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## Bank of Ireland economic pulse

February 2018

 Economic  
Pulse

 Consumer  
Pulse

 Housing  
Pulse

 Business  
Pulse

# Economic Pulse

## February 2018

"With consumer confidence at a high level and business sentiment up for a second month running, the Economic Pulse posted its highest reading in 20 months in February."

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

The Bank of Ireland Economic Pulse came in at 95.2 in February 2018. The index, which combines the results of the Consumer and Business Pulses, was up 2.4 on January and 2.7 on a year ago.

The Consumer Pulse has been on a broad upward trend for some time now and was at a high level again this month, while business sentiment rose in all four sectors.

Infrastructure pressures are emerging though and, along with Brexit, have the potential to weigh on the regional business environment and local economies.

### KEY POINTS

- Economic Pulse strengthens in February
- Consumer Pulse little changed
- Business Pulse up

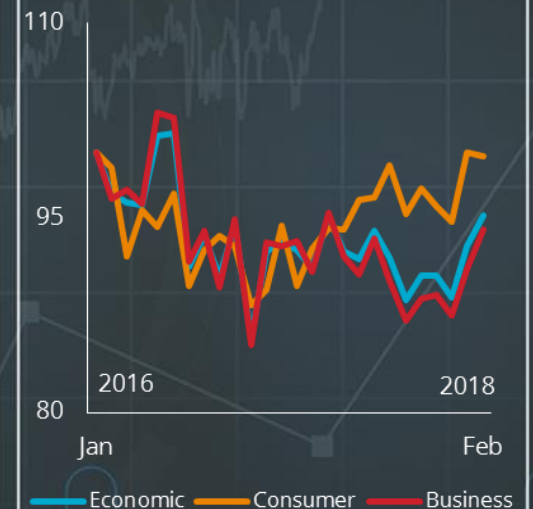
### ECONOMIC PULSE

February 2018

95.2

+2.4 on previous index reading

### PULSE TRENDS



# Consumer Pulse

## February 2018

"The Consumer Pulse has been on a broad upward trend for some time now and was at a high level again in February."

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

### KEY POINTS

- Consumer Pulse broadly unchanged in February
- One in two expects the unemployment rate to fall further
- 70% likely to save in the next 12 months

### CONSUMER PULSE

February 2018

99.7

-0.4 on previous index reading

### GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⤴	12%	8%
⤴	52%	46%
No Change	19%	30%
⤵	9%	10%
⤵	5%	4%
Balance	+28%	+23%
Change on previous reading	0	-5

### HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⤴	6%	5%
⤴	26%	34%
No Change	54%	49%
⤵	11%	8%
⤵	4%	1%
Balance	+9%	+17%
Change on previous reading	+2	+1

The Consumer Pulse stood at 99.7 in February 2018, little changed on January's two year high and up 9.9 on a year ago. Households were a little more muted about the economy's prospects this month, and with the post-Christmas sales at an end, buying sentiment softened (39% considered it a good time to purchase big ticket items such as furniture and electrical goods compared with 41% last month). Their assessment of their own financial situation was a touch more positive though, and 70% indicated that they are likely to save over the coming year. Topping the list of reasons for putting money aside were having a rainy day fund and providing for retirement and later life needs.

# Housing Pulse

## February 2018

"House price and rent expectations remained in firm positive territory across the country in February, led by Dublin."

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

### KEY POINTS

- Housing Pulse softer in February
- Majority expect house prices to rise in the next 12 months
- Same for rents

### HOUSING PULSE

February 2018

115.5

-1.7 on previous index reading

### HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	39%
1% - 5%		38%
Stay more or less the same		19%
1% - 5%	Decrease	1%
> 5%		1%

**Balance +57%**

-1 on previous reading

### RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	30%
1% - 5%		40%
Stay more or less the same		24%
1% - 5%	Decrease	1%
> 5%		1%

**Balance +50%**

-1 on previous reading

The Housing Pulse came in at 115.5 in February 2018, down 1.7 on the month but up 7.3 on this time last year. Disequilibrium in the housing market is impacting both house prices and rents, with rising prices a concern for 39% of households and the cost of renting a worry for 43%. The February survey also finds that almost half of firms in Dublin and Munster, two in five in the Rest of Leinster, and a third in Connacht/Ulster, consider the housing infrastructure in their region to be inadequate, which may have implications for their ability to attract staff.



# Business Pulse

## February 2018

"For firms in Dublin, the Rest of Leinster and Munster, housing is the priority area for investment; while transport just pips telecommunications to the post in Connacht/Ulster."

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

### KEY POINTS

- Business Pulse up in February
- Broad based improvement in sentiment
- Infrastructure pressures to the fore

### BUSINESS PULSE

February 2018

94.1

+3.1 on previous index reading

### SECTOR PULSES

Industry Pulse

97.7

+1.3 on previous index reading

Services Pulse

95.0

+3.3 on previous index reading

Retail Pulse

84.6

+2.5 on previous index reading

Construction Pulse

103.7

+7.1 on previous index reading

At 94.1, the Business Pulse was up for a second month running in February 2018. This was 3.1 higher than last month's reading and 0.9 higher than a year ago. All four sector Pulses gained ground this month, with an across the board improvement in hiring intentions and firms in industry, services and retail more optimistic about prospects for business activity over the next 3 months. This month's research also took a look at the broader operating environment that businesses across the different regions face. While the results point to a general level of satisfaction with basic infrastructure such as water, waste and energy; transport (especially in Munster and Connacht/Ulster), telecommunications (Connacht/Ulster in particular) and housing infrastructure scored less well.

# Business Pulse

February 2018

## BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	36%	37%	34%	39%
No Change	52%	50%	43%	50%
v	12%	13%	23%	10%
Balance	+24%	+24%	+11%	+29%
Change on previous reading	-7	-4	-14	-5

## BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	56%	56%	48%	55%
No Change	40%	40%	42%	40%
v	4%	4%	10%	4%
Balance	+53%	+52%	+38%	+51%
Change on previous reading	+4	+13	+8	-1

## JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	17%	10%	9%	15%
No Change	77%	84%	85%	77%
v	6%	7%	6%	8%
Balance	+12%	+3%	+4%	+7%
Change on previous reading	+3	0	-3	-2

## JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	22%	19%	13%	34%
No Change	76%	80%	84%	62%
v	2%	2%	4%	4%
Balance	+19%	+17%	+9%	+29%
Change on previous reading	+4	+3	+5	+3

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.

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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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