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## Bank of Ireland economic pulse

May 2018

 Economic  
Pulse

 Consumer  
Pulse

 Housing  
Pulse

 Business  
Pulse

# Economic Pulse

## May 2018

"With households and firms springing into summer, the Economic Pulse rose in May."

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

The Bank of Ireland Economic Pulse came in at 97.6 in May 2018. The index, which combines the results of the Consumer and Business Pulses, was up 2.7 on April's reading and 5.1 on a year ago.

This time last year a gap started to open up between households and businesses, with consumer confidence forging ahead in the following months but sentiment among firms more subdued. The Business Pulse has rallied this year though helped by the solid momentum in the Irish and global economies (Brexit uncertainty and geopolitical tensions aside) and with this, the gap now looks to be closing.

### KEY POINTS

- Economic Pulse strengthens in May
- Households in a more positive mood
- Business sentiment catching up

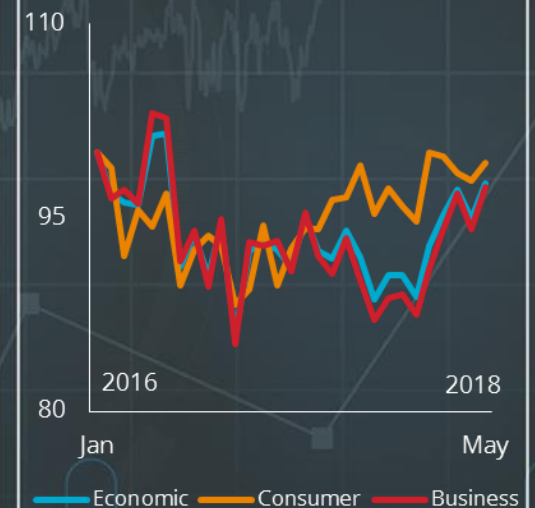
### ECONOMIC PULSE

May 2018

97.6

+2.7 on previous  
index reading

### PULSE TRENDS



# Consumer Pulse

## May 2018

"Summer is here and with spirits lifting, two in three households are planning on spending the same or more on holidays this year compared with last year."

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

### KEY POINTS

- Consumer Pulse up in May
- Close to the series high
- Two in three to spend the same or more on holidays this year

### CONSUMER PULSE

May 2018

99.2

+1.4 on previous  
index reading

### GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⋈	15%	8%
^	49%	48%
No Change	20%	25%
∨	8%	10%
⋇	6%	5%
Balance	+29%	+22%
Change on previous reading	+2	-2

### HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⋈	5%	4%
^	27%	33%
No Change	51%	53%
∨	11%	6%
⋇	5%	2%
Balance	+7%	+16%
Change on previous reading	+2	0

At 99.2 in May 2018, the Consumer Pulse was up 1.4 on last month and 5.1 higher than a year ago. Households were a little more upbeat about the current economic situation this month, and also took a more positive view of their existing financial position. On the buying front, 36% considered May a good time to purchase big ticket items like furniture and electrical goods, while just over a quarter expect to increase the amount they spend instore in the next 12 months and one in five expects to ramp up spending done online.

# Housing Pulse

## May 2018

"Data from the CSO show that house prices are growing strongly, with the Housing Pulse indicating there is more to come."

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

### KEY POINTS

- Housing Pulse ticks up in May
- 38% concerned about rising house prices
- Cost of renting a worry for 42%

### HOUSING PULSE

May 2018

116.6

+0.4 on previous index reading

### HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	37%
1% - 5%		44%
Stay more or less the same		14%
1% - 5%	Decrease	1%
> 5%		1%

**Balance +58%**

+1 on previous reading

### RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	30%
1% - 5%		42%
Stay more or less the same		23%
1% - 5%	Decrease	1%
> 5%		0%

**Balance +50%**

+1 on previous reading

The Housing Pulse rose to 116.6 in May 2018 from 116.1 last month. While new homes are being built, supply is failing to keep pace with demand. This is putting upward pressure on house prices and fuelling expectations of further gains. This is the case throughout the country, with almost nine in ten households in Dublin, around four in five in the Rest of Leinster and Munster and two in three in Connacht/Ulster expecting prices to increase in the next 12 months. The survey results also show that rent expectations were in firm positive territory in all regions in May.



# Business Pulse

## May 2018

"With oil prices on the up and the euro coming off the boil recently, input costs are feeling the pressure."

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

### KEY POINTS

- Business Pulse bounces back in May
- At a 23 month high
- Improvement in sentiment across sectors

### BUSINESS PULSE

May 2018

97.2

+3.0 on previous index reading

### SECTOR PULSES

Industry Pulse

102.6

+3.7 on previous index reading

Services Pulse

99.7

+3.6 on previous index reading

Retail Pulse

83.6

+0.3 on previous index reading

Construction Pulse

99.2

+3.0 on previous index reading

The Business Pulse stood at 97.2 in May 2018. This was up 3.0 on April's reading and 5.1 higher than this time last year. Helped by improving order books, the Industry, Services and Construction Pulses all gained ground this month, while the Retail Pulse was little changed. The May data also point to growing inflationary pressures, related in part to rising oil prices and recent exchange rate developments. 52% of firms in industry and 40% in services reported an increase in non-labour input costs over the past three months for example; well up on the April responses of 44% and 36% respectively. Most businesses still expect to keep their selling prices unchanged in the period ahead though.

# Business Pulse

May 2018

## BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	37%	43%	32%	38%
No Change	52%	48%	43%	49%
v	12%	8%	25%	13%
Balance	+25%	+35%	+6%	+24%
Change on previous reading	+11	+7	+3	+3

## BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	54%	53%	50%	51%
No Change	39%	42%	42%	45%
v	7%	5%	9%	4%
Balance	+46%	+47%	+41%	+47%
Change on previous reading	-1	-2	-4	-1

## JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	17%	12%	9%	13%
No Change	78%	81%	87%	83%
v	6%	6%	4%	5%
Balance	+11%	+6%	+5%	+8%
Change on previous reading	+2	+1	0	-1

## JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	29%	20%	11%	27%
No Change	69%	78%	85%	71%
v	2%	2%	4%	2%
Balance	+26%	+18%	+8%	+24%
Change on previous reading	+7	-1	-2	-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, 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 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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