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economic pulse

September 2022



Economic
Pulse



Consumer
Pulse



Housing
Pulse



Business
Pulse

Economic Pulse

September 2022

“Economic sentiment was down this month amid an intensification of energy woes.”

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

The Bank of Ireland Economic Pulse came in at 70.6 in September 2022. The index, which combines the results of the Consumer and Business Pulses, was down 1.8 on last month’s reading and 17.6 lower than a year ago.

With Europe experiencing disruption to gas flows from Russia, markets on edge and several providers here announcing further gas and electricity price increases, energy matters were to the fore this month. Anxiety over bills weighed on households’ mood, while security of supply as well as cost concerns saw basic infrastructure - energy, water and waste - move up businesses’ priority list for public investment.

KEY POINTS

- Economic Pulse falls in September
- Record low for consumer confidence
- Business sentiment slips

ECONOMIC PULSE

September 2022

70.6

-1.8 on previous index reading

PULSE TRENDS



Consumer Pulse

September 2022

“A broad-based pullback saw the Consumer Pulse hit a fresh low in September.”

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

KEY POINTS

- Consumer Pulse drops in September
- Weakest reading on record
- Cost of living squeeze ongoing

CONSUMER PULSE

September 2022

42.1

-6.3 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⤴	2%	2%
⤴	6%	10%
No Change	8%	10%
⤵	34%	32%
⤵	49%	42%
Balance	-61%	-51%
Change on previous reading	-2	-6

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⤴	3%	4%
⤴	10%	13%
No Change	34%	20%
⤵	34%	36%
⤵	18%	26%
Balance	-27%	-34%
Change on previous reading	-5	-13

At 42.1 in September 2022, the Consumer Pulse was down 6.3 on August’s print and 38.9 lower than a year ago. Households were more apprehensive about the economy and job prospects this month, and with energy bills for all and mortgage repayments for some on the rise, they were gloomier about their personal finances too. One in three is just managing to make ends meet according to September’s survey, though this varies across the income distribution – the figure for households at the bottom end was 53% for example, compared with 16% for those at the top end.

Housing Pulse

September 2022

"Housing infrastructure remains the number one priority area for investment."

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

KEY POINTS

- Housing Pulse softer in September
- ECB interest rate hikes underway
- House price expectations stay positive

HOUSING PULSE

September 2022

99.8

-1.6 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	34%
1% - 5%		31%
Stay more or less the same		21%
1% - 5%	Decrease ↓	6%
> 5%		5%

Balance +41%

-2 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	37%
1% - 5%		35%
Stay more or less the same		21%
1% - 5%	Decrease ↓	1%
> 5%		2%

Balance +53%

0 on previous reading

The Housing Pulse came in at 99.8 in September 2022, down 1.6 on last month and 19.1 lower than a year ago. Survey respondents pared back their expectations for future house price gains this month, but with demand continuing to outstrip supply, 65% still think they will increase over the coming year (versus 68% in August). Housing infrastructure is important from a quality of life standpoint and also has a role to play in facilitating new ways of working and attracting staff from abroad, meaning investment in this area is relevant for firms as well as households.

Business Pulse

September 2022

“The uncertain backdrop tempered the business outlook this month.”

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

KEY POINTS

- Business Pulse down slightly in September
- Uncertainty at play
- Basic infrastructure moves up the agenda

BUSINESS PULSE

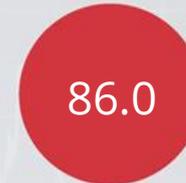
September 2022



-0.7 on previous index reading

SECTOR PULSES

Industry Pulse



+5.0 on previous index reading

Services Pulse



-4.3 on previous index reading

Retail Pulse



+8.5 on previous index reading

Construction Pulse



-1.4 on previous index reading

The Business Pulse stood at 77.7 in September 2022, down 0.7 on last month and 12.3 lower than a year ago. While the sectoral Pulse readings were a mixed bag - Industry and Retail firmed this month whereas Services and Construction softened - firms were generally more circumspect about near-term prospects for activity given the unsettled environment, with two thirds saying it is difficult to predict the future development of their business situation at present. September’s research also took a look at infrastructure priorities from a business perspective and finds that housing remains in pole position (42% of firms cited it as the key area for investment), followed by transport (23%), energy, water and waste (19%), and telecommunications (15%).

Business Pulse

September 2022

BUSINESS ACTIVITY		Past 3 Months			
	Industry	Services	Retail	Construction	
^	26%	32%	24%	28%	
No Change	53%	50%	54%	57%	
v	21%	18%	22%	15%	
Balance	+4%	+14%	+1%	+13%	
Change on previous reading	-3	-8	+4	+10	

BUSINESS ACTIVITY		Next 3 Months			
	Industry	Services	Retail	Construction	
^	38%	31%	28%	25%	
No Change	45%	42%	45%	58%	
v	16%	27%	28%	17%	
Balance	+22%	+3%	0%	+9%	
Change on previous reading	0	-11	-5	-2	

JOBS		Past 3 Months			
	Industry	Services	Retail	Construction	
^	13%	10%	9%	9%	
No Change	77%	80%	86%	81%	
v	10%	10%	6%	9%	
Balance	+4%	0%	+3%	0%	
Change on previous reading	+5	-8	0	+2	

JOBS		Next 3 Months			
	Industry	Services	Retail	Construction	
^	15%	13%	9%	11%	
No Change	80%	77%	84%	79%	
v	5%	10%	7%	9%	
Balance	+9%	+3%	+2%	+2%	
Change on previous reading	-1	-4	-4	-10	

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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