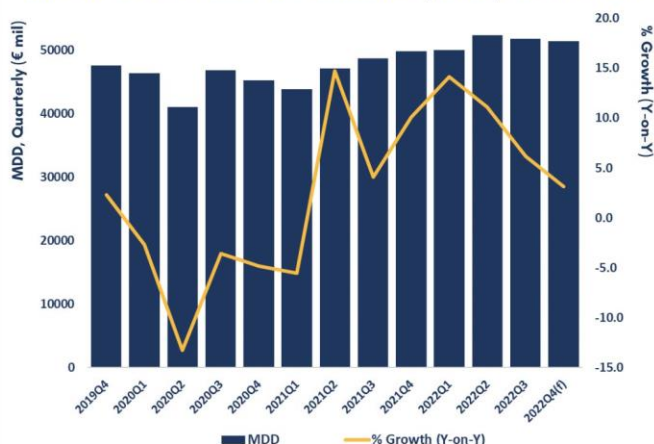


ESTIMATED MONTHLY MODIFIED DOMESTIC DEMAND (MDD)

23 February 2023

December 2022 MDD: **2.9%**

MODIFIED DOMESTIC DEMAND (MDD) NOWCAST

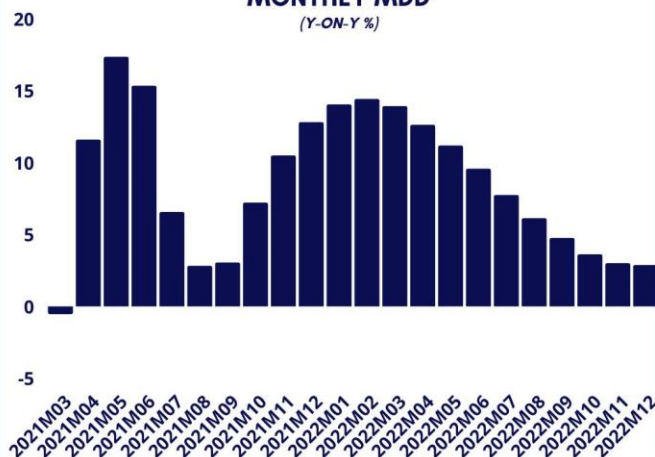


MDD is a measure of domestic economic activity in Ireland including spending by households, investment by enterprises and net spending by the government.

December Key Indicators (Y-on-Y):



MONTHLY MDD (Y-ON-Y %)



On an annual basis, MDD in December 2022 grew 2.9%. Due to stronger-than-anticipated growth in December, MDD in Q4 2022 is now estimated to have grown 3.2% from its level in Q4 2021.

*Detail on the Nowcasting model employed for these estimates can be found in: Egan P. (2022). 'Nowcasting domestic demand using a dynamic factor model: the case of Ireland'. Applied Economics Letters

Using data available through 21 February 2023, we provide an update to our monthly estimate of modified domestic demand (MDD) using the ESRI Nowcasting model currently employed to support the forecasting exercise in the *Quarterly Economic Commentary*.¹

MDD in December is estimated to be 2.9 per cent above its level in December 2021. This growth is largely driven by continued strength in the labour market and industrial production. While economic sentiment is still down from December 2021, it has increased on a monthly basis. The improvement in overall sentiment can be seen in retail sales, which grew on an annual basis in December 2022 after six consecutive months of negative growth. Due to the stronger-than-anticipated activity in the final month of the year, we now estimate annual growth in modified domestic demand to be 3.2 per cent in Q4 2022.²

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² Our previous nowcast estimated Q4 MDD to be 2.3 per cent.

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