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Bank of Ireland economic pulse

April 2016

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

APRIL 2016

“The Economic Pulse was broadly unchanged in April. The findings of the survey show that sentiment among consumers and firms remains at a high level”

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

The Bank of Ireland Economic Pulse stood at 96.0 in April 2016. The index, which brings together the findings of the Consumer and Business Pulses, was broadly unchanged on March.

The consumer picture brightened in April, with households more positive about their own finances and also about employment prospects.

On the business side, sentiment was a little softer. The Industry and Services Pulses eased back in the month, though the Retail and Construction Pulses picked up.

KEY POINTS

- Economic Pulse broadly unchanged in April
- Consumers feeling more positive
- Business sentiment softer in the month, but at a high level

ECONOMIC PULSE

APRIL 2016

96.0

-0.2 on previous index reading

ABOUT THE PULSE

Bank of Ireland's new economic indicator for Ireland – the Economic Pulse – is 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.

Bank of Ireland is partnering with the European Commission on the surveys. The data collected will feed into the Joint Harmonised EU Programme of Business and Consumer Surveys.

Consumer Pulse

APRIL 2016

“Consumers are back spending on cars and this trend looks set to continue. The April Consumer Pulse finds that 26% are likely to buy a car in the next 12 months”

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

KEY POINTS

- Consumer Pulse picks up in April
- Households more positive about their financial situation
- Just over half expect unemployment to fall further

CONSUMER PULSE

APRIL 2016

95.6

+3.6 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
↑↑	9%	8%
↑	49%	48%
No Change	21%	25%
↓	12%	9%
↓↓	8%	6%
Balance	20%	22%
Change on previous reading	+2	+1

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
↑↑	4%	7%
↑	23%	32%
No Change	47%	47%
↓	15%	9%
↓↓	9%	4%
Balance	-1%	14%
Change on previous reading	+4	+4

The Consumer Pulse stood at 95.6 in April 2016, up 3.6 on March. The lack of a government doesn’t appear to have had much impact on households’ assessment of the general economic situation, which changed little over the month. Consumers’ assessment of their own finances, compared to a year ago and over the next 12 months, improved in April with the balance between positive and negative responses increasing by 4 percentage points. Buying sentiment was also reasonably solid in April, as were saving intentions. 35% of households considered it a good time to purchase big ticket items such as furniture and electrical goods, while 66% indicated that they are likely to put money aside in the next 12 months.

Housing Pulse

APRIL 2016

“The majority of those surveyed as part of April’s Housing Pulse expect house prices and rents to increase over the coming 12 months.”

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

KEY POINTS

- Sharp increase in the Housing Pulse in April
- House prices and rents expected to rise
- 66% think it is cheaper to buy a property than rent in their area

HOUSING PULSE

APRIL 2016

107.0

+6.3 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	29%
1% - 5%		42%
Stay more or less the same		23%
1% - 5%	Decrease ↓	2%
> 5%		1%

Balance +48%
+6 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	30%
1% - 5%		36%
Stay more or less the same		29%
1% - 5%	Decrease ↓	1%
> 5%		1%

Balance +46%
+6 on previous reading

The Housing Pulse rose to 107.0 in April 2016. House price expectations were in firm positive territory, with the majority of those surveyed anticipating increases over the next 12 months. The mismatch between supply and demand in the housing market is also impacting rents and rent expectations. At a regional level, the picture is similar, though unsurprisingly given the pressures in Dublin and surrounding counties, the number of respondents reporting increases was greater in the capital and the Rest of Leinster.

Business Pulse

APRIL 2016

“The April Business Pulse shows that a large number of firms are on a growth trajectory and looking to expand their businesses over the next 1 to 3 years .”

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

KEY POINTS

- Business sentiment eases in April, but remains at a high level
- Industry and services softer in the month, retail and construction up
- All sectors hiring

BUSINESS PULSE

APRIL 2016

96.1

-1.1 on previous index reading

SECTOR PULSES

Industry Pulse

97.3

-2.5 on previous index reading

Services Pulse

96.7

-3.2 on previous index reading

Retail Pulse

92.3

+3.5 on previous index reading

Construction Pulse

99.3

+7.2 on previous index reading

The Business Pulse stood at 96.1 in April. Overall sentiment eased a little in the month on the back of softer Industry and Services Pulse readings. In contrast, the Retail and Construction Pulses picked up. The April data show that all sectors are hiring and that the number of firms expecting an increase in business activity over the coming months continues to exceed the number expecting a decrease. The survey results also indicate that some 40% of firms in industry and services are planning on increasing basic pay over the next 12 months, with 28% of construction firms and 27% of retailers expecting to do so.

Business Pulse

APRIL 2016

BUSINESS ACTIVITY		Past 3 Months			
	Industry	Services	Retail	Construction	
^	44%	38%	37%	43%	
No Change	44%	54%	45%	42%	
∨	12%	9%	17%	14%	
Balance	+31%	+29%	+20%	+29%	
Change on previous reading	+2	-1	-7	+3	

BUSINESS ACTIVITY		Next 3 Months			
	Industry	Services	Retail	Construction	
^	57%	55%	57%	54%	
No Change	39%	40%	34%	41%	
∨	5%	5%	9%	5%	
Balance	+52%	+50%	+49%	+48%	
Change on previous reading	-8	-7	+2	-5	

JOBS		Past 3 Months			
	Industry	Services	Retail	Construction	
^	20%	14%	18%	11%	
No Change	76%	81%	77%	83%	
∨	5%	5%	5%	6%	
Balance	+15%	+9%	+13%	+5%	
Change on previous reading	+1	+1	+5	-4	

JOBS		Next 3 Months			
	Industry	Services	Retail	Construction	
^	24%	20%	12%	28%	
No Change	74%	78%	85%	68%	
∨	2%	2%	3%	4%	
Balance	+22%	+18%	+9%	+24%	
Change on previous reading	+2	-4	-1	0	

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

THE EU DIMENSION

Bank of Ireland is partnering with the European Commission on the surveys. The data collected will 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 for the situation in Ireland to be compared with that of other Member States.

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, 800 firms in industry, 800 services firms, 250 retailers and 250 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.

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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