

Irish Economy Watch

AIB Treasury Economic Research Unit



Friday 19 January 2024

	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	
MANUFACTURING									
AIB Manufacturing PMI	47.5	47.3	47.0	50.8	49.6	48.2	50.0	48.9	The manu. PMI fell to 48.9 in Dec, as business conditions deteriorated. There was a marginal decline in output and orders. Input prices rose, although, output prices eased
AIB Manufacturing PMI - Future Output	66.1	68.8	67.1	72.1	71.6	70.0	69.7	71.2	
Industrial Production (Ex-Modern)	127.1	121.8	124.8	125.4	128.0	123.9	127.2	#N/A	Traditional industrial production rose by 1.9% in the 3 mths to Nov, and was up by 3.3% YoY
Production (Ex-Modern) : 3mma YoY%	6.8	8.5	8.2	5.9	5.9	3.3	3.3	#N/A	
3mth / 3mth % seas. adj.	4.3	1.6	3.5	1.0	2.4	1.0	1.9	#N/A	
SERVICES / RETAIL									
AIB Services PMI	57.0	56.8	56.7	55.0	54.5	52.6	54.2	53.2	The services PMI edged down to 53.2 in Dec, signalling a slower pace of growth. New business, including new export orders expanded. However, inflationary pressures strengthened
CSO Services Index (Value)	163.4	161.5	163.1	165.4	166.6	169.8	163.2	#N/A	
- YoY %	6.4	1.8	2.8	3.2	4.5	9.2	2.9	#N/A	
- 3mth / 3mth % seas. adj.	1.7	1.3	0.7	0.7	1.5	2.8	2.0	#N/A	The CSO services index was up by 2.9% YoY in Nov
SIMI Car Registrations	7,543	2,988	27,300	8,247	5,723	2,207	921	345	Despite falling by 8.9% YoY in Q4, new car sales rose by 16.1% overall in 2023. Full year total above 122k
- 12 mth cum total	116,920	117,754	123,150	123,243	122,648	122,238	122,174	122,310	
- 3 mma YoY %	30.9	27.0	28.9	19.6	13.5	-5.3	-10.8	-8.9	
Retail Sales Index	131.7	131.4	130.7	130.6	129.0	128.8	129.1	#N/A	Retail sales rose by 0.8% YoY, but core retail sales declined by 0.8% YoY in Nov. However, both measures contracted in the three month period to Nov
- YoY %	5.6	6.6	6.3	3.4	2.1	0.2	0.8	#N/A	
- 3mth / 3mth % seas. adj.	5.2	4.2	-1.1	-2.3	-3.0	-1.4	-1.5	#N/A	
Ex Autos Index	130.8	132.3	126.8	129.5	128.7	128.2	129.0	#N/A	
- YoY %	2.7	3.7	0.5	1.1	1.1	0.6	-0.8	#N/A	
- 3mth / 3mth % seas. adj.	1.0	1.5	0.1	-0.6	-2.2	-0.9	-0.7	#N/A	
RESIDENTIAL CONSTRUCTION ACTIVITY									
BNP Paribas Construction PMI	49.4	50.4	45.6	44.9	48.6	47.3	44.5	45.1	The construction PMI remained in contraction territory, at 45.1 in Dec. New orders and housing activity moved higher, but remained well below the key 50 level. Commercial activity deteriorated further
- Housing Activity	45.4	48.4	45.9	46.3	48.9	45.3	43.5	45.0	
- Commercial Activity	53.7	51.1	45.4	41.9	49.2	50.9	43.8	42.8	
- New Orders	50.6	51.0	45.7	45.2	49.4	49.6	46.7	47.2	
- Business Expectations	60.2	58.0	59.5	59.4	59.2	53.6	57.2	59.9	
Commencements: 12mth Total	27,855	28,369	28,916	29,565	29,961	30,744	31,429	32,801	Commencements increased very strongly, by 47% YoY in Q4. In total, commencements rose by 21.7% in 2023, to 32.8k
- 3 Month Avg YoY %	12.4	14.8	19.0	25.8	23.5	29.6	28.9	47.0	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	4,282	4,175	4,136	3,952	3,527	3,676	3,614	#N/A	Mortgage approvals declined by 0.4% YoY in the 3mths to Nov. 12 mth total near 43k
- 3 Month Avg YoY %	9.0	6.7	11.4	10.1	7.3	3.7	-0.4	#N/A	
- 12 Mth Total	41,764	41,992	42,614	42,886	42,780	43,017	42,845	#N/A	
RPPR Transactions : Month	5,197	5,451	5,342	5,666	5,471	5,571	5,565	5,897	Transactions fell by 5.9% YoY in Q4. Full year total of 61.5k was 1.1% lower than in 2022
- 3 Month Avg YoY %	3.7	1.1	1.9	2.7	0.9	3.0	-3.0	-5.9	
- 12 Mth Total	62,384	62,421	62,211	62,816	62,574	62,697	62,299	61,503	
HOUSING MARKET PRICES									
CSO Price Index - MoM	-0.1	0.6	0.5	0.5	1.0	1.1	#N/A	#N/A	Residential property prices rose for a fifth consecutive month in Oct, up by 1.1%. The YoY rate, increased to 2.3%
- YoY %	2.6	2.1	1.6	1.1	1.4	2.3	#N/A	#N/A	
Daft Asking Prices: MoM %	1.7	-0.5	1.6	-0.6	1.0	-2.0	-0.3	0.9	Asking prices on Daft.ie were revised higher for Q3, and were up 5.1% YoY in Q4
- YoY %	3.0	2.3	4.5	4.2	4.5	5.4	5.2	4.8	
RENTS: CSO Private Rents - MoM%	0.6	0.6	0.6	1.3	0.8	0.0	0.1	0.3	CSO rental index edged 0.3% higher in Dec. YoY rate stood at 6.2%
- YoY %	7.8	7.7	7.2	7.1	7.1	6.6	6.2	6.2	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	20.4	20.8	20.8	22.7	23.0	#N/A	#N/A	#N/A	Affordability deteriorated at a faster pace in Q3, as mortgage rates and house prices rose

	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
CONSUMER PRICES - YoY %	6.6	6.1	5.8	6.3	6.4	5.1	3.9	4.6
- MoM %	0.3	0.8	0.2	0.7	0.1	0.3	-0.8	0.5
HICP - YoY %	5.4	4.8	4.6	4.9	5.0	3.6	2.5	3.2
- MoM %	0.3	0.8	0.2	0.5	0.1	0.2	-0.9	0.4

Consumer prices rose by 0.5% in Dec, led by an increase in package holiday prices. The YoY rate jumped to 4.6% largely on energy price base effects. HICP inflation rose to 3.2% YoY in Dec and averaged 5.2% last year

PERSONAL / FINANCIAL

ILCU Consumer Sentiment Index	62.4	63.7	64.5	62.2	58.8	60.4	61.9	62.4
Credit Growth YoY %								
- Private Sector	0.3	-1.9	-2.0	-1.8	-2.1	-2.2	-2.1	#N/A
- of which : Household	0.3	0.6	1.0	1.6	1.6	1.8	1.9	#N/A
- of which : Mortgage Lending	0.0	0.4	0.9	1.3	1.5	1.6	1.6	#N/A

Consumer sentiment improved for a fourth month running, to 62.4 in Dec, albeit, this remains a relatively subdued level

Stock of private sector credit declined in Nov. Growth rate of mortgage debt was unchanged

LABOUR MARKET

Live Register	181,900	181,700	181,200	174,700	178,500	175,700	174,400	173,900
- Change In Month	+400	-200	-500	-6,500	+3,800	-2,800	-1,300	-500
Unemployment Rate %	4.2	4.4	4.4	4.5	4.7	4.8	4.8	4.9
PMI Employment Indices								
- AIB Manufacturing	50.8	48.1	51.6	53.7	53.0	50.2	51.1	50.0
- AIB Services	54.5	54.7	53.1	53.9	53.2	52.0	53.3	51.9
- BNP Paribas Construction	51.2	52.0	53.4	51.1	51.2	53.4	49.1	52.3

The unemployment rate rose in H2 2023 due to strong labour force growth. It was at 4.9% in Dec. Overall, it averaged 4.4% in 2023, compared to 4.5% in 2022

In Dec, the employment sub-index of the construction PMI printed in expansion mode. The services reading was also above 50. The manu. reading fell to 50, its lowest level since June

MERCHANDISE TRADE

Export Values - 3M / 3M %	-2.2	-1.3	-1.4	3.3	-1.1	0.6	-2.4	#N/A
- 3MMA YoY %	-8.7	-5.1	0.5	-3.2	-10.7	-11.8	-7.4	#N/A
Import Values - 3M / 3M %	-4.2	1.3	3.2	0.0	-2.9	-7.2	-0.9	#N/A
- 3MMA YoY %	-4.1	-4.7	-3.1	-7.9	-11.2	-15.3	-7.9	#N/A

Value of Goods trade surplus was down €7.2bn YTD to Nov compared to last year, at €57.8bn. Exports were 5% lower YTD, led by sharp falls in pharmaceuticals and ICT products. Imports running 2% lower YTD

PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	10.2	11.0	10.0	6.6	6.1	4.0	5.8	6.0
Voted Spending : Cum YTD %	6.7	9.8	9.9	11.0	10.0	9.9	12.9	7.6
Exchequer Bal: 12 Mth Total €m	3,021	1,055	700	-1,615	-1,809	-3,185	-1,722	1,178

Total tax take was up by 6% last year, with increases in income, VAT, and corporate receipts. Expenditure rose by 7.6% also. Overall, an Exchequer surplus of €1.2bn was recorded in 2023

QUARTERLY DATA

	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	2.6	-0.3	-5.8
*Domestic Demand - YoY %	11.1	12.9	10.6	9.0	5.1	4.2	-1.2	-0.4
Consumer Spending - YoY %	14.1	18.6	8.6	5.8	6.5	5.6	2.6	2.6
Services Exports - YoY % (3Q Avg)	15.3	13.4	9.2	9.8	3.1	0.6	-0.2	2.0

* Excludes Some Investment Related to the Multinational Sector

GDP contracted by 1.9% in Q3, largely owing to a decline in output in the MNE sector. It was down 5.8% YoY in the quarter

MDD fell by 0.4% YoY in Q3. Output from domestic sectors up 4% YTD though

EMPLOYMENT & EARNINGS

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

Employment rose by 4% YoY in Q3, leaving it 12.7% above pre-pandemic levels. Employment rate eased to 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

CSO DWELLING COMPLETIONS

	6949	5625	7614	7388	9124	6652	7339	8452
- YoY %	-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

New dwelling completions up by 14.4% YoY in Q3. 12 mth running total moves higher to 31.5k



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