



Estimated Monthly Modified Domestic Demand (MDD)

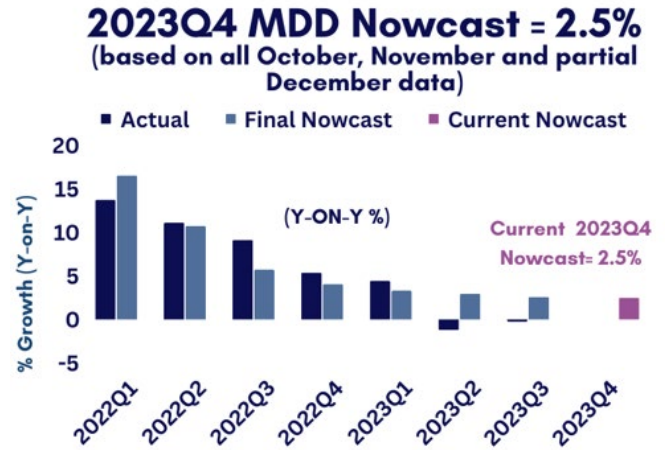
25 January 2024

November 2023 Key Categories (versus November 2022)

↑ Tax Revenue Sentiment

↓ Financial Conditions Consumption

Estimated November 2023 MDD = 2.5%



Summary

- Using data available to 24th January 2024, we provide an update to our monthly estimate of modified domestic demand (MDD)¹ using the ESRI’s Nowcasting model currently employed to support the forecasting exercise in the *Quarterly Economic Commentary*².
- We estimate that MDD grew 2.5% year-on-year in November 2023. This is up slightly from the 2.3% estimate for October. November saw a strong increase in tax revenue as well as an increase in consumer and business sentiment compared to 12 months ago. On the other hand, tightening of financial conditions relative to November 2022 as well as weaker retail sales data compared to twelve months ago put downward pressure on our monthly estimate.
- Based on all data for October, November and partial data for December, our early nowcast estimates MDD for 2023Q4 to be 2.5% above its level in 2022Q4.

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

² 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

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