

Irish Economy Watch

AIB Treasury Economic Research Unit



Tuesday 28 November 2023

	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	
MANUFACTURING									The manu. PMI fell to 48.2 in Oct, as business conditions deteriorated further. New orders and export orders fell sharply. Output contracted for an eighth month running Traditional industrial production rose by 2.6% in Q3, and was up by 6.2% YoY
AIB Manufacturing PMI	49.7	48.6	47.5	47.3	47.0	50.8	49.6	48.2	
AIB Manufacturing PMI - Future Output	72.0	64.8	66.1	68.8	67.1	72.1	71.6	70.0	
Industrial Production (Ex-Modern)	120.6	120.6	127.2	122.2	125.0	125.7	129.0	#N/A	
Production (Ex-Modern) : 3mma YoY%	3.6	4.0	6.8	8.5	8.2	5.9	6.2	#N/A	
3mth / 3mth % seas. adj.	0.9	1.1	4.3	1.8	3.6	1.2	2.6	#N/A	
SERVICES / RETAIL									The services PMI eased to 52.6 in Oct, consistent with more moderate growth. New business expanded modestly, and there was a contraction in new export orders. Input and output price inflation remained elevated The CSO services index rose by 1.3% in Q3. Up 3.9% YoY also New car sales still performing well, up by 15.1% YTD, with the 12 mth running total near 122k Retail sales and core sales fell by 1.7% and 1.0%, respectively, in the 3 mths to Oct. However, both measure were higher in YoY terms over the same period
AIB Services PMI	55.7	58.4	57.0	56.8	56.7	55.0	54.5	52.6	
CSO Services Index (Value)	160.7	163.0	163.0	162.2	163.3	164.7	166.5	#N/A	
- YoY %	2.4	8.2	6.1	2.1	3.2	2.8	3.9	#N/A	
- 3mth / 3mth % seas. adj.	2.0	2.0	1.9	1.5	0.9	0.7	1.3	#N/A	
SIMI Car Registrations	17,626	8,906	7,542	2,986	27,098	8,103	5,623	2,171	
- 12 mth cum total	113,548	114,597	116,844	117,676	122,870	122,819	122,124	121,678	
- 3 mma YoY %	16.3	21.1	30.8	27.0	28.2	18.5	12.2	-7.0	
Retail Sales Index	131.3	136.0	132.2	131.9	131.0	130.8	129.1	128.5	
- YoY %	8.7	7.3	5.7	6.6	6.3	3.5	2.1	-0.2	
- 3mth / 3mth % seas. adj.	0.9	3.5	4.4	3.4	-0.2	-1.5	-2.3	-1.7	
Ex Autos Index	129.6	130.8	130.9	131.9	126.9	129.5	128.6	127.8	
- YoY %	0.7	0.2	2.7	3.5	0.6	1.1	1.2	0.3	
- 3mth / 3mth % seas. adj.	0.3	0.3	1.2	1.5	0.1	-0.8	-2.2	-1.0	
RESIDENTIAL CONSTRUCTION ACTIVITY									The construction PMI edged back to 47.3 in Oct, and remained in contraction territory. New orders and housing activity stayed below the key 50 level. Meantime, commercial activity expanded marginally Commencements increased very strongly, by 29.6% YoY in the 3 mths to Oct. 12 mth rolling total rises to 30.7k
BNP Paribas Construction PMI	49.5	48.4	49.4	50.4	45.6	44.9	48.6	47.3	
- Housing Activity	46.5	42.8	45.4	48.4	45.9	46.3	48.9	45.3	
- Commercial Activity	51.9	51.4	53.7	51.1	45.4	41.9	49.2	50.9	
- New Orders	52.5	50.5	50.6	51.0	45.7	45.2	49.4	49.6	
- Business Expectations	58.0	59.4	60.2	58.0	59.5	59.4	59.2	53.6	
Commencements: 12mth Total	27,309	27,542	27,855	28,369	28,916	29,565	29,961	30,744	
- 3 Month Avg YoY %	5.0	4.5	12.4	14.8	19.0	25.8	23.5	29.6	
HOUSING MARKET ACTIVITY									Mortgage approvals rose by 7.3% YoY in Q3. 12 mth total moves up to near 43k Transactions continue to level off in Oct, with the 3mma down 0.7% YoY. 12 mth total at 62k House prices rose for a fourth consecutive month in Sep, up by 0.8%. However, the YoY rate, increased to 1.4% Asking prices on Daft.ie were revised significantly higher for Q2, and were up 3.7% YoY in Q3 CSO rental index was flat in Oct, for the first time since May'21. YoY rate eased to 6.6% also
BPFI Mortgage Approvals : Month	3,896	3,373	4,282	4,175	4,136	3,952	3,527	#N/A	
- 3 Month Avg YoY %	2.8	2.8	9.0	6.7	11.4	10.1	7.3	#N/A	
- 12 Mth Total	41,249	41,323	41,764	41,992	42,614	42,886	42,780	#N/A	
RPPR Transactions : Month	5,197	4,197	5,194	5,441	5,318	5,651	5,433	5,027	
- 3 Month Avg YoY %	0.4	-2.0	3.6	1.0	1.6	2.4	0.5	-0.7	
- 12 Mth Total	62,240	61,894	62,357	62,384	62,150	62,740	62,460	62,039	
HOUSING MARKET PRICES									
CSO Price Index - MoM	-0.6	-0.1	-0.1	0.6	0.5	0.5	0.8	#N/A	
- YoY %	4.0	3.5	2.6	2.1	1.7	1.1	1.4	#N/A	
Daft Asking Prices: MoM %	0.3	1.9	1.7	-0.5	0.9	-0.5	1.1	#N/A	
- YoY %	1.0	2.4	3.0	2.3	3.7	3.5	3.9	#N/A	
RENTS: CSO Private Rents - MoM%	0.3	0.1	0.6	0.6	0.6	1.3	0.8	0.0	
- YoY %	10.0	8.8	7.8	7.7	7.2	7.1	7.1	6.6	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	19.4	20.2	20.4	20.8	20.8	22.7	23.0	#N/A	Affordability deteriorated at a faster pace in Q3, as mortgage rates and house prices rose

	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	
CONSUMER PRICES - YoY %									Consumer prices rose by 0.3% in Oct, led by increases in transport and education. The YoY rate fell sharply to 5.1%, though, on energy base effects. HICP inflation dropped to 3.6% YoY, from 5%
- MoM %	7.7	7.2	6.6	6.1	5.8	6.3	6.4	5.1	
	1.1	0.5	0.3	0.8	0.2	0.7	0.1	0.3	
HICP - YoY %	7.0	6.3	5.4	4.8	4.6	4.9	5.0	3.6	
- MoM %	1.0	0.3	0.3	0.8	0.2	0.5	0.1	0.2	
PERSONAL / FINANCIAL									Consumer sentiment edged higher to 60.4 in Oct from 58.8, albeit, this remains a relatively subdued level historically Stock of private sector credit declined in Sep, but growth rate of mortgage debt accelerated
ILCU Consumer Sentiment Index	53.9	59.2	62.4	63.7	64.5	62.2	58.8	60.4	
Credit Growth YoY %									
- Private Sector	-1.7	1.2	0.3	-1.9	-2.0	-1.8	-2.1	#N/A	
- of which : Household	-0.4	0.0	0.3	0.6	1.0	1.6	1.6	#N/A	
- of which : Mortgage Lending	-0.4	-0.1	0.0	0.4	0.9	1.3	1.5	#N/A	
LABOUR MARKET									The unemployment rate has been revised upwards for recent months on the back of new data showing very strong labour force growth. It stood at 4.8% in October The employment sub-indices of the services and manufacturing, PMIs fell in Oct. However, the construction reading improved. All three remained above 50
Live Register	182,200	182,000	182,500	182,400	182,000	175,000	178,800	175,500	
- Change In Month	-1,300	-200	+500	-100	-400	-7,000	+3,800	-3,300	
Unemployment Rate %	4.1	4.1	4.1	4.4	4.4	4.5	4.7	4.8	
PMI Employment Indices									
- AIB Manufacturing	51.5	51.5	50.8	48.1	51.6	53.7	53.0	50.2	
- AIB Services	54.0	56.4	54.5	54.7	53.1	53.9	53.2	52.0	
- BNP Paribas Construction	53.1	50.5	51.2	52.0	53.4	51.1	51.2	53.4	
MERCHANDISE TRADE									Value of goods trade surplus was €7.9bn narrower YTD to Sep compared to last year, at €47.1bn. Exports are 6% lower YTD, led by a sharp fall in pharmaceuticals and medical products (down 6.3% YTD). Imports are 2% lower YTD
Export Values - 3M / 3M %	-1.5	3.3	-2.3	-1.4	-1.4	3.4	-1.2	#N/A	
- 3MMA YoY %	-2.4	-5.2	-8.8	-5.2	0.5	-3.2	-10.7	#N/A	
Import Values - 3M / 3M %	-3.0	-2.3	-4.4	1.2	3.4	0.2	-3.3	#N/A	
- 3MMA YoY %	13.5	4.4	-4.2	-4.9	-3.1	-7.9	-11.8	#N/A	
PUBLIC FINANCES									Tax intake up 4% YTD, led by higher Income & VAT receipts. However, spending growth up 9.9%. 12 mth rolling Exchequer deficit at €3.2bn, partly due to €4bn transfer to NRF
Total Tax Receipts: Cum YTD %	14.6	14.2	10.2	11.0	10.0	6.6	6.1	4.0	
Voted Spending : Cum YTD %	4.6	7.2	6.7	9.8	9.9	11.0	10.0	9.9	
Exchequer Bal: 12 Mth Total €m	2,757	2,412	3,021	1,055	700	-1,615	-1,809	-3,185	
QUARTERLY DATA									Having risen by just 0.2% YoY in H1, the flash estimate of GDP registered a 4.7% YoY contraction in Q3 Modified domestic demand rebounded by 1% in Q2, and was up by 1.9% YoY in H1
	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	
GDP - YoY %	14.3	8.8	9.3	9.4	10.2	1.1	-0.7	-4.7	
*Domestic Demand - YoY%	11.1	12.9	10.6	9.0	5.1	4.1	-0.3	#N/A	
Consumer Spending - YoY %	14.1	18.6	8.6	5.8	6.5	5.1	2.4	#N/A	
Services Exports - YoY % (3Q Avg)	15.3	13.4	9.2	9.8	3.1	0.6	0.1	#N/A	
<i>* Excludes Some Investment Related to the Multinational Sector</i>									
EMPLOYMENT & EARNINGS									Employment rose by 4% YoY in Q3, leaving it 12.7% above pre-pandemic levels. Employment rate down at 74.1% in Q3, down slightly from Q2. The labour force grew by 4.2% YoY in Q3. Weekly average earnings rose by 4.6% YoY in Q3. Public sector pay was up 6.3% YoY. Private sector earnings rose by 3.9% YoY in Q3
Employment YoY %	10.1	12.3	8.8	3.4	2.7	4.1	3.5	4.0	
Labour Force YoY %	8.9	9.6	5.6	2.0	2.0	3.3	3.4	4.2	
Average Earnings YoY %									
- Hourly	2.8	2.2	2.5	3.6	6.0	4.0	5.4	6.2	
- Weekly	1.9	2.9	2.5	3.6	4.5	4.4	4.5	4.6	
Weekly Earnings YoY %									
- Private Sector	2.8	4.8	3.6	4.9	2.4	3.6	4.0	3.9	
- Public Sector	0.2	-1.3	1.3	0.8	10.4	7.7	5.9	6.3	
CSO DWELLING COMPLETIONS									New dwelling completions up by 14.4% YoY in Q3. 12 mth running total moves sharply higher to 31.5k
- YoY %	6949	5625	7614	7388	9124	6652	7339	8452	
	-5.2	41.8	52.8	59.0	31.3	18.3	-3.6	14.4	
- Cum 12 Mth Total	20546	22204	24834	27576	29751	30778	30503	31567	



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>

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, plc and Allied Irish Banks (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, plc. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI 018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.