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Bank of Ireland economic pulse

March 2020

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

March 2020

“The Economic Pulse plunged to a four-year low in March amid COVID-19-related disruption.”

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

The Bank of Ireland Economic Pulse came in at 70.4 in March 2020. The index, which combines the results of the Consumer and Business Pulses, was down 16.0 on last month and 19.0 lower than a year ago.

With the COVID-19 pandemic weighing on the global economy, upending financial markets and disrupting travel and tourism, consumer and business confidence took quite a knock this month. And as the March surveys were largely conducted before the Government announced the closure of schools and other restrictions impacting normal everyday and economic activities, both will likely be dealt another blow next month.

KEY POINTS

- Large fall in Economic Pulse in March
- New low for the series
- Businesses lead the sharp decline

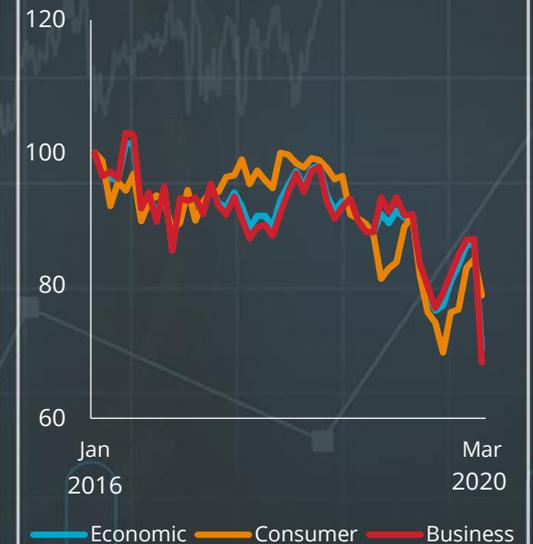
ECONOMIC PULSE

March 2020

70.4

-16.0 on previous index reading

PULSE TRENDS



Consumer Pulse

March 2020

“Households’ worries about the economic outlook were back with a bang this month.”

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

KEY POINTS

- Consumer Pulse down in March
- Households gloomier about the economy
- And their own financial prospects

CONSUMER PULSE

March 2020

78.5

-5.4 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⤴	7%	3%
⤴	31%	22%
No Change	31%	25%
⤵	18%	31%
⤵	11%	14%
Balance	+2%	-15%
Change on previous reading	-2	-16

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⤴	5%	6%
⤴	19%	22%
No Change	56%	53%
⤵	13%	11%
⤵	6%	4%
Balance	+2%	+8%
Change on previous reading	+1	-3

At 78.5 in March 2020, the Consumer Pulse was down 5.4 on last month and 4.0 lower than a year ago. Having abated in February, worries about the economic outlook re-surfaced this month as the new government formation talks made little progress and the coronavirus arrived on Irish shores. Households markedly downgraded their assessment of the economy’s prospects for the coming year and were also more circumspect about their personal finances going forward. Buying sentiment dipped this month too, with just over three in ten considering it a good time to purchase big ticket items compared with 35% in February.

Housing Pulse

March 2020

“A full sweep of the country this month, with house price and rent expectations softer in all regions.”

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

KEY POINTS

- Housing Pulse loses ground in March
- Two in five think prices will rise in the next 12 months
- One in seven expects a fall

HOUSING PULSE

March 2020

77.5

-7.2 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	14%
1% - 5%		29%
Stay more or less the same		39%
1% - 5%	Decrease ↓	12%
> 5%		4%

Balance +19%

-7 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	15%
1% - 5%		36%
Stay more or less the same		40%
1% - 5%	Decrease ↓	4%
> 5%		1%

Balance +30%

-4 on previous reading

The Housing Pulse stood at 77.5 in March 2020. This was 7.2 lower than last month’s reading and down 20.3 on a year ago. While households throughout the country pared back their expectations for future house price gains this month, the balance of positive and negative responses remained in the black across the board. The same goes for rent expectations - the March survey finds that the balance was also in positive territory in all regions but softer on the month.

Business Pulse

March 2020

"It was a new low for the Business Pulse in March, with services leading the downward charge."

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

KEY POINTS

- Big drop in Business Pulse in March
- Firms lower near-term expectations for business activity
- And hiring

BUSINESS PULSE

March 2020



-18.6 on previous index reading

SECTOR PULSES

Industry Pulse



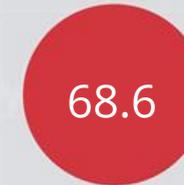
+1.6 on previous index reading

Services Pulse



-25.8 on previous index reading

Retail Pulse



-14.3 on previous index reading

Construction Pulse



-12.2 on previous index reading

The Business Pulse fell 18.6 in March 2020 to 68.4, the weakest print in the series' four year history. The Services Pulse was down very sharply on the month and the Retail and Construction Pulses also saw steep drops, while the Industry Pulse was little changed. With the public health pandemic starting to disrupt economic life, firms in all sectors reported some softness in the recent trading period and significantly marked down their expectations for business activity over the coming three months. Hiring plans were scaled back too and in the retail sector, the share of firms expecting to lay off staff moved ahead of the share expecting to increase employment meaning net job losses in the period ahead.

Business Pulse

March 2020

BUSINESS ACTIVITY		Past 3 Months			
	Industry	Services	Retail	Construction	
^	25%	24%	22%	22%	
No Change	53%	52%	44%	61%	
v	22%	24%	34%	17%	
Balance	+3%	+1%	-12%	+4%	
Change on previous reading	-13	-15	-14	-6	

JOBBS		Past 3 Months			
	Industry	Services	Retail	Construction	
^	12%	9%	6%	9%	
No Change	78%	85%	89%	83%	
v	9%	7%	5%	8%	
Balance	+3%	+2%	+1%	+1%	
Change on previous reading	+1	+1	+2	-3	

BUSINESS ACTIVITY		Next 3 Months			
	Industry	Services	Retail	Construction	
^	41%	24%	30%	40%	
No Change	42%	41%	45%	56%	
v	17%	36%	25%	4%	
Balance	+24%	-12%	+5%	+36%	
Change on previous reading	-20	-50	-22	-6	

JOBBS		Next 3 Months			
	Industry	Services	Retail	Construction	
^	12%	12%	6%	18%	
No Change	81%	77%	87%	78%	
v	7%	11%	7%	5%	
Balance	+5%	+1%	-2%	+13%	
Change on previous reading	-2	-15	-9	-8	

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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