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Bank of Ireland 
economic pulse
August 2020

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

August 2020

"The Economic Pulse ebbed in August amid renewed virus jitters and re-opening setbacks."

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

The Bank of Ireland Economic Pulse stood at 59.3 in August 2020. The index, which combines the results of the Consumer and Business Pulses, was down 2.5 on last month and 19.8 lower than a year ago.

The slippage this month comes after three straight increases and on the back of renewed concerns about the path of the virus and some setbacks in the process of re-opening the economy. Both consumer and business confidence took a dip in August, though the headline index remained well above the 34.3 reading it posted in April at the height of the COVID-19 disruption to normal everyday life and commercial activity.

KEY POINTS

- Economic Pulse softer in August
- Households gloomier
- Business mood also more subdued

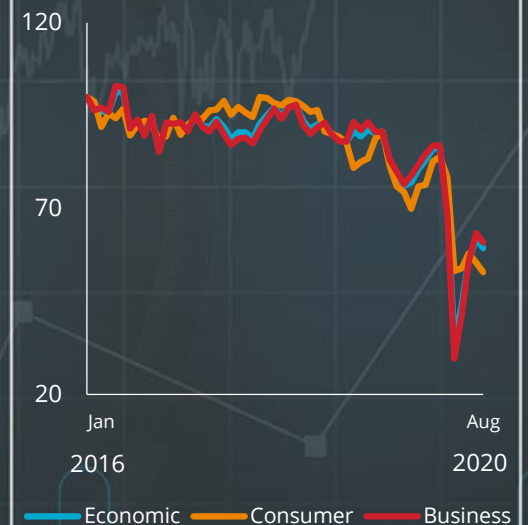
ECONOMIC PULSE

August 2020

59.3

-2.5 on previous
index reading

PULSE TRENDS



Consumer Pulse

August 2020

"Households were on edge again this month, with concerns about the economy in particular persisting."

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

KEY POINTS

- Consumer Pulse dips in August
- Fresh low for the series
- Virus and economic worries abound

CONSUMER PULSE

August 2020

52.9

-2.6 on previous
index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⋈	1%	4%
⋈	4%	21%
No Change	10%	11%
⋇	33%	25%
⋇	52%	37%
Balance	-65%	-35%
Change on previous reading	-6	-3

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⋈	3%	5%
⋈	12%	20%
No Change	59%	53%
⋇	18%	15%
⋇	8%	6%
Balance	-8%	+2%
Change on previous reading	-2	+2

At 52.9 in August 2020, the Consumer Pulse was down 2.6 on last month and 23.1 lower than a year ago. Households were more subdued about their current financial situation this month, and with the incidence of virus cases increasing and the move to phase 4 of the re-opening roadmap deferred, they were gloomier about the economy too (especially in the Rest of Leinster where restrictions have been re-imposed on counties Kildare, Laois and Offaly). Buying sentiment also softened in August, with 21% considering it a good time to purchase big ticket items like furniture and electrical goods compared with 26% in July.

Housing Pulse

August 2020

"The increase in the Housing Pulse this month bucked the broader trend of softening sentiment."

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

KEY POINTS

- Housing Pulse up in August
- Three in ten think house prices will rise in the next 12 months
- Two in five expect rents to increase

HOUSING PULSE

August 2020

58.2

+7.8 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	13%
1% - 5%		19%
Stay more or less the same		34%
1% - 5%	Decrease	20%
> 5%		13%

Balance -1%

+7 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	14%
1% - 5%		26%
Stay more or less the same		41%
1% - 5%	Decrease	10%
> 5%		7%

Balance +15%

+4 on previous reading

The Housing Pulse gained further ground in August 2020, coming in at 58.2. This was up 7.8 on last month's reading – bucking the broader trend – but was down 23.8 on a year ago. The share of households expecting house prices to rise over the coming year ticked up to three in ten this month (from a quarter in July), while the share anticipating a fall edged lower (to 32% from 37%), leaving the balance of positive and negative responses only marginally in the red. On the rental front, expectations stayed in positive territory in August.

Business Pulse

August 2020

"Having risen for three consecutive months, the Business Pulse was down a touch in August."

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

KEY POINTS

- Business Pulse slips slightly in August
- Progress in re-opening the economy stalls
- Local lockdown fears

BUSINESS PULSE

August 2020

60.9

-2.5 on previous
index reading

SECTOR PULSES

Industry
Pulse

71.6

+3.6 on previous
index reading

Services
Pulse

55.9

-2.7 on previous
index reading

Retail
Pulse

66.8

-3.7 on previous
index reading

Construction
Pulse

65.4

-8.6 on previous
index reading

The Business Pulse stood at 60.9 in August 2020, down 2.5 on last month and 19.0 lower than a year ago. While firms reported an improvement in trading conditions over the past three months and the stimulus package announced by the Government in late July includes a range of business supports, the failure to green-light phase 4 of the re-opening roadmap put a dent in the mood. The local lockdowns in Kildare, Laois and Offaly and fears that similar steps might be taken elsewhere added to concerns, with firms paring back their expectations for activity over the coming three months. The August survey also points to some pick-up in non-labour input costs in the recent period, though most businesses expect to keep their near-term selling prices the same.

Business Pulse

August 2020

BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	25%	26%	30%	27%
No Change	26%	27%	19%	30%
v	49%	46%	50%	44%
Balance	-25%	-20%	-20%	-17%
Change on previous reading	+26	+24	+23	+24

BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	38%	32%	30%	27%
No Change	42%	39%	42%	54%
v	20%	29%	28%	19%
Balance	+18%	+3%	+2%	+8%
Change on previous reading	-6	-22	-9	-24

JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	8%	8%	11%	10%
No Change	72%	64%	71%	72%
v	21%	28%	18%	18%
Balance	-13%	-20%	-7%	-8%
Change on previous reading	+12	+9	+13	+3

JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	14%	15%	9%	13%
No Change	76%	72%	83%	77%
v	9%	13%	8%	9%
Balance	+5%	+2%	+1%	+4%
Change on previous reading	+3	-9	+5	+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, 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.

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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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