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Bank of Ireland economic pulse

April 2022

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

April 2022

“With the fraught geopolitical situation continuing to dampen sentiment, the Economic Pulse fell again in April.”

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

The Bank of Ireland Economic Pulse came in at 81.3 in April 2022. The index, which combines the results of the Consumer and Business Pulses, was down 3.1 on last month and 4.2 lower than a year ago.

The economic consequences of the war in Ukraine and the inflationary environment weighed on the mood this month, with households somewhat warier about spending and firms tempering their expansion plans a little. The Consumer Pulse took a further hit – albeit considerably less than last month – and is now not far off its COVID-19 low point. The Business Pulse also lost ground in April but is proving relatively resilient and remains above its pre-pandemic level.

KEY POINTS

- Economic Pulse falls in April
- Second consecutive drop
- Consumer and business confidence both decline

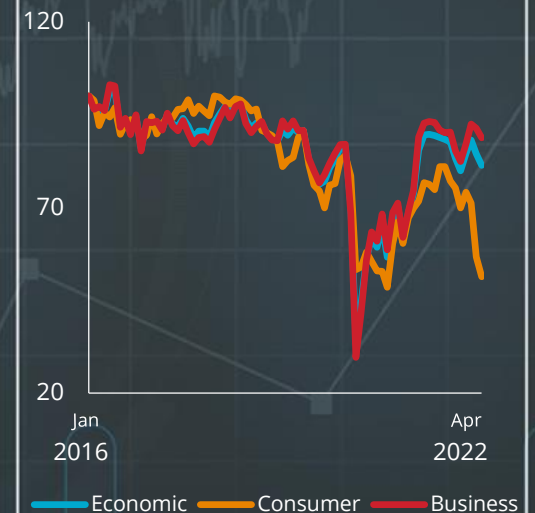
ECONOMIC PULSE

April 2022

81.3

-3.1 on previous
index reading

PULSE TRENDS



Consumer Pulse

April 2022

"The Consumer Pulse posted its second lowest reading to date this month."

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

KEY POINTS

- Consumer Pulse down in April
- Cost of living increases biting for households
- Unemployment expectations tick up

CONSUMER PULSE

April 2022

51.3

-5.4 on previous
index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⋈	1%	4%
^	8%	14%
No Change	8%	10%
∨	39%	35%
⋇	43%	37%
Balance	-57%	-43%
Change on previous reading	-14	+1

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⋈	4%	5%
^	12%	19%
No Change	38%	26%
∨	32%	31%
⋇	13%	17%
Balance	-19%	-18%
Change on previous reading	-4	0

The Consumer Pulse came in at 51.3 in April 2022, down 5.4 on March and 20.4 on a year ago. Households lowered their assessment of the current economic situation this month and were also more downbeat about their own finances. High uncertainty and inflation contributed to some softening in buying sentiment in April too, with just 19% considering it a good time to make major purchases and more than half (57%) saying that they are holding out on spending because they are not sure which way economic policy is going to go (this is up from 46% in January).

Housing Pulse

April 2022

"After last month's setback, the Housing Pulse put in a good performance this month."

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

KEY POINTS

- Housing Pulse rises in April
- Four in five expect house prices to increase in the next year
- 76% think it is cheaper to buy than rent

HOUSING PULSE

April 2022

119.1

+3.0 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	44%
1% - 5%		37%
Stay more or less the same		14%
1% - 5%	Decrease	2%
> 5%		2%

Balance +60%

+3 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	37%
1% - 5%		40%
Stay more or less the same		19%
1% - 5%	Decrease	1%
> 5%		1%

Balance +56%

+3 on previous reading

At 119.1 in April 2022, the Housing Pulse was up 3.0 on last month and 11.2 on a year ago. Households raised their expectations for future house price gains this month, with expectations for rent increases also ticking up. Savings accumulated during the pandemic and new ways of working mean home improvements are on the agenda for some, with the April survey finding that 28% are likely to undertake renovations over the coming year. This is a little lower than recent readings though, possibly reflecting value for money concerns as well as capacity constraints in the construction sector.

Business Pulse

April 2022

"The Business Pulse lost ground in April but is proving fairly resilient all things considered."

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

KEY POINTS

- Business Pulse down in April
- Firms more circumspect about the outlook
- 36% struggling with labour shortages

BUSINESS PULSE

April 2022

88.7

-2.5 on previous
index reading

SECTOR PULSES

Industry
Pulse

90.1

+0.5 on previous
index reading

Services
Pulse

92.6

+0.2 on previous
index reading

Retail
Pulse

75.2

-12.5 on previous
index reading

Construction
Pulse

86.5

-6.8 on previous
index reading

The Business Pulse stood at 88.7 in April 2022, down 2.5 on last month and 0.1 on a year ago. While the Industry and Services Pulses were little changed this month, the Retail and Construction Pulses saw big drops. Firms in all four sectors pared back near-term expectations for business activity and hiring however. This month's research also shows some slippage in growth ambitions, with 55% of firms indicating that they plan to expand in the next 1 to 3 years, down from almost three in five in January. Notably though the share intending to scale down hasn't picked up - instead, more businesses are opting to stay the same size amid ongoing sourcing and staffing challenges and new uncertainties.

Business Pulse

April 2022

BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	30%	45%	27%	34%
No Change	49%	44%	46%	53%
v	21%	11%	27%	13%
Balance	+9%	+34%	0%	+21%
Change on previous reading	-3	0	-1	+4

BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	38%	41%	42%	33%
No Change	49%	49%	39%	53%
v	13%	10%	19%	14%
Balance	+25%	+31%	+24%	+19%
Change on previous reading	-7	-12	-3	-7

JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	12%	13%	9%	12%
No Change	79%	80%	87%	81%
v	9%	7%	4%	7%
Balance	+3%	+6%	+4%	+5%
Change on previous reading	-1	+4	-2	0

JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	18%	21%	15%	15%
No Change	78%	77%	81%	80%
v	3%	2%	4%	5%
Balance	+15%	+19%	+11%	+10%
Change on previous reading	-4	-3	-3	-10

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.

Contact us at

EconomicPulse@boi.com
+353 1 250 8900

Dr Loretta O’Sullivan,
Group Chief Economist,
ext. 44267

Conn Creedon,
Senior Economist,
ext. 35134

Patrick Mullane,
Senior Economist,
ext. 44269

Mark Leech,
Media Relations Manager,
+353 87 905 3679

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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