

# Irish Economy Watch

AIB Treasury Economic Research Unit



14 November 2018

	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	
<b>MANUFACTURING</b>									
Investec Manufacturing PMI	54.1	55.3	55.4	56.6	56.3	57.5	56.3	54.9	Manufacturing PMI edged downwards at the beginning of Q4. However, remains at a level consistent with strong growth
OECD Leading Indicator	99.9	99.6	99.4	99.1	98.9	98.7	98.5	#N/A	
Industrial Production (Ex-Modern)	102.6	101.7	109.1	108.6	108.1	111.4	107.3	#N/A	Industrial output (ex-modern) rose by a very strong 8.0% YoY rate in Q3. Growth relatively broad-based with most sectors showing increases
Production (Ex-Modern) : 3mma YoY%	-8.2	-7.1	-4.3	3.9	6.8	8.7	8.0	#N/A	
3mth / 3mth % seas. adj.	-1.3	-0.3	1.0	3.5	5.6	4.7	#N/A	#N/A	
<b>SERVICES / RETAIL</b>									
Investec Services PMI	56.5	58.4	59.3	59.5	57.4	58.0	58.7	57.2	The services PMI fell to a 6-month low level of 57.2 in Oct. Although, it continues to point to strong growth in the sector
CSO Services Index (Value)	109.5	117.5	116.8	115.5	115.7	116.0	121.0	#N/A	
- YoY %	3.1	9.8	8.4	8.0	5.9	5.7	11.3	#N/A	Pace of YoY growth in the volatile services index continues to pick-up—at 11.3% in Sept.
- 3mth / 3mth % seas. adj.	1.2	0.9	2.3	4.4	2.8	1.0	0.8	#N/A	
SIMI Car Registrations	17,744	8,061	6,062	1,248	26,889	5,898	3,183	1,732	New car sales down by 4.3% YTD. The decline is being offset by imports of used cars, primarily from the UK
- 12 mth cum total	127,134	127,351	127,419	127,266	126,441	126,609	125,895	125,683	
- 3 mma YoY %	-5.5	-4.5	-5.5	0.9	-2.6	-2.3	-3.7	-6.6	
Retail Sales Index	110.8	114.7	116.0	114.0	121.1	117.0	118.8	#N/A	Core retail sales continue to grow very robustly, up 1.3% in Q3. Underlying data show broad based rise, with electrical goods sales particularly strong
- YoY %	-1.8	5.4	3.8	8.2	4.9	2.5	6.5	#N/A	
- 3mth / 3mth % seas. adj.	-0.8	-0.7	0.2	2.0	6.2	-3.4	1.5	#N/A	
Ex Autos Index	111.6	113.3	115.0	115.0	114.5	115.1	118.2	#N/A	
- YoY %	1.6	3.6	3.5	4.5	2.9	3.8	6.3	#N/A	
- 3mth / 3mth % seas. adj.	0.4	0.0	0.7	1.7	2.0	1.4	1.3	#N/A	
<b>CONSTRUCTION PMI: Ulster Bank</b>									
- Housing Activity	57.5	60.7	61.8	58.4	60.7	58.3	56.2	52.9	Construction PMI fell back to 52.9 in October, its lowest level since March 2015. However, the new orders component was broadly stable
- Commercial Activity	60.4	62.0	65.2	60.4	63.9	60.4	56.1	53.6	
- New Orders	58.0	63.1	65.6	62.0	60.9	57.7	58.1	53.9	Growth in registrations (measure of developer activity) picking up again—at 23.1% YoY in October.
- Business Expectations	58.5	61.6	62.8	62.2	58.8	56.2	57.3	56.4	
	80.4	76.3	78.4	75.7	76.7	77.7	75.0	71.6	12mth cumulative total of commencements on a steady upward trend (now above 20k), though still at low level
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
Housing Registrations: 12Mth Total	9,269	9,385	9,458	9,036	9,269	9,263	9,593	9,824	
- 3 Month Avg YoY %	-8.9	-3.0	-2.6	-7.8	-3.9	-6.8	22.9	23.1	
Commencements: 12mth Total	18,086	18,392	18,453	18,805	19,451	20,371	#N/A	#N/A	
- 3 Month Avg YoY %	13.3	10.5	-1.7	13.3	20.9	44.2	#N/A	#N/A	
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	2,737	3,031	3,595	3,512	3,404	3,324	3,013	#N/A	Mortgage approvals declined by 1.4% YoY in Q3—partly reflects tighter Central Bank lending rules and affordability issues
- 3 Month Avg YoY %	-3.9	-3.6	-1.9	0.8	-0.9	-2.3	-1.4	#N/A	
- 12 Mth Total	36,551	36,712	36,798	36,628	36,617	36,561	36,493	#N/A	Likewise, transactions also fell back in Q3, contracting by 1.1% in YoY terms. Flat trend overall
RPPR Transactions : Month	4,228	3,876	4,599	4,531	5,078	4,397	4,265	#N/A	
- 3 Month Avg YoY %	4.9	4.1	4.1	3.5	3.5	-1.7	-1.1	#N/A	
- 12 Mth Total	55,034	55,195	55,702	55,582	55,801	55,490	55,484	#N/A	
<b>HOUSING MARKET PRICES</b>									
CSO Price Index - MoM	0.6	1.0	0.7	1.0	0.7	0.6	0.7	#N/A	CSO house price growth continues to decelerate—at 8.2% in the year to September. YoY ex-Dublin price inflation (10.8%) outpacing the capital (5.8%)
- YoY %	12.6	13.3	12.4	11.9	10.0	8.9	8.2	#N/A	
Daft Asking Prices: MoM %	0.1	1.6	0.5	0.1	1.4	-1.1	1.1	#N/A	CSO rent inflation still in a 6-7% range. Rents now 25.3% above their previous peak
- YoY %	7.5	5.5	5.1	6.2	7.1	5.4	7.4	#N/A	
RENTS: CSO Private Rents - MoM%	0.5	0.6	0.6	0.0	0.3	1.0	0.5	0.8	Higher house prices means that housing affordability has dis-improved
- YoY %	6.4	6.5	7.0	6.1	6.0	6.2	6.1	6.5	
<b>AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB</b>									
- Mortgage as % of Disposable Income	17.4	17.7	17.9	18.1	18.2	18.2	18.4	#N/A	

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<b>CONSUMER PRICES - YoY %</b>	0.2	-0.4	0.4	0.4	0.8	0.7	0.9	0.9	CPI inflation held at 0.9% in September, a joint-13 month high, although it remains very subdued. HICP edged down to 1.1% in October, but has risen since earlier in the year
- MoM %	0.3	-0.2	0.6	0.1	0.4	0.3	-0.4	-0.1	
HICP - YoY %	0.5	-0.1	0.7	0.7	1.0	0.9	1.2	1.1	
- MoM %	0.4	-0.2	0.6	0.1	0.4	0.3	-0.3	-0.2	
<b>PERSONAL / FINANCIAL</b>									
KBC/ESRI Consumer Confidence	108.1	104.0	106.7	102.1	107.6	102.4	96.4	93.5	Consumer confidence in October fell to its lowest level since December 2014 —likely due to fears of impact of Brexit
Credit Growth YoY %									
- Private Sector (Underlying)	0.0	0.2	0.2	-0.1	0.6	0.8	0.7	#N/A	Private sector credit growth remains positive but household credit still contracting
- of which : Household	-1.5	-1.5	-1.6	-1.4	-1.4	-1.4	-1.4	#N/A	
- of which : Mortgage Lending	-1.8	-1.8	-1.8	-1.6	-1.5	-1.5	-1.4	#N/A	
<b>LABOUR MARKET</b>									
Live Register	232,000	228,700	224,400	220,100	217,600	211,000	212,400	210,700	The Live Register returned to its downward trend in October. Has fallen by ~37k in the last 12 months. Unemployment rate at just 5.3%, near an 11-year low
- Change In Month	-2,500	-3,300	-4,300	-4,300	-2,500	-6,600	+1,400	-1,700	
Unemployment Rate %	5.8	5.8	5.8	5.8	5.8	5.6	5.4	5.3	The key services PMI employment sub-index held at a strong level in Oct (58.3). Jobs growth in construction sector looks to have accelerated (56.1). Manufacturing sub-index fell to 54.4 but remains solid
Redundancies	152	163	315	178	174	174	#N/A	#N/A	
-12 Mth Total	2,922	2,854	2,795	2,743	2,649	2,649	#N/A	#N/A	
PMI Employment Indices									
- Investec Manufacturing	55.8	55.0	53.3	53.9	53.3	53.4	56.7	54.4	
- Investec Services	54.2	57.1	56.4	57.5	57.9	58.0	58.2	58.3	
- Ulster Bank Construction	58.5	62.9	59.9	61.2	59.6	55.4	54.3	56.1	
<b>MERCHANDISE TRADE</b>									
Export Values - 3M / 3M %	11.2	-1.5	-2.4	2.2	8.1	5.0	#N/A	#N/A	YoY growth in value of goods exports has accelerated, largely due to rise in chemical and pharmaceutical exports
- 3MMA YoY %	5.2	2.2	5.3	14.6	17.0	20.1	#N/A	#N/A	
Import Values - 3M / 3M %	-0.4	-1.4	-5.7	5.2	8.8	18.4	#N/A	#N/A	Imports up 23.1% in value terms, as energy, food and pharma imports have increased
- 3MMA YoY %	5.6	2.3	-1.5	2.4	13.2	23.1	#N/A	#N/A	
<b>PUBLIC FINANCES</b>									
Total Tax Receipts: Cum YTD %	4.0	4.5	6.0	6.5	6.7	6.4	6.6	8.1	Tax receipts running ahead of target, reflecting strong corporation tax take
Voted Spending : Cum YTD %	3.9	8.6	8.4	8.5	8.2	8.3	8.9	9.2	
Exchequer Bal: 12 Mth Total €m	1,697	1,015	1,501	-1,400	-1,735	-1,728	-1,907	-1,112	Government deficit of just 0.1% of GDP in 2018 likely
<b>QUARTERLY DATA</b>									
	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	
<b>GDP - YoY %</b>	12.7	2.9	6.2	13.2	6.5	9.3	9.0	#N/A	Irish GDP grew by 9% YoY in Q2'18. The data remain heavily distorted by the activity of multi-nationals
*Domestic Demand - YoY% (3Q Avg)	5.8	4.9	3.7	2.3	3.7	5.0	6.1	#N/A	
Consumer Spending - YoY %	3.1	-0.3	1.0	3.1	2.8	2.9	4.4	#N/A	Modified final domestic demand (ex-some multi-national activity) +6.1% YoY in the three quarters to Q2'18
Services Exports - YoY % (3Q Avg)	11.7	16.3	17.9	17.0	15.0	8.9	6.3	#N/A	
* Excludes Some Investment Related to the Multinational Sector									
<b>EMPLOYMENT &amp; EARNINGS</b>									
Employment YoY %	3.8	3.7	2.6	2.3	3.1	2.9	3.4	#N/A	Employment grew by a very strong 3.4% YoY in Q2. Pick up in net inward migration helps labour force growth accelerate from 1.4% to 2.5% YoY
Labour Force YoY %	1.7	1.8	0.1	0.5	1.9	1.4	2.5	#N/A	
Average Earnings YoY %									Weekly earnings growth +3.3% YoY in Q2. All employment sectors now recording YoY increases, though 'high-skill' jobs continue to see firmer growth than other sectors
- Hourly	1.2	0.6	1.4	2.8	1.9	3.1	2.8	#N/A	
- Weekly	0.9	1.5	2.0	2.1	2.0	2.7	3.3	#N/A	
Weekly Earnings YoY %									
- Private Sector	1.9	1.6	1.5	1.7	1.5	2.1	3.6	#N/A	
- Public Sector	-0.8	1.8	3.4	2.7	2.9	4.0	2.4	#N/A	
<b>CSO DWELLING COMPLETIONS</b>									
CSO Dwelling Completions	3040	2775	3295	3786	4579	3490	4419	4673	CSO data show completions up 23.4% (to 17k) in year to Q3. However, supply continues to trail demand (estimated at 35k)
- YoY %	35.4	41.3	37.6	50.9	50.6	25.8	34.1	23.4	
- Cum 12 Mth Total	9907	10718	11619	12896	14435	15150	16274	17161	



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