

Irish Economy Watch

AIB Treasury Economic Research Unit



23 January 2017

	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	
MANUFACTURING									
Industrial Production (Ex-Modern)	119.4	122.7	120.7	121.0	126.6	119.6	122.3	#N/A	Pace of YoY decline in production (ex-modern sector) has continued to slow—at -0.6% in three months to Nov
Production (Ex-Modern) : 3mma YoY%	-1.9	-1.8	-4.7	-3.9	-3.0	-1.1	-0.6	#N/A	
3mth / 3mth % seas. adj.	0.2	0.5	-0.4	0.7	0.8	1.2	1.1	#N/A	
Investec Manufacturing PMI	51.5	53.0	50.2	51.7	51.3	52.1	53.7	55.7	Mfg PMI avg 53.8 in Q4, up from Q3's post-Brexit vote 51.1. Rises to 17-mth high in Dec. Suggests sector has recovered from initial UK vote shock
OECD Leading Indicator	99.5	99.4	99.4	99.4	99.5	99.6	99.8	#N/A	
SERVICES / RETAIL									
Monthly Services Index (Value)	123.1	123.8	124.7	124.8	125.2	126.1	129.4	#N/A	Services index continues to pick up in November. 3mth/3mth growth rises to a strong 2%
- YoY %	8.3	6.4	0.0	6.1	4.9	5.3	8.9	#N/A	
- 3mth / 3mth % seas. adj.	1.0	-0.4	0.7	1.3	1.5	1.2	2.0	#N/A	
Investec Services PMI	61.7	61.2	59.5	59.7	56.2	54.6	56.0	59.1	Services PMI rises further in Dec. Index avg 56.6 in Q4. While this is slower than Q3's 58.6, still suggests strong growth
SIMI Car Registrations	6,499	1,624	29,883	7,286	4,688	2,240	747	430	
- 12 mth cum total	143,761	143,937	146,226	147,108	147,027	146,708	146,515	146,603	Car sales totalled 146k in 2016 (+17% YoY). This represents their strongest year since 2008
- 3 mma YoY %	8.8	3.9	5.7	9.4	8.0	3.5	-7.2	-11.0	
Retail Sales Index	113.3	105.0	120.1	113.0	113.0	112.8	113.8	#N/A	Core retail sales jump in November, perhaps boosted by pre-Christmas discounts (i.e. Black Friday). Sales up 1.8% in Oct/Nov versus Q3
- YoY %	7.8	5.1	7.9	4.3	3.8	4.3	4.3	#N/A	
- 3mth / 3mth % seas. adj.	-0.4	-3.0	0.1	0.2	4.6	0.1	0.4	#N/A	
Ex Autos Index	116.2	115.1	114.9	115.2	116.4	115.8	119.4	#N/A	Const' PMI improves further in Q4 (60.3 vs 59.4), pointing to on-going solid growth
- YoY %	6.3	5.0	3.3	3.1	3.5	3.8	4.8	#N/A	
- 3mth / 3mth % seas. adj.	1.2	1.1	1.0	0.1	0.2	0.3	1.9	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	55.9	59.7	61.0	58.4	58.7	62.3	59.8	58.9	Housing registrations total 5,626 in 2016. This represents a 31% increase on 2015
- Commercial Activity	57.4	61.8	61.3	63.1	59.5	63.5	63.9	60.6	
- New Orders	59.7	62.0	66.2	63.9	61.3	64.5	62.8	61.0	
- Business Expectations	56.7	59.8	60.2	60.8	61.4	65.9	59.5	62.6	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	4,973	4,898	5,105	4,675	4,864	5,075	5,359	5,626	Commencements continue to increase at a very encouraging pace in November. YoY growth rate at 73% in 3mths to Nov
- 3 Month Avg YoY %	66.2	11.6	23.6	-17.4	-2.3	-2.1	87.1	88.7	
Commencements: 12mth Total	9,206	9,553	9,646	9,906	9,965	11,053	11,667	#N/A	Completions rise by 1,579 in November—best month since end 2009. They are on course for c.15k in 2016
- 3 Month Avg YoY %	15.1	31.8	34.4	29.2	15.2	64.1	73.3	#N/A	
Completions: Month	1,294	1,055	1,110	1,415	1,340	1,290	1,579	#N/A	
- 12 Mth Total	13,687	13,683	13,673	14,139	14,259	14,411	14,728	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	2,616	2,909	2,908	2,948	2,766	2,628	3,155	#N/A	The pace of YoY growth in mortgage approvals continues to rise. Suggests impact of CB rules continuing to abate
- 3 Month Avg YoY %	4.9	19.9	14.5	22.9	23.5	26.6	29.8	#N/A	
- 12 Mth Total	25,841	26,388	26,638	27,474	28,030	28,391	29,436	#N/A	
RPPR Transactions : Month	3,851	3,977	4,390	4,001	4,365	4,411	4,064	#N/A	YoY growth in CSO house prices accelerated further in Nov. Price inflation outside of Dublin (+13%) remains higher than in the Capital (+6%), in part due to CB lending rules
- 3 Month Avg YoY %	0.2	-0.4	-2.4	-0.4	3.3	4.9	1.3	#N/A	
- 12 Mth Total	47,888	47,624	47,404	47,848	48,029	47,998	48,017	#N/A	
HOUSING MARKET PRICES									
CSO (Stamp Duties) - MoM	0.5	1.0	2.4	1.4	1.5	0.6	1.5	#N/A	CSO rent prices rose by 9.5% for a second consecutive year in 2016. Prices now 12% above their previous peak
- YoY %	5.4	4.9	6.6	6.8	7.6	6.9	8.6	#N/A	
Daft Asking Prices: MoM %	0.8	1.4	0.9	0.9	0.6	-1.7	0.2	1.6	Lower mortgage rates mean affordability remains at favourable levels, despite higher prices and subdued wage growth
- YoY %	5.5	8.1	7.1	8.1	7.7	6.7	7.9	9.3	
RENTS: CSO Private Rents - MoM%									
- YoY %	0.5	0.5	0.9	0.7	1.9	0.9	0.0	0.3	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	15.8	16.1	16.0	16.3	16.6	16.6	16.9	#N/A	

	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	
CONSUMER PRICES - YoY %	0.0	0.4	0.5	-0.1	0.0	-0.3	-0.1	0.0	CPI inflation ended 2016 at 0%, broadly unchanged from end 2015. While the drag from energy seen at the start of the period has now turned positive, further falls in food and household goods prices have kept price pressures down
- MoM %	0.5	0.7	-0.2	-0.2	-0.4	-0.5	-0.1	0.0	
HICP - YoY %	-0.2	0.1	0.1	-0.4	-0.3	-0.4	-0.2	-0.2	Consumer confidence edged lower, hitting a near 2yr low in December. Sub-indices shows consumers are less certain about the economic outlook
- MoM %	0.5	0.7	-0.3	-0.2	-0.4	-0.4	-0.1	-0.1	

PERSONAL / FINANCIAL									
KBC/ESRI Consumer Confidence	98.1	103.4	99.6	102.7	102.0	97.3	97.8	96.2	Consumer confidence edged lower, hitting a near 2yr low in December. Sub-indices shows consumers are less certain about the economic outlook
Credit Growth YoY %									
- Private Sector (Underlying)	-5.8	-5.1	-5.5	-5.8	-5.1	-4.0	-3.9	#N/A	Pace of decline in private sector credit continued to slow in November, now -3.9%
- of which : Household	-2.5	-2.2	-2.0	-1.9	-1.9	-1.5	-1.4	#N/A	
- of which : Mortgage Lending	-2.5	-2.2	-2.1	-2.0	-1.9	-1.7	-1.6	#N/A	

LABOUR MARKET									
Live Register	308,800	305,400	300,500	298,800	291,300	288,300	285,700	282,400	Pace of decline in the Live Register has slowed slightly recently, though trend remains firmly downwards.
- Change In Month	-3,700	-3,400	-4,900	-1,700	-7,500	-3,000	-2,600	-3,300	
Unemployment Rate %	8.3	8.3	8.0	7.9	7.7	7.5	7.3	7.2	Unemployment rate falls further to 7.2% in December
Redundancies -12 Mth Total	616	418	337	338	361	#N/A	#N/A	#N/A	
PMI Employment Indices									PMI employment indices end 2016 on an upward trajectory, pointing to further solid growth. Manufacturing index rose to a 17-month high, while services and construction measures are at 10-month highs
- Investec Manufacturing	51.8	53.5	52.6	52.8	49.9	52.1	55.5	56.4	
- Investec Services	60.1	57.2	54.9	58.7	54.4	54.7	56.4	60.7	
- Ulster Bank Construction	55.5	57.1	58.5	59.7	54.7	60.2	61.5	61.5	

MERCHANDISE TRADE									
Export Values - 3M / 3M %	-0.6	6.9	3.0	4.3	1.4	7.7	3.0	#N/A	Value of goods exports boosted this year by strong performance by electrical machinery
- 3MMA YoY %	3.6	3.8	2.4	8.2	8.4	6.2	3.0	#N/A	
Import Values - 3M / 3M %	2.2	10.4	10.1	3.1	1.1	-6.7	-2.9	#N/A	The value of imports has been weighed down by weak oil prices; softer sterling may also be having some impact
- 3MMA YoY %	4.4	5.0	5.5	4.3	3.2	-3.2	-3.2	#N/A	

PUBLIC FINANCES									
Total Tax Receipts: Cum YTD %	9.0	9.2	8.4	6.2	5.7	4.7	6.5	5.0	The budget deficit fell to c.1% of GDP in 2016
Voted Spending : Cum YTD %	-0.5	1.8	5.9	1.2	2.0	1.3	2.7	2.6	
Exchequer Bal: 12 Mth Total €m	-828	-912	1,448	1,558	17	-307	1,116	-1,012	Exchequer tax receipts rose by 5% in the year, 1.4% above expectations

QUARTERLY DATA									
	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16	Q2-16	Q3-16	
GDP - YoY %	11.1	28.1	24.3	24.4	28.4	3.9	3.1	6.9	Irish GDP rose by 6.9% YoY in Q3; averaging 4.6% YTD. Data show that Q3 growth was boosted by strong improvement in net exports
*Core Domestic Expd - YoY% (3Q Avg)	4.4	6.4	6.7	7.0	5.6	4.4	3.7	3.0	
Consumer Spending - YoY %	2.5	4.9	4.0	5.0	4.2	5.3	2.2	2.1	'Underlying' core domestic spending measure of growth is around 3%
Services Exports - YoY % (3Q Avg)	14.4	15.7	13.4	12.0	10.4	7.0	6.2	6.5	
* Excludes Aircraft, R&D/Intangibles									

EMPLOYMENT & EARNINGS									
Employment YoY %	1.5	2.2	3.0	2.9	2.3	2.4	2.9	2.9	YoY growth in employment remained strong at 2.9% in Q3. Underlying data show broad based improvement. Labour force growth remained at 1.5%, aided by net inward migration
Labour Force YoY %	-0.5	-0.2	0.6	0.6	0.8	0.6	1.5	1.5	
Average Earnings YoY %									YoY earnings growth improved slightly in Q3. Underlying data show unbalanced growth, with wages falling in some sectors, while rising strongly in others
- Hourly	0.9	-0.2	0.3	1.4	-0.7	0.9	0.4	0.2	
- Weekly	1.4	0.4	0.8	2.4	1.2	1.5	0.9	1.2	
Weekly Earnings YoY %									
- Private Sector	2.1	0.5	1.3	3.3	1.0	2.7	2.1	1.8	
- Public Sector	0.3	0.4	-0.1	0.3	1.8	-0.5	-1.0	1.0	



<p>Oliver Mangan Chief Economist oliver.n.mangan@aib.ie</p>	<p>John Fahey Senior Economist john.j.fahey@aib.ie</p>	<p>Dara Turnbull Economist dara.c.turnbull@aib.ie</p>
<p>AIB Bankcentre, Ballsbridge, Dublin 4 Tel: 353-1-6600311 www.aibconomics.com</p>		

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, plc and Allied Irish Banks (GB). In Northern Ireland it is distributed by First Trust Bank. In the United States of America it is distributed by Allied Irish Banks, plc. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and First Trust Bank are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI 018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.