

Irish Economy Watch

AIB Treasury Economic Research Unit



Friday 26 August 2022

	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22
MANUFACTURING								
AIB Manufacturing PMI	58.3	59.4	57.8	59.4	59.1	56.4	53.1	51.8
OECD Leading Indicator	102.2	102.3	102.3	102.3	102.3	102.3	102.2	102.1
Industrial Production (Ex-Modern)	113.4	132.6	133.9	127.5	127.7	136.5	144.5	#N/A
Production (Ex-Modern) : 3mma YoY%	5.0	9.5	11.8	18.9	13.7	12.1	14.8	#N/A
3mth / 3mth % seas. adj.	5.7	7.1	3.5	8.2	3.7	3.1	3.7	#N/A

The manu. PMI declined to 51.8 in July. Both new orders and output fell for the second consecutive month. Meanwhile, input and output price inflation remained elevated

Traditional industrial production rose sharply in June, and was up 14.8% YoY in Q2 overall

SERVICES / RETAIL								
AIB Services PMI	55.4	56.2	61.8	63.4	61.7	60.2	55.6	56.3
CSO Services Index (Value)	140.1	138.1	147.7	159.1	150.5	152.4	155.5	#N/A
- YoY %	14.4	17.8	23.7	31.9	25.2	24.4	21.6	#N/A
- 3mth / 3mth % seas. adj.	4.3	2.5	2.3	6.2	9.1	8.5	3.0	#N/A
SIMI Car Registrations	387	25,020	11,969	12,898	7,851	5,282	2,153	21,857
- 12 mth cum total	104,932	104,812	103,083	106,789	107,493	106,861	106,252	101,632
- 3 mma YoY %	9.9	-0.5	-5.2	3.9	8.9	17.0	-3.4	-16.7
Retail Sales Index	124.9	123.2	123.7	123.2	127.7	126.0	124.4	#N/A
- YoY %	-2.3	20.4	0.8	-0.1	1.7	-3.0	-6.7	#N/A
- 3mth / 3mth % seas. adj.	-3.5	-4.8	-5.1	-3.7	-0.8	1.4	2.2	#N/A
Ex Autos Index	128.7	128.7	128.4	129.5	132.0	129.6	126.8	#N/A
- YoY %	-0.2	18.5	10.1	9.7	13.5	3.3	-6.4	#N/A
- 3mth / 3mth % seas. adj.	-0.2	-0.9	-2.2	-1.4	-0.1	1.4	0.5	#N/A

The services PMI edged higher to 56.3 in July. New business, including exports remained strong overall. Firms continued to hire at a strong pace also. However, inflationary pressures remained severe.

The CSO services index moved higher again in June, and was up 21.6% YoY

New car sales were 16.7% lower YoY in the 3mths to July, and 17.6% lower YTD vs 2019

Despite rising by 2.2% in Q2, retail sales were down 2.8% YoY. Core sales rose by a modest 0.5% in Q2, but were up 3% YoY

RESIDENTIAL CONSTRUCTION ACTIVITY								
BNP Paribas Construction PMI	53.7	56.1	58.4	53.9	52.5	51.5	46.4	41.8
- Housing Activity	53.2	55.1	58.5	56.7	56.1	56.6	49.7	37.9
- Commercial Activity	54.6	56.7	61.4	56.7	55.7	52.2	45.7	44.5
- New Orders	56.3	56.8	61.0	54.0	49.4	48.0	40.4	40.6
- Business Expectations	69.2	75.4	69.5	57.1	57.7	52.7	49.1	48.5
Commencements: 12mth Total	30,724	31,201	33,006	34,846	32,456	30,233	29,343	28,450
- 3 Month Avg YoY %	3.3	4.7	71.5	143.4	20.2	-26.0	-43.5	-35.6

Construction PMI fell to 41.8 in July, indicating a sharp contraction in the sector. Housing activity plunged, while commercial sector activity shrunk also. New orders in July fell at a similar pace to June

Commencements were down 12.1% YTD in July vs 2021 level. 12 mth rolling total fell back further, to below 29k

HOUSING MARKET ACTIVITY								
BPFI Mortgage Approvals : Month	3,088	2,762	2,976	3,461	3,299	3,841	3,947	#N/A
- 3 Month Avg YoY %	-10.6	-4.9	-0.9	1.3	-1.9	-1.6	-3.7	#N/A
- 12 Mth Total	43,158	43,224	43,236	43,277	43,039	43,066	42,846	#N/A
RPPR Transactions : Month	5,393	3,603	4,600	4,787	4,509	4,656	5,338	4,954
- 3 Month Avg YoY %	-11.6	-10.5	-9.2	2.0	0.9	2.8	10.8	6.5
- 12 Mth Total	57,235	57,672	57,885	57,495	57,790	58,264	58,912	58,699

Despite falling by 3.7% YoY in Q2, mortgage approvals have held relatively steady in 2022

Transactions have been trending higher with the 3mma up 6.5% YoY in July. 12 month running total remains above 58k.

HOUSING MARKET PRICES								
CSO Price Index - MoM	0.9	0.9	0.6	0.5	0.4	0.8	1.1	#N/A
- YoY %	14.2	14.7	15.0	15.0	14.5	14.5	14.1	#N/A
Daft Asking Prices: MoM %	-0.1	0.9	1.7	2.6	0.7	1.0	0.4	#N/A
- YoY %	6.5	6.9	9.7	9.9	9.5	9.7	9.3	#N/A
RENTS: CSO Private Rents - MoM%	0.6	0.4	0.9	0.8	1.3	1.6	0.8	1.1
- YoY %	8.4	8.4	9.2	9.2	9.3	11.2	11.9	12.9

House prices jumped by 1.1% in June. However, the YoY rate edged lower to 14.1%

Asking prices rose by 3.8% in Q2, and were up 9.5% YoY

The pace of increase in rents remained elevated at 0.8% in July. Rents now 12.9% higher YoY

AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	19.6	19.4	19.3	19.2	#N/A	#N/A	#N/A	#N/A

Affordability improved slightly in Q1 as wage growth outpaced house price growth

	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22		
									Consumer prices rose by 0.4% in July, led by an increase in food costs. CPI YoY rate unchanged at 9.1%. HICP rate at 9.6% YoY. Higher energy, transport & food prices the main upward factors influencing inflation	
CONSUMER PRICES - YoY %	5.5	5.0	5.6	6.7	7.0	7.8	9.1	9.1		
- MoM %	0.5	-0.4	0.9	1.9	0.9	0.9	1.3	0.4		
HICP - YoY %	5.7	5.1	5.7	7.0	7.3	8.3	9.6	9.6		
- MoM %	0.5	-0.4	0.9	2.1	0.9	1.1	1.4	0.4		
PERSONAL / FINANCIAL										Consumer sentiment declined in July, on increasing concerns regarding the cost of living
KBC/ESRI Consumer Confidence	74.9	81.9	77.0	67.0	57.7	55.2	57.7	53.7		
Credit Growth YoY %									Securities financing the main driver of the increase in private sector credit. Household debt levels very static	
- Private Sector (Underlying)	1.5	1.6	1.4	3.3	1.7	2.0	4.5	#N/A		
- of which : Household	0.3	0.2	0.2	0.1	0.2	0.3	-0.1	#N/A		
- of which : Mortgage Lending	1.2	1.1	1.1	1.0	0.9	0.9	0.6	#N/A		
LABOUR MARKET										The unemployment rate is comfortably below its pre-pandemic level of 4.8%, having edged down to 4.2% in July, from 4.3% in June.
Live Register	166,200	163,600	162,800	180,600	178,300	177,400	184,500	183,300		
- Change In Month	-4,700	-2,600	-800	+17,800	-2,300	-900	+7,100	-1,200		
Unemployment Rate %	5.0	4.9	4.7	5.0	4.6	4.2	4.3	4.2	The employment metrics of the manu, and construction PMIs fell in July, with the later moving below the key 50 level. In contrast, the services metric moved higher	
PMI Employment Indices										
- AIB Manufacturing	54.3	54.9	53.7	56.6	58.6	59.3	55.7	52.9		
- AIB Services	54.0	55.6	56.5	58.2	57.6	58.5	56.4	57.5		
- BNP Paribas Construction	54.7	55.0	53.5	52.1	52.5	54.9	50.1	49.8		
MERCHANDISE TRADE										Goods trade surplus narrowed to €4.9bn in June. Exports fell by 8% in the month, but were up 31% YTD in H1. Exports were higher across all 10 major categories when compared to 2021. Imports fell by 7.7% in June, but were 36% higher YTD
Export Values - 3M / 3M %	5.6	3.8	6.8	18.7	16.0	13.9	-0.3	#N/A		
- 3MMA YoY %	10.5	10.8	18.8	30.6	36.9	38.2	30.5	#N/A		
Import Values - 3M / 3M %	9.2	13.6	13.9	11.8	9.4	13.2	15.2	#N/A		
- 3MMA YoY %	17.4	24.4	32.4	31.9	30.6	36.8	38.6	#N/A		
PUBLIC FINANCES										Exchequer finances continued to perform very strongly in July. Tax intake, up 23.4% YTD. Net voted spending down 4.4% YTD. 12 mth rolling Exchequer surplus rises to €3.4bn
Total Tax Receipts: Cum YTD %	19.7	23.7	19.3	31.8	31.1	26.9	25.0	23.4		
Voted Spending : Cum YTD %	5.5	3.0	1.7	-2.0	-5.9	-3.1	-3.8	-4.4		
Exchequer Bal: 12 Mth Total €m	-7,372	-6,399	-5,718	-3,044	-833	32	2,116	3,364		
QUARTERLY DATA										Irish GDP grew by 10.7% YoY in Q1, as personal consumption, investment and exports all rose sharply vs Q1 2021
	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22		
GDP - YoY %		11.4	3.9	11.4	19.5	10.4	13.8	10.7	#N/A	
*Domestic Demand - YoY%		-3.5	-4.8	-5.1	14.7	3.9	10.4	12.6	#N/A	
Consumer Spending - YoY %		-7.6	-10.0	-13.0	17.1	6.5	9.4	15.3	#N/A	Domestic Demand up by 12.6% YoY in Q1, led by a significant rebound in consumer spending
Services Exports - YoY % (3Q Avg)		3.0	5.6	8.0	14.5	14.3	13.6	12.5	#N/A	
* Excludes Some Investment Related to the Multinational Sector										
EMPLOYMENT & EARNINGS										Employment rose by 8.8% YoY in Q2, leaving it 8.6% above pre-pandemic levels. Strong labour force growth of 5.6% YoY recorded in Q2 also
Employment YoY %		-3.2	-3.4	-5.0	9.9	9.8	10.1	12.3	8.8	
Labour Force YoY %		-0.9	-2.0	-2.5	12.1	7.9	8.9	9.6	5.6	
Average Earnings YoY %										Weekly average earnings rose by 2.3% YoY in Q1, and were 10% higher than in Q1 2020. This is partly due to increased employment in high skill sectors such as ICT and Pharma
- Hourly		3.6	5.5	8.4	2.7	3.7	2.8	1.9	#N/A	
- Weekly		3.3	7.7	7.5	4.1	5.4	1.9	2.3	#N/A	
Weekly Earnings YoY %										
- Private Sector		3.1	9.1	7.7	5.0	5.8	2.8	4.1	#N/A	
- Public Sector		2.5	3.0	4.9	2.2	5.3	0.2	-1.7	#N/A	
CSO DWELLING COMPLETIONS										Having slowed in H2 2021, completions have regained momentum in H1 2022. 12 mth running total rises to circa 25k
- YoY %		5053	7343	3967	4990	4645	6968	5662	7654	
- Cum 12 Mth Total		-10.5	14.3	-19.9	53.7	-8.1	-5.1	42.7	53.4	
		19673	20593	19610	21353	20945	20570	22265	24929	



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