

Further material available at  
[www.BankofIrelandEconomicPulse.com](http://www.BankofIrelandEconomicPulse.com)

## Bank of Ireland economic pulse

May 2016

 Economic  
Pulse

 Consumer  
Pulse

 Housing  
Pulse

 Business  
Pulse

# Economic Pulse

## May 2016

"A pick up in business sentiment was behind the increase in the Economic Pulse reading in May."

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

The Bank of Ireland Economic Pulse came in at 101.3 in May 2016. The index, which combines the results of the Consumer and Business Pulses, was up 5.3 on April's reading.

Sentiment among households softened in May, with the Consumer Pulse giving up some of the previous month's gains.

In contrast, the Business Pulse picked up, on the back of improved confidence among firms in the services sector and retail businesses.

### KEY POINTS

- Economic Pulse up in May
- Consumer sentiment softer in the month
- Business Pulse gains ground

### ECONOMIC PULSE

May 2016

101.3

+5.3 on previous index reading

### ABOUT THE PULSE

The Economic Pulse is a new indicator 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

May 2016

“With the weather improving and schools finishing up, holidays are on the agenda for many households. Compared to last year, two in three are planning on spending the same or more on holidays this year.”

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

## KEY POINTS

- Consumer Pulse eases in May
- Households scale back expectations for further falls in unemployment
- Buying sentiment reasonably solid

## CONSUMER PULSE

May 2016

94.3

-1.3 on previous index reading

## GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⤴	8%	8%
⤴	48%	46%
No Change	22%	29%
⤵	11%	8%
⤵	9%	4%
Balance	18%	23%
Change on previous reading	-2	+1

## HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⤴	5%	7%
⤴	22%	29%
No Change	47%	49%
⤵	17%	9%
⤵	8%	3%
Balance	-1%	14%
Change on previous reading	0	0

The Consumer Pulse stood at 94.3 in May 2016. This was down 1.3 on April, as households scaled back their assessment of the economic situation over the past 12 months (the balance between positive and negative responses was 2 percentage points lower than the previous reading) and their expectations for further falls in unemployment. Consumers’ assessment of their own financial situation, compared to both a year ago and over the next 12 months, was unchanged however. Buying sentiment also remained reasonably solid in May, with almost one in four households expecting to increase instore spending in the coming year and 17% indicating that they expect to spend more on online purchases.

# Housing Pulse

## May 2016

“The cost of renting is an issue coming through in the survey findings, with households calling it out as one of their top concerns.”

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

### KEY POINTS

- Housing Pulse softens in May following April’s sharp increase
- House prices and rents expected to rise
- Dublin leading the way

### HOUSING PULSE

May 2016

104.0

-3.0 on previous index reading

### HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	27%
1% - 5%		42%
Stay more or less the same		24%
1% - 5%	Decrease ↓	2%
> 5%		1%

**Balance +45%**  
-3 on previous reading

### RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	28%
1% - 5%		36%
Stay more or less the same		30%
1% - 5%	Decrease ↓	1%
> 5%		1%

**Balance +44%**  
-2 on previous reading

Having picked up sharply in April, the Housing Pulse eased back in May 2016 to 104.0. The majority of those surveyed continued to expect house price gains over the next 12 months, with around one in four anticipating increases in excess of 5%. At one in three, the Dublin figure was somewhat higher. Rent expectations also remained in firm positive territory in May, though the balance was marginally down on April’s reading. 28% of respondents were of the view that rents would rise by more than 5% in the year ahead, with the figure for Dublin again more pronounced at 36%.

# Business Pulse

## May 2016

“CSO data published recently show that annual employment rose in all four sectors in the first quarter of 2016. The Business Pulse points to further job gains over the coming months.”

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

### KEY POINTS

- Business sentiment picks up in May
- Strong services and retail readings
- Over half of firms expect activity to increase in the next 3 months

### BUSINESS PULSE

May 2016

103.0

+7.0 on previous index reading

### SECTOR PULSES

Industry Pulse

96.1

-1.2 on previous index reading

Services Pulse

104.8

+8.0 on previous index reading

Retail Pulse

104.8

+12.5 on previous index reading

Construction Pulse

96.2

-3.1 on previous index reading

The Business Pulse stood at 103.0 in May, up 7.0 on April. The Services and Retail Pulses registered strong readings, helped by a pick up in hiring intentions. The Industry Pulse eased in the month though, as did the Construction Pulse. The May survey findings also point to some pressures on the cost front, with 40% of businesses in industry, 34% in services, 38% in retail and 45% in construction indicating that input costs (excluding labour costs) have increased over the last 3 months. Notwithstanding this, the bulk of firms do not expect to change their selling prices in the period ahead.

# Business Pulse

MAY 2016

<b>BUSINESS ACTIVITY</b>		Past 3 Months			
	Industry	Services	Retail	Construction	
^	43%	45%	37%	39%	
No Change	46%	48%	47%	49%	
∨	12%	7%	15%	12%	
Balance	+31%	+38%	+22%	+27%	
Change on previous reading	0	+9	+2	-2	

<b>BUSINESS ACTIVITY</b>		Next 3 Months			
	Industry	Services	Retail	Construction	
^	55%	56%	58%	53%	
No Change	38%	40%	31%	44%	
∨	8%	3%	11%	2%	
Balance	+47%	+53%	+46%	+51%	
Change on previous reading	-5	+3	-3	+3	

<b>JOBS</b>		Past 3 Months			
	Industry	Services	Retail	Construction	
^	19%	15%	14%	16%	
No Change	76%	81%	83%	79%	
∨	5%	4%	3%	5%	
Balance	+14%	+11%	+11%	+11%	
Change on previous reading	-1	+2	-2	+6	

<b>JOBS</b>		Next 3 Months			
	Industry	Services	Retail	Construction	
^	23%	22%	14%	28%	
No Change	73%	77%	83%	68%	
∨	4%	1%	3%	4%	
Balance	+18%	+20%	+11%	+24%	
Change on previous reading	-4	+2	+2	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 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.

## Contact us at

EconomicPulse@boi.com

Dr Loretta O’Sullivan,  
Group Chief Economist,  
+353 (0) 766 244 267

Conn Creedon,  
Senior Economist,  
+353 (0) 766 235 134

Mark Leech,  
Media Relations Manager,  
+353 (0) 766 234 773