

Irish Economy Watch

AIB Treasury Economic Research Unit



Wednesday 21 December 2022

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22
MANUFACTURING								
AIB Manufacturing PMI	59.1	56.4	53.1	51.8	51.1	51.5	51.4	48.7
OECD Leading Indicator	102.3	102.2	102.1	102.0	101.9	101.8	101.6	101.4
Industrial Production (Ex-Modern)	125.5	134.2	122.0	133.2	137.4	126.9	141.6	#N/A
Production (Ex-Modern) : 3mma YoY%	13.3	11.8	6.8	11.6	13.8	15.4	16.1	#N/A
3mth / 3mth % seas. adj.	2.3	1.5	-2.4	1.0	1.5	4.1	4.2	#N/A

The manu. PMI fell to 48.7 in Nov, moving into contraction mode for the first time since May 2020. New orders declined for a sixth month running, with output falling for the fifth month in six

Traditional industrial production surged higher in Oct. 3mma to Oct up 16.1% YoY also

SERVICES / RETAIL								
AIB Services PMI	61.7	60.2	55.6	56.3	54.7	54.1	53.2	50.8
CSO Services Index (Value)	150.9	153.0	157.1	158.6	161.2	161.1	158.8	#N/A
- YoY %	25.3	24.4	22.7	22.6	21.7	17.2	14.9	#N/A
- 3mth / 3mth % seas. adj.	9.2	8.6	3.5	2.3	3.0	4.3	2.6	#N/A
SIMI Car Registrations	7,846	5,285	2,153	21,845	8,127	6,315	2,613	982
- 12 mth cum total	107,479	106,850	106,241	101,609	103,770	105,636	105,569	105,431
- 3 mma YoY %	9.8	-10.6	-22.0	-17.5	36.2	41.9	-2.5	-12.3
Retail Sales Index	128.1	126.1	124.8	123.4	126.8	124.5	125.5	#N/A
- YoY %	2.0	-2.9	-6.4	-6.9	-4.6	-5.6	-2.6	#N/A
- 3mth / 3mth % seas. adj.	-0.6	1.3	2.0	-0.4	-0.7	-1.1	0.7	#N/A
Ex Autos Index	131.7	129.6	130.3	123.7	128.4	124.3	124.3	#N/A
- YoY %	13.2	3.3	-3.8	-4.1	-2.1	-6.3	-4.5	#N/A
- 3mth / 3mth % seas. adj.	-0.6	0.8	1.7	-1.1	-1.7	-3.9	-1.7	#N/A

In Nov, the services PMI lost momentum, falling to 50.8. New business growth slumped, partly due to a slowdown in new exports. Hiring continued at a robust pace though. Inflationary pressures remained elevated.

Despite falling by 1.4% in Oct, the CSO services index was up by 14.9% YoY

New car sales were 0.5% higher YTD vs. 2021 levels in Nov. However, they were 10.3% below their 2019 levels

Retail sales were 2.6% lower YoY in Nov, while core sales were down by 4.5% YoY

RESIDENTIAL CONSTRUCTION ACTIVITY								
BNP Paribas Construction PMI	52.5	51.5	46.4	41.8	46.9	50.2	47.4	46.8
- Housing Activity	56.1	56.6	49.7	37.9	47.4	50.8	49.7	41.6
- Commercial Activity	55.7	52.2	45.7	44.5	47.5	51.1	45.1	49.5
- New Orders	49.4	48.0	40.4	40.6	40.7	49.5	49.6	44.2
- Business Expectations	57.7	52.7	49.1	48.5	49.2	52.8	58.0	50.9
Commencements: 12mth Total	32,456	30,233	29,343	28,450	28,409	27,417	26,608	26,898
- 3 Month Avg YoY %	20.2	-26.0	-43.5	-35.6	-21.6	-22.1	-23.0	-19.0

Construction PMI fell to 46.8 in Nov, indicating activity in the sector contracted for the fifth time in six months. Activity in the housing sector and new orders fell very sharply. Commercial activity continued to fall also

Commencements were down 13.2% YTD vs. 2021 levels in Nov. 12 mth rolling total below 27k recently

HOUSING MARKET ACTIVITY								
BPFI Mortgage Approvals : Month	3,299	3,841	3,947	3,514	3,680	3,633	3,439	#N/A
- 3 Month Avg YoY %	-1.9	-1.6	-3.7	-6.8	-7.6	-8.2	-5.4	#N/A
- 12 Mth Total	43,039	43,066	42,846	42,216	42,147	41,875	41,597	#N/A
RPPR Transactions : Month	4,533	4,713	5,402	5,534	5,034	5,677	5,357	4,888
- 3 Month Avg YoY %	1.3	3.5	11.9	11.5	9.4	6.7	3.0	-1.2
- 12 Mth Total	57,869	58,400	59,112	59,479	59,775	60,127	59,948	59,576

Mortgage approvals continue to trend slightly lower, down 5.4% YoY in the 3mths to Oct

Transactions have been relatively steady since mid-year. 12 month running total just above 59k in Nov

HOUSING MARKET PRICES								
CSO Price Index - MoM	0.4	0.8	1.1	1.0	1.0	0.6	0.4	#N/A
- YoY %	14.5	14.4	13.9	13.2	11.8	10.7	9.8	#N/A
Daft Asking Prices: MoM %	0.5	1.0	0.2	-0.3	-0.4	0.8	#N/A	#N/A
- YoY %	9.3	9.6	8.8	8.0	7.2	7.9	#N/A	#N/A
RENTS: CSO Private Rents - MoM%	1.3	1.6	0.8	1.1	1.4	0.7	0.4	0.5
- YoY %	9.3	11.2	11.9	12.9	12.7	11.6	11.1	11.0

House prices rose by 0.4% in Oct. However, the YoY rate decelerated further to 9.8%

Asking prices rose by just 0.1% in Q3, but they were up 7.7% YoY

CSO rental index rose by 0.5% in Nov. The YoY rate decelerated slightly to 11%, and is down from a peak of 12.9% in July

AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	19.8	20.1	20.5	20.8	21.2	21.4	#N/A	#N/A

Affordability deteriorated further in Q3 as house price growth outpaced wage growth

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	
CONSUMER PRICES - YoY %									Consumer prices rose by 0.3% in Nov, led by increases in clothing and food in the month. However, the YoY rate eased to 8.9%. Higher energy & food prices the main factors impacting inflation in YoY terms
- MoM %	7.0	7.8	9.1	9.1	8.7	8.2	9.2	8.9	
	0.9	0.9	1.3	0.4	0.2	0.0	1.6	0.3	
HICP - YoY %	7.3	8.3	9.6	9.6	9.0	8.6	9.4	9.0	
- MoM %	0.9	1.1	1.3	0.4	0.2	0.0	1.5	0.2	
PERSONAL / FINANCIAL									Consumer sentiment was at a very low level in Nov, near the 14-year low registered in Sept
ILCU Consumer Sentiment Index	57.7	55.2	57.7	53.7	53.4	42.1	46.1	45.3	
Credit Growth YoY %									
- Private Sector (Underlying)	1.7	2.0	4.5	3.3	3.4	2.6	2.9	#N/A	
- of which : Household	0.2	0.3	-0.1	-0.4	-0.7	-0.8	-1.0	#N/A	
- of which : Mortgage Lending	0.9	0.9	0.6	0.2	-0.1	-0.4	-0.6	#N/A	Securities financing the main driver of the increase in private sector credit. Household debt levels continue to edge lower
LABOUR MARKET									
Live Register	178,500	177,800	185,400	183,800	186,100	184,000	183,800	184,700	
- Change In Month	-2,500	-700	+7,600	-1,600	+2,300	-2,100	-200	+900	
Unemployment Rate %	4.6	4.2	4.2	4.3	4.4	4.4	4.5	4.4	
PMI Employment Indices									The unemployment rate has been comfortably below its pre-pandemic level of 4.8% since April. Jobless rate at 4.4% in Nov
- AIB Manufacturing	58.6	59.3	55.7	52.9	52.4	53.8	52.9	49.7	
- AIB Services	57.6	58.5	56.4	57.5	56.5	56.3	56.6	55.3	
- BNP Paribas Construction	52.5	54.9	50.1	49.8	50.6	51.1	50.9	49.9	
MERCHANDISE TRADE									The employment measure of the services PMI fell in Nov, but remained comfortably above 50. In contrast, the manu. and construction sector readings edged into contraction territory
Export Values - 3M / 3M %	15.9	13.4	0.4	-4.2	-3.0	4.5	13.4	#N/A	
- 3MMA YoY %	35.7	36.8	30.1	21.5	26.2	31.0	32.0	#N/A	
Import Values - 3M / 3M %	11.9	13.9	13.1	9.4	5.7	7.0	7.8	#N/A	
- 3MMA YoY %	34.5	39.2	38.8	38.9	41.7	51.3	51.4	#N/A	
PUBLIC FINANCES									Goods trade surplus widened to €5.7bn in Oct. Exports fell by 2.9% in the month, but they remain up 29% YTD, led by continuing robust increases in chemicals & pharmaceuticals exports. Imports were 42% higher YTD in Oct
Total Tax Receipts: Cum YTD %	31.1	26.9	25.0	23.4	26.3	26.2	25.5	24.5	
Voted Spending : Cum YTD %	-5.9	-3.1	-3.8	-4.4	-3.9	-2.6	-1.6	0.9	
Exchequer Bal: 12 Mth Total €m	-833	32	2,116	3,364	5,600	6,751	7,350	6,196	
QUARTERLY DATA									Tax take up 24.5% YTD in Nov. Net voted spending up 0.9% YTD. 12 mth rolling Exchequer surplus falls to €6.2bn as €2bn transferred to NRF. Overall another strong performance
	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	
GDP - YoY %	3.9	11.4	19.5	10.4	13.8	11.8	12.4	10.9	
*Domestic Demand - YoY%	-4.8	-5.1	14.7	3.9	10.4	13.3	10.6	5.9	
Consumer Spending - YoY %	-10.0	-13.0	17.1	6.5	9.4	15.2	5.7	2.2	
Services Exports - YoY % (3Q Avg)	5.6	8.0	14.5	14.3	13.6	12.5	8.6	10.3	
* Excludes Some Investment Related to the Multinational Sector									Irish GDP grew by 10.9% YoY in Q3, led by a significant rise in investment, and a modest rise in consumption vs. Q3 2021.
EMPLOYMENT & EARNINGS									
Employment YoY %	-3.4	-5.0	9.9	9.8	10.1	12.3	8.8	3.4	
Labour Force YoY %	-2.0	-2.5	12.1	7.9	8.9	9.6	5.6	2.0	
Average Earnings YoY %									
- Hourly	5.5	8.4	2.7	3.7	2.8	2.2	2.5	3.5	
- Weekly	7.7	7.5	4.1	5.4	1.9	2.9	2.5	3.2	
Weekly Earnings YoY %									
- Private Sector	9.1	7.7	5.0	5.8	2.8	4.8	3.6	4.5	
- Public Sector	3.0	4.9	2.2	5.3	0.2	-1.3	1.3	0.6	
CSO DWELLING COMPLETIONS									YTD new dwelling completions to end Q3 (20,807) greater than the full year total for 2021 (20,560). 12 mth total above 27k
- YoY %	1087.4	-19.9	53.6	-8.1	-5.1	42.3	52.8	62.5	
- Cum 12 Mth Total	20585	19601	21340	20932	20560	22239	24872	27773	



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