

# Irish Economy Watch

AIB Treasury Economic Research Unit



Wednesday 22 December 2021

	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	
<b>MANUFACTURING</b>									The manufacturing PMI fell to 59.9 in Nov from 62.1. However, it remains above any reading before April this year. Supply issues and inflationary pressures continue to build though
AIB Manufacturing PMI	60.8	64.1	64.0	63.3	62.8	60.3	62.1	59.9	
OECD Leading Indicator	100.4	101.2	102.0	102.6	103.1	103.5	103.7	103.8	
Industrial Production (Ex-Modern)	122.4	119.9	116.9	114.8	109.0	114.3	115.8	#N/A	
Production (Ex-Modern) : 3mma YoY%	3.8	11.3	16.8	7.4	0.1	-1.4	1.1	#N/A	Traditional production rose by 1.3% in Oct. Output was up 1.1% YoY in the past 3 months also
3mth / 3mth % seas. adj.	0.4	1.5	5.8	1.6	-2.9	-5.9	-3.6	#N/A	
<b>SERVICES / RETAIL</b>									The services PMI fell to 59.3 in Nov as the pace of growth eased. The slowdown in activity was evident in all four service subsectors. However, the index remains at a very high level still
AIB Services PMI	57.7	62.1	63.1	66.6	63.7	63.7	63.4	59.3	
CSO Services Index (Value)	119.6	121.7	129.4	129.8	132.7	137.3	137.3	#N/A	
- YoY %	22.9	19.8	16.2	15.0	15.4	14.3	18.3	#N/A	
- 3mth / 3mth % seas. adj.	1.8	0.8	3.7	5.7	8.2	7.9	6.9	#N/A	The CSO services index was unchanged in Oct, albeit at a very elevated level.
SIMI Car Registrations	7,147	5,914	2,762	26,478	5,966	4,450	2,680	1,120	
- 12 mth cum total	93,246	97,419	99,175	104,482	105,640	104,439	104,823	105,030	
- 3 mma YoY %	54.1	175.0	412.1	47.0	30.5	16.6	2.7	-6.9	
Retail Sales Index	125.6	129.9	133.3	130.0	133.5	132.4	130.1	#N/A	Having performed well in H1, new car sales have slowed recently. Up 19.2% YTD, but are still 10.7% lower vs. 2019 levels
- YoY %	83.4	46.1	9.8	4.4	5.1	-0.7	1.5	#N/A	
- 3mth / 3mth % seas. adj.	8.4	7.4	11.6	5.8	4.8	1.8	0.7	#N/A	
Ex Autos Index	116.3	125.4	135.5	129.7	132.0	132.7	133.1	#N/A	
- YoY %	28.4	21.2	9.5	2.0	3.0	0.7	1.5	#N/A	Retail sales declined in Oct, but were 1.5% higher YoY. Core retail sales at elevated levels, after big gains in Q2 and Q3
- 3mth / 3mth % seas. adj.	-0.5	1.6	9.9	11.3	10.4	4.6	1.8	#N/A	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									Construction PMI remained in expansion mode at 56.3 in Nov. The pace of activity in the commercial sector moderated but was well above 50. Housing activity was also well above 50
Construction PMI: Ulster Bank	49.3	66.4	65.0	62.8	57.5	56.3	56.9	56.3	
- Housing Activity	54.8	73.4	68.8	63.7	62.2	59.8	54.5	55.1	
- Commercial Activity	42.2	63.5	63.8	60.9	54.9	56.7	60.4	56.3	
- New Orders	55.1	68.2	63.7	65.4	61.7	57.5	57.2	58.6	Commencements have risen sharply in 2021, up 16.7% YTD compared to the same period in 2019. 12mth total rises to just below 31k in Oct
- Business Expectations	73.9	73.6	71.9	73.6	71.1	68.1	69.7	69.0	
Commencements: 12mth Total	21,405	25,501	27,264	28,974	29,565	30,519	30,947	#N/A	
- 3 Month Avg YoY %	6.6	148.5	308.4	205.6	92.8	59.8	32.7	#N/A	
<b>HOUSING MARKET ACTIVITY</b>									Mortgage approvals down by 2.7% YoY in the 3mths to Oct. However, they are up 36.1% YTD
BPFI Mortgage Approvals : Month	3,537	3,814	4,167	4,144	3,749	3,905	3,717	#N/A	
- 3 Month Avg YoY %	51.7	114.5	210.1	111.9	55.9	18.3	-2.7	#N/A	
- 12 Mth Total	37,640	40,134	42,613	44,044	44,456	44,434	43,732	#N/A	
RPPR Transactions : Month	4,206	4,175	4,679	5,149	4,705	5,260	5,450	4,612	Transactions continue to recover in 2021, although, they remain 1.4% lower YTD vs. 2019 levels
- 3 Month Avg YoY %	28.4	40.7	57.9	50.4	50.0	38.3	20.3	0.7	
- 12 Mth Total	51,816	53,409	55,022	56,510	58,255	59,207	59,107	58,362	
<b>HOUSING MARKET PRICES</b>									
CSO Price Index - MoM	0.9	0.8	1.4	1.7	2.2	1.6	1.4	#N/A	House prices jumped by 1.4% in Oct, up 13.5% YoY. Ex-Dublin price inflation (+14.6%) continues to outpace the capital (+12.3%)
- YoY %	4.5	5.4	6.8	8.5	10.9	12.5	13.5	#N/A	
Daft Asking Prices: MoM %	1.7	0.6	0.5	0.8	0.2	-1.0	#N/A	#N/A	
- YoY %	15.0	11.5	12.7	10.7	7.1	7.6	#N/A	#N/A	
<b>RENTS:</b> CSO Private Rents - MoM%	1.2	-0.2	0.1	0.3	1.5	1.8	0.9	0.6	Daft asking prices fell in Sept for the first time since Feb. Marked deceleration in the YoY rate also
- YoY %	1.6	2.6	3.0	3.1	4.5	5.9	7.5	8.1	
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									CSO rental index rose again in Nov, up by 0.6%. The YoY rate increased to 8.1%
- Mortgage as % of Disposable Income	18.1	18.5	18.7	19.0	19.5	19.8	#N/A	#N/A	
									Affordability index deteriorates again in Q3, as house prices rise by more than industrial wages

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<b>CONSUMER PRICES - YoY %</b>									Consumer prices rose by 0.6% in Nov, led by increases in energy, fuel and transport costs once again. Clothing prices were up 3.3% in the month also. The YoY rate rose to 5.3% from 5.1%. The HICP rate increased to 5.4%
- MoM %	1.1	1.7	1.6	2.2	2.9	3.8	5.1	5.3	
	0.7	0.1	0.2	0.4	0.6	0.5	0.7	0.6	
HICP - YoY %	1.1	1.9	1.6	2.2	3.0	3.8	5.1	5.4	
- MoM %	0.6	0.2	0.1	0.4	0.7	0.4	0.8	0.6	
<b>PERSONAL / FINANCIAL</b>									Consumer sentiment fell to 83.1 in Nov. Consumers were less positive about the future owing to the surge in Covid-19 cases
KBC/ESRI Consumer Confidence	77.9	85.8	87.2	84.9	86.5	86.4	86.8	83.1	
Credit Growth YoY %									Private sector credit was up by 0.5% YoY in Oct. Household credit, was down by 1.1% YoY
- Private Sector (Underlying)	-4.2	-3.2	-3.1	-1.6	-1.4	0.2	0.5	#N/A	
- of which : Household	-1.8	-1.6	-1.6	-1.3	-1.2	-1.2	-1.2	#N/A	
- of which : Mortgage Lending	-1.3	-1.3	-1.3	-1.2	-1.1	-1.1	-1.1	#N/A	
<b>LABOUR MARKET</b>									Standard unemployment rate was unchanged at 5.2% in Nov. The Covid-19 adjusted rate fell sharply to 6.9% from 7.9%, as the labour market continued to recover strongly
Live Register	180,700	176,000	172,600	170,800	169,600	166,600	170,100	170,200	
- Change In Month	-4,300	-4,700	-3,400	-1,800	-1,200	-3,000	+3,500	+100	
Unemployment Rate %	7.6	6.9	6.3	5.7	5.4	5.2	5.2	5.2	
PMI Employment Indices									Employment subcomponents of the manufacturing, construction and services PMIs well above 50 in Nov, as firms continued to hire to meet elevated demand
- AIB Manufacturing	57.7	60.0	59.4	57.7	58.0	55.6	55.7	55.0	
- AIB Services	53.0	54.8	58.6	60.0	58.3	56.8	57.6	55.7	
- Ulster Bank Construction	51.6	58.2	56.9	56.4	57.4	54.8	55.1	56.2	
<b>MERCHANDISE TRADE</b>									Goods trade surplus rose by 7% to €6.2bn in Oct. Exports rose by 21% YoY in Oct, and were 1% higher YTD. Imports increased by 15% YoY & were 18% higher YTD. Exports to the UK were up 21% YTD, while imports were down 21%
Export Values - 3M / 3M %	-3.9	2.2	2.2	5.1	4.2	3.6	5.7	#N/A	
- 3MMA YoY %	-3.3	-3.6	6.7	2.4	1.2	0.3	8.8	#N/A	
Import Values - 3M / 3M %	0.9	11.9	13.7	8.1	1.6	-5.2	-1.1	#N/A	
- 3MMA YoY %	18.2	40.8	44.1	23.0	19.3	13.9	23.5	#N/A	
<b>PUBLIC FINANCES</b>									Exchequer finances much better than expected this year, owing to very strong tax intake (up 21.8% YTD). Net voted spending up 1.6% YTD. 12mth deficit falls sharply to €4.9bn in Nov
Total Tax Receipts: Cum YTD %	4.2	9.1	9.8	13.0	15.2	15.9	19.6	21.8	
Voted Spending : Cum YTD %	7.3	1.9	1.3	0.5	0.3	2.3	1.9	1.6	
Exchequer Bal: 12 Mth Total €m	-12,472	-12,212	-12,285	-10,657	-9,546	-9,162	-8,073	-4,862	
<b>QUARTERLY DATA</b>									
	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	
<b>GDP</b> - YoY %	5.1	6.5	1.4	10.8	4.5	11.7	21.1	11.4	GDP expanded by 11.4% YoY in Q3, due to strong exports, and an easing of restrictions
*Domestic Demand - YoY%	2.0	-2.7	-12.2	-2.8	-2.2	-5.1	15.6	5.3	
Consumer Spending - YoY %	2.9	-5.8	-19.5	-7.7	-8.8	-11.8	19.3	7.7	Modified domestic demand continued to recover in Q3, rising by 5.3% YoY. Consumer spending was up by 7.7% YoY
Services Exports - YoY % (3Q Avg)	17.4	13.1	5.8	0.0	1.0	4.7	12.1	14.5	
<i>* Excludes Some Investment Related to the Multinational Sector</i>									
<b>EMPLOYMENT &amp; EARNINGS</b>									Employment rose by 9.8% YoY in Q3, as the economy re-opened more fully. However, base effects are impacting the data
Employment YoY %	3.6	2.1	-6.9	-3.2	-3.4	-5.0	9.9	9.8	
Labour Force YoY %	2.6	2.0	-6.9	-0.9	-2.0	-2.5	12.1	7.9	
Average Earnings YoY %									
- Hourly	3.9	3.0	7.2	3.6	5.5	8.4	2.7	3.8	Weekly earnings growth accelerated to +5.4% YoY in Q3, from 4.1% in Q2. However, the changing composition of the labour force is distorting the data somewhat
- Weekly	3.8	3.7	6.0	3.3	7.7	7.5	4.1	5.4	
Weekly Earnings YoY %									
- Private Sector	4.0	4.0	6.0	3.1	9.1	7.7	5.0	5.5	
- Public Sector	3.1	3.1	2.9	2.5	3.0	4.9	2.2	6.3	
<b>CSO DWELLING COMPLETIONS</b>									Having performed well in H1, completions slowed somewhat in Q3, and were 7.7% lower YoY. However, they are up 2.8% YTD
- YoY %	6376	4928	3230	5045	7329	3929	4989	4656	
- Cum 12 Mth Total	17.4	16.1	-32.7	-10.6	14.9	-20.3	54.5	-7.7	
	21068	21750	20179	19579	20532	19533	21292	20903	



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