



An Roinn Airgeadais
Department of Finance

Emerging economic developments

- real-time economic domestic indicators

2 July 2020

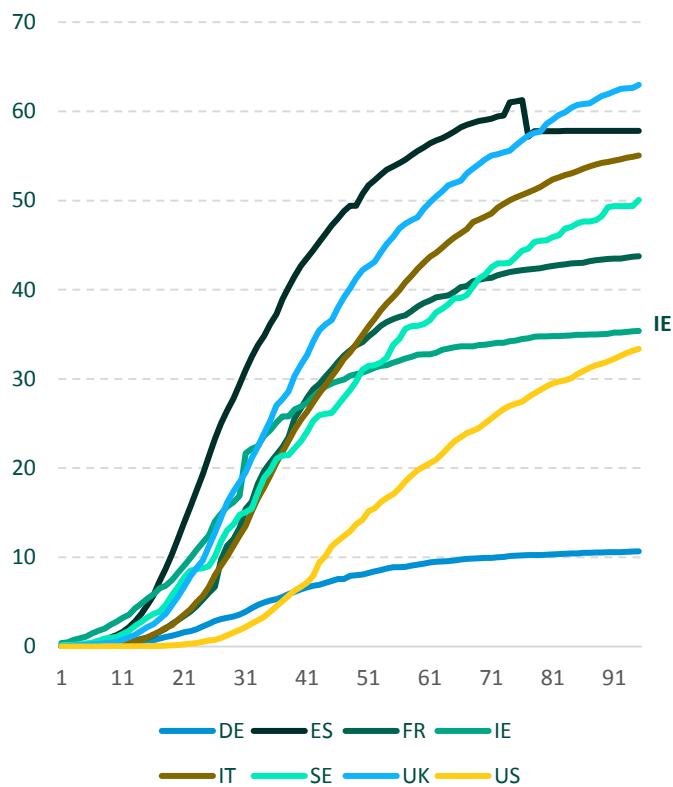
Prepared by the Economics Division,
Department of Finance
www.gov.ie/finance

Executive Summary

- Given the unprecedented speed at which economic activity has reversed, policymakers in all countries are facing important data gaps. These gaps arise because of the inherent lag at which official data – including high-frequency official data – become available.
- To plug this gap, and in order to be able to assess economic activity in real-time, the Department has compiled a set of alternative, ‘ultra-high’ frequency data for different sectors of the economy.
- These data can shine a light on what to expect once official data become available and allow the Department to monitor the impact of implementation and subsequent relaxation of different levels of restrictions.
- These ultra-high frequency data provide reasonable approximations for ‘directions of travel’ for the economy and, as such, complement rather than replace official data.
- The set presented in this document draws on publicly available data, as well as real-time payment transaction data supplied to the Department.
- All measures show the impact of the pandemic almost immediately and, in some cases, before official measures were implemented (e.g. restaurant bookings).
- Most indicators (e.g. payments, traffic) demonstrate a low-point during April, with some indicators now approaching (e.g. payments) their pre-Covid level.
- Other indicators (e.g. share of online expenditure, energy consumption, movement between employers) appear to be stabilising at a new level, possibly reflecting a ‘new normal’.
- The Department monitors these trends daily and this analysis will complement use of its ‘nowcasting’ models for official measures of economy activity, in order to inform policy in real-time.¹

¹ See Daly and Rehill (2020) “Where are we now? Examining Irish Economic Developments in Real-Time” for further detail on Department’s nowcasting models. Available here: <https://www.gov.ie/en/publication/e6b3a7-where-are-we-now-examining-irish-economic-developments-in-real-time/>

Figure 1.1 – COVID-19 fatalities per 100,000 in days since the first 10 deaths were recorded

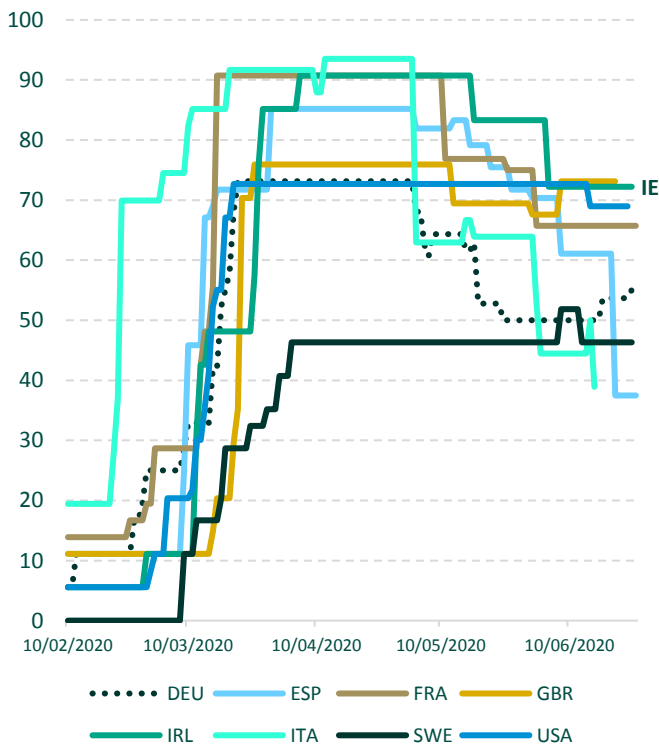


Latest developments:

- The growth in the fatalities per capita resulting from COVID-19 has started to slow in Ireland and some of its main trading partners.
- This is with the exception of Sweden and the US where cases and deaths have continued to rise rapidly in recent weeks.
- Of the main trading partners where fatalities have stabilised, only Germany has a significantly lower fatality rate as a share of the population than Ireland.

Source: European Centre for Disease Control

Figure 1.2 – Stringency of lockdown measures

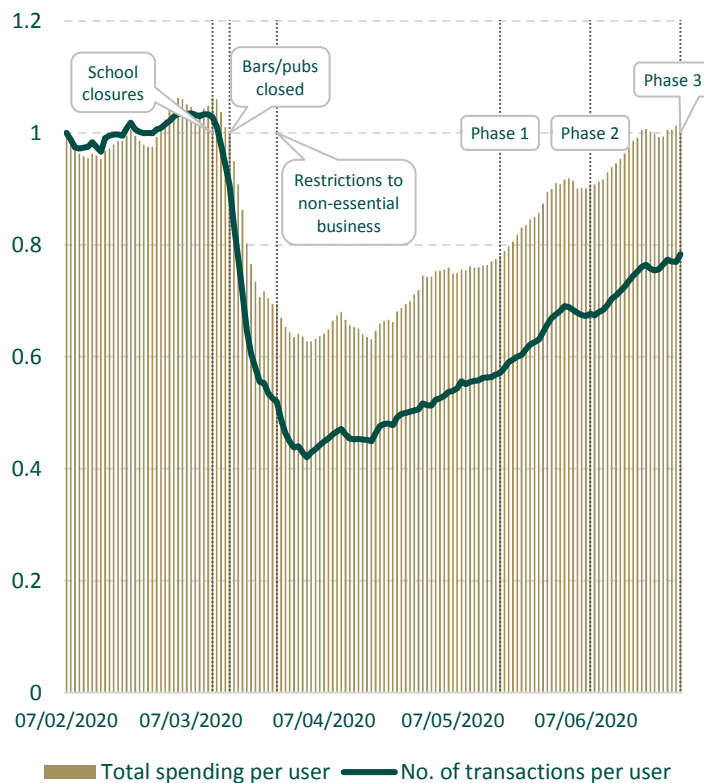


Latest developments:

- Ireland's lockdown 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.

Source: Oxford COVID-19 Government Response Tracker.

Figure 1.3 – Total expenditure in Ireland, per user
(indexed to 7th February, 7 day moving average)



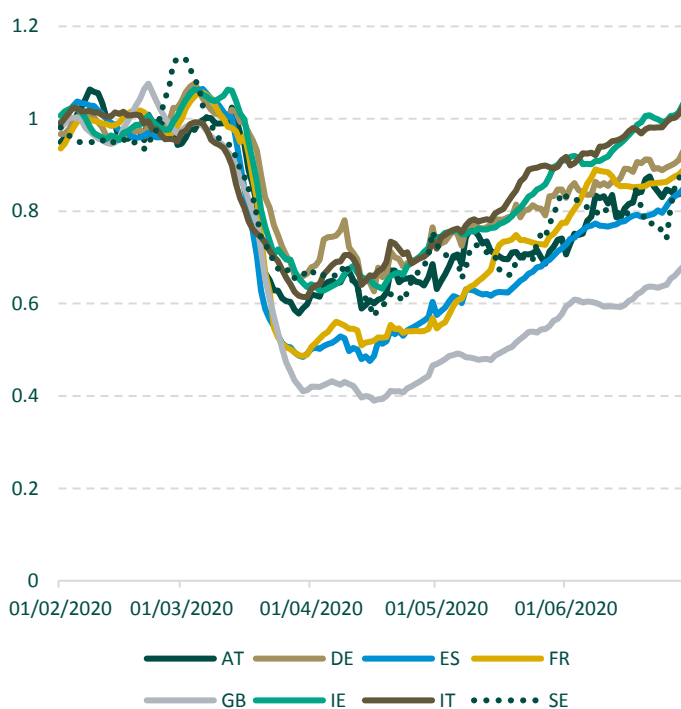
Latest developments:

- There are approximately 1 million Revolut users in Ireland, a digital banking app, accounting for over 25 per cent of the adult population.
- From peak to trough, the impact of the pandemic reduced the total expenditure from transactions by 40%, while the number of transactions fell by over 60%.
- Since the early April low, both measures have seen a continuous recovery towards pre-pandemic levels, though this may be boosted by a decline in cash usage.
- As of late June, total expenditure is close to its pre-pandemic level while the number of transactions remains 20% below its early February level.
- This rebound in June from a low point in mid-April is consistent with total transactions (PoS, credit cards and ATM withdrawals) in the Central Bank's debit and credit card statistical release.

Source: Revolut.

Note: See Central Bank, Credit and Debit Card Statistics – May 2020

Figure 1.4 – Total transactions per user expenditure
(normalised to avg. spend in February, 7 day moving average)

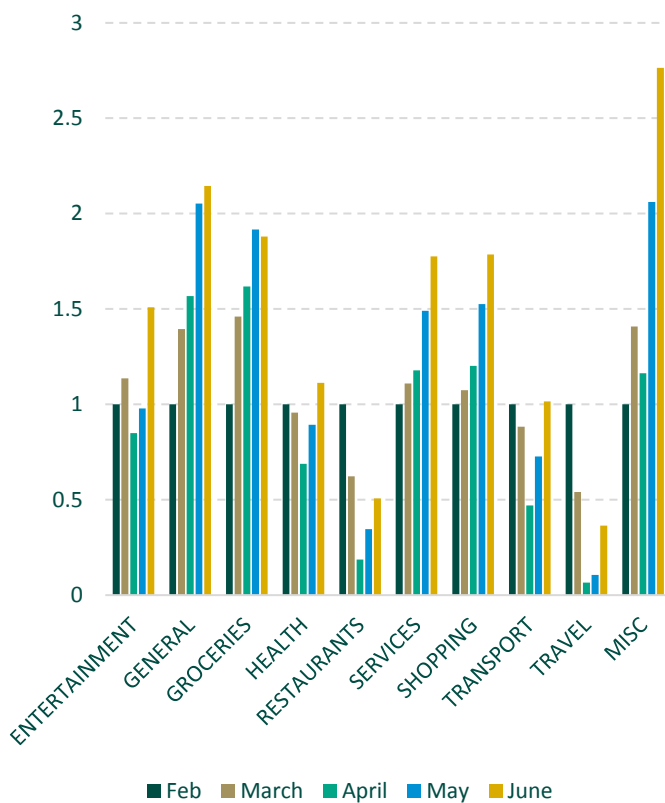


Latest developments:

- Italy appears to have shown a similar speed of recovery in expenditure to Ireland, with both close to pre-pandemic levels.
- The total value of transactions in Great Britain has shown the largest fall and slowest recovery.
- Despite relaxing containment measures earlier, Austria has shown no major improvement in its transactions data, while Sweden also saw a big fall in April despite its lenient measures.

Source: Revolut.

Figure 1.5 – Ireland monthly expenditure by sector, (February=1)

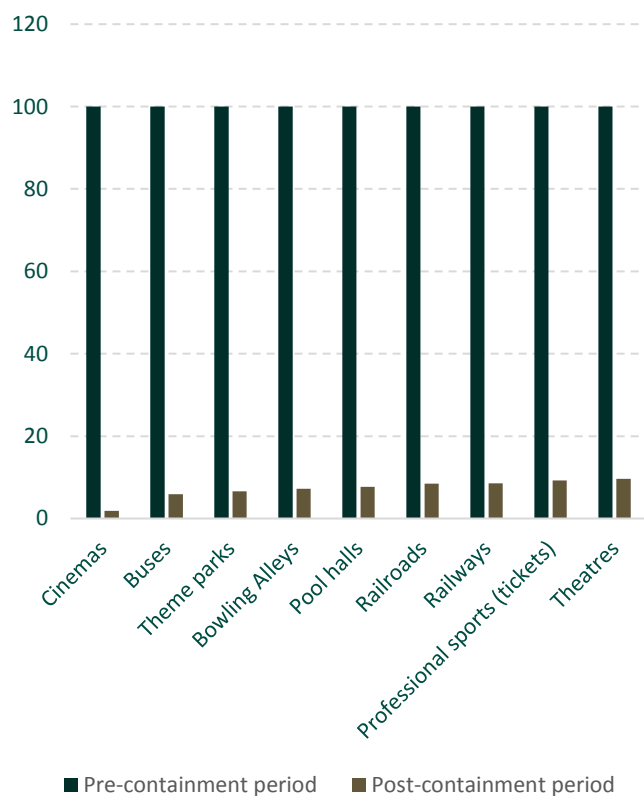


Latest developments:

- All Revolut categories have shown an increase in spending from May to June with the exception of groceries.
- Most categories also show April as the month with the lowest average expenditure.
- Restaurant and travel have seen the biggest declines in spending since February. 'Misc.' which contains items such as hardware has seen the biggest increase.

Source: Revolut.

Figure 1.6 – Sub-sectors which have seen biggest % decrease in expenditure (pre-containment period=100)

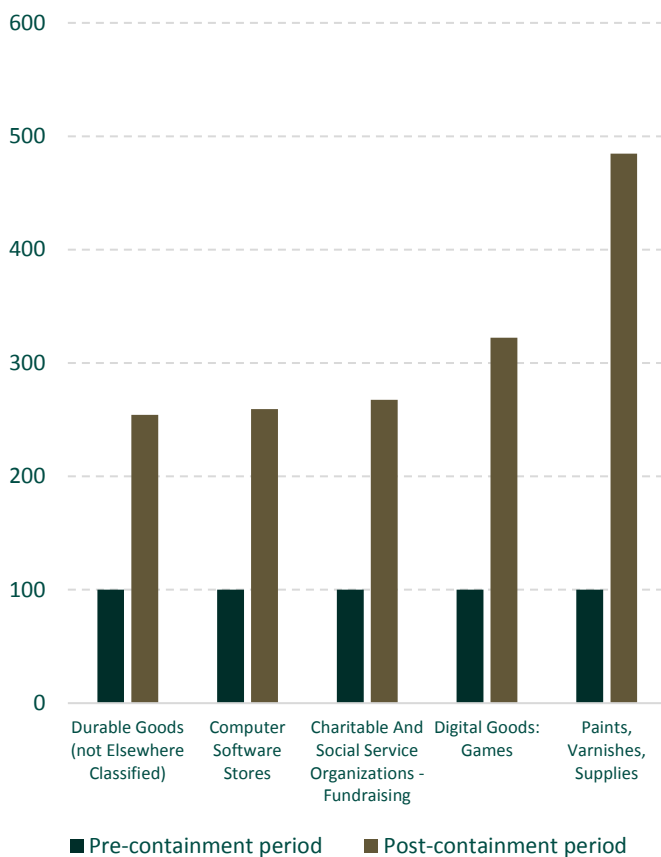


Latest developments:

- Sub-sectors are ordered by size of fall, ranging from 98% fall in cinemas to 91% decline in theatrical ticket agencies.

Source: Revolut.

Figure 1.7 – Sub-sectors with biggest percentage increase in expenditure (pre-containment=100)

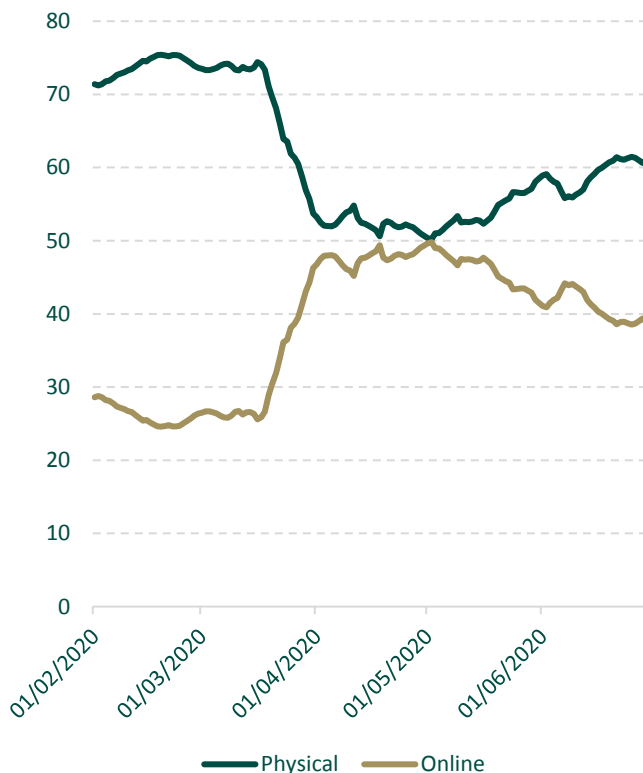


Latest developments:

- Some sectors have seen an increase in the total volume of expenditure, from 355% in paints, varnishes etc. to 164% increase in durable goods.

Source: Revolut.

Figure 1.8 – Share of Irish spending, physical vs. online

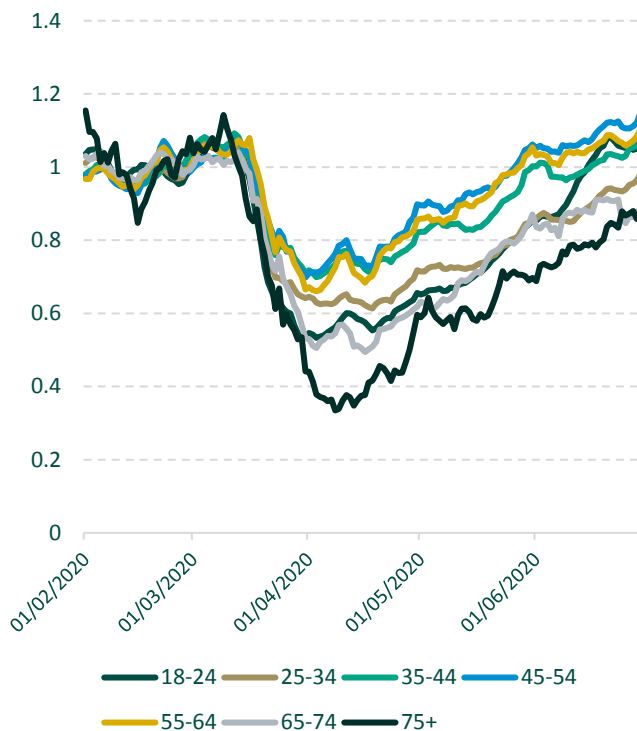


Latest developments:

- The pandemic has led to an increase in a proportion of expenditure carried out online, accounting for 30 per cent of total expenditure in early February, to close to 50 per cent in late April
- However this trend slightly reversed since early May as some restrictions have been lifted.
- The decline in the online share of spending appears to be stabilising around 40 per cent, suggesting this higher level may be a 'new normal'.

Source: Revolut.

Figure 1.9 – Total expenditure by age cohort, per user
(indexed to avg. February spend, 7 day moving average)



Latest developments:

- Expenditure among younger cohorts and the oldest cohort suffered the biggest falls in spending from pre-pandemic levels, possibly reflecting labour market conditions and ‘cocooning’ requirements.
- These cohorts have also been the slowest to recover, with the exception of 18-24 year olds who showed a rapid increase in spending as the country entered phase 2 of the roadmap.

Source: Revolut.

Figure 1.10 – Ireland hiring rate (year on year change)

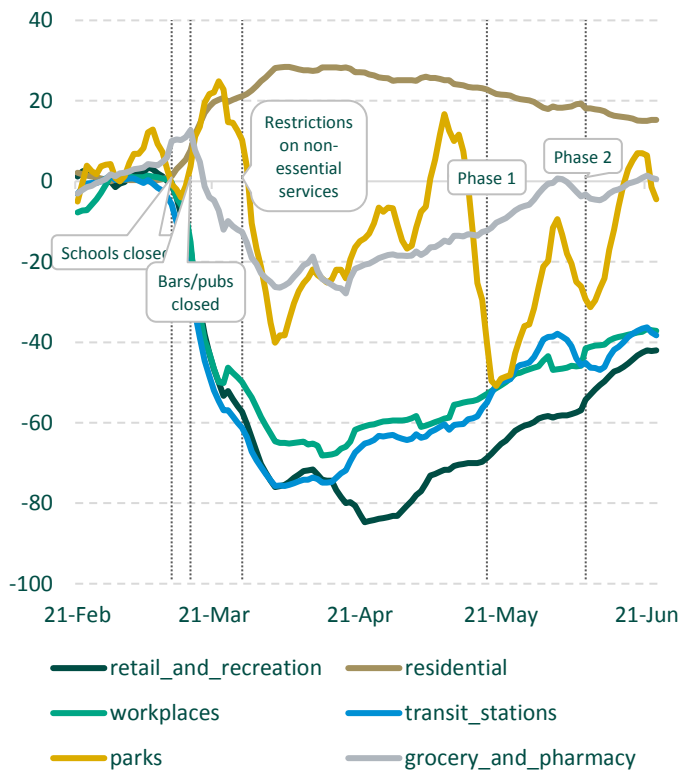


Latest developments:

- LinkedIn has over two million members in Ireland, represented across all sectors. This compares against an active labour force of circa 2.47 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 -45% year-on-year by the end of March.
- This level of annual decline has held relatively steady, indicating a level shift in hiring by firms, and switching by employees.

Source: LinkedIn

Figure 1.11 – Community mobility

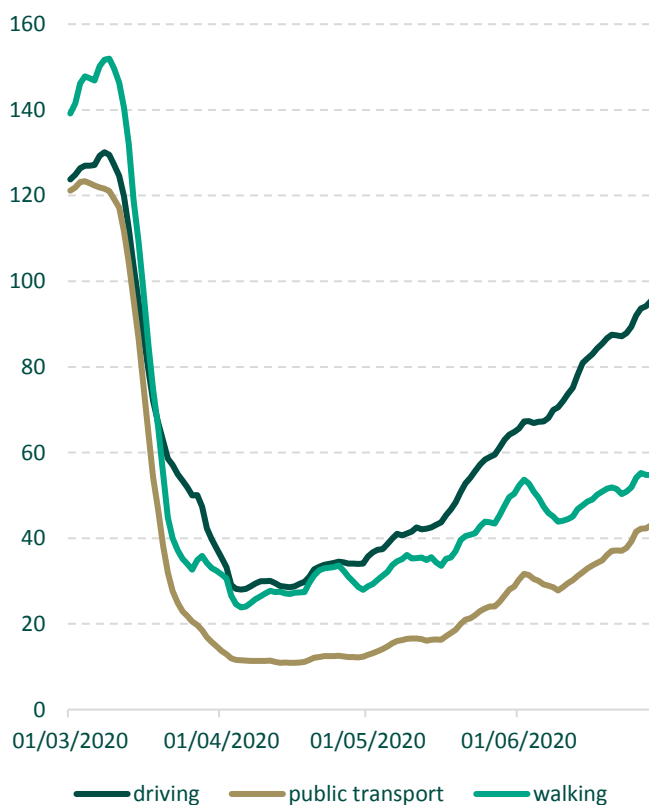


Latest developments:

- Mobility data indicates there has been an increase people visiting places like restaurants, cafes, shopping centres, theme parks, museums, libraries, and movie theatres across the country throughout May and June.
- This is still around 40 per cent lower compared to the baseline (median value of the corresponding day in Jan/Feb).
- There was a level jump in mobility around workplaces as the country entered Phase 2 of the government roadmap.
- As 'stay at home' advice was circulated in the early stages of the pandemic there was an increase in mobility around residential areas, although this has gradually declined as more workplaces open up.
- This data is created with aggregated, anonymized sets of data from Google Maps.

Source: Google mobility data.

Figure 1.12 – Mode of transport (1st January=100, 7 day moving average)

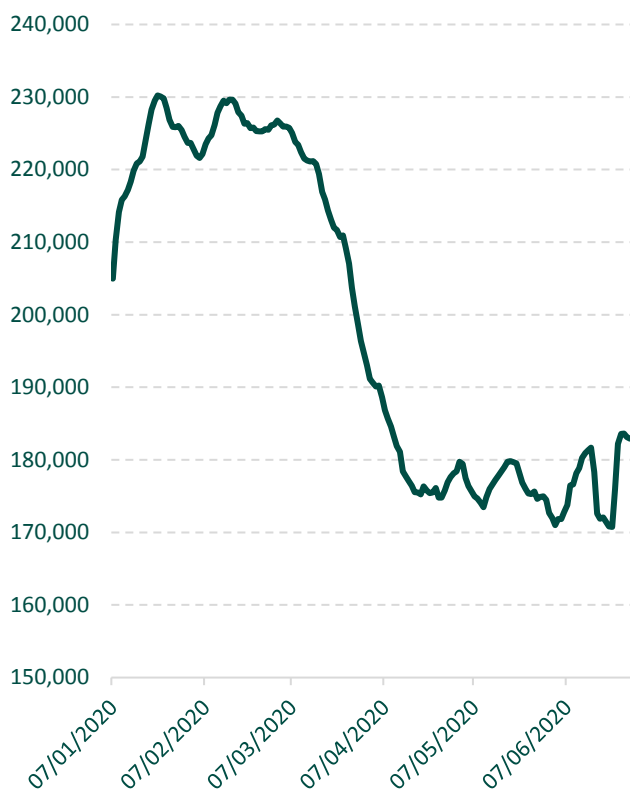


Latest developments:

- All three modes of transport declined sharply in mid-March, while all three have gradually recovered from the mid-April trough.
- Driving is approaching close to its January 1st level.

Source: Apple mobility

Figure 1.13 – Energy consumption (MW)

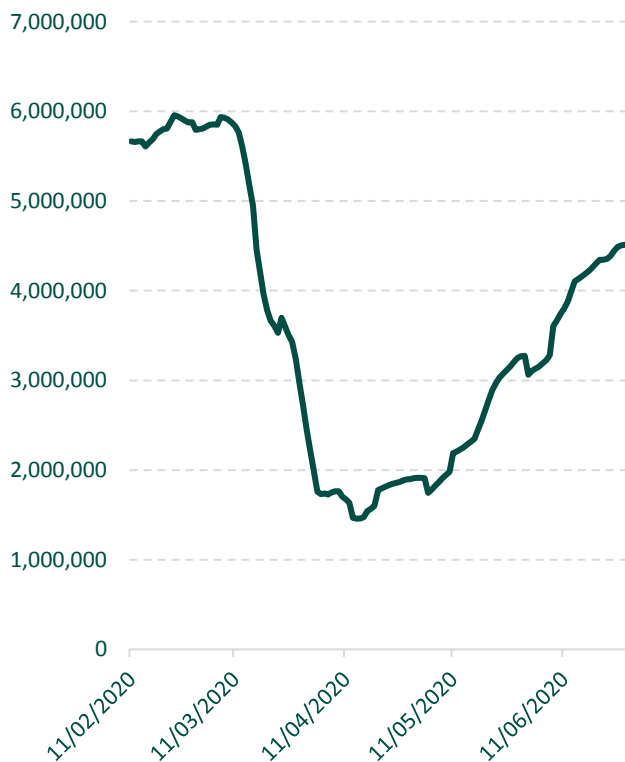


Latest developments:

- Aggregate energy consumption for Ireland has fallen by around a quarter since the onset of the pandemic and appears to have stabilised around this new level.

Source: ENTSO-E

Figure 1.14 – Aggregate traffic volumes on national roads (7 day moving average)

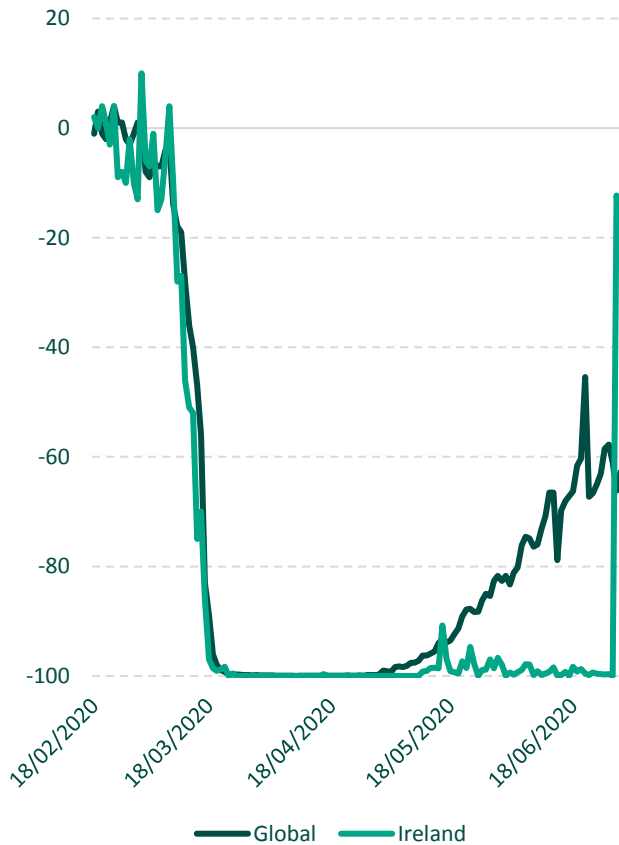


Latest developments:

- The daily aggregate is a sum of traffic volumes across 246 traffic counter sites on national roads (i.e. motorway, national primary, national secondary)
- Traffic fell sharply in the second half of March, remained low throughout April and ticked up throughout May.
- This recovery accelerated as the country entered phase 2 of the government roadmap in early June.

Source: Transport Infrastructure Ireland.

Figure 1.15 – Restaurant bookings vs. same day in 2019.



Latest developments:

- Restaurant bookings have been down 100% in Ireland since mid-March compared to the same day last year reflecting the closures of non-essential business
- They have started to recover globally as some countries unwind lockdown measures.
- As of 29th June restaurants were permitted to open and the number of bookings rapidly recovered to be only 12 per cent below the same day in 2019.

Source: OpenTable.



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