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Bank of Ireland economic pulse

December 2019

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

December 2019

"While sentiment rose in December, the Economic Pulse ended the year below where it started it."

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

The Bank of Ireland Economic Pulse came in at 83.0 in December 2019. The index, which combines the results of the Consumer and Business Pulses, was up 2.3 on November's reading but 5.4 lower than a year ago. After last month's bounce, consumer sentiment moved sideways this month, while business confidence ticked up a little.

The UK was in the midst of a general election campaign as the December survey was being carried out, capping off a year of Brexit-related drama. And even though the domestic economy has performed well, uncertainty has tempered the mood among households and firms, with the Economic Pulse ending 2019 below where it started it.

KEY POINTS

- Economic Pulse up in December
- Consumer sentiment little changed
- Mixed business picture

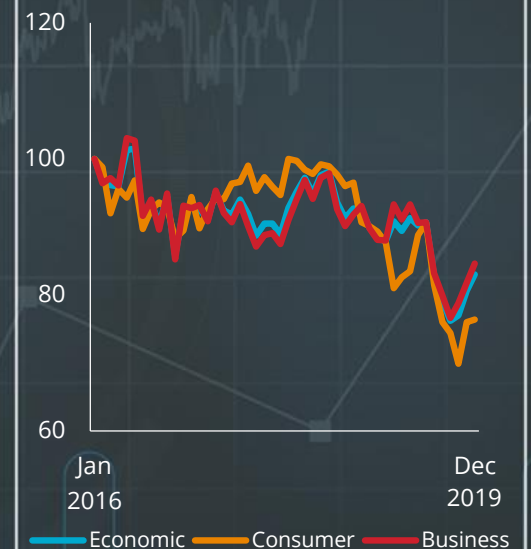
ECONOMIC PULSE

December 2019

83.0

+2.3 on previous index reading

PULSE TRENDS



Consumer Pulse

December 2019

“Households were in ‘wait and see’ mode this month, sitting tight as the UK electorate headed to the polls.”

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

KEY POINTS

- Consumer Pulse moves sideways in December
- Households remain cautious
- Especially about the economy

CONSUMER PULSE

December 2019

76.4

+0.4 on previous
index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⤴	5%	3%
⤵	29%	20%
No Change	26%	29%
⤶	22%	29%
⤷	14%	14%
Balance	-6%	-16%
Change on previous reading	-1	0

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⤴	6%	7%
⤵	18%	21%
No Change	53%	54%
⤶	15%	11%
⤷	7%	5%
Balance	+1%	+6%
Change on previous reading	-1	-2

At 76.4 in December 2019, the Consumer Pulse was more or less flat on the month but down 12.9 on a year ago. Households’ assessment of the general economic situation and their personal finances was little changed this month, as they waited to see where the Brexit process goes next. The buying and savings climate also held steady, with three in ten considering it a good time to purchase big ticket items such as furniture and electrical goods, while 74% indicated that they are likely to put some money aside over the coming year.

Housing Pulse

December 2019

"The Housing Pulse picked up in December though it is still a long way off past highs."

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

KEY POINTS

- Housing Pulse up in December
- Over two in five worried about rising house prices
- Cost of renting a concern for 46%

HOUSING PULSE

December 2019

84.6

+3.7 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	15%
1% - 5%		37%
Stay more or less the same		32%
1% - 5%	Decrease	10%
> 5%		3%

Balance +26%

+4 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	20%
1% - 5%		41%
Stay more or less the same		33%
1% - 5%	Decrease	2%
> 5%		1%

Balance +38%

-1 on previous reading

The Housing Pulse rose for a second month running in December 2019 to 84.6. This was 3.7 higher than the previous reading but 16.2 lower than the same time last year. The improvement in sentiment this month was broad based across the regions - households in Dublin, the Rest of Leinster, Munster and Connacht/Ulster all upped their expectations for future house price gains. The data also show that around one in seven thinks prices will increase by more than 5% in the coming year, with the figure for the capital a touch higher at one in five.

Business Pulse

December 2019

"On the business confidence front, it was a bit of a mixed bag across the sectors this month."

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

KEY POINTS

- Business Pulse rises in December
- Services and Construction Pulses gain ground
- Industry and Retail give up some

BUSINESS PULSE

December 2019

84.6

+2.8 on previous
index reading

SECTOR PULSES

Industry
Pulse

78.2

-0.8 on previous
index reading

Services
Pulse

87.5

+4.5 on previous
index reading

Retail
Pulse

80.1

-1.9 on previous
index reading

Construction
Pulse

85.1

+7.2 on previous
index reading

The Business Pulse stood at 84.6 in December 2019, up 2.8 on last month but down 3.5 on a year ago. While the headline index rose for a third consecutive month, the picture was mixed across the sectors with the Services and Construction Pulses posting firmer readings, whereas the Industry Pulse eased back as did the Retail Pulse (the latter comes after a big jump in November). The December survey also finds that the bulk of firms do not expect to change their near-term selling prices, despite the fact that almost two in five reported a rise in non-labour input costs over the past 3 months. Going forward Brexit developments will be important, inter alia, for business investment which uncertainty has been keeping in check.

Business Pulse

December 2019

BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	32%	29%	26%	37%
No Change	51%	55%	48%	50%
v	18%	17%	26%	13%
Balance	+14%	+12%	-1%	+24%
Change on previous reading	0	+1	+2	+13

BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	33%	32%	33%	28%
No Change	52%	55%	53%	62%
v	15%	13%	14%	10%
Balance	+18%	+18%	+19%	+18%
Change on previous reading	-5	+4	-7	+6

JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	11%	10%	10%	9%
No Change	81%	82%	85%	86%
v	8%	7%	5%	5%
Balance	+3%	+3%	+5%	+5%
Change on previous reading	-4	+4	+6	+1

JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	12%	11%	7%	20%
No Change	84%	85%	88%	78%
v	3%	4%	5%	2%
Balance	+9%	+8%	+2%	+18%
Change on previous reading	+1	+3	-2	+16

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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