











## Economic Pulse June 2020

"The Economic Pulse rose again in June and so far has recouped just under half its "COVID-related losses."

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

The Bank of Ireland Economic Pulse stood at 56.3 in June 2020. The index, which combines the results of the Consumer and Business Pulses, was up 12.4 on last month but 34.4 lower than a year ago.

While COVID-19 concerns persist among households and firms, the process of re-opening the economy is now underway. Phase one began on May 18th and phase two on June 8th, and with the Government also signalling its intention to fast track a series of relaxation measures originally envisaged for later in the roadmap, the Consumer and Business Pulses both tracked higher this month.

#### **KEY POINTS**

- Economic Pulse increases in June
- Country exiting lockdown
- Consumer and business sentiment improve











## Consumer Pulse June 2020

"The rebound in consumer confidence gathered pace this month, with buying sentiment also edging up."

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

#### **KEY POINTS**

- Consumer Pulse up in June
- 28% think the economy will get better in the next
   12 months
- A third expect unemployment to come down

#### **CONSUMER PULSE**

June 2020

58.0

+4.0 on previous index reading

### GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months	
^	3%	4%	
^	13%	24%	
No Change	12%	6%	
~	29%	27%	
₩	43%	37%	
Balance	-48%	-35%	
Change on previous reading	-4	+9	

### HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
*	4%	4%
^	15%	17%
No Change	56%	51%
~	19%	19%
₩	5%	6%
Balance	-3%	-3%
Change on previous reading	+2	+6

The Consumer Pulse came in at 58.0 in June 2020, up 4.0 on last month but down 32.6 on a year ago. Households were very gloomy about the current economic situation again this month but with the COVID-19 restrictions starting to be lifted, they were a little less pessimistic about prospects for the coming year. Financial worries and concerns about job security also eased in June as some people returned to work, while buying sentiment ticked up another notch (21% considered it a good time to make major purchases compared with 16% in May and a low of 13% in April).







# Housing Pulse June 2020

"After stabilising in May, the Housing Pulse increased in June but remains well off its pre-COVID level."

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

#### **KEY POINTS**

- Housing Pulse rises in June
- Strengthens in all regions
- Around one in two households still expects house prices to fall

#### **HOUSING PULSE**

June 2020



+7.6 on previous index reading

### HOUSE PRICE EXPECTATIONS

Next 12 Months

Change	^	Response
> 5%	ncrease	7%
1% - 5%	Inc	11%
Stay more or	less the same	27%
1% - 5%	ase	28%
> 5%	Decrease	24%
	~	

#### Balance -26%

+8 on previous reading

#### **RENT EXPECTATIONS**

Next 12 Months

Change	^	Response
> 5%	Increase	9%
1% - 5%	וויכי	17%
Stay more or	less the same	42%
1% - 5%	ase	17%
> 5%	Decrease	11%
	~	

+8 on previous reading

The Housing Pulse recovered some ground in June 2020, coming in at 32.9. This was 7.6 higher than last month but 66.5 lower than a year ago. The share of households expecting house prices to head south in the next 12 months stood at just over half in June - down from almost three in five in May - but with only one in six anticipating price gains, the balance of responses remained in firm negative territory. Expectations for future rent increases were also in the red this month, albeit only marginally so.







## Business Pulse June 2020

"With the country exiting lockdown, near-term expectations for business activity were back in the black this month."

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

#### **KEY POINTS**

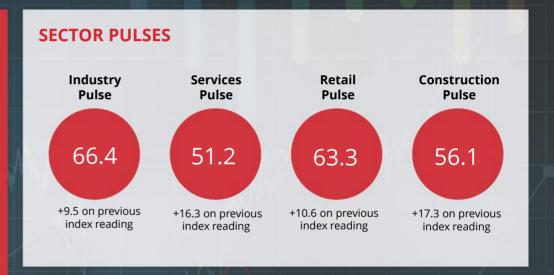
- Business Pulse firmer in June
- 47% of firms think activity will increase in the next 3 months
- One in five plans on hiring, led by services

#### **BUSINESS PULSE**

**June 2020** 



+14.4 on previous index reading



The Business Pulse rose for a second month running in June 2020. At 55.9, the index was up 14.4 on May's reading but down 34.9 on a year ago. The jump was broad based, with the Industry, Services, Retail and Construction Pulses all up on the month. Unsurprisingly spirits were low in respect of business activity over the past while, but with the economy beginning to re-open and the Government accelerating the timetable for easing the COVID-19 restrictions, expectations for business activity and hiring intentions for the period ahead were revised up. And with our main trading partners now also coming out of lockdown, firms in the industry and services sectors reported some improvement in export order books this month.







# Business Pulse June 2020

BUSINE				Past 3 Months
	Industry	Services	Retail	Construction
^	11%	11%	19%	3%
No Change	11%	22%	7%	13%
~	78%	68%	74%	84%
Balance	-67%	-57%	-55%	-81%
Change on previous read	+9 ding	+13	+11	+5

				1.61 67
				Next 3 Months
	Industry	Services	Retail	Construction
^	48%	49%	42%	48%
No Change	30%	29%	28%	34%
~	22%	22%	30%	18%
Balance	+27%	+27%	+13%	+30%
Change on previous readir	+26	+32	+30	+44

JOBS				Past 3 Months
	Industry	Services	Retail	Construction
^	5%	2%	6%	5%
No Change	65%	55%	62%	66%
~	30%	43%	32%	30%
Balance	-25%	-41%	-26%	-25%
Change on previous readi	+11	+7	+9	+7

JOBS			Next 3 Months	
	Industry	Services	Retail	Construction
^	16%	28%	10%	15%
No Change	70%	63%	75%	72%
~	14%	9%	15%	13%
Balance	+1%	+18%	-4%	+2%
Change on previous readir	ng +8	+18	+14	+15

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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