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economic pulse

September 2018

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

September 2018

"Autumn brought some relief for the Economic Pulse, with sentiment strengthening this month after a soft run over the latter half of the summer."

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

The Bank of Ireland Economic Pulse came in at 92.7 in September 2018. The index, which combines the results of the Consumer and Business Pulses, was up 1.4 on last month's reading and 4.0 higher than this time last year.

Brexit was on minds again in September but a slew of positive economic data at home - including a strong GDP print for the second quarter and ongoing employment and earnings growth - looks to have provided some reassurance, with business confidence a touch firmer and consumer sentiment little changed on the month.

KEY POINTS

- Economic Pulse rises in September
- Businesses lead the way
- Steady as she goes for households

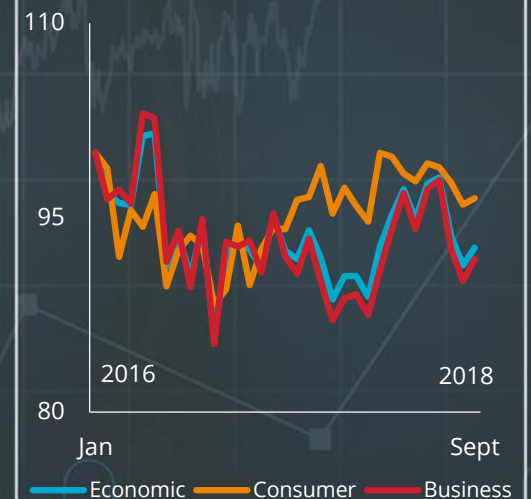
ECONOMIC PULSE

September 2018

92.7

+1.4 on previous
index reading

PULSE TRENDS



Consumer Pulse

September 2018

"Paying bills, the cost of renting, rising house prices and the tax burden all featured on households' worry list in September, providing some food for thought in the context of the upcoming budget."

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

KEY POINTS

- Consumer Pulse little changed in September
- Over two in five expect unemployment to fall further
- 71% likely to save in the next 12 months

CONSUMER PULSE

September 2018

96.5

+0.5 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⬆️	14%	8%
⬆️	49%	42%
No Change	20%	28%
⬆️	10%	12%
⬇️	5%	5%
Balance	+28%	+19%
Change on previous reading	+2	+3

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⬆️	6%	5%
⬆️	21%	30%
No Change	57%	51%
⬆️	12%	9%
⬇️	4%	2%
Balance	+6%	+14%
Change on previous reading	+1	-2

The Consumer Pulse stood at 96.5 in September 2018, broadly unchanged from last month but up 1.2 on a year ago. While households were a bit more upbeat about the economy and their current financial situation this month, they were more cautious about the outlook for their pockets (possibly reflecting some wariness in the run up to Budget 2019). And with the summer sales coming to an end, buying sentiment was also softer. Some 38% considered it a good time to purchase big ticket items like furniture and electrical goods, down from 41% in August.

Housing Pulse

September 2018

"The Housing Pulse softened again in September, with this month's reading the lowest in two years."

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

KEY POINTS

- Housing Pulse down in September
- Series at a two year low
- Almost one in two firms rate housing infrastructure poorly

HOUSING PULSE

September 2018

107.0

-4.7 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	31%
1% - 5%		38%
Stay more or less the same		24%
1% - 5%	Decrease	3%
> 5%		1%

Balance +48%

-5 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	29%
1% - 5%		40%
Stay more or less the same		26%
1% - 5%	Decrease	1%
> 5%		1%

Balance +48%

0 on previous reading

At 107.0 in September 2018, the Housing Pulse was down 4.7 on August's reading. House price expectations were scaled back this month – notably in Dublin – though with supply still shy of demand, the majority of households in the capital and throughout the country think prices will increase over the coming year. Housing is also a concern for businesses, with the September survey finding that half of firms in Dublin and Munster, 44% in the Rest of Leinster and 38% in Connacht/Ulster view the housing infrastructure in their region as inadequate, which is a problem when it comes to attracting staff.

Business Pulse

September 2018

"The bulk of firms expect Brexit to negatively impact their local economy over the next 12 months, with concerns most acute in the Connacht/Ulster region."

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

KEY POINTS

- Business Pulse up in September
- Brexit remains a headwind
- Infrastructure also a concern

BUSINESS PULSE

September 2018

91.8

+1.6 on previous
index reading

SECTOR PULSES

Industry
Pulse

97.9

+4.4 on previous
index reading

Services
Pulse

89.9

+1.8 on previous
index reading

Retail
Pulse

87.4

-0.8 on previous
index reading

Construction
Pulse

104.6

+1.3 on previous
index reading

The Business Pulse ticked up in September 2018, coming in at 91.8. This was 1.6 higher than last month and 4.7 higher than a year ago. Helped by an improvement in order books, the Industry, Services and Construction Pulses gained ground this month, while the Retail Pulse was broadly unchanged. In terms of the wider operating environment for businesses, the September results show that firms consider basic infrastructure such as water, waste and energy to be adequate in the main, whereas transport scores less well, especially in Munster and Connacht/Ulster, with telecommunications also rated poorly outside the capital. Unsurprisingly, housing infrastructure is viewed as sub-par by many and was called out as the priority area for investment to strengthen local economies by businesses in all regions bar Connacht/Ulster.

Business Pulse

September 2018

BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	37%	39%	31%	49%
No Change	54%	52%	51%	44%
v	9%	9%	18%	7%
Balance	+28%	+30%	+13%	+41%
Change on previous reading	-2	+1	+1	+8

BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	55%	41%	46%	50%
No Change	38%	46%	45%	48%
v	7%	13%	10%	2%
Balance	+48%	+27%	+36%	+48%
Change on previous reading	+2	-2	+6	+6

JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	17%	11%	12%	15%
No Change	79%	82%	82%	82%
v	4%	7%	6%	3%
Balance	+13%	+5%	+6%	+12%
Change on previous reading	+1	-3	-3	+1

JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	23%	15%	10%	23%
No Change	74%	79%	87%	75%
v	4%	6%	4%	2%
Balance	+19%	+9%	+6%	+21%
Change on previous reading	+4	+1	+1	+4

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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