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## economic pulse

September 2019

 Economic  
Pulse

 Consumer  
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Pulse

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Pulse

# Economic Pulse

## September 2019

"It was a hat-trick for the Economic Pulse this month, with consumer and business sentiment ceding more ground."

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

The Bank of Ireland Economic Pulse stood at 76.2 in September 2019. The index, which combines the results of the Consumer and Business Pulses, was down 2.9 on last month and 16.5 lower than a year ago.

This month's survey took place amid turbulent scenes in the UK. In the wake of Prime Minister Johnson's decision to prorogue Parliament, the House of Commons and the House of Lords passed legislation aimed at preventing a no deal Brexit at the end of October. But with economic sentiment down again this month – albeit by less than in July and August – households and firms here look to have taken only limited comfort from this.

### KEY POINTS

- Economic Pulse falls in September
- New low for the series
- Households and firms on edge

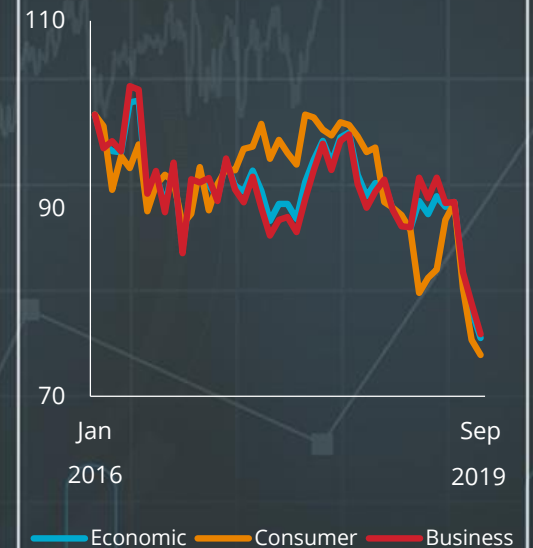
### ECONOMIC PULSE

September 2019

76.2

-2.9 on previous  
index reading

### PULSE TRENDS



# Consumer Pulse

## September 2019

"The Consumer Pulse was down for a third month running in September and also posted a fresh low."

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

### KEY POINTS

- Consumer Pulse dips in September
- Households nervous about the economy
- Over half think things will get worse

### CONSUMER PULSE

September 2019

74.4

-1.5 on previous index reading

### GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⋈	6%	3%
⋈	33%	16%
No Change	29%	18%
⋇	22%	35%
⋇	9%	21%
Balance	+2%	-28%
Change on previous reading	-5	-2

### HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⋈	5%	5%
⋈	21%	23%
No Change	56%	50%
⋇	12%	13%
⋇	5%	5%
Balance	+4%	+5%
Change on previous reading	0	-1

The Consumer Pulse stood at 74.4 in September 2019, down 1.5 on last month as Brexit uncertainty continues to weigh on the mood. Worries about the economy took centre stage once again and households downgraded their assessment of the current situation and prospects for the coming year. And with few giveaways expected in the upcoming Budget, they were also a touch gloomier about the outlook for their own pockets. Buying sentiment was little changed on the month though, with one in three considering it a good time to purchase big ticket items like furniture and electrical goods.

# Housing Pulse

## September 2019

"Housing infrastructure is seen as sub-par by many businesses, with more than two in five rating it as inadequate."

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

### KEY POINTS

- Housing Pulse softer in September
- 45% think house prices will increase in the next 12 months
- One in five expect them to fall

### HOUSING PULSE

September 2019

75.2

-6.8 on previous index reading

### HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	15%
1% - 5%		30%
Stay more or less the same		33%
1% - 5%	Decrease	14%
> 5%		7%

**Balance +16%**

-7 on previous reading

### RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	19%
1% - 5%		40%
Stay more or less the same		34%
1% - 5%	Decrease	3%
> 5%		1%

**Balance +37%**

-1 on previous reading

At 75.2 in September 2019, the Housing Pulse was down 6.8 on last month's reading. Uncertainty and stretched affordability in parts of the country are tempering sentiment; with households in all regions bar Connacht/Ulster paring back their expectations for future price gains this month. Rising supply has also helped take some of the edge off the market, though there is still a shortage of accommodation. This is a concern for businesses as well as individuals, with firms in Dublin, Munster and the Rest of Leinster citing housing as the priority area for investment to strengthen local economies.



# Business Pulse

## September 2019

"While firms gave basic infrastructure a general thumbs up, the September scorecard for telecommunications and transport was mixed."

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

### KEY POINTS

- Business Pulse down in September
- Lowest reading to date
- Brexit and infrastructure headwinds

### BUSINESS PULSE

September 2019

76.6

-3.3 on previous index reading

### SECTOR PULSES

Industry Pulse

78.3

-10.6 on previous index reading

Services Pulse

76.7

-3.3 on previous index reading

Retail Pulse

76.6

+6.6 on previous index reading

Construction Pulse

73.5

-10.9 on previous index reading

The Business Pulse came in at 76.6 in September 2019, down 3.3 on August and the third consecutive monthly fall for the index. While the Retail Pulse recovered some of the ground it lost last month, the Industry and Construction Pulses saw large drops and the Services Pulse also slipped. Brexit remains a big concern for firms, with almost nine in ten expecting it to negatively impact the local economy in their region in the coming year. As for other aspects of the operating environment, the September survey finds a high level of satisfaction among firms with basic infrastructure like water, waste and energy but a broad level of dissatisfaction with housing. Telecommunications outside of the capital also scores relatively poorly, as does transport infrastructure in Munster and Connacht/Ulster.

# Business Pulse

## September 2019

### BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	31%	29%	22%	30%
No Change	53%	54%	51%	53%
v	16%	17%	27%	17%
Balance	+15%	+12%	-4%	+14%
Change on previous reading	-4	-3	+4	-5

### BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	37%	27%	30%	30%
No Change	49%	51%	49%	59%
v	15%	22%	22%	12%
Balance	+22%	+5%	+8%	+18%
Change on previous reading	-8	-9	-6	-4

### JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	15%	9%	9%	9%
No Change	76%	82%	85%	84%
v	9%	8%	6%	7%
Balance	+6%	+1%	+3%	+2%
Change on previous reading	-9	-1	-2	-6

### JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	11%	11%	7%	14%
No Change	81%	80%	89%	79%
v	8%	9%	3%	8%
Balance	+3%	+2%	+4%	+6%
Change on previous reading	-4	-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, 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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