

Irish Economy Watch

AIB Treasury Economic Research Unit



Monday 16 December 2019

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19		
MANUFACTURING									Manufacturing PMI moved back below the 50 level in November, as output contracted. Index consistent with stagnant activity in the sector Industrial output (ex-modern) edges higher for a second consecutive month in October	
AIB Manufacturing PMI	52.5	50.4	49.8	48.7	48.6	48.7	50.7	49.7		
OECD Leading Indicator	99.6	99.7	99.8	99.8	99.7	99.6	99.7	#N/A		
Industrial Production (Ex-Modern)	114.3	115.3	110.3	118.8	115.6	117.3	119.8	#N/A		
Production (Ex-Modern) : 3mma YoY%	11.8	10.6	6.2	5.7	4.7	6.8	4.9	#N/A		
3mth / 3mth % seas. adj.	3.5	3.9	0.3	0.3	-0.1	3.5	2.4	#N/A		
SERVICES / RETAIL									Services PMI rebounded in November to 53.7, from 50.6, with most sub-indices improving in the month CSO service index remains volatile. Base effects see YoY growth rate slow in October New car sales slightly weaker YTD compared to 2018, but more than offset by a rise in second hand imports Core retail sales dropped by a sharp 2.1% in October, possibly reflecting the impact of Brexit related concerns. YoY rate, though, remains strong at 3.2%, reflecting robust spending in Q3	
AIB Services PMI	54.7	57.0	56.9	55.0	54.6	53.1	50.6	53.7		
CSO Services Index (Value)	124.3	124.2	126.6	126.8	126.6	129.3	126.1	#N/A		
- YoY %	5.8	5.9	10.7	9.9	9.0	5.1	0.4	#N/A		
- 3mth / 3mth % seas. adj.	2.4	2.2	0.8	1.3	2.2	2.0	1.2	#N/A		
SIMI Car Registrations	8,904	6,320	1,408	24,862	5,087	3,192	2,177	763		
- 12 mth cum total	118,774	119,039	119,199	117,173	116,362	116,371	116,861	116,981		
- 3 mma YoY %	-5.0	0.2	8.3	-4.7	-7.9	-7.9	-2.9	11.2		
Retail Sales Index	119.9	116.4	117.2	112.0	118.3	122.9	122.4	#N/A		
- YoY %	4.5	0.5	-0.3	-4.5	2.0	3.8	3.0	#N/A		
- 3mth / 3mth % seas. adj.	0.9	0.6	0.9	-2.5	-1.6	-0.1	5.2	#N/A		
Ex Autos Index	120.2	118.1	117.0	119.0	119.7	122.0	119.5	#N/A		
- YoY %	6.2	2.8	1.8	4.0	3.9	4.3	3.2	#N/A		
- 3mth / 3mth % seas. adj.	2.8	1.7	-0.3	-1.5	-0.8	1.5	2.0	#N/A		
CONSTRUCTION PMI: Ulster Bank									Construction PMI improved in November, but at 48.2 remains below the key 50 level. Housing activity sub-index moved into contraction territory for the first time since mid-2013 Registrations (measure of developer activity) down 12.7% in Q3 compared to Q3 2018 Commencements picked up strongly in Q3, ahead of introduction of new building regulations from November 1st	
- Housing Activity	60.5	58.3	58.4	55.9	58.4	52.9	51.3	47.7		
- Commercial Activity	54.6	53.1	52.8	54.7	55.1	47.6	46.9	51.2		
- New Orders	59.6	56.4	56.6	53.7	52.6	50.8	48.8	48.3		
- Business Expectations	66.5	67.1	65.5	59.0	51.3	52.4	57.6	57.3		
RESIDENTIAL CONSTRUCTION ACTIVITY										
Housing Registrations: 12Mth Total	10,817	10,614	10,604	10,208	10,120	10,224	#N/A	#N/A		
- 3 Month Avg YoY %	0.4	-10.6	-14.5	-21.3	-18.4	-12.7	#N/A	#N/A		
Commencements: 12mth Total	24,690	24,438	24,226	24,467	25,112	26,106	#N/A	#N/A		
- 3 Month Avg YoY %	39.0	19.9	-6.8	-3.6	10.8	32.9	#N/A	#N/A		
HOUSING MARKET ACTIVITY									Mortgage approvals higher in October, but 3 month YoY growth rate slips to 6.1% Transaction activity has picked up slightly, with the 12 month cumulative total close to 58k Annual CSO house price growth slowed to 0.9% YoY in Oct, though prices have risen for 8 straight months. Dublin prices fall by 1.5%, while ex-Capital inflation at 3.3% CSO rent inflation decelerates to a 6.5 year low of 4.5% in Nov. Rents 31.6% above prior peak Affordability stable over the autumn as impact of house price rises negated by good earnings growth	
BPFI Mortgage Approvals : Month	3,307	3,960	3,692	4,227	3,581	3,088	3,692	#N/A		
- 3 Month Avg YoY %	12.5	12.6	8.1	13.0	12.3	11.9	6.1	#N/A		
- 12 Mth Total	37,540	37,905	38,085	38,908	39,165	39,240	39,502	#N/A		
RPPR Transactions : Month	4,526	4,886	4,300	5,480	4,993	5,001	5,276	#N/A		
- 3 Month Avg YoY %	6.0	6.5	4.0	1.5	0.6	6.0	3.3	#N/A		
- 12 Mth Total	57,168	57,391	57,095	57,382	57,486	57,969	57,869	#N/A		
HOUSING MARKET PRICES										
CSO Price Index - MoM	0.2	0.3	0.4	0.8	0.3	0.1	0.1	#N/A		
- YoY %	3.0	2.6	2.0	2.2	1.9	1.0	0.9	#N/A		
Daft Asking Prices: MoM %	-0.5	-1.7	1.5	-1.0	-0.5	-2.0	#N/A	#N/A		
- YoY %	4.1	1.8	3.3	0.8	1.4	-1.8	#N/A	#N/A		
RENTS: CSO Private Rents - MoM%	0.4	0.3	0.3	0.3	0.6	1.1	0.2	0.0		
- YoY %	5.4	5.2	5.5	5.6	5.2	5.8	5.1	4.5		
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB										
- Mortgage as % of Disposable Income	17.9	18.0	18.2	18.4	18.6	18.6	18.6	#N/A		

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CONSUMER PRICES - YoY %									CPI inflation picked up to 1.1% in November as the drag from lower energy prices faded due to base effects. Services inflation at 3.0%. HICP edged up to 0.8% in the same month
- MoM %	1.7	1.0	1.1	0.5	0.7	0.9	0.7	1.1	
	0.4	-0.1	0.2	-0.2	0.5	-0.2	-0.3	-0.1	
HICP - YoY %	1.7	1.0	1.1	0.5	0.6	0.6	0.6	0.8	
- MoM %	0.4	-0.1	0.2	-0.2	0.4	-0.3	-0.2	-0.2	
PERSONAL / FINANCIAL									Consumer confidence rose sharply in November as the risk of a no-deal Brexit faded. Index remains well below highs seen in early part of the year Amount of Irish household credit outstanding unchanged in October
KBC/ESRI Consumer Confidence	87.7	89.9	90.7	85.5	77.2	75.3	69.5	77.1	
Credit Growth YoY %									
- Private Sector (Underlying)	-3.2	-2.7	-2.2	-2.5	-3.8	-3.7	-3.3	#N/A	
- of which : Household	-0.4	-0.3	-0.3	-0.2	-0.2	0.1	0.0	#N/A	
- of which : Mortgage Lending	-1.0	-0.8	-0.9	-0.9	-0.8	-0.7	-0.6	#N/A	
LABOUR MARKET									Unemployment rate held at 4.8% in November, while Live Register recorded its largest monthly fall since May Employment sub-components of services and construction PMIs point to an increase in the pace of jobs creation in Nov. Manufacturing sub-index, though, below the 50 level for the 1st time since Sept. '16
Live Register	194,900	191,600	190,600	190,300	188,900	188,600	188,700	186,400	
- Change In Month	-300	-3,300	-1,000	-300	-1,400	-300	+100	-2,300	
Unemployment Rate %	5.2	5.2	5.2	5.1	4.9	4.9	4.8	4.8	
PMI Employment Indices									
- AIB Manufacturing	53.8	51.4	51.8	50.1	50.5	50.0	51.2	49.2	
- AIB Services	54.6	54.7	55.3	53.6	53.1	53.3	54.3	54.5	
- Ulster Bank Construction	58.8	53.5	56.0	52.9	51.3	50.6	50.6	51.9	
MERCHANDISE TRADE									YoY growth in value of goods exported at 8.7% in Oct., largely reflects increase in pharma and machinery exports Pharma imports weak over the year, leaving YoY rate of goods imports at -12.5%
Export Values - 3M / 3M %	-4.9	-6.3	0.2	5.6	1.0	3.0	1.1	#N/A	
- 3MMA YoY %	12.8	11.9	8.5	9.7	5.0	10.0	8.7	#N/A	
Import Values - 3M / 3M %	-12.1	-7.8	-1.4	-1.6	-0.2	0.3	2.8	#N/A	
- 3MMA YoY %	5.9	6.9	-0.9	-6.7	-10.9	-11.7	-12.5	#N/A	
PUBLIC FINANCES									Public finances continue to run ahead of target as of Nov, with revenue boosted by another large corporation tax take. Government expected to run surplus of 0.4% of GDP in 2019
Total Tax Receipts: Cum YTD %	5.7	5.7	6.9	7.6	8.1	8.7	6.7	6.7	
Voted Spending : Cum YTD %	5.4	8.0	5.9	6.6	6.8	6.9	7.7	6.2	
Exchequer Bal: 12 Mth Total €m	344	68	1,189	1,279	1,299	1,615	1,103	1,542	
QUARTERLY DATA									Irish GDP expanded by 5% YoY in Q3 '19. Data remain distorted by multi-nationals 3 quarter moving average growth rate of modified domestic demand, which aims to strip out multi-national distortions, +2.5% as of Q3 '19
	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	
GDP - YoY %	6.5	12.1	10.4	7.4	3.6	7.9	4.9	5.0	
*Domestic Demand - YoY% (3Q Avg)	3.0	4.1	5.2	5.4	4.5	3.0	2.3	2.5	
Consumer Spending - YoY %	3.0	3.1	4.5	3.4	2.8	3.3	3.7	3.3	
Services Exports - YoY % (3Q Avg)	16.7	11.7	10.1	6.5	7.4	9.5	11.9	13.8	
<i>* Excludes Some Investment Related to the Multinational Sector</i>									
EMPLOYMENT & EARNINGS									Employment grew by a solid 2.4% YoY in Q3, with growth strongest in financial and public administration sectors. Labour force growth picks back up, to 1.6% YoY Weekly earnings growth put at a robust 3.4% YoY in Q3. Wage inflation in private sector at 3.9%. Public gains more modest at 1.3% YoY
Employment YoY %	3.1	2.9	3.4	3.0	2.3	3.7	2.0	2.4	
Labour Force YoY %	1.9	1.4	2.5	2.0	1.5	2.7	1.3	1.6	
Average Earnings YoY %									
- Hourly	1.9	3.1	3.0	2.1	3.2	2.8	3.3	4.0	
- Weekly	2.0	2.7	3.4	3.5	3.5	3.6	3.6	3.4	
Weekly Earnings YoY %									
- Private Sector	1.5	2.1	3.7	3.9	3.9	4.5	4.0	3.9	
- Public Sector	2.9	4.0	2.8	2.1	1.8	0.8	1.9	1.3	
CSO DWELLING COMPLETIONS									Completions up 18% in year to September, with 12 month running total at 20k. Still well below estimated demand (35k)
- YoY %	4559	3466	4399	4645	5485	4259	4838	5667	
- Cum 12 Mth Total	50.3	25.0	34.5	23.1	20.3	22.9	10.0	22.0	
	14373	15067	16196	17069	17995	18788	19227	20249	



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