

Irish Economy Watch

AIB Treasury Economic Research Unit



Wednesday 25 August 2021

	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	
MANUFACTURING									Manufacturing PMI at 63.3 in July representing another month of robust growth in the sector. Supply chains remain stretched though, as both input and output prices continued to rise
AIB Manufacturing PMI	57.2	51.8	52.0	57.1	60.8	64.1	64.0	63.3	
OECD Leading Indicator	99.9	100.0	100.0	100.1	100.4	100.7	101.0	101.3	
Industrial Production (Ex-Modern)	114.8	116.7	115.0	110.5	122.3	122.4	121.9	#N/A	
Production (Ex-Modern) : 3mma YoY%	0.0	-0.3	2.3	-0.7	15.4	30.6	41.9	#N/A	Traditional industrial production output edged 0.4% lower in June, but 3mma up 7.1%
3mth / 3mth % seas. adj.	2.5	4.0	5.3	2.1	2.0	2.5	7.1	#N/A	
SERVICES / RETAIL									The services PMI hit its highest reading in over two decades, at 66.6 in July. Growth in activity remained broad based across all sub-sectors. However, costs continue to rise, with input price inflation at a 13-year high
AIB Services PMI	50.1	36.2	41.2	54.6	57.7	62.1	63.1	66.6	
CSO Services Index (Value)	121.8	115.7	119.5	122.0	122.1	120.2	129.8	#N/A	
- YoY %	-0.9	-7.9	-5.5	-1.0	24.0	18.9	15.9	#N/A	
- 3mth / 3mth % seas. adj.	0.5	0.0	2.1	1.7	3.6	2.0	4.2	#N/A	CSO Services Index jumped to 129.8 in June from 120.2 in May, with the 3mma up 4.2%
SIMI Car Registrations	601	25,141	13,699	9,192	7,147	5,914	2,764	26,458	
- 12 mth cum total	88,324	82,816	83,377	86,562	93,366	97,539	99,297	104,584	
- 3 mma YoY %	20.6	-15.7	-10.4	-3.5	54.1	175.0	412.1	46.9	
Retail Sales Index	127.8	102.3	122.7	123.3	125.6	129.9	134.2	#N/A	New car sales up 22.0% YTD vs. 2020 following a very strong July. However, they are down 14.5% YTD vs. 2019 levels
- YoY %	7.2	-14.6	1.0	12.8	83.4	46.1	10.6	#N/A	
- 3mth / 3mth % seas. adj.	-4.2	-11.8	-5.8	-5.6	8.4	7.4	11.9	#N/A	
Ex Autos Index	128.9	108.6	116.6	118.0	116.3	125.4	136.0	#N/A	
- YoY %	7.1	-10.0	-2.8	-0.2	28.4	21.2	9.9	#N/A	Total retail sales rose by 3.3% in June. Sales were 10.6% higher YoY, and up 13.4% on June 2019
- 3mth / 3mth % seas. adj.	-3.1	-9.9	-6.3	-8.5	-0.5	1.6	10.1	#N/A	
RESIDENTIAL CONSTRUCTION ACTIVITY									Construction PMI stayed above 60 in July, at 62.8. Housing and commercial activity continued to grow at a robust pace, while new orders and business expectations continued to rise
Construction PMI: Ulster Bank	52.3	21.2	27.0	30.9	49.3	66.4	65.0	62.8	
- Housing Activity	56.2	19.0	23.8	33.8	54.8	73.4	68.8	63.7	
- Commercial Activity	49.7	24.2	31.2	31.3	42.2	63.5	63.8	60.9	
- New Orders	55.6	29.4	30.5	39.7	55.1	68.2	63.7	65.4	Following a very strong Q2, commencements are up 26.7% YTD compared to the same period in 2019. 12mth total rises above 27k
- Business Expectations	62.5	59.9	64.2	73.9	73.9	73.6	71.9	73.6	
Commencements: 12mth Total	21,686	21,019	19,122	17,708	21,405	25,501	27,264	#N/A	
- 3 Month Avg YoY %	-1.4	3.7	-43.9	-58.0	6.6	148.5	308.4	#N/A	
HOUSING MARKET ACTIVITY									Mortgage approvals continue to rise in June. 3mma up 5.1% on the same period in 2019. 12mth total rises above 42k
BPFI Mortgage Approvals : Month	3,247	2,696	2,964	3,420	3,537	3,814	4,167	#N/A	
- 3 Month Avg YoY %	27.5	23.6	13.8	7.7	51.7	114.5	210.1	#N/A	
- 12 Mth Total	34,156	34,258	34,384	34,809	37,640	40,134	42,613	#N/A	
RPPR Transactions : Month	7,413	3,150	4,358	5,152	4,184	4,119	4,606	4,374	Over 4k transactions were completed for the 6th month running in July as activity in the housing sector remains elevated
- 3 Month Avg YoY %	5.5	3.4	7.7	8.9	27.8	39.7	56.1	40.7	
- 12 Mth Total	49,151	48,759	49,456	50,181	51,741	53,278	54,818	55,531	
HOUSING MARKET PRICES									House prices rose 1.4% in June, YoY growth rate at 6.9%. Ex-Dublin price inflation (+7.4%) outpaces the capital (+6.4%)
CSO Price Index - MoM	0.7	0.4	0.4	0.5	0.9	0.9	1.4	#N/A	
- YoY %	2.2	2.5	3.1	3.5	4.5	5.4	6.9	#N/A	
Daft Asking Prices: MoM %	1.0	1.7	-1.2	1.9	1.7	0.6	0.5	#N/A	
- YoY %	7.4	8.7	6.9	7.1	15.0	11.5	12.7	#N/A	Daft.ie asking prices up 12.7% YoY in June
RENTS: CSO Private Rents - MoM%	0.4	0.3	0.2	0.8	1.2	-0.2	0.1	0.3	
- YoY %	-2.9	-2.5	-2.5	-1.4	1.6	2.6	3.0	3.1	CSO rental index rose by 0.3% in July. YoY rate edged higher to 3.1%, largely due to base effects
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									Affordability index holds steady in Q1 as industrial wages rise
- Mortgage as % of Disposable Income	17.5	17.5	17.4	17.6	#N/A	#N/A	#N/A	#N/A	

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									Prices rose by 0.4% in July, led by increases in energy, fuel and transport costs. Annual CPI jumped to 2.2% from 1.6%, as base effects continue to impact the index. HICP rate increased to 2.2% in July also	
CONSUMER PRICES - YoY %										
- MoM %	-1.0	-0.2	-0.4	0.0	1.1	1.7	1.6	2.2		
	0.3	0.1	0.4	0.8	0.7	0.1	0.2	0.4		
HICP - YoY %									Consumer sentiment moved lower but remained well above 80 amid a further re-opening of the economy	
- MoM %	-1.0	-0.1	-0.4	0.1	1.1	1.9	1.6	2.2		
	0.2	0.2	0.3	0.9	0.6	0.2	0.1	0.4	Household credit declined by 1.6% YoY in June. Mortgage lending down by 1.3% YoY also	
PERSONAL / FINANCIAL									Official unemployment rate dropped to 6.5% in July, from 6.7% in June. The Covid adjusted rate fell below 15%, for the first time since pandemic started, to 13.5%	
KBC/ESRI Consumer Confidence	74.6	64.9	70.8	77.1	77.9	85.8	87.2	84.9		
Credit Growth YoY %										Employment subcomponent of the manufacturing, and construction PMIs declined but remained well above 50 in July. The services index rose to 60
- Private Sector (Underlying)	-2.6	-2.2	-2.3	-5.7	-4.1	-3.2	-3.1	#N/A		
- of which : Household	-1.5	-1.7	-1.8	-1.8	-1.8	-1.6	-1.6	#N/A		
- of which : Mortgage Lending	-1.0	-1.1	-1.1	-1.2	-1.3	-1.3	-1.3	#N/A		
LABOUR MARKET									Goods trade surplus fell by 4% to €4.7bn in June. Exports rose by 6% YoY in June, but were 2% lower in the first half of the year. Imports were up 43% YoY and were 20% higher YTD. Exports to the UK were up 20% YTD, while imports were down 32%	
Live Register	193,500	189,600	187,200	185,200	180,500	175,300	171,700	169,500		
- Change In Month	-10,600	-3,900	-2,400	-2,000	-4,700	-5,200	-3,600	-2,200		
Unemployment Rate %	6.3	7.0	7.5	7.7	7.4	7.0	6.7	6.5		
PMI Employment Indices									Exchequer deficit of €5.7bn recorded to end of July. Tax intake up 13.0% YTD and 12.4% ahead of profile. Gross voted spending up 2.9% YTD. 12mth total improves to -€10.7bn	
- AIB Manufacturing	53.0	50.8	52.9	55.7	57.7	60.0	59.4	57.7		
- AIB Services	51.1	49.8	48.6	52.6	53.0	54.8	58.6	60.0		
- Ulster Bank Construction	54.3	34.6	34.5	43.7	51.6	58.2	56.9	56.4		
MERCHANDISE TRADE									Q1 GDP up 10.7 YoY%, largely due to distortionary effect from MNC's. GNP up 2.2% YoY	
Export Values - 3M / 3M %	-2.8	0.4	-4.4	-1.5	-3.0	2.8	2.3	#N/A		
- 3MMA YoY %	1.5	2.5	-0.7	-8.8	-2.8	-3.1	6.7	#N/A		
Import Values - 3M / 3M %	8.7	13.9	0.3	-2.5	0.9	11.5	13.1	#N/A		
- 3MMA YoY %	3.9	4.9	-7.3	0.8	17.4	38.8	41.6	#N/A	Modified domestic demand contracted by 4.8% YoY in Q1, driven by an 11.8% fall in personal consumption	
PUBLIC FINANCES										
Total Tax Receipts: Cum YTD %	-3.6	-8.8	-8.1	1.0	4.2	9.1	9.8	13.0		
Voted Spending : Cum YTD %	25.3	2.4	11.0	13.9	7.3	1.9	1.3	0.5	Employment declined by 5.0% YoY in Q1. However, this likely understates labour market weakness, as many jobs still rely on government supports	
Exchequer Bal: 12 Mth Total €m	-12,316	-12,741	-14,038	-13,953	-12,472	-12,212	-12,285	-10,657		
QUARTERLY DATA										
		Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Weekly earnings growth at +8.4% YoY in Q1. Although, the changing composition of the work force is distorting the data, with job losses concentrated amongst lower paid workers
GDP - YoY %		6.0	5.1	6.5	1.4	10.8	4.5	10.7	#N/A	
*Domestic Demand - YoY%		3.3	2.0	-2.7	-12.2	-2.8	-2.2	-4.8	#N/A	
Consumer Spending - YoY %		3.2	2.9	-5.8	-19.5	-7.7	-8.8	-11.8	#N/A	
Services Exports - YoY % (3Q Avg)		17.2	17.4	13.1	5.8	0.0	1.0	4.7	#N/A	Completions performed much better than expected over the first half of the year, rising by 9.7% YoY
<i>* Excludes Some Investment Related to the Multinational Sector</i>										
EMPLOYMENT & EARNINGS										
Employment YoY %		2.4	3.6	2.1	-6.9	-3.2	-3.4	-5.0	#N/A	Weekly earnings growth at +8.4% YoY in Q1. Although, the changing composition of the work force is distorting the data, with job losses concentrated amongst lower paid workers
Labour Force YoY %		1.6	2.6	2.0	-6.9	-0.9	-2.0	-2.5	#N/A	
Average Earnings YoY %										
- Hourly		4.0	3.9	3.0	7.2	3.6	5.5	8.6	#N/A	
- Weekly		3.6	3.8	3.7	6.0	3.3	7.7	8.4	#N/A	Completions performed much better than expected over the first half of the year, rising by 9.7% YoY
Weekly Earnings YoY %										
- Private Sector		4.0	4.0	4.0	6.0	3.1	9.1	8.7	#N/A	
- Public Sector		1.3	3.1	3.1	2.9	2.5	3.0	4.9	#N/A	
CSO DWELLING COMPLETIONS									Completions performed much better than expected over the first half of the year, rising by 9.7% YoY	
- YoY %		5647	6378	4932	3229	5048	7326	3934		5021
- Cum 12 Mth Total		219	17.5	16.1	-32.8	-10.6	14.9	-20.2		55.5
		20126	21075	21759	20186	19587	20535	19537		21329



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