

Overview

Bank of Ireland 



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Bank of Ireland economic pulse

October 2017

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

October 2017

"The mood among households brightened this month, with business sentiment also improving albeit the picture was mixed across the sectors."

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

The Bank of Ireland Economic Pulse came in at 90.5 in October 2017. The index, which combines the results of the Consumer and Business Pulses, was up 1.7 on September but 4.0 lower than this time last year.

Budget 2018 took place during this month's survey period, with some interviews conducted before the details were unveiled and some after, though the measures announced were broadly as expected. The Consumer Pulse rose in October, with business sentiment also up on the month. The picture was mixed across the sectors however, with the Retail and Construction Pulses ahead of last month's readings but the Industry and Services Pulses behind.

KEY POINTS

- Economic Pulse up in October
- Consumer confidence back on track
- Mixed business picture

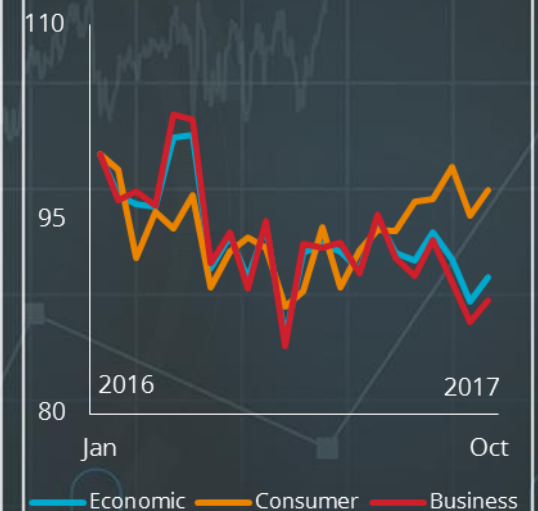
ECONOMIC PULSE

October 2017

90.5

+1.7 on previous index reading

PULSE TRENDS



Consumer Pulse

October 2017

"The Consumer Pulse was back on track this month, with sentiment among households picking up after last month's temporary setback."

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

KEY POINTS

- Consumer Pulse rebounds in October
- Households more upbeat about the economic environment
- 28% likely to buy a car in the next 12 months

CONSUMER PULSE

October 2017

97.3

+2.0 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⬆️	9%	8%
⬆️	53%	51%
No Change	21%	25%
⬆️	9%	9%
⬆️	7%	4%
Balance	+24%	+25%
Change on previous reading	+4	+5

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⬆️	5%	5%
⬆️	21%	28%
No Change	57%	53%
⬆️	13%	8%
⬆️	4%	2%
Balance	+5%	+13%
Change on previous reading	+1	-2

The Consumer Pulse stood at 97.3 in October 2017, up 2.0 on September's reading and 4.4 on a year ago. Households were more positive about the economy and the outlook for unemployment this month, which helped the index recover some of the ground lost last month. Their assessment of their own financial situation was little changed however, notwithstanding the changes to social welfare payments and income taxes outlined in Budget 2018. Buying sentiment was also little changed on the month, with 37% considering it a good time to purchase big ticket items such as furniture and electrical goods (36% in September).

Housing Pulse

October 2017

"On the home improvements front, one in four is likely to spend a large sum of money doing up or renovating an existing property in the next 12 months."

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

KEY POINTS

- Housing Pulse up in October
- 67% think it is cheaper to purchase a property than rent in their area
- Time of life the main reason for wanting to buy a home

HOUSING PULSE

October 2017

119.8

+2.8 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	44%
1% - 5%		37%
Stay more or less the same		13%
1% - 5%	Decrease	1%
> 5%		1%

Balance +61%

+3 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	35%
1% - 5%		37%
Stay more or less the same		24%
1% - 5%	Decrease	1%
> 5%		0%

Balance +53%

+3 on previous reading

The Housing Pulse rose for a second month running in October 2017, to 119.8. The majority of survey respondents continue to expect house prices to rise over the coming year, with the share expecting increases in excess of 5% ticking up this month. The data also suggest that it is something of a seller's market at present; especially in Dublin where 71% consider it a good time to sell but just 40% think it is a good time to buy. The corresponding national figures are 63% and 49%. On the rental side, expectations for the next 12 months were also in firm positive territory in October.

Business Pulse

October 2017

"Two in three firms have ambitions to expand over the next 1 to 3 years according to the latest Business Pulse findings."

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

KEY POINTS

- Business Pulse rises in October
- Sentiment mixed across the sectors
- Pay increases on the cards

BUSINESS PULSE

October 2017

88.8

+1.7 on previous
index reading

SECTOR PULSES

Industry
Pulse

91.3

-1.9 on previous
index reading

Services
Pulse

87.3

-0.7 on previous
index reading

Retail
Pulse

89.8

+12.3 on previous
index reading

Construction
Pulse

93.3

+1.2 on previous
index reading

At 88.8 in October 2017, the Business Pulse was up 1.7 on last month but down 6.1 on a year ago. The Retail Pulse led the way this month, with the Construction Pulse also up a little. Industry and services sentiment was down however and the data also point to some softening in export orders for the coming 3 months. The weakness of the pound remains a key concern for firms exporting to the UK, as does Brexit-related uncertainty. On the wage front, two in five businesses indicated that they expect to increase basic pay over the next 12 months. This is up from one in three in July and reflects the ongoing improvement in the labour market, with firms also starting to factor in the forthcoming increase in the national minimum wage.

Business Pulse

October 2017

BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	40%	41%	31%	42%
No Change	48%	49%	50%	46%
v	13%	10%	19%	12%
Balance	+27%	+32%	+12%	+30%
Change on previous reading	0	-3	+4	0

BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	49%	36%	46%	44%
No Change	44%	53%	43%	49%
v	7%	11%	10%	7%
Balance	+42%	+24%	+36%	+37%
Change on previous reading	-2	-4	+1	-2

JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	19%	12%	10%	17%
No Change	75%	82%	83%	78%
v	6%	7%	7%	5%
Balance	+12%	+5%	+4%	+12%
Change on previous reading	-2	-2	+1	-2

JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	20%	13%	10%	20%
No Change	77%	82%	87%	75%
v	3%	5%	3%	5%
Balance	+17%	+8%	+7%	+15%
Change on previous reading	+1	-1	+4	-1

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.

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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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