

Irish Economy Watch

AIB Treasury Economic Research Unit



Thursday 22 February 2024

	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	
MANUFACTURING									
AIB Manufacturing PMI	47.3	47.0	50.8	49.6	48.2	50.0	48.9	49.5	The manu. PMI improved marginally to 49.5 in Jan. A rise in output, export orders and employment, alongside marked destocking, were the key features of the survey
AIB Manufacturing PMI - Future Output	68.8	67.1	72.1	71.6	70.0	69.7	71.2	67.0	
Industrial Production (Ex-Modern)	121.5	125.2	126.0	128.5	124.9	128.9	135.0	#N/A	Traditional industrial production rose by 2.4% in Q4 and was 9.3% higher YoY
Production (Ex-Modern) : 3mma YoY%	8.5	8.2	5.8	5.9	3.3	3.6	9.3	#N/A	
3mth / 3mth % seas. adj.	1.8	3.7	1.2	2.6	1.4	2.6	2.4	#N/A	
SERVICES / RETAIL									
AIB Services PMI	56.8	56.7	55.0	54.5	52.6	54.2	53.2	50.5	The services PMI fell to 50.5 in Jan, signalling a slower pace of growth. However, new business, including new export orders expanded. Inflationary pressures strengthened though
CSO Services Index (Value)	161.8	163.1	165.4	166.6	170.1	163.5	168.9	#N/A	
- YoY %	2.3	2.7	3.2	4.5	9.1	2.9	7.3	#N/A	The CSO services index was up by 7.3% YoY in Dec
- 3mth / 3mth % seas. adj.	1.4	0.6	0.8	1.5	3.0	2.0	1.5	#N/A	
SIMI Car Registrations	2,989	27,333	8,261	5,726	2,207	921	345	31,427	New car sales recorded a strong start to 2024, with over 30k registrations in Jan for the first time post-COVID. 12 mth running total up to 126.5k
- 12 mth cum total	117,777	123,206	123,313	122,721	122,311	122,247	122,383	126,468	
- 3 mma YoY %	27.0	29.0	19.8	13.6	-5.2	-10.7	-8.9	14.6	
Retail Sales Index	131.3	130.7	130.8	129.2	129.2	129.8	130.9	#N/A	Despite rising by 0.8% in December, retail sales fell by 0.2% overall in Q4. However, core sales rose by 1% in Q4
- YoY %	6.5	6.3	3.6	2.1	0.3	1.1	3.9	#N/A	
- 3mth / 3mth % seas. adj.	4.2	-1.1	-2.2	-2.9	-1.1	-1.2	-0.2	#N/A	
Ex Autos Index	132.6	126.8	129.5	128.8	128.4	130.0	130.4	#N/A	The construction PMI remained in contraction territory, but improved slightly to 45.9 in Jan. New orders, housing and commercial activity moved higher, but stayed below the key 50 level
- YoY %	3.9	0.5	1.1	1.1	0.6	-0.7	1.9	#N/A	
- 3mth / 3mth % seas. adj.	1.7	0.3	-0.6	-2.3	-0.9	-0.4	1.0	#N/A	
RESIDENTIAL CONSTRUCTION ACTIVITY									
BNP Paribas Construction PMI	50.4	45.6	44.9	48.6	47.3	44.5	45.1	45.9	Commencements increased very strongly, by 47% YoY in Q4. In total, commencements rose by 21.7% in 2023, to 32.8k
- Housing Activity	48.4	45.9	46.3	48.9	45.3	43.5	45.0	48.3	
- Commercial Activity	51.1	45.4	41.9	49.2	50.9	43.8	42.8	44.7	Mortgage approvals declined by 2.2% YoY in Q4. Full year total at 42.5k, up 3.8% on 2022
- New Orders	51.0	45.7	45.2	49.4	49.6	46.7	47.2	47.4	
- Business Expectations	58.0	59.5	59.4	59.2	53.6	57.2	59.9	58.6	
Commencements: 12mth Total	28,369	28,916	29,565	29,961	30,744	31,429	32,801	#N/A	Transactions fell by 4.7% YoY in 3 mths to Jan. 12 mth running total declines slightly to 62k
- 3 Month Avg YoY %	14.8	19.0	25.8	23.5	29.6	28.9	47.0	#N/A	
HOUSING MARKET ACTIVITY									
BPFI Mortgage Approvals : Month	4,175	4,136	3,952	3,527	3,676	3,614	2,364	#N/A	House prices rose by 1.5% in Dec, and were 4.4% higher YoY. Overall, property prices increased by 3.1% in 2023
- 3 Month Avg YoY %	6.7	11.4	10.1	7.3	3.7	-0.4	-2.2	#N/A	
- 12 Mth Total	41,992	42,614	42,886	42,780	43,017	42,845	42,559	#N/A	Asking prices on Daft.ie were revised higher for Q3, and were up 5.1% YoY in Q4
RPPR Transactions : Month	5,456	5,353	5,671	5,483	5,592	5,602	6,897	3,017	
- 3 Month Avg YoY %	1.2	2.0	2.8	1.1	3.2	-2.6	-0.1	-4.7	CSO rental index edged 0.1% higher in Jan. YoY rate stood at 6.0%
- 12 Mth Total	62,446	62,247	62,857	62,627	62,771	62,410	62,614	62,003	
HOUSING MARKET PRICES									
CSO Price Index - MoM	0.6	0.5	0.5	1.0	1.1	1.0	1.5	#N/A	Affordability deteriorated at a faster pace in Q3, as mortgage rates and house prices rose
- YoY %	2.1	1.6	1.1	1.4	2.3	3.1	4.4	#N/A	
Daft Asking Prices: MoM %	-0.5	1.6	-0.6	1.0	-2.0	-0.3	0.9	#N/A	CSO rental index edged 0.1% higher in Jan. YoY rate stood at 6.0%
- YoY %	2.3	4.5	4.2	4.5	5.4	5.2	4.8	#N/A	
RENTS: CSO Private Rents - MoM%	0.6	0.6	1.3	0.8	0.0	0.1	0.3	0.1	Affordability deteriorated at a faster pace in Q3, as mortgage rates and house prices rose
- YoY %	7.7	7.2	7.1	7.1	6.6	6.2	6.2	6.0	
AFFORDABILITY: Couple on Avg Industrial Wage, 90% LTV, 30 Years, AIB Mortgage Rate, Prices: CSO/Perm' TSB									
- Mortgage as % of Disposable Income	20.8	20.8	22.7	23.0	#N/A	#N/A	#N/A	#N/A	

	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24
CONSUMER PRICES - YoY %	6.1	5.9	6.4	6.4	5.0	3.9	4.6	4.1
- MoM %	0.8	0.2	0.6	0.1	0.3	-0.8	0.5	-1.3
HICP - YoY %	4.8	4.6	4.9	5.0	3.6	2.5	3.2	2.7
- MoM %	0.8	0.2	0.5	0.1	0.2	-0.9	0.4	-1.4

Consumer prices declined by 1.3% in Jan. this was largely caused by a sharp fall in clothing due to sales, and a reduction in transport costs. The YoY rate dropped to 4.1%. HICP inflation eased to 2.7% YoY also

PERSONAL / FINANCIAL

ILCU Consumer Sentiment Index	63.7	64.5	62.2	58.8	60.4	61.9	62.4	74.2
Credit Growth YoY %								
- Private Sector	-1.9	-2.0	-1.8	-2.1	-2.2	-2.1	-1.8	#N/A
- of which : Household	0.6	1.0	1.6	1.6	1.8	1.9	2.0	#N/A
- of which : Mortgage Lending	0.4	0.9	1.3	1.5	1.6	1.6	1.8	#N/A

Consumer sentiment increased sharply to 74.2 in Jan. Consumers view of both current and future conditions improved

The growth rate of mortgage debt rose in Dec, pushing the rate of household debt higher

LABOUR MARKET

Live Register	181,500	181,000	174,600	178,800	176,200	175,200	175,300	176,700
- Change In Month	-100	-500	-6,400	+4,200	-2,600	-1,000	+100	+1,400
Unemployment Rate %	4.4	4.4	4.4	4.6	4.5	4.5	4.5	4.5
PMI Employment Indices								
- AIB Manufacturing	48.1	51.6	53.7	53.0	50.2	51.1	50.0	50.6
- AIB Services	54.7	53.1	53.9	53.2	52.0	53.3	51.9	52.7
- BNP Paribas Construction	52.0	53.4	51.1	51.2	53.4	49.1	52.3	53.5

The monthly unemployment rate was revised sharply lower to 4.5% throughout Q4. Overall, it averaged 4.3% in 2023 versus 4.5% in 2022. Furthermore, it stayed at 4.5% in Jan

In Jan, the employment sub-indices of the manufacturing, services and construction PMI's improved and printed above the key 50 mark

MERCHANDISE TRADE

Export Values - 3M / 3M %	-1.2	-1.4	3.4	-1.3	0.6	-2.3	1.1	#N/A
- 3MMA YoY %	-5.0	0.6	-3.1	-10.7	-11.8	-7.3	-3.8	#N/A
Import Values - 3M / 3M %	2.1	4.1	0.3	-3.6	-8.0	3.4	4.4	#N/A
- 3MMA YoY %	-3.7	-2.1	-7.2	-11.2	-15.3	-3.1	-0.6	#N/A

Goods trade surplus fell by 14.7% to €57.8bn in 2023 as exports decreased by 5.5% (€11.5bn) to €197.3bn. Exports of Pharma and chemical products, as well as electrical parts fell by €16bn. Imports declined by 1% last year to €139.5bn.

PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	11.0	10.0	6.6	6.1	4.0	5.8	6.0	4.8
Voted Spending : Cum YTD %	9.8	9.9	11.0	10.0	9.9	12.9	7.6	20.0
Exchequer Bal: 12 Mth Total €m	1,055	700	-1,615	-1,809	-3,185	-1,722	1,178	602

Total tax take up by 4.8% YoY in Jan. Voted expenditure rose by 20% YoY though, owing to increases in current and capital spending. 12mth rolling exchequer surplus fell to €0.6bn

QUARTERLY DATA

	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Q4-24
GDP - YoY %	8.8	9.3	9.4	10.2	2.6	-0.3	-5.8	-3.4
*Domestic Demand - YoY%	12.9	10.6	9.0	5.1	4.2	-1.2	-0.4	#N/A
Consumer Spending - YoY %	18.6	8.6	5.8	6.5	5.6	2.6	2.6	#N/A
Services Exports - YoY % (3Q Avg)	13.4	9.2	9.8	3.1	0.6	-0.2	2.0	#N/A

* Excludes Some Investment Related to the Multinational Sector

Preliminary estimate of GDP shows the economy contracted by 3.4% YoY in Q4. Overall, GDP declined by 1.9% in 2023

MDD fell by 0.4% YoY in Q3. Output from domestic sectors up 4% YTD though

EMPLOYMENT & EARNINGS

Employment YoY %	13.3	9.2	3.5	2.6	3.6	3.1	3.6	3.4
Labour Force YoY %	10.5	6.0	2.1	1.8	2.8	3.0	3.8	3.5
Average Earnings YoY %								
- Hourly	2.2	2.5	3.6	6.0	4.0	5.4	6.2	#N/A
- Weekly	2.9	2.5	3.6	4.5	4.4	4.5	4.6	#N/A
Weekly Earnings YoY %								
- Private Sector	4.8	3.6	4.9	2.4	3.6	4.0	3.9	#N/A
- Public Sector	-1.3	1.3	0.8	10.4	7.7	5.9	6.3	#N/A

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

Weekly average earnings rose by 4.6% YoY in Q3. Public sector pay was up 6.3% YoY. Private sector earnings rose by 3.9% YoY

CSO DWELLING COMPLETIONS

	5623	7611	7387	9105	6650	7306	8450	10289
- 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

New dwelling completions up by 13% YoY in Q4. Full year total rose to 32.7k in 2023, circa 10% higher than in 2022



David McNamara
Chief Economist
david.g.mcnamara@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

<https://aib.ie/investorrelations/economic-research-unit>