

# Irish Economy Watch

AIB Treasury Economic Research Unit



Friday 22 May 2020

	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20		
<b>MANUFACTURING</b>									Manufacturing PMI falls from 45.1 to 36.0 in April as Covid-19 impact hits. Output component halves to a record low of 21.8. New orders sub-index also records a sharp decline  Industrial output dips in March, but up by 1.6% in Q1 due to jump in production in January	
AIB Manufacturing PMI	50.7	49.7	49.5	51.4	51.2	45.1	36.0	#N/A		
OECD Leading Indicator	100.1	100.2	100.2	100.0	99.7	98.5	98.1	#N/A		
Industrial Production (Ex-Modern)	114.1	112.1	106.8	121.6	108.7	108.0	#N/A	#N/A		
Production (Ex-Modern) : 3mma YoY%	1.8	1.9	0.5	4.2	2.7	1.5	#N/A	#N/A		
3mth / 3mth % seas. adj.	0.4	1.2	-0.7	1.3	-0.1	1.6	#N/A	#N/A		
<b>SERVICES / RETAIL</b>									Services PMI plunges to its worst ever reading of 13.9 from 32.5 in April. All sectors register sharp contractions  CSO Services Index edges lower in March. Should drop sharply in April on impact of restrictions  Outbreak sees new car sales plummet in April. 88% YoY drop in total number of cars licensed for first time  Core retail sales declined by 1.9% in March on initial impact from Covid-19. Fall by 0.6% in the opening quarter, following on from a weak Q4 '19	
AIB Services PMI	50.6	53.7	55.9	56.9	59.9	32.5	13.9	#N/A		
CSO Services Index (Value)	124.7	124.9	123.9	125.4	125.5	124.9	#N/A	#N/A		
- YoY %	-0.2	-0.8	6.3	2.0	0.5	1.3	#N/A	#N/A		
- 3mth / 3mth % seas. adj.	-0.1	-0.7	-2.0	-1.2	-0.7	0.6	#N/A	#N/A		
SIMI Car Registrations	2,177	758	224	30,826	13,132	6,024	344	#N/A		
- 12 mth cum total	116,903	117,018	117,100	115,556	113,619	102,956	94,396	#N/A		
- 3 mma YoY %	-0.8	15.2	27.8	-4.1	-7.1	-22.1	-52.0	#N/A		
Retail Sales Index	121.8	120.4	121.4	120.1	118.7	103.5	#N/A	#N/A		
- YoY %	3.5	2.2	4.9	5.4	0.0	-11.2	#N/A	#N/A		
- 3mth / 3mth % seas. adj.	2.8	2.8	2.2	0.1	-0.7	-5.9	#N/A	#N/A		
Ex Autos Index	120.2	119.6	121.2	121.0	120.0	117.7	#N/A	#N/A		
- YoY %	3.7	2.2	5.3	3.0	0.7	-0.5	#N/A	#N/A		
- 3mth / 3mth % seas. adj.	1.2	0.9	0.1	0.1	0.3	-0.6	#N/A	#N/A		
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>										Constructions PMI collapsed to 4.5 in April, its lowest level on record as lockdown sees activity grind to a halt. All sub-indices very weak  In Q1, commencements rose by 4.6% YoY. Increase largely reflects strong January data. 12 month cumulative total at 26.5k - has been stuck in a 26-27k range for some time
Construction PMI: Ulster Bank	46.2	48.2	52.0	50.9	50.6	28.9	4.5	#N/A		
- Housing Activity	51.3	47.7	51.8	48.0	49.7	32.4	4.9	#N/A		
- Commercial Activity	46.9	51.2	53.6	55.7	52.1	28.2	3.1	#N/A		
- New Orders	48.8	48.3	52.4	54.9	53.6	33.9	10.1	#N/A		
- Business Expectations	57.6	57.3	63.1	69.4	64.7	36.0	37.1	#N/A		
Commencements: 12mth Total	26,940	26,022	26,237	26,785	26,635	26,541	#N/A	#N/A		
- 3 Month Avg YoY %	40.4	14.4	2.1	-2.9	11.0	4.6	#N/A	#N/A		
<b>HOUSING MARKET ACTIVITY</b>									Mortgage approvals down by 8.6% YoY in March on Covid-19 disruption. 12 month running total edges back below 40k  Transactions fall by over 50% YoY to a 6-year low in April as virus restrictions depress activity  House prices 0.1% higher in March, leaving YoY growth rate at 1.0%. Ex-Dublin price inflation (+1.5%) continues to outpace the capital (+0.6%)  CSO rental index falls by a sharp 1.8% in April. As a result, rental inflation slows to just 0.8%, its lowest rate in nearly 9 years  Affordability stable in Q1 as modest house price increases negated by decent wage rises	
BPFI Mortgage Approvals : Month	3,692	3,358	2,393	2,594	2,838	2,995	#N/A	#N/A		
- 3 Month Avg YoY %	6.1	5.0	5.7	5.1	4.7	-0.3	#N/A	#N/A		
- 12 Mth Total	39,502	39,652	39,753	39,909	40,006	39,725	#N/A	#N/A		
RPPR Transactions : Month	5,514	5,201	6,649	3,495	3,588	4,274	2,218	#N/A		
- 3 Month Avg YoY %	5.4	2.4	1.4	2.3	0.7	-2.7	-22.3	#N/A		
- 12 Mth Total	58,292	57,988	58,388	58,634	58,082	58,070	55,750	#N/A		
<b>HOUSING MARKET PRICES</b>										
CSO Price Index - MoM	0.1	-0.2	-1.1	0.2	-0.1	0.1	#N/A	#N/A		
- YoY %	1.0	1.1	0.3	1.0	1.0	1.0	#N/A	#N/A		
Daft Asking Prices: MoM %	-0.1	-2.2	2.4	0.5	0.4	1.7	#N/A	#N/A		
- YoY %	-1.5	-1.4	-0.8	-1.1	-2.2	-1.7	#N/A	#N/A		
<b>RENTS:</b> CSO Private Rents - MoM%	0.2	0.0	0.0	-0.1	0.3	-0.4	-1.8	#N/A		
- YoY %	5.1	4.5	4.3	3.9	3.9	3.1	0.8	#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	18.6	18.6	17.9	18.0	17.8	17.8	#N/A	#N/A		

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									CPI inflation drops to -0.1% in April, reflecting impact of recent collapse in oil prices and negative demand shock due to Covid crisis. HICP rate also falls sharply to -0.3%	
<b>CONSUMER PRICES - YoY %</b>										
- MoM %	0.7	1.1	1.3	1.3	1.1	0.7	-0.1	#N/A		
HICP - YoY %	-0.3	-0.1	0.2	-0.7	0.6	0.4	-0.4	#N/A		
- MoM %	0.6	0.8	1.1	1.1	0.9	0.5	-0.3	#N/A	Consumer sentiment plummeted in April as outbreak hit confidence but index recovers some ground in May	
- MoM %	-0.2	-0.2	0.2	-0.7	0.6	0.4	-0.4	#N/A		
<b>PERSONAL / FINANCIAL</b>										
KBC/ESRI Consumer Confidence	69.5	77.1	81.4	85.5	85.2	77.3	42.6	52.3	Household credit outstanding remains broadly flat. Pace of decline in mortgage stock continues to ease	
Credit Growth YoY %										
- Private Sector (Underlying)	-3.3	-3.3	-3.0	-3.4	-2.6	-1.0	#N/A	#N/A		
- of which : Household	0.0	0.0	0.1	0.0	0.0	-0.1	#N/A	#N/A		
- of which : Mortgage Lending	-0.6	-0.5	-0.4	-0.4	-0.3	-0.3	#N/A	#N/A	Official unemployment rate at 5.4% in April, but Covid-19 adjusted measure at 28.2%. Will take some time to establish the actual rate. Latest data show 1.27m on some form of state income support	
<b>LABOUR MARKET</b>										
Live Register	188,400	186,200	185,300	184,800	184,400	209,400	216,900	#N/A		
- Change In Month	+100	-2,200	-900	-500	-400	+25,000	+7,500	#N/A	Employment subcomponents of PMIs all remain in contraction territory in April, reflecting the impact of Covid-19	
Unemployment Rate %	4.7	4.7	4.7	4.9	4.8	5.3	5.4	#N/A		
PMI Employment Indices										
- AIB Manufacturing	51.2	49.2	49.7	51.2	48.4	42.6	30.5	#N/A		
- AIB Services	54.3	54.5	53.4	54.5	55.0	47.3	31.1	#N/A	Goods exports increase by 38% on a month-on-month basis in March as demand for pharma and medical exports surges due to virus outbreak. Goods trade surplus jumps from €2.8bn to €9.0bn as imports drop sharply in same month	
- Ulster Bank Construction	50.6	51.9	53.2	53.6	51.3	39.4	22.6	#N/A		
<b>MERCHANDISE TRADE</b>										
Export Values - 3M / 3M %	1.5	5.1	1.2	-1.3	-3.2	4.1	#N/A	#N/A	Tax receipts projected at €49.6bn in 2020, down €13.9bn on January forecasts. Gov spending €2.4bn above January profile in April. Talk of €30bn budget deficit this year	
- 3MMA YoY %	9.1	7.8	5.1	3.0	0.5	12.7	#N/A	#N/A		
Import Values - 3M / 3M %	2.4	-0.3	1.7	-1.4	4.0	-4.0	#N/A	#N/A		
- 3MMA YoY %	-7.4	-9.4	-7.8	-8.8	0.7	-0.1	#N/A	#N/A		
									Irish GDP expanded by 5.5% YoY in 2019 but data remain heavily distorted by the activities of multi-nationals	
<b>PUBLIC FINANCES</b>										
Total Tax Receipts: Cum YTD %	6.7	6.7	6.8	10.0	13.8	1.1	-0.6	#N/A		
Voted Spending : Cum YTD %	7.7	6.2	7.3	8.5	1.7	13.5	23.4	#N/A		
Exchequer Bal: 12 Mth Total €m	1,103	1,542	647	670	1,509	-922	-3,634	#N/A	Modified domestic demand, which aims to strip out some of these distortions, rises by a solid 3% in 2019	
<b>QUARTERLY DATA</b>										
	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20		
GDP - YoY %	10.4	7.4	3.6	7.6	3.9	4.5	6.2	#N/A	Employment rose by 2.2% YoY in Q1, but end quarter employment may have fallen by as much as 12% due to the onset of the Covid lockdown	
*Domestic Demand - YoY% (3Q Avg)	5.2	5.4	4.5	3.0	2.2	2.8	3.3	#N/A		
Consumer Spending - YoY %	4.5	3.4	2.8	2.9	3.4	2.9	2.0	#N/A		
Services Exports - YoY % (3Q Avg)	10.1	6.5	7.4	9.5	11.9	14.0	14.4	#N/A		
* Excludes Some Investment Related to the Multinational Sector										Weekly earnings growth little changed at 3.5% in Q4. Average annual growth rate strong at 3.6% in 2019, driven by gains for private sector workers
<b>EMPLOYMENT &amp; EARNINGS</b>										
Employment YoY %	3.4	3.0	2.3	3.7	2.0	2.4	3.5	2.2		
Labour Force YoY %	2.5	2.0	1.5	2.7	1.3	1.6	2.6	2.1	CSO data show nearly 22k completions in year to Q1'20 but Covid shock to depress house-building activity this year	
Average Earnings YoY %										
- Hourly	3.0	2.1	3.2	2.8	3.3	4.0	3.6	#N/A		
- Weekly	3.4	3.5	3.5	3.6	3.6	3.6	3.5	#N/A		
Weekly Earnings YoY %										
- Private Sector	3.7	3.9	3.9	4.5	4.0	4.0	3.5	#N/A		
- Public Sector	2.8	2.1	1.8	0.8	1.9	1.3	2.7	#N/A		
<b>CSO DWELLING COMPLETIONS</b>										
- YoY %	4400	4638	5445	4256	4837	5698	6450	4986		
- Cum 12 Mth Total	34.6	22.9	19.5	22.7	9.9	22.9	18.5	17.2		
	16200	17065	17952	18739	19176	20236	21241	21971		



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