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Bank of Ireland economic pulse

December 2022

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

December 2022

“Both consumer and business sentiment posted gains this month.”

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

The Bank of Ireland Economic Pulse came in at 70.7 in December 2022. The index, which combines the results of the Consumer and Business Pulses, was up 3.5 on last month but 9.2 lower than a year ago.

While this year saw the COVID-19 fog lift, it was marred by the cloud of war. High global energy and other commodity prices as a result of Russia’s invasion of Ukraine added to prices and costs for households and firms and with uncertainty also weighing on confidence, the Economic Pulse trended down for much of 2022. Helped by Government support measures, sentiment has been edging up recently though, with both the Consumer and Business Pulses increasing in December.

KEY POINTS

- Economic Pulse rises in December
- Second consecutive monthly gain
- Consumer and business confidence up

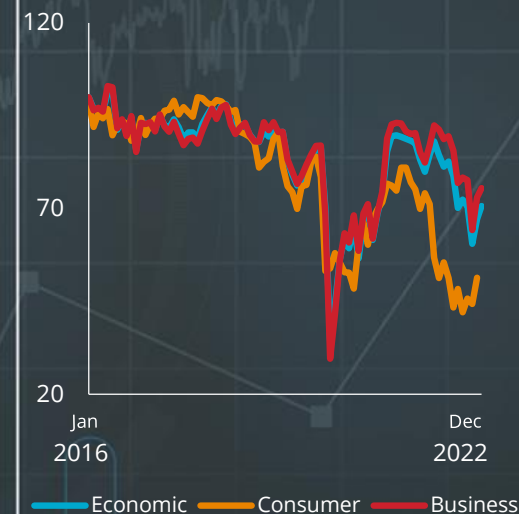
ECONOMIC PULSE

December 2022

70.7

+3.5 on previous index reading

PULSE TRENDS



Consumer Pulse

December 2022

“December’s bounce took the Consumer Pulse to a seventh-month high.”

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

KEY POINTS

- Consumer Pulse increases in December
- Best reading since May
- Broad-based improvement

CONSUMER PULSE

December 2022

51.4

+7.1 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⤴	2%	3%
⤴	7%	17%
No Change	9%	18%
⤵	35%	36%
⤵	45%	25%
Balance	-58%	-31%
Change on previous reading	+3	+15

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⤴	3%	6%
⤴	11%	15%
No Change	32%	40%
⤵	36%	27%
⤵	18%	10%
Balance	-28%	-10%
Change on previous reading	-3	+12

The Consumer Pulse stood at 51.4 in December 2022, up 7.1 on last month but 18.5 lower than a year ago. With CSO data showing a moderation in inflation of late and expectations easing as well – some 78% think that consumer prices will rise over the next 12 months, down from 84% in November – households were less gloomy about the economy and their own financial prospects this month. Their assessment of the labour market outlook also improved as the unemployment rate nudged lower and concerns about layoffs in a number of high profile tech companies abated.

Housing Pulse

December 2022

"The Housing Pulse advanced this month after a run of softish readings."

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

KEY POINTS

- Housing Pulse up in December
- House price expectations strengthen
- Rents picture little changed

HOUSING PULSE

December 2022

90.4

+5.2 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	25%
1% - 5%		32%
Stay more or less the same		27%
1% - 5%	Decrease ↓	10%
> 5%		4%

Balance +32%
+6 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	31%
1% - 5%		32%
Stay more or less the same		29%
1% - 5%	Decrease ↓	3%
> 5%		1%

Balance +45%
+1 on previous reading

The Housing Pulse came in at 90.4 in December 2022, up 5.2 from November but down 27.1 on a year ago. Notwithstanding indications from the European Central Bank that it would be hiking interest rates again at its final meeting of 2022, households in all regions upped their expectations for future house price gains this month. Nationally, 57% think house prices will increase in the next 12 months, with Dublin leading the way (61%) and Connacht/Ulster bringing up the rear (52%). The share anticipating higher rents over the coming year (some three in five) held steady in December though.

Business Pulse

December 2022

“The Business Pulse rose for a second month running in December.”

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

KEY POINTS

- Business Pulse increases in December
- Retailers in circumspect mood
- Other sectors register gains

BUSINESS PULSE

December 2022

75.5

+2.5 on previous index reading

SECTOR PULSES

Industry Pulse

83.0

+8.2 on previous index reading

Services Pulse

73.6

+1.4 on previous index reading

Retail Pulse

69.5

-1.4 on previous index reading

Construction Pulse

87.1

+8.1 on previous index reading

At 75.5 in December 2022, the Business Pulse was up 2.5 on last month but 6.9 lower than a year ago. The Construction and Industry Pulses put in good performances this month, with the Services Pulse ticking up too. Builders reported an improvement in order books, while firms in industry and services were more optimistic about the near-term outlook for business activity. The Retail Pulse slipped a little, however, as the challenging trading environment of recent months is expected to continue into the New Year. December’s survey also finds that the share of firms reporting an increase in non-labour input costs over the past while eased to 80% (from 82% last month), while the share intending to raise their selling prices in the period ahead was unchanged at just over half.

Business Pulse

December 2022

BUSINESS ACTIVITY		Past 3 Months			
	Industry	Services	Retail	Construction	
^	30%	30%	24%	21%	
No Change	53%	51%	52%	63%	
v	17%	19%	24%	16%	
Balance	+13%	+11%	-1%	+5%	
Change on previous reading	+10	+7	+8	-6	

JOBBS		Past 3 Months			
	Industry	Services	Retail	Construction	
^	12%	10%	10%	13%	
No Change	84%	80%	87%	81%	
v	4%	10%	3%	6%	
Balance	+8%	0%	+7%	+7%	
Change on previous reading	+9	+1	+6	+3	

BUSINESS ACTIVITY		Next 3 Months			
	Industry	Services	Retail	Construction	
^	32%	26%	24%	24%	
No Change	51%	52%	45%	62%	
v	17%	22%	31%	14%	
Balance	+16%	+5%	-7%	+10%	
Change on previous reading	+10	+7	-9	-5	

JOBBS		Next 3 Months			
	Industry	Services	Retail	Construction	
^	15%	10%	7%	16%	
No Change	80%	82%	90%	78%	
v	4%	8%	3%	6%	
Balance	+11%	+2%	+5%	+10%	
Change on previous reading	+5	+2	+1	-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, 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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