

Further material available at
www.BankofIrelandEconomicPulse.com

Bank of Ireland economic pulse

June 2017

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

June 2017

"A year on from the referendum and the UK's decision to leave the EU, the Economic Pulse is still off its pre-Brexit levels."

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

The Bank of Ireland Economic Pulse came in at 91.8 in June 2017. The index, which combines the results of the Consumer and Business Pulses, was down 0.6 on May's reading and 9.7 on this time last year.

It was a mixed picture again this month, with the Consumer Pulse gaining some ground but the Business Pulse giving up some. While households were more positive about the economy and their own financial situation, the uncertainty generated by political shifts including the Conservative party losing its majority in the UK parliament weighed on business sentiment.

KEY POINTS

- Economic Pulse down slightly in June
- Households more upbeat this month
- Firms less so

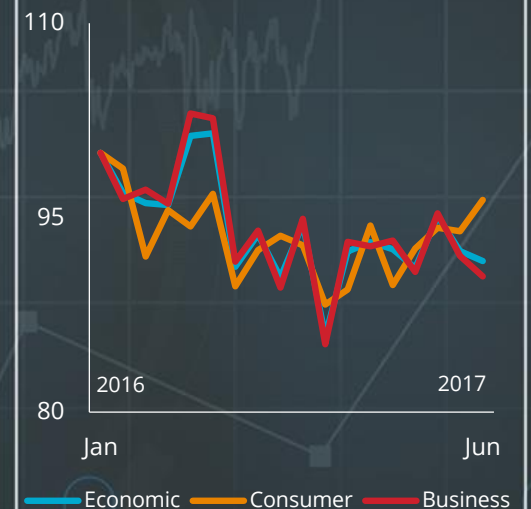
ECONOMIC PULSE

June 2017

91.8

-0.6 on previous index reading

PULSE TRENDS



Consumer Pulse

June 2017

"The widely held belief that warmer weather acts as a mood boost looks to be holding up, with households more upbeat this month."

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

KEY POINTS

- Consumer Pulse rises in June
- Broad based improvement
- Buying climate also positive

CONSUMER PULSE

June 2017

96.4

+2.3 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⬆️	9%	9%
⬆️	52%	44%
No Change	20%	27%
⬆️	10%	11%
⬆️	7%	4%
Balance	+24%	+22%
Change on previous reading	+3	+4

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⬆️	4%	6%
⬆️	22%	32%
No Change	52%	48%
⬆️	14%	8%
⬆️	8%	2%
Balance	+1%	+16%
Change on previous reading	+1	+3

The Consumer Pulse gathered pace in June 2017, coming in at 96.4. This was up 2.3 on last month and its highest reading since the Brexit vote. Households upgraded their assessment of the economy this month and were also more positive about their personal finances. The buying climate was little changed, with 37% considering it a good time to purchase big ticket items such as furniture and electrical goods. On the savings front, two in three indicated that they are likely to put money aside over the next year, with younger cohorts, students and those living with family leading the way.

Housing Pulse

June 2017

"While house price expectations remain in firm positive territory, readings were slightly softer this month in all regions apart from the Rest of Leinster."

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

KEY POINTS

- Housing Pulse falls in June
- 78% think house prices will rise in the coming year
- 71% expect rents to increase

HOUSING PULSE

June 2017

114.2

-1.1 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	37%
1% - 5%		41%
Stay more or less the same		15%
1% - 5%	Decrease	1%
> 5%		2%

Balance +55%

-2 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	30%
1% - 5%		41%
Stay more or less the same		23%
1% - 5%	Decrease	0%
> 5%		1%

Balance +49%

-1 on previous reading

The Housing Pulse eased back for a second month running in June 2017 to 114.2, though it is still at an elevated level and 8.3 higher than this time a year ago. While the majority of those surveyed expect house prices to increase in the next 12 months, the balance between positive and negative responses was down a little in June in all regions bar the Rest of Leinster. The on-going mismatch between supply and demand is impacting the rental market as well, with the cost of renting a key concern for two in five households.

Business Pulse

June 2017

"While the June data show some softening in export order books, the renewed weakness of the pound should be a positive for importers."

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

KEY POINTS

- Business Pulse softer in June
- Uncertainty to the fore
- Near-term prospects downgraded

BUSINESS PULSE

June 2017

90.7

-1.4 on previous
index reading

SECTOR PULSES

Industry
Pulse

95.6

+4.5 on previous
index reading

Services
Pulse

93.4

-0.8 on previous
index reading

Retail
Pulse

78.9

-3.4 on previous
index reading

Construction
Pulse

88.4

-12.0 on previous
index reading

The Business Pulse stood at 90.7 in June 2017, down 1.4 on May and 12 on this time last year. The Services, Retail and Construction Pulses all fell in the month, whereas the Industry Pulse picked up. With thoughts turning to the start of the Brexit negotiations and the inconclusive outcome of the UK general election weighing on minds, firms in each of the four sectors scaled back their expectations for business activity and hiring over the next 3 months. Speculation about the future of the help-to-buy scheme for first time buyers – which is under review at the moment – may also be having an impact on construction sentiment which saw a large drop in June.

Business Pulse

June 2017

BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	42%	42%	26%	34%
No Change	44%	50%	47%	50%
v	15%	7%	27%	16%
Balance	+27%	+35%	0%	+18%
Change on previous reading	+2	0	-11	-13

BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	47%	41%	37%	44%
No Change	47%	54%	49%	50%
v	6%	5%	14%	6%
Balance	+41%	+37%	+23%	+38%
Change on previous reading	-7	-8	-9	-13

JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	22%	13%	12%	20%
No Change	72%	83%	84%	74%
v	6%	4%	4%	6%
Balance	+16%	+9%	+8%	+14%
Change on previous reading	+4	+2	+1	+3

JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	20%	14%	10%	28%
No Change	78%	85%	83%	68%
v	2%	2%	7%	4%
Balance	+17%	+12%	+3%	+24%
Change on previous reading	-2	-4	-4	-1

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.

Disclaimer: This document has been prepared by the Economic Research Unit at The Governor and Company of the Bank of Ireland (“BOI”) for information purposes only and BOI is not soliciting any action based upon it. BOI believes any information contained herein to be accurate but does not warrant its accuracy and accepts no responsibility, other than any responsibility it may owe to any party under the European Communities (Markets in Financial Instruments) Regulations 2007 as may be amended from time to time, and under the Financial Conduct Authority rules (where the client is resident in the UK), for any loss or damage caused by any act or omission taken as a result of the information contained in this document. BOI acknowledge the financial contribution made by the European Union for carrying out the Irish element of the Joint Harmonised EU Programme of Business and Consumer Surveys. Any survey data communicated or published in this document reflects only the view of BOI and the European Commission is not responsible for any use that may be made of the information. Any decision made by a party after reading this document shall be on the basis of its own research and not be influenced or based on any view expressed by BOI either in this document or otherwise. This document does not address all risks and cannot be relied upon for any investment contract or decision. A party should obtain independent professional advice before making any investment decision. Expressions of opinion contained in this document reflect current opinion as at 23/06/2017 and is based on information available to BOI before that date which is subject to change without notice. This document is the property of BOI and its contents may not be reproduced, either in whole or in part, without the express written consent of a suitably authorised member of BOI. By accepting this document, the recipient agrees to be bound by the foregoing limitations. Bank of Ireland is regulated by the Central Bank of Ireland. In the UK, Bank of Ireland is authorised by the Central Bank of Ireland and the Prudential Regulation Authority and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority and regulation by the Financial Conduct Authority are available from us on request. Bank of Ireland incorporated in Ireland with limited liability. Registered Office - Head Office, 40 Mespil Road, Dublin 4, Ireland. Registered Number - C-1.