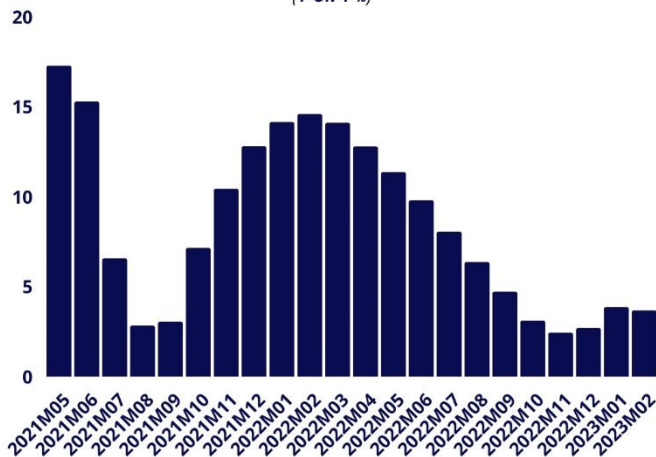


ESTIMATED MONTHLY MODIFIED DOMESTIC DEMAND (MDD)

19 April 2023

February 2023 MDD: **3.7%**

MONTHLY MDD (Y-ON-Y %)

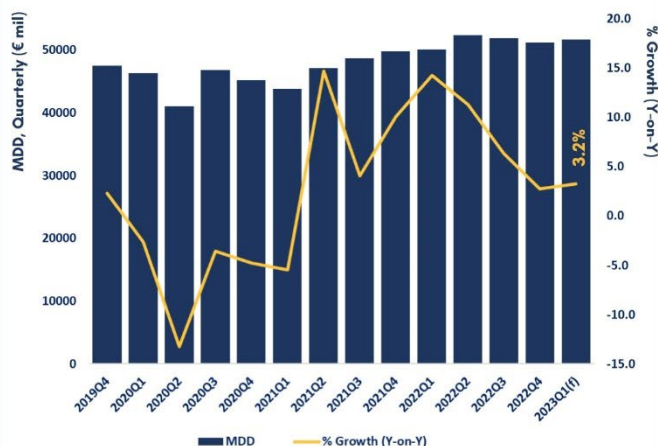


MDD is a measure of domestic economic activity in Ireland including spending by households, investment by enterprises and net spending by the government.

February Key Indicators (Y-on-Y):



MODIFIED DOMESTIC DEMAND (MDD) NOWCAST



MDD in February 2023 grew **3.7% year-on-year**. Due to continued improvements across a number of key indicators, MDD in Q1 2023 is estimated to have grown **3.2%** 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 17 April 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 February is estimated to be 3.7 per cent above its level in February 2022. 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 February. While economic sentiment remains below its level in February 2022, it has generally improved on a monthly basis.² Due to improvements across many key indicators, we now estimate annual growth in modified domestic demand to be 3.2 per cent in Q1 2023.

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² Sources of sentiment indicators have been updated in this estimate due to the discontinuation of the Irish sentiment indicators formerly produced by the European Commission.

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