

# Economic Update 2023

with Jim Power, Economist and Media Commentator

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# TO BE DISCUSSED

**GLOBAL ECONOMICS**

**INTEREST RATE TRENDS**

**IRISH ECONOMIC UPDATE**

**THE OUTLOOK FOR THE IRISH ECONOMY**

# INTERNATIONAL ISSUES/RISKS

RECESSIONARY FEARS

INTEREST RATES & INFLATION

POLITICS

UKRAINE WAR & ITS CONSEQUENCES

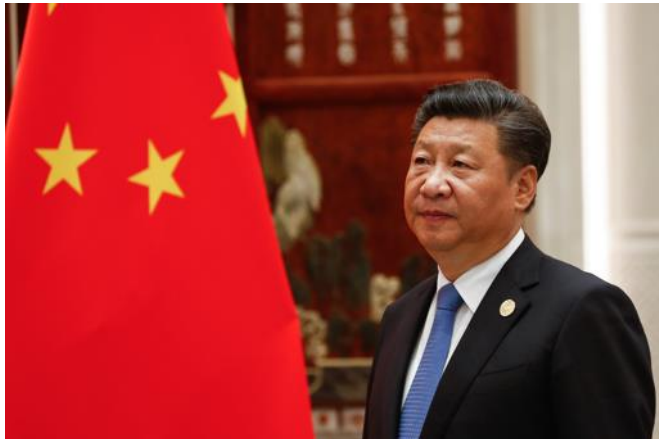


# INTERNATIONAL ISSUES/RISKS

CHINA

FINANCIAL MARKETS – EQUITIES, BONDS & PROPERTY

HEIGHTENED RISKS & INTENSE UNCERTAINTY



# High Inflation & Low Unemployment

REGION	ANNUAL INFLATION	UNEMPLOYMENT
Euro Zone	8.5%	6.6%
Germany	8.7%	5.5%
France	6.0%	7.2%
Ireland	7.8%	4.4%
United Kingdom	10.1%	3.7%
United States	6.4%	3.4%
Japan	4.0%	2.5%
China	2.1%	5.5%

# INTEREST RATES

- Central banks > recession a price worth paying to prevent inflation from becoming entrenched
- 4.75 % > another 0.5%?
- ECB 3% end- 2022: How much higher in 2023? Probably 1%?
- Bank of England 4% > close to peak
- Central bankers worried & uncertain

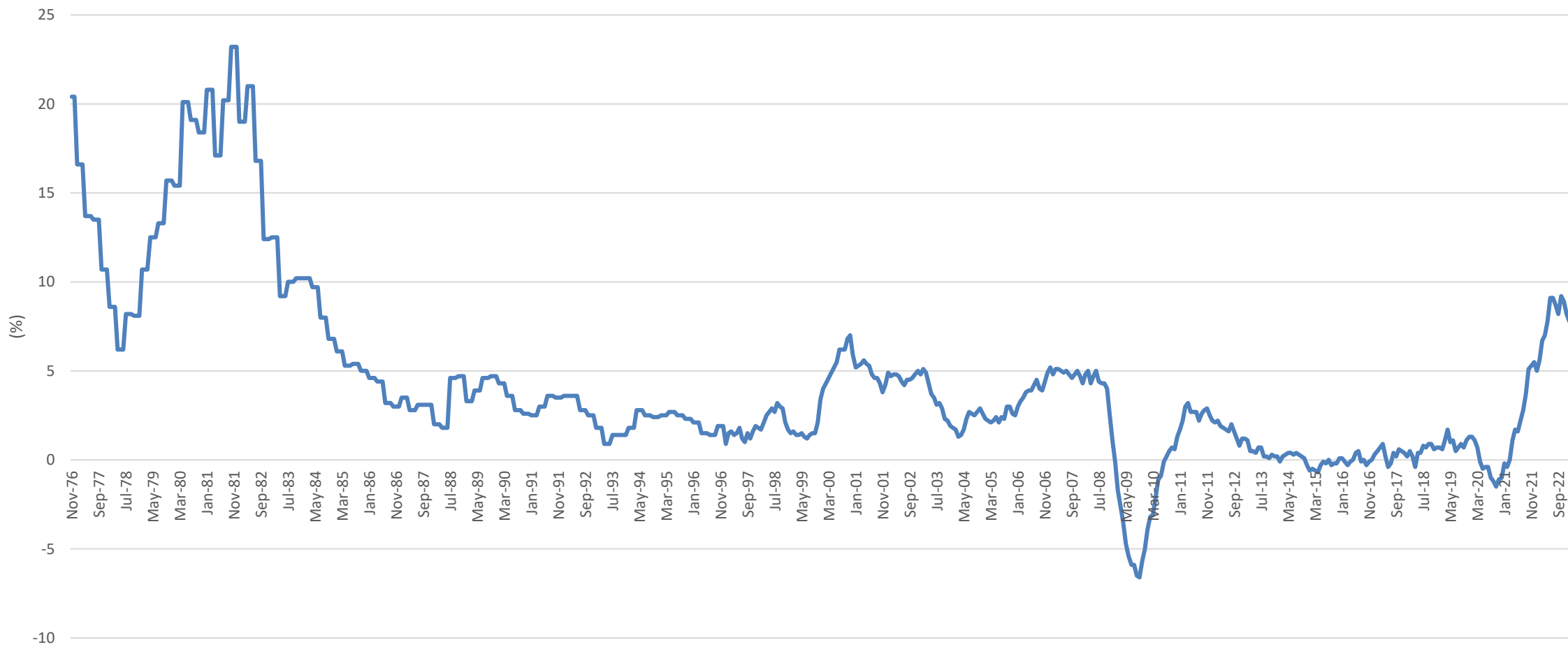


# IRISH ECONOMIC UPDATE IN 2022



- Economy very resilient
- GDP +12.2%
- Tax revenues very strong
- Employment 2,574,500 Q4 2022
- Unemployment Rate 4.4%
- Goods Exports +25.6% (Food +22.0%)
- Consumer confidence understandably fragile
- Retail Sales Value +7.5%, Volume -0.6%
- Household savings €148.6 bln (Dec 2022)
- Housing the big Economic, Social & political Issue

# CONSUMER PRICE INFLATION

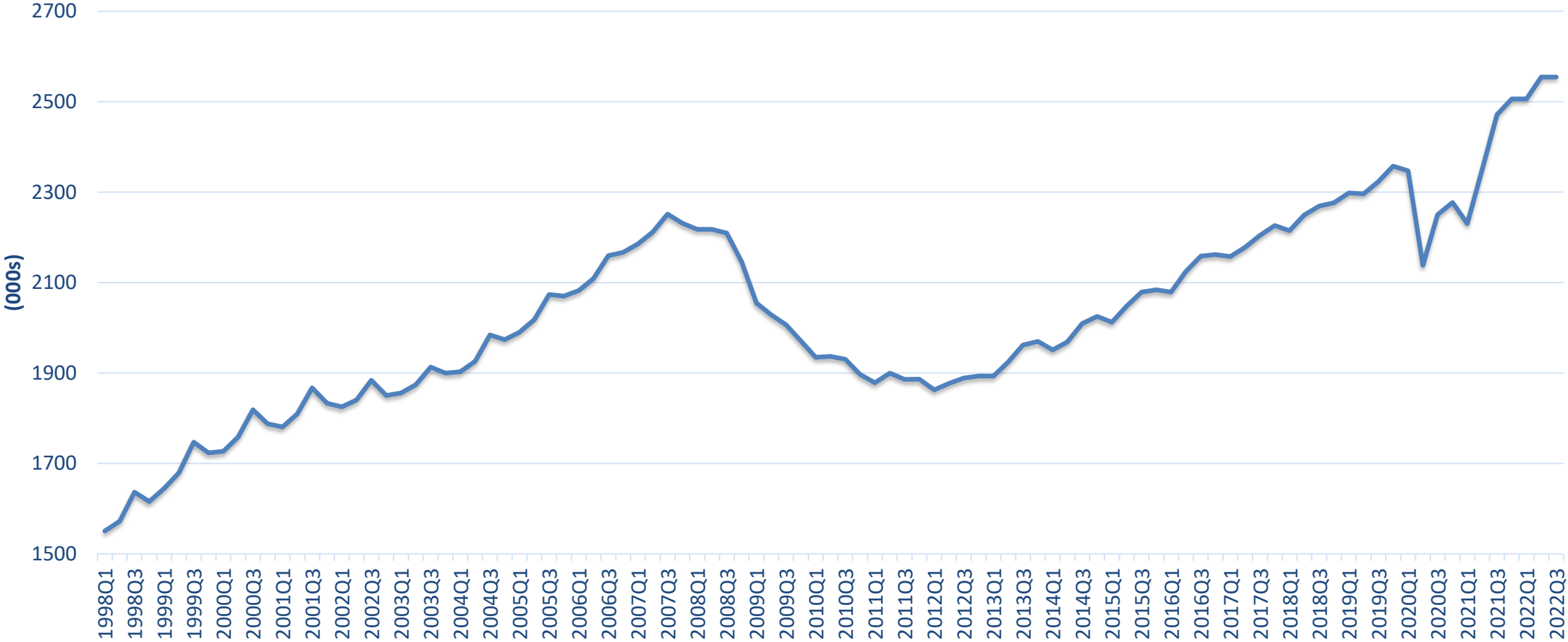




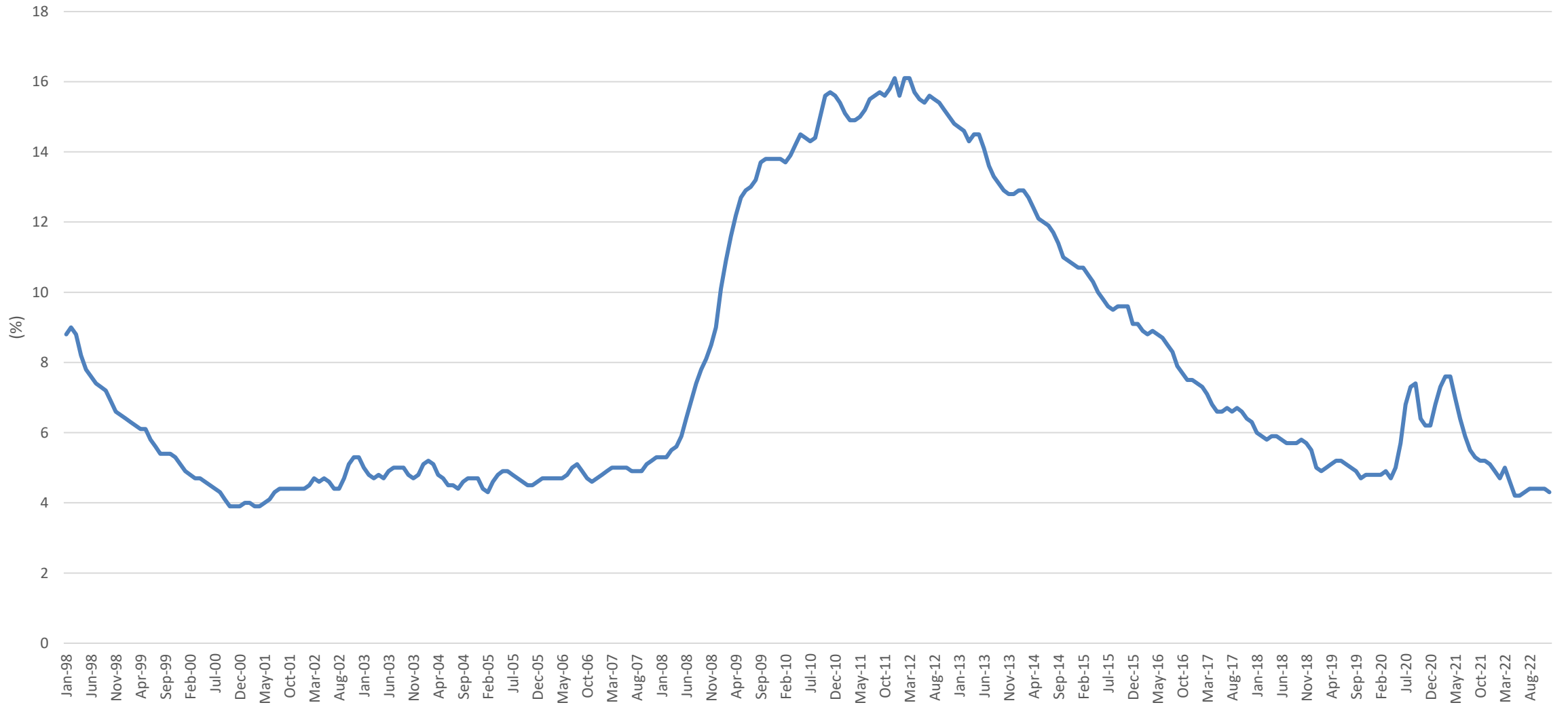
## COMPONENTS OF IRISH INFLATION (YEAR ON YEAR JANUARY 23)

COMPONENT	MoM	YEAR-YEAR CHANGE
<b>Overall Consumer Price Inflation</b>	-0.8%	+7.8%
Food	+0.6%	+12.9%
<b>Clothing &amp; Footwear</b>	-6.4%	+5.0%
<b>Private Rents</b>	+0.2%	+10.4%
<b>Electricity</b>	0.0%	+62.7%
<b>Natural Gas</b>	0.0%	+92.1%
<b>Home Heating Oil</b>	+1.1%	+35.5%
<b>Petrol</b>	0.0%	-6.4%
<b>Diesel</b>	-1.3%	+6.4%
<b>Restaurants</b>	+0.2%	+7.3%
<b>Accommodation</b>	-7.0%	+11.9%
Motor Insurance	0.0%	-9.1%
<b>Mortgage Costs</b>	<b>+4.5%</b>	<b>+26.9%</b>
<b>Postal Services</b>	<b>0.0%</b>	<b>+10.3%</b>

# EMPLOYMENT



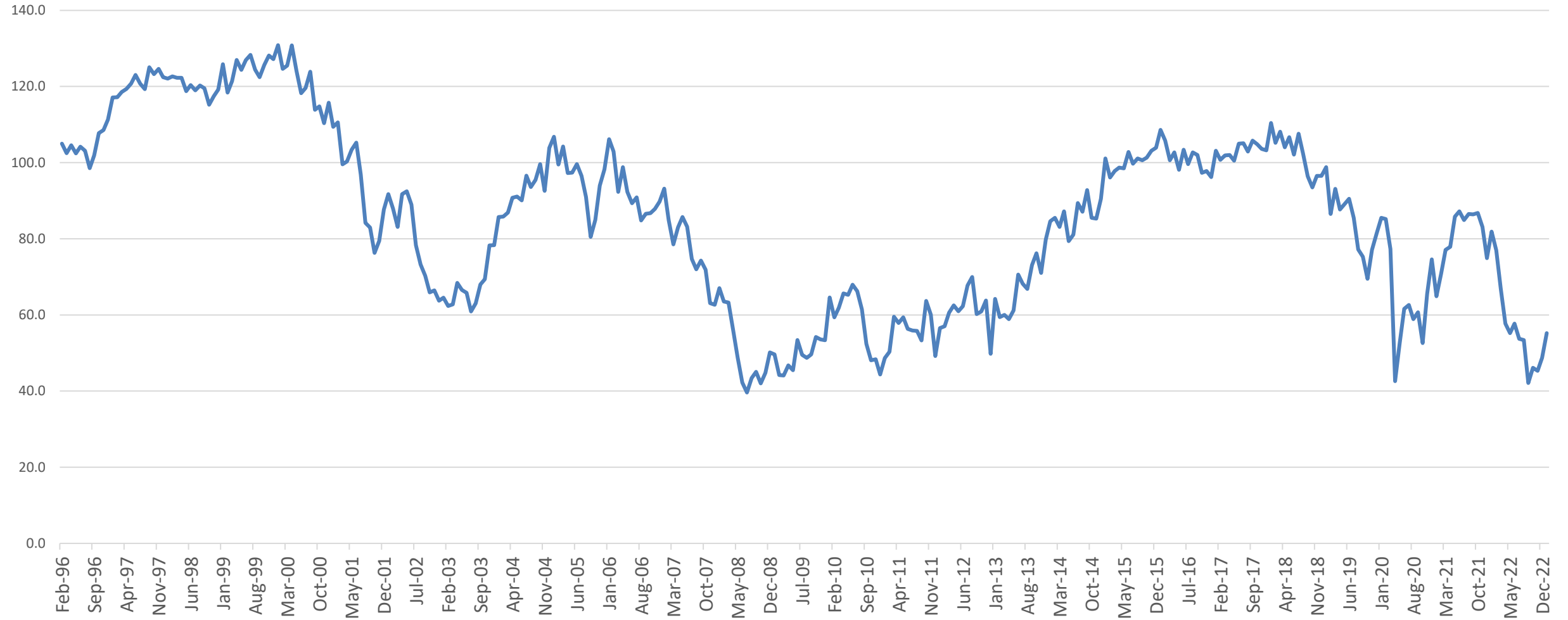
# UNEMPLOYMENT RATE



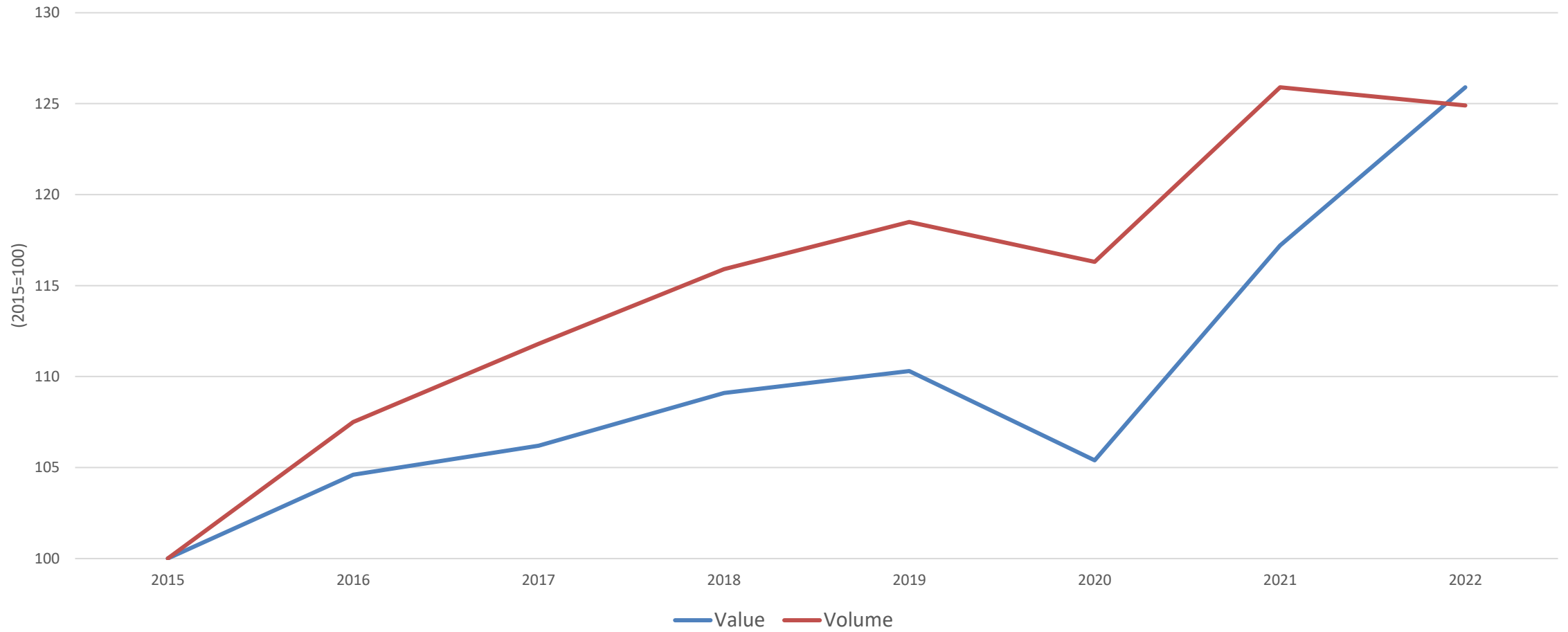
## Average Annual Earnings(Q3 2022 – Based on 52-Weeks)

OCCUPATION	(€)
Construction	47,515
Wholesale and retail trade, repair of motor vehicles and motorcycles	33,362
Transportation and storage	43,953
Accommodation and food service activities	21,905
Information and communication	76,973
Professional, scientific and technical activities	54,997
Administrative and support service activities	36,147
Public administration and defence, compulsory social security	52,944
Education	49,239
Human health and social work activities	42,480
Industry	50,202
Financial, insurance and real estate activities	62,920
Arts, Entertainment, Recreation & Other services	29,721

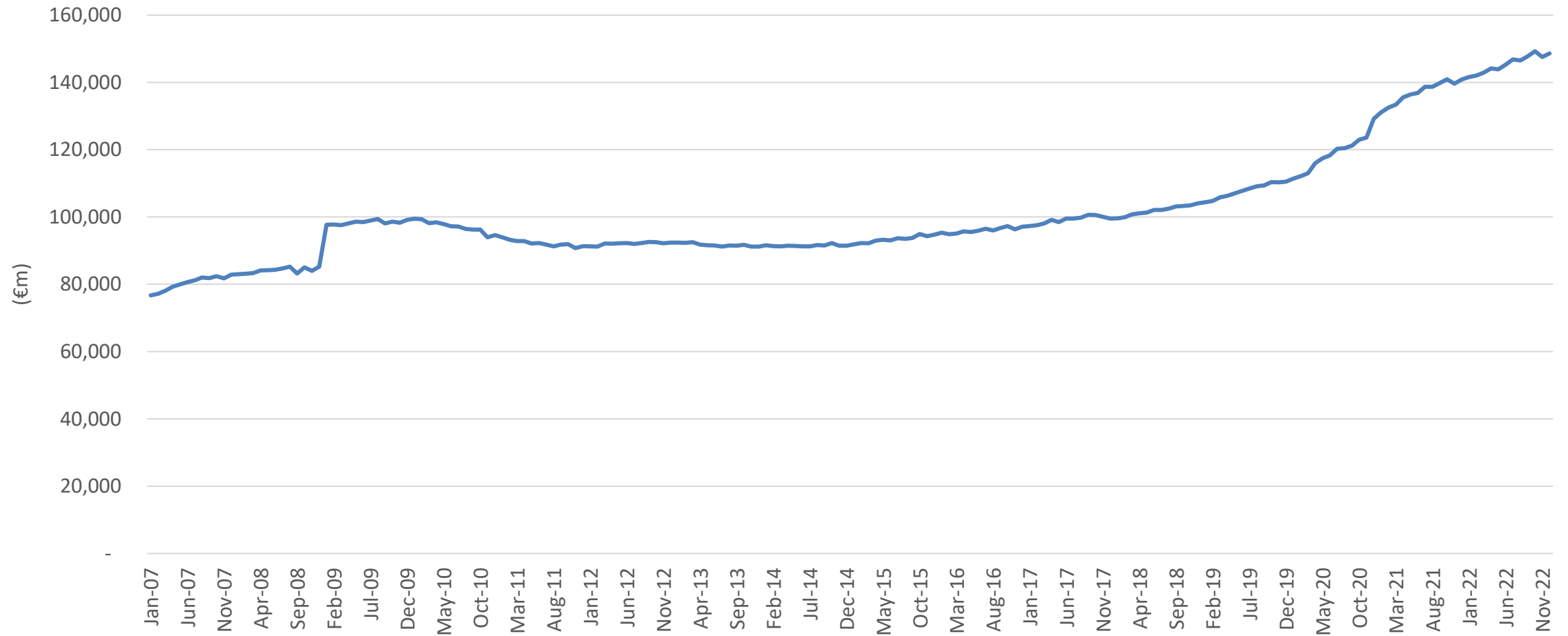
# CONSUMER CONFIDENCE



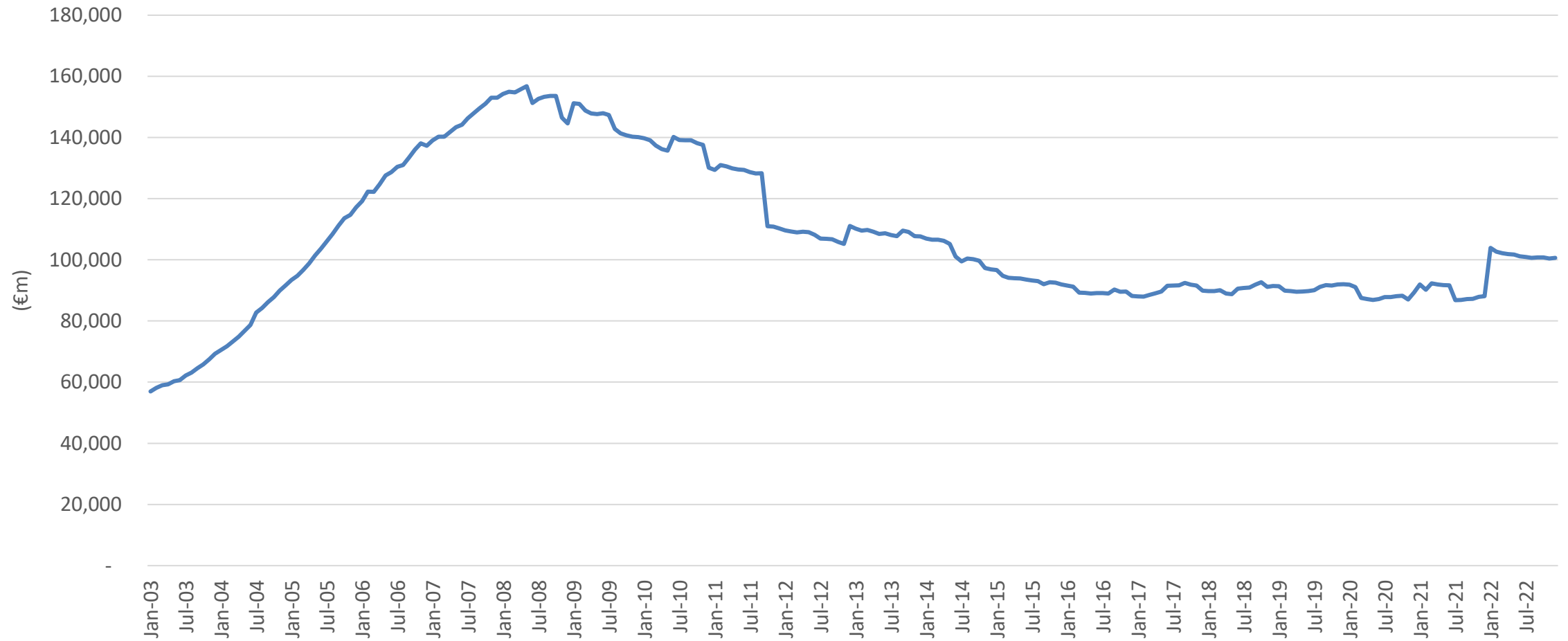
# Retail Sales



# HOUSEHOLD SAVINGS – RECORD LEVEL

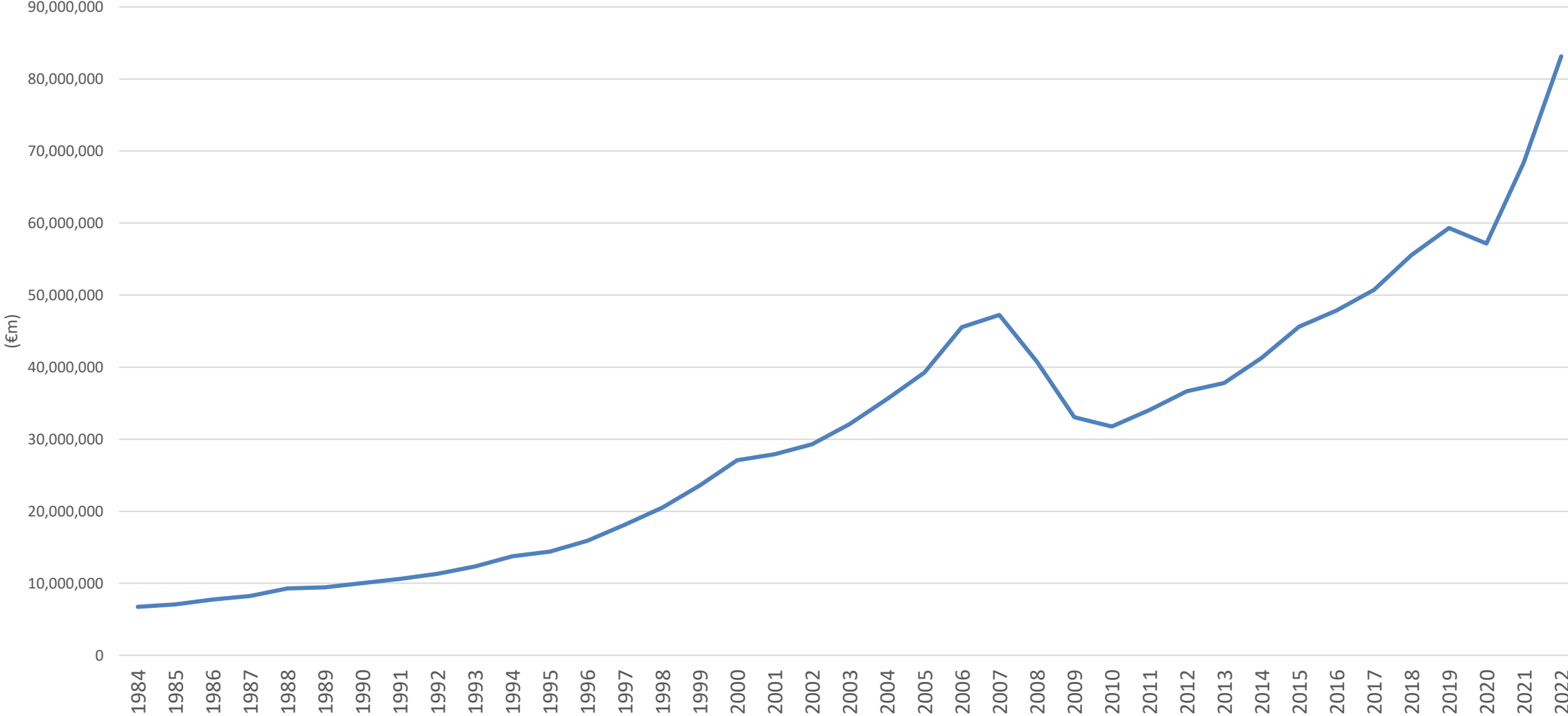


# Household Credit Outstanding





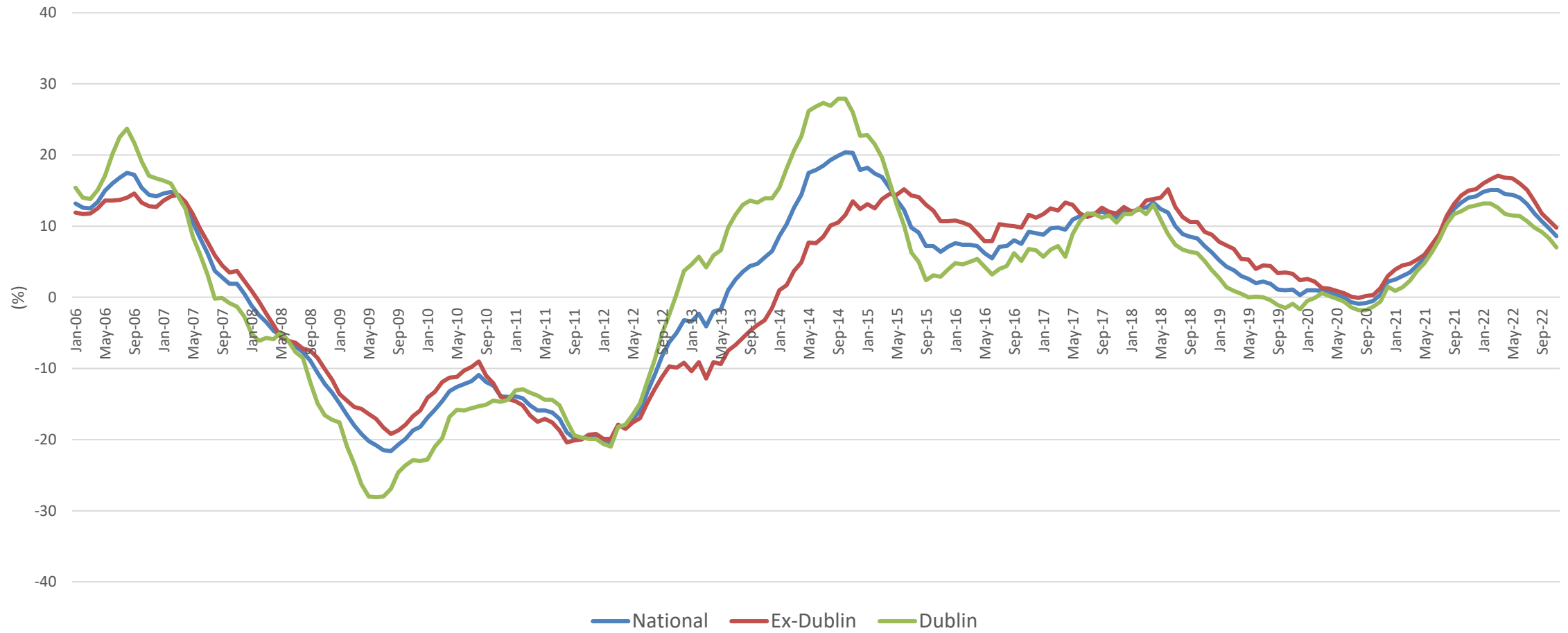
# IRELAND – TAX REVENUE



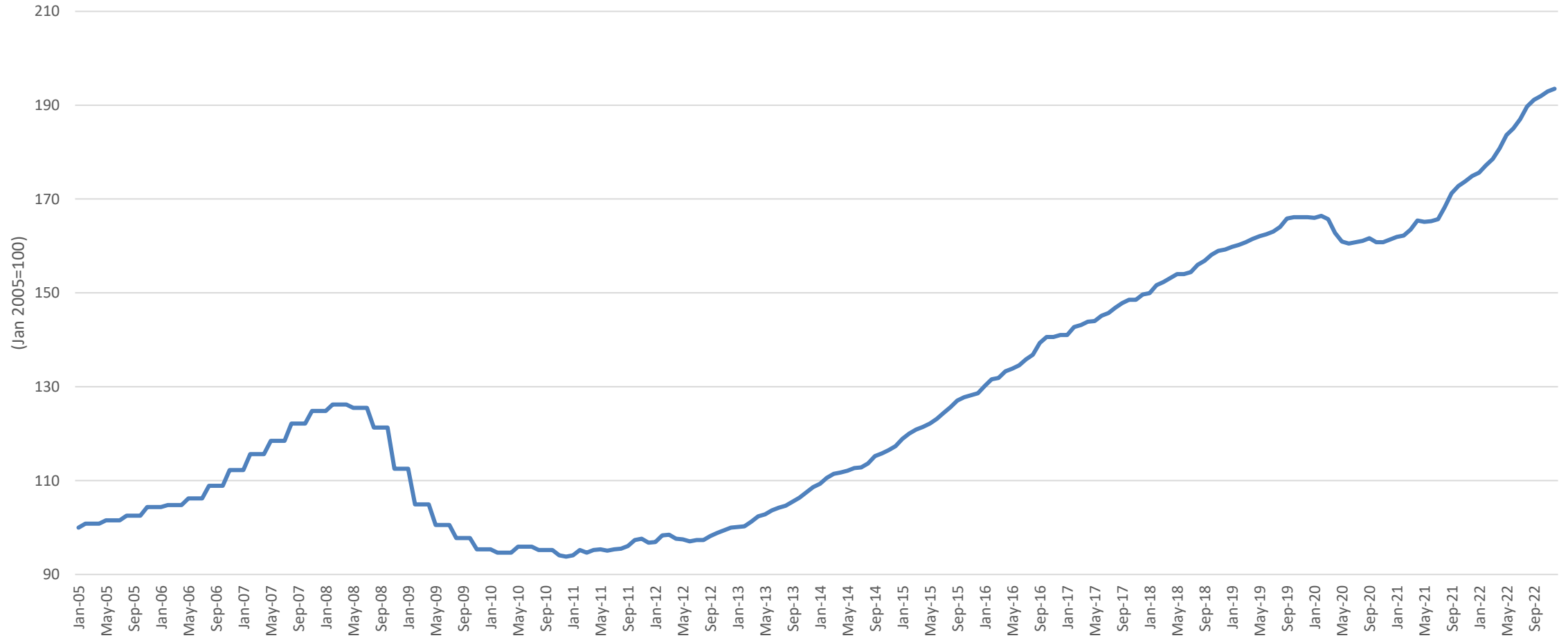
## IRISH TAX REVENUES (2022)

TAX CATEGORY	€m	YEAR-ON-YEAR CHANGE (%)	YEAR-ON-YEAR CHANGE (€m)
<b>Income Tax</b>	30,728	+15.2%	+€4,061
<b>VAT</b>	18,601	+20.5%	+€3,160
<b>Corporation Tax</b>	22,643	+47.8%	+€7,318
<b>Excise</b>	5,441	-6.8%	-€398
<b>Stamps</b>	1,824	+23.0%	+€341
<b>Capital Gains Tax</b>	1,747	+6.4%	+€106
<b>Capital Acquisitions Tax</b>	605	+4.1%	+€24
<b>Customs</b>	636	+21.0%	+€110
<b>Motor Tax</b>	904	-0.3%	-€3
<b>Total</b>	83,130	+21.5%	+€14,720

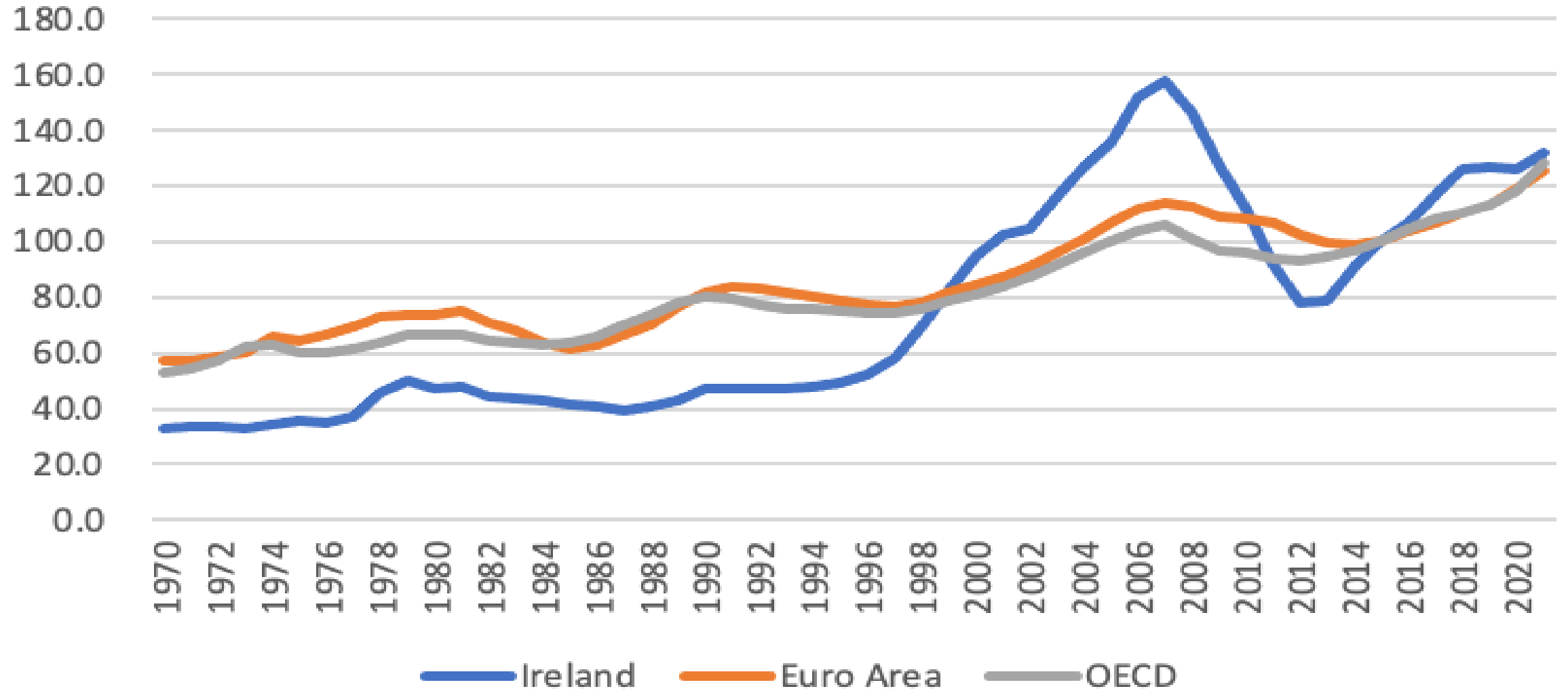
# House Price Inflation



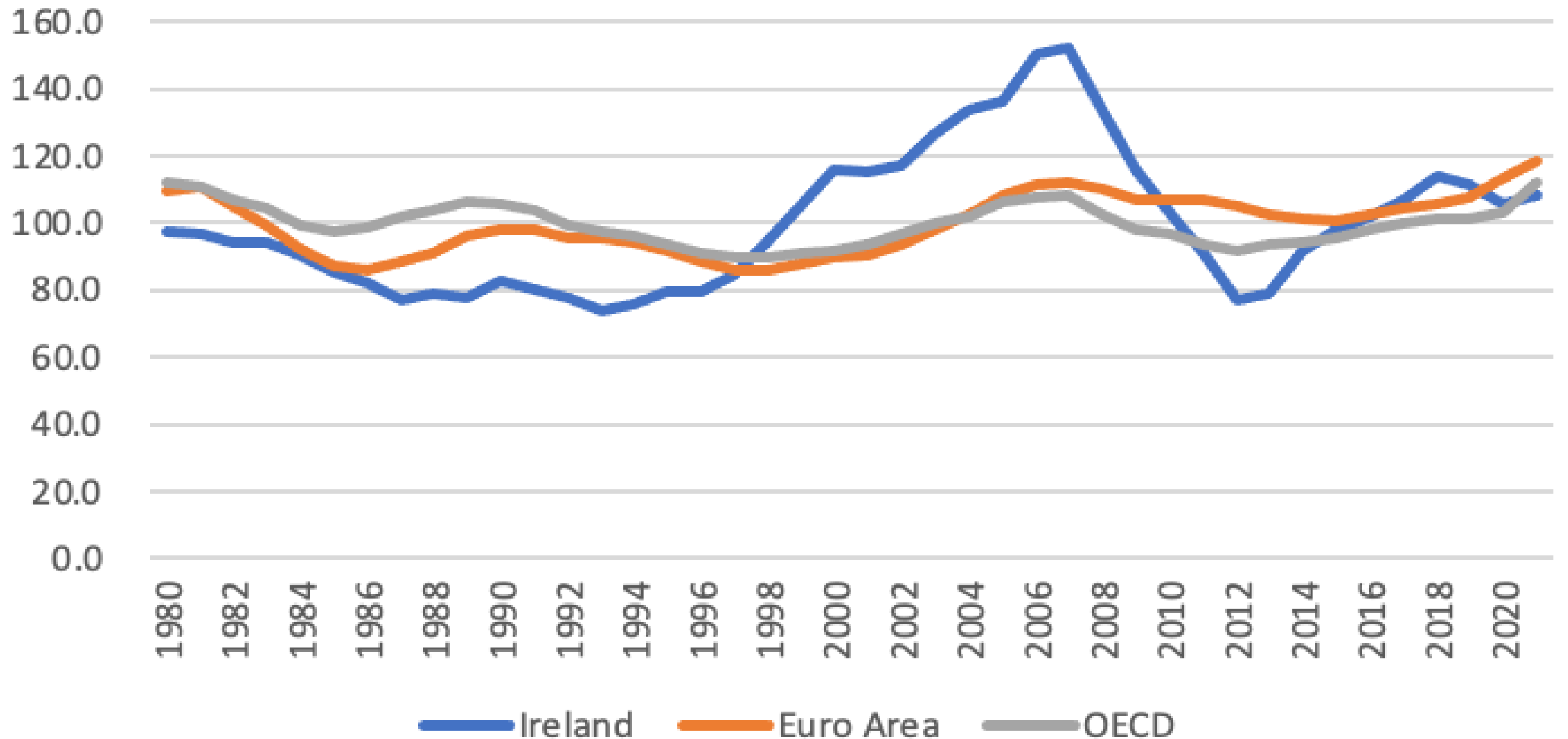
# Private Rents



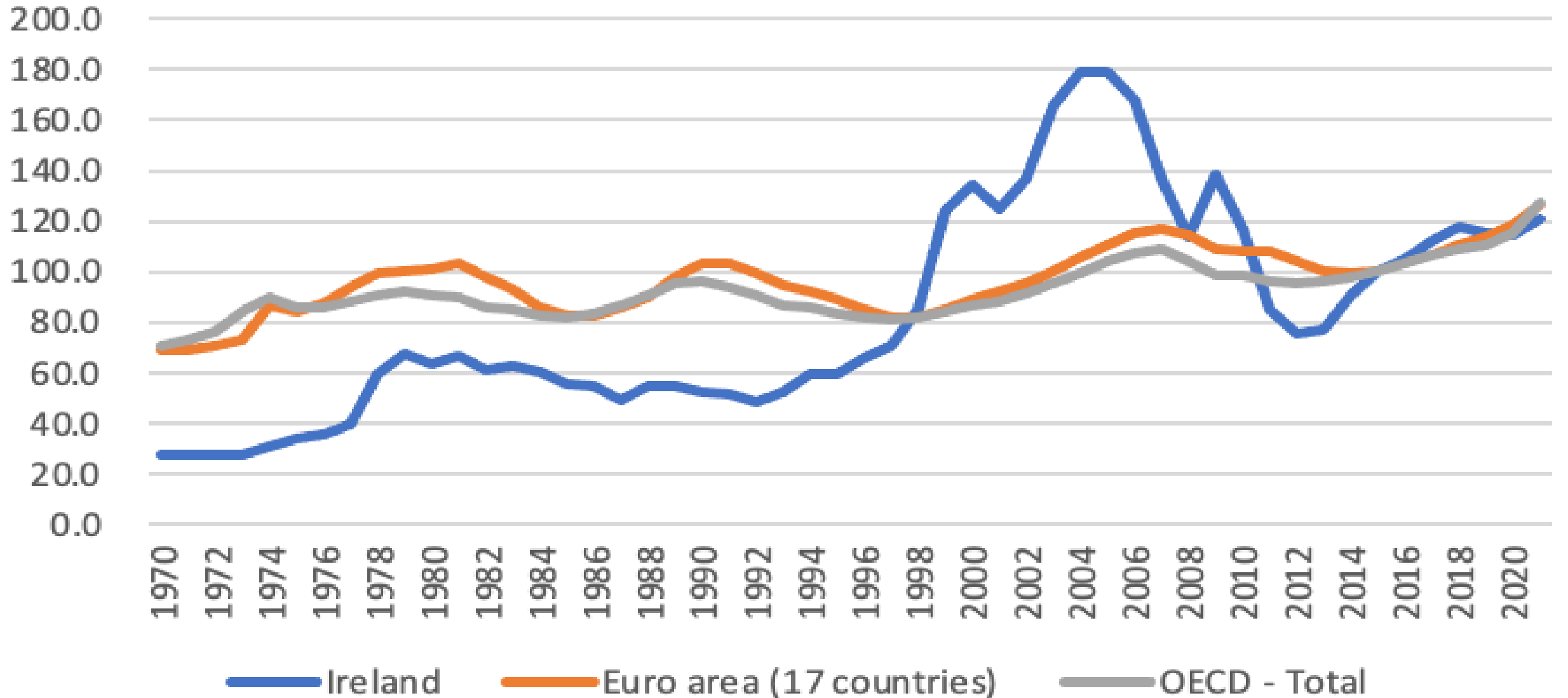
# Real House Prices



# House Price/Household Disp. Income



# Gobal House Price/rent Ratios



# THE NATIONAL BALANCE SHEET

## POSITIVES

- **Strong Economic Momentum**
- **Record Levels of Employment**
- **Very Low Unemployment**
- **Strong FDI Performance**
- **Stable Banking System**
- **Buoyant Public Finances**
- **Record Household Deposits**  
**€148.6 bln > Strong Personal Balance Sheet**

## THREATS/NEGATIVES

- **The External Environment**
- **Rising Interest Rates**
- **Cost-of-Living Pressures**
- **Cost-of-Doing Business Pressures**
- **The Housing Market**
- **Geo-Political Concerns**
- **Global Tech Pressures**



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Johns & Jim Power

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