Irish Economy Watch

AIB Treasury Economic Research Unit

Tuesday 19 December 2023

	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
MANUFACTURING								
AIB Manufacturing PMI	48.6	47.5	47.3	47.0	50.8	49.6	48.2	50.0
AIB Manufacturing PMI - Future Output	64.8	66.1	68.8	67.1	72.1	71.6	70.0	69.7
Industrial Production (Ex-Modern)	120.4	127.1	121.7	124.7	125.2	127.8	123.1	#N/A
Production (Ex-Modern) : 3mma YoY%	4.0	6.8	8.4	8.2	5.8	5.9	3.1	#N/A
3mth / 3mth % seas. adj.	1.1	4.3	1.5	3.4	1.0	2.3	0.7	#N/A

The manu. PMI rose to 50 in Nov, as business conditions stabilised. There was a marginal increase in output and orders. Meantime, inflationary pressures eased again in the sector

Traditional industrial production rose by 0.7% in the 3 mths to Oct, and was up by 3.1% YoY

	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
SERVICES / RETAIL								
AIB Services PMI	58.4	57.0	56.8	56.7	55.0	54.5	52.6	54.2
CSO Services Index (Value)	162.7	162.3	161.8	163.3	165.6	167.4	169.9	#N/A
- YoY %	8.5	6.2	1.9	2.8	3.2	4.7	8.9	#N/A
- 3mth / 3mth % seas. adj.	1.8	1.6	1.1	0.7	1.0	2.0	3.2	#N/A
SIMI Car Registrations	8,909	7,548	2,988	27,115	8,107	5,628	2,182	917
- 12 mth cum total	114,675	116,928	117,762	122,973	122,926	122,236	121,801	121,733
- 3 mma YoY %	13.4	42.5	38.7	23.8	-0.6	-10.9	-16.6	-6.9
Retail Sales Index	136.0	132.2	131.9	131.0	130.8	129.1	128.5	#N/A
- YoY %	7.3	5.7	6.6	6.3	3.5	2.1	-0.2	#N/A
- 3mth / 3mth % seas. adj.	3.5	4.4	3.4	-0.2	-1.5	-2.3	-1.7	#N/A
Ex Autos Index	130.8	130.9	131.9	126.9	129.5	128.6	127.8	#N/A
- YoY %	0.2	2.7	3.5	0.6	1.1	1.2	0.3	#N/A
- 3mth / 3mth % seas. adj.	0.3	1.2	1.5	0.1	-0.8	-2.2	-1.0	#N/A

The services PMI improved to 54.2 in Nov, signalling an acceleration of in the pace of growth. New business, including new export orders expanded. Input and output price inflation softened, but remained elevated

The CSO services index was up by 8.9% YoY in Oct

New car sales still performing well, up by 15.5% YTD, with the 12 mth running total near 122k

Retail sales and core sales fell by 1.7% and 1.0%, respectively, in the 3 mths to Oct. However, both measure were higher in YoY terms over the same period

	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
RESIDENTIAL CONSTRUCTION ACTIVITY								
BNP Paribas Construction PMI	48.4	49.4	50.4	45.6	44.9	48.6	47.3	44.5
- Housing Activity	42.8	45.4	48.4	45.9	46.3	48.9	45.3	43.5
- Commercial Activity	51.4	53.7	51.1	45.4	41.9	49.2	50.9	43.8
- New Orders	50.5	50.6	51.0	45.7	45.2	49.4	49.6	46.7
- Business Expectations	59.4	60.2	58.0	59.5	59.4	59.2	53.6	57.2
Commencements: 12mth Total	27,542	27,855	28,369	28,916	29,565	29,961	30,744	31,429
- 3 Month Avg YoY %	4.5	12.4	14.8	19.0	25.8	23.5	29.6	28.9

The construction PMI remained in contraction territory, falling to 44.5 in Nov. New orders, housing activity and commercial activity all deteriorated, with the latter moving back below the key 50 level

Commencements increased very strongly, by 28.9% YoY in the 3 mths to Nov 12 mth rolling total rises to 31.4k

	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
HOUSING MARKET ACTIVITY								
BPFI Mortgage Approvals : Month	3,373	4,282	4,175	4,136	3,952	3,527	3,676	#N/A
- 3 Month Avg YoY %	2.8	9.0	6.7	11.4	10.1	7.3	3.7	#N/A
- 12 Mth Total	41,323	41,764	41,992	42,614	42,886	42,780	43,017	#N/A
RPPR Transactions : Month	4,200	5,194	5,444	5,332	5,659	5,454	5,511	4,551
- 3 Month Avg YoY %	-2.0	3.6	1.0	1.7	2.5	0.7	2.5	-9.4
- 12 Mth Total	61,904	62,367	62,397	62,177	62,775	62,516	62,579	61,167
HOUSING MARKET PRICES								
CSO Price Index - MoM	-0.1	-0.1	0.6	0.5	0.5	1.0	1.1	#N/A
- YoY %	3.5	2.6	2.1	1.6	1.1	1.4	2.3	#N/A
Daft Asking Prices: MoM %	1.9	1.7	-0.5	0.9	-0.5	1.1	#N/A	#N/A
- YoY %	2.4	3.0	2.3	3.7	3.5	3.9	#N/A	#N/A
RENTS: CSO Private Rents - MoM%	0.1	0.6	0.6	0.6	1.3	0.8	0.0	0.1
- YoY %	8.8	7.8	7.7	7.2	7.1	7.1	6.6	6.2
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	20.2	20.4	20.8	20.8	22.7	23.0	#N/A	#N/A

Mortgage approvals rose by 3.7% YoY in the 3mths to Oct. 12 mth total moves up to 43k

Transactions fell in Nov, with the 3mma down 9.4% YoY. 12 mth total declined to 61k

Residential property prices rose for a fifth consecutive month in Oct, up by 1.1%. The YoY rate, increased to 2.3%

Asking prices on Daft.ie were revised significantly higher for Q2, and were up 3.7% YoY in Q3

CSO rental index edged 0.1% higher in November. The YoY rate eased further to 6.2%

Affordability deteriorated at a faster pace in Q3, as mortgage rates and house prices rose

Sources: Refinitiv, CSO, DoF, DoECLG, Daft.ie, BPFI, ILCU, PSRA, SIMI, BNP Paribas, European Commission, AIB ERU Calculations

	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
CONSUMER PRICES - YoY %	7.2	6.6	6.1	5.8	6.3	6.4	5.1	3.9
- MoM %	0.5	0.3	0.8	0.2	0.7	0.1	0.3	-0.8
HICP - YoY %	6.3	5.4	4.8	4.6	4.9	5.0	3.6	2.5
- MoM %	0.3	0.3	0.8	0.2	0.5	0.1	0.2	-0.9

Consumer prices fell by 0.8% in Nov, led lower by decreases in energy and package holiday prices. The YoY rate fell sharply to 3.9% largely on energy price base effects. HICP inflation dropped to 2.5% YoY from 3.6%

PERSONAL / FINANCIAL	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
ILCU Consumer Sentiment Index	59.2	62.4	63.7	64.5	62.2	58.8	60.4	61.9
Credit Growth YoY %								
- Private Sector	1.2	0.3	-1.9	-2.0	-1.8	-2.1	-2.2	#N/A
- *of which* : Household	0.0	0.3	0.6	1.0	1.6	1.6	1.8	#N/A
- *of which* : Mortgage Lending	-0.1	0.0	0.4	0.9	1.3	1.5	1.6	#N/A

Consumer sentiment edged higher to 61.9 in Nov from 60.4, albeit, this remains a relatively subdued level historically

Stock of private sector credit declined in Oct, but growth rate of mortgage debt accelerated

LABOUR MARKET	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
Live Register	181,600	182,000	181,900	181,400	174,800	178,400	175,500	174,100
- Change In Month	-200	+400	-100	-500	-6,600	+3,600	-2,900	-1,400
Unemployment Rate %	4.1	4.2	4.4	4.4	4.5	4.7	4.7	4.8
PMI Employment Indices								
- AIB Manufacturing	51.5	50.8	48.1	51.6	53.7	53.0	50.2	51.1
- AIB Services	56.4	54.5	54.7	53.1	53.9	53.2	52.0	53.3
- BNP Paribas Construction	50.5	51.2	52.0	53.4	51.1	51.2	53.4	49.1

The unemployment rate was revised higher for recent months, as labour force growth was stronger than previously estimated. It was at 4.8% in Nov

The employment sub-indices of the services and manu PMIs improved in Nov and stayed in expansion mode. However, the construction reading declined, and edged back below 50

MERCHANDISE TRADE	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
Export Values - 3M / 3M %	3.5	-2.1	-1.2	-1.4	3.3	-1.1	0.9	#N/A
- 3MMA YoY %	-5.1	-8.7	-5.1	0.5	-3.2	-10.7	-11.6	#N/A
Import Values - 3M / 3M %	-2.1	-4.2	1.3	3.2	-0.1	-3.0	-7.6	#N/A
- 3MMA YoY %	4.6	-4.1	-4.7	-3.1	-7.9	-11.2	-15.5	#N/A

Value of goods trade surplus was down €6.2bn YTD to Oct compared to last year, at €53.8bn. Exports were 5% lower YTD, led by sharp falls in pharmaceuticals and ICT products. Imports running 3% lower YTD

PUBLIC FINANCES	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
Total Tax Receipts: Cum YTD %	14.2	10.2	11.0	10.0	6.6	6.1	4.0	5.8
Voted Spending : Cum YTD %	7.2	6.7	9.8	9.9	11.0	10.0	9.9	12.9
Exchequer Bal: 12 Mth Total €m	2,412	3,021	1,055	700	-1,615	-1,809	-3,185	-1,722

Sharp rise in Corporate tax receipts in Nov means the total tax intake is up 5.8% YTD. However, spending growth is up 12.9%YTD. 12 mth rolling Exchequer deficit at €1.7bn

QUARTERLY DATA

	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23
GDP - YoY %	14.3	8.8	9.3	9.4	10.2	2.6	-0.3	-5.8
*Domestic Demand - YoY%	11.1	12.9	10.6	9.0	5.1	4.2	-1.2	-0.4
Consumer Spending - YoY %	14.1	18.6	8.6	5.8	6.5	5.6	2.6	2.6
Services Exports - YoY % (3Q Avg)	15.3	13.4	9.2	9.8	3.1	0.6	-0.2	2.0

** Excludes Some Investment Related to the Multinational Sector*

GDP contracted by 1.9% in Q3, largely owing to a decline in output in the MNE sector. It was down 5.8% YoY in the quarter

MDD fell by 0.4% YoY in Q3. Output from domestic sectors up 4% YTD though

EMPLOYMENT & EARNINGS	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23
Employment YoY %	10.1	12.3	8.8	3.4	2.7	4.1	3.5	4.0
Labour Force YoY %	8.9	9.6	5.6	2.0	2.0	3.3	3.4	4.2
Average Earnings YoY %								
- Hourly	2.8	2.2	2.5	3.6	6.0	4.0	5.4	6.2
- Weekly	1.9	2.9	2.5	3.6	4.5	4.4	4.5	4.6
Weekly Earnings YoY %								
- Private Sector	2.8	4.8	3.6	4.9	2.4	3.6	4.0	3.9
- Public Sector	0.2	-1.3	1.3	0.8	10.4	7.7	5.9	6.3

Employment rose by 4% YoY in Q3, leaving it 12.7% above pre-pandemic levels. Employment rate down at 74.1% in Q3, down slightly from Q2. The labour force grew by 4.2% YoY in Q3.

Weekly average earnings rose by 4.6% YoY in Q3. Public sector pay was up 6.3% YoY. Private sector earnings rose by 3.9% YoY in Q3

CSO DWELLING COMPLETIONS	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23
	6949	5625	7614	7388	9124	6652	7339	8452
- YoY %	-5.2	41.8	52.8	59.0	31.3	18.3	-3.6	14.4
- Cum 12 Mth Total	20546	22204	24834	27576	29751	30778	30503	31567

New dwelling completions up by 14.4% YoY in Q3. 12 mth running total moves higher to 31.5k

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