



## IRISH ECONOMY WATCH

13 November 2009

	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09
<b>MANUFACTURING</b>								
Mfg Output : 3 mma YoY %	-2.5	-0.6	-1.4	-0.1	0.6	-1.1	-1.5	#N/A
3mth / 3mth % seas. adj.	4.6	-0.4	0.8	-2.6	4.0	3.4	3.7	#N/A
NCB Manufacturing PMI	35.1	36.1	39.4	42.5	43.7	44.0	46.6	48.0
<b>SERVICES / RETAIL</b>								
NCB Services PMI	35.7	32.2	39.5	42.3	42.4	46.7	45.5	47.4
SIMI Car Registrations	7,811	4,448	5,121	4,813	3,759	2,414	2,259	1,526
- 12 mth cum total	91,827	82,912	77,842	74,748	62,121	59,283	58,084	57,862
- 3 mma YoY %	-65	-64	-62	-54	-60	-63	-66	-41
Retail Sales Index	89.5	90.1	91.4	93.0	94.5	93.8	95.7	#N/A
- YoY %	-18.0	-17.9	-14.4	-10.1	-14.4	-8.9	-10.0	#N/A
- 3mth / 3mth % seas. adj.	-16.3	-8.6	-2.6	4.3	3.7	3.8	3.5	#N/A
Ex Autos Index	106.4	102.7	103.4	104.4	104.7	102.8	104.3	#N/A
- YoY %	-6.4	-9.8	-8.8	-5.7	-5.8	-5.3	-6.0	#N/A
- 3mth / 3mth % seas. adj.	-1.8	-2.8	-3.2	-3.3	-1.2	-0.2	0.4	#N/A
<b>CONSTRUCTION</b>								
Ulster Bank Construction PMI	28.1	32.9	31.1	36.3	37.9	38.8	34.2	34.6
- Housing Activity	26.7	31.0	27.9	33.4	31.3	34.6	33.8	35.7
- Commercial Activity	28.3	33.6	31.7	38.5	38.7	39.8	34.9	34.5
- Civil Engineering Activity	28.5	32.1	30.7	30.9	36.1	35.5	31.4	32.2
- Business Expectations	41.9	42.3	44.4	51.4	51.1	51.5	53.1	51.2
<b>HOUSING MARKET</b>								
Housing Registrations								
- 3 Month Avg YoY %	-73.1	-73.4	-78.0	-78.7	-73.2	-58.5	-63.5	-57.0
- 3 Mth Avg s.a.a.r.	4,271	4,621	3,635	3,433	2,897	3,379	2,970	3,490
Commencements								
- 3 Month Avg YoY %	-68.1	-67.3	-68.7	-68.9	-63.8	-58.5	#N/A	#N/A
- 3 Mth avg s.a.a.r.	9,763	9,423	8,424	8,352	9,363	9,206	#N/A	#N/A
Completions								
- 12 Mth Total	2,339	2,430	2,121	2,117	2,354	1,628	2,096	#N/A
	45,425	43,007	40,588	38,467	36,448	34,471	32,395	#N/A
Permanent tsb/ESRI House Price Index								
- MoM %	-1.0	-1.9	-1.4	-1.6	-1.1	-1.5	-1.1	#N/A
- YoY %	-10.0	-10.7	-10.9	-11.7	-12.5	-13.0	-13.1	#N/A
- Average Value €	253,546	248,640	245,295	241,504	238,828	235,260	232,584	#N/A
Affordability : 2 Income FTBs, 92% LTV, 30 Year Mortgage, AIB FTB Mortgage Rate, permanent tsb/ESRI house price Mortgage Cost as % of Disposable Income	15.0	14.4	14.4	14.1	13.9	13.7	13.5	#N/A

Manufacturing output recovering in 2009 helped by pharma/chemical sectors

Manufacturing PMI at a 20 month high - moving ever closer to the 50 level

Services PMI at a 19 month high as it also moves closer to the key 50 level

Car sales remain very weak

Core retail sales may have bottomed. In any event, rate of decline ex autos has moderated

Construction PMI highlights the continuing weakness of the sector. The expectations component, though, has consolidated its move above the 50 level

Registration and commencement data, while stabilising, still point to a further fall in housing output in 2010

Index shows house prices down over 25% from peak - but lagging index fails to capture full extent of price falls

Repayment affordability has improved substantially, back to 1996 levels

Sources: Thomson Datastream, CSO, Department of Finance, DoEHLG, HomeBond, Premier Guarantee, SIMI



Mar-09 Apr-09 May-09 Jun-09 Jul-09 Aug-09 Sep-09 Oct-09

#### PRICES

CPI - YoY %	-2.6	-3.5	-4.7	-5.4	-5.9	-5.9	-6.5	-6.6
- MoM %	0.0	-0.8	-0.5	-0.3	-0.8	0.4	-0.4	-0.2
HICP - YoY %	-1.0	-0.7	-1.5	-2.2	-2.6	-2.4	-3.0	-2.8
- MoM %	-0.2	0.4	-0.1	-0.3	-0.8	0.2	-0.4	-0.2

Falling prices, especially the HICP measure - which excludes mortgage interest - will help to improve Ireland's competitiveness

#### PERSONAL

KBC/ESRI Consumer Confidence	44.1	46.8	45.5	53.4	49.5	48.7	49.6	54.2
- Consumer Expectations	22.5	27.7	23.8	39.1	30.6	28.6	34.4	40.4
Household Credit Growth YoY %								
- Personal Sector Credit	2.5	1.7	0.7	-0.7	-2.2	-3.0	-3.4	#N/A
- Mortgage Lending	4.3	3.5	2.7	2.1	1.2	0.8	0.3	#N/A

Some pick up in confidence in recent months. However, it remains subdued, with consumers still worried about economy

Rates of credit growth all continuing to fall

#### EMPLOYMENT

Live Register	369,000	384,600	398,200	409,700	420,000	425,300	425,500	422,500
- Change In Month	+20,000	+15,600	+13,600	+11,500	+10,300	+5,300	+200	-3,000
Unemployment Rate %	10.8	11.3	11.6	12.1	12.4	12.6	12.6	12.5
Redundancies	7,703	7,179	7,971	6,780	6,306	5,888	6,012	6,561
-12 Mth Total	53,204	57,269	62,778	66,644	69,098	71,839	73,880	75,818
PMI Employment Indices								
- NCB Manufacturing	33.3	32.3	37.5	38.3	39.7	43.8	44.3	44.1
- NCB Services	32.7	33.4	34.3	37.5	36.2	37.7	37.7	41.2
- Ulster Bank Construction	24.0	26.3	28.0	39.8	34.9	36.3	34.6	35.1

Live register in October recorded its first seas adj monthly fall since March 2007

Rise in unemployment rate levels off recently

Easing of pace of contraction in employment, as indicated by PMIs, stalls for manufacturing & construction

#### MERCHANDISE TRADE

Export Values - 3M / 3M %	5.6	8.4	1.9	-0.1	-6.2	-6.2	#N/A	#N/A
- 3MMA YoY %	2.2	5.1	5.2	2.8	-1.0	-3.1	#N/A	#N/A
Import Values - 3M / 3M %	-5.4	-0.4	1.3	-4.2	-6.4	-9.7	#N/A	#N/A
- 3MMA YoY %	-19.6	-18.9	-18.5	-23.4	-25.1	-26.8	#N/A	#N/A

Recent weakening of exports may prove temporary

Big decline in imports on sharp fall in domestic spending and stocks

#### PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	-23.4	-23.9	-21.0	-17.3	-17.6	-16.1	-16.8	-17.1
Voted Spending : Cum YTD %	6.1	1.8	2.9	0.9	0.6	-0.8	-1.3	-1.6
Exchequer Bal: 12 Mth Total €m	-16,081	-16,288	-19,704	-21,775	-22,440	-23,022	-23,468	-24,439

Pace of deterioration in tax take eased in spring and now consolidating ...

... though budget deficit remains on uptrend

#### QUARTERLY DATA

Q3-07 Q4-07 Q1-08 Q2-08 Q3-08 Q4-08 Q1-09 Q2-09

GDP - YoY %	4.0	6.5	-1.4	-1.6	-1.0	-8.0	-9.3	-7.4
Total Exports - Volume YoY %	6.7	10.2	0.4	0.3	-0.9	-3.9	-3.0	-2.5
Total Imports - Volume YoY %	7.2	4.8	2.1	-0.2	-2.0	-7.8	-10.6	-7.1
Employment & Earnings								
Employment YoY %	3.8	3.0	1.7	-0.1	-2.0	-3.9	-7.5	-8.3
Labour Force YoY %	3.6	3.5	2.1	1.0	0.6	-0.7	-2.0	-1.6
Hourly Earnings YoY % :								
- Industry : Regular Earnings	4.6	5.5	4.7	3.0	3.9	4.2	6.5	#N/A
- Building & Construction	5.6	4.9	4.3	2.6	2.9	2.3	#N/A	#N/A
Weekly Earnings YoY %								
- Distribution & Business Services	3.9	2.3	4.6	1.6	1.8	3.1	#N/A	#N/A
- Public Sector	4.0	4.2	3.6	1.8	2.9	3.2	3.2	3.2

GDP flat in Q2 seas adj but still down 7.4% yoy after large declines in Q4'08 and Q1'09

Employment contracting faster than labour force leading to higher unemployment

Official data show wage growth remained strong to Q1/Q2 this year, despite contrary anecdotal evidence