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economic pulse

July 2017

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

July 2017

"The second half of the year got off to a good start, with the Economic Pulse reading in July the second best of 2017 to date."

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

The Bank of Ireland Economic Pulse stood at 94.0 in July 2017. The index, which combines the results of the Consumer and Business Pulses, was up 2.2 on June and 2.8 on this time last year.

While the Consumer Pulse was broadly unchanged in July, it has been edging up in recent months and is now at its highest level since the UK's decision to leave the EU last June.

The Business Pulse is still off its pre-Brexit levels however, albeit the mood brightened this month with firms in the industry, services and construction sectors more upbeat.

KEY POINTS

- Economic Pulse strengthens in July
- Consumer picture little changed
- Businesses more positive

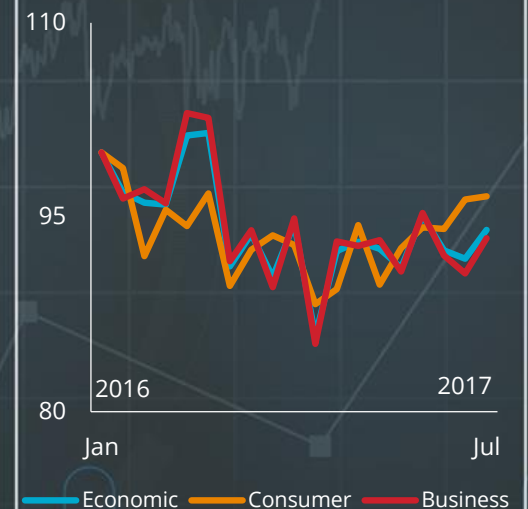
ECONOMIC PULSE

July 2017

94.0

+2.2 on previous index reading

PULSE TRENDS



Consumer Pulse

July 2017

"Consumer confidence has been edging up over the past few months and is now at its highest level since the Brexit vote last June."

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

KEY POINTS

- Consumer Pulse broadly unchanged in July
- Buying climate positive
- 26% likely to purchase a car in the next 12 months

CONSUMER PULSE

July 2017

96.6

+0.2 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⬆️	13%	9%
⬆️	46%	45%
No Change	21%	27%
⬆️	10%	10%
⬆️	7%	6%
Balance	+23%	+21%
Change on previous reading	-1	-1

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⬆️	6%	7%
⬆️	24%	29%
No Change	52%	49%
⬆️	11%	7%
⬆️	6%	3%
Balance	+6%	+15%
Change on previous reading	+5	-1

The Consumer Pulse came in at 96.6 in July 2017, up 0.2 on last month and 6.9 on this time last year. While households' view of the economy and their own financial prospects was little changed on the month, they were more upbeat about their current financial situation. Ongoing employment and income gains helped with this, with the July survey indicating that 40% consider it is easy to find or change jobs (up from 30% a year ago) and that two in five expect a pay rise in the next 12 months.

Housing Pulse

July 2017

"Time of life, more space and the cost of renting top the list of reasons for wanting to buy a home, while rising house prices top the list of barriers to doing so."

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

KEY POINTS

- Housing Pulse rebounds in July
- 62% think it is cheaper to buy than rent in their area
- 27% to spend on home improvements in the next 12 months

HOUSING PULSE

July 2017

118.3

+4.1 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	42%
1% - 5%		37%
Stay more or less the same		16%
1% - 5%	Decrease	1%
> 5%		1%

Balance +59%

+4 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	31%
1% - 5%		36%
Stay more or less the same		26%
1% - 5%	Decrease	1%
> 5%		0%

Balance +48%

-1 on previous reading

The Housing Pulse gained ground in July 2017. The share of survey respondents expecting house prices to increase by more than 5% over the coming year ticked up in the month, taking the series to a new high of 118.3. The results also show that 57% think it is a good time to sell, with the Dublin figure higher at 65%. For those who want to buy though, rising prices are a challenge, especially in the capital where just two in five consider it a good time to purchase a property (one in two nationally).

Business Pulse

July 2017

"On the wage front, one in three firms are planning on increasing basic pay in the next 12 months, while two in five workers are expecting a pay rise."

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

KEY POINTS

- Business Pulse up in July
- Still off its pre-Brexit levels
- Majority of firms on a growth trajectory

BUSINESS PULSE

July 2017

93.4

+2.7 on previous
index reading

SECTOR PULSES

Industry
Pulse

100.7

+5.1 on previous
index reading

Services
Pulse

95.6

+2.1 on previous
index reading

Retail
Pulse

77.9

-1.0 on previous
index reading

Construction
Pulse

99.8

+11.4 on previous
index reading

At 93.4 in July 2017, the Business Pulse was up 2.7 on June's reading and 1.8 on a year ago. The Industry Pulse rose for a fourth month running in July, with larger firms generally more positive. The Services and Construction Pulses also picked up in the month, whereas the Retail Pulse remained relatively subdued. While Brexit is a worry for many firms and the related uncertainty has taken a toll on sentiment, two in three businesses still have ambitions to expand over the next 1 to 3 years. Of these, one third is looking to actively pursue opportunities to grow, with the other two thirds adopting a more cautious approach to growth.

Business Pulse

July 2017

BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	39%	39%	29%	42%
No Change	48%	52%	46%	47%
v	13%	8%	25%	11%
Balance	+26%	+31%	+4%	+31%
Change on previous reading	-1	-4	+4	+13

BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	48%	41%	39%	43%
No Change	45%	53%	48%	54%
v	7%	7%	13%	3%
Balance	+42%	+34%	+26%	+39%
Change on previous reading	+1	-3	+3	+1

JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	20%	13%	11%	18%
No Change	75%	83%	85%	78%
v	5%	4%	4%	5%
Balance	+15%	+9%	+7%	+13%
Change on previous reading	-1	0	-1	-1

JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	18%	15%	6%	25%
No Change	80%	84%	87%	70%
v	2%	2%	7%	5%
Balance	+15%	+13%	0%	+21%
Change on previous reading	-2	+1	-3	-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.

Contact us at

EconomicPulse@boi.com

Dr Loretta O’Sullivan,
Group Chief Economist,
+353 (0) 766 244 267

Conn Creedon,
Senior Economist,
+353 (0) 766 235 134

Mark Leech,
Media Relations Manager,
+353 (0) 766 234 773

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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