

Irish Economy Watch

AIB Treasury Economic Research Unit



17 July 2019

	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19		
MANUFACTURING									<p>Manufacturing PMI fell to 49.8 in June, the first time it has dipped below the key 50 level since 2013. Partly reflects a marked decline in new orders</p> <p>Industrial output (ex-modern) growth has remained strong—+9.6% YoY in 3 months to May</p>	
AIB Manufacturing PMI	55.4	54.5	52.6	54.0	53.9	52.5	50.4	49.8		
OECD Leading Indicator	98.7	98.9	99.0	99.3	99.5	99.8	100.0	#N/A		
Industrial Production (Ex-Modern)	113.3	108.3	109.7	113.3	114.9	114.0	113.2	#N/A		
Production (Ex-Modern) : 3mma YoY%	9.9	8.5	6.8	6.5	10.3	11.8	9.6	#N/A		
3mth / 3mth % seas. adj.	3.1	3.0	-1.8	-2.3	-0.2	3.3	3.3	#N/A		
SERVICES / RETAIL									<p>Services PMI broadly unchanged at 56.9 in June—consistent with a strong level of activity. New orders growth remains robust</p> <p>Volatile CSO services index little changed in May, leaving YoY growth rate at 6%</p> <p>New car sales strong in Q2 but 7.4% lower YTD. Second hand imports have failed to fully offset the decline, with total registrations down 3.6% in H1</p> <p>Core retail sales sluggish in Q2, with softness broad-based. Surge in sales in Q1, though, leaves YoY growth at 3.6% as of May</p>	
AIB Services PMI	57.1	56.3	54.2	55.9	55.3	54.7	57.0	56.9		
CSO Services Index (Value)	123.7	116.6	122.0	124.2	123.4	124.8	124.6	#N/A		
- YoY %	12.3	5.6	7.3	12.1	12.2	6.1	6.0	#N/A		
- 3mth / 3mth % seas. adj.	6.2	2.4	-0.1	-2.0	1.6	2.8	2.8	#N/A		
SIMI Car Registrations	643	142	32,367	15,063	16,676	8,891	6,312	1,406		
- 12 mth cum total	125,574	125,557	120,901	118,953	117,903	118,733	118,990	119,148		
- 3 mma YoY %	-15.5	-11.2	-12.4	-12.2	-10.7	-5.1	0.1	8.2		
Retail Sales Index	117.7	117.4	116.0	117.6	116.9	119.9	117.0	#N/A		
- YoY %	3.0	3.3	-0.4	4.3	5.1	4.5	1.0	#N/A		
- 3mth / 3mth % seas. adj.	1.1	0.6	-0.6	-1.1	-1.0	0.9	0.8	#N/A		
Ex Autos Index	116.4	116.3	117.1	119.2	120.2	120.2	119.0	#N/A		
- YoY %	1.8	3.8	4.0	5.7	7.8	6.2	3.6	#N/A		
- 3mth / 3mth % seas. adj.	1.4	0.5	0.5	1.0	2.3	2.8	1.9	#N/A		
CONSTRUCTION PMI: Ulster Bank										<p>In June, construction PMI declined for a 2nd consecutive month, to 53.1. Housing activity index, though, continues to point to strong rise in house building</p> <p>Registrations (measure of developer activity) 10.6% lower in 3 months to May compared to same period in 2018</p> <p>Commencements move lower in Q2. 12 month cumulative total back below 23k in May</p>
- Housing Activity	58.2	56.0	55.7	64.3	60.8	60.5	58.3	58.4		
- Commercial Activity	57.5	58.5	55.4	62.2	55.5	54.6	53.1	52.8		
- New Orders	59.1	56.2	57.1	60.2	58.5	59.6	56.4	56.6		
- Business Expectations	68.1	70.2	71.5	67.6	65.1	66.5	67.1	65.5		
RESIDENTIAL CONSTRUCTION ACTIVITY									<p>Mortgage approvals continue to pick up, with the 12 month total now close to 38k</p> <p>Transactions very volatile month -to-month, but 12 month total stable at close to 57k in May</p> <p>CSO house price growth continues to slow—at 2.8% in May. Ex-Dublin YoY price growth (+5.2%) outpacing the capital (+0.6%)</p> <p>CSO rent inflation at 5.5% in June. Rents now 28.7% above previous peak</p> <p>Affordability improves in H1, helped by good earnings growth and moderating house price inflation</p>	
Housing Registrations: 12Mth Total	10,107	10,265	10,807	10,863	11,004	10,817	10,614	#N/A		
- 3 Month Avg YoY %	35.8	36.9	65.8	40.4	36.7	0.4	-10.6	#N/A		
Commencements: 12mth Total	21,836	22,467	22,719	23,392	23,851	23,479	22,681	#N/A		
- 3 Month Avg YoY %	30.2	47.3	38.6	39.0	31.6	15.1	-13.5	#N/A		
HOUSING MARKET ACTIVITY									<p>Mortgage approvals continue to pick up, with the 12 month total now close to 38k</p> <p>Transactions very volatile month -to-month, but 12 month total stable at close to 57k in May</p> <p>CSO house price growth continues to slow—at 2.8% in May. Ex-Dublin YoY price growth (+5.2%) outpacing the capital (+0.6%)</p> <p>CSO rent inflation at 5.5% in June. Rents now 28.7% above previous peak</p> <p>Affordability improves in H1, helped by good earnings growth and moderating house price inflation</p>	
BPFI Mortgage Approvals : Month	3,208	2,292	2,438	2,741	3,276	3,307	3,960	#N/A		
- 3 Month Avg YoY %	1.1	1.8	-2.4	0.8	7.8	12.5	12.6	#N/A		
- 12 Mth Total	36,664	36,655	36,507	36,725	37,264	37,540	37,905	#N/A		
RPPR Transactions : Month	5,505	6,249	3,575	4,536	4,610	4,781	3,134	#N/A		
- 3 Month Avg YoY %	2.7	3.2	4.1	5.2	10.0	14.6	-2.0	#N/A		
- 12 Mth Total	56,692	56,514	56,675	57,216	57,580	58,449	56,962	#N/A		
HOUSING MARKET PRICES										
CSO Price Index - MoM	-0.3	-0.4	-0.6	-0.1	0.1	0.2	0.5	#N/A		
- YoY %	7.2	6.3	5.2	4.3	3.8	3.0	2.8	#N/A		
Daft Asking Prices: MoM %	-2.3	1.8	0.8	1.5	1.3	-0.6	-1.4	3.6		
- YoY %	5.7	4.5	5.3	5.1	6.3	3.9	1.9	5.4		
RENTS: CSO Private Rents - MoM%	0.5	0.2	0.4	0.3	0.4	0.4	0.3	0.3		
- YoY %	7.0	6.4	6.6	5.7	5.6	5.4	5.2	5.5		
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB										
- Mortgage as % of Disposable Income	18.2	18.1	17.8	17.6	17.6	17.6	17.7	#N/A		

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CONSUMER PRICES - YoY %									CPI inflation edged up slightly to 1.1% in June. Service inflation relatively strong at 2.6%, but price pressures remain contained by goods deflation. HICP inflation also slightly higher at 1.1%
- MoM %	0.6	0.7	0.7	0.6	1.1	1.7	1.0	1.1	
HICP - YoY %	-0.5	0.0	-0.7	0.8	0.8	0.4	-0.1	0.2	
- MoM %	0.8	0.8	0.8	0.7	1.1	1.7	1.0	1.1	
- MoM %	-0.4	-0.1	-0.7	0.8	0.8	0.4	-0.1	0.2	
PERSONAL / FINANCIAL									Consumer confidence moved up from lows for a 2nd consecutive month in June, as Brexit newsflow abated somewhat Contraction of outstanding credit slowing. Household credit down by just 0.3% YoY in May
KBC/ESRI Consumer Confidence	96.5	96.5	98.8	86.5	93.1	87.7	89.9	90.7	
Credit Growth YoY %									
- Private Sector (Underlying)	-1.6	-2.8	-3.2	-3.3	-3.6	-3.2	-2.7	#N/A	
- of which : Household	-1.1	-0.8	-0.7	-0.7	-0.5	-0.4	-0.3	#N/A	
- of which : Mortgage Lending	-1.2	-1.1	-1.1	-1.1	-1.1	-1.0	-0.8	#N/A	
LABOUR MARKET									Unemployment rate held at 4.5% in June. Lowest rate since March 2005. Live Register at 11-year low, having declined by 1,200 in June PMI employment subcomponents suggest jobs growth slowed in Q2. However, each sector's index moved higher in June, especially construction
Live Register	205,800	203,500	200,300	197,100	195,100	194,700	191,300	190,100	
- Change In Month	-2,900	-2,300	-3,200	-3,200	-2,000	-400	-3,400	-1,200	
Unemployment Rate %	5.6	5.5	5.2	5.0	4.7	4.6	4.5	4.5	
PMI Employment Indices									
- AIB Manufacturing	53.2	52.7	52.4	54.0	54.1	53.8	51.4	51.8	
- AIB Services	57.4	57.4	56.3	55.5	55.6	54.6	54.7	55.3	
- Ulster Bank Construction	54.8	55.5	54.6	56.1	59.6	58.8	53.5	56.0	
MERCHANDISE TRADE									YoY growth in value of goods exported at 11.2% in 3 months to May as chemical, energy and machinery exports rise Import growth moderated to 3.2% YoY in 3 months to May as machinery imports declined
Export Values - 3M / 3M %	2.7	6.3	9.5	10.3	1.7	-5.1	-7.5	#N/A	
- 3MMA YoY %	20.0	21.5	16.6	16.8	12.1	13.0	11.2	#N/A	
Import Values - 3M / 3M %	3.8	3.9	-3.4	-9.2	-18.8	-11.1	-7.9	#N/A	
- 3MMA YoY %	23.8	23.3	16.4	9.9	2.1	3.9	3.2	#N/A	
PUBLIC FINANCES									Tax receipts and government spending broadly in line with profile YTD. Exchequer recorded a surplus of €260m in H1 '19 vs a deficit of €823m in H1 '18
Total Tax Receipts: Cum YTD %	8.8	9.5	7.0	3.7	7.1	5.7	5.7	6.9	
Voted Spending : Cum YTD %	11.0	9.0	6.5	8.1	7.2	5.4	8.0	5.9	
Exchequer Bal: 12 Mth Total €m	-769	106	220	28	254	344	68	1,189	
QUARTERLY DATA									Irish GDP expanded by 6.3% YoY in Q1'19. Data distorted by multi-nationals. GNP up 1.8% 3 quarter moving average growth rate of modified domestic demand, which aims to strip out multi-national distortions, +2.9% as of Q1'19
GDP - YoY %	7.2	14.2	6.5	12.1	10.4	7.4	3.6	6.3	
*Domestic Demand - YoY% (3Q Avg)	3.8	2.4	3.0	4.1	5.2	5.4	4.5	2.9	
Consumer Spending - YoY %	2.6	4.3	3.0	3.1	4.5	3.4	2.8	2.9	
Services Exports - YoY % (3Q Avg)	18.0	16.8	16.7	11.7	10.1	6.5	7.4	9.8	
<i>* Excludes Some Investment Related to the Multinational Sector</i>									
EMPLOYMENT & EARNINGS									Employment growth accelerated in Q1—increasing to 3.7%. Jobs gains broad-based. Labour force growth also picked up momentum in the quarter, rising by 2.7% YoY Weekly earnings growth at 3.4% YoY in Q1. Growth relatively broad based but gains have been more substantial in the private than public sector
Employment YoY %	2.6	2.3	3.1	2.9	3.4	3.0	2.3	3.7	
Labour Force YoY %	0.1	0.5	1.9	1.4	2.5	2.0	1.5	2.7	
Average Earnings YoY %									
- Hourly	1.4	2.8	1.9	3.1	3.0	2.1	3.2	2.3	
- Weekly	2.0	2.1	2.0	2.7	3.4	3.5	3.5	3.4	
Weekly Earnings YoY %									
- Private Sector	1.5	1.7	1.5	2.1	3.7	3.9	3.9	4.2	
- Public Sector	3.4	2.7	2.9	4.0	2.8	2.1	1.8	1.2	
CSO DWELLING COMPLETIONS									Completions rise 23% YoY in Q1. At nearly 19k in the year to Q1'19—supply continues to trail demand (estimated at 35k)
- YoY %	3275	3787	4567	3470	4404	4671	5522	4275	
- Cum 12 Mth Total	36.5	51.7	50.1	24.9	34.5	23.3	20.9	23.2	
	11593	12883	14407	15099	16228	17112	18067	18872	



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