

# Irish Economy Watch

AIB Treasury Economic Research Unit



Friday 25 November 2022

	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22
<b>MANUFACTURING</b>								
AIB Manufacturing PMI	59.4	59.1	56.4	53.1	51.8	51.1	51.5	51.4
OECD Leading Indicator	102.4	102.4	102.3	102.1	102.0	101.9	101.7	101.5
Industrial Production (Ex-Modern)	127.1	126.3	134.2	121.2	133.1	137.2	135.9	#N/A
Production (Ex-Modern) : 3mma YoY%	18.8	13.4	11.9	6.8	11.5	13.7	18.5	#N/A
3mth / 3mth % seas. adj.	7.7	2.7	1.9	-2.9	0.4	1.0	6.4	#N/A

The manu. PMI was little changed, at 51.4 in Oct. However, new orders fell for the fifth month running. Meanwhile, output prices rose at the fastest pace in three months

Despite falling in Sep, industrial production (ex-modern) rose by 6.4% in Q3, up 18.5% YoY also

<b>SERVICES / RETAIL</b>								
AIB Services PMI	63.4	61.7	60.2	55.6	56.3	54.7	54.1	53.2
CSO Services Index (Value)	159.3	150.7	153.1	157.2	158.8	161.6	161.6	#N/A
- YoY %	32.0	25.2	24.5	22.7	22.5	21.6	17.3	#N/A
- 3mth / 3mth % seas. adj.	6.4	9.2	8.7	3.5	2.5	3.1	4.6	#N/A
SIMI Car Registrations	12,892	7,845	5,282	2,152	21,838	8,126	6,315	2,616
- 12 mth cum total	106,776	107,474	106,842	106,232	101,593	103,753	105,619	105,555
- 3 mma YoY %	3.8	8.9	16.9	-3.4	-16.7	-8.8	-1.7	30.3
Retail Sales Index	123.7	128.0	126.1	124.4	122.8	126.4	122.5	#N/A
- YoY %	0.3	1.9	-2.9	-6.7	-7.2	-4.7	-7.1	#N/A
- 3mth / 3mth % seas. adj.	-3.3	-0.6	1.2	1.8	-0.7	-1.1	-1.8	#N/A
Ex Autos Index	129.0	131.1	128.6	127.4	124.3	128.4	125.0	#N/A
- YoY %	9.3	12.7	2.6	-6.0	-3.9	-2.1	-6.4	#N/A
- 3mth / 3mth % seas. adj.	-1.8	-0.5	0.8	0.3	-2.1	-2.2	-2.4	#N/A

The services PMI edged lower to 53.2 in Oct. New business expanded though, partly due to a marked pick-up in new exports. Hiring continued at a robust pace. Inflationary pressures remained elevated.

The CSO services index was unchanged in Sept, but it was up 17.3% YoY

New car sales were 0.6% higher YTD vs. 2021 levels in Oct. However, they were 10.5% below their 2019 levels YTD

Retail sales fell by 1.8% in Q3, and were 6.3% lower YoY. Core retails sales fell by 2.4% in Q3

<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>								
BNP Paribas Construction PMI	53.9	52.5	51.5	46.4	41.8	46.9	50.2	47.4
- Housing Activity	56.7	56.1	56.6	49.7	37.9	47.4	50.8	49.7
- Commercial Activity	56.7	55.7	52.2	45.7	44.5	47.5	51.1	45.1
- New Orders	54.0	49.4	48.0	40.4	40.6	40.7	49.5	49.6
- Business Expectations	57.1	57.7	52.7	49.1	48.5	49.2	52.8	58.0
Commencements: 12mth Total	34,846	32,456	30,233	29,343	28,450	28,409	27,417	26,608
- 3 Month Avg YoY %	143.4	20.2	-26.0	-43.5	-35.6	-21.6	-22.1	-23.0

Construction PMI fell to 47.4 in Oct, indicating activity in the sector contracted for the fourth time in five months. However, activity in the housing sector was little changed. Firms view on the outlook improved also

Commencements were down 15.3% YTD vs. 2021 levels in Oct. 12 mth rolling total falls back below 27k

<b>HOUSING MARKET ACTIVITY</b>								
BPFI Mortgage Approvals : Month	3,461	3,299	3,841	3,947	3,514	3,680	3,633	3,439
- 3 Month Avg YoY %	1.3	-1.9	-1.6	-3.7	-6.8	-7.6	-8.2	-5.4
- 12 Mth Total	43,277	43,039	43,066	42,846	42,216	42,147	41,875	41,597
RPPR Transactions : Month	4,805	4,531	4,699	5,397	5,520	5,025	5,659	4,873
- 3 Month Avg YoY %	2.4	1.2	3.4	11.8	11.2	9.2	6.4	-0.3
- 12 Mth Total	57,539	57,856	58,373	59,080	59,433	59,720	60,054	59,391

Mortgage approvals continue to trend slightly lower, down 5.4% YoY in the 3mths to Oct

Transactions have been relatively steady since mid-year. 12 month running total just above 59k in Oct

<b>HOUSING MARKET PRICES</b>								
CSO Price Index - MoM	0.5	0.4	0.8	1.1	1.0	1.1	0.6	#N/A
- YoY %	15.0	14.5	14.4	13.9	13.2	11.9	10.8	#N/A
Daft Asking Prices: MoM %	2.6	0.5	1.0	0.2	-0.3	-0.4	0.8	#N/A
- YoY %	9.9	9.3	9.6	8.8	8.0	7.2	7.9	#N/A
<b>RENTS:</b> CSO Private Rents - MoM%	0.8	1.3	1.6	0.8	1.1	1.4	0.7	0.4
- YoY %	9.2	9.3	11.2	11.9	12.9	12.7	11.6	11.1

House prices rose by 0.6% in Sep. However, the YoY rate decelerated further to 10.8%

Asking prices rose by just 0.1% in Q3, but they were up 7.7% YoY

The pace of increase in rents eased to 0.4% in Oct. Rents remain very elevated though, up 11.1% YoY

<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	19.3	19.8	20.1	20.5	#N/A	#N/A	#N/A	#N/A

Affordability deteriorated in Q2 as house price growth outpaced wage growth

	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22		
									The consumer price index rose by 1.6% in Oct, led by a sharp rise in retail energy prices. CPI YoY rate jumped to 9.2%. Higher energy & food prices the main factors influencing inflation in YoY terms	
<b>CONSUMER PRICES - YoY %</b>										
- MoM %	6.7	7.0	7.8	9.1	9.1	8.7	8.2	9.2		
	1.9	0.9	0.9	1.3	0.4	0.2	0.0	1.6		
HICP - YoY %	7.0	7.3	8.3	9.6	9.6	9.0	8.6	9.4		
- MoM %	2.1	0.9	1.1	1.3	0.4	0.2	0.0	1.5		
<b>PERSONAL / FINANCIAL</b>									Consumer sentiment improved in October, although it remains at very low levels historically  Securities financing the main driver of the increase in private sector credit. Household debt levels continue to edge lower	
KBC/ESRI Consumer Confidence	67.0	57.7	55.2	57.7	53.7	53.4	42.1	46.1		
Credit Growth YoY %										
- Private Sector (Underlying)	3.3	1.7	2.0	4.5	3.3	3.4	2.6	#N/A		
- of which : Household	0.1	0.2	0.3	-0.1	-0.4	-0.7	-0.8	#N/A		
- of which : Mortgage Lending	1.0	0.9	0.9	0.6	0.2	-0.1	-0.4	#N/A		
<b>LABOUR MARKET</b>									The unemployment rate has been comfortably below its pre-pandemic level of 4.8% since April. Jobless rate remained at 4.4% in Oct  The employment measures of the manufacturing, services and construction PMIs were little changed in Oct. Crucially, all three remained above the key 50 level	
Live Register	181,100	178,600	177,800	185,200	183,500	185,800	183,400	182,600		
- Change In Month	+18,100	-2,500	-800	+7,400	-1,700	+2,300	-2,400	-800		
Unemployment Rate %	4.9	4.6	4.2	4.2	4.3	4.4	4.4	4.4		
PMI Employment Indices										
- AIB Manufacturing	56.6	58.6	59.3	55.7	52.9	52.4	53.8	52.9		
- AIB Services	58.2	57.6	58.5	56.4	57.5	56.5	56.3	56.6		
- BNP Paribas Construction	52.1	52.5	54.9	50.1	49.8	50.6	51.1	50.9		
<b>MERCHANDISE TRADE</b>									Goods trade surplus narrowed to €5.5bn in Sep. Exports fell by 4.8% in the month, but they remain up 30% YTD, led by continuing robust increases in chemicals & pharmaceuticals exports. Imports were 42% higher YTD in Sep	
Export Values - 3M / 3M %	17.8	16.3	13.8	0.6	-4.6	-3.4	4.1	#N/A		
- 3MMA YoY %	29.5	36.2	37.3	30.4	21.5	26.2	30.9	#N/A		
Import Values - 3M / 3M %	14.3	11.9	14.0	13.2	9.8	6.2	7.2	#N/A		
- 3MMA YoY %	36.8	34.5	39.2	38.7	38.9	41.7	50.7	#N/A		
<b>PUBLIC FINANCES</b>									Exchequer finances continued to perform very strongly in Oct. Tax intake, up 25.5% YTD. Net voted spending down 1.6% YTD. 12 mth rolling Exchequer surplus rises to €7.4bn	
Total Tax Receipts: Cum YTD %	31.8	31.1	26.9	25.0	23.4	26.3	26.2	25.5		
Voted Spending : Cum YTD %	-2.0	-5.9	-3.1	-3.8	-4.4	-3.9	-2.6	-1.6		
Exchequer Bal: 12 Mth Total €m	-3,044	-833	32	2,116	3,364	5,600	6,751	7,350		
<b>QUARTERLY DATA</b>										
		Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Irish GDP grew by 11.1% YoY in Q2, as investment rose sharply vs. Q2 2021. Consumption and export growth were robust also  Domestic Demand up by 10.6% YoY in Q2, led by a significant rise in investment
GDP - YoY %		3.9	11.4	19.5	10.4	13.8	10.8	11.1	#N/A	
*Domestic Demand - YoY%		-4.8	-5.1	14.7	3.9	10.4	12.8	10.6	#N/A	
Consumer Spending - YoY %		-10.0	-13.0	17.1	6.5	9.4	15.5	5.6	#N/A	
Services Exports - YoY % (3Q Avg)		5.6	8.0	14.5	14.3	13.6	12.5	8.6	#N/A	
* Excludes Some Investment Related to the Multinational Sector										
<b>EMPLOYMENT &amp; EARNINGS</b>									Employment rose by 3.4% YoY in Q3, leaving it 8.4% above pre-pandemic levels. Labour force growth of 2% YoY was recorded in Q3 also  Weekly average earnings rose by 2.4% YoY in Q2. Stronger growth in the private sector than in the public sector, most notably in the ICT, construction and hospitality sectors	
Employment YoY %		-3.4	-5.0	9.9	9.8	10.1	12.3	8.8		3.4
Labour Force YoY %		-2.0	-2.5	12.1	7.9	8.9	9.6	5.6		2.0
Average Earnings YoY %										
- Hourly		5.5	8.4	2.7	3.7	2.8	2.2	2.7		#N/A
- Weekly		7.7	7.5	4.1	5.4	1.9	2.9	2.4	#N/A	
Weekly Earnings YoY %										
- Private Sector		9.1	7.7	5.0	5.8	2.8	4.8	3.6	#N/A	
- Public Sector		3.0	4.9	2.2	5.3	0.2	-1.3	1.2	#N/A	
<b>CSO DWELLING COMPLETIONS</b>									YTD new dwelling completions (20,807) greater than the full year total for 2021 (20,560). 12 mth running total above 27k	
- YoY %		7338	3966	4985	4643	6966	5645	7618		7544
		1087.4	-19.9	53.6	-8.1	-5.1	42.3	52.8		62.5
- Cum 12 Mth Total		20585	19601	21340	20932	20560	22239	24872		27773



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