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Bank of Ireland economic pulse

November 2019

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

November 2019

"The Economic Pulse rose this month on the back of a bounce in consumer confidence and a further uptick in business sentiment."

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

The Bank of Ireland Economic Pulse came in at 80.6 in November 2019. The index, which combines the results of the Consumer and Business Pulses, was up 3.6 on last month but 9.3 lower than a year ago.

The uneventful passing of the Halloween Brexit deadline and the further extension of Article 50 – Prime Minister Johnson managed to strike a new deal with the EU but failed to get it through the UK Parliament – contributed to a bounce in consumer sentiment this month, and while business sentiment also improved, continuing uncertainty is tempering firms' investment decisions.

KEY POINTS

- Economic Pulse rises in November
- Consumer mood brightens
- Business sentiment also up

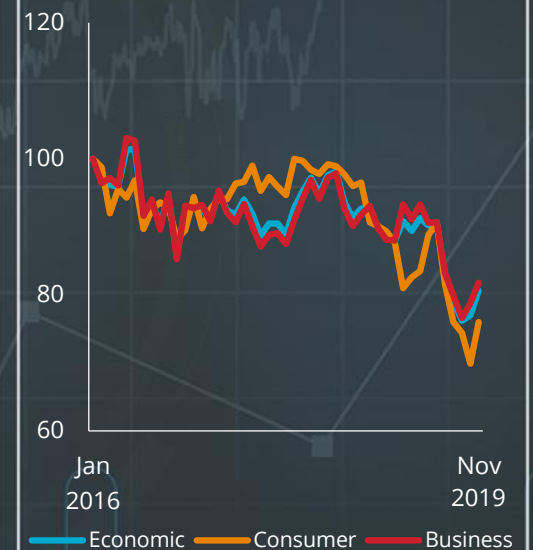
ECONOMIC PULSE

November 2019

80.6

+3.6 on previous index reading

PULSE TRENDS



Consumer Pulse

November 2019

"The Consumer Pulse caught a break this month, with the index rising for the first time since June."

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

KEY POINTS

- Consumer Pulse strengthens in November
- Brexit worries take a step back
- Festive cheer kicking in

CONSUMER PULSE

November 2019

76.0

+6.1 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⬆️	5%	4%
⬆️	28%	19%
No Change	28%	25%
⬆️	24%	32%
⬆️	12%	14%
Balance	-5%	-16%
Change on previous reading	0	+14

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⬆️	5%	6%
⬆️	20%	22%
No Change	55%	54%
⬆️	12%	11%
⬆️	7%	4%
Balance	+2%	+8%
Change on previous reading	+1	+5

The Consumer Pulse recovered some ground in November 2019, coming in at 76.0. This was up 6.1 on last month's reading but 14.2 lower than a year ago. With the further extension of Article 50 taking a no deal Brexit off the table for now, households were less downbeat about the outlook for the economy this month. They also upgraded their assessment of their own finances and with the festive season approaching, one in six plans to spend more on Christmas presents this year compared with last year, while 57% intend to spend about the same.

Housing Pulse

November 2019

"After a soft run of readings, the Housing Pulse perked up this month but it is too soon to say if it has turned a corner."

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

KEY POINTS

- Housing Pulse firmer in November
- 48% expect house prices to rise in the next 12 months
- Three in five think rents will go up

HOUSING PULSE

November 2019

80.9

+7.5 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	16%
1% - 5%		32%
Stay more or less the same		34%
1% - 5%	Decrease	13%
> 5%		4%

Balance +22%

+7 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	22%
1% - 5%		38%
Stay more or less the same		34%
1% - 5%	Decrease	3%
> 5%		0%

Balance +39%

+1 on previous reading

The Housing Pulse stood at 80.9 in November 2019, up from 73.3 in October. The share of households expecting house prices to increase over the coming year rose in all regions this month, helping to arrest the downward slide in the headline index since the summer. Whether this is a temporary reprieve on the back of recent Brexit developments or something more remains to be seen however. On the rents front, the survey results indicate that the cost of renting is still high up on the list of households' worries, with 45% saying that they are concerned about it.

Business Pulse

November 2019

"Business sentiment was up in November but ongoing Brexit uncertainty looks set to keep a lid on investment into next year."

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

KEY POINTS

- Business Pulse up in November
- One in five retailers expects their festive turnover to be higher than last year
- Brexit weighing on investment plans

BUSINESS PULSE

November 2019

81.8

+2.9 on previous
index reading

SECTOR PULSES

Industry
Pulse

79.0

+1.4 on previous
index reading

Services
Pulse

82.9

+1.9 on previous
index reading

Retail
Pulse

81.9

+8.2 on previous
index reading

Construction
Pulse

77.9

+1.7 on previous
index reading

The Business Pulse came in at 81.8 in November 2019, up 2.9 on last month but down 8.1 on a year ago. All four sectoral Pulses posted firmer readings this month, with the Retail Pulse - buoyed by broadly positive expectations for the Christmas trading period - leading the charge. While the mood music around Brexit has been more positive lately, there is still considerable uncertainty as to when and how the UK will leave the EU. This is having a knock-on effect on investment decisions, with the November survey finding that around half of the firms that expect to be impacted by Brexit are putting their plans for 2020 on hold, much like the 'wait and see' approach they adopted this year.

Business Pulse

November 2019

BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	33%	28%	22%	29%
No Change	49%	55%	54%	53%
v	19%	17%	25%	18%
Balance	+14%	+11%	-3%	+11%
Change on previous reading	+5	+4	+7	-7

BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	35%	27%	40%	24%
No Change	53%	61%	46%	64%
v	12%	12%	14%	12%
Balance	+23%	+14%	+26%	+12%
Change on previous reading	+6	+6	+11	-7

JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	14%	7%	8%	11%
No Change	80%	85%	84%	81%
v	6%	8%	8%	7%
Balance	+7%	-1%	-1%	+4%
Change on previous reading	+4	-3	-1	-3

JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	13%	9%	9%	11%
No Change	83%	87%	86%	80%
v	4%	4%	5%	9%
Balance	+8%	+5%	+4%	+2%
Change on previous reading	+4	-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 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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