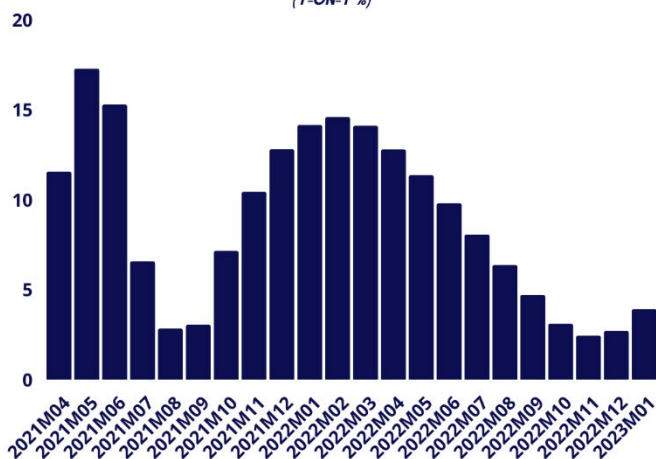


ESTIMATED MONTHLY MODIFIED DOMESTIC DEMAND (MDD)

22 March 2023

January 2023 MDD: **3.9%**

MONTHLY MDD
(Y-ON-Y %)

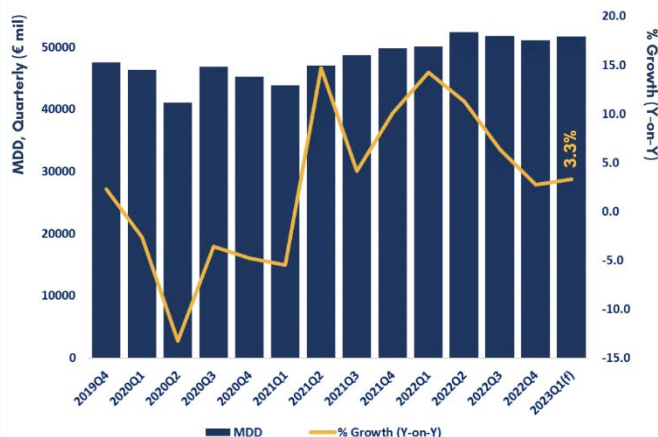


MDD is a measure of domestic economic activity in Ireland including spending by households, investment by enterprises and net spending by the government.

January Key Indicators (Y-on-Y):



MODIFIED DOMESTIC DEMAND (MDD) NOWCAST



MDD in January 2023 grew 3.9% year-on-year. Due to growth in a number of key indicators and a relatively low base in January 2022, MDD in Q1 2023 is estimated to have grown 3.3% from its level in Q1 2022.

*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 16 March 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 January is estimated to be 3.9 per cent above its level in January 2022. This growth is due to the strong performance in a number of key indicators. Continued resilience in the labour market as well as growth in industrial production, retail sales and total tax revenue contributed to growth in economic activity in January. Inflation remains elevated on an annual basis but declined from December 2022. Alongside improvements in inflation, economic sentiment improved in January on a monthly basis, yet remains below its level in January 2022. Due to improvements across many key indicators, we now estimate annual growth in modified domestic demand to be 3.3 per cent in Q1 2023.

¹ For further information, please contact:
Wendy Disch, research assistant
Email: wendy.disch@esri.ie

This report has been reviewed prior to publication. The authors are solely responsible for the content and the views expressed.

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