

# Irish Economy Watch

AIB Treasury Economic Research Unit



Monday 28 March 2022

	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
<b>MANUFACTURING</b>								
AIB Manufacturing PMI	62.8	60.3	62.1	59.9	58.3	59.4	57.8	#N/A
OECD Leading Indicator	102.8	102.9	103.0	103.0	103.0	102.9	102.8	#N/A
Industrial Production (Ex-Modern)	112.7	117.4	121.2	130.3	114.9	132.9	#N/A	#N/A
Production (Ex-Modern) : 3mma YoY%	0.5	-1.0	2.5	7.2	5.1	9.8	#N/A	#N/A
3mth / 3mth % seas. adj.	0.3	-2.7	0.4	6.8	6.4	7.6	#N/A	#N/A

The manu. PMI (Feb) fell to 57.8, an eleven month low. However, this is still an elevated level historically. Strong demand and ongoing supply chain issues led to a further sharp rise in prices

Traditional industrial production jumped in Jan. Output up 9.8% YoY during the winter months

<b>SERVICES / RETAIL</b>								
AIB Services PMI	63.7	63.7	63.4	59.3	55.4	56.2	61.8	#N/A
CSO Services Index (Value)	133.0	137.6	137.8	140.4	140.3	138.5	#N/A	#N/A
- YoY %	15.2	14.4	18.3	23.5	14.8	18.5	#N/A	#N/A
- 3mth / 3mth % seas. adj.	8.2	8.0	7.0	6.0	4.4	2.6	#N/A	#N/A
SIMI Car Registrations	5,966	4,449	2,680	1,120	387	25,032	11,971	#N/A
- 12 mth cum total	105,640	104,555	104,823	105,030	104,932	104,824	103,097	#N/A
- 3 mma YoY %	30.5	16.6	2.7	-6.9	9.9	-0.4	-5.2	#N/A
Retail Sales Index	132.7	130.9	129.2	129.2	125.5	124.2	125.3	#N/A
- YoY %	4.5	-1.9	0.8	14.5	-1.8	21.4	2.1	#N/A
- 3mth / 3mth % seas. adj.	4.3	1.0	0.1	-1.5	-2.3	-3.5	-3.7	#N/A
Ex Autos Index	131.6	132.7	130.8	133.2	129.1	129.1	129.5	#N/A
- YoY %	2.7	0.7	-0.2	15.8	0.2	18.9	11.1	#N/A
- 3mth / 3mth % seas. adj.	10.1	4.2	1.4	0.2	0.0	-0.9	-2.3	#N/A

The services PMI (Feb) surged to 61.8 as the sector continued to recover, following the full lifting of Covid restrictions. New business, including exports rose sharply. However, so did prices

The CSO services index moved lower in Jan, albeit from very elevated levels

Having slowed in H2 2021, new car sales remained soft at the start of 2022. Sales were down 22% YTD vs 2019 levels

Retail sales have been relatively unchanged recently, but were 2.1% higher YoY in Feb. Core-retail sales up 11.1% YoY

<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>								
Construction PMI: Ulster Bank	57.5	56.3	56.9	56.3	53.7	56.1	58.4	#N/A
- Housing Activity	62.2	59.8	54.5	55.1	53.2	55.1	58.5	#N/A
- Commercial Activity	54.9	56.7	60.4	56.3	54.6	56.7	61.4	#N/A
- New Orders	61.7	57.5	57.2	58.6	56.3	56.8	61.0	#N/A
- Business Expectations	71.1	68.1	69.7	69.0	69.2	75.4	69.5	#N/A
Commencements: 12mth Total	29,565	30,519	30,947	30,537	30,724	31,201	33,006	#N/A
- 3 Month Avg YoY %	92.8	59.8	32.7	13.9	3.3	4.7	71.5	#N/A

Construction PMI jumped to 58.4 in Feb, as activity in the housing and commercial sectors grew at a faster pace. New orders also expanded more quickly.

Commencements regained some momentum in Feb, but were still down 6.3% YTD vs the same period in 2020. 12mth rolling total though, climbed to a new cycle high of 33k

<b>HOUSING MARKET ACTIVITY</b>								
BPFI Mortgage Approvals : Month	3,749	3,905	3,717	3,957	3,088	2,762	#N/A	#N/A
- 3 Month Avg YoY %	55.9	18.3	-2.7	-9.0	-10.6	-4.9	#N/A	#N/A
- 12 Mth Total	44,456	44,434	43,732	43,317	43,158	43,224	#N/A	#N/A
RPPR Transactions : Month	4,726	5,311	5,523	5,225	5,311	3,551	4,192	#N/A
- 3 Month Avg YoY %	50.4	39.1	21.4	5.5	-12.3	-11.6	-12.7	#N/A
- 12 Mth Total	58,307	59,310	59,283	59,151	57,049	57,437	57,249	#N/A

Having slowed in Q4, mortgage approvals picked up at the start of 2022, up 2.4% YoY in Jan

Transactions are running at similar levels YTD versus the same period in 2019-2021

House prices continued to trend higher in Jan, up 14.8% YoY. Ex-Dublin price inflation (+16%) continues to outpace the capital (+13.3%)

Daft.ie asking prices rose by 2.4% in Q1, meaning they were 8.4% higher vs Q1 2021

CSO rental index jumped by 0.9% in Feb. YoY rate up to 9.2%

Affordability holds steady in Q4 as average industrial wages rise by 2.1% YoY in the quarter

<b>HOUSING MARKET PRICES</b>								
CSO Price Index - MoM	2.3	1.6	1.2	1.3	1.0	0.9	#N/A	#N/A
- YoY %	10.9	12.4	13.2	14.0	14.3	14.8	#N/A	#N/A
Daft Asking Prices: MoM %	0.3	0.1	0.9	-0.1	-0.1	0.5	1.9	2.2
- YoY %	9.1	9.0	9.2	8.8	6.5	6.5	9.5	9.1
<b>RENTS:</b> CSO Private Rents - MoM%	1.5	1.8	0.9	0.6	0.6	0.4	0.9	#N/A
- YoY %	4.5	5.9	7.5	8.1	8.4	8.4	9.2	#N/A
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	19.5	19.8	19.5	19.6	19.6	#N/A	#N/A	#N/A

	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	
<b>CONSUMER PRICES - YoY %</b>									Consumer prices rose by 0.9% in Feb, led by a rebound in clothing prices and a rise in transport costs. The YoY rate climbed to 5.6%, largely due to increased energy costs. HICP rate jumped to 5.7%
- MoM %	2.9	3.8	5.1	5.3	5.5	5.0	5.6	#N/A	
HICP - YoY %	0.6	0.5	0.7	0.6	0.5	-0.4	0.9	#N/A	
- MoM %	3.0	3.8	5.1	5.4	5.7	5.1	5.7	#N/A	
- MoM %	0.7	0.4	0.8	0.6	0.5	-0.4	0.9	#N/A	
<b>PERSONAL / FINANCIAL</b>									Consumer sentiment fell to 67 in March on concerns regarding living costs, particularly housing and energy cost increases  Private sector credit was up by 1.6% YoY in Jan. Household credit was down by 1.0% YoY
KBC/ESRI Consumer Confidence	86.5	86.4	86.8	83.1	74.9	81.9	77.0	67.0	
Credit Growth YoY %									
- Private Sector (Underlying)	-1.4	0.2	0.5	0.7	1.5	1.6	#N/A	#N/A	
- of which : Household	-1.2	-1.2	-1.2	-1.1	-1.2	-1.0	#N/A	#N/A	
- of which : Mortgage Lending	-1.1	-1.1	-1.1	-1.1	-1.2	-1.1	#N/A	#N/A	
<b>LABOUR MARKET</b>									Traditional unemployment rate was at 5.2% in Feb, for the sixth month running. The Covid adjusted rate fell to 7.0% from 7.8%  Employment subcomponents of the manu and construction PMIs moved lower in Feb. Services reading edged higher in contrast. However, all three remained well above 50
Live Register	169,600	168,500	169,700	171,200	167,300	164,200	162,800	#N/A	
- Change In Month	-900	-1,100	+1,200	+1,500	-3,900	-3,100	-1,400	#N/A	
Unemployment Rate %	5.4	5.2	5.2	5.2	5.2	5.2	5.2	#N/A	
PMI Employment Indices									
- AIB Manufacturing	58.0	55.6	55.7	55.0	54.3	54.9	53.7	#N/A	
- AIB Services	58.3	56.8	57.6	55.7	54.0	55.6	56.5	#N/A	
- Ulster Bank Construction	57.4	54.8	55.1	56.2	54.7	55.0	53.5	#N/A	
<b>MERCHANDISE TRADE</b>									Goods trade surplus widened by 44% in Jan to €5.3bn as exports rose by 16%. Imports increased by a more modest 6%. Trade with the UK picked-up markedly compared to the very depressed post-Brexit levels during the same period in 2021,
Export Values - 3M / 3M %	4.5	4.1	5.3	5.8	2.5	0.2	#N/A	#N/A	
- 3MMA YoY %	2.2	1.2	9.0	9.4	9.5	10.5	#N/A	#N/A	
Import Values - 3M / 3M %	4.0	-1.4	0.9	2.6	9.0	11.7	#N/A	#N/A	
- 3MMA YoY %	20.9	15.3	24.6	16.2	14.3	20.8	#N/A	#N/A	
<b>PUBLIC FINANCES</b>									Exchequer finances continued to perform well in Feb. Strong tax intake, up 19.3% YoY. Net voted spending up 1.7% YoY in Feb. 12 -mnth rolling Exchequer deficit declines to €5.7bn
Total Tax Receipts: Cum YTD %	15.2	15.9	19.6	21.8	19.7	23.7	19.3	#N/A	
Voted Spending : Cum YTD %	0.3	2.3	1.9	1.6	5.5	3.0	1.7	#N/A	
Exchequer Bal: 12 Mth Total €m	-9,546	-9,162	-8,073	-4,862	-7,372	-6,399	-5,718	#N/A	
<b>QUARTERLY DATA</b>									Irish GDP grew by 9.6% YoY in Q4. Overall, the economy expanded by 13.5% in 2021  Domestic Demand rebounded by 6.5% in 2021, led by a 5.3% recovery in Personal Consumption Expenditure
<b>GDP - YoY %</b>	6.5	14	10.8	4.5	12.8	21.0	11.3	9.6	
*Domestic Demand - YoY%	-2.7	-12.2	-2.8	-2.2	-4.9	15.9	5.9	9.8	
Consumer Spending - YoY %	-5.8	-19.5	-7.7	-8.8	-11.7	19.1	7.9	9.3	
Services Exports - YoY % (3Q Avg)	13.1	5.8	0.0	1.0	4.7	12.1	14.6	15.2	
<i>* Excludes Some Investment Related to the Multinational Sector</i>									
<b>EMPLOYMENT &amp; EARNINGS</b>									Employment rose by 10.1% YoY in Q4, as the economy re-opened more fully. Up by 6.3% on 2019 levels. Strong labour force growth of 8.9% YoY also  Weekly average earnings rose by 2% YoY in Q4, and were 9% higher than in the same period in 2019. However, the changing composition of the labour force may still be impacting the data
Employment YoY %	2.1	-6.9	-3.2	-3.4	-5.0	9.9	9.8	10.1	
Labour Force YoY %	2.0	-6.9	-0.9	-2.0	-2.5	12.1	7.9	8.9	
Average Earnings YoY %									
- Hourly	3.0	7.2	3.6	5.5	8.4	2.7	3.7	2.6	
- Weekly	3.7	6.0	3.3	7.7	7.5	4.1	5.4	2.0	
Weekly Earnings YoY %									
- Private Sector	4.0	6.0	3.1	9.1	7.7	5.0	5.8	2.7	
- Public Sector	3.1	2.9	2.5	3.0	4.9	2.2	5.4	1.1	
<b>CSO DWELLING COMPLETIONS</b>									Having performed well in H1, completions slowed in H2. Circa 20.4k completions overall in 2021, in line with 2020 total
- YoY %	4928	3229	5043	7326	3923	4968	4605	6937	
- Cum 12 Mth Total	16.1	-32.7	-10.7	14.9	-20.4	53.9	-8.7	-5.3	
	21750	20178	19576	20526	19521	21260	20822	20433	



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