



# IRISH ECONOMY WATCH

17 May 2010

	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	
<b>MANUFACTURING</b>									
Mfg Output : 3 mma YoY %	-3.1	-4.9	-4.3	-6.2	-4.0	3.7	7.0	#N/A	Manufacturing rebounds strongly in Q1 after the weak finish to 2009  Manufacturing PMI has soared through the 50 level well into growth territory
3mth / 3mth % seas. adj.	0.0	-4.5	-2.9	-7.1	-0.8	5.0	15.4	#N/A	
NCB Manufacturing PMI	46.6	48.0	48.8	48.8	48.1	48.6	53.0	53.4	
<b>SERVICES / RETAIL</b>									
NCB Services PMI	45.5	47.4	46.8	48.3	44.4	48.8	49.6	51.0	Services PMI also broke through the key 50 mark in April and is at its best level since January 2008  Car sales have surged in the first four months of 2010 with the help of the scappage scheme ...  ... while core retail sales have risen for 3 consecutive months
SIMI Car Registrations - 12 mth cum total	2,259	1,526	520	304	16,595	12,306	13,813	8,544	
- 3 mma YoY %	57,765	57,543	57,419	57,535	58,331	61,754	67,803	71,974	
Retail Sales Index - YoY %	-66.4	-40.7	-26.4	-8.9	4.7	17.4	31.6	64.9	
Retail Sales Index - 3mth / 3mth % seas. adj.	95.3	94.5	95.0	95.5	80.2	91.8	94.2	#N/A	
Ex Autos Index - YoY %	-9.9	-9.3	-8.6	-7.6	-4.0	2.7	3.5	#N/A	
Ex Autos Index - 3mth / 3mth % seas. adj.	2.2	0.7	1.0	0.6	-4.5	-6.1	-6.6	#N/A	
- YoY %	103.5	102.1	101.8	101.5	102.0	103.0	103.6	#N/A	
- 3mth / 3mth % seas. adj.	-6.1	-6.8	-5.9	-6.4	-4.5	-3.3	-1.2	#N/A	
- YoY %	-0.8	-1.5	-1.7	-1.8	-1.1	-0.3	1.0	#N/A	
- 3mth / 3mth % seas. adj.									
<b>CONSTRUCTION PMI: Ulster Bank</b>									
- Housing Activity	34.2	34.6	34.3	33.1	36.1	40.4	42.3	42.5	Though the construction sector still remains weak, the PMI has picked up appreciably in the last four months to its highest since August 2007.  Expectations component well above the key 50 level for last four months, improving further in April  Registration and commencement data, though, point to a further fall in housing output in 2010 - 2011  Monthly indicators suggest that house prices remain under downward pressure
- Commercial Activity	33.8	35.7	35.1	32.6	35.3	37.4	42.4	43.5	
- Civil Engineering Activity	34.9	34.5	33.3	32.3	36.8	41.7	43.0	39.6	
- Business Expectations	31.4	32.2	33.9	33.8	34.8	37.0	37.4	42.6	
- Business Expectations	53.1	51.2	49.4	48.3	58.4	56.0	55.7	60.3	
<b>RESIDENTIAL CONSTRUCTION ACTIVITY</b>									
Housing Registrations: 3M Avg saar - 3 Month Avg YoY %	3,607	4,150	3,621	3,617	2,742	2,163	1,612	1,668	
Commencements: 3M Avg saar - 3 Month Avg YoY %	-63.5	-57.0	-57.0	-50.6	-56.7	-65.8	-63.2	-64.2	
Completions: Month - 12 Mth Total	9,633	8,170	7,785	6,255	5,564	#N/A	#N/A	#N/A	
- 3 Month Avg YoY %	-47.3	-44.9	-42.5	-54.2	-54.0	#N/A	#N/A	#N/A	
Property Week: Dublin 3 Bed: MoM % - YoY %	2,096	1,997	2,033	2,033	1,207	1,258	1,294	#N/A	
- YoY %	32,095	30,265	28,021	26,420	24,968	23,613	22,568	#N/A	
<b>MONTHLY HOUSE PRICE INDICATORS (See Quarterly Data Overleaf for permanent tsb/ESRI Index)</b>									
Daft Asking Prices: MoM % - YoY %	-18.9	-18.5	-18.5	-18.9	-18.1	-17.7	-18.2	#N/A	Monthly indicators suggest that house prices remain under downward pressure
Property Week: Dublin 3 Bed: MoM % - YoY %	72.9	71.2	69.0	68.8	68.4	67.4	66.2	#N/A	
- YoY %	-1.8	-1.9	-1.4	-1.4	-1.1	-1.2	-0.7	-1.1	
- YoY %	-18.6	-18.9	-18.9	-19.4	-18.4	-18.1	-17.1	-16.3	
<b>CONSUMER PRICES YoY %</b>									
- MoM %	-6.5	-6.6	-5.7	-5.0	-3.9	-3.2	-3.1	-2.1	Falling prices, especially the HICP measure - which excludes mortgage interest - help to improve Ireland's competitiveness
HICP - YoY % - MoM %	-0.4	-0.2	0.0	-0.5	-0.6	0.4	0.1	0.2	
- MoM %	-3.0	-2.8	-2.8	-2.6	-2.4	-2.4	-2.4	-2.5	
- MoM %	-0.4	-0.2	-0.1	-0.5	-0.7	0.2	0.1	0.0	

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

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	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10
<b>PERSONAL</b>								
KBC/ESRI Consumer Confidence	49.6	54.2	53.6	53.3	64.6	59.4	61.9	65.6
- Consumer Expectations	34.4	40.4	37.7	40.1	49.0	46.3	44.5	53.7
Household Credit Growth YoY %								
- Personal Sector Credit	-3.4	-3.7	-5.4	-7.6	-8.6	-8.9	-9.3	#N/A
- Mortgage Lending	0.3	0.2	-0.1	-0.3	-0.7	-0.9	-1.4	#N/A
<b>LABOUR MARKET</b>								
Live Register	427,400	425,400	426,800	428,900	434,700	432,400	433,000	432,500
- Change In Month	+1,200	-2,000	+1,400	+2,100	+5,800	-2,300	+600	-500
Unemployment Rate %	12.7	12.8	13.1	13.2	13.4	13.4	13.4	13.4
Redundancies	5,989	6,561	5,891	4,121	6,649	5,680	5,515	5,749
-12 Mth Total	73,662	75,600	76,230	77,001	77,062	76,530	74,365	72,983
PMI Employment Indices								
- NCB Manufacturing	44.3	44.1	44.5	45.4	45.4	46.1	46.9	47.2
- NCB Services	37.7	41.2	40.6	42.8	43.1	42.2	44.7	44.1
- Ulster Bank Construction	34.6	35.1	34.3	34.2	34.1	36.7	38.4	37.8
<b>MERCHANDISE TRADE</b>								
Export Values - 3M / 3M %	-7.9	-7.0	-5.5	-10.3	-3.9	1.1	#N/A	#N/A
- 3MMA YoY %	-4.7	-7.9	-9.0	-13.5	-10.0	-7.8	#N/A	#N/A
Import Values - 3M / 3M %	-7.2	-8.3	-3.8	-3.7	-0.5	-1.8	#N/A	#N/A
- 3MMA YoY %	-26.5	-25.1	-22.6	-19.2	-15.2	-14.3	#N/A	#N/A
<b>PUBLIC FINANCES</b>								
Total Tax Receipts: Cum YTD %	-21.3	-20.9	-20.5	-20.6	-18.0	-13.4	-13.0	-10.8
Voted Spending : Cum YTD %	-1.3	-1.6	-2.5	-4.4	-12.9	-10.2	-9.2	-8.1
Exchequer Bal: 12 Mth Total €m	-23,468	-24,439	-26,892	-24,641	-24,674	-24,963	-24,862	-24,286

Consumer confidence improved again in April with 3 Mth Avg at its highest since January 08

Mortgage lending as well as personal sector credit contracting YoY

Live register stabilising in recent months - unemployment rate though remains high

Level of redundancies appears to be on downtrend

Easing of pace of contraction in employment indicated by PMIs

Strong start to year for goods exports which had weakened in H2 2009 ... big decline in imports on sharp fall in domestic spending and stocks

Tax take improved in April which along with spending cutbacks is helping to stabilise the budget deficit

#### QUARTERLY DATA

	Q2-08	Q3-08	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10
<b>GDP - YoY %</b>	-1.6	-1.0	-8.0	-8.7	-7.4	-7.1	-5.1	#N/A
<b>Total Exports - Volume YoY %</b>	0.3	-0.9	-3.9	-3.0	-2.5	-2.6	-1.2	#N/A
<b>Total Imports - Volume YoY %</b>	-0.2	-2.0	-7.8	-10.6	-7.1	-11.9	-7.5	#N/A

Pace of decline in GDP eased over the course of 2009

#### EMPLOYMENT & EARNINGS \*

Employment YoY %	-0.1	-2.0	-3.9	-7.5	-8.3	-8.8	-8.1	#N/A
Labour Force YoY %	1.0	0.6	-0.7	-2.0	-1.6	-2.8	-3.1	#N/A
Average Earnings YoY %								
- Hourly ^	3.0	3.9	4.2	4.2	2.4	1.8	#N/A	#N/A
- Weekly ^	4.0	6.7	4.8	0.7	-0.6	-0.8	#N/A	#N/A
Weekly Earnings YoY %								
- Private Sector #	1.6	1.8	3.1	-1.7	-2.9	-2.7	#N/A	#N/A
- Public Sector ~	1.8	2.9	3.2	3.2	1.7	1.9	#N/A	#N/A

Employment contracting faster than labour force so higher unemployment

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

#### HOUSING MARKET

Permanent tsb/ESRI House Price Index								
- QoQ %	-3.2	-1.5	-2.4	-4.3	-3.9	-3.9	-7.7	-4.8
- YoY %	-9.1	-10.1	-8.8	-11.0	-11.6	-13.8	-18.5	-18.9
- Average Value €	274,476	270,461	263,886	252,459	242,593	233,137	215,086	204,830
Affordability: Couple on Avg Industrial Wage, 92% LTV, 30 Yr Mortgage, AIB Mortgage Rate, permanent tsb/ESRI house price Mortgage Cost as								
% of Disposable Income	27.0	27.2	23.8	20.7	19.6	19.8	18.2	17.5

permanent tsb/ESRI index shows house prices down 34% from peak at Q1 2010

Repayment affordability has improved substantially, back to early 1996 levels. Set to disimprove, though, with mortgage rates rising