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Bank of Ireland economic pulse

April 2019

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

April 2019

"With B-day and the threat of a no deal exit pushed out, the Economic Pulse ticked up this month."

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

The Bank of Ireland Economic Pulse came in at 91.3 in April 2019. The index, which combines the results of the Consumer and Business Pulses, was up 1.9 on last month but down 3.5 on a year ago.

The double miss with respect to the UK's departure from the EU - both the original Brexit date of March 29th and the subsequent April 12th deadline came and went - and the further extension of Article 50 helped lift the business mood this month, whereas households' continuing nervousness about the economy kept consumer confidence largely in check.

KEY POINTS

- Economic Pulse up in April
- Sideways move for the Consumer Pulse
- Business Pulse firms

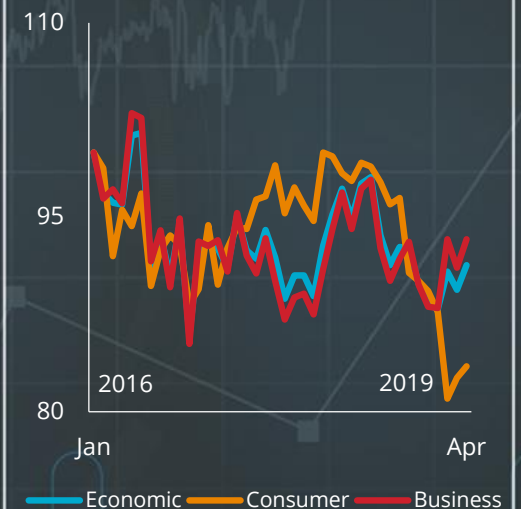
ECONOMIC PULSE

April 2019

91.3

+1.9 on previous
index reading

PULSE TRENDS



Consumer Pulse

April 2019

"Consumer sentiment is threading water at the moment as households wait to see where things go next with Brexit."

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

KEY POINTS

- Consumer Pulse broadly unchanged in April
- Households jittery about the economy
- 42% holding out on spending

CONSUMER PULSE

April 2019

83.5

+0.9 on previous
index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⬆️	9%	4%
⬆️	37%	22%
No Change	28%	24%
⬆️	15%	29%
⬆️	8%	13%
Balance	+11%	-13%
Change on previous reading	-2	+1

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⬆️	5%	5%
⬆️	22%	26%
No Change	55%	50%
⬆️	13%	11%
⬆️	5%	3%
Balance	+4%	+10%
Change on previous reading	0	+1

The Consumer Pulse stood at 83.5 in April 2019, up 0.9 on March's reading but 14.3 lower than a year ago. Households' assessment of their own finances and the economy was little changed this month and remained subdued on the whole. With Brexit increasingly clouding the horizon, buying sentiment is also coming under pressure - the April survey finds that just over two in five are holding out on spending because they aren't sure what way economic policy is going to go (this compares with one in three this time last year).

Housing Pulse

April 2019

"Almost one in ten households is likely to buy or build a property in the next 12 months."

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

KEY POINTS

- Housing Pulse slightly down in April
- New low for the series
- 73% think buying trumps renting

HOUSING PULSE

April 2019

96.9

-0.8 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	23%
1% - 5%		39%
Stay more or less the same		26%
1% - 5%	Decrease	6%
> 5%		2%

Balance +38%

-1 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	25%
1% - 5%		40%
Stay more or less the same		28%
1% - 5%	Decrease	3%
> 5%		1%

Balance +43%

+2 on previous reading

At 96.9, the Housing Pulse was down for a third month running in April 2019. House price expectations remained in positive territory in all regions though, as did rent expectations. The April data also show that nearly three in four think it is cheaper to buy than rent in their area when the typical monthly mortgage repayment and the typical monthly rent for similar properties are compared. Indeed, the cost of renting is one of the reasons cited by households planning on buying or building in the coming year, with factors like time of life playing a role too.

Business Pulse

April 2019

"The April survey finds that 38% of firms are planning on increasing basic pay in the next 12 months."

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

KEY POINTS

- Business Pulse up in April
- Helped by Brexit delay
- Three in five firms on a growth trajectory

BUSINESS PULSE

April 2019

93.3

+2.1 on previous
index reading

SECTOR PULSES

Industry
Pulse

92.6

+1.7 on previous
index reading

Services
Pulse

94.1

-0.5 on previous
index reading

Retail
Pulse

88.0

+8.3 on previous
index reading

Construction
Pulse

100.0

+8.9 on previous
index reading

The Business Pulse came in at 93.3 in April 2019, up 2.1 on last month but down 0.9 on a year ago. While the Services Pulse was broadly unchanged on the month, the Retail, Construction and Industry Pulses all gained ground. With Brexit pushed out, the threat of a no deal outcome has been staved off for now, contributing to the bounce in sentiment this month. Looking further ahead, three in five businesses indicated that they have ambitions to expand over the next 1 to 3 years. This is down a touch on the January figure (63%) and well off the pre UK-EU referendum readings (70% plus) which suggests that the tide hasn't yet turned when it comes to firms' assessment of Brexit uncertainty.

Business Pulse

April 2019

BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	33%	36%	30%	36%
No Change	50%	51%	49%	51%
v	17%	13%	21%	13%
Balance	+16%	+23%	+9%	+23%
Change on previous reading	-2	+6	+12	+7

BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	46%	44%	40%	49%
No Change	47%	49%	51%	47%
v	7%	8%	9%	4%
Balance	+38%	+36%	+30%	+45%
Change on previous reading	-5	-5	+2	+4

JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	13%	10%	9%	11%
No Change	79%	84%	86%	79%
v	8%	6%	5%	10%
Balance	+4%	+3%	+4%	+2%
Change on previous reading	-4	0	-1	-1

JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	18%	18%	10%	25%
No Change	80%	79%	88%	72%
v	2%	2%	2%	3%
Balance	+16%	+16%	+8%	+22%
Change on previous reading	+1	0	+2	+1

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, 300 firms in industry, 1000 services firms, 400 retailers and 200 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 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.

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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.

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