

Irish Economy Watch

AIB Treasury Economic Research Unit



Friday 19 April 2024

Aug-23 Sep-23 Oct-23 Nov-23 Dec-23 Jan-24 Feb-24 Mar-24

MANUFACTURING

AIB Manufacturing PMI	50.8	49.6	48.2	50.0	48.9	49.5	52.2	49.6
AIB Manufacturing PMI - Future Output	72.1	71.6	70.0	69.7	71.2	67.0	65.6	59.4
Industrial Production (Ex-Modern)	126.0	128.4	125.2	128.7	133.3	132.4	129.5	#N/A
Production (Ex-Modern) : 3mma YoY%	5.9	5.9	3.3	3.6	8.5	12.2	13.4	#N/A
3mth / 3mth % seas. adj.	1.2	2.7	1.3	2.6	2.0	3.9	3.4	#N/A

The manu. PMI fell to 49.6 in Mar. The slight decline reflected a fall in new business and output and a sharp drop in sentiment. Meantime, inflationary pressures in the sector continued to build

Traditional industrial production rose by 3.4% in the 3 mths to Feb and was 13.4% higher YoY

SERVICES / RETAIL

AIB Services PMI	55.0	54.5	52.6	54.2	53.2	50.5	54.4	56.6
CSO Services Index (Value)	165.6	166.6	170.0	164.2	169.3	172.8	172.3	#N/A
- YoY %	3.3	4.6	9.1	3.2	6.8	9.2	7.3	#N/A
- 3mth / 3mth % seas. adj.	0.6	1.6	3.0	2.2	1.7	0.8	2.7	#N/A
SIMI Car Registrations	8,261	5,726	2,207	921	345	31,427	16,444	14,675
- 12 mth cum total	123,313	122,721	122,311	122,247	122,383	126,468	129,790	126,785
- 3 mma YoY %	19.8	13.6	-5.2	-10.7	-8.9	14.6	18.5	7.6
Retail Sales Index	131.0	129.4	129.3	130.0	130.5	133.1	130.4	#N/A
- YoY %	3.5	2.1	0.2	1.1	2.8	5.4	1.1	#N/A
- 3mth / 3mth % seas. adj.	-1.2	-1.8	-1.4	-1.3	-0.4	1.0	1.4	#N/A
Ex Autos Index	129.5	128.8	128.3	129.4	129.9	130.1	130.2	#N/A
- YoY %	1.0	1.1	0.5	-0.6	1.4	0.8	0.7	#N/A
- 3mth / 3mth % seas. adj.	-0.6	-2.3	-1.0	-0.7	0.6	0.7	1.0	#N/A

The services PMI improved to 56.6 in Mar, signalling a further acceleration in growth. New business, including new export orders rose markedly. Despite easing somewhat, inflationary pressures remained elevated

The CSO services index was up by 7.3% YoY in Feb

New car sales enjoyed a strong start to 2024, up 7.6% YTD in Q1. However, 12mth running total fell back below 127k in Mar

Retail sales fell in Feb, but were 1.1% higher YoY. Core retail sales were broadly flat in the month and up by 0.7% YoY

RESIDENTIAL CONSTRUCTION ACTIVITY

BNP Paribas Construction PMI	44.9	48.6	47.3	44.5	45.1	45.9	47.4	51.6
- Housing Activity	46.3	48.9	45.3	43.5	45.0	48.3	49.8	54.3
- Commercial Activity	41.9	49.2	50.9	43.8	42.8	44.7	47.2	53.2
- New Orders	45.2	49.4	49.6	46.7	47.2	47.4	47.7	51.5
- Business Expectations	59.4	59.2	53.6	57.2	59.9	58.6	64.9	63.8
Commencements: 12mth Total	29,565	29,961	30,744	31,429	32,801	34,050	35,752	37,408
- 3 Month Avg YoY %	25.8	23.5	29.6	28.9	47.0	52.4	73.3	62.7

The construction PMI jumped to 51.6 in Mar, indicating a first monthly increase in activity since Jun'23. New orders, housing and commercial activity moved higher, and rose above the key 50 level

Commencements markedly higher in 2024, up 62.7% YTD in Q1. 12 mth rolling total rises above 37k in Mar

HOUSING MARKET ACTIVITY

BPFI Mortgage Approvals : Month	3,952	3,527	3,676	3,614	2,364	2,718	2,922	#N/A
- 3 Month Avg YoY %	10.1	7.3	3.7	-0.4	-2.2	-5.8	-1.9	#N/A
- 12 Mth Total	42,886	42,780	43,017	42,845	42,559	42,399	42,604	#N/A
RPPR Transactions : Month	5,684	5,501	5,605	5,671	7,112	3,424	4,083	3,801
- 3 Month Avg YoY %	3.0	1.4	3.5	-2.0	1.6	-0.5	-0.2	-14.1
- 12 Mth Total	62,916	62,704	62,861	62,569	62,988	62,781	62,543	61,132

Mortgage approvals 3mma down 1.9% YoY in Feb. 12 mth running total near 42.5k

Transactions down by 14.1% YoY in Q1, due to a sharp decline in Mar. 12 mth run rate falls back to near 61k

HOUSING MARKET PRICES

CSO Price Index - MoM	0.5	1.0	1.1	0.9	1.3	0.7	0.3	#N/A
- YoY %	1.1	1.4	2.3	3.0	4.1	5.4	6.1	#N/A
Daft Asking Prices: MoM %	-0.6	1.0	-1.3	-1.4	1.6	0.0	1.8	-0.1
- YoY %	4.2	4.5	6.2	4.7	5.1	5.5	6.2	5.8
RENTS: CSO Private Rents - MoM%	1.3	0.7	0.0	0.2	0.2	0.1	0.4	0.0
- YoY %	7.2	7.1	6.6	6.3	6.2	6.0	5.3	5.1

House prices continued to trend higher, up 0.3% m/m in Feb. They were 6.1% higher YoY also

Asking prices on Daft.ie were revised higher for Q4'23, and were up 5.8% YoY in Q1

CSO rental index flat-lined in Mar. YoY rate declined to 5.1%, its lowest level since Aug'21

AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB

- Mortgage as % of Disposable Income	22.7	23.0	22.9	23.0	23.1	#N/A	#N/A	#N/A
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Affordability deteriorated somewhat in Q4, as house prices continued to rise

	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	
CONSUMER PRICES - YoY %	6.4	6.4	5.0	3.9	4.6	4.1	3.4	2.9	Consumer prices rose by 0.5% in Mar. This was largely due to rising transport and recreational prices. However, the YoY rate dropped to 2.9%. HICP inflation eased to 1.7%, below 2% for the first time since Jun'21
- MoM %	0.6	0.1	0.3	-0.8	0.5	-1.3	1.0	0.5	
HICP - YoY %	4.9	5.0	3.6	2.5	3.2	2.7	2.3	1.7	Consumer sentiment declined, albeit marginally, for a second consecutive month in Mar
- MoM %	0.5	0.1	0.2	-0.9	0.4	-1.4	1.1	0.3	

PERSONAL / FINANCIAL

ILCU Consumer Sentiment Index	62.2	58.8	60.4	61.9	62.4	74.2	70.2	69.5	Private sector credit growth rate slowed in Feb, as household and mortgage growth rates eased somewhat
Credit Growth YoY %									
- Private Sector	-1.8	-2.1	-2.2	-2.1	-1.8	2.1	1.4	#N/A	
- of which : Household	1.6	1.6	1.8	1.9	2.0	2.0	1.9	#N/A	
- of which : Mortgage Lending	1.3	1.5	1.6	1.6	1.8	1.8	1.5	#N/A	

LABOUR MARKET

Live Register	174,100	178,200	176,000	175,100	175,000	176,900	174,900	174,500	The unemployment rate printed at 4.2% in Feb, but edged higher to 4.3% in Mar. Overall, it averaged 4.4% in Q1'24 down slightly from 4.5% in Q4'23
- Change In Month	-6,700	+4,100	-2,200	-900	-100	+1,900	-2,000	-400	
Unemployment Rate %	4.4	4.6	4.5	4.5	4.5	4.6	4.2	4.3	In Mar, the employment sub-indices of the manufacturing and services PMI's deteriorated. However, the construction index improved. Crucially, all three stayed above the key 50 mark
PMI Employment Indices									
- AIB Manufacturing	53.7	53.0	50.2	51.1	50.0	50.6	52.5	51.7	
- AIB Services	53.9	53.2	52.0	53.3	51.9	52.7	54.4	53.2	
- BNP Paribas Construction	51.1	51.2	53.4	49.1	52.3	53.5	52.5	53.9	

MERCHANDISE TRADE

Export Values - 3M / 3M %	3.0	-1.7	0.7	-1.8	1.6	-0.5	4.3	#N/A	Goods trade surplus widened to €15.3bn YTD in Feb, up 60.3% YoY. Exports rose by 7.9% YTD to €34.7bn, led by a strong increase in pharma and medical products (up 30.8% YTD). Imports stood at €19.4bn YTD in Feb, down 14.2% YoY
- 3MMA YoY %	-3.8	-11.3	-12.1	-7.3	-4.2	2.5	2.0	#N/A	
Import Values - 3M / 3M %	1.4	-2.6	-6.8	1.9	2.3	3.2	-11.4	#N/A	
- 3MMA YoY %	-6.0	-10.0	-14.0	-3.1	-1.1	-2.6	-11.5	#N/A	

PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	6.6	6.1	4.0	5.8	6.0	4.8	5.5	1.8	Total tax take up by 1.8% YoY in Q1. Voted expenditure rose by 23% YoY, owing to increases in current and capital spending. 12mth rolling Exchequer surplus down slightly to €3.5bn
Voted Spending : Cum YTD %	11.0	10.0	9.9	12.9	7.6	20.0	23.2	15.4	
Exchequer Bal: 12 Mth Total €m	-1,615	-1,809	-3,185	-1,722	1,178	602	3,612	3,512	

QUARTERLY DATA

	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23	
GDP - YoY %	8.8	9.3	9.4	10.2	2.7	-0.3	-5.8	-8.7	Overall GDP declined by 3.2% in 2023, owing to a normalisation in the Pharma sector. Domestic sector output rose by 3.8%
*Domestic Demand - YoY%	12.9	10.6	9.0	5.1	4.3	-1.2	-0.1	-0.5	
Consumer Spending - YoY %	18.6	8.6	5.8	6.5	5.6	2.7	3.0	1.5	MDD rose by 0.5% in 2023, boosted by a 3.1% increase in consumer spending
Services Exports - YoY % (3Q Avg)	13.4	9.2	9.8	3.1	0.6	-0.2	2.0	4.6	

* Excludes Some Investment Related to the Multinational Sector

EMPLOYMENT & EARNINGS

Employment YoY %	13.3	9.2	3.5	2.6	3.7	3.1	3.6	3.4	Employment rose by 3.4% YoY in Q4, putting it 13.8% above pre-COVID levels. Employment rate eased to 74% in Q4, down slightly from Q3. The labour force grew by 3.5% YoY in Q4
Labour Force YoY %	10.5	6.0	2.1	1.8	2.8	3.0	3.8	3.5	
Average Earnings YoY %									Weekly average earnings rose by 3.5% YoY in Q4. Public sector pay was down by 1.6% YoY. Private sector earnings rose by 3.5% YoY
- Hourly	2.2	2.5	3.6	6.0	4.0	5.4	6.1	2.1	
- Weekly	2.9	2.5	3.6	4.5	4.4	4.5	4.4	2.1	
Weekly Earnings YoY %									
- Private Sector	4.8	3.6	4.9	2.4	3.6	4.0	3.8	3.5	
- Public Sector	-1.3	1.3	0.8	10.4	7.7	5.9	5.8	-1.6	

CSO DWELLING COMPLETIONS

	5623	7611	7387	9105	6650	7306	8450	10289	New dwelling completions up by 13% YoY in Q4. Full year total rose to 32.7k in 2023, circa 10% higher than in 2022
- YoY %	41.8	52.9	59.1	31.4	18.3	-4.0	14.4	13.0	
- Cum 12 Mth Total	22173	24806	27549	29726	30753	30448	31511	32695	



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