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Bank of Ireland economic pulse

November 2022

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

November 2022

“The Economic Pulse rose in November 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 67.2 in November 2022. The index, which combines the results of the Consumer and Business Pulses, was up 6.7 on last month but 16.0 lower than a year ago.

The picture was mixed again this month. Households were uneasy about the jobs’ outlook and with the cost-of-living squeeze putting a dent in Christmas spending plans, the consumer mood was more gloom than cheer as the run-up to the festive season got underway. In contrast, the Business Pulse clawed back some of the ground it lost last month.

KEY POINTS

- Economic Pulse up in November
- Dip in consumer confidence
- Business sentiment rises

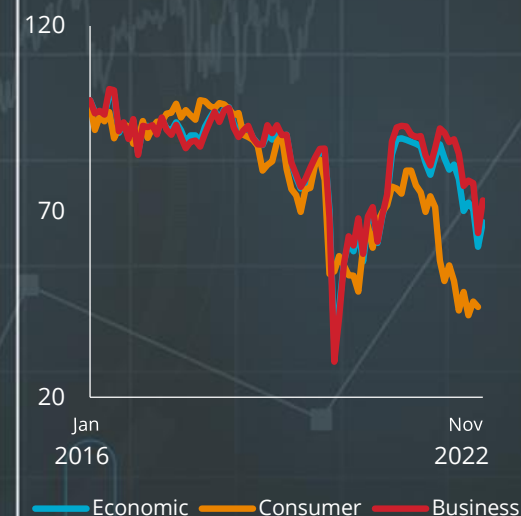
ECONOMIC PULSE

November 2022

67.2

+6.7 on previous index reading

PULSE TRENDS



Consumer Pulse

November 2022

“Pinched pockets appear to be tempering festive cheer among households.”

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

KEY POINTS

- Consumer Pulse dips in November
- Households worried about jobs
- Cost-of-living woes continue

CONSUMER PULSE

November 2022

44.3

-1.5 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⤴	1%	2%
⤴	5%	10%
No Change	7%	15%
⤵	40%	36%
⤵	45%	35%
Balance	-61%	-46%
Change on previous reading	0	-4

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⤴	2%	3%
⤴	12%	15%
No Change	33%	31%
⤵	38%	34%
⤵	14%	15%
Balance	-25%	-22%
Change on previous reading	+2	-1

At 44.3 in November 2022, the Consumer Pulse was down 1.5 on October’s reading and 30.9 lower than a year ago. Households were more circumspect about prospects for the economy and the labour market this month, with 56% now expecting unemployment to increase over the next year (up from 49% last month). On the buying front, the November survey indicates that Christmas shopping plans have also been reined in. While three in five said that they intend spending the same or more on presents this year compared with last, this is down from three in four in 2021.

Housing Pulse

November 2022

"The Housing Pulse was down again in November, for a third month running."

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

KEY POINTS

- Housing Pulse softer in November
- 23-month low for the series
- 53% still anticipating house price gains

HOUSING PULSE

November 2022



-2.1 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change	Response
> 5%	24%
1% - 5%	29%
Stay more or less the same	28%
1% - 5%	12%
> 5%	6%

Balance +26%

-2 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change	Response
> 5%	28%
1% - 5%	36%
Stay more or less the same	31%
1% - 5%	2%
> 5%	1%

Balance +44%

+1 on previous reading

The Housing Pulse stood at 85.2 in November 2022, down 2.1 on last month and 31.3 lower than a year ago. The Central Bank of Ireland has recently announced a targeted relaxation of its mortgage rules which, all other things being equal, should support the housing market in the period ahead. The changes are occurring in an environment of rising interest rates though and against this backdrop, households remain cautious in their assessment of price developments. While over half think house prices will increase over the coming year, almost one in five thinks they will fall.

Business Pulse

November 2022

“November saw the Business Pulse claw back some of the ground it lost in October.”

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

KEY POINTS

- Business Pulse rises in November
- Non-labour input cost pressures ease
- Firms lower selling price expectations

BUSINESS PULSE

November 2022

73.0

+8.8 on previous index reading

SECTOR PULSES

Industry Pulse

74.8

-2.9 on previous index reading

Services Pulse

72.2

+14.3 on previous index reading

Retail Pulse

70.9

+1.1 on previous index reading

Construction Pulse

79.0

+3.9 on previous index reading

The Business Pulse came in at 73.0 in November 2022, up 8.8 on October but 12.3 lower than a year ago. While the Industry Pulse slipped again this month, the Services and Construction Pulses advanced. The Retail Pulse was a touch firmer as well, albeit the survey findings point to a more muted Christmas trading period than usual – two thirds of retailers expect their turnover to be the same or higher than last year versus 85% in the pre-pandemic era. This month’s research also took a look at businesses’ investment plans. The data show that a third intend to increase spending in 2023 compared with this year, with the replacement of worn-out plant and equipment, expanding production capacity, streamlining processes and meeting sustainability and other objectives all on the agenda.

Business Pulse

November 2022

BUSINESS ACTIVITY		Past 3 Months			
	Industry	Services	Retail	Construction	
^	23%	29%	22%	27%	
No Change	57%	47%	48%	56%	
∨	20%	24%	30%	16%	
Balance	+3%	+4%	-9%	+11%	
Change on previous reading	-6	-1	-2	-2	

BUSINESS ACTIVITY		Next 3 Months			
	Industry	Services	Retail	Construction	
^	25%	22%	30%	27%	
No Change	56%	54%	42%	62%	
∨	19%	24%	28%	12%	
Balance	+6%	-2%	+2%	+15%	
Change on previous reading	-8	-1	-2	+5	

JOBS		Past 3 Months			
	Industry	Services	Retail	Construction	
^	13%	10%	8%	11%	
No Change	73%	79%	84%	82%	
∨	14%	11%	7%	7%	
Balance	-1%	-1%	+1%	+4%	
Change on previous reading	-1	+2	+1	+4	

JOBS		Next 3 Months			
	Industry	Services	Retail	Construction	
^	13%	8%	8%	16%	
No Change	80%	84%	87%	79%	
∨	7%	8%	5%	5%	
Balance	+6%	0%	+4%	+11%	
Change on previous reading	-5	0	-3	+3	

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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