Irish Economy Watch

AIB Treasury Economic Research Unit

Wednesday 20 September 2023

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
MANUFACTURING								
AIB Manufacturing PMI	50.1	51.3	49.7	48.6	47.5	47.3	47.0	50.8
AIB Manufacturing PMI - Future Output	66.4	72.2	72.0	64.8	66.1	68.8	67.1	72.1
Industrial Production (Ex-Modern)	122.8	120.1	120.7	120.4	127.0	121.9	124.6	#N/A
Production (Ex-Modern) : 3mma YoY%	6.4	4.2	3.6	4.0	6.8	8.4	8.0	#N/A
3mth / 3mth % seas. adj.	-2.0	-3.8	0.8	1.0	4.2	1.6	3.4	#N/A
SERVICES / RETAIL								
AIB Services PMI	54.1	58.2	55.7	58.4	57.0	56.8	56.7	55.0
CSO Services Index (Value)	159.6	160.4	160.7	162.7	162.7	161.6	162.4	#N/A
- YoY %	15.1	8.2	2.4	8.1	6.1	2.3	2.9	#N/A
- 3mth / 3mth % seas. adj.	-0.7	0.6	1.9	1.9	1.7	1.3	0.6	#N/A
SIMI Car Registrations	27,323	13,108	17,627	8,907	7,542	2,986	27,104	8,111
- 12 mth cum total	107,697	108,831	113,551	114,601	116,848	117,680	122,880	122,837
- 3 mma YoY %	7.5	8.7	16.3	21.1	30.8	27.0	28.2	18.6
Retail Sales Index	127.1	128.3	131.3	134.6	132.9	132.8	131.7	#N/A
- YoY %	3.5	3.7	8.9	7.0	5.9	6.8	6.0	#N/A
- 3mth / 3mth % seas. adj.	-0.1	0.1	1.3	3.5	4.5	3.5	0.8	#N/A
Ex Autos Index	129.0	129.1	129.5	130.8	130.9	132.1	126.8	#N/A
- YoY %	0.6	0.9	0.7	0.2	2.7	3.6	0.3	#N/A
- 3mth / 3mth % seas. adj.	1.1	0.7	0.5	0.5	1.2	1.6	0.1	#N/A
RESIDENTIAL CONSTRUCTION ACTIVITY								
BNP Paribas Construction PMI	47.7	49.8	49.5	48.4	49.4	50.4	45.6	44.9
- Housing Activity	45.2	46.2	46.5	42.8	45.4	48.4	45.9	46.3
- Commercial Activity	49.0	51.5	51.9	51.4	53.7	51.1	45.4	41.9
- New Orders	49.6	50.4	52.5	50.5	50.6	51.0	45.7	45.2
- Business Expectations	58.6	60.4	58.0	59.4	60.2	58.0	59.5	59.4
Commencements: 12mth Total	27,204	26,874	27,309	27,542	27,855	28,369	28,916	#N/A
- 3 Month Avg YoY %	10.4	-0.4	5.0	4.5	12.4	14.8	19.0	#N/A
HOUSING MARKET ACTIVITY								
BPFI Mortgage Approvals : Month	2,820	2,744	3,896	3,373	4,282	4,175	4,136	#N/A
- 3 Month Avg YoY %	-5.6	-6.9	2.8	2.8	9.0	6.7	11.4	#N/A
- 12 Mth Total	41,046	40,814	41,249	41,323	41,764	41,992	42,614	#N/A
RPPR Transactions : Month	3,619	4,297	5,185	4,184	5,183	5,408	5,238	4,549
- 3 Month Avg YoY %	14.0	7.1	0.3	-2.3	3.3	0.6	0.8	-5.2
- 12 Mth Total	62,175	61,847	62,219	61,860	62,312	62,306	61,992	61,480
HOUSING MARKET PRICES								
CSO Price Index - MoM	-0.5	-0.4	-0.6	-0.1	-0.1	0.6	0.3	#N/A
- YoY %	6.2	5.2	4.0	3.5	2.6	2.1	1.5	#N/A
Daft Asking Prices: MoM %	-2.4	0.9	1.0	0.2	1.8	0.0	#N/A	#N/A
- YoY %	1.7	1.0	-0.7	-0.9	-0.2	-0.3	#N/A	#N/A
RENTS: CSO Private Rents - MoM%	0.2	1.0	0.3	0.1	0.6	0.6	0.6	1.3
- YoY %	10.4	10.6	10.0	8.8	7.8	7.7	7.2	7.1
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	20.3	19.9	19.4	20.1	20.3	20.7	#N/A	#N/A

The manu. PMI improved to 50.8 in Aug, indicating a stabilisation in business conditions. New orders rose, led by growth in export orders. However, output fell for a sixth month running

Traditional industrial production rose by 3.4% in the three mths to July, and was 8% higher YoY

The services PMI fell to its lowest level since Jan, at 55.0 in Aug. However, this is still a robust reading overall. There was a further rise in new business. Input and output price inflation remained at elevated levels

The CSO services index rose by 0.6% in the three mths to July, and was up 2.9% YoY

New car sales performing very well, up by 18.3% YTD, with the 12 mth running total near 123k

Retail sales rose by 0.8% in the 3 mths to July, and were 6.2% higher YoY. However, core retail sales fell sharply in July

The construction PMI declined to 44.9 in Aug. The housing component stayed below 50 for the eleventh consecutive month. New orders and commercial activity deteriorated further and remained in contraction territory

Commencements increased strongly, by 19% YoY in the three mths to July. 12 mth rolling total rises to near 29k

Mortgage approvals rose by 11.4% YoY in the 3 mths to July. 12 mth total up above 42k

Transactions fell in Aug, with the 3 mma down 5.2% YoY. 12 mth total eased slightly to 61.5k

House prices rose for a second consecutive month in July, up by 0.3%. However, the YoY rate, slowed to 1.5%

Asking prices on Daft.ie were around 0.5% lower in YoY terms in Q2

CSO rental index rose by 1.3% in Aug. YoY rate at 7.1%, down from a peak of 12.7% last July

Affordability deteriorated during Q2 despite a fall in house prices, as mortgage rates rose

Sources: Refinitiv, CSO, DoF, DoECLG, Daft.ie, BPFI, ILCU, PSRA, SIMI, BNP Paribas, European Commission, AIB ERU Calculations

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
CONSUMER PRICES - YoY %	7.8	8.5	7.7	7.2	6.6	6.1	5.8	6.3
- MoM %	-0.8	1.6	1.1	0.5	0.3	0.8	0.2	0.7
HICP - YoY %	7.5	8.1	7.0	6.3	5.4	4.8	4.6	4.9
- MoM %	-1.0	1.5	1.0	0.3	0.3	0.8	0.2	0.5

Consumer prices rose by 0.7% in Aug, led by increases in rent, mortgage, and clothing costs. The YoY rate jumped to 6.3% from 5.8%, registering its first rise since Feb. HICP inflation rose to 4.9% YoY, from 4.6%

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
PERSONAL / FINANCIAL								
ILCU Consumer Sentiment Index	55.2	55.6	53.9	59.2	62.4	63.7	64.5	62.2
Credit Growth YoY %								
- Private Sector	-0.6	-0.4	-1.7	1.2	0.3	-1.9	-2.0	#N/A
- *of which* : Household	-0.7	-0.5	-0.4	0.0	0.3	0.6	1.0	#N/A
- *of which* : Mortgage Lending	-0.8	-0.5	-0.4	-0.1	0.0	0.4	0.9	#N/A

Consumer sentiment fell in Aug, from an already low level, as households view on the general economic outlook deteriorated

Stock of private sector credit declined in Aug, but household debt levels rose at a sharper rate

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
LABOUR MARKET								
Live Register	184,600	183,100	181,700	181,900	182,700	182,900	182,900	175,900
- Change In Month	-800	-1,500	-1,400	+200	+800	+200	+0	-7,000
Unemployment Rate %	4.3	4.1	4.1	4.1	4.1	4.2	4.1	4.1
PMI Employment Indices								
- AIB Manufacturing	52.6	53.9	51.5	51.5	50.8	48.1	51.6	53.7
- AIB Services	52.7	53.3	54.0	56.4	54.5	54.7	53.1	53.9
- BNP Paribas Construction	50.6	54.7	53.1	50.5	51.2	52.0	53.4	51.1

Revisions to the data show that the unemployment rate has operated in a very tight 4.1-4.3% range so far this year, which is near full employment

The employment sub-indices of the services and manufacturing, PMIs improved in Aug. The construction reading edged lower. However, all three sub-indices were in expansion mode

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
MERCHANDISE TRADE								
Export Values - 3M / 3M %	-13.2	-6.0	-1.7	3.2	-2.2	-1.1	-0.8	#N/A
- 3MMA YoY %	6.7	5.1	-2.6	-5.4	-8.9	-5.2	0.8	#N/A
Import Values - 3M / 3M %	-9.4	-3.8	-4.5	-3.6	-3.9	3.1	6.0	#N/A
- 3MMA YoY %	17.2	18.2	11.8	2.8	-4.8	-4.9	-2.6	#N/A

Value of goods trade surplus €5.1bn narrower YTD to July compared to last year, at €36.3bn. Exports are 2.5% lower YTD, led by a sharp fall in pharmaceuticals and medical products (down 11.5% YTD). Imports are up 2.7% YTD

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
PUBLIC FINANCES								
Total Tax Receipts: Cum YTD %	12.2	12.5	14.6	14.2	10.2	11.0	10.0	6.6
Voted Spending : Cum YTD %	8.8	9.4	4.6	7.2	6.7	9.8	9.9	11.0
Exchequer Bal: 12 Mth Total €m	5,609	1,506	2,757	2,412	3,021	1,055	700	-1,615

Tax intake up 6.6% YTD, led by higher Income, Vat & Corporate receipts However, spending growth up 11%. 12 mth rolling exchequer deficit at €1.6bn, in part due to €4bn transfer to NRF

QUARTERLY DATA

	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
GDP - YoY %	12.4	14.3	8.8	9.3	9.4	10.2	1.1	-0.7
*Domestic Demand - YoY%	5.4	11.1	12.9	10.6	9.0	5.1	4.1	-0.3
Consumer Spending - YoY %	10.5	14.1	18.6	8.6	5.8	6.5	5.1	2.4
Services Exports - YoY % (3Q Avg)	15.6	15.3	13.4	9.2	9.8	3.1	0.6	0.1

** Excludes Some Investment Related to the Multinational Sector*

GDP rose by 0.5% in Q2, after contracting by 2.6% in Q1. GDP was up by just 0.2% YoY in H1, on weaker ICT & Pharma output

Modified domestic demand rebounded by 1% in Q2, and was up by 1.9% YoY in H1

	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
EMPLOYMENT & EARNINGS								
Employment YoY %	9.8	10.1	12.3	8.8	3.4	2.7	4.1	3.5
Labour Force YoY %	7.9	8.9	9.6	5.6	2.0	2.0	3.3	3.4
Average Earnings YoY %								
- Hourly	3.7	2.8	2.2	2.5	3.6	6.0	4.0	5.1
- Weekly	5.4	1.9	2.9	2.5	3.6	4.5	4.4	4.3
Weekly Earnings YoY %								
- Private Sector	5.8	2.8	4.8	3.6	4.9	2.4	3.6	3.8
- Public Sector	5.3	0.2	-1.3	1.3	0.8	10.4	7.7	6.0

Employment rose by 3.5% YoY in Q2, leaving it 12.1% above pre-pandemic levels. Employment rate now at 74.2%, the highest level on record. The labour force grew by 3.4% YoY in Q2.

Weekly average earnings rose by 4.3% YoY in Q2. Public sector pay was up 6.0% YoY. Private sector earnings rose by 3.8% YoY in Q2

	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
CSO DWELLING COMPLETIONS	4645	6949	5628	7619	7392	9137	6664	7353
- YoY %	-7.9	-5.2	41.9	52.9	59.1	31.5	18.4	-3.5
- Cum 12 Mth Total	20928	20544	22205	24841	27588	29776	30812	30546

New dwelling completions down by 3.5% YoY in Q2. 12 mth running total edges back slightly to 30.5k

AIB

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