

Services Pulse

October 2022

Sentiment falls

The Joint Harmonised EU Programme of Business and Consumer Surveys

Highlights

- Services sentiment fell in October
- 27% of firms expect to increase turnover, 11% to hire
- Economic Pulse drops

Services sentiment fell in October, with expectations for demand/turnover and hiring intentions both down on the month.

In relation to **demand/turnover**, 30% of firms responded that demand/turnover was up in the past 3 months, with 25% indicating a reduction, meaning that the overall balance (the percentage of firms reporting an increase minus the percentage reporting a decrease) came in at +5%, down 9 points from September. The demand/turnover expectations balance for the next 3 months was down 4 points to -1%.

As for **employment**, the jobs balance for the past 3 months was down 3 points to -3%, while the employment expectations balance for the next 3 months was also down 3 points to 0%.

The **order books** balance came in at -14% in October, unchanged from September. 9% of firms reported order books as above normal, 24% reported them as below normal while 67% indicated they were at normal levels for the season.

The **input costs** (excluding labour) balance increased by 1 point to +81% this month. The balance reading for selling prices was down 1 point to +45%.

As for results for other sectors of the economy - the balance for business activity expectations was +14% (-8) for industry firms, +4% (+4) for retail firms and +10% (+1) for construction firms. In relation to hiring intentions, the balance was +11% (+2) for industry firms, +7% (+5) for retail firms and +8% (+6) for construction firms.



Thank you for participating in this important EU study.

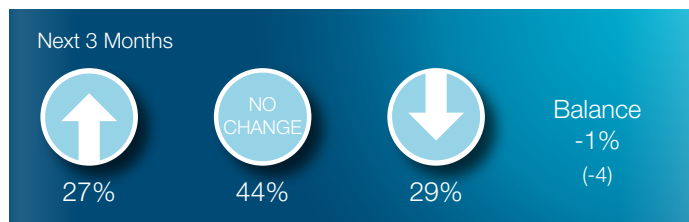
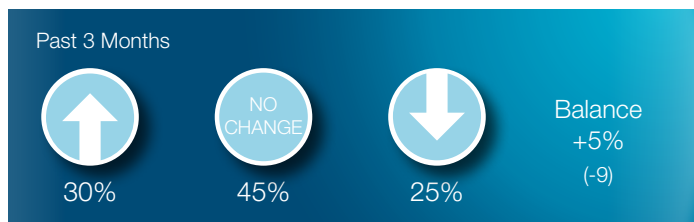
Your contribution is hugely appreciated and enables a robust picture of the business environment and confidence in the services sector to be gathered each month for Ireland.

About the Joint Harmonised EU Programme of Business and Consumer Surveys

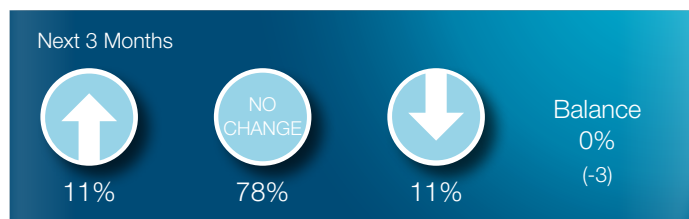
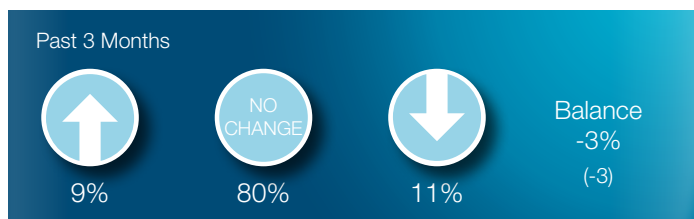
Business and consumer surveys provide essential information for economic surveillance, short term forecasting and research. They are also a key complement to official statistics. The survey data generated within the framework of the Joint Harmonised EU Programme of Business and Consumer Surveys are particularly useful for monitoring economic developments at Member State, EU and euro area level. High frequency, timeliness and harmonisation are among their main qualities.

In addition to providing essential economic research for the EU, the findings are communicated to participating companies to help with business planning and forecasting. 500 Irish businesses participate in the programme, selected to represent the universe of all businesses in the services sector. The surveys are carried out in each country by a partner organisation. Bank of Ireland has been selected by the European Commission as its Irish partner and the Bank has commissioned Ipsos to undertake the fieldwork.

Demand/Turnover



Jobs



		Above Normal	Normal for the Season	Below Normal	Balance
Order Books	Current	9%	67%	24%	-14% (0)
		↑	No Change	↓	Balance
Input Costs	Past 3 Months	82%	18%	1%	+81% (+1)
Selling Prices	Next 3 Months	47%	52%	2%	+45% (-1)

Balances are constructed as the difference between the percentage of respondents giving positive and negative responses. The change from the previous month is shown in brackets.

Focus

The Bank of Ireland **Economic Pulse** came in at 60.5 in October 2022. The index, which combines the results of the Consumer and Business Pulses, was down 10.1 on last month's reading and 27.1 lower than a year ago. The Consumer Pulse rose this month as households took some solace from Budget 2023. Amid the unveiling of additional cost of living supports, they were less gloomy about the outlook for the economy and their own finances, albeit the bounce in sentiment was modest on the whole. On the buying front, just 14% of households considered it a good time to purchase big ticket items like furniture and electrical equipment, while over three in five are continuing to hold out on spending. The Business Pulse headed south in October however, posting a 21-month low. More positively, the survey findings suggest that supply chains have healed further (the share of firms struggling with material, equipment and space shortages stood at 24% this month versus 27% in July), and that growth ambitions further out are holding steady (half of firms still plan to expand their business in the next 1 to 3 years). More information on the Pulses is available at the following website: www.BankofIrelandEconomicPulse.com

Contact us at:

economics@boi.com

Dr. Loretta O'Sullivan

Group Chief Economist
Bank of Ireland
+353 1 250 8900 ext. 44267



Rachel Mulcahy

rachel.mulcahy@ipsos.com

Belinda Norton

belinda.norton@ipsos.com

+353 (01) 438 9000

Patrick Mullane

Senior Economist
Bank of Ireland
+353 1 250 8900 ext. 44269

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