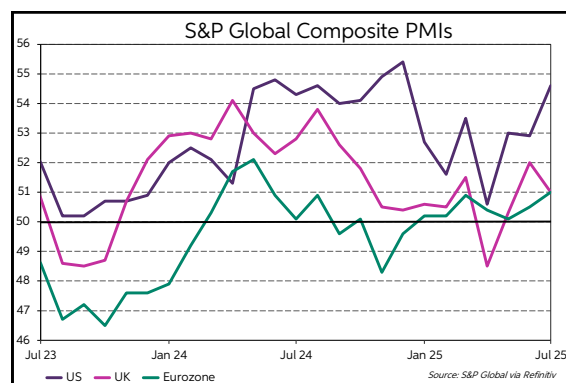


Lies, damned lies, and statistics

- **The firing of a little-known labour statistician by President Trump has brought to the fore an ongoing debate amongst economists**—That is whether macro statistics are becoming more unreliable as the response rates to key surveys decline. In the US, major revisions to the benchmark payroll jobs survey are quite common and are typically shrugged off by investors and grumpy forecasters, whose models then require tweaking. In some cases, the revisions can completely shift the narrative of an economy, as was the case when US payrolls were recently revised sharply lower for May and June, precipitating a softening in rate expectations and a fall in the dollar. Response rates to this key survey have fallen sharply to 30-40% at present from as high as 70% in the period before the pandemic. However, despite President Trump's assertions of political bias, the revisions in the past few years to the payrolls survey have been in both directions, with few signs of bias in the data.
- **Nonetheless, Covid appears to have left a lasting impact on the ability of statisticians to collect data across the world, with another example being the UK's labour force survey, which the Office for National Statistics has placed a large health warning on.** The response rate to this survey has fallen from a pre-Covid rate of 50% to just 10% at present. While the revisions in the US payrolls survey still appear to be random, the UK survey is demonstrating what economists might call 'systematic error'. In the absence of robust national statistics, a new cottage industry of private labour market data has emerged which policymakers in the Bank of England, who have been struggling to get a gauge on wages and inflation, now rely on.
- **In Ireland, the concentration of a small number of very large multinationals often renders initial estimates of GDP useless, but we have also seen large revisions to our labour force survey, including the sharp upward revision in unemployment recently.** Emerging 'frontier' series, which use administrative data rather than relying on surveys, might become more reliable and prevalent in the future. For example, the CSO payroll employment series pulls data directly from the Revenue's PAYE system in Ireland, which gives a timelier estimate of the number of employee numbers. This series has been signalling a cooling of Irish jobs growth in 2025, which the official labour force survey might now belatedly show when the latest revisions are published next week. **The key takeaway is economies are becoming ever more complex and harder to measure in real-time, with emerging trends such as AI having the potential to upend how we live and work in the years to come.** Spare a thought for the beleaguered statistician in an ever-changing world
- **Turning to the week ahead, the flash PMIs for August in the Eurozone, UK and US are due.** Across the board, services is outperforming manufacturing, albeit the data reveals a number of subtleties between each region. In the Eurozone for example, the manufacturing PMI has been trending higher for a number of months, but it still remains below the key 50 threshold. In contrast, the services PMI has been mixed, but it has stayed in expansion territory throughout this year. The consensus is for both surveys to edge lower in August. Likewise in the UK, the services reading is above 50 while the manufacturing is in contraction mode, but the former fell sharply in July and the latter improved somewhat. No major changes in either index are envisaged for August. Meanwhile in the US, the manufacturing PMI unexpectedly dropped below 50 in July. It is expected to remain in contraction territory this month, while the services sector is pencilled in for slower growth.
- **In the UK a busy data calendar this week also includes several updates on the consumer side of the economy.** CPI inflation re-accelerated during Q2, with the headline and core rates rising unexpectedly to 3.6% and 3.7%, respectively in June. Services inflation is also very high still, running at 4.7% at the end of Q2. Headline inflation is expected to edge slightly higher to 3.7%, while the core rate is forecast to remain at 3.7%. Elsewhere, retail sales have been quite volatile recently. The consensus is for a 0.5% m/m gain in retail sales in July.
- **On the monetary policy front, the focus will be on Fed Chair Powell's scheduled speech at the Jackson Hole Economic Symposium.** Investors will be looking to see to what extent, if any, the recent weak US payrolls data have impacted his view on the potential for a rate cut at the Fed's next meeting in September (16th/17th). The Fed's meeting minute and the ECB monetary policy account from their respective July gatherings are also due.



Interest Rate Forecasts

	Current	End Q3 2025	End Q4 2025	End Q1 2026
Fed Funds	4.375	4.125	3.875	3.625
ECB Deposit	2.00	2.00	2.00	2.00
BoE Repo	4.25	4.00	3.75	3.50
BoJ OCR	0.50	0.50	0.75	0.75

Current Rates Reuters, Forecasts AIB's ERU

Exchange Rate Forecasts (Mid-Point of Range)

	Current	End Q3 2025	End Q4 2025	End Q1 2026
EUR/USD	1.1704	1.18	1.19	1.20
EUR/GBP	0.8625	0.86	0.85	0.84
EUR/JPY	172.03	170	170	168
GBP/USD	1.3565	1.37	1.40	1.43
USD/JPY	146.94	144	143	140

Current Rates Reuters, Forecasts AIB's ERU

ECONOMIC DIARY

Monday 18th - Friday 22nd August

Date	UK & Irish Time (GMT+1)	Release	Previous	Forecast
This Week:	ECB Speakers:	Lagarde (Wed)		
	BoE Speakers:			
	Fed Speakers:	Bostic (Wed); Bostic (Thur)		
		Jackson Hole Economic Symposium (Thurs-Sat)		
Mon 18th	EU-20:	10:00 Total Trade Balance (June) - EuroStat Trade	+€16.0bn +€16.2bn	
	US:	15:00 NAHB Homebuilder Sentiment (August)	33.0	34.0
Tue 19th	US:	13:30 Building Permits (July) - Housing Starts	+1.393m / +0.3% +1.321m / +4.6%	+1.388m / -0.6% +1.290m / -2.3%
Wed 20th	JPN:	00:50 Total Trade Balance (July) -Exports	+¥153.1bn (-0.5%)	+196.2bn (-2.1%)
	UK:	07:00 CPI Inflation (July) - Core-CPI - Services CPI	+0.3% (+3.6%) +0.4% (+3.7%) +0.6% (+4.7%)	-0.1% (+3.7%) +0.1% (+3.7%) (+4.8%)
	GER:	08:00 Producer Prices Inflation	+0.1% (-1.3%)	+0.1% (-1.3%)
	EU-20:	10:00 Final HICP (July) - Ex-Food, Energy, Alcohol & Tobacco	+0.3% (+2.0%) +0.4% (2..3%)	+0.0% (+2.0%) -0.2% (+2.3%)
	IRE:	11:00 Residential Property Price Index (June)	+0.6% (+7.9%)	
	IRE:	11:00 Labour Force Survey (Q2 2025)		
	US:	19:00 Fed FOMC Meeting Minutes (30-31st July)		
Thu 21st	JPN:	01:30 Flash S&P Global Composite PMI (August)	51.5	
	FRA:	08:15 Flash HCOB Composite PMI (August)	48.6	48.4
	GER:	08:30 Flash HCOB Composite PMI (August)	50.6	50.2
	EU-20:	09:00 Flash HCOB Composite PMI (August) - Manufacturing / Services	50.9 49.8 / 51.0	50.7 49.5 / 50.8
	UK:	09:30 Flash S&P Composite PMI (August) - Manufacturing / Services	51.5 48.0 / 51.8	51.6 48.4 / 52.0
	EU-20:	10:00 ECB Monetary Policy Meeting Account (23-24th July)		
	US:	13:30 Initial Jobless Claims (w/e 16th August)	224k	230k
	US:	13:30 Philly Fed Business Index (August)	15.9	5.5
	US:	14:45 Flash S&P Composite PMI (August) - Manufacturing / Services	54.6 49.8 / 55.7	
	EU-20:	15:00 Flash Consumer Confidence (August)	-14.7	-14.9
	US:	15:00 Existing Home Sales (July)	3.93m / -2.7%	3.92m / -0.25%
Fri 22nd	UK:	00:01 Gfk Consumer Confidence (august)	-19.0	-20.0
	JPN:	00:30 CPI Inflation (July) -Core-CPI	-0.1% (+3.3%) (+3.3%)	(+3.0%)
	GER:	07:00 GDP (Q2: Detailed Reading)	+0.4% (0.0%)	-0.1% (+0.4%)
	UK:	07:00 Retail Sales (July)	+0.9% (+1.7%)	+0.5% (+1.3%)

♦ Month-on-month changes (year-on-year shown in brackets)

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