



**An Roinn Airgeadais**  
Department of Finance

# **Emerging economic developments**

## **- real-time economic domestic indicators**

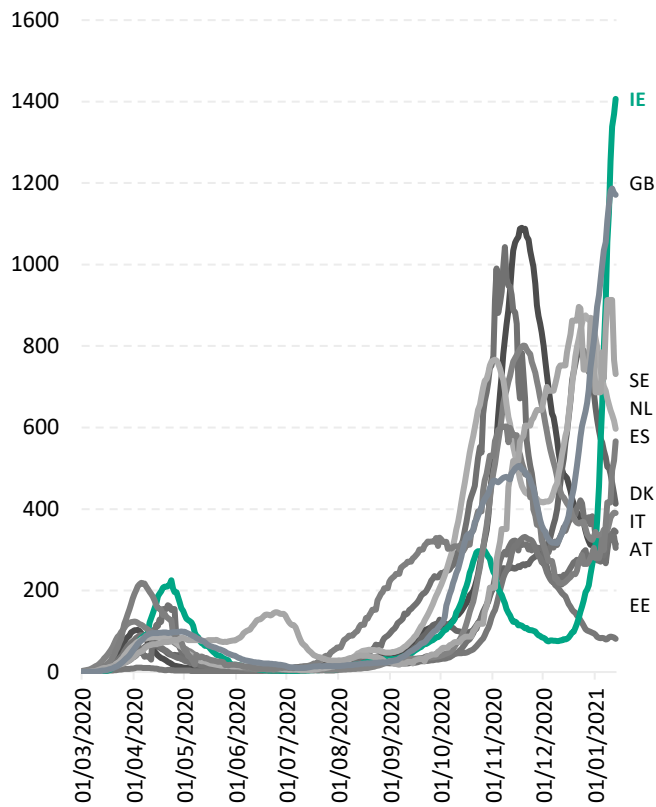
15 January 2021

Prepared by the Economics Division,  
Department of Finance  
[www.gov.ie/finance](http://www.gov.ie/finance)

## Executive Summary

- To assess domestic economic activity in real-time, the Department has compiled a set of alternative, 'ultra-high' frequency data for different sectors of the economy, including card payments, hiring rates, mobility and road traffic data.
- A third-wave of Covid infections is evident in a number of countries, with knock-on effects for the economic indicators presented.
- While Ireland's case numbers were amongst the lowest in the EU at the start of December they rapidly increased to become the highest by mid-January.
- As a result of the third lockdown the number of recipients of the Pandemic Unemployment Payment increased to just under 400,000, an increase of around 66,000 from the previous week, and 120,000 since mid-December.
- Payments data shows that while the Christmas season led to spending reaching its highest point for the year, there has been a rapid reversal since restrictions were re-introduced and is now close to levels seen during Spring 2020.
- Indicators of mobility (traffic levels, presence at transport stations) - a proxy for economic activity - have seen dramatic falls since the turn of the year and have also returned to levels seen in the first lockdown.
- In line with the return of restrictions on the hospitality sector, booking figures in restaurants are 100 per cent down on last year.
- Finally, the release of daily vaccination figures show that Ireland currently ranks third in the EU for the roll out of vaccines, measured by the percentage of the population who have received their first dose. The speed at which this measure increases will have significant influence on how the economy exits from this crisis.
- The data included is correct as of 14-01-2021 unless otherwise stated.

Figure 1.1 – COVID-19 cumulative 14-day incidence per 100,000 population.



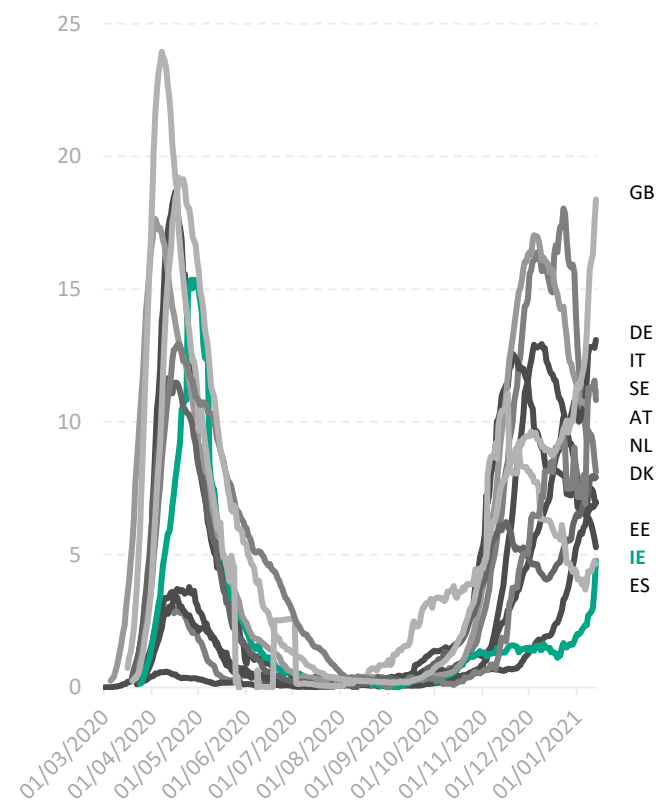
**Latest developments: Third wave in Ireland**

- Some countries, including Ireland have seen considerable growth in the number of COVID-19 during the current ‘third wave’ of infections.
- Ireland’s case numbers have recorded a sharp increase following Christmas. The UK and Spain have also recorded increased cases in recent weeks, though at lower levels than those recorded in Ireland.

Source: Johns Hopkins University/Our World in Data.

Data: 14-01-2021

Figure 1.2 – COVID-19 fatalities, 14 day cumulative, per 100,000 population



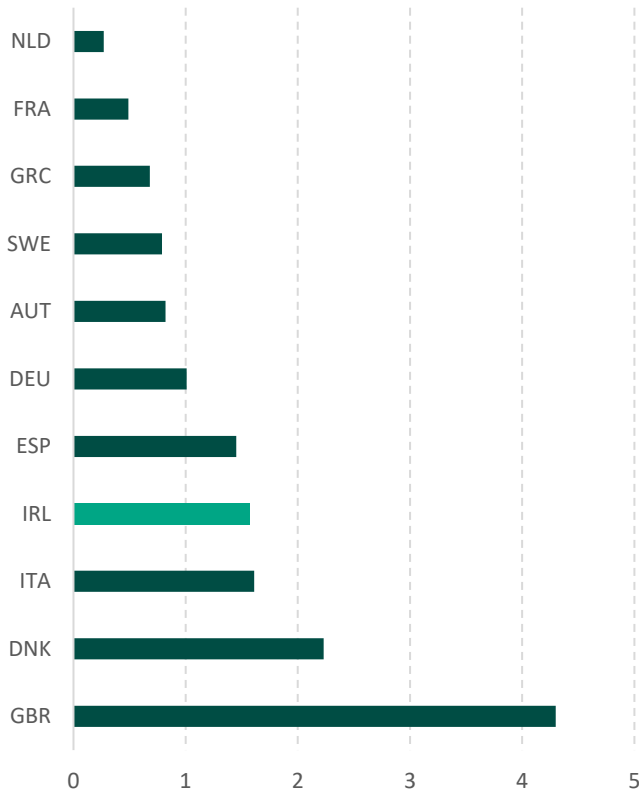
**Latest developments: Fatalities increase as cases rise**

- After a relatively stable summer period, COVID-19 fatalities began to rise sharply in many European countries during winter.
- Britain and Germany have recorded noticeable increases in their rates of fatalities recently.
- While Ireland has experienced an increase in COVID-19 fatalities in recent weeks, it remains below the peak seen during April and May 2020.

Source: Johns Hopkins University/Our World in Data.

Data: 14-01-2021

Figure 1.3 – Percentage of population who have received first dose of vaccine

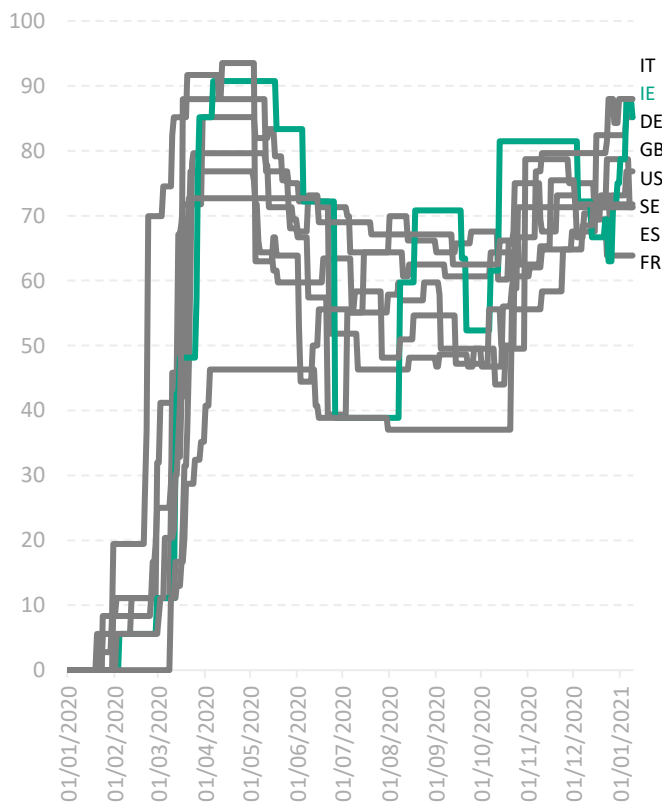


**Latest developments: Considerable variation in vaccine rollout speed**

- Britain has a considerable lead in the administration of vaccines to date having approved the Pfizer-BioNTech, Moderna and Oxford Astra Zeneca vaccines.
- Ireland currently ranks third in the European Union behind Italy and Denmark in the rollout of vaccines, with healthcare workers and those in long-term care facilities being vaccinated first.

**Source:** Our World in Data.  
**Data:** As available 15-01-2021.  
**Countries last updated** between 10-01-2021 and 14-01-2021

Figure 1.4 – Lockdown stringency index

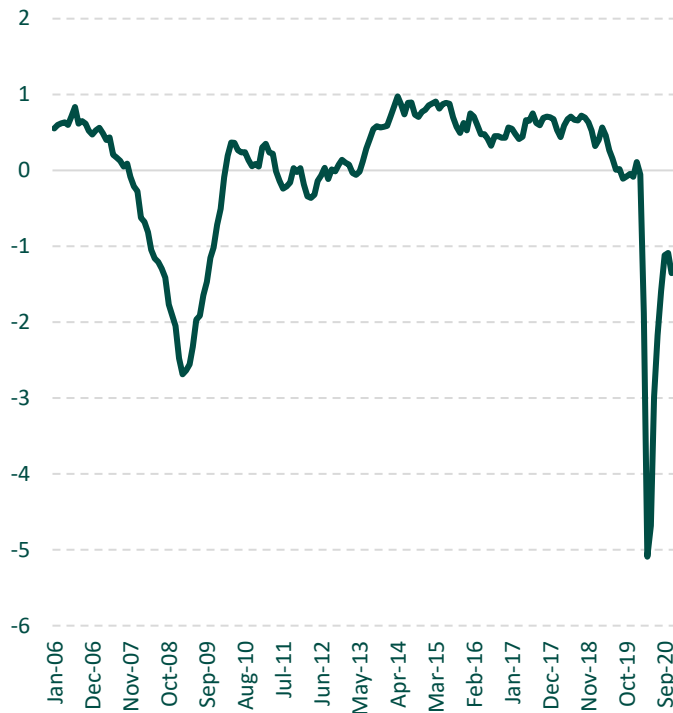


**Latest developments: Ireland’s lockdown among strictest**

- Ireland’s first lockdown was among the latest to begin, in keeping with infections arriving later.
- At its peak the Irish containment measures were among the most stringent until the country entered phase 2 of the roadmap on the 8 June.
- Sweden meanwhile has had the most lenient measures throughout most of the pandemic period.
- This stringency index declined during December as restrictions on retail, hospitality and household visits were eased.
- The index has risen again following the re-introduction of full Level 5 restrictions from December 31<sup>st</sup> onwards and is now higher than during the November restrictions.

**Source:** Oxford COVID-19 Government Response Tracker, Blavatnik School of Government.  
**Data:** 13-01-2021

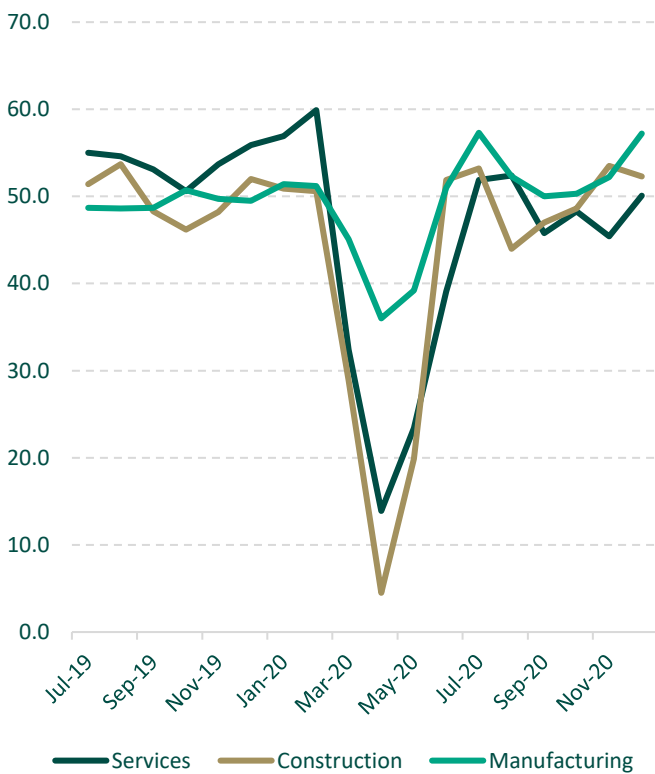
Figure 1.5 – Underlying Economic Activity



**Latest developments: Department's underlying economic activity indicator still well below average**

- The chart to the left shows the Department's underlying economic indicator based on a dataset of 76 monthly economic indicators of domestic economic activity.<sup>1</sup>
- It is expressed as (standard) deviations from the average growth rate over the period 1999-2020, with a value of zero equal to the average.
- This indicator shows that domestic economic activity hit an all-time low in April with activity picking-up from May to September (latest observation), though still well below average levels.
- There was a slowdown in the pace of recovery in September, followed by a small decline in October and November as restrictions were reintroduced.
- This is consistent with a number of high frequency indicators presented throughout this chart pack.
- For more detail on the method used see Daly and Rehill (2020).

Figure 1.6 – Ireland Purchasing Managers Index by sector



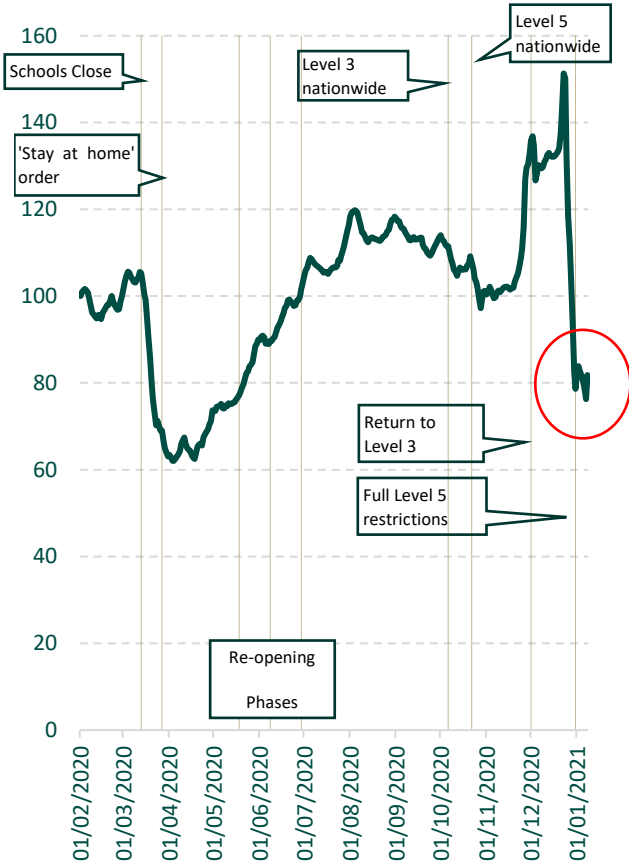
**Latest developments: All sectors increased activity in December.**

- The Manufacturing PMI jumped to 57.2 in December from 52.2 the previous month, with stockpiling ahead of the end of the Brexit transition period cited as one factor behind the sharp rise in the index and possibly overstating underlying conditions.
- The Services PMI rebounded in December for the first time since August as the economy reopened following a six week lockdown.
- The Construction PMI in Ireland was at 52.3 in December as the sector closed out 2020 in expansion mode, albeit at slightly slower pace than November.

**Source:** IHS Markit.  
**Data:** 13-01-2021

<sup>1</sup> See Daly and Rehill (2020) "Where are we now? Examining Irish Economic Developments in Real-Time" for further detail on Department's nowcasting models.

Figure 1.7 – Total expenditure in Ireland, per user (indexed to 1<sup>st</sup> February, 7 day moving average)



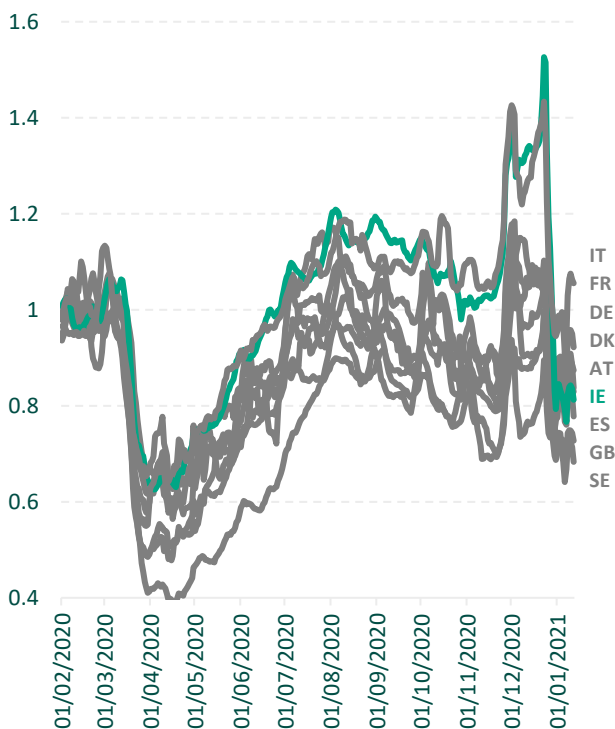
**Latest developments: sharp fall in expenditure following reintroduction of Level 5 restrictions**

- There are approximately 1 million Revolut users in Ireland, a digital banking app, accounting for over 25 per cent of the adult population. However, Revolut users tend to be from younger cohorts.
- From the early April low, the measure had seen steady recovery and for much of the summer was above the pre-pandemic level, consistent with the CSO Retail Sales Index and Central Bank Credit and Debit Statistics. Following the reintroduction of restrictions in October a decline in spending was seen.
- The increase in spending on debit cards does not account for any recent shift away from cash.
- The relaxation of restrictions on retail and hospitality coinciding with the Christmas shopping season saw a sharp rise in spending.
- Following the re-introduction of more stringent restrictions spending has fallen sharply.

**Source:** Revolut.

**Note:** See Central Bank, Credit and Debit Card Statistics; CSO, Retail Sales Index.

Figure 1.8 – Total transactions per user expenditure (normalised to avg. spend in February, 7 day moving average)



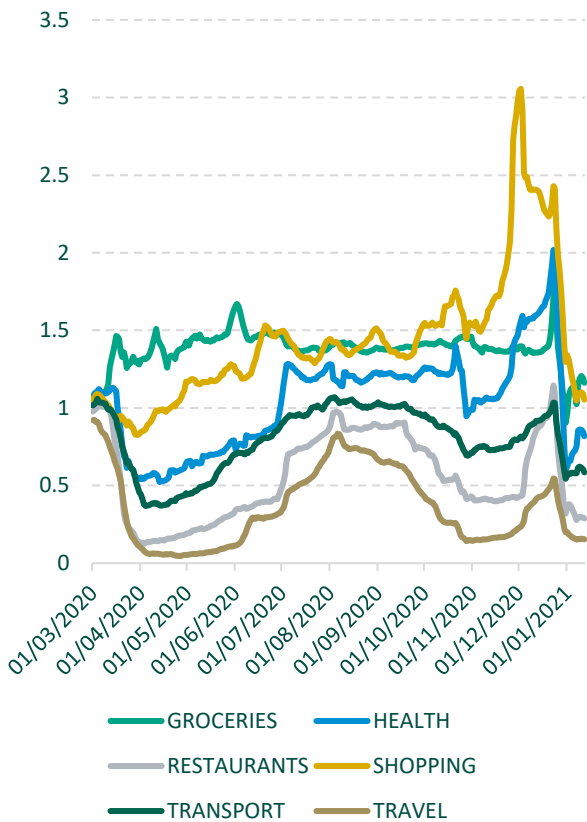
**Latest developments: Sharp falls from Christmas peak**

- Seasonal shopping saw a common spike in spending across countries in late December.
- Ireland is among a small number of other countries, including Italy which saw an upward trend in spending after this spike.
- Expenditure in Sweden fell significantly after late November as some new restrictions were imposed.
- Following the Christmas period and re-introduction of restrictions, spending in Ireland and Italy both rapidly fell below the pre-pandemic benchmark.

**Source:** Revolut.

**Data:** 14-12-2020

Figure 1.9– Ireland average daily expenditure per user by sector, (February=1)

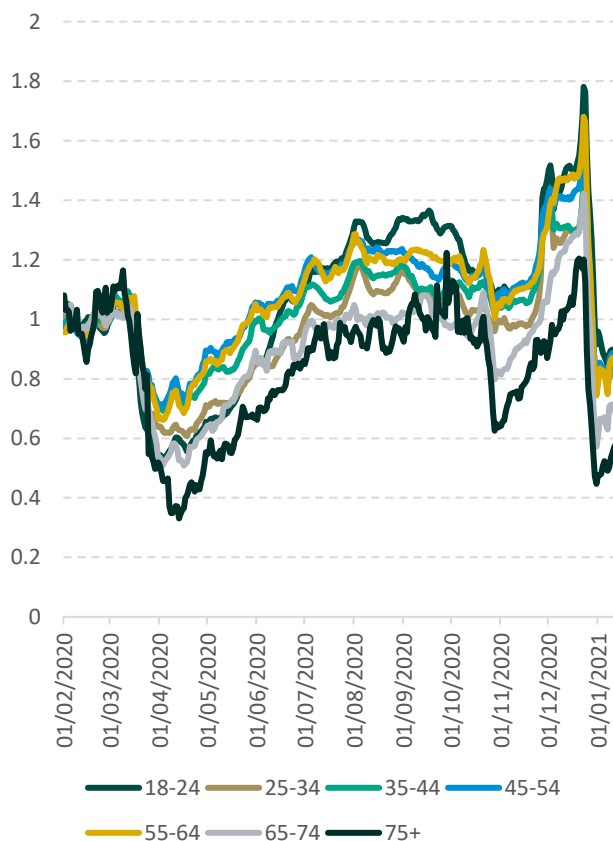


**Latest developments: sharp decline in shopping spending**

- Spending in most Revolut categories have decreased in recent weeks as restrictions were reintroduced and following the Christmas shopping spike.
- Travel, transport and restaurant spending are currently the furthest below the baseline due to restrictions on hospitality and mobility.

**Source:** Revolut.  
**Data:** 14-01-2021

Figure 1.10 – Total expenditure by age cohort, per user (indexed to avg. February spend, 7 day moving)

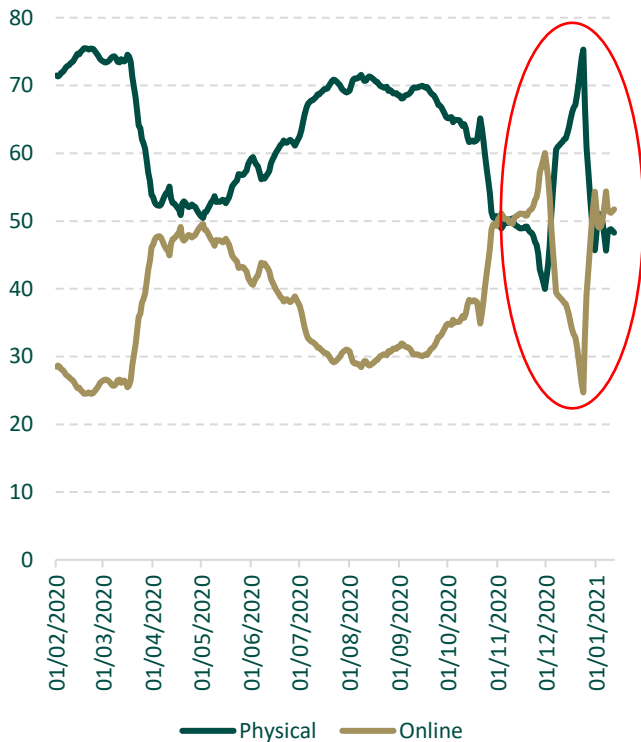


**Latest developments: spending decreases across all age groups**

- Expenditure among the youngest and oldest cohorts suffered the biggest falls in spending from pre-pandemic levels during the ‘first-wave’.
- This possibly reflected labour market conditions – where a greater proportion of young workers were in receipt of the Pandemic Unemployment Payment than other cohorts (Roantree, 2020) and the ‘cocooning’ requirements for older groups.
- There has been differential impacts in the speed at which cohorts respond to restriction levels being changed, while they also may differ in their shifts away from cash to card.
- The oldest cohorts showed the sharpest declines in spending following the most recent introduction of restrictions, while they had seen a more modest recoveries in spending beforehand.

**Source:** Revolut **Data:** 14-01-2021  
**Note:** See Roantree, B (2020) ‘Job Loss Distribution’. Quarterly Economic Commentary, Summer 2020 (ESRI)

Figure 1.11 – Share of Irish spending, physical vs. online

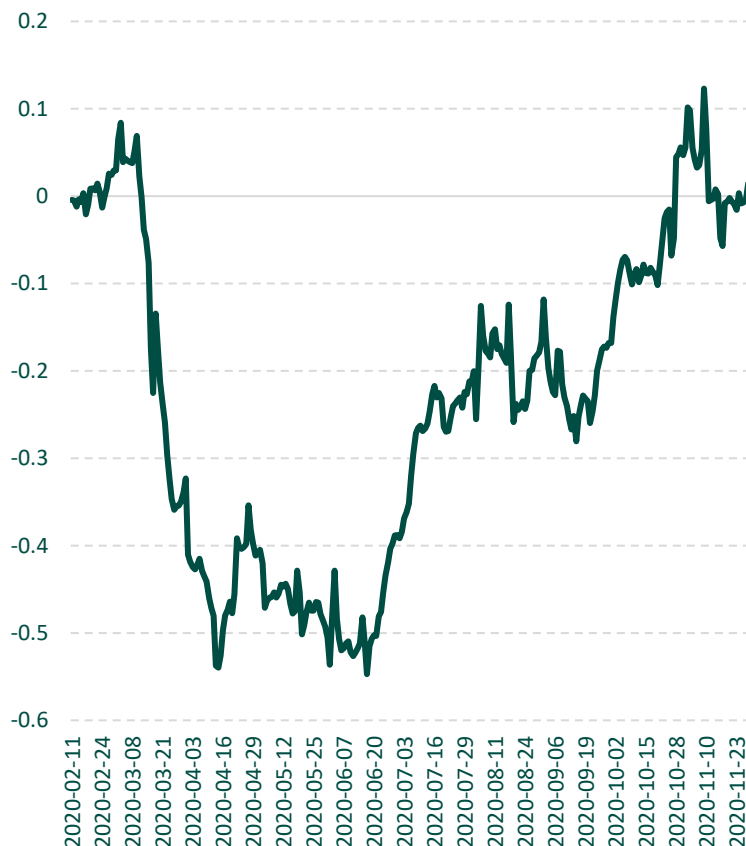


**Latest developments: yo-yoing in online spending levels**

- The pandemic led to an increase in the proportion of Revolut expenditure carried out online, accounting for 30 per cent of total expenditure in early February, and close to 50 per cent in late April.
- However this trend reversed since early May as restrictions have been lifted.
- Since restrictions began to be re-introduced in October, a sharp increase in the proportion of spending taking place online was observed.
- In early November, the proportion of spending carried out online by Revolut users exceeded offline spending for the first time. Online spending spiked in late November with the Black Friday and Cyber Monday shopping events.
- While physical spending spiked during the Christmas season, it has rapidly reversed due to the closure of non-essential retail.

**Source:** Revolut  
**Data:** 14-01-2021

Figure 1.12 – Ireland hiring rate (year on year change)



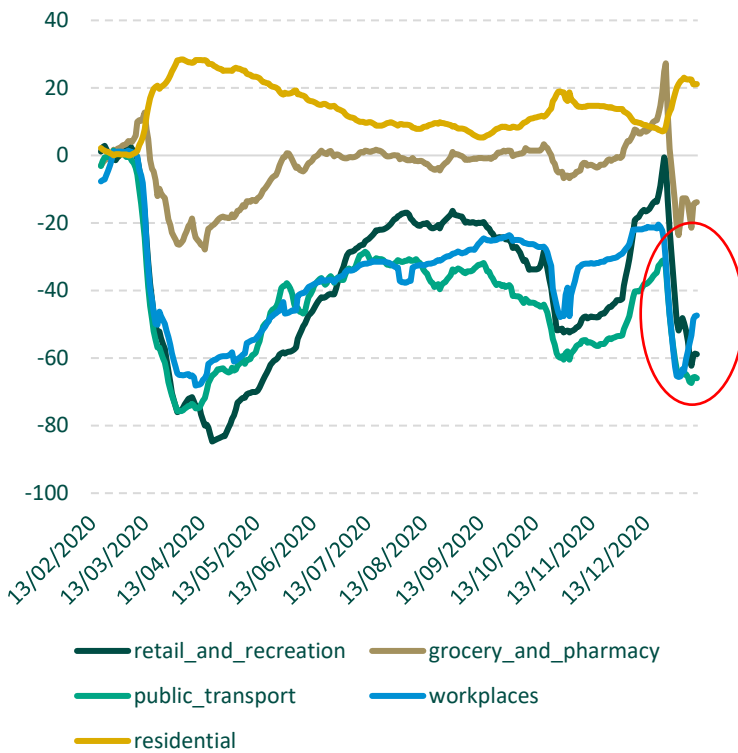
**Latest developments: LinkedIn hiring rate close to 2019 level**

- LinkedIn has over two million members in Ireland, represented across all sectors. This compares against an active labour force of circa 2 ½ million.
- The LinkedIn Hiring Rate (percentage of LinkedIn members who added a new employer to their profile, divided by the total number of LinkedIn members) started to fall from the middle of March; and had fallen by -55 per cent year-on year by the end of March.
- This trend improved as the economy re-opened during the summer months and in November was in line with the hiring rate of the time in previous year (temporarily exceeding it at times).
- Note: LinkedIn data is drawn from all sectors though may be over represented in certain sectors (e.g. IT and Finance). Previous work has shown that the LinkedIn hiring rate aligns closely with similar measures on the Labour Force Survey

**Source:** LinkedIn; **Data:** 28-11-2020



Figure 1.13 – Community mobility (7 day moving average)



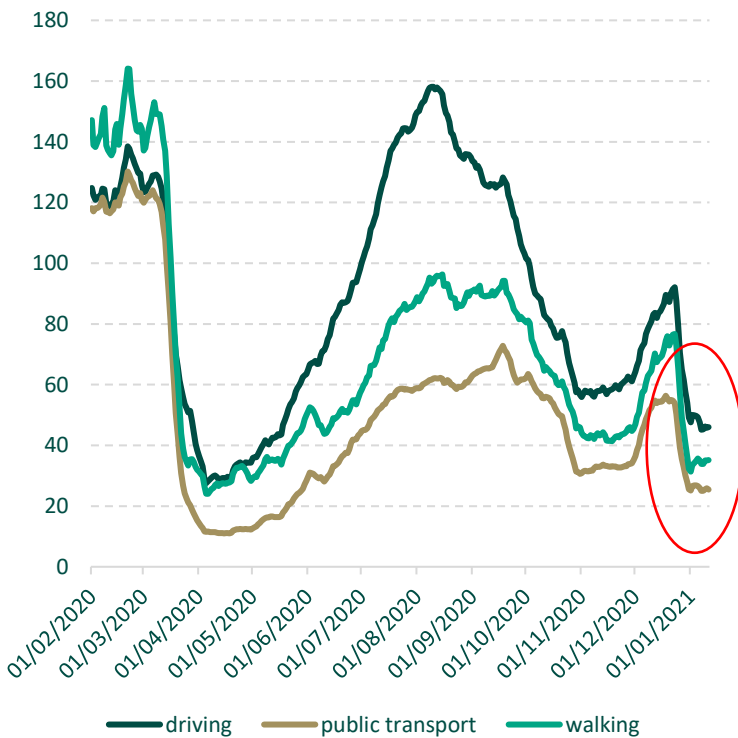
**Latest developments: mobility measures – effects of new restrictions evident.**

- Daily mobility data give a real time steer on changes in economic activity.
- Retail, workplaces and public transport use have all seen decreases in activity since restrictions were re-introduced. These indicators remain well below their pre-pandemic baseline however and are the lowest levels since the ‘first wave’.
- Visits to grocery and pharmacy stores are also at their lowest levels since May.
- This data is created with aggregated, anonymized sets of data from Google Maps.

**Source:** Google mobility data.

**Data:** 14-01-2021

Figure 1.14 – Mode of transport (1<sup>st</sup> January=100, 7 day moving average)



**Latest developments: transport mobility down to May levels**

- All three modes of transport declined sharply in mid-March last year with a recovery during the summer.
- As the economy re-opened, there was a widening gap between levels of driving and walking or public transport use, with driving exceeding its January 1<sup>st</sup> level as people holidayed domestically.
- All modes of transport saw a large declines from mid-September as restrictions were re-introduced, although they recovered rapidly following the loosening of restrictions in early December.
- Following the reintroduction of these restrictions mobility across all forms of transport have returned to May levels.
- This data is created with aggregated, anonymized sets of data which reflect requests for directions on Apple Maps.

**Source:** Apple

**Data:** 21-01-2021

Figure 1.15 – Aggregate traffic volumes on national roads (7 day moving average)



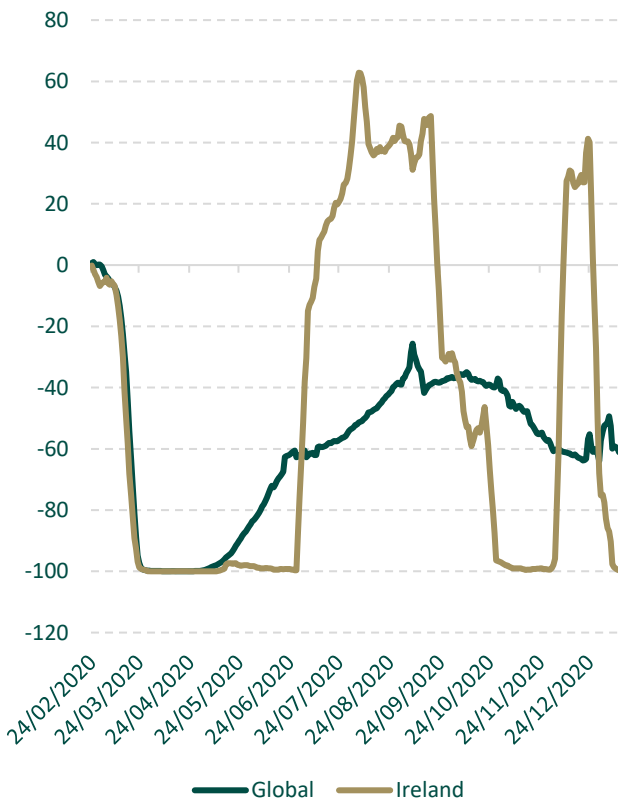
**Latest developments: Traffic down to mid-Spring levels.**

- Traffic fell sharply in the second half of March last year, remained low throughout April and ticked up throughout May.
- The recovery in traffic levels remained steady at roughly 10 per cent below the pre pandemic level from July to mid-September following phase 3 of the reopening of the economy and society in late June.
- A downward level shift was seen from mid-October as a 5km radius restriction on travel was introduced, though the unwinding of restrictions in early December saw a rapid return to early October levels, later rising to levels seen in the summer as inter-county travel was allowed.
- The latest restrictions resulted in a fall in traffic to levels last seen during the first wave.
- The daily aggregate is a sum of traffic volumes across 246 traffic counter sites on national roads (i.e. motorway, national primary, national secondary)

**Source:** Transport Infrastructure Ireland.

**Data:** 13-01-2021

Figure 1.16 – Restaurant bookings % change vs. same day in 2019 (7 day moving average)



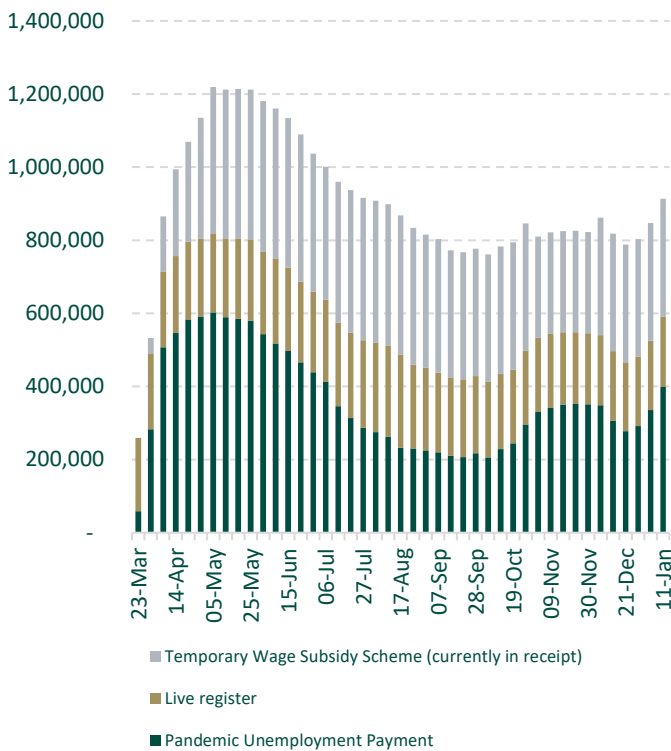
**Latest developments: bookings 100% below last year following return of restrictions**

- The re-introduction of restrictions on indoor dining in mid-September followed by the move to Level 5 restrictions led to a 100% fall in booking compared to the same point in the previous year.
- The unwinding of restrictions on restaurants in early December saw them rise above the booking figures for the same time in 2019.
- The return of restrictions on the hospitality sector from Christmas Eve has led to another year-on-year fall of 100% in bookings.

• Note: These figures do not account for the fact that due to the pandemic many restaurants have since had to introduce booking systems, while some are also operating on reduced capacities. It may also reflect more people and restaurants using OpenTable.

**Source:** OpenTable. **Data:** 13-1-2021

Figure 1.17 – Income support programmes, persons



**Latest developments: Just under 400,000 people currently in receipt of the PUP.**

- 398,000 people were in receipt of the COVID-19 Pandemic Unemployment Payment (PUP) on 11 January, an increase of around 66,000 from the previous week, and around 120,000 up on mid-December, reflecting the economic impact of the intensification of Covid-19 related restrictions.
- These payments are in addition to the c.190,000 people on the Live Register at end December, and around 322,000 supported by the Employment Wage Subsidy Scheme (EWSS) in December.

**Source:** DEASP, Revenue, CSO.

**Data:** 14-01-2021

Figure 1.18 – Pandemic Unemployment Payment (PUP), by sector, persons



**Latest developments: Biggest increases in hospitality and retail**

- Recipients of the PUP are most concentrated in sectors of the economy which have been directly affected by restrictions.
- The move to Level 5 restrictions at end December has led to increased recipients in every sector, most notably in Accommodation and Food (+ c.32,000) and Wholesale and Retail (+ c.25,000).
- However all sectors remain below peak levels reached in during the first wave of restrictions.

**Source:** DEASP.



**Tithe an Rialtas. Sráid Mhuirfean Uacht,**  
**Baile Átha Cliath 2, D02 R583, Éire**  
Government Buildings, Upper Merrion Street,  
Dublin 2, D02 R583, Ireland

T:+353 1 676 7571  
@IRLDeptFinance  
[www.gov.ie/finance](http://www.gov.ie/finance)