

# Irish Economy Watch

AIB Treasury Economic Research Unit



Wednesday 15 July 2020

	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	
<b>MANUFACTURING</b>									Manufacturing PMI jumps to 51.0 in June from 39.2. Aided by easing of lockdown restrictions which lifted the new orders and output sub-components  Traditional industrial output dropped by a further 5.6% in May after a 22% fall in April
AIB Manufacturing PMI	49.7	49.5	51.4	51.2	45.1	36.0	39.2	51.0	
OECD Leading Indicator	100.3	100.3	100.1	99.9	98.8	93.5	94.1	97.6	
Industrial Production (Ex-Modern)	111.9	106.9	120.2	107.9	111.8	86.9	82.0	#N/A	
Production (Ex-Modern) : 3mma YoY%	1.9	0.5	4.2	2.7	1.6	-9.9	-17.7	#N/A	
3mth / 3mth % seas. adj.	1.0	-0.7	1.0	-0.5	2.2	-9.6	-16.2	#N/A	
<b>SERVICES / RETAIL</b>									Services PMI remained on upward trend in June, rising to 39.7 from 23.4. However, index remains at a level consistent with subdued activity  CSO Services edged higher in May but remained well below pre-Covid levels  Outbreak hammering new car sales. In 3 months to June, 81% YoY drop in total number of cars registered for first time  Core retail sales rebounded by 9.3% in May, but are still down 16.2% YoY. Proportion of sales generated online fell to 13.1% from 15.3% in April
AIB Services PMI	53.7	55.9	56.9	59.9	32.5	13.9	23.4	39.7	
CSO Services Index (Value)	124.6	122.1	125.2	126.1	125.4	96.8	99.3	#N/A	
- YoY %	-1.1	6.0	1.5	1.0	0.2	-22.4	-20.2	#N/A	
- 3mth / 3mth % seas. adj.	-1.4	-2.6	-1.7	-0.8	1.4	-6.3	-13.9	#N/A	
SIMI Car Registrations	758	224	30,826	13,132	6,024	344	1,743	1,009	
- 12 mth cum total	117,018	117,100	115,556	113,619	102,956	94,396	89,631	89,229	
- 3 mma YoY %	15.2	27.8	-4.1	-7.1	-22.1	-52.0	-74.6	-81.4	
Retail Sales Index	120.0	121.5	119.9	118.8	104.0	66.7	86.4	#N/A	
- YoY %	2.0	5.0	5.5	0.0	-11.3	-43.8	-26.7	#N/A	
- 3mth / 3mth % seas. adj.	2.5	1.9	0.1	-0.5	-5.6	-19.9	-28.6	#N/A	
Ex Autos Index	119.7	121.2	121.2	120.3	118.8	90.3	98.7	#N/A	
- YoY %	2.3	5.1	3.2	0.8	-0.2	-24.9	-16.2	#N/A	
- 3mth / 3mth % seas. adj.	0.9	0.4	0.2	0.4	-0.3	-9.0	-15.1	#N/A	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									Construction PMI rocketed higher in June to 51.9 from 19.9 as more work on sites resumed in the month. Restrictions on activity were lifted in the second half of May  In Q1, commencements rose by 4.6% YoY. Increase largely reflects strong January data. 12 month cumulative total at 26.5k - has been stuck in a 26-27k range for some time
Construction PMI: Ulster Bank	48.2	52.0	50.9	50.6	28.9	4.5	19.9	51.9	
- Housing Activity	47.7	51.8	48.0	49.7	32.4	4.9	21.4	55.8	
- Commercial Activity	51.2	53.6	55.7	52.1	28.2	3.1	25.6	50.9	
- New Orders	48.3	52.4	54.9	53.6	33.9	10.1	24.6	46.0	
- Business Expectations	57.3	63.1	69.4	64.7	36.0	37.1	48.6	54.6	
Commencements: 12mth Total	26,022	26,237	26,785	26,635	26,541	#N/A	#N/A	#N/A	
- 3 Month Avg YoY %	14.4	2.1	-2.9	11.0	4.6	#N/A	#N/A	#N/A	
<b>HOUSING MARKET ACTIVITY</b>									Bounce back in mortgage approvals in May but remain well below trend prior to arrival of Covid pandemic  In 3 months to June, residential property transactions have dropped by a sharp 46% YoY  House prices fell by 0.1% in May, leaving YoY growth rate at 0.3%. Ex-Dublin price inflation (+0.7%) continues to outpace the capital, where prices were flat  CSO rental index dipped by 0.3% in June, the fourth consecutive fall. YoY inflation rate negative at 1.2%
BPFI Mortgage Approvals : Month	3,358	2,393	2,594	2,838	2,995	706	1,320	#N/A	
- 3 Month Avg YoY %	5.0	5.7	5.1	4.7	-0.3	-29.9	-52.4	#N/A	
- 12 Mth Total	39,652	39,753	39,909	40,006	39,725	37,124	34,484	#N/A	
RPPR Transactions : Month	5,201	6,649	3,495	3,613	4,364	2,621	2,495	2,272	
- 3 Month Avg YoY %	2.4	1.4	2.3	0.9	-1.7	-18.3	-30.9	-46.3	
- 12 Mth Total	57,988	58,388	58,634	58,112	58,190	56,273	53,866	51,809	
<b>HOUSING MARKET PRICES</b>									Affordability broadly stable since the start of the year on flat house prices
CSO Price Index - MoM	-0.2	-1.1	0.1	-0.1	0.0	-0.1	-0.1	#N/A	
- YoY %	1.1	0.3	1.0	1.0	0.9	0.7	0.3	#N/A	
Daft Asking Prices: MoM %	-2.2	2.4	0.5	0.4	1.7	-5.3	3.8	-0.5	
- YoY %	-1.4	-0.8	-1.1	-2.2	-1.7	-6.5	-1.4	-3.3	
<b>RENTS:</b> CSO Private Rents - MoM%	0.0	0.0	-0.1	0.3	-0.4	-1.8	-1.1	-0.3	
- YoY %	4.5	4.3	3.9	3.9	3.1	0.8	-0.7	-1.2	
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	18.1	17.7	17.5	17.3	17.3	17.2	17.3	#N/A	

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									CPI inflation edges higher in June on rebound in oil prices. However, remains in deflation territory at -0.4%, reflecting negative Covid demand shock. HICP registered at -0.6%
<b>CONSUMER PRICES - YoY %</b>									
- MoM %	1.1	1.3	1.3	1.1	0.7	-0.1	-0.5	-0.4	
HICP - YoY %	-0.1	0.2	-0.7	0.6	0.4	-0.4	-0.5	0.3	
- MoM %	0.8	1.1	1.1	0.9	0.5	-0.3	-0.8	-0.6	
- MoM %	-0.2	0.2	-0.7	0.6	0.4	-0.4	-0.6	0.4	
<b>PERSONAL / FINANCIAL</b>									
KBC/ESRI Consumer Confidence	77.1	81.4	85.5	85.2	77.3	42.6	52.3	61.6	Consumer sentiment has recovered ground since plunging in March/April, but remains at subdued level
Credit Growth YoY %									Covid impact saw household credit fall by 0.8% YoY in May. Pace of decline in mortgage stock picks up to -0.5% YoY
- Private Sector (Underlying)	-3.3	-3.0	-3.4	-2.6	-1.0	-0.7	-1.8	#N/A	
- of which : Household	0.0	0.1	0.0	0.0	-0.1	-0.5	-0.8	#N/A	
- of which : Mortgage Lending	-0.5	-0.4	-0.4	-0.3	-0.3	-0.3	-0.5	#N/A	
<b>LABOUR MARKET</b>									
Live Register	186,200	185,100	184,300	183,700	209,200	217,300	227,900	213,700	Official unemployment rate at 5.3% in June. Covid adjusted measure declines to 22.5% from 26.1%. Numbers in receipt of Pandemic Employment Payment falls from 439k at end June to 346k as of July 13th
- Change In Month	-2,300	-1,100	-800	-600	+25,500	+8,100	+10,600	-14,200	
Unemployment Rate %	4.7	4.7	4.8	4.8	5.3	5.4	5.6	5.3	
PMI Employment Indices									Employment subcomponents of PMIs rise in June. Likely reflects improving conditions despite indices remaining below 50
- AIB Manufacturing	49.2	49.7	51.2	48.4	42.6	30.5	40.1	46.1	
- AIB Services	54.5	53.4	54.5	55.0	47.3	31.1	32.9	40.1	
- Ulster Bank Construction	51.9	53.2	53.6	51.3	39.4	22.6	26.7	43.3	
<b>MERCHANDISE TRADE</b>									
Export Values - 3M / 3M %	3.0	0.6	-2.8	-3.9	9.4	5.3	9.4	#N/A	Goods trade surplus widens to €6.7bn in May from €5.7bn. 12% increase in value of goods exports as global demand for Irish pharma and medical products rebounds. Goods imports increase by a more modest 5%
- 3MMA YoY %	7.8	4.6	2.8	0.3	15.2	8.0	8.7	#N/A	
Import Values - 3M / 3M %	-1.0	-1.3	-1.9	0.8	-5.3	-10.2	-20.7	#N/A	
- 3MMA YoY %	-9.5	-7.9	-8.8	0.7	0.7	-4.3	-16.4	#N/A	
<b>PUBLIC FINANCES</b>									
Total Tax Receipts: Cum YTD %	6.7	6.8	10.0	13.8	1.1	-0.6	0.0	0.7	Tax receipts prove more resilient than anticipated and are up 0.7% YoY. Reflects strong corporation tax take. Increase in gov spending of 27%, however, sees fiscal position deteriorate
Voted Spending : Cum YTD %	6.2	7.3	8.5	1.7	13.5	23.4	24.9	27.3	
Exchequer Bal: 12 Mth Total €m	1,542	647	670	1,509	-922	-3,634	-5,434	-4,944	
<b>QUARTERLY DATA</b>									
	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	
GDP - YoY %	10.4	7.4	3.6	7.6	3.9	4.5	6.2	4.6	Strong exports in March saw Irish GDP unexpectedly increase by 1.2% (+4.6% YoY) in the opening quarter of 2020
*Domestic Demand - YoY% (3Q Avg)	5.2	5.4	4.5	3.0	2.2	2.8	3.3	2.8	However, modified final domestic demand dipped by 1.6% as consumer spending fell by 4.7%
Consumer Spending - YoY %	4.5	3.4	2.8	2.9	3.4	2.9	2.0	-2.5	
Services Exports - YoY % (3Q Avg)	10.1	6.5	7.4	9.5	11.9	14.0	14.4	11.0	
* Excludes Some Investment Related to the Multinational Sector									
<b>EMPLOYMENT &amp; EARNINGS</b>									
Employment YoY %	3.4	3.0	2.3	3.7	2.0	2.4	3.5	2.2	Employment rose by 2.2% YoY in Q1, but end quarter employment may have fallen by as much as 12% due to the onset of the Covid lockdown
Labour Force YoY %	2.5	2.0	1.5	2.7	1.3	1.6	2.6	2.1	
Average Earnings YoY %									Weekly earnings growth edged higher in Q1 2020, with the Covid lockdown in March coming too late to impact the data. Pick up in public sector wage inflation in past 6 months
- Hourly	3.0	2.1	3.2	2.8	3.3	4.0	3.9	3.2	
- Weekly	3.4	3.5	3.5	3.6	3.6	3.6	3.8	3.9	
Weekly Earnings YoY %									
- Private Sector	3.7	3.9	3.9	4.5	4.0	4.0	4.0	4.0	
- Public Sector	2.8	2.1	1.8	0.8	1.9	1.3	3.1	3.3	
<b>CSO DWELLING COMPLETIONS</b>									
- YoY %	4400	4638	5445	4256	4837	5698	6450	4986	CSO data show nearly 22k completions in year to Q1'20 but Covid shock to depress house-building activity this year
- Cum 12 Mth Total	34.6	22.9	19.5	22.7	9.9	22.9	18.5	17.2	
	16200	17065	17952	18739	19176	20236	21241	21971	



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