

# Irish Economy Watch

AIB Treasury Economic Research Unit



Thursday 19 November 2020

	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	
<b>MANUFACTURING</b>									
AIB Manufacturing PMI	45.1	36.0	39.2	51.0	57.3	52.3	50.0	50.3	Manufacturing PMI edged higher to 50.3 in October as the survey points to broadly stable but subdued business conditions in the sector
OECD Leading Indicator	98.8	93.4	94.1	97.6	99.2	99.4	99.6	99.7	
Industrial Production (Ex-Modern)	112.7	86.5	82.6	93.7	110.8	109.5	110.6	#N/A	Traditional industrial production moved higher in September as output rebounded by 25.9% in Q3. YoY growth rate at -0.7%
Production (Ex-Modern) : 3mma YoY%	1.7	-10.0	-17.7	-21.2	-14.2	-5.3	-0.7	#N/A	
3mth / 3mth % seas. adj.	2.4	-9.6	-16.3	-22.9	-6.6	11.4	25.9	#N/A	
<b>SERVICES / RETAIL</b>									
AIB Services PMI	32.5	13.9	23.4	39.7	51.9	52.4	45.8	48.3	Services PMI stayed in contraction but improved to 48.3 in October. Weak demand was evident from a decline in new business, with firms linking this to Covid-19 restrictions
CSO Services Index (Value)	124.4	98.1	101.0	114.1	114.5	115.1	121.1	#N/A	
- YoY %	-0.4	-21.8	-19.3	-10.5	-10.6	-9.1	-4.0	#N/A	CSO Services Index rose in September and was up 12% in Q3. Still below pre-Covid levels
- 3mth / 3mth % seas. adj.	1.1	-6.3	-13.3	-16.6	-5.4	6.2	12.0	#N/A	
SIMI Car Registrations	6,006	343	1,741	1,006	21,172	4,810	5,651	2,297	New car sales continued to recover up 5.5% YoY in October. Although, weak H1 means YTD total down 25% YoY
- 12 mth cum total	102,769	94,208	89,629	89,187	85,718	85,441	87,677	87,797	
- 3 mma YoY %	-22.3	-52.1	-74.6	-81.4	-26.2	-13.4	-4.7	19.5	
Retail Sales Index	104.0	66.8	88.4	122.6	128.1	129.6	131.5	#N/A	Core retail sales up 1% in Sept. Now 7.5% higher than Feb. levels. Recovery remains uneven across sectors
- YoY %	-11.3	-43.7	-25.0	3.7	9.3	8.7	9.7	#N/A	
- 3mth / 3mth % seas. adj.	-5.5	-19.7	-28.0	-18.9	17.1	46.7	40.1	#N/A	
Ex Autos Index	118.4	90.3	102.4	123.2	126.4	127.7	129.0	#N/A	Construction PMI moved higher for the third month running to 48.6, but still below 50. Business expectations (51.9), new orders (51.8) and housing activity (50.3) all improved. Commercial activity (46.7) slipped backwards
- YoY %	-0.3	-24.9	-14.0	3.5	5.5	6.7	7.4	#N/A	
- 3mth / 3mth % seas. adj.	-0.4	-9.1	-14.1	-12.1	7.1	21.3	21.3	#N/A	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
Construction PMI: Ulster Bank	28.9	4.5	19.9	51.9	53.2	44.0	47.0	48.6	Commencements continue to move lower in August. 12 month cumulative total just above 22k, lowest level since Dec.18
- Housing Activity	32.4	4.9	21.4	55.8	57.8	44.7	44.1	50.3	
- Commercial Activity	28.2	3.1	25.6	50.9	50.2	41.6	49.2	46.7	Recovery in mortgage approvals continued in September. 12 month cumulative total rose to 31.5K
- New Orders	33.9	10.1	24.6	46.0	53.8	46.5	48.8	51.8	
- Business Expectations	36.0	37.1	48.6	54.6	55.9	53.5	48.7	51.9	
Commencements: 12mth Total	26,541	25,606	24,617	23,929	23,379	22,066	#N/A	#N/A	Transactions continued to rise in October. However, 3 month average down 27.6% YoY. 12 month total dips below 47k
- 3 Month Avg YoY %	4.6	-16.8	-32.0	-45.7	-37.7	-36.8	#N/A	#N/A	
<b>HOUSING MARKET ACTIVITY</b>									
BPFI Mortgage Approvals : Month	2,995	706	1,320	1,688	2,713	3,337	3,927	#N/A	House prices rose by 0.2% in September, YoY growth rate at -0.8%. Ex-Dublin price inflation (+0.1%) continues to outpace the capital (-1.7%)
- 3 Month Avg YoY %	-0.3	-29.9	-52.4	-66.1	-51.8	-32.7	-8.4	#N/A	
- 12 Mth Total	39,725	37,124	34,484	32,480	30,966	30,722	31,561	#N/A	CSO rental index fell by 0.5% in Oct. following three months of gains. YoY rate slipped to -3.2%
RPPR Transactions : Month	4,412	2,619	2,565	3,038	3,635	2,912	4,144	4,235	
- 3 Month Avg YoY %	-1.0	-17.7	-30.1	-40.3	-37.3	-35.5	-31.4	-27.6	
- 12 Mth Total	58,291	56,372	54,035	52,744	50,875	48,767	47,857	46,578	Affordability relatively stable, though volatility in industrial wages sees measure rise in Q2
<b>HOUSING MARKET PRICES</b>									
CSO Price Index - MoM	0.1	-0.1	-0.1	0.1	0.2	0.1	0.2	#N/A	Affordability relatively stable, though volatility in industrial wages sees measure rise in Q2
- YoY %	1.0	0.7	0.4	0.0	-0.7	-0.9	-0.8	#N/A	
Daft Asking Prices: MoM %	1.8	-5.4	3.8	-0.5	2.5	1.9	0.3	#N/A	Affordability relatively stable, though volatility in industrial wages sees measure rise in Q2
- YoY %	-1.7	-6.6	-1.4	-3.4	0.1	2.6	5.2	#N/A	
<b>RENTS:</b> CSO Private Rents - MoM%	-0.4	-1.8	-1.1	-0.3	0.2	0.2	0.4	-0.5	Affordability relatively stable, though volatility in industrial wages sees measure rise in Q2
- YoY %	3.1	0.8	-0.7	-1.2	-1.4	-1.8	-2.6	-3.2	
<b>AFFORDABILITY:</b> Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	17.3	17.9	17.9	17.9	#N/A	#N/A	#N/A	#N/A	

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<b>CONSUMER PRICES - YoY %</b>	0.7	-0.1	-0.5	-0.4	-0.4	-1.0	-1.2	-1.5	CPI inflation (-1.5%) moved further into deflationary territory in October. A reduction in air travel, lower fuel prices, VAT rate cut and falling rents all contributed to the fall. HICP at -1.5% in October also	
- MoM %	0.4	-0.4	-0.5	0.3	-0.2	-0.1	-0.4	-0.6		
HICP - YoY %	0.5	-0.3	-0.8	-0.6	-0.6	-1.1	-1.2	-1.5		
- MoM %	0.4	-0.4	-0.6	0.4	-0.2	-0.1	-0.4	-0.5		
<b>PERSONAL / FINANCIAL</b>										
KBC/ESRI Consumer Confidence	77.3	42.6	52.3	61.6	62.6	58.9	60.7	52.6	Consumer sentiment dropped sharply in Oct. as rising Covid cases and restrictions weigh on household confidence	
Credit Growth YoY %										
- Private Sector (Underlying)	-1.0	-0.7	-1.8	-2.2	-2.2	-1.8	-2.6	#N/A	Household credit declined by 1.5% YoY in Sept. Mortgage lending fell by 1% YoY	
- of which : Household	-0.1	-0.5	-0.8	-0.9	-1.3	-1.3	-1.5	#N/A		
- of which : Mortgage Lending	-0.3	-0.3	-0.5	-0.6	-0.7	-0.8	-1.0	#N/A		
<b>LABOUR MARKET</b>										
Live Register	208,400	216,300	227,900	214,200	227,200	215,100	216,000	211,600	Official unemployment rate at 7.3% in October. Covid adjusted rate up to 20.2% as restrictions re-imposed. PUP payments continue to rise in November	
- Change In Month	+25,700	+7,900	+11,600	-13,700	+13,000	-12,100	+900	-4,400		
Unemployment Rate %	5.0	4.6	4.7	5.2	6.2	6.7	7.3	7.3	Employment subcomponent of manufacturing PMI above 50 in October for only the third time in the last 12 months. Construction also above 50, while services improves to 47.4	
PMI Employment Indices										
- AIB Manufacturing	42.6	30.5	40.1	46.1	50.8	47.5	49.1	50.8		
- AIB Services	47.3	31.1	32.9	40.1	46.1	47.3	47.0	47.4		
- Ulster Bank Construction	39.4	22.6	26.7	43.3	47.5	48.3	48.9	51.6		
<b>MERCHANDISE TRADE</b>										
Export Values - 3M / 3M %	10.1	5.7	8.6	-12.9	-3.8	-2.0	10.8	#N/A	Both exports and imports rebounded strongly in Q3 as economies re-opened. Exports up €8.6bn (7.6%) YTD, led by pharma and medical products (+24%). Imports down €4.6bn (6.9%) YTD, but remain distorted by aircraft imports	
- 3MMA YoY %	16.7	9.2	8.6	-1.9	2.2	8.4	8.3	#N/A		
Import Values - 3M / 3M %	-2.5	-8.7	-18.9	-16.2	2.4	12.8	13.5	#N/A		
- 3MMA YoY %	0.9	-4.3	-15.2	-15.3	-5.6	-4.2	-6.2	#N/A		
<b>PUBLIC FINANCES</b>										
Total Tax Receipts: Cum YTD %	1.1	-0.6	0.0	0.7	-2.5	-2.3	-3.0	-5.3	Tax receipts down 5.3% YTD in October. Corporation tax fell by 81% compared to Oct.'19 but still 11.4% ahead on a YTD basis. Net -voted expenditure up 24.6%. Exchequer deficit up to €11.7bn	
Voted Spending : Cum YTD %	13.5	23.4	24.9	27.3	29.5	28.0	24.9	24.6		
Exchequer Bal: 12 Mth Total €m	-922	-3,634	-5,434	-4,944	-7,654	-8,180	-8,764	-9,337		
<b>QUARTERLY DATA</b>										
		Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	
<b>GDP - YoY %</b>		3.4	4.4	5.6	6.3	5.9	5.7	-3.0	#N/A	Irish GDP contracted by 6.1% in Q2 much smaller than expected. Due to favourable export product mix (Pharma etc.) However, modified final domestic demand down 16.4% in Q2, with consumer spending falling by 20% in the quarter
*Domestic Demand - YoY%		3.1	3.8	2.0	4.5	2.9	-0.9	-15.7	#N/A	
Consumer Spending - YoY %		2.0	3.4	3.6	3.0	2.7	-2.5	-22.1	#N/A	
Services Exports - YoY % (3Q Avg)		12.2	12.5	13.2	13.4	13.6	10.1	3.4	#N/A	
* Excludes Some Investment Related to the Multinational Sector										
<b>EMPLOYMENT &amp; EARNINGS</b>										
Employment YoY %		2.3	3.7	2.0	2.4	3.5	2.2	-3.4	-1.4	Employment declined by 1.4% YoY in Q3, but this understates labour market weakness, with many jobs relying on government supports
Labour Force YoY %		1.5	2.7	1.3	1.6	2.6	2.1	-3.7	0.6	
Average Earnings YoY %										Weekly earnings growth higher in Q2 2020, as the composition of the labour market changed with more lower paid workers falling out of the labour force than higher paid
- Hourly		3.2	2.8	3.3	4.0	3.9	3.0	7.9	#N/A	
- Weekly		3.5	3.6	3.6	3.6	3.8	3.7	6.2	#N/A	
Weekly Earnings YoY %										
- Private Sector		3.9	4.5	4.0	4.0	4.0	4.0	6.4	#N/A	
- Public Sector		1.8	0.8	1.9	1.3	3.1	3.1	2.3	#N/A	
<b>CSO DWELLING COMPLETIONS</b>										
- YoY %		5431	4250	4821	5652	6384	4970	3247	5118	Completions down 9.4% YoY in Q3. Have held up better than expected in 2020, running at just below 20K for the year
- Cum 12 Mth Total		17920	18709	19134	20154	21107	21827	20253	19719	
		19.2	22.8	9.7	22.0	17.5	16.9	-32.6	-9.4	



**Oliver Mangan**  
Chief Economist  
oliver.n.mangan@aib.ie

**John Fahey**  
Senior Economist  
john.j.fahey@aib.ie

**Daniel Noonan**  
Economist  
daniel.x.noonan@aib.ie

AIB, 10 Molesworth Street, Dublin 2

Tel: 353-1-6600311

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