Irish Economy Watch

AIB Treasury Economic Research Unit

Wednesday 22 June 2022

	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22
MANUFACTURING								
AIB Manufacturing PMI	62.1	59.9	58.3	59.4	57.8	59.4	59.1	56.4
OECD Leading Indicator	102.5	102.6	102.7	102.7	102.7	102.6	102.5	102.4
Industrial Production (Ex-Modern)	118.6	130.7	109.1	135.7	136.5	137.6	133.6	#N/A
Production (Ex-Modern) : 3mma YoY%	2.0	7.0	5.1	9.9	12.0	24.1	19.2	#N/A
3mth / 3mth % seas. adj.	-3.5	5.7	5.4	9.4	5.0	14.3	8.6	#N/A

The manu. PMI declined to 56.4 in May, its lowest reading since Feb'21. Price pressures remain elevated, which in turn weighed on new orders. Export orders growth though, accelerated

Traditional industrial production fell in Apr. However, output up 19.2% YoY in the 3 mths to Apr

	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22
SERVICES / RETAIL								
AIB Services PMI	63.4	59.3	55.4	56.2	61.8	63.4	61.7	60.2
CSO Services Index (Value)	138.3	140.9	140.4	138.8	147.5	159.0	147.9	#N/A
- YoY %	18.5	23.4	14.5	18.0	23.6	32.0	23.0	#N/A
- 3mth / 3mth % seas. adj.	7.5	6.6	4.7	2.7	2.4	6.1	8.2	#N/A
SIMI Car Registrations	2,680	1,120	387	25,021	11,969	12,898	7,853	5,285
- 12 mth cum total	104,823	105,030	104,932	104,813	103,084	106,790	107,496	106,867
- 3 mma YoY %	2.7	-6.9	9.9	-0.5	-5.2	3.9	8.9	17.0
Retail Sales Index	130.4	132.2	119.6	122.2	126.5	128.4	133.3	#N/A
- YoY %	1.7	17.2	-6.4	19.5	3.1	4.1	6.1	#N/A
- 3mth / 3mth % seas. adj.	0.8	-0.3	-3.2	-5.5	-6.7	-1.3	3.8	#N/A
Ex Autos Index	130.2	133.0	128.8	129.0	128.9	130.1	131.4	#N/A
- YoY %	-0.7	15.7	-0.1	18.8	10.5	10.3	13.0	#N/A
- 3mth / 3mth % seas. adj.	1.1	-0.1	-0.1	-0.8	-2.2	-1.0	-0.1	#N/A

The services PMI eased to 60.2 in May. The index was above 60 for the fourth month running. New business continued to rise, but so did costs. As a result, 1-in-3 firms reported they increased their own prices

The CSO services index declined sharply in Apr, albeit from very elevated levels in Mar

New car sales up 3.2% YTD vs 2021, but down 20.6% YTD vs 2019 levels

Retail sales rose by 3.8% in Apr and were 6.1% higher YoY. Core sales increased by 1% in Apr, and were up 13% YoY

	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22
RESIDENTIAL CONSTRUCTION ACTIVITY								
BNP Paribas Construction PMI	56.9	56.3	53.7	56.1	58.4	53.9	52.5	51.5
- Housing Activity	54.5	55.1	53.2	55.1	58.5	56.7	56.1	56.6
- Commercial Activity	60.4	56.3	54.6	56.7	61.4	56.7	55.7	52.2
- New Orders	57.2	58.6	56.3	56.8	61.0	54.0	49.4	48.0
- Business Expectations	69.7	69.0	69.2	75.4	69.5	57.1	57.7	52.7
Commencements: 12mth Total	30,947	30,537	30,724	31,201	33,006	34,846	32,456	30,233
- 3 Month Avg YoY %	32.7	13.9	3.3	4.7	71.5	143.4	20.2	-26.0

Construction PMI declined to 51.5 in May. Activity in the Commercial sector grew at a slower pace. The business expectations index declined also. New orders printed below 50 for the second consecutive month

Commencements are down 3.9% YTD in May vs 2021 level. 12 mth rolling total fell to just above 30k

	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22
HOUSING MARKET ACTIVITY								
BPFI Mortgage Approvals : Month	3,717	3,957	3,088	2,762	2,976	3,461	3,299	#N/A
- 3 Month Avg YoY %	-2.7	-9.0	-10.6	-4.9	-0.9	1.3	-1.9	#N/A
- 12 Mth Total	43,732	43,317	43,158	43,224	43,236	43,277	43,039	#N/A
RPPR Transactions : Month	5,536	5,260	5,393	3,584	4,576	4,759	4,447	3,828
- 3 Month Avg YoY %	21.7	6.0	-11.6	-11.1	-9.7	1.5	0.0	-4.0
- 12 Mth Total	59,352	59,255	57,235	57,555	57,748	57,328	57,561	57,211
HOUSING MARKET PRICES								
CSO Price Index - MoM	1.2	1.3	0.9	0.9	0.7	0.5	0.1	#N/A
- YoY %	13.2	14.0	14.2	14.8	15.1	15.1	14.2	#N/A
Daft Asking Prices: MoM %	0.9	-0.1	-0.1	0.5	1.9	2.2	#N/A	#N/A
- YoY %	9.2	8.8	6.5	6.5	9.5	9.1	#N/A	#N/A
RENTS: CSO Private Rents - MoM%	0.9	0.6	0.6	0.4	0.9	0.8	1.3	1.6
- YoY %	7.5	8.1	8.4	8.4	9.2	9.2	9.3	11.2
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	19.5	19.6	19.6	19.4	19.3	19.2	#N/A	#N/A

Mortgage approvals slightly lower in 2022, with the 3mma down 1.9% YoY

Transactions have stabilised with the 12 mth total near to 57k. However, they are down 4% YoY in the 3mths to May

House prices growth eased to 0.1% in Apr. YoY rate moved lower for the first time in 20 mths, to 14.2%

Asking prices rose by 2.4% in Q1, and were up 8.4% YoY in Q1

Rents continued to rise sharply due to a lack of supply, up 1.6% in May. Up 11.2% YoY also

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

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

	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22
CONSUMER PRICES - YoY %	5.1	5.3	5.5	5.0	5.6	6.7	7.0	7.8
- MoM %	0.7	0.6	0.5	-0.4	0.9	1.9	0.9	0.9
HICP - YoY %	5.1	5.4	5.7	5.1	5.7	7.0	7.3	8.3
- MoM %	0.8	0.6	0.5	-0.4	0.9	2.1	0.9	1.1
PERSONAL / FINANCIAL								
KBC/ESRI Consumer Confidence	86.8	83.1	74.9	81.9	77.0	67.0	57.7	55.2
Credit Growth YoY %								
- Private Sector (Underlying)	0.3	0.4	0.3	0.2	0.2	0.1	0.2	#N/A
- *of which* : Household	1.1	1.2	1.2	1.1	1.1	1.0	0.9	#N/A
- *of which* : Mortgage Lending	0.5	0.7	1.5	1.6	1.3	3.2	1.5	#N/A
LABOUR MARKET								
Live Register	169,400	171,000	166,500	163,900	162,800	180,500	178,100	176,800
- Change In Month	+1,100	+1,600	-4,500	-2,600	-1,100	+17,700	-2,400	-1,300
Unemployment Rate %	5.3	5.2	5.1	5.0	4.8	5.1	4.8	4.7
PMI Employment Indices								
- AIB Manufacturing	55.7	55.0	54.3	54.9	53.7	56.6	58.6	59.3
- AIB Services	57.6	55.7	54.0	55.6	56.5	58.2	57.6	58.5
- BNP Paribas Construction	55.1	56.2	54.7	55.0	53.5	52.1	52.5	54.9
MERCHANDISE TRADE								
Export Values - 3M / 3M %	6.3	7.5	4.9	3.2	7.0	19.6	17.3	#N/A
- 3MMA YoY %	9.6	9.8	9.7	10.1	18.5	30.6	37.5	#N/A
Import Values - 3M / 3M %	0.0	2.8	7.6	11.4	12.8	12.3	10.3	#N/A
- 3MMA YoY %	25.6	17.3	14.8	21.7	30.9	31.9	30.1	#N/A
PUBLIC FINANCES								
Total Tax Receipts: Cum YTD %	19.6	21.8	19.7	23.7	19.3	31.8	31.1	26.9
Voted Spending : Cum YTD %	1.9	1.6	5.5	3.0	1.7	-2.0	-5.9	-3.1
Exchequer Bal: 12 Mth Total €m	-8,073	-4,862	-7,372	-6,399	-5,718	-3,044	-833	32

Consumer prices rose by 0.9% in May, led by an increase in fuel and housing costs, as well as alcohol. The YoY rate jumped to 7.8% largely due the sharp rise in energy and transport costs. HICP rate surged to 8.3%

Consumer sentiment dropped for the fourth month running to 55.2 in May, as concerns regarding living costs intensified

The main credit metrics show modest growth, led by an increase in mortgage lending

Traditional unemployment rate fell back below its pre-pandemic level in May to 4.7%. Overall, Irish labour market data show little signs of scarring due to the impact of Covid-19

The employment subcomponent of the manu, services and construction PMIs all rose in May and remained well above 50

Goods trade surplus narrowed to €6.2bn in Apr. Exports decreased by 4% in Apr, but were up 34% YTD. Exports were higher YTD across all 10 major categories. Imports rose by 13% in April and were 33% higher YTD also

Exchequer finances continued to perform very well in May. Strong tax intake, up 26.9% YTD. Net voted spending down 3.1% YTD. 12 mth rolling Exchequer balance returned to surplus

QUARTERLY DATA

	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22
GDP - YoY %	1.4	10.8	4.5	12.8	21.0	11.3	9.6	11.0
*Domestic Demand - YoY%	-12.2	-2.8	-2.2	-4.9	15.9	5.9	9.8	11.1
Consumer Spending - YoY %	-19.5	-7.7	-8.8	-11.7	19.1	7.9	9.3	13.6
Services Exports - YoY % (3Q Avg)	5.8	0.0	1.0	4.7	12.1	14.6	15.2	14.8
EMPLOYMENT & EARNINGS								
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	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

** Excludes Some Investment Related to the Multinational Sector*

Irish GDP grew by 11% YoY in Q1, as personal consumption, investment and exports all rose sharply vs Q1 2021

Domestic Demand rose by 11.1% YoY in Q1, led by a significant rebound in consumer spending

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

Weekly average earnings rose by 2.3% YoY in Q1, and were 10% higher than in Q1 2020. This is partly due to increased employment in high skill sectors such as ICT and Pharma

Having slowed in H2 2021, completions have regained momentum in Q1 2022. 12 mth running total rises above 22k

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