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## Bank of Ireland economic pulse

February 2021

 Economic  
Pulse

 Consumer  
Pulse

 Housing  
Pulse

 Business  
Pulse

# Economic Pulse

## February 2021

"Economic sentiment rose this month as vaccine-related optimism offset lockdown fatigue and post-Brexit headaches."

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

The Bank of Ireland Economic Pulse came in at 68.6 in February 2021. The index, which combines the results of the Consumer and Business Pulses, was up 7.0 on last month but 17.8 lower than a year ago.

With the Government announcing that Level 5 restrictions would remain in place till early March and implementation difficulties in respect of the new trading arrangements with the UK, households and firms were downbeat about the here and now this month. They sounded a more positive note on the outlook for the economy and commerce however, helped by the deployment of COVID-19 vaccines with more due to arrive.

### KEY POINTS

- Economic Pulse rises in February
- Consumer and business confidence both up
- Expectations components drive the improvement

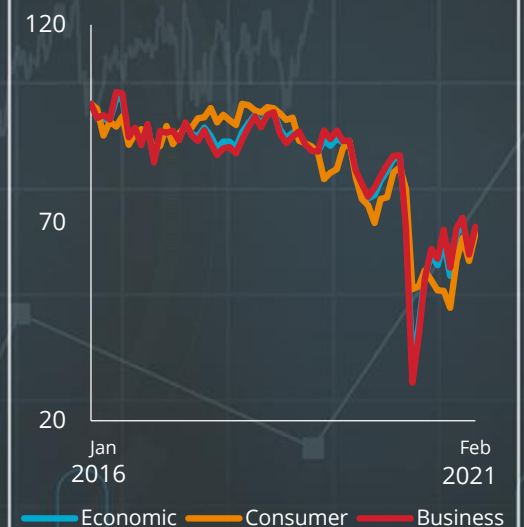
### ECONOMIC PULSE

February 2021

68.6

+7.0 on previous index reading

### PULSE TRENDS



# Consumer Pulse

## February 2021

“Households were more sanguine about prospects for the economy and jobs in February.”

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

### KEY POINTS

- Consumer Pulse rebounds in February
- Buying sentiment ticks up
- Saving intentions still elevated

### CONSUMER PULSE

February 2021

67.2

+6.8 on previous  
index reading

### GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⋈	0%	8%
⋈	3%	38%
No Change	8%	12%
⋇	32%	21%
⋇	55%	20%
Balance	-70%	-4%
Change on previous reading	-5	+13

### HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⋈	6%	6%
⋈	16%	26%
No Change	57%	55%
⋇	14%	10%
⋇	6%	2%
Balance	0%	+12%
Change on previous reading	+4	+5

Having started 2021 on a soft note, the Consumer Pulse rose in February; coming in at 67.2. This was 6.8 higher than last month’s reading but down 16.8 on a year ago. While the extension of the public health measures saw households lower their assessment of the current economic situation this month, progress on the vaccination front lifted recovery hopes and the headline index. This month’s survey also looked at households’ savings and investments. The results show that deposit/savings accounts continue to dominate but that interest in financial assets like shares and in property has increased a little, with two in five indicating that they consider it a good time to invest in such things (typically it is a third).

# Housing Pulse

## February 2021

"Three in five households think house prices will go up in the next 12 months, while half expect rents to rise."

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

### KEY POINTS

- Housing Pulse increases in February
- Tenth consecutive gain
- Now at a 20-month high

### HOUSING PULSE

February 2021

93.3

+6.8 on previous index reading

### HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	22%
1% - 5%		37%
Stay more or less the same		28%
1% - 5%	Decrease	8%
> 5%		2%

**Balance +34%**

+6 on previous reading

### RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	17%
1% - 5%		35%
Stay more or less the same		37%
1% - 5%	Decrease	6%
> 5%		2%

**Balance +29%**

+7 on previous reading

The Housing Pulse stood at 93.3 in February 2021, up 6.8 on January's reading and 8.6 higher than a year ago. The improvement in sentiment this month was broad based across the regions - households in Dublin, the Rest of Leinster, Munster and Connacht/Ulster all upped their expectations for future house price increases - taking the series to its highest level since the summer of 2019. Rent expectations were also firmer in February, but unlike house price expectations, the balance of positive and negative responses (+29%) remains below where it was before the pandemic struck (+34%).



# Business Pulse

## February 2021

"While the tighter restrictions are biting, firms appear to be looking beyond them to the re-opening of the economy."

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

### KEY POINTS

- Business Pulse up in February
- Infrastructure on firms' radar
- Eight in ten expect Brexit to negatively impact their region

### BUSINESS PULSE

February 2021

69.0

+7.1 on previous  
index reading

### SECTOR PULSES

Industry  
Pulse

74.5

-2.0 on previous  
index reading

Services  
Pulse

68.0

+11.2 on previous  
index reading

Retail  
Pulse

67.2

-1.5 on previous  
index reading

Construction  
Pulse

69.9

+11.3 on previous  
index reading

After last month's drop, the Business Pulse was firmer in February 2021. At 69.0, the index was 7.1 higher than in January but down 18.0 on a year ago. The underlying picture was mixed this month though. Firms were downbeat about the recent trading period as the extension of Level 5 restrictions at home, and fresh measures across the Euro area, added to post-Brexit disruption (businesses in the industry and services sectors reported a further deterioration in export order books in February). But with some re-opening of the economy expected in the coming months as virus cases come down and inoculations go up, they were more upbeat about the outlook for activity and hiring. This month's research finds that infrastructure is also on the business agenda, with 36% of firms identifying telecommunications as the priority area for investment in their region, which is double the pre-COVID figure.

# Business Pulse

February 2021

## BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	19%	16%	19%	12%
No Change	27%	39%	30%	33%
v	54%	45%	51%	55%
Balance	-35%	-29%	-31%	-43%
Change on previous reading	-36	+2	-25	-42

## BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	41%	35%	35%	38%
No Change	38%	49%	37%	51%
v	20%	16%	28%	11%
Balance	+21%	+18%	+7%	+28%
Change on previous reading	+31	+22	+41	+37

## JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	10%	4%	5%	6%
No Change	69%	74%	77%	83%
v	20%	22%	17%	12%
Balance	-10%	-18%	-12%	-6%
Change on previous reading	-13	+1	-9	-6

## JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	14%	12%	9%	13%
No Change	78%	82%	83%	80%
v	8%	6%	8%	6%
Balance	+6%	+7%	+1%	+7%
Change on previous reading	+1	+5	+10	+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 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.

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