

Irish Economy Watch

AIB Treasury Economic Research Unit



Monday 14 October 2019

	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	
MANUFACTURING									<p>Manufacturing PMI broadly unchanged at 48.7 in September. Both Brexit and uncertainty related to the global economic outlook have weighed on the index of late</p> <p>Industrial production (ex-modern) volatile but continues to register good YoY growth</p>
AIB Manufacturing PMI	54.0	53.9	52.5	50.4	49.8	48.7	48.6	48.7	
OECD Leading Indicator	99.5	99.7	99.8	99.7	99.5	99.3	98.7	#N/A	
Industrial Production (Ex-Modern)	113.7	115.6	114.3	115.2	109.7	118.5	116.3	#N/A	
Production (Ex-Modern) : 3mma YoY%	6.6	10.5	11.9	10.5	6.1	5.6	5.0	#N/A	
3mth / 3mth % seas. adj.	-2.1	0.2	3.6	3.9	0.0	-0.1	-0.2	#N/A	
SERVICES / RETAIL									<p>Services PMI dipped to 53.1 in September, its lowest reading since May 2013 and its 4th consecutive monthly decline</p> <p>Volatile CSO services index reversed July's increase in August, but YoY growth rate remains strong at 9%</p> <p>Second hand car imports have failed to fully offset the 7.7% fall in new sales. Total registrations down circa 2% YTD in Sept</p> <p>Core retail sales rose by a robust 1.1% in August. Retail expenditure is up 4.6% YoY in the first 8 months of 2019. Home-ware spending very strong YTD</p>
AIB Services PMI	55.9	55.3	54.7	57.0	56.9	55.0	54.6	53.1	
CSO Services Index (Value)	124.2	123.4	124.7	125.0	127.5	128.2	127.4	#N/A	
- YoY %	12.1	12.1	6.0	6.2	10.7	10.4	9.0	#N/A	
- 3mth / 3mth % seas. adj.	-2.1	1.4	2.7	2.9	2.1	2.3	2.7	#N/A	
SIMI Car Registrations	15,069	16,687	8,904	6,320	1,408	24,683	5,088	3,420	
- 12 mth cum total	118,962	117,923	118,774	119,039	119,199	116,994	116,184	116,421	
- 3 mma YoY %	-12.2	-10.6	-5.0	0.2	8.3	-5.2	-8.4	-7.7	
Retail Sales Index	117.6	116.9	119.9	116.4	117.2	112.0	118.4	#N/A	
- YoY %	4.3	5.1	4.5	0.5	-0.3	-4.5	2.1	#N/A	
- 3mth / 3mth % seas. adj.	-1.1	-1.0	0.9	0.6	0.9	-2.5	-1.6	#N/A	
Ex Autos Index	119.2	120.2	120.2	118.1	117.0	119.0	120.2	#N/A	
- YoY %	5.7	7.8	6.2	2.8	1.8	4.0	4.3	#N/A	
- 3mth / 3mth % seas. adj.	1.0	2.3	2.8	1.7	-0.3	-1.5	-0.6	#N/A	
CONSTRUCTION PMI: Ulster Bank									<p>Construction PMI dropped to 48.3 in September, its first time below the key 50 level in 6-years. Housing and commercial sub-indices fell sharply</p> <p>Registrations (measure of developer activity) 14.5% lower in 3 months to June compared to same period in 2018</p> <p>Commencements levelling off just above 24k, but 6.8% lower in Q2 than same quarter in 2018</p>
- Housing Activity	64.3	60.8	60.5	58.3	58.4	55.9	58.4	52.9	
- Commercial Activity	62.2	55.5	54.6	53.1	52.8	54.7	55.1	47.6	
- New Orders	60.2	58.5	59.6	56.4	56.6	53.7	52.6	50.8	
- Business Expectations	67.6	65.1	66.5	67.1	65.5	59.0	51.3	52.4	
RESIDENTIAL CONSTRUCTION ACTIVITY									<p>Mortgage approvals fell back in August but 12 month total remains above 39k</p> <p>12 month running total of transactions continues to hover around the 57k level</p> <p>Annual CSO house price growth eases back down to 2.0% in August, though prices have risen for 6 consecutive months. Ex-capital inflation at 4.4% YoY, while Dublin prices down 0.3%</p> <p>CSO rent inflation at 5.8% in September. Rents now 31.4% above previous peak</p> <p>Affordability trending upwards since Spring on renewed rise in house prices</p>
Housing Registrations: 12Mth Total	10,863	11,004	10,817	10,614	10,604	#N/A	#N/A	#N/A	
- 3 Month Avg YoY %	40.4	36.7	0.4	-10.6	-14.5	#N/A	#N/A	#N/A	
Commencements: 12mth Total	23,392	24,642	24,690	24,438	24,226	#N/A	#N/A	#N/A	
- 3 Month Avg YoY %	39.0	49.7	39.0	19.9	-6.8	#N/A	#N/A	#N/A	
HOUSING MARKET ACTIVITY									<p>Mortgage approvals fell back in August but 12 month total remains above 39k</p> <p>12 month running total of transactions continues to hover around the 57k level</p> <p>Annual CSO house price growth eases back down to 2.0% in August, though prices have risen for 6 consecutive months. Ex-capital inflation at 4.4% YoY, while Dublin prices down 0.3%</p> <p>CSO rent inflation at 5.8% in September. Rents now 31.4% above previous peak</p> <p>Affordability trending upwards since Spring on renewed rise in house prices</p>
BPFI Mortgage Approvals : Month	2,741	3,276	3,307	3,960	3,692	4,227	3,581	#N/A	
- 3 Month Avg YoY %	0.8	7.8	12.5	12.6	8.1	13.0	12.3	#N/A	
- 12 Mth Total	36,725	37,264	37,540	37,905	38,085	38,908	39,165	#N/A	
RPPR Transactions : Month	4,117	4,263	4,499	4,862	4,284	5,422	4,835	#N/A	
- 3 Month Avg YoY %	-1.2	0.1	5.5	6.1	3.6	0.8	-0.9	#N/A	
- 12 Mth Total	56,548	56,542	57,117	57,332	57,020	57,249	57,195	#N/A	
HOUSING MARKET PRICES									<p>Mortgage approvals fell back in August but 12 month total remains above 39k</p> <p>12 month running total of transactions continues to hover around the 57k level</p> <p>Annual CSO house price growth eases back down to 2.0% in August, though prices have risen for 6 consecutive months. Ex-capital inflation at 4.4% YoY, while Dublin prices down 0.3%</p> <p>CSO rent inflation at 5.8% in September. Rents now 31.4% above previous peak</p> <p>Affordability trending upwards since Spring on renewed rise in house prices</p>
CSO Price Index - MoM	-0.1	0.1	0.2	0.3	0.4	0.9	0.3	#N/A	
- YoY %	4.3	3.8	3.0	2.6	2.0	2.3	2.0	#N/A	
Daft Asking Prices: MoM %	1.5	1.3	-0.6	-1.4	3.6	-1.0	-0.5	-2.0	
- YoY %	5.1	6.3	3.9	1.9	5.4	0.8	1.4	-1.8	
RENTS: CSO Private Rents - MoM%	0.3	0.4	0.4	0.3	0.3	0.3	0.6	1.1	
- YoY %	5.7	5.6	5.4	5.2	5.5	5.6	5.2	5.8	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	17.6	17.6	17.7	17.9	17.9	18.1	18.1	#N/A	

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CONSUMER PRICES - YoY %									CPI inflation picked up to 0.9% in September. Services inflation at 2.6%, but price pressures contained by goods price deflation. HICP inflation at 0.6% in same month
- MoM %	0.6	1.1	1.7	1.0	1.1	0.5	0.7	0.9	
	0.8	0.8	0.4	-0.1	0.2	-0.2	0.5	-0.2	
HICP - YoY %	0.7	1.1	1.7	1.0	1.1	0.5	0.6	0.6	
- MoM %	0.8	0.8	0.4	-0.1	0.2	-0.2	0.4	-0.3	
PERSONAL / FINANCIAL									Consumer confidence fell to a fresh 6-year low in September as Brexit continued to weigh on sentiment Pace of contraction of household credit outstanding held at 0.2% in August
KBC/ESRI Consumer Confidence	86.5	93.1	87.7	89.9	90.7	85.5	77.2	75.3	
Credit Growth YoY %									
- Private Sector (Underlying)	-3.3	-3.6	-3.2	-2.7	-2.2	-2.5	-3.8	#N/A	
- of which : Household	-0.7	-0.5	-0.4	-0.3	-0.3	-0.2	-0.2	#N/A	
- of which : Mortgage Lending	-1.1	-1.1	-1.0	-0.8	-0.9	-0.9	-0.8	#N/A	
LABOUR MARKET									Jobless rate at 5.3% in September, unchanged in 4 months. Live Register decline slows sharply since May PMI employment subcomponents point to a slower pace of job creation. Manufacturing (50) and construction (50.6) at 6 and 3-year lows. Services (53.3) at a more encouraging level
Live Register	197,300	195,200	194,800	191,400	190,400	190,000	189,000	188,800	
- Change In Month	-3,000	-2,100	-400	-3,400	-1,000	-400	-1,000	-200	
Unemployment Rate %	5.0	5.0	5.2	5.2	5.3	5.3	5.3	5.3	
PMI Employment Indices									
- AIB Manufacturing	54.0	54.1	53.8	51.4	51.8	50.1	50.5	50.0	
- AIB Services	55.5	55.6	54.6	54.7	55.3	53.6	53.1	53.3	
- Ulster Bank Construction	56.1	59.6	58.8	53.5	56.0	52.9	51.3	50.6	
MERCHANDISE TRADE									YoY growth in value of goods exported at 9.8% in July, largely reflects significant increase in Bio-Pharma exports Imports fell sharply in same period as chemical and machinery imports declined
Export Values - 3M / 3M %	10.3	1.7	-5.1	-6.9	-0.6	5.3	#N/A	#N/A	
- 3MMA YoY %	16.9	12.1	13.1	12.0	8.6	9.8	#N/A	#N/A	
Import Values - 3M / 3M %	-8.8	-16.4	-8.1	-4.7	0.8	-1.3	#N/A	#N/A	
- 3MMA YoY %	11.2	6.0	7.7	8.2	-0.4	-4.9	#N/A	#N/A	
PUBLIC FINANCES									Public finances running slightly ahead of target YTD, reflecting strong tax take. Exchequer recorded small surplus of €38m YTD. Government forecasting €600m surplus in 2019
Total Tax Receipts: Cum YTD %	3.7	7.1	5.7	5.7	6.9	7.6	8.1	8.7	
Voted Spending : Cum YTD %	8.1	7.2	5.4	8.0	5.9	6.6	6.8	6.9	
Exchequer Bal: 12 Mth Total €m	28	254	344	68	1,189	1,279	1,299	1,615	
QUARTERLY DATA									Irish GDP expanded by 5.8% YoY in Q2'19. Data remain distorted by multi-nationals 3 quarter moving average growth rate of modified domestic demand, which aims to strip out multi-national distortions, +2.5% as of Q2'19
	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	
GDP - YoY %	14.2	6.5	12.1	10.4	7.4	3.6	7.4	5.8	
*Domestic Demand - YoY% (3Q Avg)	2.4	3.0	4.1	5.2	5.4	4.5	3.0	2.5	
Consumer Spending - YoY %	4.3	3.0	3.1	4.5	3.4	2.8	2.5	3.1	
Services Exports - YoY % (3Q Avg)	16.8	16.7	11.7	10.1	6.5	7.4	9.5	11.7	
* Excludes Some Investment Related to the Multinational Sector									
EMPLOYMENT & EARNINGS									Employment and labour force growth decelerated in Q2 after spike in data in Q1 that looked odd and unsustainable Weekly earnings growth remains strong at 3.5% YoY in Q2. Gains broad based but more substantial in the private than public sector
Employment YoY %	2.3	3.1	2.9	3.4	3.0	2.3	3.7	2.0	
Labour Force YoY %	0.5	1.9	1.4	2.5	2.0	1.5	2.7	1.3	
Average Earnings YoY %									
- Hourly	2.8	1.9	3.1	3.0	2.1	3.2	2.8	3.8	
- Weekly	2.1	2.0	2.7	3.4	3.5	3.5	3.6	3.5	
Weekly Earnings YoY %									
- Private Sector	1.7	1.5	2.1	3.7	3.9	3.9	4.5	3.9	
- Public Sector	2.7	2.9	4.0	2.8	2.1	1.8	0.8	2.0	
CSO DWELLING COMPLETIONS									YoY growth of completions eases to 11.8% in Q2. 12 month cumulative total at 19.3k, well below estimated demand (35k)
- YoY %	3772	4559	3470	4402	4659	5492	4275	4920	
- Cum 12 Mth Total	51.5	50.3	25.2	34.6	23.5	20.5	23.2	11.8	
	12848	14373	15071	16203	17090	18023	18828	19346	



Oliver Mangan
Chief Economist
oliver.n.mangan@aib.ie

John Fahey
Senior Economist
john.j.fahey@aib.ie

Conor Beakey
Economist
conor.x.beakey@aib.ie

AIB, 10 Molesworth Street, Dublin 2

Tel: 353-1-6600311

<https://aib.ie/investorrelations/economic-research-unit>

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