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## economic pulse

January 2019

 Economic  
Pulse

 Consumer  
Pulse

 Housing  
Pulse

 Business  
Pulse

# Economic Pulse

## January 2019

"The Economic Pulse rang in the new year more or less where it rang out the old – on a soft note."

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

The Bank of Ireland Economic Pulse came in at 87.9 in January 2019. The index, which combines the results of the Consumer and Business Pulses, was down 0.4 on last month and 4.9 lower than a year ago.

2019 got off to a muted start, with growing fears of a no deal Brexit – as widely anticipated, Prime Minister May's deal failed to make it through the UK Parliament the first time out – taking a toll on consumer sentiment in particular. Households downgraded their assessment of the economic outlook this month, while the mood among firms remained subdued.

### KEY POINTS

- Economic Pulse little changed in January
- Consumer confidence at a low point
- Business sentiment holds steady

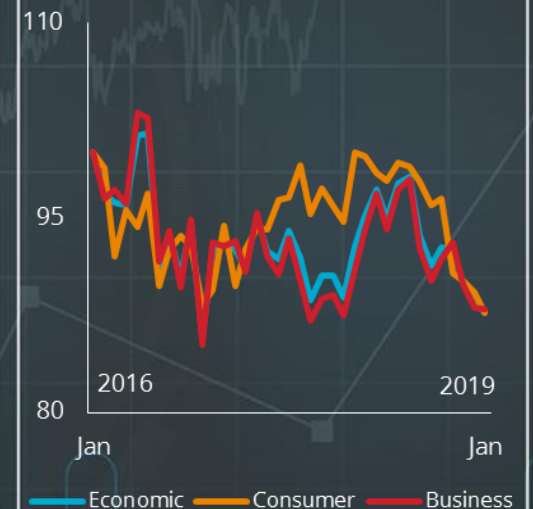
### ECONOMIC PULSE

January 2019

87.9

-0.4 on previous  
index reading

### PULSE TRENDS



# Consumer Pulse

## January 2019

"With households worried about the impact of a no deal Brexit on the economy, the Consumer Pulse hit a series low in January."

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

### KEY POINTS

- Consumer Pulse down in January
- Lowest reading in series' history
- Brexit concerns to the fore

### CONSUMER PULSE

January 2019

87.7

-1.6 on previous index reading

### GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⤴	12%	4%
⤴	42%	28%
No Change	20%	26%
⤵	15%	24%
⤵	9%	10%
Balance	+16%	-4%
Change on previous reading	0	-6

### HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⤴	3%	6%
⤴	23%	30%
No Change	57%	48%
⤵	12%	11%
⤵	3%	2%
Balance	+6%	+13%
Change on previous reading	+1	+1

The Consumer Pulse stood at 87.7 in January 2019, down 1.6 on December and 12.3 on a year ago. Households were gloomier about economic prospects this month, with the balance of positive and negative responses tipping into the red for the first time in three years. Their assessment of their own financial situation was little changed on the month though and, with the winter sales underway, 39% considered it a good time to purchase big ticket items like furniture and electrical goods while 29% are likely to buy a car in the next 12 months.

# Housing Pulse

## January 2019

"Having softened over the course of 2018, the Housing Pulse was a touch firmer at the beginning of this year."

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

### KEY POINTS

- Housing Pulse up in January
- House prices and rents in positive territory
- 73% think it is cheaper to buy than rent in their area

### HOUSING PULSE

January 2019

105.5

+4.7 on previous index reading

### HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	30%
1% - 5%		40%
Stay more or less the same		23%
1% - 5%	Decrease	3%
> 5%		1%

**Balance +47%**

+5 on previous reading

### RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	26%
1% - 5%		42%
Stay more or less the same		27%
1% - 5%	Decrease	1%
> 5%		0%

**Balance +46%**

+3 on previous reading

The Housing Pulse came in at 105.5 in January 2019. This was 4.7 higher than last month's reading but 11.7 lower than a year ago. The share of households expecting house prices to rise by more than 5% over the coming year ticked up this month – especially in Dublin – which helped boost the headline index. The January survey also finds that almost one in ten is planning on buying or building a property in the next 12 months, while just over a quarter are likely to spend a large sum of money on home improvements or renovations.



# Business Pulse

## January 2019

"On the wage front, 44% of firms are planning on increasing basic pay over the next 12 months, while 47% of workers are expecting a pay rise."

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

### KEY POINTS

- Business Pulse flat in January
- Brexit woes but growth ambitions hold up
- Pay increases in prospect

### BUSINESS PULSE

January 2019

88.0

-0.1 on previous  
index reading

### SECTOR PULSES

Industry  
Pulse

88.9

-2.8 on previous  
index reading

Services  
Pulse

87.2

-0.7 on previous  
index reading

Retail  
Pulse

83.5

+3.7 on previous  
index reading

Construction  
Pulse

102.9

+0.4 on previous  
index reading

At 88.0 in January 2019, the Business Pulse was flat on the month but down 3.0 on a year ago. The Industry and Services Pulses posted softer readings this month, while the Construction Pulse was broadly unchanged and the Retail Pulse gained a little ground. Brexit uncertainty continued to weigh on sentiment, with the weak pound also impacting the competitiveness of firms selling into the UK market and contributing to some easing in export orders in the industry and services sectors. More positively though, the January data show that almost two thirds of businesses remain on a growth trajectory and have ambitions to expand – some aggressively, some more cautiously – over the next 1 to 3 years.

# Business Pulse

January 2019

## BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	41%	32%	30%	44%
No Change	50%	57%	52%	46%
v	9%	11%	17%	10%
Balance	+31%	+20%	+13%	+34%
Change on previous reading	-1	-2	+6	-1

## BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	45%	43%	33%	44%
No Change	49%	49%	52%	53%
v	6%	8%	15%	3%
Balance	+39%	+35%	+17%	+41%
Change on previous reading	+13	+8	-4	+8

## JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	16%	8%	9%	13%
No Change	79%	86%	84%	82%
v	5%	6%	7%	6%
Balance	+10%	+3%	+2%	+7%
Change on previous reading	-1	-2	-4	-3

## JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	18%	16%	8%	21%
No Change	78%	81%	89%	78%
v	4%	3%	3%	1%
Balance	+14%	+13%	+5%	+20%
Change on previous reading	+4	+4	-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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