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Bank of Ireland economic pulse

February 2022

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

February 2022

"Businesses sounded a brighter note this month whereas consumers were a little more hesitant."

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

The Bank of Ireland Economic Pulse came in at 88.1 in February 2022. The index, which combines the results of the Consumer and Business Pulses, was up 3.6 on last month and 19.5 higher than a year ago.

Reduced COVID uncertainty and the rising cost of living provided the backdrop to this month's survey, with the former helping to bolster the business mood whereas the latter served to temper consumer sentiment. Geopolitical tensions were also at play but the fieldwork for the February surveys was carried out before the Russian-Ukraine conflict escalated.

KEY POINTS

- Economic Pulse up in February
- Second consecutive monthly rise
- Underlying picture mixed

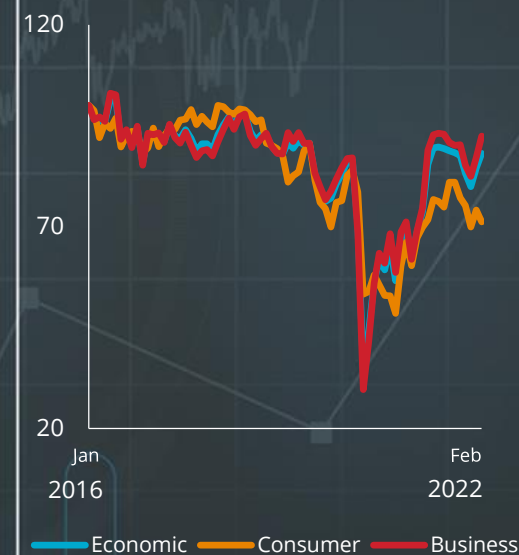
ECONOMIC PULSE

February 2022

88.1

+3.6 on previous
index reading

PULSE TRENDS



Consumer Pulse

February 2022

"There was an element of payback in February, with the Consumer Pulse slipping after last month's solid gain."

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

KEY POINTS

- Consumer Pulse dips in February
- Households gloomier about their finances
- 22% still consider it a good time to buy big ticket items

CONSUMER PULSE

February 2022

71.2

-2.9 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⬆️	3%	9%
⬆️	16%	27%
No Change	11%	16%
⬆️	35%	28%
⬆️	33%	18%
Balance	-39%	-9%
Change on previous reading	-5	-4

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⬆️	5%	6%
⬆️	16%	23%
No Change	43%	35%
⬆️	25%	24%
⬆️	11%	10%
Balance	-11%	-5%
Change on previous reading	-9	-13

At 71.2 in February 2022, the Consumer Pulse was down 2.9 on last month but 4.0 higher than a year ago. While the lifting of virtually all public health restrictions was seen as a positive for the labour market – one in two now expects unemployment to fall over the coming year – cost of living worries prompted households to downgrade their assessment of the economy and their own financial situation this month. Annual consumer price inflation is currently running around the 5% mark and squeezing purchasing power, though new Government measures to mitigate high energy costs will provide some relief.

Housing Pulse

February 2022

"The Housing Pulse strengthened this month, posting its highest reading since the series began in 2016."

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

KEY POINTS

- Jump in Housing Pulse in February
- Hits a new peak
- 84% think house prices will rise in the next 12 months

HOUSING PULSE

February 2022

122.9

+8.7 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	48%
1% - 5%		36%
Stay more or less the same		12%
1% - 5%	Decrease	1%
> 5%		1%

Balance +64%

+9 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	38%
1% - 5%		39%
Stay more or less the same		19%
1% - 5%	Decrease	1%
> 5%		1%

Balance +56%

+7 on previous reading

The Housing Pulse came in at 122.9 in February 2022. This was 8.7 above January's print and 29.6 higher than a year ago. Households in all regions upped their expectations for future house price gains this month, with those in the Rest of Leinster and Munster leading the way. The world of work was upended by the pandemic and while a 'return to the office' is underway, legislation giving employees the right to request remote working means that some people may decide to relocate outside of Dublin. Absent sufficient supply, additional demand will put upward pressure on house prices in other parts of the country however.

Business Pulse

February 2022

"The Business Pulse was up for a second month running in February as the COVID fog continued to lift."

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

KEY POINTS

- Business Pulse increases in February
- Firms optimistic about the outlook
- Non-labour input costs up for almost four in five

BUSINESS PULSE

February 2022

92.4

+5.3 on previous
index reading

SECTOR PULSES

Industry
Pulse

96.2

+5.8 on previous
index reading

Services
Pulse

89.9

+5.1 on previous
index reading

Retail
Pulse

89.9

-0.3 on previous
index reading

Construction
Pulse

107.0

+15.8 on previous
index reading

The Business Pulse stood at 92.4 in February 2022, up 5.3 on last month and 23.4 on a year ago. The Industry, Services and Construction Pulses gained ground this month, while the Retail Pulse was little changed after bouncing in January. With public health restrictions more or less fully removed, firms in all four sectors were more upbeat about near-term prospects for business activity, albeit increased costs remain a concern. On the infrastructure front, the February scorecard was mixed - firms were generally satisfied with the basics like water, waste and energy, but 37% called for further investment in housing in order to strengthen local economies and the business environment, and around a quarter felt that more needs to be done in each of the telecommunications and transport areas.

Business Pulse

February 2022

BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	29%	45%	30%	38%
No Change	55%	42%	48%	48%
v	16%	13%	22%	14%
Balance	+13%	+31%	+7%	+25%
Change on previous reading	-11	+29	-8	+6

BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	51%	64%	50%	48%
No Change	42%	33%	41%	49%
v	7%	3%	9%	3%
Balance	+44%	+61%	+42%	+46%
Change on previous reading	+3	+21	+33	+13

JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	14%	11%	10%	12%
No Change	76%	80%	82%	84%
v	10%	9%	7%	4%
Balance	+5%	+2%	+3%	+8%
Change on previous reading	-2	+5	-2	+8

JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	22%	27%	15%	27%
No Change	75%	72%	81%	71%
v	3%	1%	3%	2%
Balance	+19%	+25%	+12%	+24%
Change on previous reading	-4	+15	+3	+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, 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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