

# Irish Economy Watch

AIB Treasury Economic Research Unit



10 August 2017

	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	
<b>MANUFACTURING</b>									
Industrial Production (Ex-Modern)	122.3	126.1	123.1	124.8	119.9	121.5	120.3	#N/A	Production (ex-modern) declined by 3.3% in Q2. Although, data do not seem to tally with other indicators of manufacturing output in the economy
Production (Ex-Modern) : 3mma YoY%	0.3	2.5	3.1	3.7	1.1	1.2	-1.4	#N/A	
3mth / 3mth % seas. adj.	-1.0	1.0	0.5	2.5	-0.9	-1.4	-3.3	#N/A	
Investec Manufacturing PMI	55.7	55.5	53.8	53.6	55.0	55.9	56.0	54.6	The manufacturing PMI fell back in July, though remains at a strong level
OECD Leading Indicator	100.9	101.1	101.1	100.9	100.6	100.2	99.5	#N/A	
<b>SERVICES / RETAIL</b>									
Monthly Services Index (Value)	124.1	130.6	128.2	127.3	125.2	126.4	124.7	#N/A	Pace of YoY growth in the services index continues to slow—at just 0.4% in June
- YoY %	7.4	5.9	3.7	3.2	1.5	2.1	0.4	#N/A	
- 3mth / 3mth % seas. adj.	0.5	1.6	1.2	2.4	-0.3	-1.0	-2.5	#N/A	
Investec Services PMI	59.1	61.0	60.6	59.1	61.1	59.5	57.6	58.3	The services PMI dipped slightly in July, while remaining at a very strong level of 58.3
SIMI Car Registrations	430	38,986	17,098	19,888	7,833	5,993	1,396	27,737	
- 12 mth cum total	146,603	145,869	141,394	139,753	137,204	136,698	136,470	134,324	New car sales are down 9% in the year to July. The decline is being offset by rise in imports of second hand cars, largely due to sharp fall in sterling
- 3 mma YoY %	-11.0	-2.0	-8.3	-8.3	-16.2	-12.2	-17.7	-7.6	
Retail Sales Index	125.8	127.7	127.9	126.1	125.7	127.8	121.7	#N/A	
- YoY %	4.5	3.7	1.8	3.0	1.5	3.9	4.1	#N/A	Core retail sales continue to grow very strongly, up 1.8% in Q2. Underlying data show broad based gains in sales
- 3mth / 3mth % seas. adj.	-1.5	2.0	1.9	#N/A	#N/A	#N/A	#N/A	#N/A	
Ex Autos Index	117.5	119.5	120.1	120.5	120.8	122.4	123.4	#N/A	
- YoY %	3.5	6.3	5.5	6.1	6.4	7.2	7.1	#N/A	
- 3mth / 3mth % seas. adj.	2.0	2.1	1.2	1.8	1.4	1.8	1.8	#N/A	
<b>CONSTRUCTION PMI: Ulster Bank</b>									
- Housing Activity	58.9	55.7	57.9	60.8	61.3	63.6	58.2	#N/A	Construction PMI improved in Q2, from an already strong level in Q1 (61 from 58.1)
- Commercial Activity	60.6	59.1	63.3	61.3	61.9	69.2	59.5	#N/A	
- New Orders	61.0	56.5	58.9	63.5	59.6	65.3	60.8	#N/A	Housing registrations up over 100% YoY in Q2, but remain at very low levels overall
- Business Expectations	62.6	58.1	59.6	59.3	63.7	66.2	61.2	#N/A	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
Housing Registrations: 12Mth Total	5,626	5,859	6,537	6,573	6,932	7,155	8,281	#N/A	12mth cumulative total of commencements remains on a solid upward trend (now above 15k), though still at low level
- 3 Month Avg YoY %	88.7	114.1	173.0	75.0	70.4	34.4	132.3	#N/A	
Commencements: 12mth Total	13,234	13,334	13,169	14,192	14,979	15,579	#N/A	#N/A	Steady improvement in level of completions, but at c.16k on a 12mth cumulative basis, still well below market demand
- 3 Month Avg YoY %	66.3	35.6	7.1	33.0	56.2	81.8	#N/A	#N/A	
Completions: Month	1,556	1,244	1,263	1,389	1,413	1,686	#N/A	#N/A	
- 12 Mth Total	14,932	15,256	15,327	15,684	15,948	16,340	#N/A	#N/A	
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	2,255	2,465	2,586	3,261	2,928	3,557	3,767	#N/A	Mortgage approvals rising on a 12mth basis. But, transactions remain largely static as lack of supply hinders activity
- 3 Month Avg YoY %	31.1	42.3	41.8	61.4	44.3	39.8	26.2	#N/A	
- 12 Mth Total	29,935	30,730	31,590	33,098	33,425	34,366	35,224	#N/A	
RPPR Transactions : Month	4,556	3,038	3,545	4,245	3,636	4,099	4,308	#N/A	CSO house price growth accelerates further in June (now 11.6%). Reflects acceleration in Dublin price growth to over 11%
- 3 Month Avg YoY %	-5.0	-2.7	-5.8	10.9	5.9	8.9	4.2	#N/A	
- 12 Mth Total	47,500	47,896	47,763	48,567	48,535	48,759	49,057	#N/A	
<b>HOUSING MARKET PRICES</b>									
CSO Price Index - MoM	-0.3	0.7	0.2	0.4	0.3	1.8	1.4	#N/A	CSO rent prices continue to rise in July, now 15% above previous peak. Although, YoY growth remains off its recent highs, at 7.3%
- YoY %	9.0	8.8	9.7	9.8	9.5	11.1	11.6	#N/A	
Daft Asking Prices: MoM %	1.6	2.4	1.1	0.1	3.8	0.7	-0.7	#N/A	
- YoY %	9.3	9.8	10.3	8.0	12.7	12.6	10.3	#N/A	Large house price rises have diminished affordability in May/June, though it still remains at accommodative levels overall
<b>RENTS:</b> CSO Private Rents - MoM%	0.3	0.0	1.2	0.3	0.5	0.1	0.8	0.4	
- YoY %	9.6	8.3	8.5	8.6	7.9	7.6	7.9	7.3	
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	16.5	16.3	16.3	16.3	16.4	16.7	16.9	#N/A	

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<b>CONSUMER PRICES</b> - YoY %	0.0	0.3	0.5	0.7	0.9	0.2	-0.4	-0.2	CPI inflation still in negative territory in July—on back of declining goods price inflation (-3%), as sterling's sharp fall impacts prices
- MoM %	0.0	-0.5	0.6	0.6	0.4	-0.2	0.1	0.0	
HICP - YoY %	-0.2	0.2	0.3	0.6	0.7	0.0	-0.6	-0.2	
- MoM %	-0.1	-0.5	0.5	0.6	0.4	-0.2	0.1	0.1	Meantime, HICP inflation rate also at -0.2% in July
<b>PERSONAL / FINANCIAL</b>									
KBC/ESRI Consumer Confidence	96.2	103.1	100.7	101.9	102.0	100.5	105.0	#N/A	Consumer confidence at its highest level since February 2016 in June, and close to a 15 year high
Credit Growth YoY %									
- Private Sector (Underlying)	-3.8	-4.1	-4.6	-4.5	-5.6	-5.7	-5.9	#N/A	Private sector credit decline accelerating. Although, household credit contraction eases to -1.9% YoY
- of which : Household	-2.5	-2.4	-2.3	-2.2	-2.1	-2.0	-1.9	#N/A	
- of which : Mortgage Lending	-2.9	-2.9	-2.8	-2.7	-2.6	-2.6	-2.5	#N/A	
<b>LABOUR MARKET</b>									
Live Register	282,100	278,400	275,300	271,400	266,700	264,200	259,800	256,800	Live Register continues to decline at a very solid pace. Although, the unemployment rate edged up to 6.4% in July
- Change In Month	-3,400	-3,700	-3,100	-3,900	-4,700	-2,500	-4,400	-3,000	
Unemployment Rate %	6.9	6.9	6.8	6.6	6.4	6.4	6.3	6.4	Services and manufacturing PMI employment sub-indices remain consistent with solid jobs growth in July. Construction index has remained particularly strong in recent months, averaging 60.5 in Q2
Redundancies -12 Mth Total	202	138	225	266	231	374	230	#N/A	
PMI Employment Indices									
- Investec Manufacturing	56.4	56.1	53.8	53.9	56.2	57.5	54.9	53.4	Construction index has remained particularly strong in recent months, averaging 60.5 in Q2
- Investec Services	60.7	60.1	60.5	58.7	58.1	55.8	58.6	59.4	
- Ulster Bank Construction	61.5	63.3	62.9	58.6	61.0	60.8	59.7	#N/A	
<b>MERCHANDISE TRADE</b>									
Export Values - 3M / 3M %	3.1	0.3	2.9	5.3	0.8	-3.2	#N/A	#N/A	YoY value of exports remains strong, aided by pick-up in pharmaceutical sector output
- 3MMA YoY %	0.9	6.8	9.6	15.4	10.0	7.5	#N/A	#N/A	
Import Values - 3M / 3M %	1.0	3.0	-1.8	-3.9	1.1	-2.3	#N/A	#N/A	Imports weighed down in part by weak sterling and lower transport imports
- 3MMA YoY %	-2.9	4.7	4.3	7.3	6.0	0.0	#N/A	#N/A	
<b>PUBLIC FINANCES</b>									
Total Tax Receipts: Cum YTD %	5.0	6.0	4.1	3.2	0.5	2.9	4.0	4.5	Tax receipts close to target at the end of July
Voted Spending : Cum YTD %	2.6	4.7	6.9	5.7	4.0	5.3	5.0	5.1	
Exchequer Bal: 12 Mth Total €m	-1,012	-740	-735	-745	-2,494	-504	2,615	-1,874	Spending also close to profile
									Deficit on target
<b>QUARTERLY DATA</b>									
	Q2-15	Q3-15	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	
<b>GDP</b> - YoY %	21.3	26.7	26.6	2.5	5.4	2.7	9.9	6.1	Irish GDP grew by 6.1% YoY in Q1, after 9.9% in Q4'16. GDP data remain distorted by the activities of multi-nationals
*Core Domestic Exp - YoY% (3Q Avg)	3.9	4.9	4.5	4.7	4.8	5.2	5.5	4.9	
Consumer Spending - YoY %	3.2	5.4	4.4	5.9	3.1	1.9	2.2	1.8	
Services Exports - YoY % (3Q Avg)	16.1	16.1	14.7	12.4	10.7	10.2	10.6	13.5	Growth in core domestic expenditure remains strong. Strong growth in services exports
* Excludes Aircraft, R&D/Intangibles									
<b>EMPLOYMENT &amp; EARNINGS</b>									
Employment YoY %	3.0	2.9	2.3	2.4	2.9	2.9	3.3	3.5	Employment grows at a very strong 3.5% YoY in Q1. Underlying data show jobs growth in most sectors. Labour force growth also rises
Labour Force YoY %	0.6	0.6	0.8	0.6	1.5	1.5	1.2	1.6	
Average Earnings YoY %									YoY growth in weekly earnings rose to 1.4% in Q1, partly due to rise in hours worked. Most sectors now recording a pick-up in wages
- Hourly	0.3	1.4	-0.7	0.9	0.4	0.2	1.0	0.7	
- Weekly	0.8	2.4	1.2	1.5	0.9	1.3	0.7	1.4	
Weekly Earnings YoY %									
- Private Sector	1.3	3.3	1.0	2.7	2.1	1.9	1.4	1.5	
- Public Sector	-0.1	0.3	1.8	-0.5	-1.0	1.2	-0.7	1.6	



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