

Irish Economy Watch

AIB Treasury Economic Research Unit



Monday 20 January 2020

	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19		
MANUFACTURING									<p>Manufacturing PMI edged slightly lower in December, as weak export demand continues to weigh on the sector. Index remains in contractionary territory at 49.5</p> <p>YoY growth rate of industrial output (ex-modern) solid at 4.9% in November</p>	
AIB Manufacturing PMI	50.4	49.8	48.7	48.6	48.7	50.7	49.7	49.5		
OECD Leading Indicator	99.7	99.8	99.8	99.7	99.6	99.7	#N/A	#N/A		
Industrial Production (Ex-Modern)	115.2	110.2	118.7	115.5	117.2	120.4	116.4	#N/A		
Production (Ex-Modern) : 3mma YoY%	10.6	6.2	5.7	4.7	6.8	5.1	4.9	#N/A		
3mth / 3mth % seas. adj.	3.8	0.1	0.1	-0.2	3.4	2.6	2.8	#N/A		
SERVICES / RETAIL									<p>Services PMI jumps to 55.9 in December, hitting a 6-month high. Boosted by rising domestic and export orders</p> <p>CSO services index volatile. YoY growth rate slows sharply over the autumn</p> <p>New car sales down 6.8% YoY in 2019, but decline more than offset by rise in 2nd hand imports. Total regs up 0.7% YoY</p> <p>Core retail sales fell in November, dropping by 1.2% MoM. However, consumers may have delayed spending ahead of Black Friday sales, which will be included in December's report</p>	
AIB Services PMI	57.0	56.9	55.0	54.6	53.1	50.6	53.7	55.9		
CSO Services Index (Value)	124.0	126.4	126.5	126.2	128.8	125.6	126.8	#N/A		
- YoY %	5.9	10.7	10.0	8.9	5.1	0.1	1.0	#N/A		
- 3mth / 3mth % seas. adj.	1.8	1.1	1.3	2.1	1.8	1.0	0.6	#N/A		
SIMI Car Registrations	6,320	1,408	24,862	5,087	3,415	2,177	758	224		
- 12 mth cum total	119,039	119,199	117,173	116,362	116,413	116,903	117,018	117,100		
- 3 mma YoY %	0.2	8.3	-4.7	-7.9	-7.7	-0.8	15.2	27.8		
Retail Sales Index	116.4	117.2	112.0	118.3	122.9	123.4	119.4	#N/A		
- YoY %	0.5	-0.3	-4.5	2.0	3.8	3.9	1.4	#N/A		
- 3mth / 3mth % seas. adj.	0.6	0.9	-2.5	-1.6	-0.1	5.5	5.2	#N/A		
Ex Autos Index	118.1	117.0	119.0	119.7	122.0	120.1	118.6	#N/A		
- YoY %	2.8	1.8	4.0	3.9	4.3	3.7	1.9	#N/A		
- 3mth / 3mth % seas. adj.	1.7	-0.3	-1.5	-0.8	1.5	2.2	1.4	#N/A		
CONSTRUCTION PMI: Ulster Bank									<p>In December, construction PMI moved above the key 50 level for the first time since August. Increase driven by improvements across all of the key sub-sectors</p> <p>Registrations (measure of developer activity) down 12.7% in Q3 compared to Q3 2018</p> <p>Commencements picked up strongly in Q3, ahead of introduction of new building regulations from November 1st</p>	
- Housing Activity	54.9	53.1	51.4	53.7	48.3	46.2	48.2	52.0		
- Commercial Activity	58.3	58.4	55.9	58.4	52.9	51.3	47.7	51.8		
- New Orders	53.1	52.8	54.7	55.1	47.6	46.9	51.2	53.6		
- Business Expectations	56.4	56.6	53.7	52.6	50.8	48.8	48.3	52.4		
RESIDENTIAL CONSTRUCTION ACTIVITY										
Housing Registrations: 12Mth Total	10,614	10,604	10,208	10,120	10,224	#N/A	#N/A	#N/A		
- 3 Month Avg YoY %	-10.6	-14.5	-21.3	-18.4	-12.7	#N/A	#N/A	#N/A		
Commencements: 12mth Total	24,438	24,226	24,467	25,112	26,106	#N/A	#N/A	#N/A		
- 3 Month Avg YoY %	19.9	-6.8	-3.6	10.8	32.9	#N/A	#N/A	#N/A		
HOUSING MARKET ACTIVITY									<p>Mortgage approvals little changed in November. YoY growth rate slows to 5%</p> <p>Transaction activity moderates slightly in November, with 12 month total slipping below 58k</p> <p>Annual CSO house price growth picks up to 1.4% in November. Prices have now risen for 9 straight months. Dublin prices declined by 0.7%, while ex-Capital inflation at 3.6% YoY</p> <p>CSO rental inflation continues to moderate but rents 31.6% above their previous peak</p> <p>Affordability stable since the autumn as impact of modest house price rises negated by good earnings growth</p>	
BPFI Mortgage Approvals : Month	3,960	3,692	4,227	3,581	3,088	3,692	3,358	#N/A		
- 3 Month Avg YoY %	12.6	8.1	13.0	12.3	11.9	6.1	5.0	#N/A		
- 12 Mth Total	37,905	38,085	38,908	39,165	39,240	39,502	39,652	#N/A		
RPPR Transactions : Month	4,891	4,321	5,491	5,002	5,029	5,470	5,000	#N/A		
- 3 Month Avg YoY %	6.5	4.3	1.7	0.9	6.3	4.9	0.6	#N/A		
- 12 Mth Total	57,407	57,132	57,430	57,543	58,054	58,148	57,643	#N/A		
HOUSING MARKET PRICES										
CSO Price Index - MoM	0.3	0.4	0.8	0.3	0.2	0.1	0.1	#N/A		
- YoY %	2.6	2.0	2.2	1.9	1.1	1.0	1.4	#N/A		
Daft Asking Prices: MoM %	-1.7	1.5	-1.1	-0.5	-2.2	-0.1	-2.2	2.4		
- YoY %	1.8	3.3	0.7	1.3	-2.0	-1.5	-1.4	-0.8		
RENTS: CSO Private Rents - MoM%	0.3	0.3	0.3	0.6	1.1	0.2	0.0	0.0		
- YoY %	5.2	5.5	5.6	5.2	5.8	5.1	4.5	4.3		
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB										
- Mortgage as % of Disposable Income	18.0	18.2	18.4	18.6	18.6	18.6	18.6	#N/A		

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CONSUMER PRICES - YoY %									CPI picks up to 1.3% in December, reflecting increased housing costs and higher VAT rate in hospitality sector. HICP also accelerates to 1.1% in the same month
- MoM %	1.0	1.1	0.5	0.7	0.9	0.7	1.1	1.3	
HICP - YoY %	-0.1	0.2	-0.2	0.5	-0.2	-0.3	-0.1	0.2	
- MoM %	1.0	1.1	0.5	0.6	0.6	0.6	0.8	1.1	
- MoM %	-0.1	0.2	-0.2	0.4	-0.3	-0.2	-0.2	0.2	
PERSONAL / FINANCIAL									Consumer confidence improved again in December as Brexit uncertainty abated. Index remains below recent highs
KBC/ESRI Consumer Confidence	89.9	90.7	85.5	77.2	75.3	69.5	77.1	81.4	
Credit Growth YoY %									
- Private Sector (Underlying)	-2.7	-2.2	-2.5	-3.8	-3.7	-3.3	-3.3	#N/A	
- of which : Household	-0.3	-0.3	-0.2	-0.2	0.1	0.0	0.1	#N/A	Irish household credit outstanding up by 0.1% YoY in November as new mortgage lending trends higher
- of which : Mortgage Lending	-0.8	-0.9	-0.9	-0.8	-0.7	-0.6	-0.5	#N/A	
LABOUR MARKET									Unemployment rate held at 4.8% in December, while Live Register fell to its lowest level since 2008
Live Register	191,600	190,600	190,300	188,900	188,500	188,700	186,400	185,300	
- Change In Month	-3,300	-1,000	-300	-1,400	-400	+200	-2,300	-1,100	
Unemployment Rate %	5.2	5.2	5.1	4.9	4.9	4.8	4.8	4.8	
PMI Employment Indices									Employment sub-components of service and construction sector PMIs point to continued good jobs growth in December. Manufacturing sub-index below key 50 level, but did edge higher in the month
- AIB Manufacturing	51.4	51.8	50.1	50.5	50.0	51.2	49.2	49.7	
- AIB Services	54.7	55.3	53.6	53.1	53.3	54.3	54.5	53.4	
- Ulster Bank Construction	53.5	56.0	52.9	51.3	50.6	50.6	51.9	53.2	
MERCHANDISE TRADE									Goods exports strong in 2019. YoY growth rate remained robust at 7.3% in November
Export Values - 3M / 3M %	-6.3	0.3	5.6	1.1	3.0	1.2	4.5	#N/A	
- 3MMA YoY %	11.9	8.5	9.7	5.0	10.0	8.9	7.3	#N/A	
Import Values - 3M / 3M %	-8.0	-1.2	0.0	1.3	1.6	3.0	-2.6	#N/A	
- 3MMA YoY %	6.7	-0.9	-5.4	-9.7	-10.4	-11.0	-15.7	#N/A	Imports have declined over the year, which largely reflects a steep fall in pharma imports. Down 15.7% YoY in November
PUBLIC FINANCES									General government balance estimated at €1.5bn in 2019 vs €0.2bn in 2018. Tax receipts rose by a strong 6.8% YoY, which was above target due to buoyant corporation tax take
Total Tax Receipts: Cum YTD %	5.7	6.9	7.6	8.1	8.7	6.7	6.7	6.8	
Voted Spending : Cum YTD %	8.0	5.9	6.6	6.8	6.9	7.7	6.2	7.3	
Exchequer Bal: 12 Mth Total €m	68	1,189	1,279	1,299	1,615	1,103	1,542	647	
QUARTERLY DATA									Irish GDP expanded by 5% YoY in Q3 '19. Data remain distorted by multi-nationals
	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	3 quarter moving average growth rate of modified domestic demand, which aims to strip out multi-national distortions, +2.5% as of Q3 '19
Services Exports - YoY % (3Q Avg)	16.7	11.7	10.1	6.5	7.4	9.5	11.9	13.8	
* Excludes Some Investment Related to the Multinational Sector									
EMPLOYMENT & EARNINGS									Employment grew by a solid 2.4% YoY in Q3, with growth strongest in financial and public administration sectors. Labour force growth at 1.6% 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 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
- 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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