Irish Economy Watch

AIB Treasury Economic Research Unit

Wednesday 24 May 2023

	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
MANUFACTURING								
AIB Manufacturing PMI	51.5	51.4	48.7	48.7	50.1	51.3	49.7	48.6
EC Economic Sentiment Indicator	95.7	91.4	91.9	96.8	104.1	#N/A	#N/A	#N/A
Industrial Production (Ex-Modern)	116.4	125.4	124.0	111.6	122.2	119.5	127.7	#N/A
Production (Ex-Modern) : 3mma YoY%	8.5	11.6	10.6	10.2	6.5	4.3	7.0	#N/A
3mth / 3mth % seas. adj.	3.9	4.4	4.8	0.7	-1.8	-3.4	2.3	#N/A
SERVICES / RETAIL								
AIB Services PMI	54.1	53.2	50.8	52.7	54.1	58.2	55.7	58.4
CSO Services Index (Value)	160.2	157.2	157.9	156.9	160.7	161.1	161.2	#N/A
- YoY %	17.9	13.2	11.5	10.6	16.1	8.3	1.8	#N/A
- 3mth / 3mth % seas. adj.	3.9	1.6	0.0	-1.3	-0.3	0.7	2.3	#N/A
SIMI Car Registrations	6,318	2,617	985	209	27,326	13,114	17,633	8,917
- 12 mth cum total	105,774	105,711	105,576	105,398	107,700	108,840	113,566	114,626
- 3 mma YoY %	-1.4	30.5	20.3	-9.0	7.5	8.7	16.4	21.2
Retail Sales Index	126.1	127.6	127.4	125.9	126.5	127.4	130.0	#N/A
- YoY %	-5.4	-2.3	-3.7	1.5	3.4	3.4	8.6	#N/A
- 3mth / 3mth % seas. adj.	-0.5	2.1	1.4	0.9	-0.4	-0.3	0.8	#N/A
Ex Autos Index	127.0	126.9	130.6	128.5	128.7	128.6	129.0	#N/A
- YoY %	-5.8	-3.5	-1.6	0.3	0.5	0.7	0.5	#N/A
- 3mth / 3mth % seas. adj.	-2.1	0.1	0.8	1.6	1.5	0.3	0.1	#N/A
RESIDENTIAL CONSTRUCTION ACTIVITY								
BNP Paribas Construction PMI	50.2	47.4	46.8	43.2	47.7	49.8	49.5	48.4
- Housing Activity	50.8	49.7	41.6	40.6	45.2	46.2	46.5	42.8
- Commercial Activity	51.1	45.1	49.5	46.9	49.0	51.5	51.9	51.4
- New Orders	49.5	49.6	44.2	43.5	49.6	50.4	52.5	50.5
- Business Expectations	52.8	58.0	50.9	55.0	58.6	60.4	58.0	59.4
Commencements: 12mth Total	27,417	26,608	26,898	26,957	27,204	26,874	27,309	27,542
- 3 Month Avg YoY %	-22.1	-23.0	-19.0	-7.1	10.4	-0.4	5.0	4.5
HOUSING MARKET ACTIVITY								
BPFI Mortgage Approvals : Month	3,633	3,439	3,786	2,650	2,820	2,744	3,896	#N/A
- 3 Month Avg YoY %	-8.2	-5.4	-6.2	-8.2	-5.6	-6.9	2.8	#N/A
- 12 Mth Total	41,875	41,597	41,426	40,988	41,046	40,814	41,249	#N/A
RPPR Transactions : Month	5,713	5,448	5,963	6,693	3,606	4,272	5,091	3,519
- 3 Month Avg YoY %	7.2	4.0	6.2	11.8	13.9	6.8	-0.7	-7.9
- 12 Mth Total	60,266	60,178	60,881	62,181	62,162	61,809	62,087	61,063
HOUSING MARKET PRICES								
CSO Price Index - MoM	0.6	0.2	0.2	0.2	-0.5	-0.4	-0.7	#N/A
- YoY %	10.7	9.7	8.4	7.7	6.2	5.2	3.9	#N/A
Daft Asking Prices: MoM %	0.7	-0.8	-0.9	1.6	-1.9	1.1	0.3	#N/A
- YoY %	7.8	6.0	5.1	6.8	3.9	3.3	1.0	#N/A
RENTS: CSO Private Rents - MoM%	0.7	0.4	0.5	0.3	0.2	1.0	0.3	0.1
- YoY %	11.6	11.1	11.0	10.6	10.4	10.6	10.0	8.8
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	21.3	20.9	20.7	20.6	#N/A	#N/A	#N/A	#N/A

The manu. PMI eased back to 48.6 in Apr, indicating a further softening in business conditions. New orders, including exports, and output fell. Meantime, there was a notable easing in inflation

Traditional industrial production rose sharply in Mar, leaving it up by 2.3% QoQ and 7% YoY in Q1

In Apr, the services PMI posted a very strong reading of 58.4, up from 55.7 in Mar. There was a steep increase in new business, including exports. Inflationary pressures eased further, but remain elevated overall

The CSO services index rose by 2.3% in Q1, and was up 8.7% YoY also

New car sales performing well, with the 12 mth running total rising above 114k in April

Retail sales rose by 0.8% in Q1, and were 5.1% higher YoY. Core sales broadly flat in Q1, but 0.6% higher compared to Q1'22

The construction PMI fell to 48.4 in Apr, from 49.5 in Mar. The commercial, and new orders components stayed above 50, but housing deteriorated markedly, and remains firmly in contraction territory

Commencements rose strongly in Mar/Apr. As a result, they were up 6.5% YTD in 2023. 12 mth rolling total rises to 27.5k

Mortgage approvals rose by 2.8% YoY in Q1. 12 mth total relatively steady near 41k

Transactions levelling off. 3mma down 7.9% YoY in April. 12mth total falls back to 61k

House prices fell for the third consecutive month, down by 0.7% in Mar. YoY rate slowed to 3.9% also

Asking prices fell for the second quarter running, down 0.3% in Q1, but they were up 2.7% YoY

CSO rental index rose by 0.1% in Apr. The YoY rate moved sharply lower to 8.8%

Affordability improved slightly in Q4 as wage growth outpaced house price growth

Sources: Refinitiv, CSO, DoF, DoECLG, Daft.ie, HomeBond, BPFI, ILCU, PSRA, SIMI, BNP Paribas, European Commission, AIB ERU Calculations

	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
CONSUMER PRICES - YoY %	8.2	9.2	8.9	8.2	7.8	8.5	7.7	7.2
- MoM %	0.0	1.6	0.4	-0.2	-0.8	1.6	1.1	0.5
HICP - YoY %	8.6	9.4	9.0	8.2	7.5	8.1	7.0	6.3
- MoM %	0.0	1.5	0.2	-0.3	-1.0	1.5	1.0	0.3

Consumer prices rose by 0.5% in Apr, as all sub-sectors bar health and transport rose in the month. However, due to base effects the YoY rate fell to 7.2%. Similarly, HICP inflation eased to 6.3% YoY in Apr

PERSONAL / FINANCIAL	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
ILCU Consumer Sentiment Index	42.1	46.1	45.3	48.7	55.2	55.6	53.9	59.2
Credit Growth YoY %								
- Private Sector (Underlying)	2.6	2.9	2.5	2.2	-0.6	-0.4	-1.7	#N/A
- *of which* : Household	-0.8	-1.0	-1.0	-1.1	-0.7	-0.5	-0.4	#N/A
- *of which* : Mortgage Lending	-0.4	-0.6	-0.7	-0.9	-0.8	-0.5	-0.4	#N/A

Consumer sentiment rose to 59.2 in Apr, a 13 mth high. However, it remains well below the long-term average of 85.3

Stock of private sector credit fell sharply in Mar. Household debt continued to contract also

LABOUR MARKET	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
Live Register	185,300	184,900	185,100	185,300	184,200	182,300	180,800	180,500
- Change In Month	-800	-400	+200	+200	-1,100	-1,900	-1,500	-300
Unemployment Rate %	4.3	4.5	4.5	4.4	4.3	4.1	4.0	3.9
PMI Employment Indices								
- AIB Manufacturing	53.8	52.9	49.7	50.2	52.6	53.9	51.5	51.5
- AIB Services	56.3	56.6	55.3	54.4	52.7	53.3	54.0	56.4
- BNP Paribas Construction	51.1	50.9	49.9	48.1	50.6	54.7	53.1	50.5

Revisions to the data now show the jobless rate has continued to fall in 2023. The unemployment rate stood at just 3.9% in Apr, its lowest level since Apr'01, and down from 7.7% in Mar/Apr'21

The employment sub-indices of the manufacturing, services and construction PMIs all stayed above the key 50 level in Apr. Only services improved though

MERCHANDISE TRADE	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
Export Values - 3M / 3M %	3.8	12.4	1.0	-6.2	-14.5	-5.3	-1.4	#N/A
- 3MMA YoY %	30.5	31.4	18.8	13.9	6.1	5.0	-2.6	#N/A
Import Values - 3M / 3M %	5.3	6.0	-0.5	-8.0	-9.1	0.2	1.1	#N/A
- 3MMA YoY %	50.6	50.5	34.8	21.4	15.4	17.5	9.5	#N/A

Goods trade surplus widened to €6.5bn in Mar. However, it is down 10.3% YoY. Exports are 2.6% lower YTD, led by a sharp fall in pharmaceuticals. Imports are up 9.5% YTD. Trade with the UK rebounded significantly compared to Q1'22

PUBLIC FINANCES	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
Total Tax Receipts: Cum YTD %	26.2	25.5	24.5	21.5	12.2	12.5	14.6	14.2
Voted Spending : Cum YTD %	-2.6	-1.6	0.9	1.8	8.8	9.4	4.6	7.2
Exchequer Bal: 12 Mth Total €m	6,751	7,350	6,196	4,985	5,609	1,506	2,757	2,412

Exchequer finances performing very well in 2023. Tax intake, up 14.2% YTD. 12 mth rolling exchequer surplus at €2.4bn in Apr, despite €4bn transfer to NRF, with large surplus forecast

QUARTERLY DATA

	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23
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	#N/A
Consumer Spending - YoY %	17.1	6.5	9.4	15.6	5.7	2.5	4.5	#N/A
Services Exports - YoY % (3Q Avg)	14.5	14.3	13.6	12.5	8.6	10.4	4.5	#N/A

** Excludes Some Investment Related to the Multinational Sector*

The preliminary reading of GDP for Q1 shows the economy contracted by 2.7% QoQ, but was 6.4% larger YoY

Modified domestic demand rose by 8.2% in 2022, but slowed in the second half of the year

EMPLOYMENT & EARNINGS	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23
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	5.5	#N/A
- Weekly	4.1	5.4	1.9	2.9	2.5	3.6	4.2	#N/A
Weekly Earnings YoY %								
- Private Sector	5.0	5.8	2.8	4.8	3.6	4.9	2.0	#N/A
- Public Sector	2.2	5.3	0.2	-1.3	1.3	0.8	10.8	#N/A

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

Weekly average earnings rose by 4.2% YoY in Q4, with all sectors registering an increase. Public sector pay rose by 3% on average in 2022, compared to 3.8% in the private sector

CSO DWELLING COMPLETIONS	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23
	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

New dwelling completions rose steeply by 19.1% YoY in Q1. 12 mth running total rises to just below 31k

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