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Bank of Ireland economic pulse

March 2017

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

March 2017

“The business mood was more muted this month, which weighed on the headline Economic Pulse reading.”

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

The Bank of Ireland Economic Pulse was at 91.1 in March 2017. The index, which combines the results of the Consumer and Business Pulses, was down 1.4 on February and 5 below last March’s reading.

The consumer picture brightened this month as households upgraded their assessment of the economy and also took a more upbeat view of their personal finances.

In contrast, the unsettled external environment remained a source of concern for many firms and contributed to a fall in the Business Pulse, though sentiment at the sectoral level was somewhat mixed.

KEY POINTS

- Economic Pulse down slightly in March
- Sentiment among households picks up
- Firms more cautious

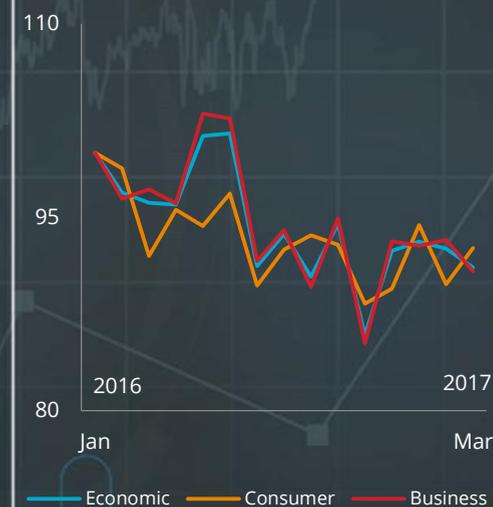
ECONOMIC PULSE

March 2017

91.1

-1.4 on previous index reading

PULSE TRENDS



Consumer Pulse

March 2017

“Households had a little more spring in their step this month, which helped the Consumer Pulse recover some ground.”

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

KEY POINTS

- Consumer Pulse rises in March
- Households more upbeat about the economy and their finances
- Almost half think unemployment will fall in the next 12 months

CONSUMER PULSE

March 2017

92.6

+2.8 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⤴	9%	8%
⤴	46%	42%
No Change	24%	26%
⤵	11%	12%
⤵	9%	8%
Balance	+18%	+15%
Change on previous reading	+2	+4

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⤴	5%	7%
⤴	20%	29%
No Change	53%	50%
⤵	15%	9%
⤵	6%	3%
Balance	+2%	+14%
Change on previous reading	+3	+2

The Consumer Pulse stood at 92.6 in March 2017, up 2.8 on February’s reading. With the unemployment rate down to an eight and a half year low and preliminary estimates from the CSO showing that the economy put in a strong performance last year, households felt a bit more positive about the overall economic and employment situation this month. Their assessment of their own finances also ticked up in March, as did buying sentiment with 36% considering it a good time to purchase big ticket items such as furniture and electrical goods (33% in February).

Housing Pulse

March 2017

“The Housing Pulse resumed its upward trajectory in March, with this month’s reading the second highest in the series’ history.”

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

KEY POINTS

- Housing Pulse up in March
- Majority expect house prices to increase over the next 12 months
- Same for rents

HOUSING PULSE

March 2017

110.2

+2.0 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	32%
1% - 5%		42%
Stay more or less the same		21%
1% - 5%	Decrease ↓	2%
> 5%		1%

Balance +51%
+2 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	28%
1% - 5%		41%
Stay more or less the same		27%
1% - 5%	Decrease ↓	1%
> 5%		0%

Balance +48%
+2 on previous reading

Having eased back last month, the Housing Pulse gathered pace in March 2017, rising to 110.2. The details show that three in four survey respondents expect house prices to increase in the next 12 months, with the capital leading the way at 83%. This compares with 75% in the Rest of Leinster, 72% in Munster and 61% in Connacht/Ulster. Rent expectations were also in firm positive territory in March, with the majority of the view that rents will continue to rise over the coming year. At the regional level, Dublin was again ahead of the pack.

Business Pulse

March 2017

"The Business Pulse was softer this month, with Brexit on firms' radar as the end-March date for triggering Article 50 fast approaches."

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

KEY POINTS

- Business Pulse down in March
- Sentiment mixed across the sectors
- One in three firms to increase investment spend this year

BUSINESS PULSE

March 2017

90.8

-2.5 on previous index reading

SECTOR PULSES

Industry Pulse

87.4

-13.6 on previous index reading

Services Pulse

94.7

-1.4 on previous index reading

Retail Pulse

79.2

-0.4 on previous index reading

Construction Pulse

96.7

+3.8 on previous index reading

The Business Pulse came in at 90.8 in March 2017, down 2.5 on last month. Following solid increases in February, the Services and Industry Pulses fell back this month (softer order books and hiring intentions pulled down the latter), whereas sentiment was broadly unchanged among retailers. It picked up among firms in the construction sector, though given the time of the year, seasonal factors may account for some of this improvement. The March data also show that one in three businesses expects to spend more on investment this year compared to last year, with replacing and maintaining plant and equipment the main area of focus.

Business Pulse

March 2017

BUSINESS ACTIVITY		Past 3 Months			
	Industry	Services	Retail	Construction	
^	37%	40%	25%	35%	
No Change	47%	50%	45%	48%	
∨	16%	11%	31%	16%	
Balance	+21%	+29%	-6%	+19%	
Change on previous reading	-7	+6	-8	-5	

BUSINESS ACTIVITY		Next 3 Months			
	Industry	Services	Retail	Construction	
^	59%	56%	52%	55%	
No Change	36%	40%	36%	42%	
∨	5%	4%	12%	2%	
Balance	+53%	+53%	+40%	+53%	
Change on previous reading	-1	+5	+4	+4	

JOBS		Past 3 Months			
	Industry	Services	Retail	Construction	
^	15%	11%	8%	16%	
No Change	79%	83%	87%	78%	
∨	6%	6%	5%	5%	
Balance	+9%	+5%	+3%	+11%	
Change on previous reading	-1	0	-2	+9	

JOBS		Next 3 Months			
	Industry	Services	Retail	Construction	
^	15%	20%	10%	29%	
No Change	83%	79%	86%	68%	
∨	2%	1%	3%	3%	
Balance	+13%	+19%	+7%	+26%	
Change on previous reading	-6	+3	+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, 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.

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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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