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Bank of Ireland economic pulse

July 2016



Regional
Pulse

Regional Pulse

July 2016

"Consumer and business confidence fell in all regions in July, as households and firms assessed the implications of the UK vote to exit the EU."

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

The Bank of Ireland Regional Pulses, which bring together the views of consumers and firms in different parts of the country, show that sentiment (3 month moving average) was down across the board in July 2016.

Households in all regions scaled back their assessment of prospects for the economy and their own finances this month, led by Munster. Similarly, expectations for business activity and hiring over the coming 3 months were softer, particularly in Connacht/Ulster.

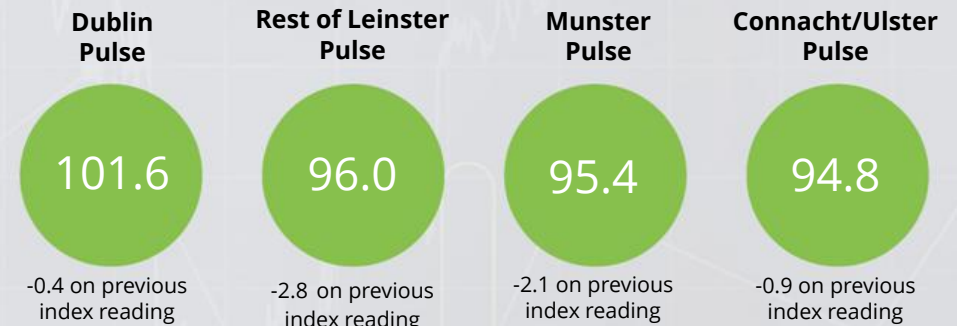
The June surveys were conducted prior to the UK's referendum on the EU, whereas the July surveys were carried out post the vote to leave.

KEY POINTS

- Regional Pulse readings down in July
- Marked downgrade of the outlook by households in Munster
- And firms in Connacht/Ulster

REGIONAL PULSES

Three Month Moving Averages



Rest of Leinster refers to Leinster excluding Dublin. Ulster only refers to Cavan, Donegal and Monaghan.

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GENERAL ECONOMIC SITUATION

Past 12 Months

	Dublin	Rest of Leinster	Munster	Connacht/Ulster
⬆️	12%	6%	7%	8%
⬆️	48%	48%	48%	42%
No Change	21%	26%	24%	29%
⬆️	10%	12%	12%	10%
⬇️	7%	7%	8%	9%
Balance	+24%	+16%	+18%	+15%
Change on previous reading	+4	-5	-3	+3

HOUSEHOLD FINANCIAL SITUATION

Past 12 Months

	Dublin	Rest of Leinster	Munster	Connacht/Ulster
⬆️	2%	4%	3%	2%
⬆️	24%	22%	21%	16%
No Change	51%	50%	50%	54%
⬆️	15%	14%	18%	21%
⬇️	7%	10%	8%	7%
Balance	0%	-2%	-4%	-7%
Change on previous reading	0	-7	-4	+2

GENERAL ECONOMIC SITUATION

Next 12 Months

	Dublin	Rest of Leinster	Munster	Connacht/Ulster
⬆️	10%	5%	3%	8%
⬆️	38%	40%	37%	40%
No Change	25%	25%	27%	25%
⬆️	16%	20%	20%	14%
⬇️	4%	7%	7%	8%
Balance	+17%	+8%	+5%	+13%
Change on previous reading	-12	-18	-21	-11

HOUSEHOLD FINANCIAL SITUATION

Next 12 Months

	Dublin	Rest of Leinster	Munster	Connacht/Ulster
⬆️	9%	6%	5%	4%
⬆️	30%	30%	28%	22%
No Change	43%	47%	47%	56%
⬆️	12%	8%	11%	10%
⬇️	3%	5%	6%	5%
Balance	+14%	+12%	+8%	+4%
Change on previous reading	-2	-4	-15	-6

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House Price and Rents Expectations

DUBLIN

Next 12 Months

Change		House Prices	Rents
> 5%	↑ Increase	28%	26%
1% - 5%		47%	44%
Stay more or less the same		19%	25%
1% - 5%	↓ Decrease	2%	1%
> 5%		2%	1%
Balance		+48%	+47%
Change on previous reading		-9	-5

REST OF LEINSTER

Next 12 Months

Change		House Prices	Rents
> 5%	↑ Increase	26%	26%
1% - 5%		44%	34%
Stay more or less the same		26%	34%
1% - 5%	↓ Decrease	2%	2%
> 5%		0%	0%
Balance		+47%	+42%
Change on previous reading		+2	-6

MUNSTER

Next 12 Months

Change		House Prices	Rents
> 5%	↑ Increase	23%	23%
1% - 5%		42%	40%
Stay more or less the same		30%	32%
1% - 5%	↓ Decrease	2%	0%
> 5%		1%	0%
Balance		+42%	+43%
Change on previous reading		-4	+2

CONNACHT/ULSTER

Next 12 Months

Change		House Prices	Rents
> 5%	↑ Increase	18%	20%
1% - 5%		38%	34%
Stay more or less the same		36%	39%
1% - 5%	↓ Decrease	3%	1%
> 5%		2%	0%
Balance		+33%	+37%
Change on previous reading		-4	+3

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BUSINESS ACTIVITY

Past 3 Months	Change on previous reading	
	Balance	
Dublin	+29%	-8
Rest of Leinster	+26%	-5
Munster	+28%	-1
Connacht/Ulster	+22%	-10

BUSINESS ACTIVITY

Next 3 Months	Change on previous reading	
	Balance	
Dublin	+41%	-1
Rest of Leinster	+41%	-2
Munster	+32%	-10
Connacht/Ulster	+31%	-15

JOBS

Past 3 Months	Change on previous reading	
	Balance	
Dublin	+14%	-3
Rest of Leinster	+15%	+7
Munster	+13%	-1
Connacht/Ulster	+11%	-2

JOBS

Next 3 Months	Change on previous reading	
	Balance	
Dublin	+17%	-4
Rest of Leinster	+14%	-1
Munster	+11%	-5
Connacht/Ulster	+10%	-7

Background

THE ECONOMIC PULSE

Bank of Ireland's new economic indicator for Ireland – the Economic Pulse – is 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, 800 firms in industry, 800 services firms, 250 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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Note: Balances are calculated as the difference between positive and negative responses (using weighted averages for questions with multiple options).

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