



IRISH ECONOMY WATCH

18 January 2010

May-09 Jun-09 Jul-09 Aug-09 Sep-09 Oct-09 Nov-09 Dec-09

MANUFACTURING

Mfg Output : 3 mma YoY %	-1.4	-0.1	0.6	-1.1	-1.7	-2.7	-1.4	#N/A
3mth / 3mth % seas. adj.	0.8	-2.6	4.0	3.4	3.5	-4.0	-2.8	#N/A
NCB Manufacturing PMI	39.4	42.5	43.7	44.0	46.6	48.0	48.8	48.8

Manufacturing output turns down in Q4 after strong Q3

Manufacturing PMI holds at 21 month high, just below the 50 level

SERVICES / RETAIL

NCB Services PMI	39.5	42.3	42.4	46.7	45.5	47.4	46.8	48.3
SIMI Car Registrations	5,121	4,813	3,759	2,414	2,259	1,526	520	304
- 12 mth cum total	77,842	74,748	62,121	59,283	58,084	57,862	57,738	57,854
- 3 mma YoY %	-62	-54	-60	-63	-66	-41	-26	-9
Retail Sales Index	91.4	93.0	94.6	93.8	95.6	95.3	96.4	#N/A
- YoY %	-14.4	-10.1	-14.4	-8.9	-9.8	-9.2	-8.2	#N/A
- 3mth / 3mth % seas. adj.	-2.7	4.3	3.8	3.9	3.5	2.0	2.1	#N/A
Ex Autos Index	103.5	103.8	104.8	102.9	104.0	102.8	103.1	#N/A
- YoY %	-8.7	-6.0	-5.7	-5.3	-6.0	-6.6	-5.4	#N/A
- 3mth / 3mth % seas. adj.	-3.2	-3.3	-1.4	-0.4	0.5	-0.8	-0.5	#N/A

Recovery in services sector continues with services PMI at its best since February 2008, within sight of key 50 level

Car sales remained very weak ahead of January's introduction of scrapage scheme

Core retail sales have stabilised at low levels

CONSTRUCTION

Ulster Bank Construction PMI	31.1	36.3	37.9	38.8	34.2	34.6	34.3	33.1
- Housing Activity	27.9	33.4	31.3	34.6	33.8	35.7	35.1	32.6
- Commercial Activity	31.7	38.5	38.7	39.8	34.9	34.5	33.3	32.3
- Civil Engineering Activity	30.7	30.9	36.1	35.5	31.4	32.2	33.9	33.8
- Business Expectations	44.4	51.4	51.1	51.5	53.1	51.2	49.4	48.3

Construction PMI highlights the continuing weakness of the sector. The expectations component has failed to maintain its break above the key 50 level

HOUSING MARKET

Housing Registrations								
- 3 Month Avg YoY %	-78.0	-78.7	-73.2	-58.5	-63.5	-57.0	-57.0	-50.6
- 3 Mth Avg s.a.a.r.	3,635	3,433	2,897	3,379	2,970	3,490	3,279	2,863
Commencements								
- 3 Month Avg YoY %	-68.7	-68.9	-63.8	-58.5	-47.7	-44.6	#N/A	#N/A
- 3 Mth avg s.a.a.r.	8,424	8,352	9,363	9,206	9,441	7,960	#N/A	#N/A
Completions								
- 12 Mth Total	2,121	2,117	2,354	1,628	2,096	1,997	2,033	#N/A
	40,588	38,467	36,448	34,471	32,395	30,565	28,321	#N/A
Permanent tsb/ESRI House Price Index								
- MoM %	-1.4	-1.6	-1.1	-1.5	-1.1	-1.8	#N/A	#N/A
- YoY %	-10.9	-11.7	-12.5	-13.0	-13.1	-14.0	#N/A	#N/A
- Average Value €	245,295	241,504	238,828	235,260	232,584	228,347	#N/A	#N/A

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

Index shows house prices down over 26% from peak - but lagging index fails to capture full extent of price falls

Repayment affordability has improved substantially, back to 1996 levels

Affordability : 2 Income FTBs, 92% LTV, 30 Year Mortgage, AIB FTB Mortgage Rate, permanent tsb/ESRI house price

Mortgage Cost as % of Disposable Income	15.7	15.4	15.3	15.0	14.9	14.6	#N/A	#N/A
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Sources: Thomson Datastream, CSO, Department of Finance, DoEHLG, HomeBond, Premier Guarantee, SIMI

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PRICES

CPI - YoY %	-4.7	-5.4	-5.9	-5.9	-6.5	-6.6	-5.7	-5.0
- MoM %	-0.5	-0.3	-0.8	0.4	-0.4	-0.2	0.0	-0.5
HICP - YoY %	-1.5	-2.2	-2.6	-2.4	-3.0	-2.8	-2.8	-2.6
- MoM %	-0.1	-0.3	-0.8	0.2	-0.4	-0.2	-0.1	-0.5

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

PERSONAL

KBC/ESRI Consumer Confidence	45.5	53.4	49.5	48.7	49.6	54.2	53.6	53.3
- Consumer Expectations	23.8	39.1	30.6	28.6	34.4	40.4	37.7	40.1
Household Credit Growth YoY %								
- Personal Sector Credit	0.7	-0.7	-2.2	-3.0	-3.4	-3.7	-5.2	#N/A
- Mortgage Lending	2.7	2.1	1.2	0.8	0.3	0.2	-0.1	#N/A

While up somewhat from its lows, confidence remains subdued, with consumers still worried about economy

Mortgage lending as well as personal sector credit now contracting YoY

EMPLOYMENT

Live Register	398,200	409,700	420,000	425,300	425,500	422,500	423,400	426,700
- Change In Month	+13,600	+11,500	+10,300	+5,300	+200	-3,000	+900	+3,300
Unemployment Rate %	11.6	12.0	12.3	12.4	12.4	12.3	12.4	12.5
Redundancies	7,948	6,764	6,285	5,831	5,989	6,561	5,891	4,121
-12 Mth Total	62,677	66,527	68,960	71,644	73,662	75,600	76,230	77,001
PMI Employment Indices								
- NCB Manufacturing	37.5	38.3	39.7	43.8	44.3	44.1	44.5	45.4
- NCB Services	34.3	37.5	36.2	37.7	37.7	41.2	40.6	42.8
- Ulster Bank Construction	28.0	39.8	34.9	36.3	34.6	35.1	34.3	34.2

Rise in live resumes after October's fall, but at a slower pace

Rise in unemployment rate levels off recently

Easing of pace of contraction in employment indicated by PMIs

MERCHANDISE TRADE

Export Values - 3M / 3M %	2.1	0.1	-6.3	-6.0	-7.7	-7.4	#N/A	#N/A
- 3MMA YoY %	5.1	2.7	-1.1	-3.1	-4.9	-8.5	#N/A	#N/A
Import Values - 3M / 3M %	1.6	-3.9	-6.1	-9.7	-8.0	-9.8	#N/A	#N/A
- 3MMA YoY %	-18.5	-23.3	-25.0	-26.7	-27.2	-26.6	#N/A	#N/A

Weakening of exports in Q3 after solid H1

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

PUBLIC FINANCES

Total Tax Receipts: Cum YTD %	-21.0	-17.3	-17.6	-16.1	-16.8	-17.1	-20.8	-19.0
Voted Spending : Cum YTD %	2.9	0.9	0.6	-0.8	-1.3	-1.6	-2.5	-4.4
Exchequer Bal: 12 Mth Total €m	-19,704	-21,775	-22,440	-23,022	-23,468	-24,439	-26,892	-24,641

December tax take exceeds expectations

Exchequer deficit declined in December and looks like topping out

QUARTERLY DATA

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

GDP - YoY %	6.5	-1.4	-1.6	-1.0	-8.0	-9.1	-7.9	-7.4
Total Exports - Volume YoY %	10.2	0.4	0.3	-0.9	-3.9	-3.0	-2.5	-2.6
Total Imports - Volume YoY %	4.8	2.1	-0.2	-2.0	-7.8	-10.6	-7.1	-11.9
Employment & Earnings *								
Employment YoY %	3.0	1.7	-0.1	-2.0	-3.9	-7.5	-8.3	-8.8
Labour Force YoY %	3.5	2.1	1.0	0.6	-0.7	-2.0	-1.6	-2.8
Average Earnings YoY %								
- Hourly ^	5.5	4.7	3.0	3.9	4.2	3.6	1.8	#N/A
- Weekly ^	4.9	4.9	4.0	6.7	4.8	0.3	-1.1	#N/A
Weekly Earnings YoY %								
- Private Sector #	2.3	4.6	1.6	1.8	3.1	-1.7	-3.1	#N/A
- Public Sector ~	4.2	3.6	1.8	2.9	3.2	3.1	1.3	#N/A

GDP +0.3% seas adj in Q3 as imports collapse - but still down 7.4% yoy

Employment contracting faster than labour force so higher unemployment to Q3

New broad economy series shows decelerating growth in hourly earnings - but fall in number of hours worked pushes weekly earnings growth into negative territory

* Series Break in Q1 2009 : ^ Previously Industrial : # Previously Distributive & Business Services : ~ Previously excluded Health Sector Workers