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## Bank of Ireland economic pulse

March 2018

 Economic  
Pulse

 Consumer  
Pulse

 Housing  
Pulse

 Business  
Pulse

# Economic Pulse

## March 2018

"It was a hat-trick for the Economic Pulse in March with sentiment up for a third month running and higher than a year ago when Article 50 was triggered."

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

The Bank of Ireland Economic Pulse stood at 97.2 in March 2018. The index, which combines the results of the Consumer and Business Pulses, was up 1.9 on February and 6.0 higher than a year ago when the UK triggered Article 50.

The Business Pulse led the way this month, though sentiment was mixed across the sectors. The recent bad weather impacted construction activity in particular, while Brexit was on everyone's radar amid tensions over the terms of the transition period. On the consumer front, confidence was down a little in March but remains at a high level.

### KEY POINTS

- Economic Pulse up in March
- Business Pulse posts a 21 month high
- Consumer confidence softer

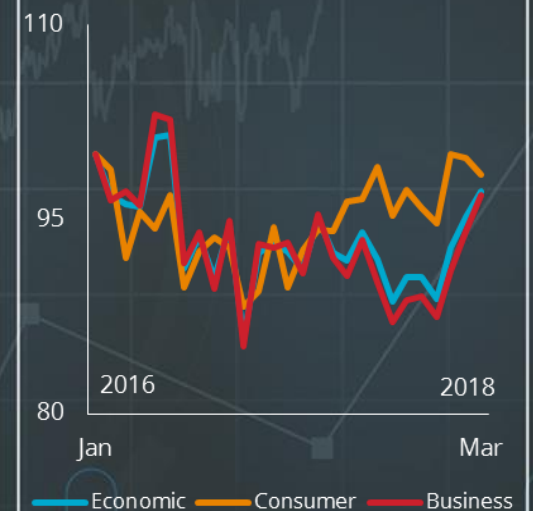
### ECONOMIC PULSE

March 2018

97.2

+1.9 on previous  
index reading

### PULSE TRENDS



# Consumer Pulse

## March 2018

"Confidence was softer this month but the overall picture remains bright, with tailwinds abounding for the consumer."

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

### KEY POINTS

- Consumer Pulse down in March
- Households more cautious about their finances
- Buying sentiment softer

### CONSUMER PULSE

March 2018

98.4

-1.3 on previous index reading

### GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⋈	13%	9%
⋈	49%	48%
No Change	21%	26%
⋇	10%	10%
⋇	5%	4%
Balance	+28%	+24%
Change on previous reading	0	+1

### HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⋈	5%	7%
⋈	23%	30%
No Change	56%	53%
⋇	11%	7%
⋇	4%	2%
Balance	+6%	+17%
Change on previous reading	-3	0

The Consumer Pulse came in at 98.4 in March 2018, down 1.3 on February's reading but up 5.8 on this time last year. While households were a bit more cautious about their own finances this month, their assessment of the general economic situation was little changed. Over half think the economy will improve in the coming year, with just under a half expecting unemployment to fall further. Buying sentiment was softer in March though (34% considered it a good time to purchase big ticket items like furniture and electrical goods compared with 39% last month), with the bad weather a likely factor here.

# Housing Pulse

## March 2018

"The Beast from the East and Storm Emma took a toll on the construction sector this month, with 53% of builders impacted by the bad weather."

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

### KEY POINTS

- Housing Pulse eases back in March
- House price expectations in firm positive territory
- Same for rents

### HOUSING PULSE

March 2018

114.2

-1.4 on previous index reading

### HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	38%
1% - 5%		39%
Stay more or less the same		18%
1% - 5%	Decrease	1%
> 5%		1%

**Balance +55%**

-2 on previous reading

### RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	29%
1% - 5%		38%
Stay more or less the same		28%
1% - 5%	Decrease	1%
> 5%		1%

**Balance +47%**

-3 on previous reading

The Housing Pulse stood at 114.2 in March 2018. This was down 1.4 on last month but up 4.0 on a year ago. The findings show that 77% of households think prices will rise over the coming year, with two in three expecting rents to increase. While the mismatch between demand and supply in the market continues, two in five construction firms expect to invest more this year compared with last year which bodes well. A shortage of labour and uncertainty are concerns though, with weather conditions especially problematic for building activity this month.



# Business Pulse

## March 2018

"Almost two in five firms expect to increase their investment spend this year, with replacing and maintaining plant and equipment the first port of call."

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

### KEY POINTS

- Business Pulse up in March
- Highest reading in 21 months
- Investment on the cards

### BUSINESS PULSE

March 2018

96.9

+2.7 on previous  
index reading

### SECTOR PULSES

Industry  
Pulse

89.2

-8.5 on previous  
index reading

Services  
Pulse

100.6

+5.6 on previous  
index reading

Retail  
Pulse

89.7

+5.1 on previous  
index reading

Construction  
Pulse

99.3

-4.4 on previous  
index reading

The Business Pulse rose for a third month running in March 2018, to 96.9 (this was 2.7 higher than last month and 6.1 higher than a year ago). Sentiment was mixed across the sectors though, with the Services and Retail Pulses gaining ground but the Industry and Construction Pulses down on the month. The March data also show that almost two in five businesses expect to spend more on investment this year compared to last year, with demand from customers, financial and technical conditions generally seen as supportive. While the UK vote to leave the EU remains a drag, the number of firms impacted by this decision and putting their investment plans on hold because of it is now at 44%, down from 53% this time last year.

# Business Pulse

March 2018

## BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	36%	33%	29%	34%
No Change	49%	55%	48%	46%
v	15%	13%	22%	20%
Balance	+21%	+20%	+7%	+14%
Change on previous reading	-3	-4	-4	-15

## BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	56%	53%	52%	55%
No Change	40%	45%	41%	39%
v	4%	2%	7%	5%
Balance	+53%	+51%	+45%	+50%
Change on previous reading	0	-1	+7	-1

## JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	17%	9%	10%	12%
No Change	75%	85%	83%	79%
v	8%	6%	7%	10%
Balance	+10%	+2%	+3%	+2%
Change on previous reading	-2	-1	-1	-5

## JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	21%	20%	14%	30%
No Change	77%	79%	83%	66%
v	1%	1%	3%	5%
Balance	+20%	+19%	+11%	+25%
Change on previous reading	+1	+2	+2	-4

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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