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Bank of Ireland economic pulse

March 2019

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

March 2019

"The Economic Pulse remains at a low ebb, with Brexit uncertainty tempering the mood again this month."

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

The Bank of Ireland Economic Pulse came in at 89.4 in March 2019. The index, which combines the results of the Consumer and Business Pulses, was down 1.4 on last month and 7.7 on a year ago.

With a raft of votes - on Prime Minister May's deal, exiting without an agreement and extending Article 50 - taking place in the UK Parliament, London and Brussels in 11th hour talks and the Irish Government ramping up its no deal preparations, Brexit has continued to make waves and temper the mood. Sentiment was down in all business sectors this month, while households remained jittery about the outlook for the economy.

KEY POINTS

- Economic Pulse down in March
- Consumer confidence up a notch
- Business sentiment softer

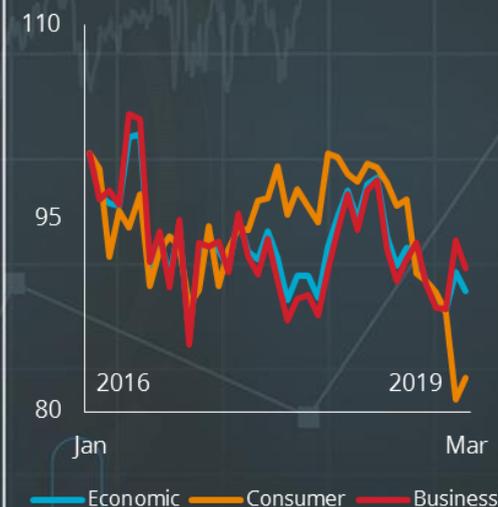
ECONOMIC PULSE

March 2019

89.4

-1.4 on previous index reading

PULSE TRENDS



Consumer Pulse

March 2019

“Having posted a series low last month, the Consumer Pulse was a touch higher this month.”

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

KEY POINTS

- Consumer Pulse ticks up in March
- 33% think it is a good time to buy big ticket items
- Three in four likely to save in the next 12 months

CONSUMER PULSE

March 2019

82.6

+1.5 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⤴	10%	4%
⤴	40%	20%
No Change	23%	24%
⤵	16%	30%
⤵	9%	13%
Balance	+13%	-14%
Change on previous reading	+6	+2

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⤴	4%	6%
⤴	22%	26%
No Change	55%	50%
⤵	12%	11%
⤵	5%	4%
Balance	+4%	+9%
Change on previous reading	+1	-3

The Consumer Pulse stood at 82.6 in March 2019, up 1.5 on last month but down 15.8 on a year ago. Buoyed by positive news on the jobs and earnings fronts, households were more upbeat about recent economic developments this month. Their assessment of the economy’s prospects for the coming year was little changed though, with the balance of positive and negative responses remaining firmly in the red amid ongoing Brexit uncertainty. This uncertainty may also be contributing to an increasing propensity to save among households (three in four said they are likely to put some money aside in the next 12 months, up from 70% a year ago).

Housing Pulse

March 2019

"The Housing Pulse took another dip this month, with the March reading marking a fresh low for the series."

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

KEY POINTS

- Housing Pulse softer in March
- Lowest print to date
- Two in three households still expect prices to rise

HOUSING PULSE

March 2019

97.7

-2.1 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	24%
1% - 5%		40%
Stay more or less the same		26%
1% - 5%	Decrease ↓	4%
> 5%		3%

Balance +39%

-2 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	23%
1% - 5%		40%
Stay more or less the same		30%
1% - 5%	Decrease ↓	2%
> 5%		1%

Balance +41%

-4 on previous reading

The Housing Pulse came in at 97.7 in March 2019, down 2.1 on last month. With the Central Bank's mortgage rules and increasing supply continuing to take some of the edge off the market, a general cooling in house price expectations and an easing in the annual rate of house price inflation have been evident over the past while. Demographics, job gains and earnings growth remain supportive though, and with the number of units coming on stream still well shy of what is needed, two in three households think house prices will increase in the next 12 months.

Business Pulse

March 2019

“While investment is on the cards for this year, Brexit-related uncertainty has led some firms to adopt a ‘wait and see’ approach to decisions.”

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

KEY POINTS

- Business Pulse down in March
- All sectors ease back
- Three in ten firms to invest more in 2019

BUSINESS PULSE

March 2019

91.1

-2.1 on previous index reading

SECTOR PULSES

Industry Pulse

90.9

-2.6 on previous index reading

Services Pulse

94.7

-2.0 on previous index reading

Retail Pulse

79.6

-1.7 on previous index reading

Construction Pulse

91.1

-3.4 on previous index reading

At 91.1 in March 2019, the Business Pulse was down 2.1 on last month and 5.7 lower than a year ago. All four sector Pulses lost ground this month, with firms in industry, services and construction reporting softer order books and retailers taking a dim view of the recent trading period. More positively, the March survey finds that three in ten businesses expect to increase their investment spending this year compared to last year, with replacing and maintaining plant and equipment the main area of focus. Uncertainty remains a drag however and with clarity about Brexit still lacking, 58% of firms impacted by the UK’s decision to leave the EU indicated that they have pressed the pause button on their investment plans for 2019.

Business Pulse

March 2019

BUSINESS ACTIVITY		Past 3 Months			
	Industry	Services	Retail	Construction	
^	35%	32%	25%	32%	
No Change	47%	53%	47%	52%	
∨	17%	15%	28%	16%	
Balance	+18%	+17%	-3%	+16%	
Change on previous reading	+5	-2	-12	-6	

JOBBS		Past 3 Months			
	Industry	Services	Retail	Construction	
^	14%	9%	9%	12%	
No Change	79%	86%	84%	79%	
∨	7%	6%	6%	9%	
Balance	+8%	+3%	+3%	+3%	
Change on previous reading	+4	0	-2	-2	

BUSINESS ACTIVITY		Next 3 Months			
	Industry	Services	Retail	Construction	
^	49%	47%	41%	45%	
No Change	45%	46%	45%	51%	
∨	6%	6%	13%	4%	
Balance	+43%	+41%	+28%	+41%	
Change on previous reading	-8	-2	+4	+5	

JOBBS		Next 3 Months			
	Industry	Services	Retail	Construction	
^	18%	18%	9%	25%	
No Change	80%	79%	88%	71%	
∨	3%	2%	3%	4%	
Balance	+15%	+16%	+6%	+21%	
Change on previous reading	-1	+1	+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, 300 firms in industry, 1000 services firms, 400 retailers and 200 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 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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