

Overview

Bank of Ireland 



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Bank of Ireland economic pulse

May 2021

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

May 2021

"Re-opening optimism took the Economic Pulse back above its pre-pandemic level in May."

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

The Bank of Ireland Economic Pulse came in at 89.5 in May 2021. The index, which combines the results of the Consumer and Business Pulses, was 4.1 higher than last month and up 45.6 on a year ago.

With a further loosening of restrictions on social interactions, the resumption of inter-county travel, some sectors emerging from lockdown – the remainder of construction, personal services and non-essential retail (by appointment) returned during the May survey period – and others getting ready for lift-off, the consumer and business mood brightened this month. The increase in opportunities to spend lifted household buying sentiment, while firms saw their order books improve.

KEY POINTS

- Economic Pulse rises in May
- Fourth consecutive gain
- Consumer and business confidence both up

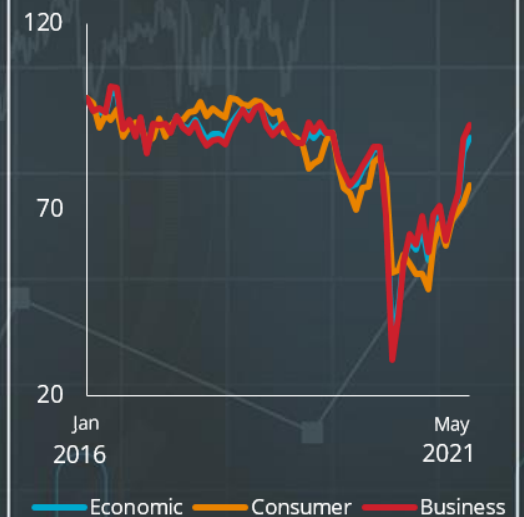
ECONOMIC PULSE

May 2021

89.5

+4.1 on previous
index reading

PULSE TRENDS



Consumer Pulse

May 2021

"The Consumer Pulse rose for a fourth month running in May, with buying sentiment strengthening too."

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

KEY POINTS

- Consumer Pulse up in May
- 32% think it is a good time to purchase big ticket items
- Holidays also on the agenda

CONSUMER PULSE

May 2021

76.7

+5.0 on previous
index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⬆️	1%	15%
⬆️	5%	42%
No Change	10%	9%
⬆️	38%	16%
⬆️	44%	16%
Balance	-59%	+12%
Change on previous reading	+4	+8

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⬆️	7%	8%
⬆️	17%	25%
No Change	53%	54%
⬆️	15%	9%
⬆️	6%	3%
Balance	+3%	+13%
Change on previous reading	+5	-2

At 76.7 in May 2021, the Consumer Pulse was up 5.0 on last month and 22.8 higher than a year ago. Households upgraded their assessment of the economy and prospects for jobs this month as the easing of restrictions continued. They were also more positive about their current finances and with the vaccine roll-out advancing, a third indicated that they expect to spend more on holidays this year compared with last year. This is a good bit higher than the pre-pandemic average (of a quarter or so) and points to pent up demand, some of which is set to be unlocked in the coming weeks as accommodation services and hospitality re-open.

Housing Pulse

May 2021

"House price expectations remained in firm positive territory throughout the country this month."

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

KEY POINTS

- Housing Pulse gains further ground in May
- House price expectations in the black
- Same for rents

HOUSING PULSE

May 2021

112.3

+4.3 on previous
index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	36%
1% - 5%		41%
Stay more or less the same		16%
1% - 5%	Decrease	3%
> 5%		2%

Balance +53%

+4 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	25%
1% - 5%		39%
Stay more or less the same		29%
1% - 5%	Decrease	3%
> 5%		1%

Balance +42%

+6 on previous reading

The Housing Pulse rose 4.3 in May 2021 to come in at 112.3. This was 87.0 higher than a year ago and the thirteenth consecutive monthly gain for the index. Some three quarters of households think house prices will increase over the next year as supply continues to trail a long way behind demand and the construction sector struggles with labour, material and equipment shortages (which are putting upward pressure on costs as well as hindering production). On the rental front, expectations also tracked higher this month, with almost two thirds of survey respondents now anticipating rent increases over the coming year.

Business Pulse

May 2021

"With some sectors emerging from lockdown and others preparing for lift-off, the Business Pulse rose again this month."

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

KEY POINTS

- Business Pulse increases in May
- Sentiment improves for a fourth successive month
- Rising costs a concern

BUSINESS PULSE

May 2021

92.7

+3.8 on previous
index reading

SECTOR PULSES

Industry
Pulse

96.8

+2.5 on previous
index reading

Services
Pulse

92.4

+4.6 on previous
index reading

Retail
Pulse

88.8

+1.4 on previous
index reading

Construction
Pulse

95.8

+5.7 on previous
index reading

The Business Pulse stood at 92.7 in May 2021, up 3.8 on last month's reading and 51.3 higher than a year ago. All four sectoral Pulses were firmer this month as the re-opening of the economy progresses. Less positively though, the May data point to growing inflationary pressures, with 78% of construction firms, 67% of firms in industry and 48% of retailers reporting an increase in non-labour input costs in the past three months. These are all series highs and owe much to post-Brexit red tape (with rising global commodity prices also a factor for some). Moreover, some pass-through to consumers looks to be on the cards - just over two thirds of builders and almost half of firms in industry and retail indicated that they expect to raise their selling prices in the near term.

Business Pulse

May 2021

BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	32%	29%	27%	32%
No Change	40%	53%	38%	38%
v	28%	18%	34%	29%
Balance	+5%	+11%	-7%	+3%
Change on previous reading	+16	+15	+9	+36

BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	60%	64%	65%	57%
No Change	34%	31%	29%	41%
v	6%	5%	6%	2%
Balance	+54%	+59%	+59%	+56%
Change on previous reading	+4	+18	+22	-2

JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	12%	8%	8%	9%
No Change	77%	85%	87%	85%
v	11%	7%	5%	6%
Balance	+1%	+1%	+3%	+3%
Change on previous reading	-1	+4	+2	+9

JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	23%	30%	18%	25%
No Change	76%	69%	80%	74%
v	1%	1%	1%	1%
Balance	+22%	+28%	+17%	+25%
Change on previous reading	+3	+4	+4	+2

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, 500 services firms, 350 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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