Irish Economy Watch

AIB Treasury Economic Research Unit

Tuesday 18 August 2020

	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20
MANUFACTURING								
AIB Manufacturing PMI	49.5	51.4	51.2	45.1	36.0	39.2	51.0	57.3
OECD Leading Indicator	100.2	100.1	99.9	98.9	93.4	94.1	96.6	98.1
Industrial Production (Ex-Modern)	107.2	120.2	107.9	111.6	86.7	82.2	92.6	#N/A
Production (Ex-Modern) : 3mma YoY%	0.5	4.2	2.7	1.6	-10.1	-17.8	-21.4	#N/A
3mth / 3mth % seas. adj.	-0.7	1.0	-0.4	2.1	-9.7	-16.3	-23.0	#N/A
SERVICES / RETAIL								
AIB Services PMI	55.9	56.9	59.9	32.5	13.9	23.4	39.7	51.9
CSO Services Index (Value)	122.2	125.3	125.8	125.7	96.8	100.0	115.0	#N/A
- YoY %	6.1	1.5	0.6	0.1	-22.4	-19.7	-9.6	#N/A
- 3mth / 3mth % seas. adj.	-2.5	-1.6	-0.9	1.4	-6.4	-13.6	-17.3	#N/A
SIMI Car Registrations	224	30,826	13,132	6,024	344	1,743	1,009	21,212
- 12 mth cum total	117,100	115,556	113,619	102,956	94,396	89,631	89,229	85,729
- 3 mma YoY %	27.8	-4.1	-7.1	-22.1	-52.0	-74.6	-81.4	-26.1
Retail Sales Index	121.3	119.7	118.7	104.0	66.8	88.4	122.4	#N/A
- YoY %	4.9	5.4	0.0	-11.3	-43.7	-25.0	3.6	#N/A
- 3mth / 3mth % seas. adj.	1.8	0.0	-0.6	-5.6	-19.8	-27.9	-18.9	#N/A
Ex Autos Index	121.1	121.0	120.1	118.3	90.1	101.8	124.5	#N/A
- YoY %	5.1	3.1	0.8	-0.3	-25.0	-14.2	4.8	#N/A
- 3mth / 3mth % seas. adj.	0.2	0.1	0.3	-0.5	-9.2	-14.4	-12.0	#N/A
RESIDENTIAL CONSTRUCTION ACTIVITY								
Construction PMI**:** Ulster Bank	52.0	50.9	50.6	28.9	4.5	19.9	51.9	53.2
- Housing Activity	51.8	48.0	49.7	32.4	4.9	21.4	55.8	57.8
- Commercial Activity	53.6	55.7	52.1	28.2	3.1	25.6	50.9	50.2
- New Orders	52.4	54.9	53.6	33.9	10.1	24.6	46.0	53.8
- Business Expectations	63.1	69.4	64.7	36.0	37.1	48.6	54.6	55.9
Commencements: 12mth Total	26,237	26,785	26,635	26,541	25,606	24,617	23,929	#N/A
- 3 Month Avg YoY %	2.1	-2.9	11.0	4.6	-16.8	-32.0	-45.7	#N/A
HOUSING MARKET ACTIVITY								
BPFI Mortgage Approvals : Month	2,393	2,594	2,838	2,995	706	1,320	1,688	#N/A
- 3 Month Avg YoY %	5.7	5.1	4.7	-0.3	-29.9	-52.4	-66.1	#N/A
- 12 Mth Total	39,753	39,909	40,006	39,725	37,124	34,484	32,480	#N/A
RPPR Transactions : Month	6,649	3,424	3,608	4,345	2,602	2,205	2,272	5,521
- 3 Month Avg YoY %	1.4	1.8	0.9	-1.9	-18.6	-33.3	-46.3	0.2
- 12 Mth Total	58,388	58,563	58,107	58,166	56,230	53,533	51,809	58,698
HOUSING MARKET PRICES								
CSO Price Index - MoM	-1.1	0.0	-0.1	0.0	-0.1	-0.1	0.3	#N/A
- YoY %	0.3	0.0	1.0	0.9	0.7	0.3	0.1	#N/A
Daft Asking Prices: MoM %	2.4	0.5	0.4	1.7	-5.3	3.8	-0.5	#N/A
- YoY %	-0.8	-1.1	-2.2	-1.7	-6.5	-1.4	-3.3	#N/A
RENTS: CSO Private Rents - MoM%	0.0	-0.1	0.3	-0.4	-1.8	-1.1	-0.3	0.2
- YoY %	4.3	3.9	3.9	3.1	0.8	-0.7	-1.2	-1.4
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	17.7	17.5	17.3	17.3	17.2	17.3	17.3	#N/A

Manufacturing PMI jumped to 57.3 in July from 51.0. Boosted by strong growth in production and in new orders as activity continues to rebound

Traditional industrial output recovered by 12.7% in June after a 26.3% fall in April & May

Services PMI moved back above 50 in July for the first time since March. Extent of recovery reflects cautious approach to easing Covid restrictions

CSO Services Index moved higher in June, but remained below pre-Covid levels

Partial recovery in new car sales in July, but weakness in H1 means they are still down circa 30% YoY

Core retail sales fall 12% in Q2 on Covid impact. However, they have rebounded strongly in June, and are now above February levels

Construction PMI moved higher in July to 53.2 from 51.9 as more work on sites resumed. New orders jumped back above 50 for the first time since Covid restrictions were introduced

In Q2, commencements plummeted by 45.7% YoY. As a result, 12 month cumulative total fell below 24K for the first time since February 2019

Bounce back in mortgage approvals continued in June. However, 12 month total fell to its lowest level since March 2017

Residential property transactions rebounded strongly in July and are now flat on the year

House prices rose by 0.3% in June, YoY growth rate at 0.1%. Ex-Dublin price inflation (+0.9%) continues to outpace the capital (-0.7%)

CSO rental index edges 0.2% higher in July, the first rise since Feb. However, YoY rate slips to –1.4%, a near 10 year low

Affordability broadly stable since the start of the year on flat house prices

Sources: Refinitiv, CSO, DoF, DoECLG, Daft.ie, HomeBond, BPFI, KBC/ESRI, PSRA, SIMI, Ulster Bank, AIB ERU Calculations

	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20
CONSUMER PRICES - YoY %	1.3	1.3	1.1	0.7	-0.1	-0.5	-0.4	-0.4
- MoM %	0.2	-0.7	0.6	0.4	-0.4	-0.5	0.3	-0.2
HICP - YoY %	1.1	1.1	0.9	0.5	-0.3	-0.8	-0.6	-0.6
- MoM %	0.2	-0.7	0.6	0.4	-0.4	-0.6	0.4	-0.2
PERSONAL / FINANCIAL								
KBC/ESRI Consumer Confidence	81.4	85.5	85.2	77.3	42.6	52.3	61.6	62.6
Credit Growth YoY %								
- Private Sector (Underlying)	-3.0	-3.4	-2.6	-1.0	-0.7	-1.8	-2.2	#N/A
- *of which* : Household	0.1	0.0	0.0	-0.1	-0.5	-0.8	-0.9	#N/A
- *of which* : Mortgage Lending	-0.4	-0.4	-0.3	-0.3	-0.3	-0.5	-0.6	#N/A
LABOUR MARKET								
Live Register	185,100	184,400	183,800	209,200	217,400	228,000	213,700	226,600
- Change In Month	-1,100	-700	-600	+25,400	+8,200	+10,600	-14,300	+12,900
Unemployment Rate %	4.7	4.9	4.8	5.2	5.0	5.0	4.6	5.0
PMI Employment Indices								
- AIB Manufacturing	49.7	51.2	48.4	42.6	30.5	40.1	46.1	50.8
- AIB Services	53.4	54.5	55.0	47.3	31.1	32.9	40.1	46.1
- Ulster Bank Construction	53.2	53.6	51.3	39.4	22.6	26.7	43.3	47.5
MERCHANDISE TRADE								
Export Values - 3M / 3M %	0.8	-2.9	-3.2	10.0	6.1	8.8	-12.5	#N/A
- 3MMA YoY %	4.6	2.8	1.3	16.2	9.0	8.7	-0.5	#N/A
Import Values - 3M / 3M %	-1.2	-2.0	1.2	-4.9	-9.7	-19.1	-14.3	#N/A
- 3MMA YoY %	-7.9	-8.8	1.3	1.4	-3.7	-14.0	-14.3	#N/A
PUBLIC FINANCES								
Total Tax Receipts: Cum YTD %	6.8	10.0	13.8	1.1	-0.6	0.0	0.7	-2.5
Voted Spending : Cum YTD %	7.3	8.5	1.7	13.5	23.4	24.9	27.3	29.5
Exchequer Bal: 12 Mth Total €m	647	670	1,509	-922	-3,634	-5,434	-4,944	-7,654

In July, CPI inflation remained in deflationary territory, with prices down 0.4% on the year. Reflects negative Covid-19 demand shock. HICP registered at lower rate of –0.6%

Slight increase in consumer sentiment in July. Index remains well below its Feb. level

Covid impact saw household credit outstanding fall by 0.9% YoY in June. Pace of decline in mortgage stock picks up to -0.6% YoY

Official unemployment rate at 5.0% in July. Covid adjusted measure declines to 16.7% from 23.1%. Numbers in receipt of PUP falls to 232K as of August 17th

Employment subcomponent of manufacturing PMI rises above 50 in July. Service and construction sub-indices remain in contraction territory

Goods trade surplus widens slightly in June to €6.6bn from €6.3n. Solid growth in value of goods exports, particularly in medical and pharma products. Imports modestly lower, which mostly reflected developments related to aeroplanes

Tax receipts down 2.5% in year to end July. Corporation and income tax take holds up reasonably well. Increase in gov spending of 29.5% sees fiscal position deteriorate further

QUARTERLY DATA

	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20
GDP - YoY %	7.9	3.4	4.4	5.6	6.3	5.9	5.2	#N/A
*Domestic Demand - YoY% (3Q Avg)	4.7	4.3	4.1	2.9	3.4	3.1	1.8	#N/A
Consumer Spending - YoY %	3.1	2.0	3.4	3.6	3.0	2.7	-2.8	#N/A
Services Exports - YoY % (3Q Avg)	11.0	12.2	12.5	13.2	13.4	13.6	10.1	#N/A
EMPLOYMENT & EARNINGS								
Employment YoY %	3.0	2.3	3.7	2.0	2.4	3.5	2.2	#N/A
Labour Force YoY %	2.0	1.5	2.7	1.3	1.6	2.6	2.1	#N/A
Average Earnings YoY %								
- Hourly	2.1	3.2	2.8	3.3	4.0	3.9	3.2	#N/A
- Weekly	3.5	3.5	3.6	3.6	3.6	3.8	3.9	#N/A
Weekly Earnings YoY %								
- Private Sector	3.9	3.9	4.5	4.0	4.0	4.0	4.0	#N/A
- Public Sector	2.1	1.8	0.8	1.9	1.3	3.1	3.3	#N/A
CSO DWELLING COMPLETIONS	4635	5443	4253	4829	5661	6390	4968	3290
- YoY %	23.0	19.4	22.7	9.8	22.1	17.4	16.8	-31.9
- Cum 12 Mth Total	17058	17944	18730	19160	20186	21133	21848	20309

** Excludes Some Investment Related to the Multinational Sector*

Strong exports in March saw Irish GDP unexpectedly increase by 1.2% (+4.6% YoY) in the opening quarter of 2020

However, modified final domestic demand dipped by 1.6% as consumer spending fell by 4.7%

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

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

Completions down 31.9% YoY in Q2 as pandemic saw constructions sites close. 12 month total falls to 20.3k

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