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Bank of Ireland economic pulse

May 2019

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

May 2019

"A mixed picture this month, with the Consumer Pulse doing some catching up and the Business Pulse easing back."

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

The Bank of Ireland Economic Pulse stood at 90.2 in May 2019. The index, which combines the results of the Consumer and Business Pulses, was down 1.1 on last month and 7.3 lower than a year ago.

With the UK Parliament in recess over the Easter break and the bank holiday period, the Brexit news flow dried up considerably, providing breathing space for households and helping to lift the mood this month. And with business sentiment softer – albeit mixed across the sectors – the gap that had opened up between the Consumer and Business Pulses over the last while narrowed in May.

KEY POINTS

- Economic Pulse dips in May
- Consumer mood brightens
- Business sentiment softer

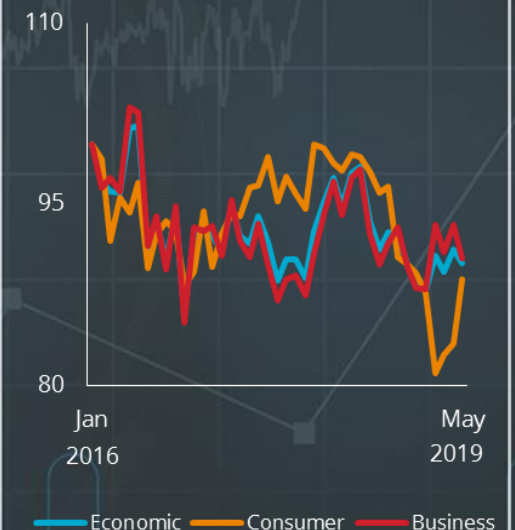
ECONOMIC PULSE

May 2019

90.2

-1.1 on previous index reading

PULSE TRENDS



Consumer Pulse

May 2019

"With the holiday season getting underway and a lull in the Brexit news flow, households were in a more upbeat mood this month."

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

KEY POINTS

- Consumer Pulse firmer in May
- Expectations for the economy back in the black
- 20% to spend more online in the next 12 months

CONSUMER PULSE

May 2019

88.8

+5.3 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⋈	11%	7%
⋈	36%	33%
No Change	23%	28%
⋇	17%	19%
⋇	10%	9%
Balance	+11%	+5%
Change on previous reading	0	+18

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⋈	6%	5%
⋈	23%	28%
No Change	54%	54%
⋇	11%	7%
⋇	6%	3%
Balance	+6%	+12%
Change on previous reading	+2	+2

The Consumer Pulse recovered some ground in May 2019, coming in at 88.8. This was 5.3 higher than last month but 10.4 lower than a year ago. Households markedly upgraded their assessment of the economy's prospects this month and were also slightly more positive about their own finances. Buying sentiment ticked up as well, with 36% considering it a good time to purchase big ticket items like furniture and electrical goods (32% in April), while seven in ten are planning on spending the same or more on holidays this year compared with last year.

Housing Pulse

May 2019

"Housing remains firmly on households' agenda, with rising prices and high rents a struggle for many."

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

KEY POINTS

- Housing Pulse up in May
- Four in ten concerned about rising house prices
- Cost of renting a worry for 45%

HOUSING PULSE

May 2019

102.7

+5.7 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	26%
1% - 5%		43%
Stay more or less the same		24%
1% - 5%	Decrease	4%
> 5%		2%

Balance +44%

+6 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	23%
1% - 5%		43%
Stay more or less the same		29%
1% - 5%	Decrease	2%
> 5%		1%

Balance +42%

-1 on previous reading

The Housing Pulse picked up to 102.7 in May 2019, from 96.9 in April. The gain this month comes after a run of soft readings and was broad based in nature - the share of households expecting house prices to increase over the coming year rose in all regions and now stands at three in four in Dublin and in and around the two thirds mark in the Rest of Leinster, Munster and Connacht/Ulster. On the rents side, the results show that expectations were also in firm positive territory throughout the country in May.

Business Pulse

May 2019

"While input costs have risen for many businesses, most do not expect to change their selling prices in the near term."

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

KEY POINTS

- Business Pulse down in May
- Mixed sectoral picture
- Non-labour input costs up for nearly half of firms

BUSINESS PULSE

May 2019

90.6

-2.7 on previous
index reading

SECTOR PULSES

Industry
Pulse

94.3

+1.7 on previous
index reading

Services
Pulse

88.5

-5.7 on previous
index reading

Retail
Pulse

90.6

+2.7 on previous
index reading

Construction
Pulse

98.9

-1.1 on previous
index reading

The Business Pulse came in at 90.6 in May 2019, down 2.7 on last month and 6.6 lower than a year ago. The sectoral picture was mixed however, with a pullback in the Services Pulse (mainly because larger firms were more subdued this month) and the Construction Pulse, whereas the Retail and Industry Pulses advanced. In industry, the May survey also finds that the share of firms reporting stocks of finished goods as being above normal for the season was higher than usual. This was the case in February and April too and suggests that businesses worried about supply chain or logistic disruptions in the event of a 'no deal' Brexit are engaging in some precautionary stockpiling.

Business Pulse

May 2019

BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	40%	40%	28%	40%
No Change	49%	49%	50%	49%
v	11%	11%	22%	11%
Balance	+30%	+29%	+6%	+29%
Change on previous reading	+14	+6	-3	+6

BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	49%	44%	47%	43%
No Change	46%	50%	41%	51%
v	4%	6%	12%	6%
Balance	+45%	+39%	+35%	+36%
Change on previous reading	+7	+3	+5	-9

JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	19%	11%	10%	9%
No Change	74%	84%	83%	84%
v	7%	5%	7%	6%
Balance	+12%	+6%	+4%	+3%
Change on previous reading	+8	+3	0	+1

JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	22%	17%	12%	18%
No Change	78%	80%	85%	80%
v	1%	2%	4%	2%
Balance	+21%	+15%	+8%	+16%
Change on previous reading	+5	-1	0	-6

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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