

Further material available at
www.BankofIrelandEconomicPulse.com



economic pulse

October 2019

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

October 2019

"The Economic Pulse was a touch firmer this month as the risk of a Halloween no deal Brexit receded amid growing hopes of a last minute deal."

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

The Bank of Ireland Economic Pulse came in at 77.0 in October 2019. The index, which combines the results of the Consumer and Business Pulses, was up 0.8 on last month but 15.6 lower than a year ago.

Budget 2020 and Brexit formed the backdrop to this month's survey, with the former framed on the basis of a no deal scenario come October 31st. News of a breakthrough on the Northern Ireland protocol raised the possibility of the UK and EU concluding a revised Withdrawal Agreement however, and while this wasn't enough to lift consumers out of their malaise, it did help the business mood.

KEY POINTS

- Economic Pulse up in October
- Consumer confidence tracks lower
- Business sentiment edges higher

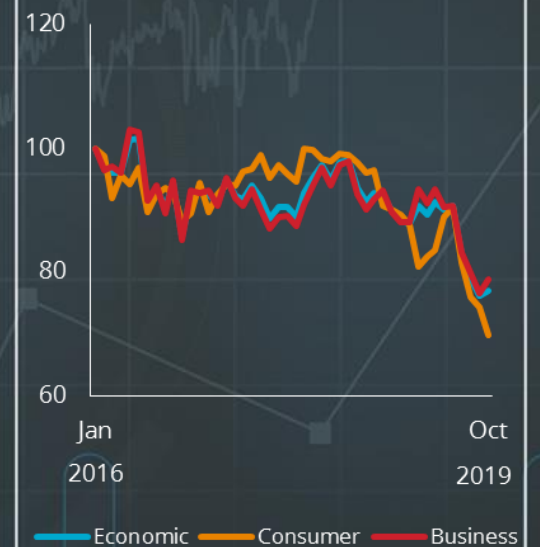
ECONOMIC PULSE

October 2019

77.0

+0.8 on previous
index reading

PULSE TRENDS



Consumer Pulse

October 2019

"With Brexit uncertainty continuing to unnerve households, the Consumer Pulse tracked lower again this month."

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

KEY POINTS

- Consumer Pulse down in October
- Broad-based softness
- 51% of households holding out on spending

CONSUMER PULSE

October 2019

69.9

-4.5 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⋈	6%	3%
⋈	26%	13%
No Change	29%	20%
⋇	22%	35%
⋇	13%	22%
Balance	-5%	-30%
Change on previous reading	-7	-2

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⋈	5%	5%
⋈	18%	20%
No Change	57%	51%
⋇	14%	15%
⋇	6%	5%
Balance	+1%	+3%
Change on previous reading	-3	-2

The Consumer Pulse fell for a fourth consecutive month in October 2019 to a fresh low of 69.9. Households were gloomier about the economy and their own finances this month, with buying sentiment also taking a knock as Brexit weighed on minds and the Budget did little for pockets. Just a quarter considered it a good time to purchase big ticket items like furniture and electrical goods (down from a third in September), while one in two (a series high) indicated that they are holding out on spending because they aren't sure what way economic policy is going to go.

Housing Pulse

October 2019

"Three in four think it is cheaper to buy than rent in their area and with rental inflation outpacing house price growth, this is likely to continue."

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

KEY POINTS

- Housing Pulse dips in October
- Rent expectations up a notch
- Buying still trumping renting

HOUSING PULSE

October 2019

73.3

-1.9 on previous
index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	14%
1% - 5%		29%
Stay more or less the same		33%
1% - 5%	Decrease	16%
> 5%		6%

Balance +15%

-1 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	20%
1% - 5%		40%
Stay more or less the same		34%
1% - 5%	Decrease	2%
> 5%		1%

Balance +38%

+1 on previous reading

The Housing Pulse came in at 73.3 in October 2019, down 1.9 on last month's reading. Households in Dublin, the Rest of Leinster and Connacht/Ulster were a little more downbeat about the outlook for house prices this month, though the balance of positive and negative responses remained in the black in all regions including Munster. The October survey also finds that one in ten is planning on buying or building a property in the next 12 months with the cost of renting a key push factor, while a quarter are likely to spend a large sum of money on home improvements.

Business Pulse

October 2019

"Reflecting the tightening labour market, a third of firms expect to increase basic wages in the next 12 months, by 3.6% on average."

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

KEY POINTS

- Business Pulse up in October
- Sentiment mixed across the sectors
- Three in five firms on a growth trajectory

BUSINESS PULSE

October 2019

78.8

+2.2 on previous
index reading

SECTOR PULSES

Industry
Pulse

77.6

-0.7 on previous
index reading

Services
Pulse

81.0

+4.3 on previous
index reading

Retail
Pulse

73.8

-2.9 on previous
index reading

Construction
Pulse

76.2

+2.8 on previous
index reading

The Business Pulse stood at 78.8 in October 2019, 2.2 higher than last month but down 14.3 on a year ago. The Budget included a support package in the event of a no deal Brexit but with the UK Parliament passing legislation to prevent such an outcome and Downing Street working towards agreeing a new deal with Brussels, the risk of a Halloween crash out has receded, contributing to the uptick in business sentiment this month. The picture was mixed across the sectors though, with the Services and Construction Pulses gaining ground but the Retail and Industry Pulses slipping back. Looking further ahead, the October data indicate that growth ambitions are holding steady, with three in five firms planning to expand in the next 1 to 3 years.

Business Pulse

October 2019

BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	29%	26%	19%	33%
No Change	51%	54%	51%	53%
v	20%	20%	29%	14%
Balance	+9%	+7%	-10%	+18%
Change on previous reading	-6	-5	-6	+4

BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	31%	26%	35%	28%
No Change	54%	55%	46%	63%
v	15%	19%	19%	9%
Balance	+17%	+8%	+15%	+19%
Change on previous reading	-5	+3	+7	+1

JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	13%	10%	9%	13%
No Change	78%	81%	82%	82%
v	9%	9%	9%	5%
Balance	+3%	+2%	0%	+7%
Change on previous reading	-3	+1	-3	+5

JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	8%	10%	6%	11%
No Change	88%	85%	89%	83%
v	4%	4%	4%	6%
Balance	+4%	+6%	+2%	+5%
Change on previous reading	+1	+4	-2	-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, 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.

Contact us at

EconomicPulse@boi.com

Dr Loretta O’Sullivan,
Group Chief Economist,
+353 (0) 766 244 267

Conn Creedon,
Senior Economist,
+353 (0) 766 235 134

Patrick Mullane,
Senior Economist,
+353 (0) 766 244 269

Mark Leech,
Media Relations Manager,
+353 (0) 766 234 773

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.

Disclaimer: This document has been prepared by the Economic Research Unit at The Governor and Company of the Bank of Ireland (“BOI”) for information purposes only and BOI is not soliciting any action based upon it. BOI believes any information contained herein to be accurate but does not warrant its accuracy and accepts no responsibility, other than any responsibility it June owe to any party under the European Communities (Markets in Financial Instruments) Regulations 2007 as June be amended from time to time, and under the Financial Conduct Authority rules (where the client is resident in the UK), for any loss or damage caused by any act or omission taken as a result of the information contained in this document. BOI acknowledge the financial contribution made by the European Union for carrying out the Irish element of the Joint Harmonised EU Programme of Business and Consumer Surveys. Any survey data communicated or published in this document reflects only the view of BOI and the European Commission is not responsible for any use that June be made of the information. Any decision made by a party after reading this document shall be on the basis of its own research and not be influenced or based on any view expressed by BOI either in this document or otherwise. This document does not address all risks and cannot be relied upon for any investment contract or decision. A party should obtain independent professional advice before making any investment decision. Expressions of opinion contained in this document reflect current opinion as at 25/10/2019 and is based on information available to BOI before that date which is subject to change without notice. This document is the property of BOI and its contents June not be reproduced, either in whole or in part, without the express written consent of a suitably authorised member of BOI. By accepting this document, the recipient agrees to be bound by the foregoing limitations. Bank of Ireland is regulated by the Central Bank of Ireland. In the UK, Bank of Ireland is authorised by the Central Bank of Ireland and the Prudential Regulation Authority and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority and regulation by the Financial Conduct Authority are available from us on request. Bank of Ireland incorporated in Ireland with limited liability. Registered Office - Head Office, 40 Mespil Road, Dublin 4, Ireland. Registered Number - C-1.