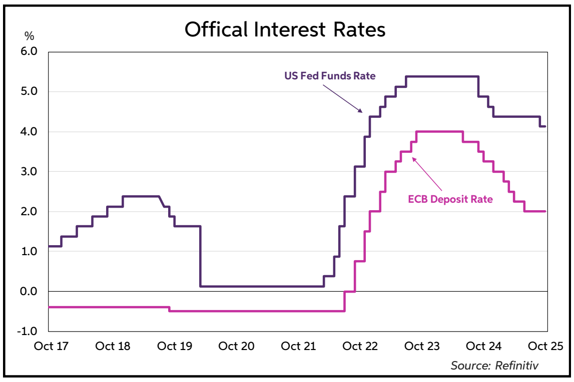
Weekly Market Brief

AIB Treasury Economic Research Unit

27th – 31st October 2025

Waitin' on a sunny day

- **The latest set of Irish housing data provide tentative signs of an uptick in activity over recent months in new construction.** Meanwhile, on the demand side, mortgage lending remains robust, rising 17% in the year to Q3 2025, driven largely by the first-time buyer category.
- **A total of 9,235 new housing completions were registered by the end of Q3, up 4% on the same quarter in 2024.** In the first three quarters of 2025, completions were up 13.1% to 24,000, and the 12-month running total is just below 33,000. Following the dip in activity last year, there are now signs of renewed momentum. The sectoral breakdown shows apartment completions stood at 3,160 in Q3, up 3% on the same quarter in 2024. There were 4,551 scheme house completions in Q3 2025, an increase of 1% on Q3 2024, and one-off houses were at 1,524, up 15% from Q3 2024.
- **For the full year, the data suggest there may be some upside to our forecast of 33,000 completions.** However, there remains uncertainty on the outlook thereafter. We expected a modest trajectory towards 40,000 in the coming years, including c.35,000 completions in 2026. A sustained break above this trend will require a significant uplift in apartments, which take several years to plan and develop in the Irish system. A dearth of apartment starts in recent years means the pipeline could be weak in the short term. However, the policy changes proposed and implemented by the Government in recent months, including tax, design standards, and rent regulations, could unlock some previously unviable projects thereafter.
- **Another impediment often cited to ramping activity is the capacity of the construction sector.** Here, there are also encouraging signs. Construction employment was up 29,600 in the year to Q2 2025 (+18.4%), with a continued pivot in the workforce towards residential construction. Those mainly working on residential projects was up 31% year-on-year to 123,700, while numbers in the non-residential sector were flat at 66,600. More workers should help, but labour productivity is also a key challenge to unlocking further housing growth.
- **In this regard the trends are less encouraging, despite the public and private sector momentum behind modern methods of construction.** Construction sector labour productivity fell 1% on the quarter in Q2 2025, according to a new CSO 'frontier' publication, reflecting the wider lethargy in productivity growth in the domestic economy in recent years. Over a longer period, construction sector productivity has been broadly flat in the past three years, which itself is c.7% lower than the three-year average to end-2019, before the pandemic. This productivity puzzle is not unique to Ireland and is reflected across the EU, but if sustained, will remain an anchor to achieving the ambitious growth targets in housing and infrastructure in the coming years.
- **Turning to the week ahead, the main focus will be on the Fed meeting.** In September, the Fed restarted its easing cycle by cutting rates by 25bps to 4.00-4.25%, after being on hold for five consecutive meetings. Despite a lack of US macro data recently owing to the ongoing government shutdown, a second consecutive 25bps rate cut is anticipated this week. Aside from the decision, the voting breakdown and remarks from Fed Chair Powell at the press conference will garner close attention. Markets are currently pricing in another 25bps rate cut at the final meeting of the year in December and circa 100bps of cuts in 2026. Elsewhere, the BoJ is now expected to stand-pat this week, following the election of new PM Takaichi (a staunch supporter of "Abenomics" i.e. loose fiscal and monetary policy, as well as pro-growth structural reforms).



- **Similarly, the ECB is widely expected to leave policy on hold for a third meeting in-a-row.** Since the September meeting remarks from a slew of officials have indicated that the Governing Council is satisfied with its current policy stance, given headline inflation remains around 2%, while the core rate is just above the 2% target. However, as in the US, the post-meeting press conference will be in focus, albeit President Lagarde is likely to reiterate that the ECB is currently in a holding pattern.
- **Meanwhile, a busy calendar in the Eurozone includes a number of important data releases.** Notably, the first reading of GDP for Q3 will feature. A meagre growth rate of 0.1% q/q is pencilled in for Q3 GDP, matching the rate registered in Q2. Regarding the labour market, the unemployment rate is expected to remain steady, at 6.3% in September. Meantime, in terms of inflation, the headline rate is projected to edge slightly lower to 2.1% in October. Encouragingly, the ex-food & energy rate is also forecast to decline in the month, falling back to 2.3%, having risen to 2.4% in September. Elsewhere, a further modest improvement in the EC sentiment indices is anticipated in October. A number of other survey releases for some of the large national economies, including the German Ifo, are also due. **In the US, the first reading of GDP for Q3 and core-PCE inflation for September are on the schedule, but owing to the government shutdown, they are unlikely to be released.**

Interest Rate Forecasts

	Current	End Q4 2025	End Q1 2026	End Q2 2026
Fed Funds	4.125	3.625	3.375	3.125
ECB Deposit	2.00	2.00	2.00	2.00
BoE Repo	4.00	4.00	3.75	3.50
BoJ OCR	0.50	0.75	0.75	0.75

Current Rates Reuters, Forecasts AIB's ERU

Exchange Rate Forecasts (Mid-Point of Range)

	Current	End Q4 2025	End Q1 2026	End Q2 2026
EUR/USD	1.1629	1.19	1.20	1.20
EUR/GBP	0.8727	0.88	0.88	0.87
EUR/JPY	177.61	174	174	174
GBP/USD	1.3320	1.35	1.36	1.38
USD/JPY	152.73	146	145	145

Current Rates Reuters, Forecasts AIB's ERU

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ECONOMIC DIARY

Monday 27th - Friday 31st October

Date		*UK & Irish Time (GMT+1)*	*Release*	*Previous*	*Forecast*
This Week:	**ECB Speakers:**				
	BoE Speakers:				
	Fed Speakers:				
Mon 27th	***IRE***		***October Bank Holiday***		
	EU-20:	09:00	M3 annual Money Supply (September)	(+2.9%)	(+2.8%)
			- Loans to Households	(+2.5%)	
	GER:	09:00	Ifo Business Climate (October)	87.7	88.0
Tue 28th	**GER:**	07:00	Gfk Consumer Sentiment (November)	-22.3	-22.0
	ITA:	08:00	ISTAT Business Confidence (October)	87.3	
	ITA:	08:00	Consumer Confidence (October)	96.8	
	IRE:	***11:00***	***GDP (Q3: Flash Estimate)***	***+0.2% (+17.1%)***	
	US:	14:00	Conference Board Consumer Confidence (Oct)	94.2	93.4
Wed 29th	**SPA:**	08:00	GDP (Q3: First Reading)	+0.8% (+3.1%)	+0.7% (+3.0%)
	SPA:	08:00	Retail Sales (September)	(+4.5%)	
	UK:	09:30	Mortgage Approvals (September)	64,680	64,000
	US:	18:00	Fed FOMC Policy Announcement		
			- Fed Funds Target Range	4.00-4.25%	3.75-4.00%
	US:	18:30	Fed FOMC Meeting Press Conference		
Thu 30th	**FRA:**	06:30	GDP (Q3: Preliminary Reading)	+0.3% (+0.8%)	+0.1% (+0.6%)
	ITA:	08:00	GDP (Q3: Preliminary Reading)	-0.1% (+0.4%)	+0.1% (+0.6%)
	SPA:	08:00	Flash HICP Inflation (October)	+0.2% (+3.0%)	
	GER:	08:55	Unemployment Rate (October)	6.3%	6.3%
	GER:	09:00	GDP (Q3: Flash Reading)	-0.3% (+0.2%)	+0.0% (+0.2%)
	ITA:	09:00	Unemployment rate (September)	6.0.%	
	EU-20:	10:00	GDP (Q3: Preliminary Reading)	+0.1% (+1.5%)	+0.1% (+1.2%)
	EU-20:	10:00	EC Business Climate (October)	-0.76	
	EU-20:	10:00	EC Economic Sentiment (October)	95.5	95.9
			- Consumer / Industrial / Services	-14.2 / -10.3 / 3.6	-14.2 / -10.0 / 3.3
	EU-20:	10:00	Unemployment Rate (September)	6.3%	6.3%
	IRE:	***11:00***	***Flash HICP Inflation***	***-0.2% (+2.7%)***	
	US:	12:30	GDP (Q3: Advanced Reading)	+3.8% S.a.a.r.	+3.0% S.a.a.r
	GER:	13:00	Flash HICP Inflation (October)	+0.2% (+2.4%)	+0.2% (+2.2%)
	EU-20:	13:15	ECB Monetary Policy Decision		
			- Deposit rate	2.00%	2.00%
			- Refi Rate	2.15%	2.15%
	JPN:	23:30	Tokyo CPI Inflation (October)	(+2.5%)	(+2.6%)
			- Ex-Food & Energy	(+1.0%)	
	JPN:	23:30	Jobs/Applicants Ratio (September)	1.20	1.20
	JPN:	23:30	Unemployment Rate (September)	2.6%	2.5%
	JPN:	23:50	Retail Sales (September)	(-1.1%)	(+0.7%)
	JPN:	23:50	Industrial Output (September)	-1.5% (-0.1%)	
Fri 31st	**JPN:**		BoJ Interest rate announcement	+0.25%	+0.25%
	GER:	07:00	Retail Sales (September)	-0.2% (+1.8%)	+0.2% (+%)
	FRA:	07:45	Flash HICP Inflation (October)	-1.1% (+1.1%)	+0.2% (+1.0%)
	EU-20:	10:00	Flash HICP Inflation (October)	+0.2% (+2.2%)	+0.2% (+2.1%)
			- Ex-Food & Energy	+0.1% (+2.4%)	+0.2% (+2.3%)
			- Ex-Food, Energy, Alcohol, & Tobacco	+0.1% (+2.4%)	+0.2% (+2.3%)
	ITA:	10:00	Flash HICP Inflation (October)	+1.3% (+1.8%)	(+1.7%)
	US:	12:30	PCE Prices (September)	+0.3% (+2.7%)	+0.3% (+2.7%)
			- Core-PCE Prices	+0.2% (+2.9%)	+0.3% (+2.9%)

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

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