

Further material available at
www.BankofIrelandEconomicPulse.com

Bank of Ireland economic pulse

June 2016

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

June 2016

"With households in a more upbeat mood and overall business sentiment little changed, the Economic Pulse recorded another solid reading in June."

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

The Bank of Ireland Economic Pulse stood at 101.5 in June 2016. The index, which combines the results of the Consumer and Business Pulses, was broadly unchanged on May.

The Consumer Pulse rose in the month, with buying sentiment amongst households also reasonably firm.

Business sentiment was down marginally in June as the services and retail sectors gave up some of last month's gains. The Construction Pulse picked up sharply however.

Note: The June surveys were conducted prior to the UK's EU referendum.

KEY POINTS

- Economic Pulse broadly unchanged in June
- Consumer sentiment strengthens
- Business Pulse down slightly

ECONOMIC PULSE

June 2016

101.5

+0.2 on previous index reading

ABOUT THE PULSE

The Economic Pulse is a new indicator 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.

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.

Consumer Pulse

June 2016

“37% of the households surveyed in June think that now is a good time to purchase big ticket items such as furniture and electrical goods.”

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

KEY POINTS

- Consumer Pulse strengthens in June
- Households more positive about the economic outlook
- And about their own financial prospects

CONSUMER PULSE

June 2016

96.8

+2.5 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⤴	9%	9%
⤵	47%	51%
No Change	24%	26%
⤶	10%	8%
⤷	8%	4%
Balance	19%	27%
Change on previous reading	+1	+4

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⤴	4%	8%
⤵	21%	31%
No Change	51%	49%
⤶	15%	8%
⤷	7%	2%
Balance	0%	17%
Change on previous reading	+1	+3

The Consumer Pulse gained ground in June 2016, coming in at 96.8 (up 2.5 on May). Households were more upbeat about the outlook for the economy and their personal finances this month, with six in ten expecting the wider economic environment to get better over the next year and around four in ten anticipating an improvement in their own financial situation. Moreover, having pared back their expectations for further falls in unemployment last month, consumers upgraded them in June, with just over half indicating that they expect fewer people to be out of work in 12 months’ time.

Housing Pulse

June 2016

“The June data show that Dublin had the highest share of respondents expecting an increase in house prices over the next 12 months, with the Rest of Leinster coming in second.”

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

KEY POINTS

- Housing Pulse up in June
- Majority see house prices and rents increasing in the next 12 months
- Dublin remains the strongest region

HOUSING PULSE

June 2016

105.9

+1.9 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	29%
1% - 5%		40%
Stay more or less the same		25%
1% - 5%	Decrease ↓	2%
> 5%		1%

Balance +47%
+2 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	29%
1% - 5%		34%
Stay more or less the same		31%
1% - 5%	Decrease ↓	1%
> 5%		1%

Balance +45%
+1 on previous reading

The Housing Pulse also rose in June 2016, to 105.9 from 104.0 in May. The share of respondents expecting house prices to increase by more than 5% over the coming year edged a little higher in the month, as did the percentage expecting rent increases above the 5% mark. The cost of renting is an issue that has been coming through in the survey findings for some time now; with households in general, and students and the unemployed in particular, citing it as one of their main concerns.

Business Pulse

June 2016

“Business sentiment remains at a high level. The Services, Retail and Construction Pulses all rose over the first half of the year.”

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

KEY POINTS

- Business sentiment down marginally in June
- Services and retail softer after strong readings in May
- Construction Pulse up sharply

BUSINESS PULSE

June 2016

102.7

-0.4 on previous index reading

SECTOR PULSES

Industry Pulse

95.2

-0.9 on previous index reading

Services Pulse

104.3

-0.4 on previous index reading

Retail Pulse

101.8

-3.0 on previous index reading

Construction Pulse

105.7

+9.6 on previous index reading

At 102.7, the Business Pulse in June 2016 was down 0.4 on May. The Construction Pulse registered a strong pick up in the month as order book positions improved, whereas the Services and Retail Pulses softened following May’s sharp increases. The Industry Pulse also eased back. June saw firms in all four sectors downgrade their assessment of business prospects over the next 3 months, though the number expecting an increase in activity continued to far outweigh the number expecting a decrease and the overall Business Pulse remained at a high level.

Business Pulse

June 2016

BUSINESS ACTIVITY		Past 3 Months			
	Industry	Services	Retail	Construction	
^	45%	44%	38%	37%	
No Change	43%	49%	46%	49%	
v	12%	7%	17%	14%	
Balance	+34%	+37%	+21%	+23%	
Change on previous reading	+3	-1	-1	-4	

BUSINESS ACTIVITY		Next 3 Months			
	Industry	Services	Retail	Construction	
^	52%	48%	51%	48%	
No Change	41%	47%	39%	47%	
v	7%	6%	10%	4%	
Balance	+44%	+42%	+41%	+44%	
Change on previous reading	-3	-11	-5	-7	

JOBS		Past 3 Months			
	Industry	Services	Retail	Construction	
^	21%	16%	14%	15%	
No Change	74%	80%	84%	78%	
v	5%	4%	3%	7%	
Balance	+16%	+13%	+11%	+8%	
Change on previous reading	+2	+2	0	-3	

JOBS		Next 3 Months			
	Industry	Services	Retail	Construction	
^	22%	17%	13%	26%	
No Change	76%	82%	85%	70%	
v	2%	1%	2%	4%	
Balance	+19%	+15%	+11%	+22%	
Change on previous reading	+1	-5	0	-2	

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

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.

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, 800 firms in industry, 800 services firms, 250 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.

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.

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