

Irish Economy Watch

AIB Treasury Economic Research Unit



Monday 20 September 2021

	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	
MANUFACTURING									The manufacturing PMI edged lower in August to 62.8 from 63.3. The index has printed above 60 for five months running, as demand in the sector continues to rebound strongly
AIB Manufacturing PMI	51.8	52.0	57.1	60.8	64.1	64.0	63.3	62.8	
OECD Leading Indicator	99.5	99.8	100.2	100.7	101.2	101.8	102.2	102.5	
Industrial Production (Ex-Modern)	116.7	114.9	110.4	122.2	122.1	121.7	122.3	#N/A	
Production (Ex-Modern) : 3mma YoY%	-0.3	2.2	-0.7	15.4	30.6	41.8	30.3	#N/A	Traditional industrial production output at elevated levels since the economy re-opened in April
3mth / 3mth % seas. adj.	3.9	5.2	2.0	1.9	2.4	7.0	5.4	#N/A	
SERVICES / RETAIL									The services PMI fell to 63.7 from 66.6 in August. However, this was still the second highest reading since Jan'16, with a broad-based rebound underway across all four sub-sectors
AIB Services PMI	36.2	41.2	54.6	57.7	62.1	63.1	66.6	63.7	
CSO Services Index (Value)	116.1	119.9	121.8	121.8	121.3	129.2	129.8	#N/A	
- YoY %	-7.6	-5.4	-1.1	23.9	19.2	16.5	14.1	#N/A	
- 3mth / 3mth % seas. adj.	0.0	2.2	1.8	3.4	2.0	4.1	4.6	#N/A	Having surpassed its pre-covid level in June, the CSO Services Index rose again in July, by 0.5%
SIMI Car Registrations	25,141	13,699	9,192	7,147	5,914	2,762	26,415	5,967	
- 12 mth cum total	82,816	83,377	86,562	93,366	97,539	99,295	104,539	105,698	A strong performance since April means new car sales are up 22% YTD. However, they are still 13.1% lower YTD vs. 2019 levels
- 3 mma YoY %	-15.7	-10.4	-3.5	54.1	175.0	412.1	46.7	30.2	
Retail Sales Index	102.3	122.7	123.3	125.6	129.9	133.3	131.1	#N/A	Total retail sales fell by 1.7% in July, but remained elevated, up 5.3% YoY. Core retail sales are at elevated levels also
- YoY %	-14.6	1.0	12.8	83.4	46.1	9.8	5.3	#N/A	
- 3mth / 3mth % seas. adj.	-11.8	-5.8	-5.6	8.4	7.4	11.6	6.1	#N/A	
Ex Autos Index	108.6	116.6	118.0	116.3	125.4	135.5	129.1	#N/A	
- YoY %	-10.0	-2.8	-0.2	28.4	21.2	9.5	1.6	#N/A	
- 3mth / 3mth % seas. adj.	-9.9	-6.3	-8.5	-0.5	1.6	9.9	11.1	#N/A	
RESIDENTIAL CONSTRUCTION ACTIVITY									Construction PMI fell to 57.5 in August from 62.8. Activity in the sector continued at a robust, albeit slightly weaker pace, as all the sub-indices remained well above 50
Construction PMI: Ulster Bank	21.2	27.0	30.9	49.3	66.4	65.0	62.8	57.5	
- Housing Activity	19.0	23.8	33.8	54.8	73.4	68.8	63.7	62.2	
- Commercial Activity	24.2	31.2	31.3	42.2	63.5	63.8	60.9	54.9	
- New Orders	29.4	30.5	39.7	55.1	68.2	63.7	65.4	61.7	Having performed very strongly since the sector re-opened, commencements are up 30.7% YTD vs. 2019. 12mth total rises to just below 29k also
- Business Expectations	59.9	64.2	73.9	73.9	73.6	71.9	73.6	71.1	
Commencements: 12mth Total	21,019	19,122	17,708	21,405	25,501	27,264	28,974	#N/A	
- 3 Month Avg YoY %	3.7	-43.9	-58.0	6.6	148.5	308.4	205.6	#N/A	
HOUSING MARKET ACTIVITY									Mortgage approvals remain elevated in July. 3mma up 2.1% on the same period in 2019.
BPFI Mortgage Approvals : Month	2,696	2,964	3,420	3,537	3,814	4,167	4,144	#N/A	
- 3 Month Avg YoY %	23.6	13.8	7.7	51.7	114.5	210.1	111.9	#N/A	
- 12 Mth Total	34,258	34,384	34,809	37,640	40,134	42,613	44,044	#N/A	
RPPR Transactions : Month	3,150	4,368	5,157	4,189	4,135	4,636	5,061	3,821	Transactions continue to recover in 2021, with the 12mth total moving above 57k in August
- 3 Month Avg YoY %	3.4	7.8	9.0	28.0	39.9	56.7	48.6	39.5	
- 12 Mth Total	48,759	49,466	50,196	51,761	53,314	54,884	56,284	57,145	House prices rose 1.7% in July, up 8.6% YoY. Ex-Dublin price inflation (+9.1%) continues to outpace the capital (+8.1%)
HOUSING MARKET PRICES									
CSO Price Index - MoM	0.4	0.4	0.5	0.9	0.9	1.5	1.7	#N/A	
- YoY %	2.5	3.1	3.5	4.5	5.4	6.9	8.6	#N/A	
Daft Asking Prices: MoM %	1.7	-1.2	1.9	1.7	0.6	0.5	#N/A	#N/A	Daft.ie asking prices up 12.7% YoY in June
- YoY %	8.7	6.9	7.1	15.0	11.5	12.7	#N/A	#N/A	
RENTS: CSO Private Rents - MoM%	0.3	0.2	0.8	1.2	-0.2	0.1	0.3	1.5	CSO rental index jumps by 1.5% in August., the largest monthly increase since 2016. YoY rate at 4.5%
- YoY %	-2.5	-2.5	-1.4	1.6	2.6	3.0	3.1	4.5	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									Affordability index worsens as house prices rise by more than industrial wages
- Mortgage as % of Disposable Income	17.5	17.5	17.7	18.0	18.4	18.6	#N/A	#N/A	

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									Following a 0.4% rise in July, prices rose by 0.6% in August, led by further increases in energy, fuel and transport costs, lifting the year-on-year rate to 2.9%. HICP rate increased to 3.0% in August also
CONSUMER PRICES - YoY %									
- MoM %	-0.2	-0.4	0.0	1.1	1.7	1.6	2.2	2.9	
HICP - YoY %	0.1	0.4	0.8	0.7	0.1	0.2	0.4	0.6	
- MoM %	-0.1	-0.4	0.1	1.1	1.9	1.6	2.2	3.0	Consumer sentiment improved to 86.5 in August from 84.9 amid a further re-opening of the economy
- MoM %	0.2	0.3	0.9	0.6	0.2	0.1	0.4	0.7	
PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	64.9	70.8	77.1	77.9	85.8	87.2	84.9	86.5	Household credit declined by 1.6% YoY in July. Mortgage lending down by 1.2% YoY also
Credit Growth YoY %									
- Private Sector (Underlying)	-2.2	-2.3	-5.7	-4.1	-3.2	-3.1	-1.6	#N/A	
- of which : Household	-1.7	-1.8	-1.8	-1.8	-1.6	-1.6	-1.3	#N/A	
- of which : Mortgage Lending	-1.1	-1.1	-1.2	-1.3	-1.3	-1.3	-1.2	#N/A	Official unemployment rate dropped to 6.4% in August, from 6.5% in July. The Covid adjusted rate fell to 12.4% from 13.5% as the number of PUP recipients continued to trend lower
LABOUR MARKET									
Live Register	190,400	188,300	186,400	179,300	174,700	171,500	170,000	168,400	
- Change In Month	-3,700	-2,100	-1,900	-7,100	-4,600	-3,200	-1,500	-1,600	Employment subcomponents of the manufacturing, construction and services PMIs stayed well above 50 in August as firms hire to meet strong demand
Unemployment Rate %	7.0	7.5	7.7	7.4	7.0	6.7	6.5	6.4	
PMI Employment Indices									
- AIB Manufacturing	50.8	52.9	55.7	57.7	60.0	59.4	57.7	58.0	
- AIB Services	49.8	48.6	52.6	53.0	54.8	58.6	60.0	58.3	Goods trade surplus rose by 11% to €5.1bn in July. Exports fell by 5% YoY in July, and were 2% lower YTD also. Imports declined by 8% YoY but were 15% higher YTD. Exports to the UK were up 26% YTD, while imports were down 32%
- Ulster Bank Construction	34.6	34.5	43.7	51.6	58.2	56.9	56.4	57.4	
MERCHANDISE TRADE									
Export Values - 3M / 3M %	0.7	-4.5	-1.5	-3.1	2.8	2.4	3.8	#N/A	Exchequer deficit of €6.7bn recorded to end of August. Tax intake up 15.2% YTD and 5.4% ahead of profile. Gross voted spending up 2.6% YTD. 12mth deficit falls to €9.6bn
- 3MMA YoY %	2.6	-0.7	-8.6	-2.6	-2.9	7.4	2.3	#N/A	
Import Values - 3M / 3M %	13.8	-0.2	-3.0	0.2	11.2	14.0	8.9	#N/A	
- 3MMA YoY %	5.1	-7.3	1.1	17.7	39.1	42.1	21.6	#N/A	
PUBLIC FINANCES									GDP expanded by 21.6% YoY in Q2, due to base effects, and an easing of some restrictions
Total Tax Receipts: Cum YTD %	-8.8	-8.1	1.0	4.2	9.1	9.8	13.0	15.2	
Voted Spending : Cum YTD %	2.4	11.0	13.9	7.3	1.9	1.3	0.5	0.3	
Exchequer Bal: 12 Mth Total €m	-12,741	-14,038	-13,953	-12,472	-12,212	-12,285	-10,657	-9,546	
									Modified domestic demand rose by 15.1% YoY in Q2, led by a 19.4% YoY increase in consumer spending
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	
*Domestic Demand - YoY%	3.3	2.0	-2.7	-12.2	-2.8	-2.2	-5.3	15.1	Employment declined by 5.0% YoY in Q1. However, this likely understates labour market weakness, as many jobs still rely on government supports
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	
* Excludes Some Investment Related to the Multinational Sector									
									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 work force continues to distort the data.
EMPLOYMENT & EARNINGS									
Employment YoY %	2.4	3.6	2.1	-6.9	-3.2	-3.4	-5.0	#N/A	
Labour Force YoY %	1.6	2.6	2.0	-6.9	-0.9	-2.0	-2.5	#N/A	
Average Earnings YoY %									Completions performed much better than expected over the first half of the year, rising by 9.7% YoY
- 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	CSO DWELLING COMPLETIONS
- Public Sector	1.3	3.1	3.1	2.9	2.5	3.0	4.8	2.6	
CSO DWELLING COMPLETIONS									
- YoY %	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
- Cum 12 Mth Total	21.9	17.5	16.1	-32.8	-10.6	14.9	-20.2	55.5	
	20126	21075	21759	20186	19587	20535	19537	21329	



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