

# Irish Economy Watch

AIB Treasury Economic Research Unit



Thursday 25 November 2021

	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21		
<b>MANUFACTURING</b>									The manufacturing PMI rose to 62.1 in Oct from 60.3. However, capacity constraints remained evident as delivery times continued to deteriorate and prices continued to rise	
AIB Manufacturing PMI	57.1	60.8	64.1	64.0	63.3	62.8	60.3	62.1		
OECD Leading Indicator	100.1	100.7	101.4	102.1	102.6	103.0	103.2	103.4		
Industrial Production (Ex-Modern)	110.3	121.7	121.8	121.0	120.9	115.0	121.3	#N/A		
Production (Ex-Modern) : 3mma YoY%	-0.7	15.4	30.6	41.8	30.1	14.9	8.8	#N/A	Traditional production rose by 5.5% in Sept. However, output was down 2% overall in Q3	
3mth / 3mth % seas. adj.	1.9	1.6	2.0	6.5	4.8	0.9	-2.0	#N/A		
<b>SERVICES / RETAIL</b>									The services sector grew strongly again in Oct, with the PMI little changed at 63.4. Outstanding workloads though, rose by the most in 21 years and prices rose by near record levels	
AIB Services PMI	54.6	57.7	62.1	63.1	66.6	63.7	63.7	63.4		
CSO Services Index (Value)	121.4	119.0	120.9	128.8	128.6	131.1	129.1	#N/A		
- YoY %	-0.4	22.7	19.8	16.0	14.6	15.0	5.1	#N/A		
- 3mth / 3mth % seas. adj.	0.9	1.8	0.7	3.2	5.1	7.5	5.5	#N/A		
SIMI Car Registrations	9,192	7,147	5,914	2,762	26,482	5,966	4,451	2,680		
- 12 mth cum total	86,560	93,364	97,537	99,293	104,604	105,762	104,562	104,946		
- 3 mma YoY %	-3.5	54.1	175.0	412.1	47.0	30.5	16.7	2.7		
Retail Sales Index	123.3	125.6	129.9	133.3	130.1	133.8	134.3	#N/A		
- YoY %	12.8	83.4	46.1	9.8	4.5	5.4	0.7	#N/A		
- 3mth / 3mth % seas. adj.	-5.6	8.4	7.4	11.6	5.8	4.9	2.4	#N/A		
Ex Autos Index	118.0	116.3	125.4	135.5	129.8	132.4	133.5	#N/A	In Sept, the CSO services index remained elevated, and was up 5.5% overall in Q3	
- YoY %	-0.2	28.4	21.2	9.5	2.1	3.3	1.3	#N/A		
- 3mth / 3mth % seas. adj.	-8.5	-0.5	1.6	9.9	11.3	10.6	4.9	#N/A		
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									Construction PMI remained in expansion mode at 56.9 in Oct. Commercial activity outpaced housing for the first time since the sector re-opened, but both were well above 50	
Construction PMI: Ulster Bank	30.9	49.3	66.4	65.0	62.8	57.5	56.3	56.9		
- Housing Activity	33.8	54.8	73.4	68.8	63.7	62.2	59.8	54.5		
- Commercial Activity	31.3	42.2	63.5	63.8	60.9	54.9	56.7	60.4		
- New Orders	39.7	55.1	68.2	63.7	65.4	61.7	57.5	57.2		
- Business Expectations	73.9	73.9	73.6	71.9	73.6	71.1	68.1	69.7		
Commencements: 12mth Total	17,708	21,405	25,501	27,264	28,974	29,565	30,519	#N/A		
- 3 Month Avg YoY %	-58.0	6.6	148.5	308.4	205.6	92.8	59.8	#N/A		
<b>HOUSING MARKET ACTIVITY</b>										Housing performing strongly this year, with commencements up 22% YTD vs. 2019 level in Sept. 12mth total rises above 30k for the first time since Mach 2008
BPFI Mortgage Approvals : Month	3,420	3,537	3,814	4,167	4,144	3,749	3,905	#N/A		
- 3 Month Avg YoY %	7.7	51.7	114.5	210.1	111.9	55.9	18.3	#N/A	Mortgage approvals were 8.3% higher in Q3 vs 2019, led by a 14.9% increase in FTB approvals	
- 12 Mth Total	34,809	37,640	40,134	42,613	44,044	44,456	44,434	#N/A		
RPPR Transactions : Month	5,171	4,204	4,170	4,673	5,145	4,694	5,242	5,133	Transactions continue to recover in 2021, although, they remain 1.1% lower YTD vs. 2019 levels	
- 3 Month Avg YoY %	9.2	28.3	40.6	57.7	50.3	49.8	38.0	17.6		
- 12 Mth Total	50,224	51,804	53,392	54,999	56,483	58,217	59,151	58,734	House prices jumped by 1.5% in Sept, up 12.4% YoY. Ex-Dublin price inflation (+13.2%) continues to outpace the capital (+11.5%)	
<b>HOUSING MARKET PRICES</b>										
CSO Price Index - MoM	0.5	0.9	0.8	1.5	1.7	2.3	1.5	#N/A	Daft asking prices fell in Sept for the first time since Feb. Marked deceleration in the YoY rate also	
- YoY %	3.5	4.5	5.4	6.9	8.5	10.9	12.4	#N/A		
Daft Asking Prices: MoM %	1.9	1.7	0.6	0.5	0.8	0.2	-1.0	#N/A	CSO rental index rose sharply again in Oct, up by 0.9%. YoY rate at 7.5%	
- YoY %	7.1	15.0	11.5	12.7	10.7	7.1	7.6	#N/A		
<b>RENTS:</b> CSO Private Rents - MoM%	0.8	1.2	-0.2	0.1	0.3	1.5	1.8	0.9	Affordability index deteriorates as house prices rise by more than industrial wages in Q2	
- YoY %	-1.4	1.6	2.6	3.0	3.1	4.5	5.9	7.5		
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB										
- Mortgage as % of Disposable Income	17.7	18.0	18.4	18.6	#N/A	#N/A	#N/A	#N/A		

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<b>CONSUMER PRICES - YoY %</b>									
- MoM %	0.0	1.1	1.7	1.6	2.2	2.9	3.8	5.1	Consumer prices rose by 0.7% in Oct, led by further increases in energy, fuel and transport costs. Base effects (prices fell by 0.6% in Oct'20), also contributed to the YoY rate rising to 5.1%. HICP rate increased to 5.1% as well
HICP - YoY %	0.8	0.7	0.1	0.2	0.4	0.6	0.5	0.7	
- MoM %	0.1	1.1	1.9	1.6	2.2	3.0	3.8	5.1	
- MoM %	0.9	0.6	0.2	0.1	0.4	0.7	0.4	0.8	
<b>PERSONAL / FINANCIAL</b>									
KBC/ESRI Consumer Confidence	77.1	77.9	85.8	87.2	84.9	86.5	86.4	86.8	Consumer sentiment held steady at 86.8 in October and is just below the two year high (87.2) recorded in June
Credit Growth YoY %									
- Private Sector (Underlying)	-5.7	-4.2	-3.2	-3.1	-1.6	-1.4	0.2	#N/A	Household credit rose by 0.2% YoY in Sept. Mortgage lending though, was down by 1.1% YoY
- of which : Household	-1.8	-1.8	-1.6	-1.6	-1.3	-1.2	-1.2	#N/A	
- of which : Mortgage Lending	-1.2	-1.3	-1.3	-1.3	-1.2	-1.1	-1.1	#N/A	
<b>LABOUR MARKET</b>									
Live Register	186,000	179,100	174,000	171,000	170,200	169,200	167,300	170,100	Standard unemployment rate was unchanged at 5.2% in Oct. The Covid adjusted rate fell to 7.9% as the labour market continued to recover strongly since the economy re-opened
- Change In Month	-1,800	-6,900	-5,100	-3,000	-800	-1,000	-1,900	+2,800	
Unemployment Rate %	7.9	7.6	6.9	6.3	5.7	5.4	5.2	5.2	Employment subcomponents of the manufacturing, construction and services PMIs remained above 50 in Oct, as firms hire to meet strong demand
PMI Employment Indices									
- AIB Manufacturing	55.7	57.7	60.0	59.4	57.7	58.0	55.6	55.7	
- AIB Services	52.6	53.0	54.8	58.6	60.0	58.3	56.8	57.6	
- Ulster Bank Construction	43.7	51.6	58.2	56.9	56.4	57.4	54.8	55.1	
<b>MERCHANDISE TRADE</b>									
Export Values - 3M / 3M %	-1.4	-4.0	2.1	2.0	4.7	3.6	2.8	#N/A	Goods trade surplus rose by 9% to €5.7bn in Sept. Exports rose by 4% YoY in Sept, but were 1% lower YTD. Imports increased by 28% YoY & were 19% higher YTD. Exports to the UK were up 23% YTD, while imports were down 21%
- 3MMA YoY %	-8.6	-3.3	-3.5	6.7	2.4	1.2	0.0	#N/A	
Import Values - 3M / 3M %	-1.7	0.9	11.9	13.0	8.0	1.8	-4.6	#N/A	
- 3MMA YoY %	2.0	18.1	40.8	43.6	23.1	19.6	14.1	#N/A	
<b>PUBLIC FINANCES</b>									
Total Tax Receipts: Cum YTD %	1.0	4.2	9.1	9.8	13.0	15.2	15.9	19.6	Exchequer finances much better than expected this year, owing to very strong tax intake (up 19.6% YTD). Net voted spending up 1.9% YTD. 12mth deficit falls to €8.1bn in October
Voted Spending : Cum YTD %	13.9	7.3	1.9	1.3	0.5	0.3	2.3	1.9	
Exchequer Bal: 12 Mth Total €m	-13,953	-12,472	-12,212	-12,285	-10,657	-9,546	-9,162	-8,073	
<b>QUARTERLY DATA</b>									
	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	
<b>GDP - YoY %</b>	5.1	6.5	1.4	10.8	4.5	11.2	21.6	#N/A	GDP expanded by 21.6% YoY in Q2, due to base effects, and an easing of some restrictions
*Domestic Demand - YoY%	2.0	-2.7	-12.2	-2.8	-2.2	-5.3	15.1	#N/A	Modified domestic demand rose by 15.1% YoY in Q2, led by a 19.4% YoY increase in consumer spending
Consumer Spending - YoY %	2.9	-5.8	-19.5	-7.7	-8.8	-11.9	19.4	#N/A	
Services Exports - YoY % (3Q Avg)	17.4	13.1	5.8	0.0	1.0	4.7	12.2	#N/A	
<i>* Excludes Some Investment Related to the Multinational Sector</i>									
<b>EMPLOYMENT &amp; EARNINGS</b>									
Employment YoY %	3.6	1.1	-6.9	-3.2	-3.4	-4.0	9.9	9.8	Employment rose by 9.8% YoY in Q3, as the economy re-opened more fully. However, base effects and government supports are impacting the data
Labour Force YoY %	2.6	2.0	-6.9	-0.9	-2.0	-2.5	12.1	7.9	
Average Earnings YoY %									
- Hourly	3.9	3.0	7.2	3.6	5.5	8.5	3.0	#N/A	Weekly earnings growth slows to +3.9% YoY in Q2, from 7.6% in Q1, and 7.7% in Q4 2020 as the changing composition of the labour force continues to distort the data
- Weekly	3.8	3.7	6.0	3.3	7.7	7.6	3.9	#N/A	
Weekly Earnings YoY %									
- Private Sector	4.0	4.0	6.0	3.1	9.1	7.7	4.6	#N/A	
- Public Sector	3.1	3.1	2.9	2.5	3.0	4.8	2.6	#N/A	
<b>CSO DWELLING COMPLETIONS</b>									
- YoY %	6376	4928	3230	5045	7329	3929	4989	4656	Having performed well in H1, completions slowed somewhat in Q3, and were 7.7% lower YoY. However, they are up 2.8% YTD
- Cum 12 Mth Total	17.4	16.1	-32.7	-10.6	14.9	-20.3	54.5	-7.7	
	21068	21750	20179	19579	20532	19533	21292	20903	



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