Irish Economy Watch

AIB Treasury Economic Research Unit

AIB

Friday 22 October 2021

	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21
MANUFACTURING								
AIB Manufacturing PMI	52.0	57.1	60.8	64.1	64.0	63.3	62.8	60.3
OECD Leading Indicator	99.7	100.1	100.7	101.3	101.9	102.4	102.8	103.1
Industrial Production (Ex-Modern)	115.0	110.4	121.7	121.7	120.9	120.8	115.9	#N/A
Production (Ex-Modern) : 3mma YoY%	2.3	-0.7	15.4	30.6	41.7	30.1	15.3	#N/A
3mth / 3mth % seas. adj.	5.2	1.9	1.6	2.0	6.5	4.7	1.1	#N/A
SERVICES / RETAIL								
AIB Services PMI	41.2	54.6	57.7	62.1	63.1	66.6	63.7	63.7
CSO Services Index (Value)	119.8	122.3	119.4	121.4	128.4	128.8	131.7	#N/A
- YoY %	-5.7	-0.6	23.2	19.7	15.8	14.9	15.3	#N/A
- 3mth / 3mth % seas. adj.	1.9	1.4	2.1	1.1	2.9	4.7	7.1	#N/A
SIMI Car Registrations	13,698	9,192	7,147	5,914	2,762	26,412	5,944	4,409
- 12 mth cum total	83,375	86,560	93,364	97,537	99,293	104,534	105,670	104,428
- 3 mma YoY %	-10.4	-3.5	54.1	175.0	412.1	46.7	30.1	16.2
Retail Sales Index	122.7	123.3	125.6	129.9	133.3	130.1	134.6	#N/A
- YoY %	1.0	12.8	83.4	46.1	9.8	4.5	6.0	#N/A
- 3mth / 3mth % seas. adj.	-5.8	-5.6	8.4	7.4	11.6	5.8	5.1	#N/A
Ex Autos Index	116.6	118.0	116.3	125.4	135.5	129.2	132.7	#N/A
- YoY %	-2.8	-0.2	28.4	21.2	9.5	1.7	3.5	#N/A
- 3mth / 3mth % seas. adj.	-6.3	-8.5	-0.5	1.6	9.9	11.2	10.5	#N/A
RESIDENTIAL CONSTRUCTION ACTIVITY								
Construction PMI**:** Ulster Bank	27.0	30.9	49.3	66.4	65.0	62.8	57.5	56.3
- Housing Activity	23.8	33.8	54.8	73.4	68.8	63.7	62.2	59.8
- Commercial Activity	31.2	31.3	42.2	63.5	63.8	60.9	54.9	56.7
- New Orders	30.5	39.7	55.1	68.2	63.7	65.4	61.7	57.5
- Business Expectations	64.2	73.9	73.9	73.6	71.9	73.6	71.1	68.1
Commencements: 12mth Total	19,122	17,708	21,405	25,501	27,264	28,974	29,565	#N/A
- 3 Month Avg YoY %	-43.9	-58.0	6.6	148.5	308.4	205.6	92.8	#N/A
HOUSING MARKET ACTIVITY								
BPFI Mortgage Approvals : Month	2,964	3,420	3,537	3,814	4,167	4,144	3,749	#N/A
- 3 Month Avg YoY %	13.8	7.7	51.7	114.5	210.1	111.9	55.9	#N/A
- 12 Mth Total	34,384	34,809	37,640	40,134	42,613	44,044	44,456	#N/A
RPPR Transactions : Month	4,371	5,164	4,194	4,159	4,668	5,123	4,662	4,568
- 3 Month Avg YoY %	7.9	9.1	28.2	40.3	57.4	49.9	49.2	31.3
- 12 Mth Total	49,478	50,215	51,785	53,362	54,964	56,426	58,128	58,388
HOUSING MARKET PRICES								
CSO Price Index - MoM	0.4	0.5	0.9	0.8	1.4	1.7	2.2	#N/A
- YoY %	3.1	3.5	4.5	5.4	6.8	8.5	10.9	#N/A
Daft Asking Prices: MoM %	-1.2	1.9	1.7	0.6	0.5	0.8	0.2	-1.0
- YoY %	6.9	7.1	15.0	11.5	12.7	10.7	7.1	7.6
RENTS: CSO Private Rents - MoM%	0.2	0.8	1.2	-0.2	0.1	0.3	1.5	1.8
- YoY %	-2.5	-1.4	1.6	2.6	3.0	3.1	4.5	5.9
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	17.5	17.7	18.0	18.4	18.6	#N/A	#N/A	#N/A

The manufacturing PMI fell in Sept, but remained above 60 for the sixth month running. Input and labour shortages though, continue to lengthen delivery times and add to inflation

Traditional production fell in August. However, output was up 15.3% YoY in the past 3 months

The services sector continues to see a sharp rebound in activity, with the PMI unchanged in Sept at 63.7. New business growth accelerated, led by exports. Price pressures intensified further also

The CSO Services Index continued to trend higher, rising by 2.3% in August

A strong performance since April means new car sales are up 19.3% YTD. However, they are still 11.7% lower vs. 2019 levels

Retail sales rose by 3.5% in August and were 6% higher YoY. Core retail sales were also at elevated levels, up 3.5% YoY

Construction PMI edged lower to 56.3 in Sept. from 57.5 previously. Activity remained well above 50 for all sub-indices, with business expectations remaining very elevated

Housing has performed strongly since the sector re-opened, with commencements up 21.4% YTD vs. 2019 level in August. 12mth total rise above 29k also

Mortgage approvals remain elevated in August. 3mma up 4.9% on same period in 2019.

Transactions continue to recover in 2021, although, they remain 2.2% lower YTD vs. 2019 levels

House prices jumped by 2.2% in August, the largest monthly rise since July 2017. Prices are 10.9% higher YoY also

Daft asking prices fell in Sept for the first time since Feb. Marked deceleration in the YoY rate also

CSO rental index rose sharply again in Sept, up by 1.8%. YoY rate at 5.9%

Affordability index deteriorates as house prices rise by more than industrial wages in Q2

Sources: Refinitiv, CSO, DoF, DoECLG, Daft.ie, HomeBond, BPFI, KBC/ESRI, PSRA, SIMI, Ulster Bank, AIB ERU Calculations

	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	
CONSUMER PRICES - YoY %	-0.4	0.0	1.1	1.7	1.6	2.2	2.8	3.7	Consumer prices rose by 0.5% in Sept, led by further increases in energy, fuel and transport costs. Owing to base effects (prices fell by 0.4% in Sept'20), the YoY rate accelerated to 3.7%. HICP rate increased also, to 3.8%
- MoM %	0.4	0.8	0.7	0.1	0.2	0.4	0.6	0.5	
HICP - YoY %	-0.4	0.1	1.1	1.9	1.6	2.2	3.0	3.8	
- MoM %	0.3	0.9	0.6	0.2	0.1	0.4	0.7	0.4	
PERSONAL / FINANCIAL									Consumer sentiment held steady at 86.4 in September and is just below the two year high (87.2) recorded in June
KBC/ESRI Consumer Confidence	70.8	77.1	77.9	85.8	87.2	84.9	86.5	86.4	
Credit Growth YoY %									Household credit declined by 1.6% YoY in August. Mortgage lending down by 1.2% YoY also
- Private Sector (Underlying)	-2.3	-5.7	-4.2	-3.2	-3.1	-1.6	-1.6	#N/A	
- *of which* : Household	-1.8	-1.8	-1.8	-1.6	-1.6	-1.3	-1.3	#N/A	
- *of which* : Mortgage Lending	-1.1	-1.2	-1.3	-1.3	-1.3	-1.2	-1.2	#N/A	
LABOUR MARKET									Official unemployment rate was at 6.4% in September. The Covid adjusted rate fell to 10% from 12.4% as the number of PUP recipients continued to trend lower in the month
Live Register	188,100	186,100	178,900	174,300	171,200	169,300	170,300	165,000	
- Change In Month	-2,200	-2,000	-7,200	-4,600	-3,100	-1,900	+1,000	-5,300	
Unemployment Rate %	7.5	7.6	7.4	7.0	6.8	6.5	6.5	6.4	
PMI Employment Indices									Employment subcomponents of the manufacturing, construction and services PMIs declined, but were above 50 in Sept, as firms hire to meet strong demand
- AIB Manufacturing	52.9	55.7	57.7	60.0	59.4	57.7	58.0	55.6	
- AIB Services	48.6	52.6	53.0	54.8	58.6	60.0	58.3	56.8	
- Ulster Bank Construction	34.5	43.7	51.6	58.2	56.9	56.4	57.4	54.8	
MERCHANDISE TRADE									Goods trade surplus rose by 10% to €5.7bn in August. Exports rose by 5% YoY in August, but were 2% lower YTD. Imports increased by 20% YoY & were 16% higher YTD. Exports to the UK were up 21% YTD, while imports were down 30%
Export Values - 3M / 3M %	-4.0	-1.3	-3.5	2.4	2.2	4.0	3.0	#N/A	
- 3MMA YoY %	-0.5	-8.6	-2.6	-3.0	7.3	2.3	1.2	#N/A	
Import Values - 3M / 3M %	0.0	-2.9	0.3	11.1	13.8	8.7	2.2	#N/A	
- 3MMA YoY %	-7.1	1.1	17.7	39.1	42.1	21.8	17.2	#N/A	
PUBLIC FINANCES									Exchequer finances better than expected so far this year, owing to very strong tax intake (up 15.9% YTD). Net voted spending up 2.3% YTD. 12mth deficit falls to €9.2bn in September
Total Tax Receipts: Cum YTD %	-8.1	1.0	4.2	9.1	9.8	13.0	15.2	15.9	
Voted Spending : Cum YTD %	11.0	13.9	7.3	1.9	1.3	0.5	0.3	2.3	
Exchequer Bal: 12 Mth Total €m	-14,038	-13,953	-12,472	-12,212	-12,285	-10,657	-9,546	-9,162	

QUARTERLY DATA

	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	
GDP - YoY %	6.0	5.1	6.5	1.4	10.8	4.5	11.2	21.6	GDP expanded by 21.6% YoY in Q2, due to base effects, and an easing of some restrictions
*Domestic Demand - YoY%	3.3	2.0	-2.7	-12.2	-2.8	-2.2	-5.3	15.1	Modified domestic demand rose by 15.1% YoY in Q2, led by a 19.4% YoY increase in consumer spending
Consumer Spending - YoY %	3.2	2.9	-5.8	-19.5	-7.7	-8.8	-11.9	19.4	
Services Exports - YoY % (3Q Avg)	17.2	17.4	13.1	5.8	0.0	1.0	4.7	12.2	
EMPLOYMENT & EARNINGS									Employment rose by 9.9% YoY in Q2, as the economy re-opened more fully. However, base effects and government supports are impacting the data
Employment YoY %	2.4	3.6	2.1	-6.9	-3.2	-3.4	-5.0	9.9	
Labour Force YoY %	1.6	2.6	2.0	-6.9	-0.9	-2.0	-2.5	12.1	
Average Earnings YoY %									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
- Hourly	4.0	3.9	3.0	7.2	3.6	5.5	8.5	3.0	
- Weekly	3.6	3.8	3.7	6.0	3.3	7.7	7.6	3.9	
Weekly Earnings YoY %									
- Private Sector	4.0	4.0	4.0	6.0	3.1	9.1	7.7	4.6	
- Public Sector	1.3	3.1	3.1	2.9	2.5	3.0	4.8	2.6	
CSO DWELLING COMPLETIONS	5647	6378	4932	3229	5048	7326	3934	5021	Completions performed much better than expected over the first half of the year, rising by 9.7% YoY
- YoY %	22.0	17.5	16.1	-32.8	-10.6	14.9	-20.2	55.5	
- Cum 12 Mth Total	20126	21075	21759	20186	19587	20535	19537	21329	

** Excludes Some Investment Related to the Multinational Sector*

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