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Bank of Ireland economic pulse

February 2019

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

February 2019

"After a poor run of readings, the Economic Pulse ticked up a notch in February but all eyes remain on Brexit developments."

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

The Bank of Ireland Economic Pulse came in at 90.8 in February 2019. The index, which combines the results of the Consumer and Business Pulses, was up 2.9 on last month but 4.4 lower than a year ago.

With the UK slated to leave the EU on March 29th and a no deal exit currently the default position, households sounded a strong note of caution about the economy this month. On the business front, the sectoral picture was mixed, though the vast bulk of firms indicated that they expect Brexit to negatively impact the local economy in their region over the coming year.

KEY POINTS

- Economic Pulse ticks up in February
- Consumer sentiment takes a hit
- Business mood mixed

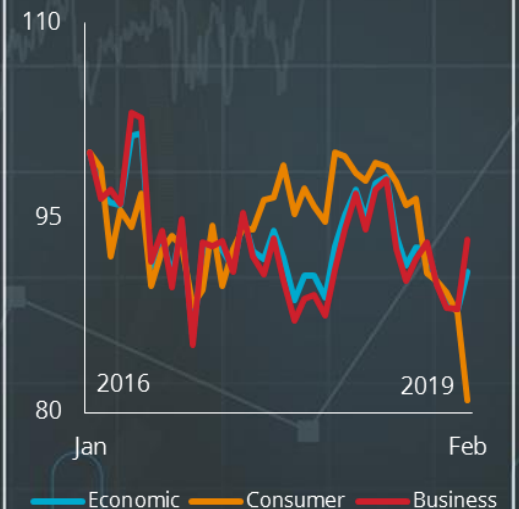
ECONOMIC PULSE

February 2019

90.8

+2.9 on previous
index reading

PULSE TRENDS



Consumer Pulse

February 2019

"With no sign of the Brexit fog lifting and households on edge about the economy, the Consumer Pulse took another tumble this month."

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

KEY POINTS

- Large drop in the Consumer Pulse in February
- New low for the series
- Households worried about the economy

CONSUMER PULSE

February 2019

81.0

-6.6 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⤴	8%	5%
⤵	38%	21%
No Change	22%	22%
⤶	17%	30%
⤷	11%	15%
Balance	+7%	-16%
Change on previous reading	-9	-12

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⤴	5%	6%
⤵	19%	30%
No Change	56%	48%
⤶	13%	11%
⤷	5%	4%
Balance	+3%	+12%
Change on previous reading	-3	-1

The Consumer Pulse fell for a fifth month running in February 2019 to 81.0. With fears of a no deal Brexit permeating the air and households increasingly fretful about the economy, the series posted its lowest reading to date this month. Households were also a little more circumspect about their own financial situation compared with last month, and with the post-Christmas sales at an end, buying sentiment softened (one in three considered it a good time to purchase big ticket items such as furniture and electrical goods, down from 39% in January).

Housing Pulse

February 2019

"The Housing Pulse was a touch firmer last month but this looks to have been a false dawn with price expectations cooling again this month."

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

KEY POINTS

- Housing Pulse down in February
- Price expectations softer
- Housing infrastructure scores poorly

HOUSING PULSE

February 2019

99.8

-5.7 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	24%
1% - 5%		42%
Stay more or less the same		26%
1% - 5%	Decrease	4%
> 5%		2%

Balance +41%

-6 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	27%
1% - 5%		40%
Stay more or less the same		29%
1% - 5%	Decrease	1%
> 5%		1%

Balance +45%

-1 on previous reading

The Housing Pulse came in at 99.8 in February 2019. This was down 5.7 on last month's reading and marks a fresh low for the series. While two thirds of households think house prices will rise over the coming year, the share anticipating increases in excess of 5% eased back this month. The February survey finds that housing is also on businesses' radar, with just over two in five rating the existing infrastructure in their region as inadequate and firms in Dublin, the Rest of Leinster and Munster citing it as the priority area for investment to help strengthen local economies and the business environment.

Business Pulse

February 2019

"Over eight in ten businesses expect Brexit to negatively impact the local economy in their region in the next 12 months."

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

KEY POINTS

- Business Pulse rises in February
- Sentiment mixed across the sectors
- Brexit and infrastructure headwinds

BUSINESS PULSE

February 2019

93.3

+5.3 on previous
index reading

SECTOR PULSES

Industry
Pulse

93.5

+4.6 on previous
index reading

Services
Pulse

96.7

+9.5 on previous
index reading

Retail
Pulse

81.3

-2.2 on previous
index reading

Construction
Pulse

94.5

-8.5 on previous
index reading

The Business Pulse stood at 93.3 in February 2019, up 5.3 on last month but 0.9 lower than a year ago. The sectoral picture was mixed this month, with the Industry and Services Pulses gaining ground (this comes after soft readings around the turn of the year) but the Retail and Construction Pulses giving up some. While Brexit remains to the fore, this month's research also took a look at other aspects of the operating environment for businesses. The results point to a high level of satisfaction with basic infrastructure like water, waste and energy; lower approval ratings for telecommunications outside of the capital and for transport in Munster and Connacht/Ulster; and a broad level of dissatisfaction with housing infrastructure in all regions.

Business Pulse

February 2019

BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	29%	33%	31%	33%
No Change	54%	52%	48%	56%
v	16%	14%	21%	11%
Balance	+13%	+19%	+9%	+22%
Change on previous reading	-18	-1	-4	-12

BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	56%	50%	37%	41%
No Change	39%	44%	50%	54%
v	5%	7%	13%	5%
Balance	+51%	+43%	+24%	+36%
Change on previous reading	+12	+8	+7	-5

JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	12%	9%	10%	11%
No Change	81%	86%	86%	83%
v	8%	6%	5%	6%
Balance	+4%	+3%	+5%	+5%
Change on previous reading	-6	0	+3	-2

JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	18%	17%	9%	20%
No Change	79%	81%	87%	78%
v	2%	2%	5%	3%
Balance	+16%	+15%	+4%	+17%
Change on previous reading	+2	+2	-1	-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, 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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