

Irish Economy Watch

AIB Treasury Economic Research Unit



09 June 2017

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	
MANUFACTURING									
Industrial Production (Ex-Modern)	119.8	122.9	122.4	126.3	123.2	125.1	120.6	#N/A	Production (ex-modern) fell back in April, reflecting a decline in food and beverage output. YoY growth slows to +1.3% in 3 months to April
Production (Ex-Modern) : 3mma YoY%	-1.2	-0.4	0.2	2.5	3.1	3.7	1.3	#N/A	
3mth / 3mth % seas. adj.	1.2	1.4	-0.9	1.2	0.7	2.6	-0.7	#N/A	
Investec Manufacturing PMI	52.1	53.7	55.7	55.5	53.8	53.6	55.0	55.9	Manufacturing PMI more upbeat, rises to a near 2-year high in May
OECD Leading Indicator	99.9	100.2	100.5	100.7	100.7	100.6	#N/A	#N/A	
SERVICES / RETAIL									
Monthly Services Index (Value)	125.6	127.1	124.7	130.5	128.3	127.3	124.5	#N/A	Services index declining, YoY growth just +0.5%. All except retail/motors sector showing weak or negative YoY growth
- YoY %	5.0	6.4	7.5	5.9	3.7	3.2	0.5	#N/A	
- 3mth / 3mth % seas. adj.	0.8	1.2	0.6	1.8	1.5	2.3	-0.6	#N/A	
Investec Services PMI	54.6	56.0	59.1	61.0	60.6	59.1	61.1	59.5	But, the services PMI remained consistent with strong growth in May, despite edging down
SIMI Car Registrations	2,240	749	430	38,970	17,081	19,893	7,852	5,989	
- 12 mth cum total	146,708	146,517	146,603	145,853	141,361	139,747	137,217	136,707	New car sales are down 10% in the year to May. The decline is being offset by rise in imports of second hand cars
- 3 mma YoY %	3.5	-7.1	-11.0	-2.1	-8.4	-8.3	-16.2	-12.2	
Retail Sales Index	124.2	126.4	125.7	127.6	127.8	126.6	125.9	#N/A	Core retail sales continue to grow at a strong pace, rising by 6.4% YoY in April. Underlying data show broad based growth
- YoY %	4.4	6.0	4.4	3.6	1.8	3.0	1.6	#N/A	
- 3mth / 3mth % seas. adj.	-0.2	0.2	-1.7	1.9	1.8	#N/A	#N/A	#N/A	
Ex Autos Index	116.9	119.2	117.7	119.4	120.1	120.4	120.9	#N/A	Construction PMI rises further in April, continuing to point to strong growth
- YoY %	4.4	6.1	3.5	6.2	5.6	6.0	6.4	#N/A	
- 3mth / 3mth % seas. adj.	1.3	2.3	2.1	2.2	1.3	1.7	1.4	#N/A	
CONSTRUCTION PMI: Ulster Bank									
- Housing Activity	62.3	59.8	58.9	55.7	57.9	60.8	61.3	#N/A	Housing registrations continue to rise, while remaining at a low level overall
- Commercial Activity	63.5	63.9	60.6	59.1	63.3	61.3	61.9	#N/A	
- New Orders	64.5	62.8	61.0	56.5	58.9	63.5	59.6	#N/A	
- Business Expectations	65.9	59.5	62.6	58.1	59.6	59.3	63.7	#N/A	
RESIDENTIAL CONSTRUCTION ACTIVITY									
Housing Registrations: 12Mth Total	5,075	5,359	5,626	5,859	6,537	6,573	6,932	#N/A	YoY growth in commencements slowed during Q1, but remains strong (+33%). Still though, they remain at low levels
- 3 Month Avg YoY %	-2.1	87.1	88.7	114.1	173.0	75.0	70.4	#N/A	
Commencements: 12mth Total	11,053	11,667	13,234	13,334	13,169	14,192	#N/A	#N/A	Completions continue to show improvement, but at below 16k on a 12mth cumulative basis, still far below demand
- 3 Month Avg YoY %	64.1	73.3	66.3	35.6	7.1	33.0	#N/A	#N/A	
Completions: Month	1,290	1,579	1,556	1,244	1,263	1,389	#N/A	#N/A	
- 12 Mth Total	14,411	14,728	14,932	15,256	15,327	15,684	#N/A	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	2,628	3,155	2,255	2,465	2,586	3,261	2,928	#N/A	Growth in mortgage approvals strong. Transactions, though, remain virtually static as lack of supply remains an issue
- 3 Month Avg YoY %	26.6	29.8	31.1	42.3	41.8	61.4	44.3	#N/A	
- 12 Mth Total	28,391	29,436	29,935	30,730	31,590	33,098	33,425	#N/A	
RPPR Transactions : Month	4,468	4,280	4,556	3,031	3,539	4,182	3,429	#N/A	CSO house price growth strong in April. Dublin price growth (currently 8.2%) is being outpaced by rises elsewhere (13.4%). May reflect some 'catch up' by non-Dublin markets
- 3 Month Avg YoY %	6.1	3.9	-5.0	-2.7	-6.0	10.0	3.2	#N/A	
- 12 Mth Total	48,220	48,455	47,500	47,889	47,750	48,475	48,236	#N/A	
HOUSING MARKET PRICES									
CSO (Stamp Duties) - MoM	0.5	1.1	-0.7	0.7	0.3	0.2	1.1	#N/A	CSO rent prices continue to rise in May, now 14% above previous peak. Although, YoY growth has slowed to 7.6%
- YoY %	6.8	8.1	7.8	7.9	9.3	9.6	10.5	#N/A	
Daft Asking Prices: MoM %	-1.7	0.2	1.6	2.4	1.1	0.1	#N/A	#N/A	
- YoY %	6.7	7.9	9.3	9.8	10.3	8.0	#N/A	#N/A	Low mortgage rates and higher earnings help keep affordability at overall accommodative levels despite rising house prices
RENTS: CSO Private Rents - MoM%	0.9	0.0	0.3	0.0	1.2	0.3	0.5	0.1	
- YoY %	10.0	9.7	9.6	8.3	8.5	8.6	7.9	7.6	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	16.4	16.5	16.2	16.1	16.1	16.1	16.3	#N/A	

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CONSUMER PRICES - YoY %	-0.3	-0.1	0.0	0.3	0.5	0.7	0.9	0.2
- MoM %	-0.5	-0.1	0.0	-0.5	0.6	0.6	0.4	-0.2
HICP - YoY %	-0.4	-0.2	-0.2	0.2	0.3	0.6	0.7	0.0
- MoM %	-0.4	-0.1	-0.1	-0.5	0.5	0.6	0.4	-0.2

CPI inflation slows sharply to 0.2% in May—largely reflects reduced boost from fuel prices and sharp fall in volatile air fares component

Meantime, HICP inflation rate flat in May

PERSONAL / FINANCIAL								
KBC/ESRI Consumer Confidence	97.3	97.8	96.2	103.1	100.7	101.9	102.0	100.5
Credit Growth YoY %								
- Private Sector (Underlying)	-3.8	-3.8	-3.8	-4.2	-4.7	-4.6	-5.7	#N/A
- of which : Household	-2.8	-2.7	-2.5	-2.4	-2.3	-2.2	-2.1	#N/A
- of which : Mortgage Lending	-3.1	-3.1	-2.9	-2.9	-2.8	-2.7	-2.6	#N/A

Consumer confidence has been broadly stable above 100 so far in 2017. Suggests overall optimistic consumer sector

Decline in private sector credit accelerating, but contraction in household credit has continued to ease—now -2.1% YoY

LABOUR MARKET								
Live Register	287,900	285,400	282,100	278,500	275,400	271,600	266,900	264,700
- Change In Month	-3,100	-2,500	-3,300	-3,600	-3,100	-3,800	-4,700	-2,200
Unemployment Rate %	7.2	7.0	6.9	6.9	6.8	6.6	6.4	6.4
Redundancies	212	257	202	138	225	266	231	374
-12 Mth Total	4,544	4,413	4,355	4,211	4,213	3,809	3,601	3,359
PMI Employment Indices								
- Investec Manufacturing	52.1	55.5	56.4	56.1	53.8	53.9	56.2	57.5
- Investec Services	54.7	56.4	60.7	60.1	60.5	58.7	58.1	55.8
- Ulster Bank Construction	60.2	61.5	61.5	63.3	62.9	58.6	61.0	#N/A

Live Register continues to decline at a very solid pace. The unemployment rate remained at a 9-year low of 6.4% in May

PMI employment sub-indices remain consistent with solid level of jobs growth. Services sector has slowed somewhat in April/May, but manufacturing index rises to a 2-year high in May. Construction index very strong above 60

MERCHANDISE TRADE								
Export Values - 3M / 3M %	7.5	3.0	3.2	-0.6	1.0	1.0	#N/A	#N/A
- 3MMA YoY %	6.4	3.5	1.1	5.9	7.6	10.6	#N/A	#N/A
Import Values - 3M / 3M %	-5.4	1.9	1.2	1.7	-5.9	-11.8	#N/A	#N/A
- 3MMA YoY %	0.9	3.5	-3.1	3.0	-0.1	-1.9	#N/A	#N/A

YoY value of exports rise, aided by pick-up in pharmaceutical sector output

Imports weighed down by weak sterling and weaker aircraft activity, but higher oil prices are boosting total

PUBLIC FINANCES								
Total Tax Receipts: Cum YTD %	4.7	6.5	5.0	6.0	4.1	3.2	0.5	2.9
Voted Spending : Cum YTD %	1.3	2.7	2.6	4.7	6.9	5.7	4.0	5.3
Exchequer Bal: 12 Mth Total €m	-307	1,116	-1,012	-740	-735	-745	-2,494	-504

Tax receipts pick up in May, still slightly below profile. But, spending also below expectations

QUARTERLY DATA								
	Q2-15	Q3-15	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17
GDP - YoY %	24.3	24.4	28.4	3.9	3.3	6.2	7.2	#N/A
*Core Domestic Expd - YoY% (3Q Avg)	6.7	7.0	5.6	4.4	3.8	3.2	#N/A	#N/A
Consumer Spending - YoY %	4.0	5.0	4.2	5.7	2.6	2.4	1.6	#N/A
Services Exports - YoY % (3Q Avg)	13.4	12.0	10.4	7.0	6.2	6.5	9.2	#N/A

Irish GDP rose by 5.2% in 2016. The data remain highly distorted by the activities of multi-nationals

Consumer spending increased by 3% in 2016. Construction recorded a strong increase of 11.4%, while services exports rose by 7.8%

EMPLOYMENT & EARNINGS								
Employment YoY %	3.0	2.9	2.3	2.4	2.9	2.9	3.3	3.5
Labour Force YoY %	0.6	0.6	0.8	0.6	1.5	1.5	1.2	1.6
Average Earnings YoY %								
- 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

Employment grows at a very strong 3.5% YoY in Q1. Underlying data show jobs growth in most sectors. Labour force growth also rises

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



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