

# Irish Economy Watch

AIB Treasury Economic Research Unit



Thursday 25 July 2024

	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	
<b>MANUFACTURING</b>									
AIB Manufacturing PMI	50.0	48.9	49.5	52.2	49.6	47.6	49.8	47.4	The manu. PMI fell to 47.4 in Jun, below 50 for a fourth month running, and consistent with the sharpest pace of contraction in 11 months. Output and new orders were weak
AIB Manufacturing PMI - Future Output	69.7	71.2	67.0	65.6	59.4	64.4	64.0	66.3	
Industrial Production (Ex-Modern)	128.9	133.7	132.8	131.2	137.7	137.5	134.0	#N/A	Traditional industrial production rose by 2.9% in the 3 mths to May and was 11.5% higher YoY
Production (Ex-Modern) : 3mma YoY%	3.6	8.5	12.2	13.9	10.7	12.8	11.5	#N/A	
3mth / 3mth % seas. adj.	2.7	2.2	4.1	3.9	3.6	2.8	2.9	#N/A	
<b>SERVICES / RETAIL</b>									
AIB Services PMI	54.2	53.2	50.5	54.4	56.6	53.3	55.0	54.2	The services PMI edged down to 54.2 in Jun, indicating a continued solid pace of expansion. New business, including new export orders rose. Inflationary pressures remained elevated but slowed
CSO Services Index (Value)	165.0	169.5	171.9	173.1	174.4	180.7	177.8	#N/A	
- YoY %	3.3	6.8	9.2	7.8	7.8	11.7	9.1	#N/A	
- 3mth / 3mth % seas. adj.	2.4	1.9	0.9	2.6	3.0	4.3	3.6	#N/A	The CSO services index was up by 9.1% YoY in May
SIMI Car Registrations	921	345	31,407	16,431	14,643	8,563	6,394	1,488	
- 12 mth cum total	122,264	122,400	126,463	129,772	126,727	126,377	125,226	123,724	Having had a solid start to 2024, new car sales have trended lower recently. 12mth running total fell below 124k in Jun
- 3 mma YoY %	-10.7	-8.8	14.5	18.5	7.4	-0.2	-13.3	-15.4	
Retail Sales Index	130.1	130.6	133.1	131.0	133.8	132.8	132.0	#N/A	Retail sales increased by 1% in the 3 mths to May. However, core sales rose by just 0.3% over the same period
- YoY %	1.0	2.8	5.3	1.6	2.2	-0.2	-1.0	#N/A	
- 3mth / 3mth % seas. adj.	-1.4	-0.6	0.8	1.4	2.0	1.0	1.0	#N/A	
Ex Autos Index	129.2	130.6	130.2	130.6	131.0	131.0	130.6	#N/A	The construction PMI fell to 47.5 in Jun, indicating a sharper pace of contraction. New orders, and housing activity stayed above the key 50 level. Commercial activity printed well below 50
- YoY %	-0.8	1.5	0.9	1.2	1.7	0.2	-0.5	#N/A	
- 3mth / 3mth % seas. adj.	-0.7	0.6	0.9	1.4	1.0	0.7	0.3	#N/A	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
BNP Paribas Construction PMI	44.5	45.1	45.9	47.4	51.6	53.2	49.8	47.5	Commencements distorted. They surged in April ahead of the waiver/rebate deadlines. In May/June they were down 35% YoY. 12 mth total at 51k
- Housing Activity	43.5	45.0	48.3	49.8	54.3	53.4	52.0	52.4	
- Commercial Activity	43.8	42.8	44.7	47.2	53.2	54.6	51.4	43.3	Mortgage approvals 3mma to May fell by 5.1% YoY. 12 mth running total down at 42k
- New Orders	46.7	47.2	47.4	47.7	51.5	53.9	52.9	51.8	
- Business Expectations	57.2	59.9	58.6	64.9	63.8	59.5	61.2	61.7	
Commencements: 12mth Total	31,429	32,801	34,050	35,752	37,408	53,011	51,935	51,024	Transactions 3mma down by 6.2% YoY in Q2. 12 mth run rate falls below 61k
- 3 Month Avg YoY %	28.9	47.0	52.4	73.3	62.7	242.5	182.2	165.8	
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	3,614	2,364	2,718	2,922	3,237	3,796	3,894	#N/A	House prices trending higher, albeit the m/m rate has slowed. They were up 8.2% YoY in May
- 3 Month Avg YoY %	-0.4	-2.2	-5.8	-1.9	-5.3	0.0	-5.1	#N/A	
- 12 Mth Total	42,845	42,559	42,399	42,604	41,976	42,399	42,011	#N/A	
RPPR Transactions : Month	5,671	7,112	3,445	4,154	4,407	4,387	5,170	4,406	Asking prices on Daft.ie were revised higher for Q1'24, and continued to trend upwards in Q2, up 6.7% YoY
- 3 Month Avg YoY %	-2.0	1.6	-0.4	0.5	-8.8	-5.8	-4.6	-6.2	
- 12 Mth Total	62,569	62,988	62,802	62,635	61,830	62,002	61,965	60,908	
<b>HOUSING MARKET PRICES</b>									
CSO Price Index - MoM	0.9	1.3	0.7	0.4	0.5	0.4	0.1	#N/A	CSO rental index rose by 0.7% in Jun. However, the YoY rate stayed at 4.9%
- YoY %	3.0	4.1	5.4	6.2	7.3	7.9	8.2	#N/A	
Daft Asking Prices: MoM %	-0.2	1.1	0.7	1.8	-0.1	2.0	1.4	0.7	
- YoY %	5.1	4.9	6.0	6.7	6.3	6.4	6.1	7.5	Affordability improved somewhat in Q1, as average take-home pay increased
<b>RENTS:</b> CSO Private Rents - MoM%	0.2	0.2	0.1	0.4	0.0	0.2	0.4	0.7	
- YoY %	6.3	6.2	6.0	5.3	5.1	5.1	4.9	4.9	
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	22.8	22.9	21.9	21.6	21.2	#N/A	#N/A	#N/A	

	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	
<b>CONSUMER PRICES - YoY %</b>	3.9	4.6	4.1	3.4	2.9	2.6	2.6	2.2	Consumer prices rose by 0.4% in Jun, amid an increase in transport and hospitality costs. However, the YoY rate fell to 2.2%. HICP inflation rose by 0.3% in the month, with the annual rate declining to 2.0%
- MoM %	-0.8	0.5	-1.3	1.0	0.5	0.2	0.5	0.4	
HICP - YoY %	2.5	3.2	2.7	2.3	1.7	1.6	2.0	1.5	Sentiment rose for the first time in five months, amid a more favourable HH finances outlook
- MoM %	-0.9	0.4	-1.4	1.1	0.3	0.2	0.6	0.3	

## PERSONAL / FINANCIAL

ILCU Consumer Sentiment Index	61.9	62.4	74.2	70.2	69.5	67.8	65.7	70.5	Private sector credit growth rate declined in May. The household and mortgage credit growth rates were little changed
Credit Growth YoY %									
- Private Sector	-2.1	-1.8	2.1	1.4	2.5	-1.3	-0.3	#N/A	Revisions to the data show the unemployment rate averaged 4.2% in Q1'24 down from 4.5% in Q4'23. In Q2, the jobless rate fell again to 4.1%
- of which : Household	1.9	2.0	2.0	1.9	2.1	2.0	2.0	#N/A	
- of which : Mortgage Lending	1.6	1.8	1.8	1.5	1.7	1.6	1.7	#N/A	

## LABOUR MARKET

Live Register	175,500	175,300	177,000	174,800	174,200	173,500	172,800	171,500	In Jun, the employment sub-indices of the manufacturing services and construction PMI's moved lower. Crucially though, all three indices stayed in expansion mode
- Change In Month	-900	-200	+1,700	-2,200	-600	-700	-700	-1,300	
Unemployment Rate %	4.5	4.5	4.6	4.1	4.0	4.0	4.0	4.2	Goods trade surplus stood at €38.7bn YTD to May, up 54.6% YoY. Exports rose by 9.9% YTD to €90.9bn, led by a strong increase in pharma and medical products (up 26.8% YTD). Imports stood at €52.2bn YTD in May, down 9.6% YoY
PMI Employment Indices									
- AIB Manufacturing	51.1	50.0	50.6	52.5	51.7	50.0	52.7	50.2	
- AIB Services	53.3	51.9	52.7	54.4	53.2	52.9	53.3	50.8	
- BNP Paribas Construction	49.1	52.3	53.5	52.5	53.9	52.7	51.8	51.7	Total tax take up by 9.3% YTD in H1. Voted expenditure rose by 13.2% YTD, owing to increases in current and capital spending. 12mth rolling Exchequer surplus rose to €4.0bn

## MERCHANDISE TRADE

Export Values - 3M / 3M %	-2.9	1.1	-0.8	5.9	9.3	10.9	5.1	#N/A	Total tax take up by 9.3% YTD in H1. Voted expenditure rose by 13.2% YTD, owing to increases in current and capital spending. 12mth rolling Exchequer surplus rose to €4.0bn
- 3MMA YoY %	-8.7	-5.2	1.6	2.1	4.8	7.0	11.2	#N/A	
Import Values - 3M / 3M %	4.2	4.0	1.5	-12.8	-13.1	-6.2	1.2	#N/A	GDP expanded by 0.7% in Q1 amid a sharp rise in exports. In YoY terms though, GDP was down 4.7%
- 3MMA YoY %	-1.2	1.0	-2.2	-11.1	-9.5	-4.3	-6.7	#N/A	

## PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	5.8	6.0	4.8	5.5	1.8	2.6	6.2	9.3	MFDD rose by 1.0% in Q1, supported by a rise in modified investment and consumption
Voted Spending : Cum YTD %	12.9	7.6	20.0	23.2	15.4	12.8	15.3	13.2	
Exchequer Bal: 12 Mth Total €m	-1,722	1,178	602	3,612	3,512	3,637	2,586	4,005	

## QUARTERLY DATA

	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24	Q2-24	
<b>GDP - YoY %</b>	9.2	8.8	-0.2	-3.9	-8.4	-9.1	-4.7	#N/A	Employment rose by 1.9% YoY in Q1'24, putting it 14.4% above pre-COVID levels. Employment rate eased to 73.8% in Q1, down slightly from Q4'23. The labour force grew by 2% YoY in Q1
*Domestic Demand - YoY%	8.5	3.7	6.0	0.9	-0.2	4.2	2.2	#N/A	
Consumer Spending - YoY %	7.2	8.2	7.4	6.5	1.7	4.0	2.1	#N/A	Weekly average earnings rose by 4.7% YoY in Q1'24. Public sector pay was up by 4.9% YoY. Private sector earnings rose by 4.0% YoY
Services Exports - YoY % (3Q Avg)	9.2	2.7	-0.2	-1.6	0.6	3.7	9.3	#N/A	

\* Excludes Some Investment Related to the Multinational Sector

## EMPLOYMENT & EARNINGS

Employment YoY %	3.5	2.6	3.7	3.1	3.6	3.4	1.9	#N/A	Having trended higher in 2023, completions declined by 8.6% YoY in H1. 12mth total back at circa 31.4k
Labour Force YoY %	2.1	1.8	2.8	3.0	3.8	3.5	2.0	#N/A	
Average Earnings YoY %									
- Hourly	3.6	6.1	3.9	5.3	6.1	1.9	4.5	#N/A	
- Weekly	3.6	4.5	4.3	4.4	4.4	2.6	4.7	#N/A	
Weekly Earnings YoY %									
- Private Sector	4.9	2.4	3.5	3.9	3.8	4.1	4.9	#N/A	
- Public Sector	0.8	10.4	7.7	5.9	5.8	-1.2	4.0	#N/A	

## CSO DWELLING COMPLETIONS

- YoY %	59.1	31.3	18.4	-4.4	14.2	12.5	-12.0	-5.4
- Cum 12 Mth Total	27521	29690	30725	30393	31441	32582	31782	31389



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