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Bank of Ireland economic pulse

April 2021

 Economic Pulse  Consumer Pulse  Housing Pulse  Business Pulse

Economic Pulse

April 2021

"The Economic Pulse rose again this month, making it a hat-trick of gains."

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

The Bank of Ireland Economic Pulse came in at 85.4 in April 2021. The index, which combines the results of the Consumer and Business Pulses, was 11.8 higher than in March and up 51.1 on last April's all-time low.

With the virus situation stabilising, inoculations going up, some easing of Level 5 restrictions – inter alia the return of in-school education and residential construction - and more expected over the coming months, sentiment among households and especially firms rose again this month. As a result, the Economic Pulse is now fast approaching its pre-pandemic level.

KEY POINTS

- Economic Pulse tracks higher in April
- Large jump in business confidence
- Consumer sentiment ticks up

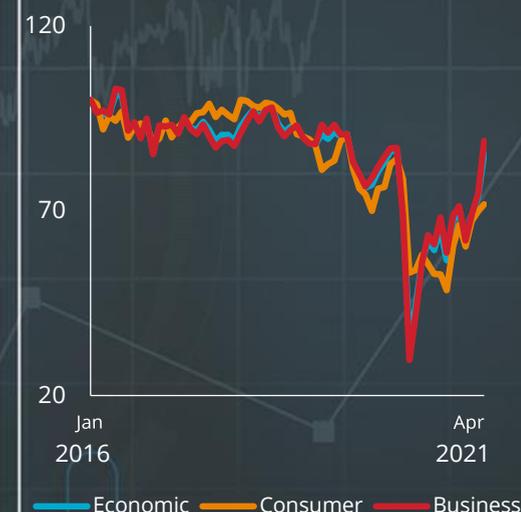
ECONOMIC PULSE

April 2021

85.4

+11.8 on previous index reading

PULSE TRENDS



Consumer Pulse

April 2021

“The steps being taken to restart the economy and society helped lift the household mood in April.”

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

KEY POINTS

- Consumer Pulse up in April
- Almost half think unemployment will fall
- Buying sentiment improves

CONSUMER PULSE

April 2021

71.7

+1.9 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⤴	1%	11%
⤴	3%	39%
No Change	11%	12%
⤵	34%	19%
⤵	49%	18%
Balance	-63%	+4%
Change on previous reading	+4	+2

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⤴	5%	9%
⤴	15%	24%
No Change	56%	55%
⤵	18%	9%
⤵	6%	1%
Balance	-2%	+15%
Change on previous reading	+2	+5

The Consumer Pulse rose for a third month running in April 2021 to 71.7. This was 1.9 higher than last month’s reading and up 18.5 on a year ago. Households were more positive about the economy and their own finances this month, with the share saying that they are holding out on spending because they are not sure what way economic policy is going to go easing to 42% (from 61% during the first lockdown) and the share considering it a good time to purchase big ticket items like furniture and electrical goods ticking up to 28%.

Housing Pulse

April 2021

“Even with house prices on the rise, seven in ten think it is cheaper to buy than rent in their area.”

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

KEY POINTS

- Housing Pulse increases in April
- 73% expect house prices to go up in the next year
- Buying continues to trump renting

HOUSING PULSE

April 2021

107.9

+10.6 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	33%
1% - 5%		40%
Stay more or less the same		19%
1% - 5%	Decrease ↓	4%
> 5%		2%

Balance +49%
+10 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	22%
1% - 5%		35%
Stay more or less the same		34%
1% - 5%	Decrease ↓	4%
> 5%		1%

Balance +36%
+4 on previous reading

The Housing Pulse stood at 107.9 in April 2021, up 10.6 on March and 82.9 higher than last April’s trough. Households in all regions raised their expectations for future house price gains this month, taking the index to its highest level since the autumn of 2018. The survey also finds that 36% plan to spend a large sum on home improvements over the coming year, a series high that likely reflects a combination of increased savings and the view that remote or hybrid working will be a feature of the post-COVID landscape for some.

Business Pulse

April 2021

"The Business Pulse led the way this month and is now back above its pre-pandemic level."

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

KEY POINTS

- Business Pulse strengthens in April
- Third consecutive gain
- Firms more upbeat about activity and jobs

BUSINESS PULSE

April 2021

88.9

+14.3 on previous index reading

SECTOR PULSES

Industry Pulse

94.4

+11.8 on previous index reading

Services Pulse

87.8

+14.2 on previous index reading

Retail Pulse

87.5

+17.2 on previous index reading

Construction Pulse

90.1

+12.7 on previous index reading

At 88.9 in April 2021, the Business Pulse was 14.3 higher than last month and up 59.3 on a year ago. The improvement in sentiment was broad based, with all four sectoral Pulses – industry, services, retail and construction - posting higher readings this month amid a modest easing of public health restrictions and the expectation of more to come. Some 53% of firms are anticipating a pick-up in business activity in the near term, while almost a quarter expect to employ more people. Three in ten also indicated that they are planning on increasing basic pay over the next 12 months, though the majority are set to stay on hold for the time being as they focus on restoring profitability.

Business Pulse

April 2021

BUSINESS ACTIVITY				Past 3 Months
	Industry	Services	Retail	Construction
^	24%	25%	25%	19%
No Change	41%	46%	34%	30%
∨	35%	29%	41%	52%
Balance	-11%	-4%	-16%	-33%
Change on previous reading	+12	+18	+17	+18

BUSINESS ACTIVITY				Next 3 Months
	Industry	Services	Retail	Construction
^	58%	50%	50%	64%
No Change	34%	42%	36%	31%
∨	8%	9%	14%	6%
Balance	+50%	+41%	+37%	+58%
Change on previous reading	+16	+11	+13	+19

JOBS				Past 3 Months
	Industry	Services	Retail	Construction
^	13%	8%	9%	5%
No Change	76%	81%	83%	84%
∨	11%	11%	8%	11%
Balance	+2%	-3%	+1%	-6%
Change on previous reading	+8	+12	+8	+5

JOBS				Next 3 Months
	Industry	Services	Retail	Construction
^	23%	26%	16%	25%
No Change	73%	72%	81%	73%
∨	4%	2%	3%	2%
Balance	+19%	+24%	+13%	+23%
Change on previous reading	+4	+10	+9	+7

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, 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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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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