

# Economic Indicators

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## Household and business debt

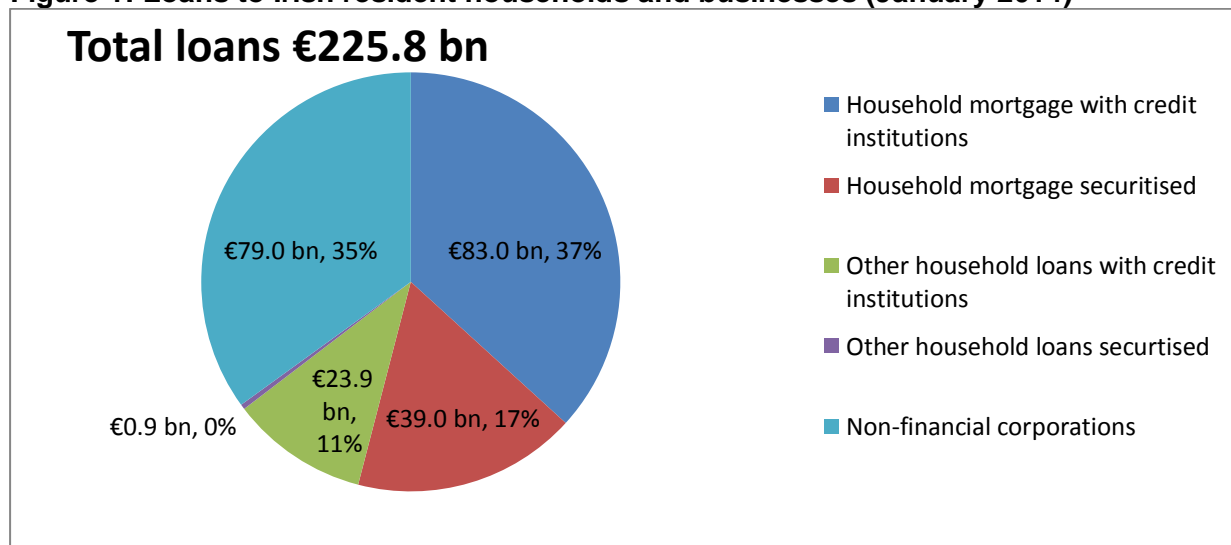
The total loans outstanding owed by Irish resident households and non-financial corporations ([JB](#)) was €225.8 billion (bn) in January 2014. This is down €11.3 bn, or 4.8%, from January 2013. It is down €125.5 bn or 35.7%, from its peak in January 2009 of €351.4 bn.

Figure 1 shows a pie chart with the loans broken down by households and business. Households account for €146.8 bn or 65% of the loans including €122 bn for house purchases. A significant proportion of household mortgages are securitised ([JB](#)) – i.e. €39 billion of the mortgages are with non-credit institutions ([JB](#)). This includes mortgages with NAMA.

Households owed a further €24.8 bn in loans.

Overall, mortgage loans outstanding fell 3.3% in the year to January 2014, whereas non-mortgage lending to households fell 6.5% during the same period.

**Figure 1: Loans to Irish resident households and businesses (January 2014)**



Source: [Central Bank of Ireland, Credit, Money and Banking Statistics](#) Table 6.

Another Central Bank release ([Business credit and deposits](#)) details loans outstanding from Irish-resident private sector enterprises by sector. The definition of *enterprise* is slightly wider than that for non-financial corporations ([JB](#)) in the Credit, Money and Banking Statistics and includes some loans to households for business purposes. Thus the amount outstanding to enterprises is higher than the amount outstanding to non-financial corporations.

Between Quarter 4 2012 and Quarter 4 2013 loans to enterprises (excluding banks, insurance and other financial companies) fell by 5.9%, to €88.2bn. Over the four years to Q4 2013, the fall for the same sectors was 41.5%.

Over the four year period, the biggest falls were in construction (-57.8%), transport and storage (-49.6%), and information and communication (-47.3%). The smallest decreases were in business and administrative services (-21.1%) and primary industries (-14.1%). Financial intermediation (excl. the Central Bank) showed an increase of 9.5% over the same period.

Over the year to Q4, 2013, the largest falls were in information and communication (-23.1%), electricity, gas, steam and air conditioning supply (-19.6%), and water supply, sewerage, waste management and remediation activities (-16.2%). The smallest decreases were in primary industries (-2.1%), and manufacturing (-0.6%), with a slight increase in education (+0.4%).

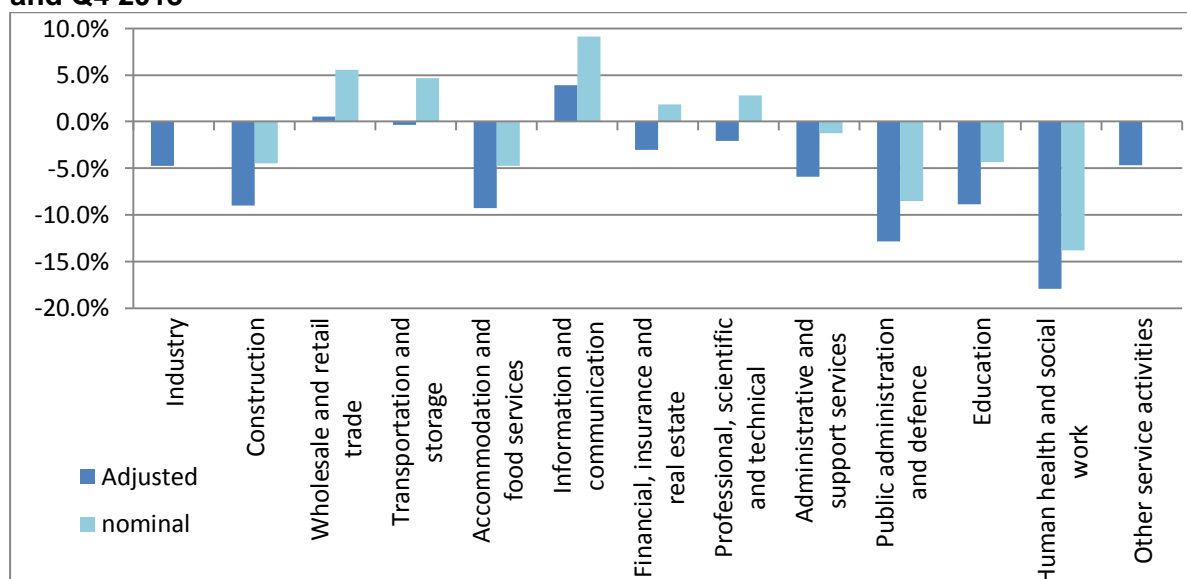
## Earnings

The CSO's latest quarterly [Earnings and Labour Costs](#) release was published at the end of February 2014. Average weekly earnings were €687.28 in Q4 2013, an increase of 1.5% from Q3 2013 but a decrease of 0.6% between Q4 2012 and Q4 2013. This annual decrease of 0.6% was made up of a 0.9% decrease in average hourly earnings to €21.69, and an increase of 0.3% in average weekly hours worked, to 31.7 over the period.

Increases over the year to Q4 2013, were observed in industry (0.8%), construction (2.5%), wholesale and retail trade (2.0%), transportation and storage (6.7%), accommodation and food services (0.5%), information and communication (2.2%), financial, insurance and real estate (0.8%), professional, scientific and technical (3.5%), and arts, entertainment, recreation and other service activities (5.7%).

Decreases were observed in administrative and support services (-3.2%), public administration and defence (-0.2%), education (-0.8%), and human health and social work (-1.6%). The latter three sectors are dominated by the public sector and reflect some of the changes in the Haddington Road agreement which cut pay for higher earners, extended the time period between increments and increased hours for most public sector workers.

**Figure 2: Percentage change in nominal and real earnings by sector between Q4 2009 and Q4 2013**



Source: [Central Statistics Office](#) and L&RS calculations.

The release reports earnings in nominal terms ([JB](#)) and do not account for inflation. Over the four year period Q4 2009 to Q4 2013 inflation was 5.0%. Over the same period average weekly wages fell by 4.3%. Adjusting for inflation average earnings fell by 8.8% over the period.

However, there are significant sectoral differences in the change in average earnings during the period. Figure 2 above shows the changes in both nominal and real earnings by sector between Q4 2009 and Q4 2013.

The biggest decreases in real terms over the period were in education (-8.9%), construction (-9.0%), accommodation and food services (-9.3%), public administration and defence (-12.9%), and human health and social work (-17.9%). The largest increase was in information and communications (3.9%). There was a small increase in the wholesale and retail trade sector.

It should be noted that this data is based on gross earnings which do not account for taxes, PRSI contributions and public sector pension levies – thus the impact of the recession on real earnings is even greater than shown here. The fall in real wages is both positive (it increases competitiveness) and negative (it reduces individual's purchasing power).

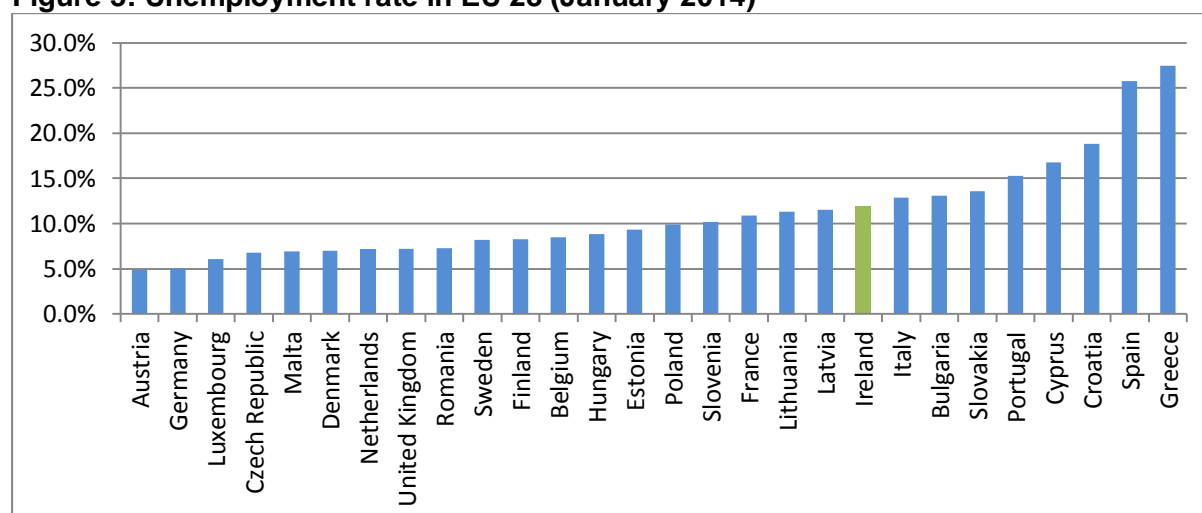
## European unemployment

According to the latest [Eurostat unemployment release](#) in January 2014 there were 26.2 million people unemployed in the EU28. The overall unemployment rate in the EU28 was 10.8% and in the euro area it was 12%.

However, these average figures mask wide variation across the European Union. Austria and Germany had the lowest unemployment rates of 4.9% and 5.0% respectively, whereas Greece and Spain had the highest rates 27.5% and 25.8% respectively.

Ireland's rate was estimated at 11.9% just below the euro area average but still above the EU28 average.

**Figure 3: Unemployment rate in EU 28 (January 2014)**

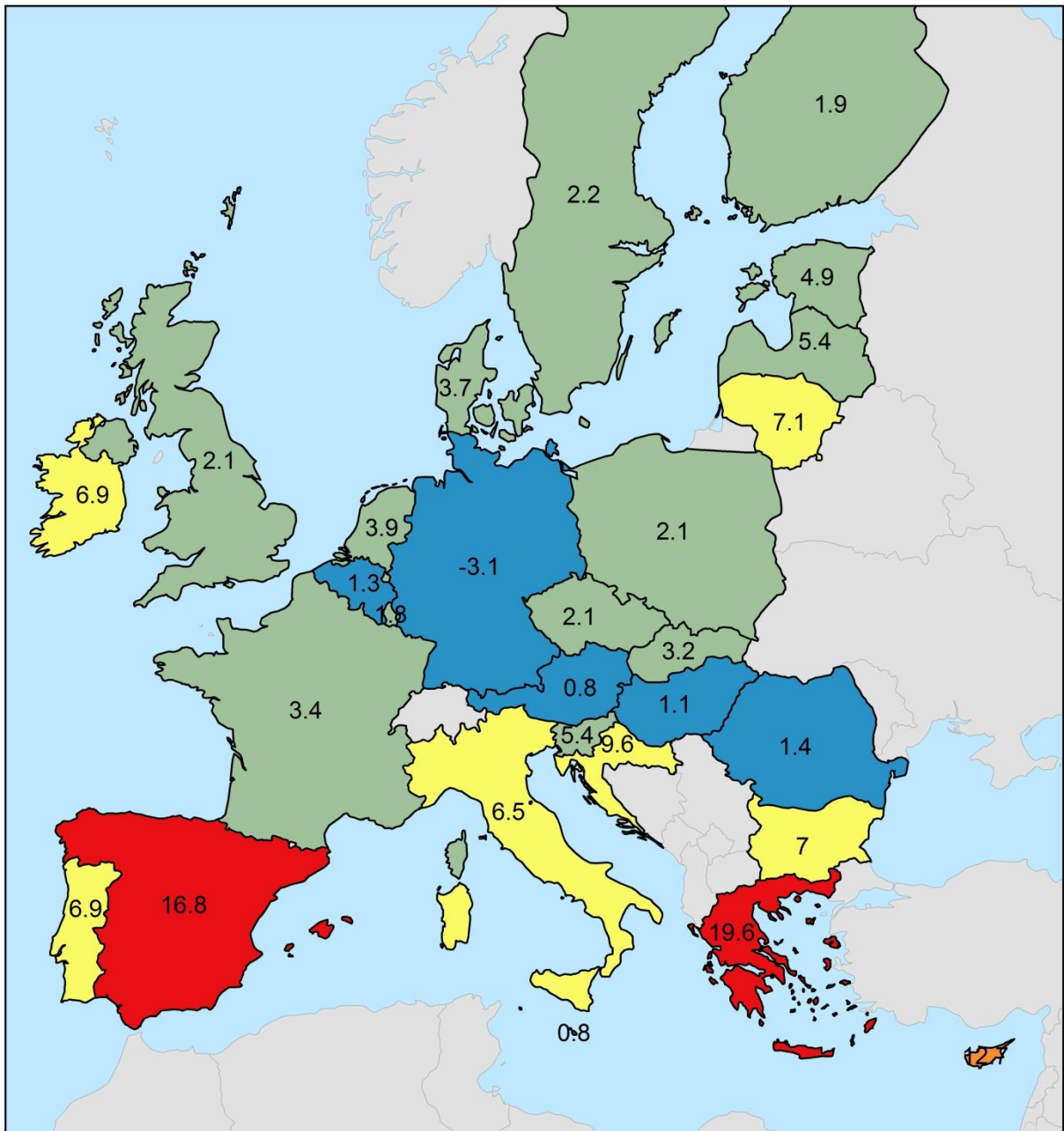


Source: [Eurostat](#). All January 2014 except Greece, Latvia and Hungary – December 2013 and Estonia and United Kingdom – November 2013.

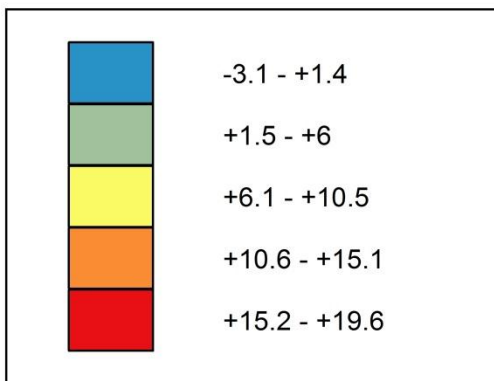
The map overleaf shows the percentage point change in the unemployment rate of the EU 28 countries between January 2008 and January 2014. This shows the very severe effect of the financial and economic crisis on certain countries – the unemployment rate increased massively in Spain and Greece (+16.8 and +19.6 percentage points respectively). Cyprus also has seen a large increase in its unemployment rate. Ireland is clustered with a group of countries including, amongst others, Italy, Lithuania and Portugal which have seen their unemployment rates increase by approximately seven percentage points.

Germany is the only EU country over the period to have experienced a fall in its unemployment rate. It fell by 3.1 percentage points.

**Map 1: Percentage point change in unemployment rate between Jan 2008 and Jan 2014 by EU Member State**



Note: Where January 2014 data was unavailable latest monthly data used



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## Selected statistics

Macro Indicators	Period	Latest	Previous	Change
<a href="#">Gross domestic product (SA €m)</a>	2013 Q4	40,375	41,336	-2.3%
<a href="#">Gross national product (SA €m)</a>	2013 Q4	34,786	34,726	+0.2%
<a href="#">Exports (€m)</a>	2013 Q4	43,473	42,595	+2.1%
<a href="#">Imports (€m)</a>	2013 Q4	34,811	32,926	+5.7%
Consumer Sentiment and Performance	Period	Latest	Previous	Change
<a href="#">New private cars licensed for the first time</a>	2014 Jan-Feb	27,881	20,406	+36.6%
<a href="#">Residential property price index (Jan 2005=100)</a>	2014 Jan	69.5	65.4	+6.3%
<a href="#">Retail sales volume (2005=100)</a>	2014 Jan	97.6	89.6	+8.9%
<a href="#">Consumer price index (Dec 2011=100)</a>	2014 Feb	101.4	101.5	-0.1%
<a href="#">Harmonised index of consumer prices (2005=100)</a>	2014 Feb	109.2	109.1	+0.1%
Labour Market	Period	Latest	Previous	Change
<a href="#">Number employed (QNHS)</a>	2013 Q4	1,909,300	1,848,900	+3.3%
<a href="#">Unemployment rate (Live Register)</a>	2014 Feb	11.9%	13.8%	-13.8%
<a href="#">Live Register (SA)</a>	2014 Feb	398,300	428,900	-7.1%
<a href="#">PPS number issued to non-Irish nationals</a>	2013 Jan-Feb	14,890	12,075	+23.3%
Industry	Period	Latest	Previous	Change
<a href="#">Industrial production (SA) (2005=100)</a>	2014 Jan	105.3	106.8	-1.4%
<a href="#">Services output index (2010=100)</a>	2014 Jan	110.6	106.8	+3.6%
<a href="#">Agricultural output price index (2010=100)</a>	2014 Jan	129.5	130.7	-0.9%
<a href="#">Manufacturing output price index (2010=100)</a>	2014 Feb	99.9	101.6	-1.7%
<a href="#">New goods vehicles licensed for the first time</a>	2014 Jan-Feb	3,010	1,993	+51.0%
<a href="#">Number of dwellings completed</a>	2014 Jan	676	511	+32.3%
<a href="#">Loans to Irish households outstanding (€bn)</a>	2014 Jan	146.8	152.8	-3.9%

Click indicator title for source. Some indicators are preliminary and subject to revision. The previous figure refers to the figure for the corresponding period in the previous year. SA = Seasonally adjusted.

## Jargon buster

**Non-financial corporations** are corporate bodies producing goods and non-financial services on a commercial basis. They include public limited companies, private companies and other corporate forms of business. The business activities of self-employed persons (quasi-corporations) are in principle part of this grouping but due to statistical issues in practice such businesses are usually treated as part of the household sector.

**Financial corporations** are corporate bodies producing financial services on a commercial basis.

**Securitised loans** are loans which have been sold by the original lender to a third party. The original lender usually still processes the loan and payments.

**Credit institutions** are undertakings whose business is to receive deposits or other repayable funds and to grant loans/credits for their own account i.e. banks, building societies, credit unions etc.

**Nominal and real terms:** To say something is expressed in **nominal terms** is to say it is expressed in its actual currency amount. However, when comparing financial figures over time the effect of inflation may have to be accounted for and the amount is then adjusted for inflation and expressed in **real terms**.

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