

Irish Economy Watch

AIB Treasury Economic Research Unit



Thursday 19 November 2020

	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	
MANUFACTURING									Manufacturing PMI edged higher to 50.3 in October as the survey points to broadly stable but subdued business conditions in the sector Traditional industrial production moved higher in September as output rebounded by 25.9% in Q3. YoY growth rate at -0.7%
AIB Manufacturing PMI	45.1	36.0	39.2	51.0	57.3	52.3	50.0	50.3	
OECD Leading Indicator	98.8	93.4	94.1	97.6	99.2	99.4	99.6	99.7	
Industrial Production (Ex-Modern)	112.7	86.5	82.6	93.7	110.8	109.5	110.6	#N/A	
Production (Ex-Modern) : 3mma YoY%	1.7	-10.0	-17.7	-21.2	-14.2	-5.3	-0.7	#N/A	
3mth / 3mth % seas. adj.	2.4	-9.6	-16.3	-22.9	-6.6	11.4	25.9	#N/A	
SERVICES / RETAIL									Services PMI stayed in contraction but improved to 48.3 in October. Weak demand was evident from a decline in new business, with firms linking this to Covid-19 restrictions CSO Services Index rose in September and was up 12% in Q3. Still below pre-Covid levels New car sales continued to recover up 5.5% YoY in October. Although, weak H1 means YTD total down 25% YoY Core retail sales up 1% in Sept. Now 7.5% higher than Feb. levels. Recovery remains uneven across sectors
AIB Services PMI	32.5	13.9	23.4	39.7	51.9	52.4	45.8	48.3	
CSO Services Index (Value)	124.4	98.1	101.0	114.1	114.5	115.1	121.1	#N/A	
- YoY %	-0.4	-21.8	-19.3	-10.5	-10.6	-9.1	-4.0	#N/A	
- 3mth / 3mth % seas. adj.	1.1	-6.3	-13.3	-16.6	-5.4	6.2	12.0	#N/A	
SIMI Car Registrations	6,006	343	1,741	1,006	21,172	4,810	5,651	2,297	
- 12 mth cum total	102,769	94,208	89,629	89,187	85,718	85,441	87,677	87,797	
- 3 mma YoY %	-22.3	-52.1	-74.6	-81.4	-26.2	-13.4	-4.7	19.5	
Retail Sales Index	104.0	66.8	88.4	122.6	128.1	129.6	131.5	#N/A	
- YoY %	-11.3	-43.7	-25.0	3.7	9.3	8.7	9.7	#N/A	
- 3mth / 3mth % seas. adj.	-5.5	-19.7	-28.0	-18.9	17.1	46.7	40.1	#N/A	
Ex Autos Index	118.4	90.3	102.4	123.2	126.4	127.7	129.0	#N/A	
- YoY %	-0.3	-24.9	-14.0	3.5	5.5	6.7	7.4	#N/A	
- 3mth / 3mth % seas. adj.	-0.4	-9.1	-14.1	-12.1	7.1	21.3	21.3	#N/A	
RESIDENTIAL CONSTRUCTION ACTIVITY									Construction PMI moved higher for the third month running to 48.6, but still below 50. Business expectations (51.9), new orders (51.8) and housing activity (50.3) all improved. Commercial activity (46.7) slipped backwards Commencements continue to move lower in August. 12 month cumulative total just above 22k, lowest level since Dec.18
Construction PMI: Ulster Bank	28.9	4.5	19.9	51.9	53.2	44.0	47.0	48.6	
- Housing Activity	32.4	4.9	21.4	55.8	57.8	44.7	44.1	50.3	
- Commercial Activity	28.2	3.1	25.6	50.9	50.2	41.6	49.2	46.7	
- New Orders	33.9	10.1	24.6	46.0	53.8	46.5	48.8	51.8	
- Business Expectations	36.0	37.1	48.6	54.6	55.9	53.5	48.7	51.9	
Commencements: 12mth Total	26,541	25,606	24,617	23,929	23,379	22,066	#N/A	#N/A	
- 3 Month Avg YoY %	4.6	-16.8	-32.0	-45.7	-37.7	-36.8	#N/A	#N/A	
HOUSING MARKET ACTIVITY									Recovery in mortgage approvals continued in September. 12 month cumulative total rose to 31.5K Transactions continued to rise in October. However, 3 month average down 27.6% YoY. 12 month total dips below 47k House prices rose by 0.2% in September, YoY growth rate at -0.8%. Ex-Dublin price inflation (+0.1%) continues to outpace the capital (-1.7%) CSO rental index fell by 0.5% in Oct. following three months of gains. YoY rate slipped to -3.2%.
BPFI Mortgage Approvals : Month	2,995	706	1,320	1,688	2,713	3,337	3,927	#N/A	
- 3 Month Avg YoY %	-0.3	-29.9	-52.4	-66.1	-51.8	-32.7	-8.4	#N/A	
- 12 Mth Total	39,725	37,124	34,484	32,480	30,966	30,722	31,561	#N/A	
RPPR Transactions : Month	4,412	2,619	2,565	3,038	3,635	2,912	4,144	4,235	
- 3 Month Avg YoY %	-1.0	-17.7	-30.1	-40.3	-37.3	-35.5	-31.4	-27.6	
- 12 Mth Total	58,291	56,372	54,035	52,744	50,875	48,767	47,857	46,578	
HOUSING MARKET PRICES									
CSO Price Index - MoM	0.1	-0.1	-0.1	0.1	0.2	0.1	0.2	#N/A	
- YoY %	1.0	0.7	0.4	0.0	-0.7	-0.9	-0.8	#N/A	
Daft Asking Prices: MoM %	1.8	-5.4	3.8	-0.5	2.5	1.9	0.3	#N/A	
- YoY %	-1.7	-6.6	-1.4	-3.4	0.1	2.6	5.2	#N/A	
RENTS: CSO Private Rents - MoM%	-0.4	-1.8	-1.1	-0.3	0.2	0.2	0.4	-0.5	
- YoY %	3.1	0.8	-0.7	-1.2	-1.4	-1.8	-2.6	-3.2	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									Affordability relatively stable, though volatility in industrial wages sees measure rise in Q2
- Mortgage as % of Disposable Income	17.3	17.9	17.9	17.9	#N/A	#N/A	#N/A	#N/A	

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CONSUMER PRICES - YoY %									CPI inflation (-1.5%) moved further into deflationary territory in October. A reduction in air travel, lower fuel prices, VAT rate cut and falling rents all contributed to the fall. HICP at -1.5% in October also
- MoM %	0.7	-0.1	-0.5	-0.4	-0.4	-1.0	-1.2	-1.5	
HICP - YoY %	0.4	-0.4	-0.5	0.3	-0.2	-0.1	-0.4	-0.6	
- MoM %	0.5	-0.3	-0.8	-0.6	-0.6	-1.1	-1.2	-1.5	
- MoM %	0.4	-0.4	-0.6	0.4	-0.2	-0.1	-0.4	-0.5	
PERSONAL / FINANCIAL									Consumer sentiment dropped sharply in Oct. as rising Covid cases and restrictions weigh on household confidence
KBC/ESRI Consumer Confidence	77.3	42.6	52.3	61.6	62.6	58.9	60.7	52.6	
Credit Growth YoY %									
- Private Sector (Underlying)	-1.0	-0.7	-1.8	-2.2	-2.2	-1.8	-2.6	#N/A	
- of which : Household	-0.1	-0.5	-0.8	-0.9	-1.3	-1.3	-1.5	#N/A	Household credit declined by 1.5% YoY in Sept. Mortgage lending fell by 1% YoY
- of which : Mortgage Lending	-0.3	-0.3	-0.5	-0.6	-0.7	-0.8	-1.0	#N/A	
LABOUR MARKET									Official unemployment rate at 7.3% in October. Covid adjusted rate up to 20.2% as restrictions re-imposed. PUP payments continue to rise in November
Live Register	208,400	216,300	227,900	214,200	227,200	215,100	216,000	211,600	
- Change In Month	+25,700	+7,900	+11,600	-13,700	+13,000	-12,100	+900	-4,400	
Unemployment Rate %	5.0	4.6	4.7	5.2	6.2	6.7	7.3	7.3	
PMI Employment Indices									Employment subcomponent of manufacturing PMI above 50 in October for only the third time in the last 12 months. Construction also above 50, while services improves to 47.4
- AIB Manufacturing	42.6	30.5	40.1	46.1	50.8	47.5	49.1	50.8	
- AIB Services	47.3	31.1	32.9	40.1	46.1	47.3	47.0	47.4	
- Ulster Bank Construction	39.4	22.6	26.7	43.3	47.5	48.3	48.9	51.6	
MERCHANDISE TRADE									Both exports and imports rebounded strongly in Q3 as economies re-opened. Exports up €8.6bn (7.6%) YTD, led by pharma and medical products (+24%). Imports down €4.6bn (6.9%) YTD, but remain distorted by aircraft imports
Export Values - 3M / 3M %	10.1	5.7	8.6	-12.9	-3.8	-2.0	10.8	#N/A	
- 3MMA YoY %	16.7	9.2	8.6	-1.9	2.2	8.4	8.3	#N/A	
Import Values - 3M / 3M %	-2.5	-8.7	-18.9	-16.2	2.4	12.8	13.5	#N/A	
- 3MMA YoY %	0.9	-4.3	-15.2	-15.3	-5.6	-4.2	-6.2	#N/A	
PUBLIC FINANCES									Tax receipts down 5.3% YTD in October. Corporation tax fell by 81% compared to Oct.'19 but still 11.4% ahead on a YTD basis. Net -voted expenditure up 24.6%. Exchequer deficit up to €11.7bn
Total Tax Receipts: Cum YTD %	1.1	-0.6	0.0	0.7	-2.5	-2.3	-3.0	-5.3	
Voted Spending : Cum YTD %	13.5	23.4	24.9	27.3	29.5	28.0	24.9	24.6	
Exchequer Bal: 12 Mth Total €m	-922	-3,634	-5,434	-4,944	-7,654	-8,180	-8,764	-9,337	
QUARTERLY DATA									Irish GDP contracted by 6.1% in Q2 much smaller than expected. Due to favourable export product mix (Pharma etc.)
	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	
GDP - YoY %	3.4	4.4	5.6	6.3	5.9	5.7	-3.0	#N/A	
*Domestic Demand - YoY%	3.1	3.8	2.0	4.5	2.9	-0.9	-15.7	#N/A	
Consumer Spending - YoY %	2.0	3.4	3.6	3.0	2.7	-2.5	-22.1	#N/A	However, modified final domestic demand down 16.4% in Q2, with consumer spending falling by 20% in the quarter
Services Exports - YoY % (3Q Avg)	12.2	12.5	13.2	13.4	13.6	10.1	3.4	#N/A	
* Excludes Some Investment Related to the Multinational Sector									
EMPLOYMENT & EARNINGS									Employment declined by 1.4% YoY in Q3, but this understates labour market weakness, with many jobs relying on government supports
Employment YoY %	2.3	3.7	2.0	2.4	3.5	2.2	-3.4	-1.4	
Labour Force YoY %	1.5	2.7	1.3	1.6	2.6	2.1	-3.7	0.6	
Average Earnings YoY %									
- Hourly	3.2	2.8	3.3	4.0	3.9	3.0	7.9	#N/A	Weekly earnings growth higher in Q2 2020, as the composition of the labour market changed with more lower paid workers falling out of the labour force than higher paid
- Weekly	3.5	3.6	3.6	3.6	3.8	3.7	6.2	#N/A	
Weekly Earnings YoY %									
- Private Sector	3.9	4.5	4.0	4.0	4.0	4.0	6.4	#N/A	
- Public Sector	1.8	0.8	1.9	1.3	3.1	3.1	2.3	#N/A	
CSO DWELLING COMPLETIONS									Completions down 9.4% YoY in Q3. Have held up better than expected in 2020, running at just below 20K for the year
- YoY %	19.2	22.8	9.7	22.0	17.5	16.9	-32.6	-9.4	
- Cum 12 Mth Total	17920	18709	19134	20154	21107	21827	20253	19719	



Oliver Mangan
Chief Economist
oliver.n.mangan@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>

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