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Bank of Ireland economic pulse

November 2020

 Economic
Pulse

 Consumer
Pulse

 Housing
Pulse

 Business
Pulse

Economic Pulse

November 2020

"The Economic Pulse rallied in November, with consumer and business confidence both up on the month."

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

The Bank of Ireland Economic Pulse stood at 67.0 in November 2020. The index, which combines the results of the Consumer and Business Pulses, was up 10.4 on last month but down 13.6 on a year ago.

A breakthrough on a COVID-19 vaccine lifted sentiment this month even as restrictions on social interactions and hospitality were tightened and non-essential retail / services businesses were closed. The expectations components of both the Consumer and Business Pulses were firmer than in October, albeit the lack of a breakthrough in the EU-UK negotiations is impacting investment, with three in five firms for whom Brexit is a live issue indicating that they have put their plans for next year on hold.

KEY POINTS

- Economic Pulse jumps in November
- Positive vaccine news buoys sentiment
- Brexit uncertainty a drag on investment

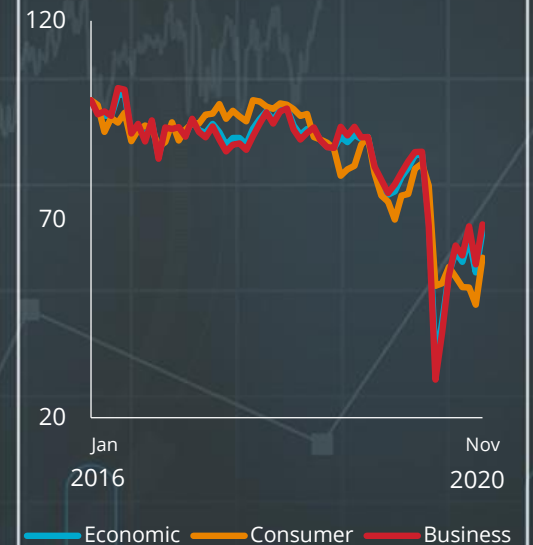
ECONOMIC PULSE

November 2020

67.0

+10.4 on previous index reading

PULSE TRENDS



Consumer Pulse

November 2020

“The breakthrough on a COVID-19 vaccine has raised households’ hopes of economic recovery in 2021.”

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

KEY POINTS

- Consumer Pulse rises in November
- Highest reading since March
- Christmas spending down but not out

CONSUMER PULSE

November 2020

60.3

+11.8 on previous index reading

GENERAL ECONOMIC SITUATION

	Past 12 Months	Next 12 Months
⤴	1%	5%
⤴	4%	30%
No Change	9%	14%
⤵	34%	23%
⤵	51%	25%
Balance	-65%	-16%
Change on previous reading	+3	+25

HOUSEHOLD FINANCIAL SITUATION

	Past 12 Months	Next 12 Months
⤴	4%	4%
⤴	13%	23%
No Change	58%	58%
⤵	18%	10%
⤵	6%	2%
Balance	-4%	+8%
Change on previous reading	+4	+8

The Consumer Pulse came in at 60.3 in November 2020, up 11.8 on last month. A broad based improvement took the index to its highest level since March, though it was still 15.7 lower than a year ago. With virus cases trending down and encouraging developments on the vaccine front helping to reduce uncertainty about the recovery, expectations for the economy and jobs saw the biggest gains this month. The November survey also finds that three in five households are planning to spend the same or more on Christmas presents this year compared with last year. This figure usually runs at three in four however, indicating that consumers remain cautious on the whole.

Housing Pulse

November 2020

“The Housing Pulse continued its upward trajectory in November, rising for a seventh consecutive month.”

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

KEY POINTS

- Housing Pulse up in November
- House price expectations in positive territory
- Same for rents

HOUSING PULSE

November 2020



+6.9 on previous index reading

HOUSE PRICE EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	11%
1% - 5%		31%
Stay more or less the same		35%
1% - 5%	Decrease ↓	13%
> 5%		7%

Balance +13%
+7 on previous reading

RENT EXPECTATIONS

Next 12 Months

Change		Response
> 5%	Increase ↑	13%
1% - 5%		30%
Stay more or less the same		42%
1% - 5%	Decrease ↓	10%
> 5%		4%

Balance +19%
+3 on previous reading

The Housing Pulse stood at 71.7 in November 2020, up 6.9 on October’s reading but down 9.2 on a year ago. Households in Dublin, the Rest of Leinster, Munster and Connacht/Ulster were more upbeat about prospects for house prices this month, with the share expecting prices to increase over the next year coming in at 42%, more than double the share (20%) anticipating a fall. As for rent expectations, the balance of positive and negative responses was also in the black in all regions in November and a touch firmer at the national level on the month.

Business Pulse

November 2020

“While Level 5 restrictions are biting, the anticipated re-opening of the economy for Christmas lifted business sentiment.”

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

KEY POINTS

- Business Pulse increases in November
- Firms upgrade near-term expectations for activity
- Retailers still cautious though

BUSINESS PULSE

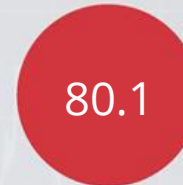
November 2020



+10.1 on previous index reading

SECTOR PULSES

Industry Pulse



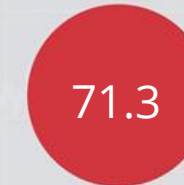
+6.5 on previous index reading

Services Pulse



+13.9 on previous index reading

Retail Pulse



+0.2 on previous index reading

Construction Pulse



+9.5 on previous index reading

At 68.7 in November 2020, the Business Pulse was 10.1 higher than last month but 13.1 lower than a year ago. Sentiment was up on the month in the industry and construction sectors, neither of which has been directly impacted by the move to Level 5 of the ‘Plan for Living with COVID-19’, but also in the services sector which has been. The improvement in the latter reflects expectations that current restrictions will be eased over the festive season, with the positive vaccine news also contributing to a more upbeat assessment of business prospects. The Retail Pulse was little changed however, with the survey findings pointing to a more muted Christmas trading period than normal – one in two retailers expects their turnover to be the same or higher than last year versus 85% typically.

Business Pulse

November 2020

BUSINESS ACTIVITY		Past 3 Months			
	Industry	Services	Retail	Construction	
^	33%	19%	23%	32%	
No Change	33%	33%	31%	37%	
∨	34%	49%	46%	31%	
Balance	-1%	-30%	-23%	0%	
Change on previous reading	0	-10	-24	-14	

BUSINESS ACTIVITY		Next 3 Months			
	Industry	Services	Retail	Construction	
^	32%	26%	31%	28%	
No Change	48%	49%	33%	56%	
∨	19%	26%	36%	16%	
Balance	+13%	0%	-5%	+12%	
Change on previous reading	+12	+20	+9	+15	

JOBS		Past 3 Months			
	Industry	Services	Retail	Construction	
^	14%	8%	9%	11%	
No Change	70%	65%	79%	72%	
∨	16%	27%	12%	17%	
Balance	-1%	-19%	-4%	-6%	
Change on previous reading	+1	0	0	-4	

JOBS		Next 3 Months			
	Industry	Services	Retail	Construction	
^	16%	12%	7%	15%	
No Change	77%	79%	85%	75%	
∨	8%	9%	8%	10%	
Balance	+8%	+3%	-1%	+4%	
Change on previous reading	+7	+8	-3	+5	

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, 1000 services firms, 400 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.

Contact us at

EconomicPulse@boi.com

Dr Loretta O’Sullivan,
Group Chief Economist,
+353 (0) 766 244 267

Conn Creedon,
Senior Economist,
+353 (0) 766 235 134

Patrick Mullane,
Senior Economist,
+353 (0) 766 244 269

Mark Leech,
Media Relations Manager,
+353 (0) 766 234 773

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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