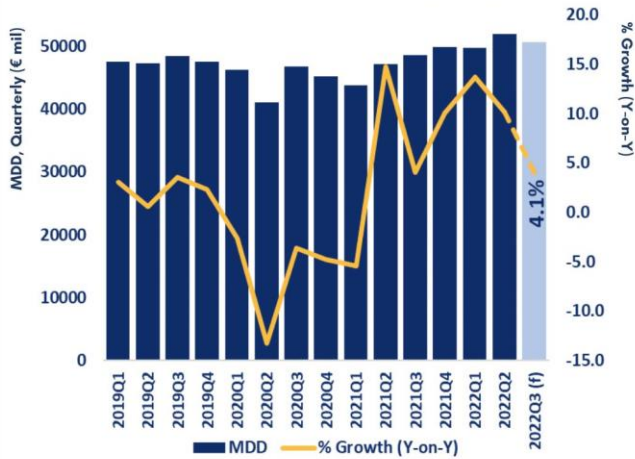


# ESTIMATED MONTHLY MODIFIED DOMESTIC DEMAND (MDD)

18 November 2022

September 2022 MDD: **2.2%**

## MODIFIED DOMESTIC DEMAND (MDD) NOWCAST

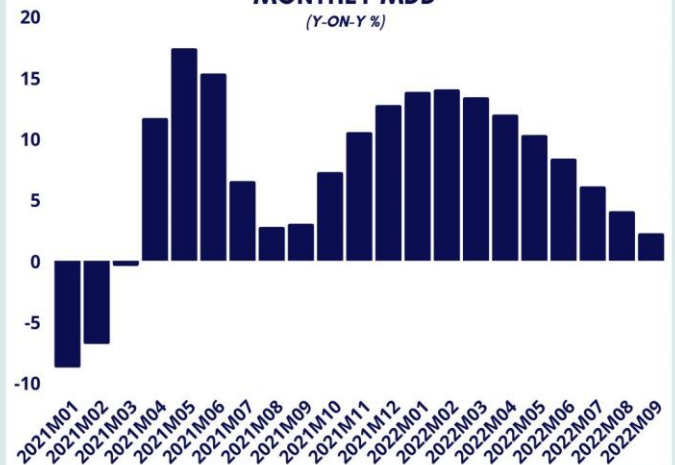


MDD is a measure of domestic economic activity in Ireland including spending by households, investment by enterprises and net spending by the government.

## September Key Indicators (Y-on-Y):



## MONTHLY MDD (Y-ON-Y %)



**On a monthly basis, MDD growth has slowed for four consecutive months. On an annual basis, MDD in September 2022 grew 2.2%. MDD for Q3 2023 is now estimated to be 4.1% on an annual basis.**

\*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 November 2022, 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*.<sup>1</sup>

On a monthly basis, MDD is estimated to be 2.2 per cent above its level from September 2021.<sup>2</sup> Strong tax receipts, continued strength in the labour market and growth in industrial production are all contributing to growth. However, continued uncertainty in the global economy and elevated inflation rates have contributed to a decline in survey indicators, such as business and consumer sentiment, as well as slowdowns in retail sales. On an annual basis, growth for MDD in Q3 2022 is unchanged from our October nowcast (4.1 per cent). While the overall growth in Q3 2022 is strong, growth in MDD on a monthly basis has now declined for four consecutive months, indicating slowing activity in the domestic economy.

<sup>1</sup> For further information, please contact: Wendy Disch, Research Assistant, ESRI, email: wendy.disch@esri.ie

<sup>2</sup> Nowcast figures for Q3 2022 include data available through 16 November 2022.

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