

Irish Economy Watch

AIB Treasury Economic Research Unit



Tuesday 26 July 2022

	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	The manu. PMI declined to 53.1 in June. Both new orders and output fell for the first time since early 2021. Meanwhile, input and output price inflation remained elevated Traditional industrial production rose sharply in May, and was up 11.8% YoY in the 3 mths to May
MANUFACTURING									
AIB Manufacturing PMI	59.9	58.3	59.4	57.8	59.4	59.1	56.4	53.1	
OECD Leading Indicator	102.5	102.5	102.6	102.6	102.6	102.6	102.4	102.2	
Industrial Production (Ex-Modern)	129.3	114.4	132.5	133.4	127.0	126.1	133.8	#N/A	
Production (Ex-Modern) : 3mma YoY%	7.1	5.1	9.6	11.8	18.8	13.5	11.8	#N/A	
3mth / 3mth % seas. adj.	6.3	5.9	7.3	3.4	7.6	2.7	1.7	#N/A	
SERVICES / RETAIL									
AIB Services PMI	59.3	55.4	56.2	61.8	63.4	61.7	60.2	55.6	
CSO Services Index (Value)	141.2	140.3	138.3	147.7	158.9	150.3	151.4	#N/A	
- YoY %	23.4	14.3	17.8	23.7	31.9	25.1	23.6	#N/A	
- 3mth / 3mth % seas. adj.	6.5	4.6	2.7	2.3	6.1	8.8	8.0	#N/A	
SIMI Car Registrations	1,120	387	25,021	11,969	12,898	7,851	5,282	2,153	
- 12 mth cum total	105,030	104,932	104,813	103,084	106,790	107,494	106,862	106,253	
- 3 mma YoY %	-6.9	9.9	-0.5	-5.2	3.9	8.9	17.0	-3.4	
Retail Sales Index	128.4	124.6	123.4	124.7	125.1	130.2	130.3	#N/A	
- YoY %	13.8	-2.5	20.6	1.6	1.5	3.7	0.3	#N/A	
- 3mth / 3mth % seas. adj.	-2.2	-3.2	-4.2	-4.0	-2.3	1.0	3.5	#N/A	
Ex Autos Index	132.9	128.7	128.9	128.7	130.0	132.5	130.8	#N/A	
- YoY %	15.6	-0.2	18.7	10.4	10.2	13.9	4.3	#N/A	
- 3mth / 3mth % seas. adj.	-0.5	-0.1	-0.8	-2.1	-1.2	0.2	1.8	#N/A	
RESIDENTIAL CONSTRUCTION ACTIVITY									
BNP Paribas Construction PMI	56.3	53.7	56.1	58.4	53.9	52.5	51.5	46.4	
- Housing Activity	55.1	53.2	55.1	58.5	56.7	56.1	56.6	49.7	
- Commercial Activity	56.3	54.6	56.7	61.4	56.7	55.7	52.2	45.7	
- New Orders	58.6	56.3	56.8	61.0	54.0	49.4	48.0	40.4	
- Business Expectations	69.0	69.2	75.4	69.5	57.1	57.7	52.7	49.1	
Commencements: 12mth Total	30,537	30,724	31,201	33,006	34,846	32,456	30,233	29,343	
- 3 Month Avg YoY %	13.9	3.3	4.7	71.5	143.4	20.2	-26.0	-43.5	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	3,957	3,088	2,762	2,976	3,461	3,299	3,841	#N/A	
- 3 Month Avg YoY %	-9.0	-10.6	-4.9	-0.9	1.3	-1.9	-1.6	#N/A	
- 12 Mth Total	43,317	43,158	43,224	43,236	43,277	43,039	43,066	#N/A	
RPPR Transactions : Month	5,260	5,393	3,596	4,588	4,775	4,494	4,625	4,752	
- 3 Month Avg YoY %	6.0	-11.6	-10.6	-9.3	1.8	0.6	2.4	6.0	
- 12 Mth Total	59,255	57,235	57,665	57,866	57,464	57,744	58,187	58,249	
HOUSING MARKET PRICES									
CSO Price Index - MoM	1.3	0.9	0.9	0.7	0.5	0.4	0.8	#N/A	
- YoY %	14.0	14.2	14.7	15.1	15.1	14.5	14.4	#N/A	
Daft Asking Prices: MoM %	-0.1	-0.1	0.9	1.7	2.6	0.7	1.0	0.4	
- YoY %	8.8	6.5	6.9	9.7	9.9	9.5	9.7	9.3	
RENTS: CSO Private Rents - MoM%	0.6	0.6	0.4	0.9	0.8	1.3	1.6	0.8	
- YoY %	8.1	8.4	8.4	9.2	9.2	9.3	11.2	11.9	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	19.6	19.6	19.4	19.3	19.2	#N/A	#N/A	#N/A	

The services PMI fell to 55.6 in June. New business, including exports remained strong overall though. However, inflationary pressures remained elevated and firm's expectations fell to their lowest level since Oct'20

The CSO services index rebounded in May, and was 23.6% higher YoY

New car sales were down by 3.4% YoY in Q2, but were up by 2.1% YTD vs 2021 levels

Retail sales were unchanged in May, but 0.3% higher YoY. Core sales fell by 1.9% in the month, but were up 4.3% YoY

Construction PMI moved below 50 for the first time since early-2021, as new orders collapsed and firm's business expectations turned negative. Activity in the housing and commercial sectors contracted also

Commencements are down 8.9% YTD in June vs 2021 level. 12 mth rolling total fell back below 30k

Mortgage approvals slightly lower in 2022, with the 3mma down 1.6% YoY

Transactions have been trending higher in Q2. Overall they rose by 6% YoY in the quarter. 12 mth total moves above 58k.

House prices jumped by 0.8% in May. However, the YoY rate edged lower to 14.4%

Asking prices rose by 3.8% in Q2, and were up 9.5% YoY

The pace of increase in rents eased in June, but remained elevated at 0.8%. Rents were 11.9% higher YoY

Affordability improved slightly in Q1 as wage growth outpaced house price growth

	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22		
CONSUMER PRICES - YoY %									Consumer prices rose by 1.3% in June, led by an increase in transport and food costs. The YoY rate jumped to 9.1% largely due the sharp rise in energy, transport and food prices. HICP rate surged to 9.6%	
- MoM %	5.3	5.5	5.0	5.6	6.7	7.0	7.8	9.1		
	0.6	0.5	-0.4	0.9	1.9	0.9	0.9	1.3		
HICP - YoY %	5.4	5.7	5.1	5.7	7.0	7.3	8.3	9.6		
- MoM %	0.6	0.5	-0.4	0.9	2.1	0.9	1.1	1.3		
PERSONAL / FINANCIAL									Consumer sentiment rebounded slightly in June, but remained at very low levels on concerns regarding the cost of living	
KBC/ESRI Consumer Confidence	83.1	74.9	81.9	77.0	67.0	57.7	55.2	57.7		
Credit Growth YoY %									The main credit metrics show modest growth, led by an increase in mortgage lending	
- Private Sector (Underlying)	0.4	0.3	0.2	0.2	0.1	0.2	0.3	#N/A		
- of which : Household	1.2	1.2	1.1	1.1	1.0	0.9	0.9	#N/A		
- of which : Mortgage Lending	0.7	1.5	1.6	1.4	3.3	1.7	2.0	#N/A		
LABOUR MARKET									Traditional unemployment rate edged up to 4.8% in June. Overall, Irish labour market data show little signs of scarring due to the impact of Covid-19	
Live Register	170,900	166,300	163,800	163,000	180,700	178,300	177,300	184,600		
- Change In Month	+1,600	-4,600	-2,500	-800	+17,700	-2,400	-1,000	+7,300		
Unemployment Rate %	5.2	5.1	5.0	4.8	5.1	4.8	4.7	4.8		
PMI Employment Indices									The employment metrics of the manu, and services PMIs fell in June but remained in expansion mode. In contrast, workforce expansion in the construction sector stalled	
- AIB Manufacturing	55.0	54.3	54.9	53.7	56.6	58.6	59.3	55.7		
- AIB Services	55.7	54.0	55.6	56.5	58.2	57.6	58.5	56.4		
- BNP Paribas Construction	56.2	54.7	55.0	53.5	52.1	52.5	54.9	50.1		
MERCHANDISE TRADE									Goods trade surplus narrowed to €5.7bn in May. Exports rose by 1% in the month, and were up 33% YTD. Exports were higher across all 10 major categories when compared to 2021. Imports rose by 3% in May and were 36% higher YTD	
Export Values - 3M / 3M %	7.8	5.3	3.5	6.7	19.1	16.4	14.2	#N/A		
- 3MMA YoY %	10.2	10.2	10.5	18.5	30.6	36.9	38.2	#N/A		
Import Values - 3M / 3M %	3.6	8.5	12.6	13.0	12.5	10.5	12.9	#N/A		
- 3MMA YoY %	18.8	16.1	23.1	30.9	31.9	30.6	35.3	#N/A		
PUBLIC FINANCES									Exchequer finances continued to perform very strongly in June. Tax intake, up 25% YTD. Net voted spending down 3.8% YTD. 12 mth rolling Exchequer surplus rises to €2.1bn	
Total Tax Receipts: Cum YTD %	21.8	19.7	23.7	19.3	31.8	31.1	26.9	25.0		
Voted Spending : Cum YTD %	1.6	5.5	3.0	1.7	-2.0	-5.9	-3.1	-3.8		
Exchequer Bal: 12 Mth Total €m	-4,862	-7,372	-6,399	-5,718	-3,044	-833	32	2,116		
QUARTERLY DATA									Irish GDP grew by 10.7% YoY in Q1, as personal consumption, investment and exports all rose sharply vs Q1 2021	
	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22		
GDP - YoY %		1.4	11.4	3.9	11.4	19.5	10.4	13.8		10.7
*Domestic Demand - YoY%		-12.7	-3.5	-4.8	-5.1	14.7	3.9	10.4		12.6
Consumer Spending - YoY %		-19.8	-7.6	-10.0	-13.0	17.1	6.5	9.4	15.3	
Services Exports - YoY % (3Q Avg)		7.7	3.0	5.6	8.0	14.5	14.3	13.6	12.5	
* Excludes Some Investment Related to the Multinational Sector										
EMPLOYMENT & EARNINGS									Domestic Demand up by 12.6% YoY in Q1, led by a significant rebound in consumer spending	
Employment YoY %		-6.9	-3.2	-3.4	-5.0	9.9	9.8	10.1		12.3
Labour Force YoY %		-6.9	-0.9	-2.0	-2.5	12.1	7.9	8.9		9.6
Average Earnings YoY %										
- Hourly		7.2	3.6	5.5	8.4	2.7	3.7	2.8	1.9	
- Weekly		6.0	3.3	7.7	7.5	4.1	5.4	1.9	2.3	
Weekly Earnings YoY %										
- Private Sector		6.0	3.1	9.1	7.7	5.0	5.8	2.8	4.1	
- Public Sector		2.9	2.5	3.0	4.9	2.2	5.3	0.2	-1.7	
CSO DWELLING COMPLETIONS									Employment rose by 12.3% YoY in Q1, as the economy re-opened fully. Up by 6.3% on pre-pandemic levels. Strong labour force growth of 9.6% YoY also	
		3227	5042	7319	3923	4968	4607	6975		5669
- YoY %		-32.7	-10.6	14.9	-20.4	54.0	-8.6	-4.7		44.5
- Cum 12 Mth Total		20159	19563	20514	19511	21252	20817	20473		22219
										Having slowed in H2 2021, completions have regained momentum in Q1 2022. 12 mth running total rises above 22k



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