



An Roinn Airgeadais  
Department of Finance

# Monthly Economic Bulletin

## June 2019

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

The Department's Monthly Economic Bulletin (MEB) provides a monthly update of some of the key developments within the Irish economy across a broad spectrum of sectors. The bulletin also outlines fiscal developments for the State, as well as being a source of the Department's most up-to-date forecasts and providing a snapshot of conditions in some of Ireland's key trading partners. The publication is designed with the aim of being both informative and accessible to a wide readership. The MEB can be used as a research aid or for presentational purposes and is also available online at the Department's website at [www.finance.gov.ie](http://www.finance.gov.ie)

## Contents

<b>International Developments</b>	<b>4</b>
<b>External Trade</b>	<b>5</b>
<b>Personal Consumption</b>	<b>6</b>
<b>Inflation</b>	<b>6</b>
<b>Employment</b>	<b>7</b>
<b>Earnings</b>	<b>8</b>
<b>Housing</b>	<b>9</b>
<b>Exchequer Balance</b>	<b>10</b>

## Economic Growth

### Macroeconomic outturn for 2018 (Q4)

- In the fourth quarter of 2018, the level of GDP rose by 0.1 per cent relative to the previous quarter (on a seasonally adjusted basis). As a result, the level of GDP was 3.0 per cent higher year-on-year. Overall GDP was up 6.7 per cent in 2018.
- Modified domestic demand was up 4.5 per cent in 2018. This measure, which excludes leased aircraft and foreign owned intellectual property (IP) assets, is a measure of underlying economic activity.
- Personal consumption (+2.6 per cent) and exports (+8.7 per cent) recorded strong annual growth in 2018, while investment (+49 per cent) and imports (+19 per cent) grew significantly due to acquisitions of intellectual property and aircraft.
- The National Income and Expenditure Results for 2018 and the Quarterly National Accounts for Q1 2019 are due to be published on the 11<sup>th</sup> July 2019.

(year-on-year % changes)	2016		2017				2018				2017	2018
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Personal Consumption	3.1	-0.3	1.0	3.1	2.8	2.6	3.8	2.9	2.6	1.6	3.0	
Government Consumption	3.4	3.3	3.5	4.1	4.9	3.4	5.3	6.1	5.8	3.9	6.4	
Gross Investment	31	-22	-8.7	-46	-43	-2.9	-32	43	49	-31	9.8	
Exports	2.7	3.0	4.4	8.6	14	5.9	12	9.4	8.7	7.8	8.9	
Imports	7.9	-9.3	-3.1	-15	-10	-1.5	-5.8	16	20	-9.4	7.0	
GDP	13	2.9	6.2	13	6.5	9.0	8.7	4.9	3.0	7.2	6.7	
GNP	21	-1.1	0.0	16	3.0	8.8	11	3.1	-0.4	4.4	5.9	

Source CSO

### Latest Economic Forecasts

The Department of Finance published its most recent macroeconomic forecasts on April 16<sup>th</sup> as part of SPU 2019. These forecasts along with those of other forecasting institutions are outlined in the table to the right.

GDP Forecasts	Date	2019	2020
Department of Finance	Apr 2019	3.9	3.3
European Commission	May 2019	3.8	3.4
Central Bank of Ireland	Apr 2019	4.2	3.6
IMF	Apr 2019	4.1	3.4
ESRI	June 2019	4.0	3.2
OECD	May 2019	3.9	3.3

## International Developments

### The United Kingdom

- The UK economy expanded by 0.3 per cent in the three months to April 2019.
- Annual HICP inflation was 2.0 per cent in May 2019, down from 2.1 per cent in April. Core inflation was 1.7 per cent in May, down from 1.8 per cent in April.
- The unemployment rate was 3.8 per cent in the three month period February to April, down from 4.2 per cent in the same period last year.
- The manufacturing PMI decreased to 48.0 in June but the services PMI increased to 51.0 in May.

### The United States

- The US economy expanded by 0.8 per cent in Q1 2019 q-o-q and increased by 3.1 per cent y-o-y.
- Annual inflation was 1.8 per cent in May, down from 2.0 per cent in April. Core inflation was up 0.1 per cent on the month (sa) and up 2.1 per cent y-o-y.
- US non-farm payroll data showed the US economy gaining 263,000 jobs in the month of April (sa), with the unemployment rate declined to 3.6 per cent in April.
- The manufacturing PMI decreased in June to 50.7 and the services PMI decreased to 50.1 in June (above 50 indicates expansion).

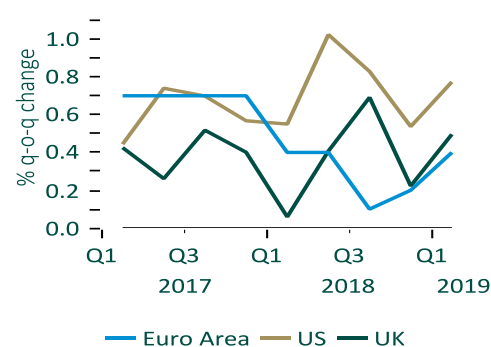
### The euro area

- The euro area economy expanded by 0.4 per cent in Q1 2019 q-o-q and increased by 1.2 per cent on an annual basis.
- Annual inflation in the euro area was 1.2 per cent in May, whilst core inflation over the same period was 1.0 per cent.
- The unemployment rate in the euro area was 7.5 per cent in May (sa), down from 7.6 per cent in April, and down from 8.3 per cent rate recorded in May 2018.
- The manufacturing PMI decreased to 47.6 in June but the services PMI increased to 53.4 in June (above 50 indicates expansion).

## Exchange Rate Developments

- The €/£ spot rate was 0.87 in May 2019, down from 0.88 in May 2018. The €/€ spot rate was 1.12 in May, down from 1.18 in May 2018.
- Brent crude oil was \$62.9 in June 2019, down from \$75.85 a year earlier.

Gross Domestic Product, SA

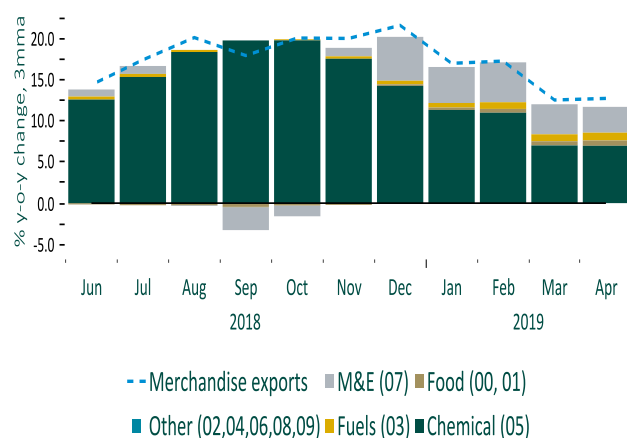


## External Trade

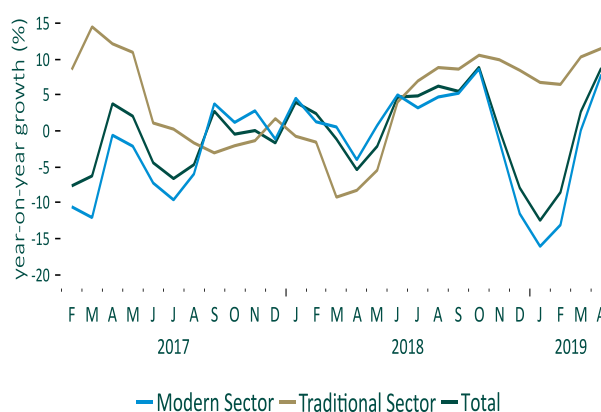
### External Trade and Industrial Production

- On a monthly basis, the seasonally adjusted value of goods exports increased by 13.4 per cent in April, whilst imports increased by 1.7 per cent. As a result, the trade surplus increased by 34 per cent to €5.3 billion.
- On a monthly basis, exports of goods in the pharma-chem sector increased by 14.8 per cent in value terms y-o-y in April, and are up 11.8 per cent in year to date terms.
- Exports from the employment-rich food and beverage sector also recorded strong growth of 10.2 per cent y-o-y in April.

Export growth contributions (current prices)



Ireland, Industrial Production, SA, Index



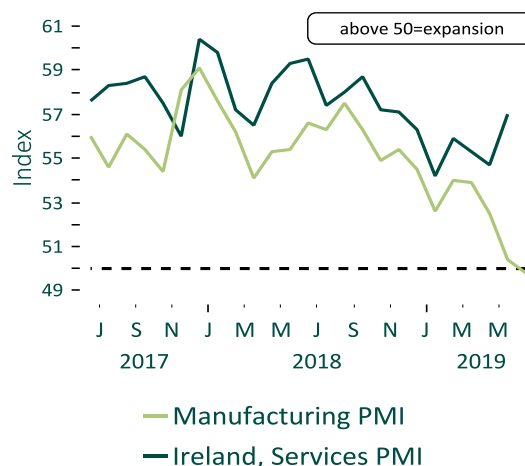
### Purchasing Managers' Index

The PMI of the manufacturing industry posted 49.8 in June 2019, down from 50.4 in May 2019. The seasonally adjusted services Index posted 57.0 in May 2019, up from 54.7 in April 2019.

### Balance of Payments – Current Account

- In Q4 2018, a current account surplus of 0.2 per cent of GDP was recorded.<sup>1</sup> This was impacted by significant imports of intellectual property and leased aircraft.
- A merchandise trade surplus of €27.3 billion was recorded in Q4 2018, with a services trade deficit of €7.6 billion.

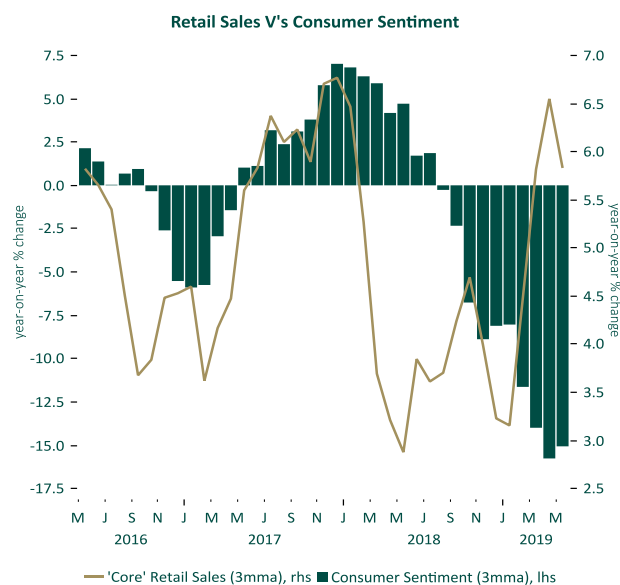
Purchasing Managers' Indices (PMIs)



<sup>1</sup> This headline figure is heavily distorted by the multinational sector in Ireland through inter alia contract manufacturing, aircraft leasing and re-domiciled PLC's.

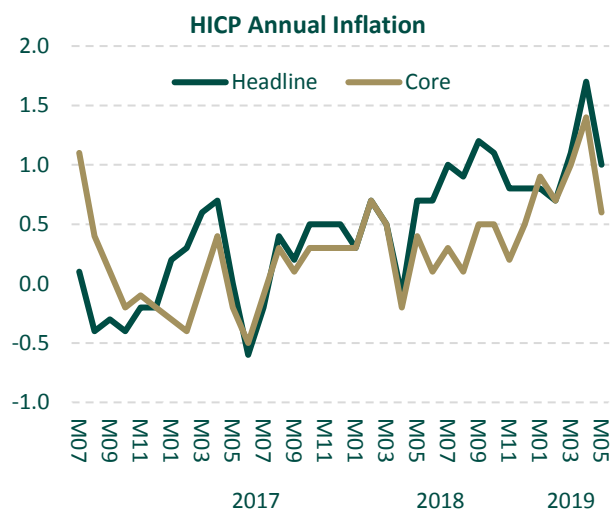
## Personal Consumption

- Headline retail sales, in volume terms, decreased by 2.4 per cent month-on-month (sa) in May and increased by 1.1 per cent in year-on-year terms.
- Excluding Motor Trades, the volume of 'core' sales decreased by 1.0% (sa) in May month-on-month but increased by 3.6 per cent year-on-year.
- New private cars licensed for the first time decreased by 7 per cent compared with May 2018.
- Used (imported) private cars increased by 3.5 per cent over the same period. As a result, total private cars i.e. new and used (imported), decreased by 3.3 per cent in the first five months of 2019 y-o-y.
- The Consumer Sentiment Index was 89.9 in May 2019, up from 87.7 in April 2019.



## Inflation

- On a HICP (Harmonised Index of Consumer Prices) basis, prices in Ireland decreased by 0.1 per cent between April and May 2019 and increased by 1.0 per cent on a year-on-year basis.
- The Consumer Price Index (CPI) also increased by 0.1 per cent over the month of May and increased by 1.0 per cent in year-on-year terms.
- The Consumer Price Index for June 2019 will be released on 11 July 2019.



## Employment

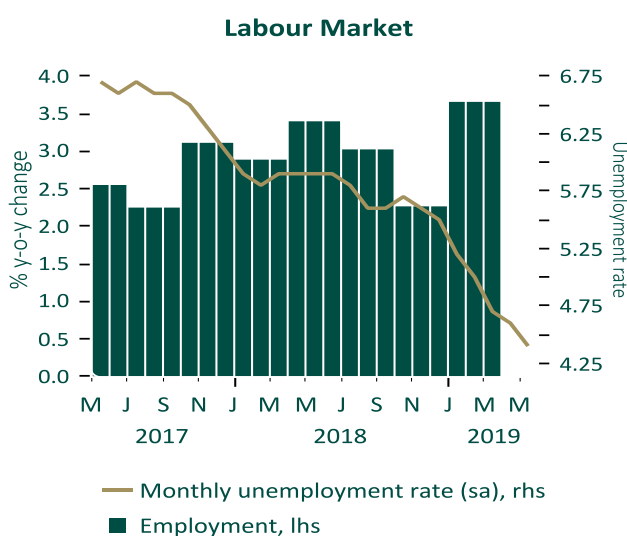
The seasonally adjusted unemployment rate for May 2019 was 4.4 per cent, down from 4.6 per cent in April and down from 5.9 per cent in May 2018. The Monthly Unemployment Rate for June 2019 will be released on 2 July 2019.

### First quarter 2019 Labour Force Survey (LFS)

The CSO published the LFS for Q1 2019 on 21 May 2019.

Key points from the Q1 2019 release were:

- The level of unemployment decreased by 18,600 in the year to Q1 2018 (-14.0%) and the seasonally adjusted unemployment rate in Q1 decreased to 5.0 per cent.
- There were 2.3 million people in employment in Q1 representing a 3.7 per cent annual increase (81,200).
- In seasonally-adjusted terms, employment increased by 1.5 per cent (35,200) over the previous quarter.
- The labour force increased by 62,600 over the year to Q1 2019 (2.7%).
- The long-term unemployment rate decreased from 2.1 per cent to 1.7 per cent over the year to Q1 2019.
- The youth unemployment rate decreased from 12.5 per cent to 10.9 per cent over the year to Q1 2019.



### Latest Labour Market Developments

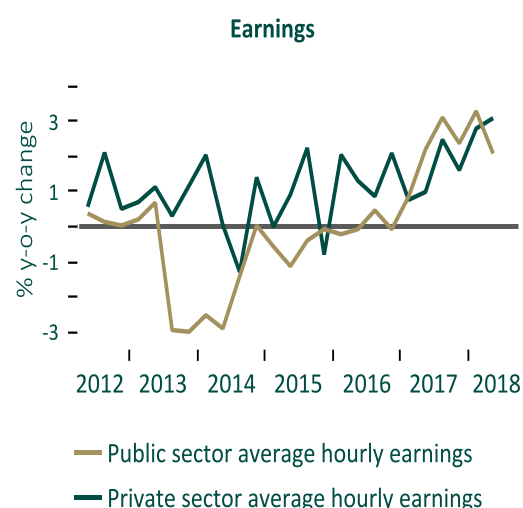
	Employment			Labour Force		ILO Unemp. Rate (sa)		ILO Participation Rate (sa)
	Actual	Y-o-Y	%	Y-o-Y	%	Overall	LT	Overall
Q4 2017	2,230,800	67,300	3.1	43,700	1.9	6.3	2.5	62.3
Q1 2018	2,220,700	62,300	2.9	31,900	1.4	5.9	2.1	62.1
Q2 2018	2,255,000	74,100	3.4	57,900	2.5	5.9	2.0	62.2
Q3 2018	2,273,200	66,700	3.0	47,000	2.0	5.7	2.1	62.2
Q4 2018	2,281,300	50,500	2.3	35,300	1.5	5.6	2.1	62.3
Q1 2019	2,301,900	81,200	3.7	62,600	2.7	5.0	1.7	62.5

Source: CSO

## Earnings

The CSO published Earnings and Labour Costs data for the first quarter of 2019 on 27<sup>th</sup> May 2019. The release covers employees in all sectors with the exception of agriculture, fishing and forestry. The key points from the release are:

- Average hourly earnings increased by 2.3 per cent y-o-y to €23.93.
- The average number of hours worked per week was 32.6 hours in Q1 2019, down from 32.5 in Q4 2018.
- As a result average weekly earnings increased by 3.4 per cent y-o-y to €761.98 in Q1 2019.
- Average weekly earnings in the public sector were increased on an annual basis by 1.2 per cent in Q1 2019.



## Sectoral Developments

At a sectoral level, average hourly earnings increased in 10 of 13 sectors reported by the CSO, in Q1 2019 y-o-y. The strongest increase in average hourly earnings was seen in the Transportation and storage sector at 7.8 per cent. Professional, scientific and technical activities saw the largest fall in average hourly earnings down 1.9 per cent in the year to Q1 2019.

### Annual Change in Average Hourly Earnings (%)

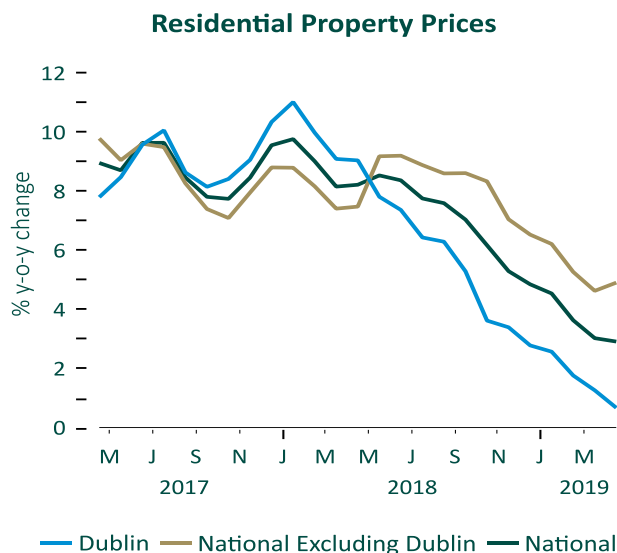
	2017				2018				2019
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Industry	0.2	3.2	2.3	1.8	3.5	1.5	1.9	2.0	
Construction	-0.3	2.6	1.2	2.0	4.3	5.3	4.3	2.3	
Wholesale/Retail: motor vehicle repair	1.9	2.0	1.6	2.1	2.1	1.4	2.4	6.5	
Accommodation & Food Services	1.8	1.0	2.4	5.4	1.3	2.5	1.5	-0.6	
Financial, Insurance & Real Estate	3.9	3.6	3.6	4.9	5.1	2.5	5.0	-0.2	
Total	1.4	2.8	1.9	3.1	3.0	2.1	3.2	2.3	

Source: CSO



## Housing

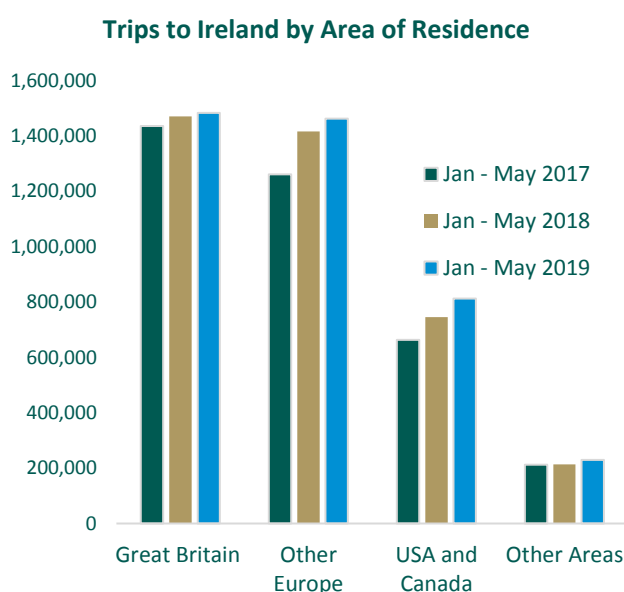
- Between March and April 2019, the national residential property price index increased by 0.3 per cent. As a result, residential property prices increased by 3.1 per cent in the year to April 2019.
- Prices in Dublin increased by 0.5 per cent in the year to April 2019.
- Residential property prices in the rest of Ireland were 5.6 per cent higher over the same period.
- Residential Property Price Index for May 2019 will be released on 10 July 2019.



- In April, mortgage approval activity increased in volume terms by 9.1 per cent year-on-year and increased in value terms by 10.6 per cent.
- New dwelling completions increased by 25 per cent in the year to Q1 2019, to 18,828. This demonstrates continued strong growth in newly completed housing.
- The Ulster Bank Construction PMI decreased to 54.9 in May 2019 from 56.6 in the previous month.

## Tourism

- There were 3,986,700 overseas visits to Ireland between January and May 2019, an increase of 3.6 per cent y-o-y.
- The number of overseas trips made by Irish residents during the same period increased by 9.1 per cent y-o-y to 3,238,100.
- Total tourism and travel earnings from overseas travellers to Ireland decreased by 4.6 per cent between Q1 2018 and Q1 2019, from €1,079 million to €1,029 million.
- Total tourism and travel expenditure by Irish residents overseas increased by 20.3 per cent between Q1 2018 and Q1 2019, from €1,047 million to €1,260 million.

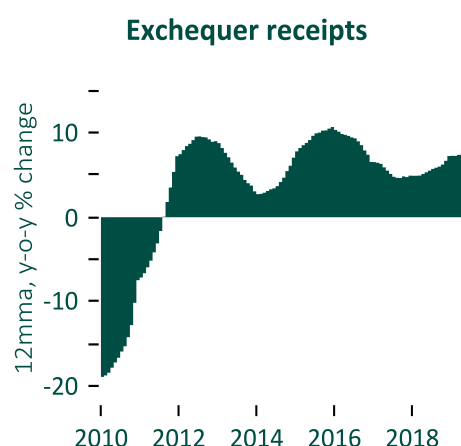


## Exchequer Balance

- An Exchequer deficit of €63 million was recorded to end-May 2019. This compares to a deficit of €24 million in the same period last year. The €39 million year-on-year dis-improvement in the Exchequer balance is primarily driven by increases in current expenditure somewhat offset by increases in tax revenues.
- Cumulative tax receipts of €21,710 million at end-May were up 5.7% or €1,166 million in year-on-year terms and finished the period just under profile, below by just 1.1% or €253 million.
- Total net voted expenditure to end-May 2019, at €20,891 million, was (1.0%) or €203 million below profile but up €1,555 million (8.0%) in year-on-year terms.
- Combined receipts from non-tax revenue and capital receipts of €3,920 million were up 18% or €597 million year-on-year

## General Government Balance

- The headline General Government Balance for 2018 was a surplus of €0.05 billion or 0.0% of GDP.<sup>2</sup>
- The headline General Government Balance is forecast to improve to 0.2 per cent of GDP for 2019 and further improve to 0.4% for 2020.
- The central fiscal assumption in the Summer Economic Statement 2019 is that Ireland will have a balanced budget this year.
- The Summer Economic Statement 2019, based on Stability Programme Update projections, indicates that Ireland has achieved its Medium Term Budgetary Objective (MTO) of a structural deficit of -0.5% of GDP.



## General Government Receipts and Expenditure

	2018	2019 Forecast	2020 Forecast
	€m	€m	€m
GG Receipts	82,029	85,955	88,835
GG Expenditure	81,983	85,345	87,600
GG Balance	46	610	1,235
GGB (% of GDP)	0.0%	0.2%	0.4%
GG Debt (% of GDP)	64.8	61.1	55.8
Structural Balance (% of GDP)	0.4	0.1	-0.1

<sup>2</sup> The general government balance (GGB) measures not just the difference between receipts and expenditure of central government [the Exchequer] but the fiscal performance of all arms of Government (other than commercial state-sponsored bodies), including local government and non-commercial state-sponsored bodies, as well as extra-budgetary funds such as the Social Insurance Fund and the Ireland Strategic Investment Fund. It is therefore a wider measure of the public finances than the Exchequer Balance (EB). The GGB operates on an accruals basis whereas the Exchequer Balance is a cash-based measure.

- The Department's Budget 2019 booklet is available on the Department's website: <http://budget.gov.ie/Budgets/2019/2019.aspx>
- Electronic copy of Stability Programme Update 2019 can be accessed here: <https://www.gov.ie/en/publication/e97b68-stability-programme-update-2019-april-2019/>
- An electronic copy of the National Reform Programme is available on the Department of the Taoiseach's website: [www.taoiseach.gov.ie](http://www.taoiseach.gov.ie)
- Copies of CSO releases can be downloaded from [www.cso.ie](http://www.cso.ie)
- Information on Central Bank statistical releases can be downloaded from <http://www.centralbank.ie>
- Details of forthcoming statistical releases, including the IMF's advance calendar can be found at: <http://www.imf.org/external/NP/SEC/bc/eng/index.aspx>
- Details of the Commission's Spring 2019 forecast can be found at: [https://ec.europa.eu/info/files/european-economic-forecast-spring-2019\\_en](https://ec.europa.eu/info/files/european-economic-forecast-spring-2019_en)
- Details of the ESRI's Quarterly Economic Update forecast can be found at: <https://www.esri.ie/publications/quarterly-economic-commentary-summer-2019>

**QUERIES ON THIS PUBLICATION TO:**

Michael Flanagan  
Department of Finance  
Upper Merrion Street  
Dublin 2.  
Phone: (076) 100 7604  
Email: [michael.flanagan@finance.gov.ie](mailto:michael.flanagan@finance.gov.ie)

**GENERAL QUERIES TO:**

Press Office  
Department of Finance  
Upper Merrion Street  
Dublin 2.  
Phone: (01) 676 0336  
Email: [PressOffice@finance.gov.ie](mailto:PressOffice@finance.gov.ie)

## Department of Finance's SPU 2019 Forecasts

<b>Annex</b>						
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Economic Output (% change)</b>						
Real GNP	5.9	3.7	3.1	2.2	2.3	2.4
Real GDP	6.7	3.9	3.3	2.4	2.5	2.6
Nominal GDP	8.3	5.5	5.1	4.1	4.1	4.3
<b>Components of GDP</b>						
Personal Consumption	3.0	2.7	2.5	2.1	2.3	2.5
Government Consumption	6.4	3.9	2.7	2.0	2.0	2.0
Investment	9.8	6.9	5.5	4.2	4.1	4.1
Exports	8.9	5.2	4.5	3.7	3.6	3.5
Imports	7.0	5.9	5.0	4.4	4.2	4.1
<b>Prices</b>						
HICP	0.7	0.9	1.1	1.6	2.0	2.3

Source: CSO, Department of Finance



**An Roinn Airgeadais**  
Department of Finance

**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.finance.gov.ie](http://www.finance.gov.ie)