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Bank of Ireland economic pulse

September 2021

 Economic Pulse  Consumer Pulse  Housing Pulse  Business Pulse

Economic Pulse

September 2021

“Economic sentiment is plateauing now that the large re-opening gains are in the rear-view mirror.”

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

The Bank of Ireland Economic Pulse came in at 88.3 in September 2021. The index, which combines the results of the Consumer and Business Pulses, was 0.6 lower than last month but up 23.1 on a year ago.

The September survey suggests that households and firms have taken the Government’s latest re-opening roadmap in their stride. With much of the economy already back operating and the public health situation under control, the consumer and business mood was little changed on the month and the headline Economic Pulse - which surpassed its pre-COVID reading in May - continued to level off.

KEY POINTS

- Economic Pulse down a little in September
- Consumer confidence holds steady
- Business sentiment slips

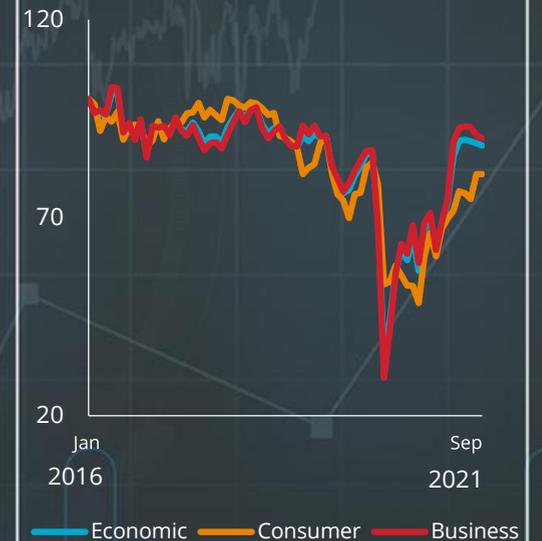
ECONOMIC PULSE

September 2021

88.3

-0.6 on previous index reading

PULSE TRENDS



Consumer Pulse

September 2021

“After last month’s jump, the Consumer Pulse was unchanged in September.”

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

KEY POINTS

- Consumer Pulse stable in September
- Domestic recovery providing support
- Households getting less bang for their buck

CONSUMER PULSE

September 2021

81.0

0.0 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⤴	5%	11%
⤴	17%	39%
No Change	11%	14%
⤵	34%	21%
⤵	30%	15%
Balance	-34%	+5%
Change on previous reading	+6	-5

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⤴	6%	7%
⤴	18%	22%
No Change	54%	55%
⤵	15%	12%
⤵	5%	3%
Balance	+3%	+10%
Change on previous reading	+1	-4

The Consumer Pulse stood at 81.0 in September 2021, unchanged from August but 28.2 higher than a year ago. With the domestic recovery continuing, households upgraded their assessment of the current economic situation again this month. They were more circumspect about the outlook for the economy and their own pockets though, possibly reflecting some wariness in the run up to Budget 2022 and the phasing out of pandemic-related supports. Buying sentiment was softer this month too as rising prices squeeze purchasing power – some 28% considered it a good time to buy big ticket items, down from almost a third in the summer.

Housing Pulse

September 2021

“August’s dip looks to have been a blip with the Housing Pulse resuming its upward trajectory this month.”

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

KEY POINTS

- Housing Pulse up in September
- House price and rent expectations firmly in positive territory
- Supply headwinds

HOUSING PULSE

September 2021

118.9

+0.9 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ^	42%
1% - 5%		41%
Stay more or less the same		12%
1% - 5%	Decrease v	1%
> 5%		2%

Balance +60%
+1 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ^	33%
1% - 5%		42%
Stay more or less the same		22%
1% - 5%	Decrease v	1%
> 5%		1%

Balance +53%
+3 on previous reading

At 118.9 in September 2021, the Housing Pulse was up 0.9 on last month’s reading and 56.0 higher than a year ago. While the recently unveiled ‘Housing for All’ plan aims to increase new home completions to an average of 33,000 per annum during this decade, over three in five builders in the residential sector are currently struggling with material and equipment shortages and half are experiencing labour shortfalls, which implies the demand-supply gap will not be closed any time soon. Against this backdrop, 83% of households expect house prices to rise over the coming year and 75% (a series high) think rents will go up.

Business Pulse

September 2021

“Infrastructure investment is needed to strengthen local economies and the business environment.”

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

KEY POINTS

- Business Pulse softer in September
- Upward pressure on costs and prices
- Infrastructure also on firms’ radar

BUSINESS PULSE

September 2021



-0.7 on previous index reading

SECTOR PULSES

Industry Pulse



-2.0 on previous index reading

Services Pulse



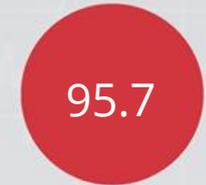
-0.2 on previous index reading

Retail Pulse



-2.2 on previous index reading

Construction Pulse



+0.4 on previous index reading

The Business Pulse came in at 90.1 in September 2021, down 0.7 on last month but up 21.8 on a year ago. Sentiment was mixed across the sectors, with the Industry and Retail Pulses easing, the Services Pulse more or less flat on the month and the Construction Pulse up a touch. All four indices remained above their pre-pandemic level though. On the costs front, two thirds of firms reported an increase in input costs excluding labour over the past three months, while almost half indicated that they expect to raise their selling prices in the period ahead. As for infrastructure, housing re-emerged as the priority area for investment in September’s survey of businesses, ousting telecommunications from the top spot.

Business Pulse

September 2021

BUSINESS ACTIVITY		Past 3 Months			
	Industry	Services	Retail	Construction	
^	38%	49%	39%	49%	
No Change	49%	43%	43%	42%	
∨	13%	9%	18%	8%	
Balance	+25%	+40%	+22%	+41%	
Change on previous reading	-2	+3	0	+6	

JOBS		Past 3 Months			
	Industry	Services	Retail	Construction	
^	19%	17%	13%	15%	
No Change	74%	74%	81%	80%	
∨	6%	9%	6%	5%	
Balance	+13%	+8%	+6%	+9%	
Change on previous reading	+4	-1	-3	-5	

BUSINESS ACTIVITY		Next 3 Months			
	Industry	Services	Retail	Construction	
^	47%	43%	41%	45%	
No Change	45%	44%	47%	47%	
∨	8%	12%	11%	8%	
Balance	+39%	+31%	+30%	+37%	
Change on previous reading	-7	-8	+2	+6	

JOBS		Next 3 Months			
	Industry	Services	Retail	Construction	
^	23%	19%	17%	26%	
No Change	72%	72%	80%	70%	
∨	4%	9%	3%	5%	
Balance	+19%	+11%	+14%	+21%	
Change on previous reading	+1	-1	+4	+7	

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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