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Bank of Ireland economic pulse

October 2022

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

October 2022

“Households sounded a brighter note this month, but businesses sang the blues.”

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

The Bank of Ireland Economic Pulse came in at 60.5 in October 2022, a two-year low. The index, which combines the results of the Consumer and Business Pulses, was down 10.1 on last month’s reading and 27.1 on a year ago.

The survey findings were mixed this month, with consumer confidence rising but business sentiment falling. While households appear to have taken some solace from the measures announced in Budget 2023, recent weeks have also seen an escalation of the war in Ukraine and economic and political instability in the UK, adding to existing business woes and rattling firms.

KEY POINTS

- Economic Pulse drops in October
- Consumer confidence up
- Business sentiment hard hit

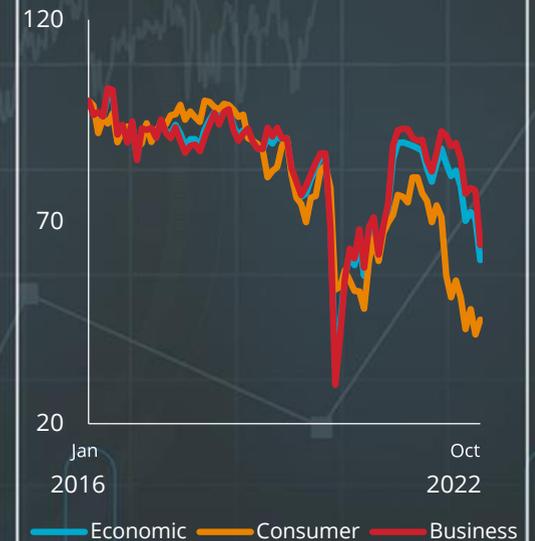
ECONOMIC PULSE

October 2022

60.5

-10.1 on previous index reading

PULSE TRENDS



Consumer Pulse

October 2022

“Although off its low point, the Consumer Pulse remained subdued in October.”

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

KEY POINTS

- Consumer Pulse rises in October
- Budget package a help to households
- Appetite for big ticket purchases still muted

CONSUMER PULSE

October 2022

45.8

+3.7 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⤴	1%	2%
⤵	7%	14%
No Change	7%	13%
⤶	33%	34%
⤷	49%	34%
Balance	-61%	-42%
Change on previous reading	0	+9

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⤴	3%	4%
⤵	10%	17%
No Change	34%	25%
⤶	34%	34%
⤷	18%	17%
Balance	-27%	-21%
Change on previous reading	0	+13

The Consumer Pulse stood at 45.8 in October 2022, up 3.7 on last month but 31.3 lower than a year ago. Amid the unveiling of additional cost of living supports – including an electricity credit for all and double social welfare payments – households were less gloomy about the outlook for the economy and their own finances this month, albeit the bounce in sentiment was relatively modest. On the buying front, just 14% considered it a good time to make major purchases like furniture and electrical equipment, while some three in five are continuing to hold out on spending.

Housing Pulse

October 2022

"The Housing Pulse moved down for a second consecutive month in October."

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

KEY POINTS

- Housing Pulse slips in October
- Higher mortgage repayments for some
- 68% think it is cheaper to buy than rent

HOUSING PULSE

October 2022

87.3

-12.6 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	28%
1% - 5%		25%
Stay more or less the same		25%
1% - 5%	Decrease ↓	12%
> 5%		7%

Balance +28%

-13 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	29%
1% - 5%		34%
Stay more or less the same		30%
1% - 5%	Decrease ↓	2%
> 5%		2%

Balance +43%

-10 on previous reading

The Housing Pulse came in at 87.3 in October 2022, down 12.6 on last month and 31.5 lower than a year ago. The European Central Bank raised interest rates by 0.75 percentage points in September and with October's meeting seen delivering a similar sized hike, households pared back their expectations for future house price gains once again. Over half of survey respondents now think prices will increase over the coming year, which is down from around four in five in early 2022. Moreover, almost a fifth are anticipating price falls, up from 4% back in January.

Business Pulse

October 2022

“The Business Pulse posted a 21-month low after taking a knock in October.”

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

KEY POINTS

- Large fall in Business Pulse in October
- Services lead the downward charge
- Growth ambitions hold steady

BUSINESS PULSE

October 2022

64.2

-13.6 on previous index reading

SECTOR PULSES

Industry Pulse

77.7

-8.3 on previous index reading

Services Pulse

57.9

-19.5 on previous index reading

Retail Pulse

69.9

-3.9 on previous index reading

Construction Pulse

75.1

+0.5 on previous index reading

At 64.2 in October 2022, the Business Pulse was down 13.6 on September’s reading and 26.1 lower than a year ago. The Construction Pulse was broadly unchanged this month whereas the Services, Retail and Industry Pulses lost ground. Softening demand and uncertainty were cited by firms in the services and retail sectors as key factors currently limiting their activity; while firms in industry were especially circumspect about their export order books, not least because of the market turmoil and sharp sell-off in the pound triggered by the ‘fiscal event’ in the UK. More positively, the October survey finds that growth ambitions were steady, with half of firms still planning to expand their business in the next 1 to 3 years.

Business Pulse

October 2022

BUSINESS ACTIVITY				Past 3 Months
	Industry	Services	Retail	Construction
^	27%	30%	21%	29%
No Change	56%	45%	50%	55%
∨	17%	25%	28%	16%
Balance	+9%	+5%	-7%	+13%
Change on previous reading	+5	-9	-8	0

JOBS				Past 3 Months
	Industry	Services	Retail	Construction
^	11%	9%	9%	8%
No Change	78%	80%	83%	84%
∨	11%	11%	9%	8%
Balance	0%	-3%	0%	0%
Change on previous reading	-4	-3	-3	0

BUSINESS ACTIVITY				Next 3 Months
	Industry	Services	Retail	Construction
^	32%	27%	31%	27%
No Change	51%	44%	43%	57%
∨	17%	29%	26%	17%
Balance	+14%	-1%	+4%	+10%
Change on previous reading	-8	-4	+4	+1

JOBS				Next 3 Months
	Industry	Services	Retail	Construction
^	14%	11%	10%	13%
No Change	83%	78%	88%	83%
∨	3%	11%	3%	4%
Balance	+11%	0%	+7%	+8%
Change on previous reading	+2	-3	+5	+6

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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