

# Irish Economy Watch

AIB Treasury Economic Research Unit



Monday 26 June 2023

	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	The manu. PMI declined to 47.5 in May, indicating a further softening in business conditions. New orders, and output fell. Meantime, there was a further notable easing in inflation
MANUFACTURING									
AIB Manufacturing PMI	51.4	48.7	48.7	50.1	51.3	49.7	48.6	47.5	
EC Economic Sentiment Indicator	91.4	91.9	96.8	104.1	#N/A	#N/A	#N/A	#N/A	
Industrial Production (Ex-Modern)	125.1	123.4	110.9	121.4	118.5	118.8	120.3	#N/A	Traditional industrial production rose by 0.5% in the 3 mths to May, and was up 3.2% YoY
Production (Ex-Modern) : 3mma YoY%	11.6	10.5	10.0	6.3	4.2	3.6	3.2	#N/A	
3mth / 3mth % seas. adj.	4.2	4.4	0.3	-2.3	-3.9	-0.2	0.5	#N/A	
SERVICES / RETAIL									In May, the services PMI posted a strong reading of 57.0, down slightly from 58.4. There was yet another steep increase in new business, including exports. Inflationary pressures remained elevated, but are softening
AIB Services PMI	53.2	50.8	52.7	54.1	58.2	55.7	58.4	57.0	
CSO Services Index (Value)	157.0	158.0	157.0	160.8	161.0	160.8	163.5	#N/A	
- YoY %	13.0	11.6	10.6	16.3	8.3	1.6	10.0	#N/A	
- 3mth / 3mth % seas. adj.	1.6	0.0	-1.3	-0.3	0.7	2.2	2.0	#N/A	The CSO services index rose by 1.7% in Apr, and was up 10% YoY also
SIMI Car Registrations	2,617	985	209	27,326	13,114	17,633	8,917	7,531	
- 12 mth cum total	105,711	105,576	105,398	107,700	108,840	113,566	114,626	116,837	
- 3 mma YoY %	30.5	20.3	-9.0	7.5	8.7	16.4	21.2	30.7	
Retail Sales Index	127.6	127.5	126.1	127.0	128.4	131.5	135.2	#N/A	New car sales performing well, with the 12 mth running total rising above 116k in May
- YoY %	-2.3	-3.8	1.5	3.5	3.8	8.9	7.5	#N/A	
- 3mth / 3mth % seas. adj.	1.9	1.3	0.9	-0.2	0.1	1.5	3.8	#N/A	
Ex Autos Index	127.0	130.8	128.4	128.8	128.9	129.3	130.0	#N/A	
- YoY %	-3.5	-1.6	0.4	0.5	0.8	0.7	-0.4	#N/A	Retail sales rose by 3.8% in the 3 mths to Apr, and were 7.5% higher YoY. Core retail sales remain broadly flat
- 3mth / 3mth % seas. adj.	0.2	0.8	1.6	1.4	0.3	0.2	0.1	#N/A	
RESIDENTIAL CONSTRUCTION ACTIVITY									
BNP Paribas Construction PMI	47.4	46.8	43.2	47.7	49.8	49.5	48.4	49.4	
- Housing Activity	49.7	41.6	40.6	45.2	46.2	46.5	42.8	45.4	
- Commercial Activity	45.1	49.5	46.9	49.0	51.5	51.9	51.4	53.7	
- New Orders	49.6	44.2	43.5	49.6	50.4	52.5	50.5	50.6	
- Business Expectations	58.0	50.9	55.0	58.6	60.4	58.0	59.4	60.2	Commencements rose strongly, by 12.4% YoY in the 3 mths to May. 12 mth rolling total rises to just below 28k
Commencements: 12mth Total	26,608	26,898	26,957	27,204	26,874	27,309	27,542	27,855	
- 3 Month Avg YoY %	-23.0	-19.0	-7.1	10.4	-0.4	5.0	4.5	12.4	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	3,439	3,786	2,650	2,820	2,744	3,896	3,373	#N/A	Mortgage approvals rose by 2.8% YoY in 3 mths to Apr. 12 mth total holds steady near 41k
- 3 Month Avg YoY %	-5.4	-6.2	-8.2	-5.6	-6.9	2.8	2.8	#N/A	
- 12 Mth Total	41,597	41,426	40,988	41,046	40,814	41,249	41,323	#N/A	
RPPR Transactions : Month	5,448	5,963	6,693	3,614	4,279	5,161	4,144	4,665	
- 3 Month Avg YoY %	4.0	6.2	11.8	13.9	6.9	-0.1	-2.8	-0.8	Transactions levelling off. 3mma down 0.8% YoY in May. 12mth total unchanged at 61.7k
- 12 Mth Total	60,178	60,881	62,181	62,170	61,824	62,172	61,773	61,707	
HOUSING MARKET PRICES									
CSO Price Index - MoM	0.2	0.2	0.2	-0.5	-0.4	-0.6	0.0	#N/A	
- YoY %	9.7	8.4	7.7	6.2	5.2	4.0	3.6	#N/A	
Daft Asking Prices: MoM %	-2.9	0.0	1.2	-2.4	0.9	1.0	0.2	1.8	
- YoY %	3.7	3.8	5.2	1.7	1.0	-0.7	-0.9	-0.2	
RENTS: CSO Private Rents - MoM%	0.4	0.5	0.3	0.2	1.0	0.3	0.1	0.6	CSO rental index rose by 0.6% in May, but the YoY rate slowed to 7.8%
- YoY %	11.1	11.0	10.6	10.4	10.6	10.0	8.8	7.8	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	20.9	20.7	20.6	20.3	19.8	19.3	#N/A	#N/A	

	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	
<b>CONSUMER PRICES - YoY %</b>									Consumer prices rose by 0.3% in May, led by price increases in the hospitality sector. Due to base effects though, the YoY rate fell to 6.6%. Similarly, HICP inflation eased to 5.4% YoY, its lowest level since Jan'22.
- MoM %	9.2	8.9	8.2	7.8	8.5	7.7	7.2	6.6	
	1.6	0.4	-0.2	-0.8	1.6	1.1	0.5	0.3	
HICP - YoY %	9.4	9.0	8.2	7.5	8.1	7.0	6.3	5.4	
- MoM %	1.5	0.2	-0.3	-1.0	1.5	1.0	0.3	0.3	
<b>PERSONAL / FINANCIAL</b>									Consumer sentiment improved to 62.4 in May, a 14 mth high. However, it remains well below the long-term average of 86.5
ILCU Consumer Sentiment Index	46.1	45.3	48.7	55.2	55.6	53.9	59.2	62.4	
Credit Growth YoY %									
- Private Sector (Underlying)	2.9	2.5	2.2	-0.6	-0.4	-1.7	1.2	#N/A	
- of which : Household	-1.0	-1.0	-1.1	-0.7	-0.5	-0.4	0.0	#N/A	Stock of private sector credit rose sharply in Apr. Stock of household debt stabilises
- of which : Mortgage Lending	-0.6	-0.7	-0.9	-0.8	-0.5	-0.4	-0.1	#N/A	
<b>LABOUR MARKET</b>									Revisions to the data show the jobless rate has continued to fall in 2023. The unemployment rate stood at just 3.8% in May, the lowest level on record and down from 7.7% in Mar/Apr'21
Live Register	184,700	184,900	185,400	184,400	182,700	181,300	181,200	182,000	
- Change In Month	-400	+200	+500	-1,000	-1,700	-1,400	-100	+800	
Unemployment Rate %	4.5	4.5	4.4	4.3	4.1	4.0	3.9	3.8	
PMI Employment Indices									The employment sub-indices of the manufacturing, services and construction PMIs all stayed above 50 in May. However, only construction improved
- AIB Manufacturing	52.9	49.7	50.2	52.6	53.9	51.5	51.5	50.8	
- AIB Services	56.6	55.3	54.4	52.7	53.3	54.0	56.4	54.5	
- BNP Paribas Construction	50.9	49.9	48.1	50.6	54.7	53.1	50.5	51.2	
<b>MERCHANDISE TRADE</b>									Goods trade surplus narrowed to €5.5bn in Apr. Exports are 5% lower YTD, led by a sharp fall in pharmaceuticals and medical products (down 17% YTD). Imports are up 11% YTD. Trade with the GB has rebounded significantly this year
Export Values - 3M / 3M %	11.0	2.1	-5.6	-13.7	-5.8	-1.5	4.0	#N/A	
- 3MMA YoY %	31.4	18.7	13.8	6.1	5.0	-2.8	-5.4	#N/A	
Import Values - 3M / 3M %	5.1	-0.7	-6.7	-9.8	-3.2	-1.9	0.2	#N/A	
- 3MMA YoY %	50.6	35.0	21.6	17.1	19.3	14.8	7.3	#N/A	
<b>PUBLIC FINANCES</b>									Exchequer finances performing very well in 2023. Tax intake, up 10.2% YTD. 12 mth rolling exchequer surplus at €3bn in May, despite €4bn transfer to NRF, with large surplus forecast
Total Tax Receipts: Cum YTD %	25.5	24.5	21.5	12.2	12.5	14.6	14.2	10.2	
Voted Spending : Cum YTD %	-1.6	0.9	1.8	8.8	9.4	4.6	7.2	6.7	
Exchequer Bal: 12 Mth Total €m	7,350	6,196	4,985	5,609	1,506	2,757	2,412	3,021	
<b>QUARTERLY DATA</b>									
	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	GDP contracted by 4.6% QoQ, due to a sharp fall in the MNE dominated sectors. However, GDP was up 6.4% YoY
GDP - YoY %	19.5	10.4	13.8	11.7	12.6	11.6	12.0	6.4	
*Domestic Demand - YoY%	14.7	3.9	10.4	13.4	10.6	6.1	2.8	5.5	
Consumer Spending - YoY %	17.1	6.5	9.4	15.6	5.7	2.5	4.5	6.4	
Services Exports - YoY % (3Q Avg)	14.5	14.3	13.6	12.5	8.6	10.4	4.5	2.4	Modified domestic demand rose by 2.7% in Q1, and was 5.5% higher in YoY terns
* Excludes Some Investment Related to the Multinational Sector									
<b>EMPLOYMENT &amp; EARNINGS</b>									Employment rose by 4.1% YoY in Q1, leaving it 10.6% above pre-pandemic levels. The labour force grew by 3.3% YoY in Q1, and is up 10.2% since end 2019
Employment YoY %	9.9	9.8	10.1	12.3	8.8	3.4	2.7	4.1	
Labour Force YoY %	12.1	7.9	8.9	9.6	5.6	2.0	2.0	3.3	
Average Earnings YoY %									
- Hourly	2.7	3.7	2.8	2.2	2.5	3.6	6.0	4.1	Weekly average earnings rose by 4.3% YoY in Q1. Public sector pay was up 7.7% YoY. Private sector earnings rose by 3.4% YoY in Q1, led by a sharp increase in pay in the ICT sector
- Weekly	4.1	5.4	1.9	2.9	2.5	3.6	4.5	4.3	
Weekly Earnings YoY %									New dwelling completions rose steeply by 19.1% YoY in Q1. 12 mth running total rises to just below 31k
- Private Sector	5.0	5.8	2.8	4.8	3.6	4.9	2.4	3.4	
- Public Sector	2.2	5.3	0.2	-1.3	1.3	0.8	10.4	7.7	
<b>CSO DWELLING COMPLETIONS</b>									
	4982	4647	6957	5640	7637	7402	9143	6716	
- YoY %	53.6	-7.9	-5.1	42.2	53.3	59.3	31.4	19.1	
- Cum 12 Mth Total	21329	20929	20553	22226	24881	27636	29822	30898	



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