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Bank of Ireland economic pulse

June 2021

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

June 2021

“The Economic Pulse held steady in June as the re-opening of the economy beds down.”

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

The Bank of Ireland Economic Pulse came in at 89.7 in June 2021. The index, which combines the results of the Consumer and Business Pulses, was 0.2 higher than last month and up 33.4 on a year ago.

Recent weeks have seen further progress on the re-opening front - all retail is now back in action, accommodation services have resumed and outdoor hospitality is underway. But with the headline index already running above its pre-pandemic level after a number of months of strong gains, it was very much a case of steady as she goes for economic sentiment in June, with the Business Pulse up a notch on the month and the Consumer Pulse down a touch.

KEY POINTS

- Economic Pulse little changed in June
- Business sentiment up a notch
- Consumer confidence down a touch

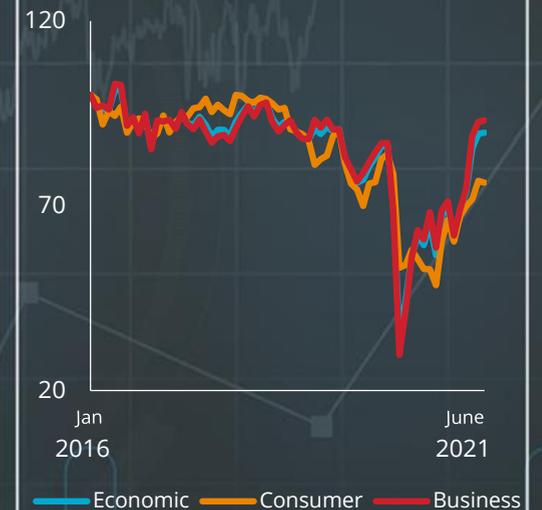
ECONOMIC PULSE

June 2021

89.7

+0.2 on previous index reading

PULSE TRENDS



Consumer Pulse

June 2021

“The Consumer Pulse took a breather this month following a string of solid gains.”

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

KEY POINTS

- Consumer Pulse down slightly in June
- Buying sentiment holds up
- One in two expects unemployment to fall in the next year

CONSUMER PULSE

June 2021

76.2

-0.5 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⤴	1%	14%
⤴	6%	40%
No Change	9%	12%
⤵	38%	17%
⤵	43%	16%
Balance	-57%	+10%
Change on previous reading	+2	-2

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⤴	5%	7%
⤴	16%	26%
No Change	57%	54%
⤵	15%	9%
⤵	6%	2%
Balance	-1%	+14%
Change on previous reading	-4	+1

The Consumer Pulse stood at 76.2 in June 2021, 0.5 lower than last month but 18.2 higher than a year ago. The further easing of public health restrictions prompted households to upgrade their assessment of the current economic situation this month, though they were a little more circumspect about the outlook amid some disquiet about variants of the virus. That said, more than half still think the economy will get better over the coming year. The June survey also finds that three in ten households consider it a good time to purchase big ticket items like furniture and electrical goods.

Housing Pulse

June 2021

“The Housing Pulse rose again in June, hitting a three year high in the process.”

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

KEY POINTS

- Housing Pulse strengthens in June
- 81% expect house prices to rise over the coming year
- Three quarters think rents will go up

HOUSING PULSE

June 2021

116.3

+4.0 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	39%
1% - 5%		42%
Stay more or less the same		14%
1% - 5%	Decrease ↓	2%
> 5%		2%

Balance +57%
+4 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	33%
1% - 5%		41%
Stay more or less the same		20%
1% - 5%	Decrease ↓	2%
> 5%		1%

Balance +52%
+10 on previous reading

The Housing Pulse rose for a fourteenth consecutive month in June 2021, to 116.3. This was 4.0 higher than last month’s reading and up 83.4 on a year ago. Four out of five households now think house prices will increase in the next 12 months, with Dublin leading the way at 85%, followed by Munster at 83%, the Rest of Leinster at 78% and Connacht/Ulster at 76%. This upward trend in price expectations owes much to the continuing gap between housing demand and supply, a backdrop that contributed to the upping of rent expectations this month too.

Business Pulse

June 2021

"Firms were more upbeat about the here and now this month, lifting the Business Pulse."

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

KEY POINTS

- Business Pulse increases in June
- Economic re-opening becoming embedded
- Costs up for three in five firms

BUSINESS PULSE

June 2021

93.1

+0.4 on previous index reading

SECTOR PULSES

Industry Pulse

100.0

+3.1 on previous index reading

Services Pulse

91.9

-0.5 on previous index reading

Retail Pulse

89.6

+0.7 on previous index reading

Construction Pulse

97.0

+1.2 on previous index reading

The Business Pulse came in at 93.1 in June 2021, up 0.4 on last month and 37.2 higher than a year ago. The Industry, Retail and Construction Pulses ticked up this month and even though the Services Pulse was a tad softer (the lifting of restrictions on hospitality is lagging other areas), all four sectoral indices are above their pre-pandemic levels. The June data also point to growing positivity among firms about the current business environment, with improving order books / sales translating into jobs – some 15% indicated they had increased employment in the past three months and over a fifth expect to do so in the period ahead - though rising non-labour input costs are a concern.

Business Pulse

June 2021

BUSINESS ACTIVITY		Past 3 Months			
	Industry	Services	Retail	Construction	
^	40%	42%	36%	43%	
No Change	39%	42%	38%	42%	
∨	20%	15%	26%	15%	
Balance	+20%	+27%	+11%	+29%	
Change on previous reading	+15	+16	+18	+26	

BUSINESS ACTIVITY		Next 3 Months			
	Industry	Services	Retail	Construction	
^	55%	59%	51%	47%	
No Change	39%	35%	37%	49%	
∨	7%	6%	12%	3%	
Balance	+48%	+54%	+39%	+44%	
Change on previous reading	-6	-5	-20	-12	

JOBS		Past 3 Months			
	Industry	Services	Retail	Construction	
^	23%	11%	16%	12%	
No Change	70%	81%	78%	81%	
∨	6%	8%	6%	7%	
Balance	+17%	+3%	+9%	+5%	
Change on previous reading	+16	+2	+6	+2	

JOBS		Next 3 Months			
	Industry	Services	Retail	Construction	
^	24%	26%	17%	19%	
No Change	72%	72%	79%	79%	
∨	3%	3%	4%	3%	
Balance	+21%	+23%	+13%	+16%	
Change on previous reading	-1	-5	-4	-9	

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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