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Bank of Ireland economic pulse

August 2022

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

August 2022

“The Consumer Pulse led the way in August, with the Business Pulse also up on the month.”

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

The Bank of Ireland Economic Pulse stood at 72.4 in August 2022. The index, which combines the results of the Consumer and Business Pulses, was up 2.1 on last month’s reading but 16.4 lower than a year ago.

With households basking in the late summer heatwave and looking ahead to Budget 2023, the Consumer Pulse recovered some losses this month, though it remains subdued at just below its COVID-19 nadir. The Business Pulse was also a touch firmer in August, albeit at the sectoral level, it was a case of two up (Services and Retail) and two down (Industry and Construction).

KEY POINTS

- Economic Pulse increases in August
- Households lead the way
- Mixed business picture

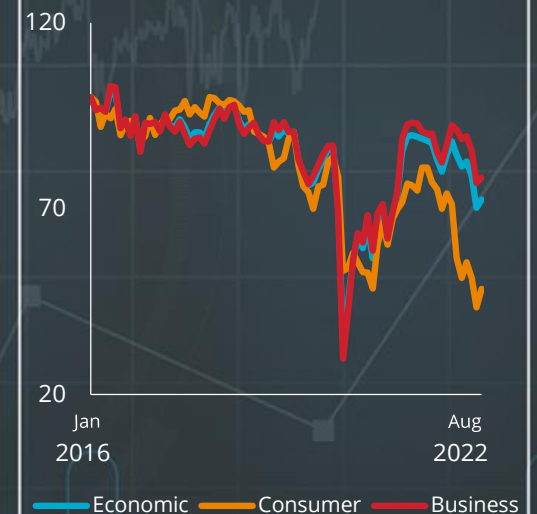
ECONOMIC PULSE

August 2022

72.4

+2.1 on previous
index reading

PULSE TRENDS



Consumer Pulse

August 2022

“While the Consumer Pulse recovered some losses this month, it remains subdued.”

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

KEY POINTS

- Consumer Pulse rises in August
- Moves off all-time low
- More government support anticipated

CONSUMER PULSE

August 2022

48.4

+4.9 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⬆️	2%	2%
⬆️	7%	13%
No Change	7%	12%
⬆️	37%	34%
⬆️	46%	37%
Balance	-59%	-45%
Change on previous reading	+7	+8

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⬆️	3%	4%
⬆️	12%	16%
No Change	36%	30%
⬆️	33%	29%
⬆️	14%	18%
Balance	-22%	-21%
Change on previous reading	+7	+4

The Consumer Pulse posted a reading of 48.4 in August 2022, 4.9 higher than July’s record low but down 32.6 on a year ago. The uptick this month was reasonably broad-based across the components – households were less downbeat about the current state of the economy and their own finances, and with an eye to the forthcoming ‘cost of living’ budget, lifted their expectations for both over the coming year. Buying sentiment was little changed in August though, with only 15% considering it a good time to purchase big ticket items such as furniture and electrical equipment.

Housing Pulse

August 2022

"The Housing Pulse reversed course in August, rising after three months of declines."

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

KEY POINTS

- Housing Pulse up in August
- House price expectations strengthen
- Same for rents

HOUSING PULSE

August 2022

101.4

+3.7 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	34%
1% - 5%		34%
Stay more or less the same		18%
1% - 5%	Decrease	6%
> 5%		5%

Balance +43%

+4 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	38%
1% - 5%		34%
Stay more or less the same		22%
1% - 5%	Decrease	1%
> 5%		1%

Balance +53%

+5 on previous reading

After a hat-trick of falls, the Housing Pulse rose in August 2022. At 101.4, the index was up 3.7 on last month but 16.6 lower than a year ago. While Dublin households kept their expectations largely in check, households in the Rest of Leinster, Munster and Connacht/Ulster were more upbeat this month about future house price gains. On the rents front, expectations for the coming year were higher in all four regions. Nationally, 68% now think house price increases are on the cards (versus 63% in July), while just over seven in ten think rents will rise.

Business Pulse

August 2022

"For the Business Pulse, it was a case of two sectors up and two sectors down this month."

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

KEY POINTS

- Business Pulse nudges up in August
- Cost pressures moderating
- Dip in selling price expectations

BUSINESS PULSE

August 2022

78.4

+1.4 on previous
index reading

SECTOR PULSES

Industry
Pulse

81.0

-4.2 on previous
index reading

Services
Pulse

81.7

+2.7 on previous
index reading

Retail
Pulse

65.2

+3.7 on previous
index reading

Construction
Pulse

76.0

-2.1 on previous
index reading

The Business Pulse came in at 78.4 in August 2022, up 1.4 on July's reading but down 12.4 on a year ago. The sectoral picture was mixed however, with the Services and Retail Pulses making up some of the ground ceded last month, whereas the Industry and Construction Pulses slipped again. While the costs and sourcing backdrop is still challenging for many businesses, the August data add to nascent signs that supply chains are healing. The share of firms reporting an increase in non-labour input costs over the past three months eased to 83% from 86% in July, which in turn allowed for a further paring back of selling price expectations (57% said they intend to increase the prices they charge in the near term, down from 59% in the previous survey).

Business Pulse

August 2022

BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	24%	35%	24%	22%
No Change	58%	53%	50%	59%
v	18%	13%	27%	19%
Balance	+7%	+22%	-3%	+3%
Change on previous reading	+9	+3	+1	+1

BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	35%	33%	28%	22%
No Change	52%	47%	49%	66%
v	13%	19%	23%	12%
Balance	+22%	+14%	+5%	+11%
Change on previous reading	+13	-1	+7	0

JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	11%	14%	10%	7%
No Change	78%	81%	83%	83%
v	11%	5%	7%	9%
Balance	-1%	+8%	+3%	-2%
Change on previous reading	-10	0	-3	-7

JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	15%	14%	9%	19%
No Change	81%	79%	88%	75%
v	5%	7%	3%	6%
Balance	+10%	+7%	+6%	+12%
Change on previous reading	0	+3	+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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