Irish Economy Watch

AIB Treasury Economic Research Unit

Friday 26 February 2021

	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
MANUFACTURING								
AIB Manufacturing PMI	51.0	57.3	52.3	50.0	50.3	52.2	57.2	51.8
OECD Leading Indicator	97.3	99.0	99.4	99.7	100.1	100.3	100.6	100.9
Industrial Production (Ex-Modern)	93.5	110.6	108.6	108.5	110.7	108.4	113.7	#N/A
Production (Ex-Modern) : 3mma YoY%	-21.2	-14.2	-5.4	-1.2	-1.6	-2.9	-0.3	#N/A
3mth / 3mth % seas. adj.	-23.0	-6.9	11.3	24.7	14.4	4.8	1.6	#N/A
SERVICES / RETAIL								
AIB Services PMI	39.7	51.9	52.4	45.8	48.3	45.4	50.1	36.2
CSO Services Index (Value)	114.8	114.2	115.0	120.7	115.2	111.8	121.4	#N/A
- YoY %	-10.0	-10.9	-9.1	-4.2	-7.3	-10.4	-0.3	#N/A
- 3mth / 3mth % seas. adj.	-16.6	-5.5	5.9	11.5	6.3	1.1	-0.4	#N/A
SIMI Car Registrations	1,006	21,171	4,808	5,651	2,296	913	601	25,152
- 12 mth cum total	89,226	85,716	85,437	87,673	87,792	87,947	88,324	82,826
- 3 mma YoY %	-81.4	-26.2	-13.4	-4.7	19.4	39.5	20.6	-15.7
Retail Sales Index	125.6	127.1	129.0	131.6	130.6	114.7	131.1	#N/A
- YoY %	5.0	9.0	8.6	10.7	7.7	-4.3	8.2	#N/A
- 3mth / 3mth % seas. adj.	-17.8	17.9	46.9	37.8	14.6	-1.3	-2.9	#N/A
Ex Autos Index	123.2	126.8	128.2	130.6	130.8	115.9	130.7	#N/A
- YoY %	3.5	5.7	6.8	9.1	9.4	-2.9	7.6	#N/A
- 3mth / 3mth % seas. adj.	-12.0	7.2	21.5	21.9	10.5	-0.2	-2.1	#N/A
RESIDENTIAL CONSTRUCTION ACTIVITY								
Construction PMI**:** Ulster Bank	51.9	53.2	44.0	47.0	48.6	53.5	52.3	21.2
- Housing Activity	55.8	57.8	44.7	44.1	50.3	53.0	56.2	19.0
- Commercial Activity	50.9	50.2	41.6	49.2	46.7	50.0	49.7	24.2
- New Orders	46.0	53.8	46.5	48.8	51.8	57.3	55.6	29.4
- Business Expectations	54.6	55.9	53.5	48.7	51.9	60.5	62.5	59.9
Commencements: 12mth Total	23,929	23,379	22,066	21,774	20,823	21,830	21,686	#NA
- 3 Month Avg YoY %	-45.7	-37.7	-36.8	-28.4	-29.7	-3.3	-1.4	#NA
HOUSING MARKET ACTIVITY								
BPFI Mortgage Approvals : Month	1,688	2,713	3,337	3,927	4,419	4,372	3,247	#N/A
- 3 Month Avg YoY %	-66.1	-51.8	-32.7	-8.4	12.8	25.4	27.5	#N/A
- 12 Mth Total	32,480	30,966	30,722	31,561	32,288	33,302	34,156	#N/A
RPPR Transactions : Month	3,062	3,654	2,950	4,252	5,528	5,325	7,297	2,896
- 3 Month Avg YoY %	-40.0	-36.9	-34.9	-30.3	-18.3	-4.2	4.5	0.9
- 12 Mth Total	52,811	50,961	48,891	48,089	48,103	48,227	48,875	48,235
HOUSING MARKET PRICES								
CSO Price Index - MoM	0.1	0.2	0.1	0.2	0.4	0.5	0.9	#N/A
- YoY %	0.0	-0.7	-0.9	-0.8	-0.5	0.2	2.2	#N/A
Daft Asking Prices: MoM %	-0.5	2.5	1.9	0.3	0.8	0.4	1.0	#N/A
- YoY %	-3.3	0.3	2.7	5.3	6.1	8.9	7.4	#N/A
RENTS: CSO Private Rents - MoM%	-0.3	0.2	0.2	0.4	-0.5	0.0	0.4	0.3
- YoY %	-1.2	-1.4	-1.8	-2.6	-3.2	-3.2	-2.9	-2.5
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB								
- Mortgage as % of Disposable Income	18.1	18.2	18.3	18.3	#N/A	#N/A	#N/A	#N/A

Manufacturing PMI fell to 51.8 in January. Covid restrictions and post-Brexit regulations were sighted as headwinds. However, firms more optimistic on outlook

Traditional industrial production moved above its pre-Covid level in December. 3m\3m up 1.6%, but 3mma down 0.3% YoY

Services PMI fell sharply to 36.2 in January as the sector went back into lockdown. However, the index remained well above last spring's lows. Employment relatively stable and firms outlook remained upbeat

CSO Services Index rose to its highest level since March, up 8.6% m/m in December

New car sales down 17.9% YoY in January following a very tough year for the sector in 2020. 3mma down 15.7% YoY

Retail sales rebounded strongly in December, up 8.2% YoY. Core retail sales up 7.6% YoY

Construction PMI collapsed in January as most of the sector is closed due to Covid restrictions. However, business expectations remain elevated (59.9) reflecting firms optimism in the outlook

Commencements held up well in Q4, down just 1.4% YoY. Although, full year 2020 total of less than 22k, down 17% on 2019 total of over 26K

Approvals continue to soar in December, up 35.7% YoY. However, total approvals in 2020 14% below 2019 level.

Transactions picked up pace in Q4, up 4.5% YoY. Although, national lockdown sees activity fall sharply in January, down 18.1% YoY

House prices rose by 0.9% in December, up 2.2% YoY. Ex-Dublin prices increased by 3.1% YoY, while house prices in the capital rose by 1.2% annually

Daft.ie asking prices up 1% in December and 7.4% YoY as supply for sale at very low levels throughout 2020

CSO rental index rose 0.3% in January. YoY rate at –2.5%

Sources: Refinitiv, CSO, DoF, DoECLG, Daft.ie, HomeBond, BPFI, KBC/ESRI, PSRA, SIMI, Ulster Bank, AIB ERU Calculations

	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
CONSUMER PRICES - YoY %	-0.4	-0.4	-1.0	-1.2	-1.5	-1.1	-1.0	-0.2
- MoM %	0.3	-0.2	-0.1	-0.4	-0.6	0.3	0.3	0.1
HICP - YoY %	-0.6	-0.6	-1.1	-1.2	-1.5	-1.0	-1.0	-0.1
- MoM %	0.4	-0.2	-0.1	-0.4	-0.5	0.3	0.2	0.2

Annual CPI inflation rate jumps sharply in January to –0.2% from –1.0% in December. HICP annual rate at –0.1%, up from –1.0%. Sharp acceleration reflects rebounding energy prices and much more muted winter sales

	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
PERSONAL / FINANCIAL								
KBC/ESRI Consumer Confidence	61.6	62.6	58.9	60.7	52.6	65.5	74.6	64.9
Credit Growth YoY %								
- Private Sector (Underlying)	-2.2	-2.2	-1.8	-2.6	-3.4	-2.8	-2.6	#N/A
- *of which* : Household	-0.9	-1.3	-1.3	-1.5	-1.4	-1.5	-1.5	#N/A
- *of which* : Mortgage Lending	-0.6	-0.7	-0.8	-1.0	-0.9	-1.0	-1.0	#N/A

Consumer sentiment index fell in January, but remained well above its spring lows

Household credit declined by 1.5% YoY in December. Mortgage lending down by 1.0% YoY also

	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
LABOUR MARKET								
Live Register	213,800	226,000	213,800	214,500	210,300	203,400	194,700	190,500
- Change In Month	-14,300	+12,200	-12,200	+700	-4,200	-6,900	-8,700	-4,200
Unemployment Rate %	5.3	6.2	6.6	6.8	6.2	6.0	5.8	5.8
PMI Employment Indices								
- AIB Manufacturing	46.1	50.8	47.5	49.1	50.8	51.2	53.0	50.8
- AIB Services	40.1	46.1	47.3	47.0	47.4	49.0	51.1	49.8
- Ulster Bank Construction	43.3	47.5	48.3	48.9	51.6	52.4	54.3	34.6

Official unemployment rate unchanged at 5.8% in January. Covid adjusted rate up to 25%, its highest level since May 2020

Employment subcomponent of manufacturing & services PMIs remained relatively unchanged in January. However, the construction employment sub-index fell to its lowest level since May, as many sites closed

	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
MERCHANDISE TRADE								
Export Values - 3M / 3M %	-12.4	-3.0	-0.9	10.6	3.2	-0.6	-4.6	#N/A
- 3MMA YoY %	-1.8	2.3	8.3	7.8	1.6	2.8	-0.5	#N/A
Import Values - 3M / 3M %	-15.8	2.1	12.8	13.1	-5.0	2.2	6.8	#N/A
- 3MMA YoY %	-16.7	-7.5	-6.1	-7.3	-12.0	-3.4	-0.3	#N/A

Preliminary data shows that goods exports exceeded €160bn in 2020, up 5.4% YoY. This was largely due to a 25% increase in pharma exports. Goods imports (excluding aircraft) rose by 4.7%, while petroleum imports fell by 40%

	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
PUBLIC FINANCES								
Total Tax Receipts: Cum YTD %	0.7	-2.5	-2.3	-3.0	-5.3	-6.9	-3.6	-8.8
Voted Spending : Cum YTD %	27.3	29.5	28.0	24.9	24.6	23.7	25.3	2.4
Exchequer Bal: 12 Mth Total €m	-4,944	-7,654	-8,180	-8,764	-9,337	-11,627	-12,316	-12,741

Exchequer surplus of €1.2bn recorded in January, circa €0.4bn below January 2020 figure. 12 Mth cumulative balance -€12.7bn. Gross voted expenditure up 11.1% YoY

QUARTERLY DATA

	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20
GDP - YoY %	4.4	5.6	6.3	5.9	6.0	-3.2	8.1	#N/A
*Domestic Demand - YoY%	3.8	2.0	4.5	2.9	-1.2	-15.7	-2.4	#N/A
Consumer Spending - YoY %	3.4	3.6	3.0	2.7	-2.6	-21.6	-5.7	#N/A
Services Exports - YoY % (3Q Avg)	12.5	13.2	13.4	13.6	10.1	3.3	-2.4	#N/A

** Excludes Some Investment Related to the Multinational Sector*

Irish GDP rebounded by 11.1% in Q3. YoY rate up 8.1%

Modified final domestic demand also rebounded strongly, up 18.7% in Q3, driven by domestic capital formation (+34.4%) and personal consumption (+21.3%)

	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20
EMPLOYMENT & EARNINGS								
Employment YoY %	3.7	2.0	2.4	3.5	2.2	-3.4	-1.4	-2.3
Labour Force YoY %	2.7	1.3	1.6	2.6	2.1	-3.7	0.6	-1.1
Average Earnings YoY %								
- Hourly	2.8	3.3	4.0	3.9	3.0	7.2	3.9	#N/A
- Weekly	3.6	3.6	3.6	3.8	3.7	6.0	3.7	#N/A
Weekly Earnings YoY %								
- Private Sector	4.5	4.0	4.0	4.0	4.0	6.0	3.9	#N/A
- Public Sector	0.8	1.9	1.3	3.1	3.1	2.9	2.3	#N/A

Employment declined by 2.3% YoY in Q4. However, this understates labour market weakness, as many jobs rely on government supports

Weekly earnings growth at +3.7% YoY in Q3. However, the changing composition of the work force is distorting the data, with job losses concentrated amongst lower paid workers

	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20
CSO DWELLING COMPLETIONS	4249	4801	5650	6387	4966	3237	5073	7400
- YoY %	22.8	9.2	22.0	17.6	16.9	-32.6	-10.2	15.9
- Cum 12 Mth Total	18708	19113	20131	21087	21804	20240	19663	20676

Completions up 15.9% YoY in Q4. Hold up much better than expected, with 2020 total above 20k, down just 1.9% YoY

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