

Further material available at  
[www.BankofIrelandEconomicPulse.com](http://www.BankofIrelandEconomicPulse.com)



## economic pulse

July 2020

 Economic  
Pulse

 Consumer  
Pulse

 Housing  
Pulse

 Business  
Pulse

# Economic Pulse

## July 2020

"The Economic Pulse rose for a third month running in July but the underlying picture was mixed."

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

The Bank of Ireland Economic Pulse came in at 61.8 in July 2020. The index, which combines the results of the Consumer and Business Pulses, was up 5.5 on last month but 21.0 lower than a year ago.

While the country has moved into phase three of easing the COVID-19 related restrictions, the mood music around the re-opening of the economy has been more unsettled of late.

Against this backdrop, the rebound in consumer confidence stalled this month and, even though the Business Pulse tracked higher, firms were generally more circumspect about near-term prospects for activity.

### KEY POINTS

- Economic Pulse up in July
- Business sentiment rises
- Consumer recovery stalls

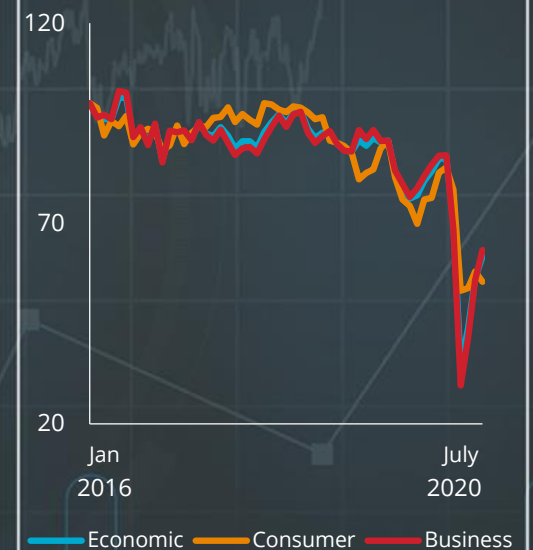
### ECONOMIC PULSE

July 2020

61.8

+5.5 on previous index reading

### PULSE TRENDS



# Consumer Pulse

## July 2020

"As in a number of other countries, the recovery in consumer confidence stalled this month."

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

### KEY POINTS

- Consumer Pulse softer in July
- Households concerned about the economy
- Buying sentiment nudges up

### CONSUMER PULSE

July 2020

55.5

-2.5 on previous index reading

### GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⬆️	1%	3%
⬆️	7%	25%
No Change	9%	8%
⬆️	33%	29%
⬆️	47%	33%
Balance	-59%	-32%
Change on previous reading	-11	+3

### HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⬆️	3%	4%
⬆️	13%	19%
No Change	60%	52%
⬆️	17%	17%
⬆️	6%	6%
Balance	-6%	0%
Change on previous reading	-3	+3

The Consumer Pulse stood at 55.5 in July 2020, down 2.5 on last month and 26.0 lower than a year ago. Worries about the weak state of the economy were to the fore this month amid a tick up in virus cases and a shaky start for the new government. More positively though, the share of households saying that they are holding out on spending eased to 55% (from 61% at the height of the crisis), while one in four considered it a good time to purchase big ticket items like furniture and electrical goods (up from a trough of 13% in April).

# Housing Pulse

## July 2020

"With economic life resuming, house buying and house selling sentiment both edged higher in July."

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

### KEY POINTS

- Housing Pulse firmer in July
- 41% think it is a good time to buy (up from 30% in April)
- Three in ten consider it a good time to sell (25% previously)

### HOUSING PULSE

July 2020

50.4

+17.5 on previous index reading

### HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	10%
1% - 5%		16%
Stay more or less the same		34%
1% - 5%	Decrease	23%
> 5%		15%

**Balance -8%**

+18 on previous reading

### RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase	14%
1% - 5%		18%
Stay more or less the same		46%
1% - 5%	Decrease	12%
> 5%		6%

**Balance +11%**

+13 on previous reading

At 50.4 in July 2020, the Housing Pulse was up 17.5 on last month but down 42.1 on a year ago. Households in all regions upgraded their expectations for future house price gains this month, though the balance of positive and negative responses remained in the red. The survey also finds that 31% are likely to spend a large sum of money on home improvements or renovations over the coming year. This was somewhat higher than normal, possibly because of some re-purposing of holiday savings in light of the COVID-19 related restrictions around foreign travel and reflecting the need for better home working set ups.



# Business Pulse

## July 2020

"The rebound in business sentiment continued in July, with the sectoral Pulses all up on the month."

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

### KEY POINTS

- Business Pulse rises in July
- Construction Pulse leads the way
- Services Pulse bringing up the rear

### BUSINESS PULSE

July 2020

63.4

+7.5 on previous  
index reading

### SECTOR PULSES

Industry  
Pulse

68.0

+1.7 on previous  
index reading

Services  
Pulse

58.6

+7.4 on previous  
index reading

Retail  
Pulse

70.5

+7.3 on previous  
index reading

Construction  
Pulse

74.0

+17.9 on previous  
index reading

The Business Pulse rose for a third consecutive month in July 2020 to 63.4 (this was 7.5 higher than June's reading but down 19.8 on a year ago). With the country now in phase three of the re-opening roadmap, firms in all four sectors reported an improvement in trading conditions this month. Some caution on the part of consumers, along with mounting speculation about a delay to the move to the fourth phase, looks to have tempered expectations for further near-term gains however. Retailers and firms in industry and services were a bit more downbeat about prospects for business activity over the next three months, with the latter also scaling back their hiring plans for the period ahead.

# Business Pulse

July 2020

## BUSINESS ACTIVITY

Past 3 Months

	Industry	Services	Retail	Construction
^	17%	18%	20%	18%
No Change	15%	21%	16%	22%
v	68%	61%	63%	60%
Balance	-51%	-44%	-43%	-41%
Change on previous reading	+16	+13	+12	+40

## BUSINESS ACTIVITY

Next 3 Months

	Industry	Services	Retail	Construction
^	44%	46%	41%	45%
No Change	35%	32%	30%	42%
v	20%	21%	29%	13%
Balance	+24%	+25%	+11%	+32%
Change on previous reading	-3	-2	-2	+2

## JOBS

Past 3 Months

	Industry	Services	Retail	Construction
^	7%	6%	6%	6%
No Change	61%	59%	67%	78%
v	32%	35%	27%	16%
Balance	-25%	-29%	-20%	-11%
Change on previous reading	0	+12	+6	+14

## JOBS

Next 3 Months

	Industry	Services	Retail	Construction
^	16%	20%	9%	14%
No Change	71%	70%	78%	75%
v	13%	9%	13%	11%
Balance	+2%	+11%	-4%	+3%
Change on previous reading	+1	-7	0	+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.

## Contact us at

EconomicPulse@boi.com

Dr Loretta O’Sullivan,  
Group Chief Economist,  
+353 (0) 766 244 267

Conn Creedon,  
Senior Economist,  
+353 (0) 766 235 134

Patrick Mullane,  
Senior Economist,  
+353 (0) 766 244 269

Mark Leech,  
Media Relations Manager,  
+353 (0) 766 234 773

**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.

**Disclaimer:** This document has been prepared by the Economic Research Unit at The Governor and Company of the Bank of Ireland (“BOI”) for information purposes only and BOI is not soliciting any action based upon it. BOI believes any information contained herein to be accurate but does not warrant its accuracy and accepts no responsibility, other than any responsibility it may owe to any party under the European Communities (Markets in Financial Instruments) Regulations 2007 as may be amended from time to time, and under the Financial Conduct Authority rules (where the client is resident in the UK), for any loss or damage caused by any act or omission taken as a result of the information contained in this document. BOI acknowledge the financial contribution made by the European Union for carrying out the Irish element of the Joint Harmonised EU Programme of Business and Consumer Surveys. Any survey data communicated or published in this document reflects only the view of BOI and the European Commission is not responsible for any use that may be made of the information. Any decision made by a party after reading this document shall be on the basis of its own research and not be influenced or based on any view expressed by BOI either in this document or otherwise. This document does not address all risks and cannot be relied upon for any investment contract or decision. A party should obtain independent professional advice before making any investment decision. Expressions of opinion contained in this document reflect current opinion as at 24/07/2020 and is based on information available to BOI before that date which is subject to change without notice. This document is the property of BOI and its contents may not be reproduced, either in whole or in part, without the express written consent of a suitably authorised member of BOI. By accepting this document, the recipient agrees to be bound by the foregoing limitations. Bank of Ireland is regulated by the Central Bank of Ireland. In the UK, Bank of Ireland is authorised by the Central Bank of Ireland and the Prudential Regulation Authority and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority and regulation by the Financial Conduct Authority are available from us on request. Bank of Ireland incorporated in Ireland with limited liability. Registered Office - Head Office, 40 Mespil Road, Dublin 4, Ireland. Registered Number - C-1.