

Further material available at
www.BankofIrelandEconomicPulse.com

Bank of Ireland economic pulse

April 2018

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

April 2018

"Business sentiment dipped for the first time this year in April, interrupting the Economic Pulse's upward momentum."

Dr Loretta O'Sullivan,
Group Chief Economist, Bank of Ireland

The Bank of Ireland Economic Pulse stood at 94.9 in April 2018. The index, which combines the results of the Consumer and Business Pulses, was down 2.3 on March but broadly unchanged on a year ago.

With the mood among households little changed on the month and much more upbeat than this time last year, it was largely a case of steady as she goes for the Consumer Pulse in April. Firms were generally gloomier though, and the Business Pulse - which posted a 21 month high in March - eased back this month.

KEY POINTS

- Economic Pulse softer in April
- Consumer confidence little changed
- Dip in business sentiment

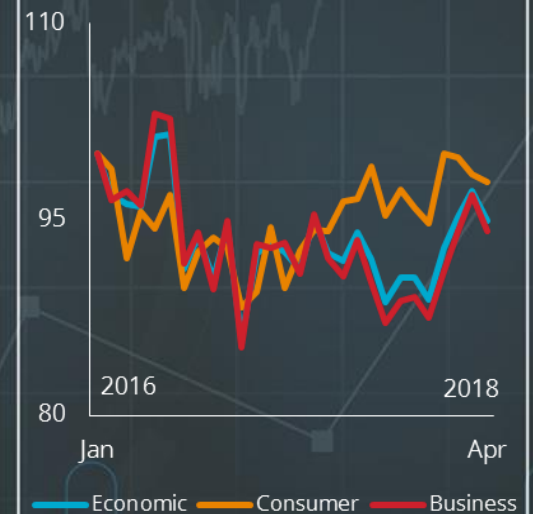
ECONOMIC PULSE

April 2018

94.9

-2.3 on previous index reading

PULSE TRENDS



Consumer Pulse

April 2018

"Households were hunting for bargains as well as eggs over Easter. With sales a plenty, 37% considered it the right time to buy big ticket items this month."

Dr Loretta O'Sullivan,
Group Chief Economist, Bank of Ireland

KEY POINTS

- Consumer Pulse a touch lower in April
- Improved buying climate
- 27% likely to purchase a car in the next 12 months

CONSUMER PULSE

April 2018

97.8

-0.6 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⋈	11%	8%
⋈	51%	50%
No Change	22%	26%
⋇	9%	8%
⋇	5%	5%
Balance	+27%	+24%
Change on previous reading	-1	0

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⋈	3%	6%
⋈	24%	30%
No Change	55%	52%
⋇	12%	7%
⋇	4%	2%
Balance	+5%	+16%
Change on previous reading	-1	-1

The Consumer Pulse came in at 97.8 in April 2018. Households' assessment of the economy and their own finances was marginally softer this month, whereas buying sentiment rebounded. With the Easter sales in full swing, 37% considered it a good time to make major purchases such as furniture and electrical goods. This compares with 34% in March which saw the worst of the bad weather. Over a quarter of households also indicated that they are likely to buy a car in the next 12 months, with data from the CSO pointing to ongoing demand for used imports.

Housing Pulse

April 2018

"30% of households are likely to spend a large sum of money on home improvements or renovations in the next 12 months."

Dr Loretta O'Sullivan,
Group Chief Economist, Bank of Ireland

KEY POINTS

- Housing Pulse up in April
- Two in three consider it a good time to sell
- Half think it is a good time to buy

HOUSING PULSE

April 2018

116.1

+2.0 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	37%
1% - 5%		44%
Stay more or less the same		16%
1% - 5%	Decrease	0%
> 5%		1%

Balance +57%

+2 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	29%
1% - 5%		43%
Stay more or less the same		24%
1% - 5%	Decrease	1%
> 5%		1%

Balance +49%

+2 on previous reading

The Housing Pulse gained ground in April 2018, coming in at 116.1. The share of respondents expecting prices to increase over the next 12 months ticked up this month in all regions bar Dublin (where it was already more than four in five). Most households also expect rents to rise in the year ahead. When it comes to the 'buy versus rent' debate, the April survey finds that 70% think it is cheaper to purchase a property in their area than it is to rent. This is up from 60% at the start of 2016 and owes much to house prices still being around 20% off their previous peak whereas rents are well above theirs.

Business Pulse

April 2018

"The Business Pulse was softer this month, but two in three firms have ambitions to expand over the next 1 to 3 years which bodes well."

Dr Loretta O'Sullivan,
Group Chief Economist, Bank of Ireland

KEY POINTS

- Business Pulse down in April
- Pay increases on the cards
- Two in three firms on a growth trajectory

BUSINESS PULSE

April 2018

94.1

-2.7 on previous index reading

SECTOR PULSES

Industry Pulse

98.9

+9.7 on previous index reading

Services Pulse

96.1

-4.5 on previous index reading

Retail Pulse

83.3

-6.4 on previous index reading

Construction Pulse

96.3

-3.0 on previous index reading

The Business Pulse stood at 94.1 in April 2018. This was down 2.7 on March's reading but comes after three consecutive months of increases. The Services, Retail and Construction Pulses all lost ground this month (the Industry Pulse was up), with firms mentioning a range of things - inter alia uncertainty, demand, financing, labour shortages and the weather - when asked about the factors currently limiting their activity. Near-term business prospects and hiring intentions remain in positive territory in all sectors though, and the bulk of firms have ambitions to expand in the next 1 to 3 years. On the wage front, 42% of firms in industry, 37% in services, 36% of builders and 28% of retailers are planning on increasing basic pay in the coming 12 months, by 3.6% on average.

Business Pulse

April 2018

BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	32%	38%	30%	36%
No Change	49%	52%	43%	49%
v	18%	10%	27%	15%
Balance	+14%	+28%	+3%	+21%
Change on previous reading	-7	+8	-4	+7

BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	53%	53%	52%	53%
No Change	42%	43%	41%	43%
v	5%	4%	7%	5%
Balance	+47%	+49%	+45%	+48%
Change on previous reading	-6	-2	0	-2

JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	15%	10%	10%	14%
No Change	80%	84%	86%	81%
v	5%	6%	4%	5%
Balance	+9%	+5%	+5%	+9%
Change on previous reading	-1	+3	+2	+7

JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	22%	21%	12%	31%
No Change	75%	77%	87%	65%
v	3%	2%	2%	4%
Balance	+19%	+19%	+10%	+27%
Change on previous reading	-1	0	-1	+2

Business activity refers to production in the case of industry, demand/turnover for services, sales for retail and building activity for construction.

Background

“The Economic Pulse provides a timely, comprehensive and robust picture of the economic environment and consumer and business confidence in Ireland.”

Dr Loretta O’Sullivan,
Group Chief Economist, Bank of Ireland

ABOUT THE PULSE

The Economic Pulse is a new indicator for Ireland based on a series of surveys. Each month households and firms are asked for their views on a wide range of topics including the economy, their financial situation, spending plans, house price expectations, business activity and hiring intentions. Key business sectors such as industry, services, retail and construction are covered, as well as regions. The information gathered is combined into high level indices, with responses to individual questions also provided along with analysis and insights.

GATHERING THE DATA

Ipsos MRBI are undertaking the fieldwork for the surveys on behalf of Bank of Ireland. A best practice approach to data collection and methodology has been adopted within a harmonised EU framework.

1000 households, 500 firms in industry, 800 services firms, 500 retailers and 250 construction firms participate in the surveys each month.

USING THE INFORMATION

Business and consumer surveys provide essential information for economic surveillance, short-term forecasting and research.

They are also useful for policymakers, as well as helping firms with business planning.

Survey data are a key complement to official statistics, with high frequency and timeliness among their main qualities.

THE EU DIMENSION

Bank of Ireland is partnering with the European Commission on the surveys. The data collected will feed into the Joint Harmonised EU Programme of Business and Consumer Surveys. This is a Europe-wide sentiment study which has been running since the 1960s. The data generated within this framework are particularly useful for monitoring economic developments at EU and Euro area level and also allow the situation in Ireland to be compared with that of other Member States.

Contact us at

EconomicPulse@boi.com

Dr Loretta O’Sullivan,
Group Chief Economist,
+353 (0) 766 244 267

Conn Creedon,
Senior Economist,
+353 (0) 766 235 134

Patrick Mullane,
Senior Economist,
+353 (0) 766 244 269

Mark Leech,
Media Relations Manager,
+353 (0) 766 234 773

Notes: Balances are calculated as the difference between positive and negative responses (using weighted averages for questions with multiple options). For the Economic, Consumer, Housing and Business Pulses, January 2016 = 100.

Disclaimer: This document has been prepared by the Economic Research Unit at The Governor and Company of the Bank of Ireland (“BOI”) for information purposes only and BOI is not soliciting any action based upon it. BOI believes any information contained herein to be accurate but does not warrant its accuracy and accepts no responsibility, other than any responsibility it may owe to any party under the European Communities (Markets in Financial Instruments) Regulations 2007 as may be amended from time to time, and under the Financial Conduct Authority rules (where the client is resident in the UK), for any loss or damage caused by any act or omission taken as a result of the information contained in this document. BOI acknowledge the financial contribution made by the European Union for carrying out the Irish element of the Joint Harmonised EU Programme of Business and Consumer Surveys. Any survey data communicated or published in this document reflects only the view of BOI and the European Commission is not responsible for any use that may be made of the information. Any decision made by a party after reading this document shall be on the basis of its own research and not be influenced or based on any view expressed by BOI either in this document or otherwise. This document does not address all risks and cannot be relied upon for any investment contract or decision. A party should obtain independent professional advice before making any investment decision. Expressions of opinion contained in this document reflect current opinion as at 27/04/2018 and is based on information available to BOI before that date which is subject to change without notice. This document is the property of BOI and its contents may not be reproduced, either in whole or in part, without the express written consent of a suitably authorised member of BOI. By accepting this document, the recipient agrees to be bound by the foregoing limitations. Bank of Ireland is regulated by the Central Bank of Ireland. In the UK, Bank of Ireland is authorised by the Central Bank of Ireland and the Prudential Regulation Authority and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority and regulation by the Financial Conduct Authority are available from us on request. Bank of Ireland incorporated in Ireland with limited liability. Registered Office - Head Office, 40 Mespil Road, Dublin 4, Ireland. Registered Number - C-1.