

# Irish Economy Watch

AIB Treasury Economic Research Unit



Wednesday 24 June 2020

	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20		
<b>MANUFACTURING</b>										
AIB Manufacturing PMI	50.7	49.7	49.5	51.4	51.2	45.1	36.0	39.2	Manufacturing PMI moves modestly higher in May, from 36.0 to 39.2. Should improve further in June as Covid-19 restrictions continue to be eased	
OECD Leading Indicator	100.1	100.2	100.2	100.1	100.0	99.0	95.3	96.3		
Industrial Production (Ex-Modern)	114.0	112.1	106.7	121.6	108.7	108.5	90.8	#N/A		
Production (Ex-Modern) : 3mma YoY%	1.7	1.9	0.5	4.2	2.7	1.7	-9.1	#N/A	Traditional industrial output plunged by 16.3% in April on impact of Covid lockdown	
3mth / 3mth % seas. adj.	0.4	1.1	-0.7	1.3	-0.1	1.8	#N/A	#N/A		
<b>SERVICES / RETAIL</b>										
AIB Services PMI	50.6	53.7	55.9	56.9	59.9	32.5	13.9	23.4	Services PMI moves off record low in May, but at just 23.4 remained at a depressed level. Phased re-opening expected to see index rise again in June	
CSO Services Index (Value)	124.8	124.8	122.1	125.3	126.1	124.9	96.3	#N/A		
- YoY %	0.7	-1.1	6.0	1.5	1.0	0.0	-22.4	#N/A		
- 3mth / 3mth % seas. adj.	-0.5	-1.4	-2.6	-1.7	-0.9	1.2	-6.7	#N/A	Stringent Covid restrictions in April saw the CSO Services Index plummet by 22.9%	
SIMI Car Registrations	2,177	758	224	30,826	13,132	6,024	344	1,743		
- 12 mth cum total	116,903	117,018	117,100	115,556	113,619	102,956	94,396	89,631	Outbreak hammering new car sales. In 3 months to May, 75% YoY drop in total number of cars registered for first time	
- 3 mma YoY %	-0.8	15.2	27.8	-4.1	-7.1	-22.1	-52.0	-74.6		
Retail Sales Index	121.4	120.0	121.5	119.9	118.8	104.0	67.2	#N/A	Core retail sales sank by historic 23.7% in April as the lockdown saw non-essential outlets shut. 15.5% total sales generated online versus just 4.5% in March	
- YoY %	3.3	2.0	5.0	5.4	0.0	-11.3	-43.3	#N/A		
- 3mth / 3mth % seas. adj.	2.4	2.5	1.9	0.1	-0.5	-5.6	-19.8	#N/A		
Ex Autos Index	120.5	119.6	121.1	121.0	120.1	118.4	90.3	#N/A	Construction PMI rose in May, reflecting the resumption of activity in the sector. However, at just 19.9, it remains at a very low level. More positively, the expectation index jumped higher	
- YoY %	3.7	2.2	5.1	3.1	0.8	-0.3	-24.8	#N/A		
- 3mth / 3mth % seas. adj.	1.2	0.8	0.3	0.1	0.4	-0.5	-9.1	#N/A		
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>										
Construction PMI: Ulster Bank	46.2	48.2	52.0	50.9	50.6	28.9	4.5	19.9	In Q1, commencements rose by 4.6% YoY. Increase largely reflects strong January data. 12 month cumulative total at 26.5k - has been stuck in a 26-27k range for some time	
- Housing Activity	51.3	47.7	51.8	48.0	49.7	32.4	4.9	21.4		
- Commercial Activity	46.9	51.2	53.6	55.7	52.1	28.2	3.1	25.6		
- New Orders	48.8	48.3	52.4	54.9	53.6	33.9	10.1	24.6	Mortgage approvals collapsed by 51% YoY in April on Covid disruption. 12 month total falls from near 40k back to 37k	
- Business Expectations	57.6	57.3	63.1	69.4	64.7	36.0	37.1	48.6		
Commencements: 12mth Total	26,940	26,022	26,237	26,785	26,635	26,541	#N/A	#N/A		
- 3 Month Avg YoY %	40.4	14.4	2.1	-2.9	11.0	4.6	#N/A	#N/A	In 3 months to May, residential property transactions have dropped by a sharp 33.3% YoY	
<b>HOUSING MARKET ACTIVITY</b>										
BPFI Mortgage Approvals : Month	3,692	3,358	2,393	2,594	2,838	2,995	706	#N/A		
- 3 Month Avg YoY %	6.1	5.0	5.7	5.1	4.7	-0.3	-29.9	#N/A	House prices dip by 0.3% in April, leaving YoY growth rate at 0.5%. Ex-Dublin price inflation (+1.1%) continues to outpace the capital (-0.1%)	
- 12 Mth Total	39,502	39,652	39,753	39,909	40,006	39,725	37,124	#N/A		
RPPR Transactions : Month	5,514	5,201	6,649	3,495	3,608	4,345	2,602	2,205	CSO rental index falls by 1.1% in May. YoY inflation rate has turned negative for first time since 2011	
- 3 Month Avg YoY %	5.4	2.4	1.4	2.3	0.9	-1.9	-18.6	-33.3		
- 12 Mth Total	58,292	57,988	58,388	58,634	58,107	58,166	56,230	53,533		
<b>HOUSING MARKET PRICES</b>										
CSO Price Index - MoM	0.1	-0.2	-1.1	0.2	-0.1	0.1	-0.3	#N/A	Affordability broadly stable over the past 6 months on flat house price growth	
- YoY %	1.0	1.1	0.3	1.0	1.0	1.0	0.5	#N/A		
Daft Asking Prices: MoM %	-0.1	-2.2	2.4	0.5	0.4	1.7	#N/A	#N/A		
- YoY %	-1.5	-1.4	-0.8	-1.1	-2.2	-1.7	#N/A	#N/A	Affordability broadly stable over the past 6 months on flat house price growth	
<b>RENTS:</b> CSO Private Rents - MoM%	0.2	0.0	0.0	-0.1	0.3	-0.4	-1.8	-1.1		
- YoY %	5.1	4.5	4.3	3.9	3.9	3.1	0.8	-0.7		
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB										
- Mortgage as % of Disposable Income	18.6	18.6	17.9	18.0	17.8	17.8	17.8	#N/A		

	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20		
<b>CONSUMER PRICES - YoY %</b>	0.7	1.1	1.3	1.3	1.1	0.7	-0.1	-0.5	CPI inflation drops to -0.5% in May, reflecting impact of recent collapse in oil prices and negative demand shock due to Covid crisis. HICP rate also falls sharply to -0.8%	
- MoM %	-0.3	-0.1	0.2	-0.7	0.6	0.4	-0.4	-0.5		
HICP - YoY %	0.6	0.8	1.1	1.1	0.9	0.5	-0.3	-0.8		
- MoM %	-0.2	-0.2	0.2	-0.7	0.6	0.4	-0.4	-0.6		
<b>PERSONAL / FINANCIAL</b>										
KBC/ESRI Consumer Confidence	69.5	77.1	81.4	85.5	85.2	77.3	42.6	52.3	Consumer sentiment plummeted in April as outbreak hit confidence but the index recovered some ground in May	
Credit Growth YoY %										
- Private Sector (Underlying)	-3.3	-3.3	-3.0	-3.4	-2.6	-1.0	-0.7	#N/A	Covid impact saw household credit dip by 0.5% YoY in April. Pace of decline in mortgage stock held steady at 0.3% YoY	
- of which : Household	0.0	0.0	0.1	0.0	0.0	-0.1	-0.5	#N/A		
- of which : Mortgage Lending	-0.6	-0.5	-0.4	-0.4	-0.3	-0.3	-0.3	#N/A		
<b>LABOUR MARKET</b>										
Live Register	188,300	186,200	185,500	185,400	185,200	210,600	217,500	226,400	Official unemployment rate at 5.6% in May. Covid adjusted measure edges down to 26.1% from 28.2%. Will take some time to establish the actual rate. Latest data show 1.1m on some form of state income support	
- Change In Month	+300	-2,100	-700	-100	-200	+25,400	+6,900	+8,900		
Unemployment Rate %	4.7	4.7	4.7	4.8	4.8	5.3	5.4	5.6		
PMI Employment Indices									Employment subcomponents of PMIs rise in May. Should represent turning point, though indices remain below 50 level	
- AIB Manufacturing	51.2	49.2	49.7	51.2	48.4	42.6	30.5	40.1		
- AIB Services	54.3	54.5	53.4	54.5	55.0	47.3	31.1	32.9		
- Ulster Bank Construction	50.6	51.9	53.2	53.6	51.3	39.4	22.6	26.7		
<b>MERCHANDISE TRADE</b>										
Export Values - 3M / 3M %	2.3	2.9	0.3	-3.2	-4.4	9.1	6.1	#N/A	Goods trade surplus narrows to €5.8bn in April from €10.4bn. Mostly reflects a sharp 32% fall in exports, and specifically in chemical and pharmaceutical products, following March spike. Imports some 11% lower	
- 3MMA YoY %	9.1	7.8	4.6	2.5	0.0	14.8	8.2	#N/A		
Import Values - 3M / 3M %	-0.5	-2.5	-2.9	-1.8	2.0	-2.1	-9.3	#N/A	Tax receipts prove more resilient than anticipated and in the year to May are flat on a YoY basis. Aided by strong corporation tax take. Gov spending up 25% YoY in same period	
- 3MMA YoY %	-7.3	-9.4	-7.9	-8.9	0.7	0.7	-4.0	#N/A		
<b>PUBLIC FINANCES</b>										
Total Tax Receipts: Cum YTD %	6.7	6.7	6.8	10.0	13.8	1.1	-0.6	0.0		
Voted Spending : Cum YTD %	7.7	6.2	7.3	8.5	1.7	13.5	23.4	24.9		
Exchequer Bal: 12 Mth Total €m	1,103	1,542	647	670	1,509	-922	-3,634	-5,434		
<b>QUARTERLY DATA</b>										
		Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	
<b>GDP - YoY %</b>		10.4	7.4	3.6	7.6	3.9	4.5	6.2	4.6	Strong exports in March saw Irish GDP unexpectedly increase by 1.2% (+4.6% YoY) in the opening quarter of 2020
*Domestic Demand - YoY% (3Q Avg)		5.2	5.4	4.5	3.0	2.2	2.8	3.3	2.8	
Consumer Spending - YoY %		4.5	3.4	2.8	2.9	3.4	2.9	2.0	-2.5	However, modified final domestic demand dipped by 1.6% as consumer spending fell by 4.7%
Services Exports - YoY % (3Q Avg)		10.1	6.5	7.4	9.5	11.9	14.0	14.4	11.0	
* Excludes Some Investment Related to the Multinational Sector										
<b>EMPLOYMENT &amp; EARNINGS</b>										Employment rose by 2.2% YoY in Q1, but end quarter employment may have fallen by as much as 12% due to the onset of the Covid lockdown
Employment YoY %		3.4	3.0	2.3	3.7	2.0	2.4	3.5	2.2	
Labour Force YoY %		2.5	2.0	1.5	2.7	1.3	1.6	2.6	2.1	Weekly earnings growth edged higher in Q1 2020, with the Covid lockdown in March coming too late to impact the data. Pick up in public sector wage inflation in past 6 months
Average Earnings YoY %										
- Hourly		3.0	2.1	3.2	2.8	3.3	4.0	3.6	3.2	
- Weekly		3.4	3.5	3.5	3.6	3.6	3.6	3.8	3.9	
Weekly Earnings YoY %										CSO data show nearly 22k completions in year to Q1'20 but Covid shock to depress house-building activity this year
- Private Sector		3.7	3.9	3.9	4.5	4.0	4.0	4.0	4.0	
- Public Sector		2.8	2.1	1.8	0.8	1.9	1.3	3.1	3.3	
<b>CSO DWELLING COMPLETIONS</b>										
		4400	4638	5445	4256	4837	5698	6450	4986	
- YoY %		34.6	22.9	19.5	22.7	9.9	22.9	18.5	17.2	
- Cum 12 Mth Total		16200	17065	17952	18739	19176	20236	21241	21971	



**Oliver Mangan**  
Chief Economist  
oliver.n.mangan@aib.ie

**John Fahey**  
Senior Economist  
john.j.fahey@aib.ie

**Conor Beakey**  
Economist  
conor.x.beakey@aib.ie

AIB, 10 Molesworth Street, Dublin 2

Tel: 353-1-6600311

<https://aib.ie/investorrelations/economic-research-unit>