Irish Economy Watch

AIB Treasury Economic Research Unit

Monday 25 January 2021

	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
MANUFACTURING								
AIB Manufacturing PMI	39.2	51.0	57.3	52.3	50.0	50.3	52.2	57.2
OECD Leading Indicator	94.0	97.4	99.2	99.4	99.8	100.1	100.3	100.5
Industrial Production (Ex-Modern)	82.6	93.5	110.6	108.6	108.5	110.7	108.9	#N/A
Production (Ex-Modern) : 3mma YoY%	-17.7	-21.3	-14.2	-5.4	-1.2	-1.6	-2.7	#N/A
3mth / 3mth % seas. adj.	-16.6	-22.9	-6.9	11.2	24.7	14.3	4.9	#N/A
SERVICES / RETAIL								
AIB Services PMI	23.4	39.7	51.9	52.4	45.8	48.3	45.4	50.1
CSO Services Index (Value)	101.0	114.8	114.1	114.8	120.8	115.4	112.1	#N/A
- YoY %	-19.3	-9.9	-10.9	-9.2	-4.1	-7.4	-10.2	#N/A
- 3mth / 3mth % seas. adj.	-12.9	-16.6	-5.5	5.9	11.5	6.4	1.3	#N/A
SIMI Car Registrations	1,741	1,006	21,171	4,808	5,651	2,296	913	601
- 12 mth cum total	89,628	89,226	85,716	85,437	87,673	87,792	87,947	88,324
- 3 mma YoY %	-74.6	-81.4	-26.2	-13.4	-4.7	19.4	39.5	20.6
Retail Sales Index	88.4	122.7	128.2	129.7	132.3	131.1	114.3	#N/A
- YoY %	-25.0	3.8	9.4	8.8	11.0	7.8	-4.8	#N/A
- 3mth / 3mth % seas. adj.	-28.0	-18.9	17.2	46.8	40.4	15.9	-0.8	#N/A
Ex Autos Index	102.6	123.2	126.9	128.3	130.8	131.1	115.4	#N/A
- YoY %	-14.1	3.5	5.7	6.8	9.2	9.4	-3.3	#N/A
- 3mth / 3mth % seas. adj.	-13.9	-12.0	7.2	21.5	22.1	10.6	-0.3	#N/A
RESIDENTIAL CONSTRUCTION ACTIVITY								
Construction PMI**:** Ulster Bank	19.9	51.9	53.2	44.0	47.0	48.6	53.5	52.3
- Housing Activity	21.4	55.8	57.8	44.7	44.1	50.3	53.0	56.2
- Commercial Activity	25.6	50.9	50.2	41.6	49.2	46.7	50.0	49.7
- New Orders	24.6	46.0	53.8	46.5	48.8	51.8	57.3	55.6
- Business Expectations	48.6	54.6	55.9	53.5	48.7	51.9	60.5	62.5
Commencements: 12mth Total	24,617	23,929	23,379	22,066	21,774	20,823	21,830	#N/A
- 3 Month Avg YoY %	-32.0	-45.7	-37.7	-36.8	-28.4	-29.7	-3.3	#N/A
HOUSING MARKET ACTIVITY								
BPFI Mortgage Approvals : Month	1,320	1,688	2,713	3,337	3,927	4,419	4,372	#N/A
- 3 Month Avg YoY %	-52.4	-66.1	-51.8	-32.7	-8.4	12.8	25.4	#N/A
- 12 Mth Total	34,484	32,480	30,966	30,722	31,561	32,288	33,302	#N/A
RPPR Transactions : Month	2,575	3,052	3,647	2,947	4,239	5,492	5,284	6,292
- 3 Month Avg YoY %	-29.9	-40.1	-37.1	-35.1	-30.5	-18.7	-4.8	-1.7
- 12 Mth Total	54,068	52,791	50,934	48,861	48,046	48,024	48,107	47,750
HOUSING MARKET PRICES								
CSO Price Index - MoM	-0.1	0.1	0.2	0.1	0.2	0.5	0.4	#N/A
- YoY %	0.4	0.0	-0.7	-0.9	-0.8	-0.4	0.2	#N/A
Daft Asking Prices: MoM %	3.8	-0.5	2.5	1.9	0.3	0.8	0.4	1.0
- YoY %	-1.3	-3.3	0.3	2.7	5.3	6.1	8.9	7.4
RENTS: CSO Private Rents - MoM%	-1.1	-0.3	0.2	0.2	0.4	-0.5	0.0	0.4
- YoY %	-0.7	-1.2	-1.4	-1.8	-2.6	-3.2	-3.2	-2.9
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	18.1	18.1	18.2	18.3	18.3	#N/A	#N/A	#N/A

Manufacturing PMI surged to 57.2 in December. All 5 components rose for the second consecutive month, boosted by Brexit stockpiling

Traditional industrial production fell 1.6% in November. However, traditional production up 4.9% on a rolling quarterly basis

Services PMI rebounded to 50.1 in December as the economy reopened following a six week lockdown. However this points to a subdued level of activity still, well below historic norms.

CSO Services Index fell for the second consecutive month in November. Down 10.2% YoY

New car sales up 168.3% YoY in December. However total new car sales below 100k for the first time since 2014 in 2020

National lockdown sees retail sales fall back below pre-Covid levels in November. Core retail sales down 12% m/m also

Construction PMI remains above key 50 threshold in December. Business expectations (62.5) remain elevated. Housing activity (56.2) moves higher, although, commercial activity edges lower (49.7)

Commencements up 66.5% YoY in November. However, commencements are still at a subdued level, down 18% YTD

Strong rebound in mortgage approvals continues in November. Approvals stay above 4k in the month, driven by FTB segment

Transactions down 5.4% YoY in December. 12 month total falls below 48k

House prices rose by 0.4% in November. Ex-Dublin price inflation (+1.2%) continues to outpace the capital (-0.9%)

Daft.ie asking prices up 1% in December and 7.4% YoY

CSO rental index rose 0.4% in December. YoY rate at –2.9%

Affordability measure disimproves, as average industrial wages fall

Sources: Refinitiv, CSO, DoF, DoECLG, Daft.ie, HomeBond, BPFI, KBC/ESRI, PSRA, SIMI, Ulster Bank, AIB ERU Calculations

	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
CONSUMER PRICES - YoY %	-0.5	-0.4	-0.4	-1.0	-1.2	-1.5	-1.1	-1.0
- MoM %	-0.5	0.3	-0.2	-0.1	-0.4	-0.6	0.3	0.3
HICP - YoY %	-0.8	-0.6	-0.6	-1.1	-1.2	-1.5	-1.0	-1.0
- MoM %	-0.6	0.4	-0.2	-0.1	-0.4	-0.5	0.3	0.2

CPI inflation rises by 0.3% m/m in December but annual rate at –1.0%. Lower energy prices and VAT cut continue to dampen inflation, despite a rise in prices in the hospitality sector. HICP rate remains at –1.0%

	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
PERSONAL / FINANCIAL								
KBC/ESRI Consumer Confidence	52.3	61.6	62.6	58.9	60.7	52.6	65.5	74.6
Credit Growth YoY %								
- Private Sector (Underlying)	-1.8	-2.2	-2.2	-1.8	-2.6	-3.4	-2.8	#N/A
- *of which* : Household	-0.8	-0.9	-1.3	-1.3	-1.5	-1.4	-1.5	#N/A
- *of which* : Mortgage Lending	-0.5	-0.6	-0.7	-0.8	-1.0	-0.9	-1.0	#N/A

Consumer sentiment index reached its highest level since March, at 74.6 in December

Household credit declined by 1.5% YoY in November. Mortgage lending continues to fall, down by 1.0% YoY

	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
LABOUR MARKET								
Live Register	228,100	215,500	228,700	216,200	216,000	210,700	203,100	193,700
- Change In Month	+12,700	-12,600	+13,200	-12,500	-200	-5,300	-7,600	-9,400
Unemployment Rate %	4.8	5.3	6.2	6.7	7.2	7.1	7.3	7.2
PMI Employment Indices								
- AIB Manufacturing	40.1	46.1	50.8	47.5	49.1	50.8	51.2	53.0
- AIB Services	32.9	40.1	46.1	47.3	47.0	47.4	49.0	51.1
- Ulster Bank Construction	26.7	43.3	47.5	48.3	48.9	51.6	52.4	54.3

Official unemployment rate edges lower to 7.2% in December. Covid adjusted rate at 20.4%, just below November rate of 21%, despite restrictions being eased.

Employment subcomponent of manufacturing PMI moves higher to 53.0 from 51.2. Construction also moves higher, while services improves to 51.1

	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
MERCHANDISE TRADE								
Export Values - 3M / 3M %	7.7	-12.3	-3.1	-1.1	10.6	3.5	-0.7	#N/A
- 3MMA YoY %	8.6	-1.7	2.3	8.5	7.9	1.7	2.6	#N/A
Import Values - 3M / 3M %	-20.9	-15.8	3.5	14.4	13.8	-5.0	1.5	#N/A
- 3MMA YoY %	-16.5	-16.0	-7.5	-6.1	-7.4	-12.0	-5.1	#N/A

In November, exports increased by €2.1bn (+17%), while imports increased by €1.5bn (+21%) leading to an increase in the trade surplus to €6bn (+12%). In total, exports are up by 6% on a YTD basis, while imports are down 7% YTD

	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
PUBLIC FINANCES								
Total Tax Receipts: Cum YTD %	0.0	0.7	-2.5	-2.3	-3.0	-5.3	-6.9	-3.6
Voted Spending : Cum YTD %	24.9	27.3	29.5	28.0	24.9	24.6	23.7	25.3
Exchequer Bal: 12 Mth Total €m	-5,434	-4,944	-7,654	-8,180	-8,764	-9,337	-11,627	-12,316

Tax receipts hold up much better than expected, down just 3.6% in 2020 vs. 2019. However, net-voted expenditure up 25.3% sees an Exchequer deficit of €12.3bn recorded in 2020

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
*Domestic Demand - YoY%	3.1	3.8	2.0	4.5	2.9	-1.2	-15.7	-2.4
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

** Excludes Some Investment Related to the Multinational Sector*

Irish GDP rebounded by 11.1% in Q3. YoY rate up 8.1%

Modified final domestic demand also rebounded strongly, up 18.7% in Q3, driven by domestic capital formation (+34.4%) and personal consumption (+21.3%)

	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20
EMPLOYMENT & EARNINGS								
Employment YoY %	2.3	3.7	2.0	2.4	3.5	2.2	-3.4	-1.4
Labour Force YoY %	1.5	2.7	1.3	1.6	2.6	2.1	-3.7	0.6
Average Earnings YoY %								
- 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

Employment declined by 1.4% YoY in Q3, but this understates labour market weakness, as many jobs rely on government supports

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 amongst lower paid workers

	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20
CSO DWELLING COMPLETIONS	5431	4250	4821	5652	6384	4970	3247	5118
- YoY %	19.2	22.8	9.7	22.0	17.5	16.9	-32.6	-9.4
- Cum 12 Mth Total	17920	18709	19134	20154	21107	21827	20253	19719

Completions down 9.4% YoY in Q3. Hold up better than anticipated, with the 2020 total expected to be near 20k

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