacing the capital (+0.5%)
- 12 Mth Total	56,325	56,692	56,514	56,189	56,295	56,279	56,794	#N/A	
<b>HOUSING MARKET PRICES</b>									
CSO Price Index - MoM	0.2	-0.3	-0.4	-0.6	-0.1	0.1	0.3	#N/A	CSO rent inflation edged down to 5.2% in May. Rents now 28.4% above previous peak
- YoY %	8.3	7.2	6.3	5.2	4.3	3.8	3.1	#N/A	
Daft Asking Prices: MoM %	-0.5	-2.3	1.8	0.9	1.6	1.4	#N/A	#N/A	Affordability improved since autumn. Reflects moderating house price inflation and good earnings growth
- YoY %	6.2	5.7	4.5	5.4	5.3	6.7	#N/A	#N/A	
<b>RENTS:</b> CSO Private Rents - MoM%	0.8	0.5	0.2	0.4	0.3	0.4	0.4	0.3	
- YoY %	6.5	7.0	6.4	6.6	5.7	5.6	5.4	5.2	
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	18.4	18.2	18.1	17.8	17.6	17.6	17.7	#N/A	

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<b>CONSUMER PRICES - YoY %</b>	0.9	0.6	0.7	0.7	0.6	1.1	1.7	1.0	CPI inflation fell back to 1.0% in May, as the impact of base effects from April unwound. Price pressures contained by goods price deflation. HICP inflation also lower at 1.0%
- MoM %	-0.1	-0.5	0.0	-0.7	0.8	0.8	0.4	-0.1	
HICP - YoY %	1.1	0.8	0.8	0.8	0.7	1.1	1.7	1.0	
- MoM %	-0.2	-0.4	-0.1	-0.7	0.8	0.8	0.4	-0.1	
<b>PERSONAL / FINANCIAL</b>									Consumer confidence somewhat higher in May, though Brexit related concerns continue to weigh on sentiment  Private sector credit fell by 3.2% YoY in April. Household credit contracted by 0.4%
KBC/ESRI Consumer Confidence	93.5	96.5	96.5	98.8	86.5	93.1	87.7	89.9	
Credit Growth YoY %									
- Private Sector (Underlying)	-0.7	-1.6	-2.8	-3.2	-3.3	-3.6	-3.2	#N/A	
- of which : Household	-1.2	-1.1	-0.8	-0.7	-0.7	-0.5	-0.4	#N/A	
- of which : Mortgage Lending	-1.4	-1.2	-1.1	-1.1	-1.1	-1.1	-1.0	#N/A	
<b>LABOUR MARKET</b>									Unemployment rate at just 4.4% in May, the lowest level since January 2005  Live Register fell by 3,500 in the same month, leaving it at an over 10-year low  In a less positive development, the PMI employment subcomponents suggest that jobs growth may slow in Q2. Each sector's index has fallen recently
Live Register	208,900	206,000	203,600	200,400	197,200	195,000	194,400	190,900	
- Change In Month	-2,300	-2,900	-2,400	-3,200	-3,200	-2,200	-600	-3,500	
Unemployment Rate %	5.7	5.6	5.5	5.2	5.0	4.7	4.6	4.4	
PMI Employment Indices									
- AIB Manufacturing	54.4	53.2	52.7	52.4	54.0	54.1	53.8	51.4	
- AIB Services	58.3	57.4	57.4	56.3	55.5	55.6	54.6	54.7	
- Ulster Bank Construction	56.1	54.8	55.5	54.6	56.1	59.6	58.8	53.5	
<b>MERCHANDISE TRADE</b>									YoY growth in value of goods exported at 12.5% in 3 months to April as chemical and machinery exports rise  Stronger demand for fuel and machinery imports sees imports up 3.0% YoY in same period
Export Values - 3M / 3M %	-0.3	2.6	6.3	9.7	10.5	1.9	-5.7	#N/A	
- 3MMA YoY %	20.0	19.9	21.5	16.9	17.1	12.3	12.5	#N/A	
Import Values - 3M / 3M %	7.4	3.1	4.6	-2.9	-8.8	-19.0	-11.7	#N/A	
- 3MMA YoY %	21.5	23.0	23.3	16.2	9.7	1.9	3.0	#N/A	
<b>PUBLIC FINANCES</b>									Tax receipts and government spending broadly in line with profile YTD as of May. Exchequer continues to record a small surplus
Total Tax Receipts: Cum YTD %	8.1	8.8	9.5	7.0	3.7	7.1	5.7	5.7	
Voted Spending : Cum YTD %	9.2	11.0	9.0	6.5	8.1	7.2	5.4	8.0	
Exchequer Bal: 12 Mth Total €m	-1,112	-769	106	220	28	254	344	68	
<b>QUARTERLY DATA</b>	<b>Q2-17</b>	<b>Q3-17</b>	<b>Q4-17</b>	<b>Q1-18</b>	<b>Q2-18</b>	<b>Q3-18</b>	<b>Q4-18</b>	<b>Q1-19</b>	Irish GDP expanded by 6.7% in 2018. Data remains distorted by activity of multi-nationals  Modified final domestic demand, which excludes some multi-national activity, increased by 4.5% in 2018, though slowed in H2 of the year
<b>GDP - YoY %</b>	6.2	13.2	6.5	9.6	9.5	5.4	3.0	#N/A	
*Domestic Demand - YoY% (3Q Avg)	3.7	2.3	3.7	4.9	6.0	5.6	4.1	#N/A	
Consumer Spending - YoY %	1.0	3.1	2.8	2.6	3.8	3.0	2.6	#N/A	
Services Exports - YoY % (3Q Avg)	17.9	17.0	15.0	8.9	5.7	3.7	6.6	#N/A	
* Excludes Some Investment Related to the Multinational Sector									
<b>EMPLOYMENT &amp; EARNINGS</b>									Employment growth accelerated in Q1—increasing to 3.7%. Jobs gains broad-based. Labour force growth also picked up momentum in the quarter, rising by 2.7% YoY  Weekly earnings growth at 3.4% YoY in Q1. Growth relatively broad based but gains have been more substantial in the private than public sector
Employment YoY %	2.6	2.3	3.1	2.9	3.4	3.0	2.3	3.7	
Labour Force YoY %	0.1	0.5	1.9	1.4	2.5	2.0	1.5	2.7	
Average Earnings YoY %									
- Hourly	1.4	2.8	1.9	3.1	3.0	2.1	3.2	2.3	
- Weekly	2.0	2.1	2.0	2.7	3.4	3.5	3.5	3.4	
Weekly Earnings YoY %									
- Private Sector	1.5	1.7	1.5	2.1	3.7	3.9	3.9	4.2	
- Public Sector	3.4	2.7	2.9	4.0	2.8	2.1	1.8	1.2	
<b>CSO DWELLING COMPLETIONS</b>	3275	3787	4567	3470	4404	4671	5522	4275	CSO data show nearly 19k completions in the year to Q1'19—supply continues to trail demand (estimated at 35k)
- YoY %	36.5	51.7	50.1	24.9	34.5	23.3	20.9	23.2	
- Cum 12 Mth Total	11593	12883	14407	15099	16228	17112	18067	18872	



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