

Irish Economy Watch

AIB Treasury Economic Research Unit



Friday 21 June 2024

	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	The manu. PMI stayed below 50 for a third consecutive month in May. However, the index printed at 49.8, consistent with only a marginal contraction. Output and business orders were weak
MANUFACTURING									
AIB Manufacturing PMI	48.2	50.0	48.9	49.5	52.2	49.6	47.6	49.8	
AIB Manufacturing PMI - Future Output	70.0	69.7	71.2	67.0	65.6	59.4	64.4	64.0	
Industrial Production (Ex-Modern)	125.3	128.9	133.8	132.9	131.3	137.9	138.3	#N/A	Traditional industrial production rose by 3.0% in the 3 mths to Apr and was 13.1% higher YoY
Production (Ex-Modern) : 3mma YoY%	3.4	3.6	8.5	12.2	13.9	10.7	13.1	#N/A	
3mth / 3mth % seas. adj.	1.5	2.7	2.2	4.2	4.0	3.6	3.0	#N/A	
SERVICES / RETAIL									The services PMI rose to 55.0 in May, indicating an acceleration in the pace of expansion. New business, including new export orders continued to rise. However, inflationary pressures remained elevated
AIB Services PMI	52.6	54.2	53.2	50.5	54.4	56.6	53.3	55.0	
CSO Services Index (Value)	169.4	164.0	169.5	172.3	173.1	174.3	177.2	#N/A	
- YoY %	8.9	3.1	6.9	9.2	7.9	7.9	9.0	#N/A	
- 3mth / 3mth % seas. adj.	2.8	2.0	1.6	0.9	3.0	3.3	3.7	#N/A	The CSO services index was up by 9.0% YoY in Mar
SIMI Car Registrations	2,208	921	345	31,407	16,431	14,644	8,563	6,401	
- 12 mth cum total	122,328	122,264	122,400	126,463	129,772	126,728	126,378	125,234	
- 3 mma YoY %	-5.2	-10.7	-8.8	14.5	18.5	7.4	-0.2	-13.3	
Retail Sales Index	129.4	129.9	130.4	132.9	131.0	133.8	132.3	#N/A	Having had a solid start to 2024, new car sales have trended lower recently. 12mth running total fell to near 125k in May
- YoY %	0.3	0.9	2.8	5.3	1.6	2.0	-0.9	#N/A	
- 3mth / 3mth % seas. adj.	-1.6	-1.6	-0.7	0.7	1.4	2.1	1.0	#N/A	
Ex Autos Index	128.0	129.3	130.5	130.2	130.6	131.1	131.3	#N/A	
- YoY %	0.5	-0.8	1.4	0.9	1.2	1.6	0.2	#N/A	Retail sales increased by 1% in the 3 mths to Apr. Similarly, core sales rose by 0.8% over the same period
- 3mth / 3mth % seas. adj.	-1.2	-0.8	0.6	1.0	1.4	1.1	0.8	#N/A	
RESIDENTIAL CONSTRUCTION ACTIVITY									The construction PMI declined to 49.8 in May, indicating a slight contraction in activity. New orders, housing and commercial activity all fell but stayed above the key 50 level
BNP Paribas Construction PMI	47.3	44.5	45.1	45.9	47.4	51.6	53.2	49.8	
- Housing Activity	45.3	43.5	45.0	48.3	49.8	54.3	53.4	52.0	
- Commercial Activity	50.9	43.8	42.8	44.7	47.2	53.2	54.6	51.4	
- New Orders	49.6	46.7	47.2	47.4	47.7	51.5	53.9	52.9	Commencements surged in April ahead of the waiver and rebate deadlines. In May though, they were down 35% YoY. 12 mth rolling total just below 52k
- Business Expectations	53.6	57.2	59.9	58.6	64.9	63.8	59.5	61.2	
Commencements: 12mth Total	30,744	31,429	32,801	34,050	35,752	37,408	53,011	51,935	
- 3 Month Avg YoY %	29.6	28.9	47.0	52.4	73.3	62.7	242.5	182.2	
HOUSING MARKET ACTIVITY									Mortgage approvals 3mma to Apr matches last years figure. 12 mth running total near 42.5k
BPFI Mortgage Approvals : Month	3,676	3,614	2,364	2,718	2,922	3,237	3,796	#N/A	
- 3 Month Avg YoY %	3.7	-0.4	-2.2	-5.8	-1.9	-5.3	0.0	#N/A	
- 12 Mth Total	43,017	42,845	42,559	42,399	42,604	41,976	42,399	#N/A	
RPPR Transactions : Month	5,605	5,671	7,112	3,435	4,138	4,389	4,346	4,512	Transactions 3mma down by 9.5% YoY, owing to a marked slowdown in Mar-May. 12 mth run rate falls to 61k
- 3 Month Avg YoY %	3.5	-2.0	1.6	-0.4	0.3	-9.1	-6.4	-9.5	
- 12 Mth Total	62,861	62,569	62,988	62,792	62,609	61,786	61,917	61,222	
HOUSING MARKET PRICES									
CSO Price Index - MoM	1.0	1.0	1.3	0.7	0.5	0.5	0.4	#N/A	House prices continued to trend higher, up 0.4% m/m in May. They were 7.9% higher YoY also
- YoY %	2.3	3.0	4.1	5.4	6.2	7.4	7.9	#N/A	
Daft Asking Prices: MoM %	-1.3	-1.4	1.6	0.0	1.8	-0.1	#N/A	#N/A	
- YoY %	6.2	4.7	5.1	5.5	6.2	5.8	#N/A	#N/A	
RENTS: CSO Private Rents - MoM%	0.0	0.2	0.2	0.1	0.4	0.0	0.2	0.4	CSO rental index rose by 0.4% in May. However, the YoY rate slowed to 4.9%
- YoY %	6.6	6.3	6.2	6.0	5.3	5.1	5.1	4.9	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	22.8	22.8	22.9	21.9	21.6	21.2	#N/A	#N/A	
Affordability improved somewhat in Q1, as average take-home pay increased									

	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	
CONSUMER PRICES - YoY %									Consumer prices rose by 0.5% in May, amid an increase in transport and hospitality costs. However, the YoY rate stayed at 2.6%. HICP inflation rose by 0.6% in the month, with the annual rate increasing to 2.0%
- MoM %	5.0	3.9	4.6	4.1	3.4	2.9	2.6	2.6	
HICP - YoY %	0.3	-0.8	0.5	-1.3	1.0	0.5	0.2	0.5	
- MoM %	3.6	2.5	3.2	2.7	2.3	1.7	1.6	2.0	
- MoM %	0.2	-0.9	0.4	-1.4	1.1	0.3	0.2	0.6	
PERSONAL / FINANCIAL									Consumer sentiment declined, albeit marginally, for a fourth consecutive month in May Private sector credit growth rate declined in Apr. The household and mortgage credit growth rates slowed slightly
ILCU Consumer Sentiment Index	60.4	61.9	62.4	74.2	70.2	69.5	67.8	65.7	
Credit Growth YoY %									
- Private Sector	-2.2	-2.1	-1.8	2.1	1.4	2.5	-1.3	#N/A	
- of which : Household	1.8	1.9	2.0	2.0	1.9	2.1	2.0	#N/A	
- of which : Mortgage Lending	1.6	1.6	1.8	1.8	1.5	1.7	1.6	#N/A	
LABOUR MARKET									Revisions to the data show the unemployment rate averaged 4.2% in Q1'24 down from 4.5% in Q4'23. On a monthly basis, it has printed at 4.0% in Mar-May In May, the employment sub-indices of the manu. and services PMI's moved higher, while the construction reading declined. Crucially though, all three stayed in expansion mode
Live Register	176,300	175,300	175,100	176,900	174,800	174,400	173,800	173,200	
- Change In Month	-2,000	-1,000	-200	+1,800	-2,100	-400	-600	-600	
Unemployment Rate %	4.5	4.4	4.5	4.5	4.1	4.0	4.0	4.0	
PMI Employment Indices									
- AIB Manufacturing	50.2	51.1	50.0	50.6	52.5	51.7	50.0	52.7	
- AIB Services	52.0	53.3	51.9	52.7	54.4	53.2	52.9	53.3	
- BNP Paribas Construction	53.4	49.1	52.3	53.5	52.5	53.9	52.7	51.8	
MERCHANDISE TRADE									Goods trade surplus stood at €30.9bn YTD to Apr, up 48.9% YoY. Exports rose by 10.2% YTD to €72.4bn, led by a strong increase in pharma and medical products (up 28.2% YTD). Imports stood at €41.5bn YTD in Apr, down 8.6% YoY
Export Values - 3M / 3M %	0.7	-2.0	2.1	0.1	5.0	8.4	9.1	#N/A	
- 3MMA YoY %	-12.3	-7.6	-4.0	2.8	2.1	4.8	5.9	#N/A	
Import Values - 3M / 3M %	-4.5	4.3	4.2	1.8	-12.9	-13.3	-7.3	#N/A	
- 3MMA YoY %	-12.4	-1.1	1.1	-2.0	-11.1	-9.5	-5.2	#N/A	
PUBLIC FINANCES									Total tax take up by 6.2% YTD in May. Voted expenditure rose by 15.3% YTD, owing to increases in current and capital spending. 12mth rolling Exchequer surplus declined to €2.6bn
Total Tax Receipts: Cum YTD %	4.0	5.8	6.0	4.8	5.5	1.8	2.6	6.2	
Voted Spending : Cum YTD %	9.9	12.9	7.6	20.0	23.2	15.4	12.8	15.3	
Exchequer Bal: 12 Mth Total €m	-3,185	-1,722	1,178	602	3,612	3,512	3,637	2,586	
QUARTERLY DATA									
	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24	
GDP - YoY %	9.3	9.4	10.2	2.7	-0.3	-5.8	-8.7	-0.8	GDP expanded by 0.9% in Q1 amid a sharp rise in exports. In YoY terms though, GDP was down 6.5% MDD rose by 1.4% in Q1, supported by a rise in modified investment and consumption
*Domestic Demand - YoY%	10.6	9.0	5.1	4.3	-1.2	-0.1	-0.5	1.1	
Consumer Spending - YoY %	8.6	5.8	6.5	5.6	2.7	3.0	1.5	1.7	
Services Exports - YoY % (3Q Avg)	9.2	9.8	3.1	0.6	-0.2	2.0	4.6	10.2	
* Excludes Some Investment Related to the Multinational Sector									
EMPLOYMENT & EARNINGS									Employment rose by 1.9% YoY in Q1'24, putting it 14.4% above pre-COVID levels. Employment rate eased to 73.8% in Q1, down slightly from Q4'23. The labour force grew by 2% YoY in Q1 Weekly average earnings rose by 3.5% YoY in Q4'23. Public sector pay was down by 1.6% YoY. Private sector earnings rose by 3.5% YoY
Employment YoY %	9.2	3.5	2.6	3.7	3.1	3.6	3.4	1.9	
Labour Force YoY %	6.0	2.1	1.8	2.8	3.0	3.8	3.5	2.0	
Average Earnings YoY %									
- Hourly	2.6	3.6	6.1	3.9	5.3	6.1	1.9	#N/A	
- Weekly	2.6	3.6	4.5	4.3	4.4	4.4	2.6	#N/A	
Weekly Earnings YoY %									
- Private Sector	3.7	4.9	2.4	3.5	3.9	3.8	4.1	#N/A	
- Public Sector	1.3	0.8	10.4	7.7	5.9	5.8	-1.2	#N/A	
CSO DWELLING COMPLETIONS									Having trended higher in 2023, completions declined by 12.1% YoY in Q1. 12mth total back below 32k
- YoY %	7611	7385	9101	6647	7281	8444	10254	5841	
- Cum 12 Mth Total	52.9	59.0	31.4	18.4	-4.3	14.3	12.7	-12.1	
	24796	27537	29711	30744	30414	31473	32626	31820	



David McNamara
Chief Economist
david.g.mcnamara@aib.ie

John Fahey
Senior Economist
john.j.fahey@aib.ie

Daniel Noonan
Economist
daniel.x.noonan@aib.ie

AIB, 10 Molesworth Street, Dublin 2

Tel: 353-1-6600311

<https://aib.ie/investorrelations/economic-research-unit>

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, plc and Allied Irish Banks (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, plc. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI 018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.