



# Estimated Monthly Modified Domestic Demand (MDD)

27 October 2023

## August 2023 Key Indicators (versus August 2022)

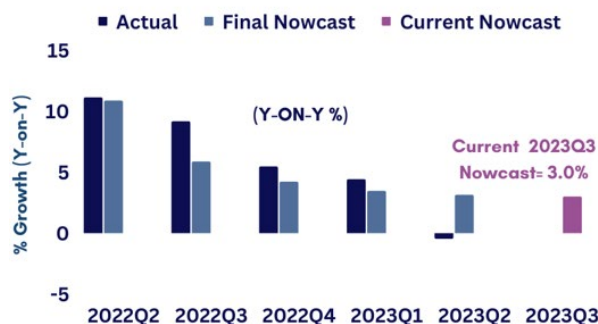
↑ Prices  
Production

↓ Financial Conditions  
Tax Revenue

### Estimated August 2023 MDD = 2.6%



### 2023Q3 MDD Nowcast = 3.0% (based on all July, Aug and partial Sep data)



### Summary

- Using data available through 24<sup>th</sup> October 2023, we provide an update to our monthly estimate of modified domestic demand (MDD)<sup>1</sup> using the ESRI’s Nowcasting model currently employed to support the forecasting exercise in the *Quarterly Economic Commentary*<sup>2</sup>.
- We estimate that MDD grew 2.6% year-on-year in August 2023. Due to a model update, we have also revised upwards our July 2023 MDD Nowcast to 2.9% year-on-year (from 1.9% as reported last month). Our nowcast suggests that month-on-month, August MDD fell by -0.1% compared to July.
- While August again saw increases in the price of both goods and services as well as an improvement across a number of production sectors from 12 months ago, there was a further tightening of financial conditions and a fall in tax revenue compared to August 2022.
- Based on data from July, August and partial September data, our nowcast estimates MDD for 2023Q3 to be 3.0% above its level in 2022Q3.

<sup>1</sup> MDD is a measure of domestic economic activity in Ireland including spending by households, investment by enterprises and net spending by the government.

<sup>2</sup> Based on Egan, P. (2023) Nowcasting domestic demand using a dynamic factor model: the case of Ireland, Applied Economics Letters, 30(19), 2711-2716. For further information, please contact Paul Egan, Research Officer. Email: [paul.egan@esri.ie](mailto:paul.egan@esri.ie)

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