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Bank of Ireland economic pulse

May 2019



Regional
Pulse

Regional Pulse

May 2019

“The share of households expecting house prices to increase over the coming year rose in all regions this month.”

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

The Bank of Ireland Regional Pulses bring together the views of households and firms around the country. The 3 month moving averages show that sentiment was up in Connacht/Ulster, little changed in Munster but down in Dublin and the Rest of Leinster in May 2019.

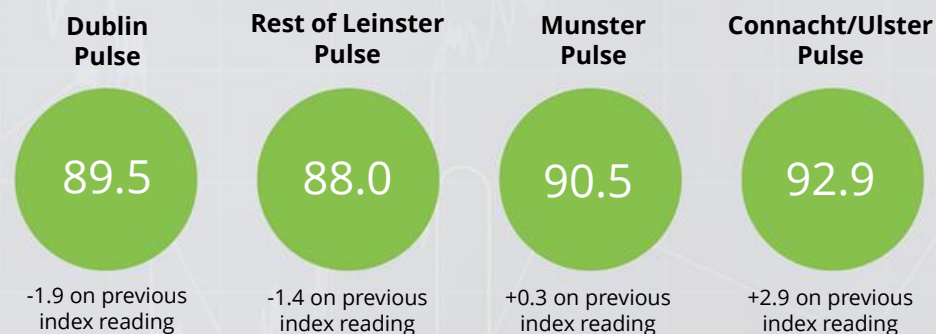
The onset of summer and a lull in the Brexit news flow helped lift consumer spirits this month, with households in all regions more upbeat about the economic outlook. Seven in ten also said that they are planning on spending the same or more on holidays this year compared with last year. The business mood was more mixed, though near-term prospects for activity and hiring were in positive territory across the board in May.

KEY POINTS

- Mixed regional picture in May
- Connacht/Ulster Pulse gains ground
- Softer readings in Dublin and the Rest of Leinster

REGIONAL PULSES

Three Month Moving Averages



Rest of Leinster refers to Leinster excluding Dublin. Ulster only refers to Cavan, Donegal and Monaghan.

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GENERAL ECONOMIC SITUATION

Past 12 Months

| | Dublin | Rest of Leinster | Munster | Connacht/Ulster |
|----------------------------|--------|------------------|---------|-----------------|
| ⬆️ | 12% | 10% | 10% | 16% |
| ⬆️ | 35% | 36% | 39% | 33% |
| No Change | 22% | 22% | 22% | 29% |
| ⬆️ | 20% | 19% | 16% | 11% |
| ⬇️ | 9% | 11% | 11% | 9% |
| Balance | +10% | +7% | +10% | +18% |
| Change on previous reading | -11 | +1 | +1 | +10 |

HOUSEHOLD FINANCIAL SITUATION

Past 12 Months

| | Dublin | Rest of Leinster | Munster | Connacht/Ulster |
|----------------------------|--------|------------------|---------|-----------------|
| ⬆️ | 8% | 6% | 5% | 4% |
| ⬆️ | 23% | 21% | 23% | 24% |
| No Change | 55% | 51% | 55% | 56% |
| ⬆️ | 11% | 14% | 9% | 10% |
| ⬇️ | 3% | 8% | 7% | 4% |
| Balance | +11% | +1% | +5% | +7% |
| Change on previous reading | +2 | -5 | +3 | +10 |

GENERAL ECONOMIC SITUATION

Next 12 Months

| | Dublin | Rest of Leinster | Munster | Connacht/Ulster |
|----------------------------|--------|------------------|---------|-----------------|
| ⬆️ | 7% | 5% | 8% | 11% |
| ⬆️ | 32% | 34% | 33% | 34% |
| No Change | 30% | 28% | 30% | 21% |
| ⬆️ | 19% | 20% | 18% | 21% |
| ⬇️ | 9% | 10% | 6% | 10% |
| Balance | +4% | +2% | +9% | +7% |
| Change on previous reading | +7 | +21 | +21 | +26 |

HOUSEHOLD FINANCIAL SITUATION

Next 12 Months

| | Dublin | Rest of Leinster | Munster | Connacht/Ulster |
|----------------------------|--------|------------------|---------|-----------------|
| ⬆️ | 5% | 5% | 7% | 3% |
| ⬆️ | 30% | 28% | 25% | 29% |
| No Change | 51% | 55% | 55% | 57% |
| ⬆️ | 7% | 8% | 8% | 6% |
| ⬇️ | 3% | 2% | 4% | 2% |
| Balance | +13% | +12% | +12% | +12% |
| Change on previous reading | -3 | +2 | +5 | +11 |

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House Price and Rents Expectations

DUBLIN

Next 12 Months

| Change | | House Prices | Rents |
|----------------------------|------------|--------------|-------|
| > 5% | ↑ Increase | 30% | 26% |
| 1% - 5% | | 44% | 47% |
| Stay more or less the same | | 19% | 21% |
| 1% - 5% | ↓ Decrease | 4% | 2% |
| > 5% | | 1% | 1% |
| Balance | | +48% | +47% |
| Change on previous reading | | +7 | -3 |

REST OF LEINSTER

Next 12 Months

| Change | | House Prices | Rents |
|----------------------------|------------|--------------|-------|
| > 5% | ↑ Increase | 26% | 21% |
| 1% - 5% | | 41% | 46% |
| Stay more or less the same | | 24% | 27% |
| 1% - 5% | ↓ Decrease | 5% | 1% |
| > 5% | | 2% | 1% |
| Balance | | +43% | +42% |
| Change on previous reading | | +5 | +1 |

MUNSTER

Next 12 Months

| Change | | House Prices | Rents |
|----------------------------|------------|--------------|-------|
| > 5% | ↑ Increase | 25% | 22% |
| 1% - 5% | | 43% | 40% |
| Stay more or less the same | | 28% | 34% |
| 1% - 5% | ↓ Decrease | 2% | 2% |
| > 5% | | 1% | 0% |
| Balance | | +44% | +41% |
| Change on previous reading | | +4 | 0 |

CONNACHT/ULSTER

Next 12 Months

| Change | | House Prices | Rents |
|----------------------------|------------|--------------|-------|
| > 5% | ↑ Increase | 20% | 19% |
| 1% - 5% | | 44% | 37% |
| Stay more or less the same | | 27% | 37% |
| 1% - 5% | ↓ Decrease | 2% | 1% |
| > 5% | | 3% | 0% |
| Balance | | +38% | +37% |
| Change on previous reading | | +6 | -1 |

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BUSINESS ACTIVITY

| Past 3 Months | Change on previous reading | |
|------------------|----------------------------|-----|
| | Balance | |
| Dublin | +22% | -4 |
| Rest of Leinster | +26% | +9 |
| Munster | +27% | +9 |
| Connacht/Ulster | +23% | +11 |

BUSINESS ACTIVITY

| Next 3 Months | Change on previous reading | |
|------------------|----------------------------|----|
| | Balance | |
| Dublin | +35% | -1 |
| Rest of Leinster | +41% | +1 |
| Munster | +41% | +9 |
| Connacht/Ulster | +37% | -1 |

JOBS

| Past 3 Months | Change on previous reading | |
|------------------|----------------------------|----|
| | Balance | |
| Dublin | +5% | -2 |
| Rest of Leinster | +6% | +8 |
| Munster | +7% | +4 |
| Connacht/Ulster | +7% | 0 |

JOBS

| Next 3 Months | Change on previous reading | |
|------------------|----------------------------|----|
| | Balance | |
| Dublin | +15% | +1 |
| Rest of Leinster | +13% | -4 |
| Munster | +15% | +1 |
| Connacht/Ulster | +14% | -1 |

Background

THE ECONOMIC 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.

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, 1000 services firms, 400 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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Note: Balances are calculated as the difference between positive and negative responses (using weighted averages for questions with multiple options).

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