

Irish Economy Watch

AIB Treasury Economic Research Unit



Friday 18 December 2020

	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20		
MANUFACTURING									Manufacturing PMI moved higher to 52.2 in November with all 5 components in positive growth territory Traditional industrial production continued to move higher in October, up 2% m/m. Although, YoY growth is still negative at – 2.3%	
AIB Manufacturing PMI	36.0	39.2	51.0	57.3	52.3	50.0	50.3	52.2		
OECD Leading Indicator	93.4	94.2	97.6	99.1	99.3	99.6	99.8	100.0		
Industrial Production (Ex-Modern)	87.1	82.4	93.5	110.7	108.9	109.0	111.2	#N/A		
Production (Ex-Modern) : 3mma YoY%	-10.0	-17.6	-21.2	-14.2	-5.4	-1.2	-1.6	#N/A		
3mth / 3mth % seas. adj.	-9.6	-16.3	-22.9	-6.8	11.1	24.9	14.8	#N/A		
SERVICES / RETAIL									Services PMI declined to 45.4 in November as activity in the sector was impacted by the national lockdown. However, the decline was nowhere near as sharp as in the spring CSO Services Index fell for the first time since April in October. Down 7.4% YoY New car sales up 20.4% YoY in November. Although, weak H1 means YTD total down 25% Core retail sales edged down in October, but remain above their Feb. levels. Recovery remains uneven across sectors	
AIB Services PMI	13.9	23.4	39.7	51.9	52.4	45.8	48.3	45.4		
CSO Services Index (Value)	98.0	101.0	114.1	114.5	115.0	121.4	115.8	#N/A		
- YoY %	-21.8	-19.3	-10.5	-10.6	-9.2	-3.8	-7.4	#N/A		
- 3mth / 3mth % seas. adj.	-6.3	-13.3	-16.6	-5.3	6.2	12.1	6.9	#N/A		
SIMI Car Registrations	343	1,741	1,006	21,171	4,808	5,651	2,296	913		
- 12 mth cum total	94,207	89,628	89,226	85,716	85,437	87,673	87,792	87,947		
- 3 mma YoY %	-52.1	-74.6	-81.4	-26.2	-13.4	-4.7	19.4	39.5		
Retail Sales Index	66.8	88.4	122.6	128.3	129.7	132.4	131.4	#N/A		
- YoY %	-43.7	-25.0	3.7	9.5	8.8	11.0	8.1	#N/A		
- 3mth / 3mth % seas. adj.	-19.8	-28.0	-18.9	17.2	46.8	40.5	16.0	#N/A		
Ex Autos Index	90.3	102.4	123.3	126.7	128.2	131.0	130.7	#N/A		
- YoY %	-24.9	-14.1	3.6	5.6	6.8	9.2	8.9	#N/A		
- 3mth / 3mth % seas. adj.	-9.0	-14.1	-12.1	7.2	21.6	22.1	10.6	#N/A		
RESIDENTIAL CONSTRUCTION ACTIVITY									Construction PMI moved above 50 in November for the first time since July. Business expectations (60.5) and new orders (57.3) soar. Housing activity (53.0) and commercial activity (50.0) also improve Commencements remain at a subdued level, down 30.7% YTD compared to last year. 12 month cumulative total below 21K	
Construction PMI: Ulster Bank	4.5	19.9	51.9	53.2	44.0	47.0	48.6	53.5		
- Housing Activity	4.9	21.4	55.8	57.8	44.7	44.1	50.3	53.0		
- Commercial Activity	3.1	25.6	50.9	50.2	41.6	49.2	46.7	50.0		
- New Orders	10.1	24.6	46.0	53.8	46.5	48.8	51.8	57.3		
- Business Expectations	37.1	48.6	54.6	55.9	53.5	48.7	51.9	60.5		
Commencements: 12mth Total	25,606	24,617	23,929	23,379	22,066	21,774	20,823	#N/A		
- 3 Month Avg YoY %	-16.8	-32.0	-45.7	-37.7	-36.8	-28.4	-29.7	#N/A		
HOUSING MARKET ACTIVITY									Strong rebound in mortgage approvals continues. October was the busiest month for approvals since the series began in 2011 Transactions fell in November, likely due to second lockdown. 3 month average at –13.6% YoY. 12 month total below 47k House prices rose by 0.5% in October, the largest monthly increase since July '19. Ex-Dublin price inflation (+0.5%) continues to outpace the capital (-1.2%) CSO rental index unchanged in November. YoY rate also unchanged at –3.2% Affordability measure continues to disimprove, as average industrial wages fall	
BPFI Mortgage Approvals : Month	706	1,320	1,688	2,713	3,337	3,927	4,419	#N/A		
- 3 Month Avg YoY %	-29.9	-52.4	-66.1	-51.8	-32.7	-8.4	12.8	#N/A		
- 12 Mth Total	37,124	34,484	32,480	30,966	30,722	31,561	32,288	#N/A		
RPPR Transactions : Month	2,620	2,572	3,044	3,640	2,933	4,221	5,361	4,049		
- 3 Month Avg YoY %	-17.6	-30.0	-40.2	-37.2	-35.3	-30.7	-19.7	-13.6		
- 12 Mth Total	56,382	54,052	52,767	50,903	48,816	47,983	47,830	46,678		
HOUSING MARKET PRICES										
CSO Price Index - MoM	-0.1	-0.1	0.1	0.2	0.1	0.2	0.5	#N/A		
- YoY %	0.7	0.4	0.0	-0.7	-0.9	-0.9	-0.5	#N/A		
Daft Asking Prices: MoM %	-5.4	3.8	-0.5	2.5	1.9	0.3	#N/A	#N/A		
- YoY %	-6.6	-1.4	-3.4	0.1	2.6	5.2	#N/A	#N/A		
RENTS: CSO Private Rents - MoM%	-1.8	-1.1	-0.3	0.2	0.2	0.4	-0.5	0.0		
- YoY %	0.8	-0.7	-1.2	-1.4	-1.8	-2.6	-3.2	-3.2		
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB										
- Mortgage as % of Disposable Income	17.8	18.1	18.1	18.2	18.3	18.3	#N/A	#N/A		

	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	
CONSUMER PRICES - YoY %									
- MoM %	-0.1	-0.5	-0.4	-0.4	-1.0	-1.2	-1.5	-1.1	CPI inflation rises by 0.3% m/m in November but annual rate still negative at -1.1%. Lower energy prices and VAT cut continue to dampen inflation, despite a rise in prices in the hospitality sector. HICP rate at -1.0%
HICP - YoY %	-0.3	-0.8	-0.6	-0.6	-1.1	-1.2	-1.5	-1.0	
- MoM %	-0.4	-0.6	0.4	-0.2	-0.1	-0.4	-0.5	0.3	
PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	42.6	52.3	61.6	62.6	58.9	60.7	52.6	65.5	Consumer sentiment rebounded sharply in November, as positive vaccine news outweighs the impact of the national lockdown
Credit Growth YoY %									
- Private Sector (Underlying)	-0.7	-1.8	-2.2	-2.2	-1.8	-2.6	-3.4	#N/A	Household credit declined by 1.4% YoY in October. Mortgage lending down by 0.9% YoY
- of which : Household	-0.5	-0.8	-0.9	-1.3	-1.3	-1.5	-1.4	#N/A	
- of which : Mortgage Lending	-0.3	-0.5	-0.6	-0.7	-0.8	-1.0	-0.9	#N/A	
LABOUR MARKET									
Live Register	216,900	228,300	214,500	227,500	214,500	215,100	210,800	203,900	Official unemployment rate rises to 7.5% in November. Covid adjusted rate up to 21%, but well below spring level despite restrictions being re-imposed.
- Change In Month	+8,200	+11,400	-13,800	+13,000	-13,000	+600	-4,300	-6,900	
Unemployment Rate %	4.6	4.8	5.3	6.2	6.7	7.2	7.2	7.5	Employment subcomponent of manufacturing PMI edges higher to 51.2 from 50.8 in November. Construction also moves further above 50, while services improves to 49.0
PMI Employment Indices									
- AIB Manufacturing	30.5	40.1	46.1	50.8	47.5	49.1	50.8	51.2	
- AIB Services	31.1	32.9	40.1	46.1	47.3	47.0	47.4	49.0	
- Ulster Bank Construction	22.6	26.7	43.3	47.5	48.3	48.9	51.6	52.4	
MERCHANDISE TRADE									
Export Values - 3M / 3M %	5.2	8.0	-12.7	-3.6	-1.3	10.5	3.3	#N/A	In October, exports decreased by €1.2bn (-9%), while imports increased by €484m (+8%) leading to a decrease in the trade surplus to €5.5bn (-24%). However, exports are up by 5% on a YTD basis, while imports are down 8% YTD
- 3MMA YoY %	9.1	8.6	-1.7	2.5	8.6	8.1	1.6	#N/A	
Import Values - 3M / 3M %	-10.5	-20.3	-16.5	4.3	15.1	15.7	-7.2	#N/A	
- 3MMA YoY %	-4.4	-15.2	-16.0	-6.3	-4.9	-6.1	-13.6	#N/A	
PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	-0.6	0.0	0.7	-2.5	-2.3	-3.0	-5.3	-6.9	Tax receipts down 6.9% YTD in November. Corporation tax receipts are up 7.1% YTD. However, net-voted expenditure up 23.7% YTD sees the Exchequer deficit rise to €8.9bn
Voted Spending : Cum YTD %	23.4	24.9	27.3	29.5	28.0	24.9	24.6	23.7	
Exchequer Bal: 12 Mth Total €m	-3,634	-5,434	-4,944	-7,654	-8,180	-8,764	-9,337	-11,627	
QUARTERLY DATA									
	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	
GDP - YoY %	3.4	4.4	5.6	6.3	5.9	6.0	-3.2	8.1	Irish GDP rebounded by 11.1% in Q3. YoY rate up 8.1%
*Domestic Demand - YoY%	3.1	3.8	2.0	4.5	2.9	-1.2	-15.7	-2.4	Modified final domestic demand also rebounded strongly, up 18.7% in Q3, driven by domestic capital formation (+34.4%) and personal consumption (+21.3%)
Consumer Spending - YoY %	2.0	3.4	3.6	3.0	2.7	-2.6	-21.6	-5.7	
Services Exports - YoY % (3Q Avg)	12.2	12.5	13.2	13.4	13.6	10.1	3.3	-2.4	
<i>* Excludes Some Investment Related to the Multinational Sector</i>									
EMPLOYMENT & EARNINGS									
Employment YoY %	2.3	3.7	2.0	2.4	3.5	2.2	-3.4	-1.4	Employment declined by 1.4% YoY in Q3, but this understates labour market weakness, with many jobs relying on government supports
Labour Force YoY %	1.5	2.7	1.3	1.6	2.6	2.1	-3.7	0.6	
Average Earnings YoY %									Weekly earnings growth at +3.7% YoY in Q3. However, the changing composition of the work force is distorting the data, with job losses concentrated
- Hourly	3.2	2.8	3.3	4.0	3.9	3.0	7.2	3.9	
- Weekly	3.5	3.6	3.6	3.6	3.8	3.7	6.0	3.7	
Weekly Earnings YoY %									
- Private Sector	3.9	4.5	4.0	4.0	4.0	4.0	6.0	3.9	
- Public Sector	1.8	0.8	1.9	1.3	3.1	3.1	2.9	2.3	
CSO DWELLING COMPLETIONS									
- YoY %	19.2	22.8	9.7	22.0	17.5	16.9	-32.6	-9.4	Completions down 9.4% YoY in Q3. Hold up better than expected in 2020, running at just below 20K YTD
- Cum 12 Mth Total	17920	18709	19134	20154	21107	21827	20253	19719	



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

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

Daniel Noonan
Economist
daniel.x.noonan@aib.ie

AIB, 10 Molesworth Street, Dublin 2

Tel: 353-1-6600311

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

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, plc and Allied Irish Banks (GB). In Northern Ireland it is distributed by First Trust Bank. In the United States of America it is distributed by Allied Irish Banks, plc. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and First Trust Bank are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI 018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.