

Ireland's Short-Term Economic Outlook

***Quarterly Economic Commentary
Summer 2015***

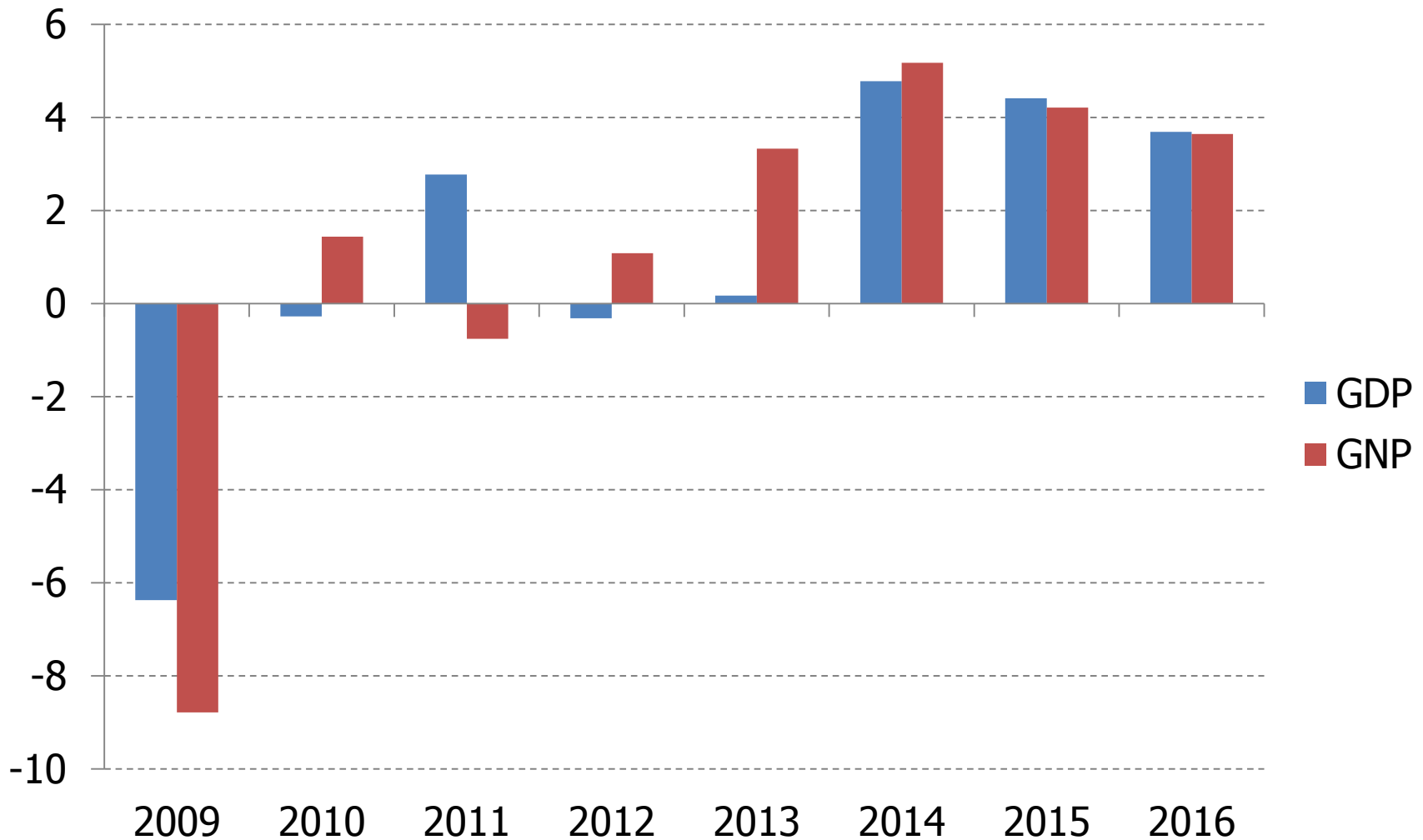
Dr. David Duffy



Outlook

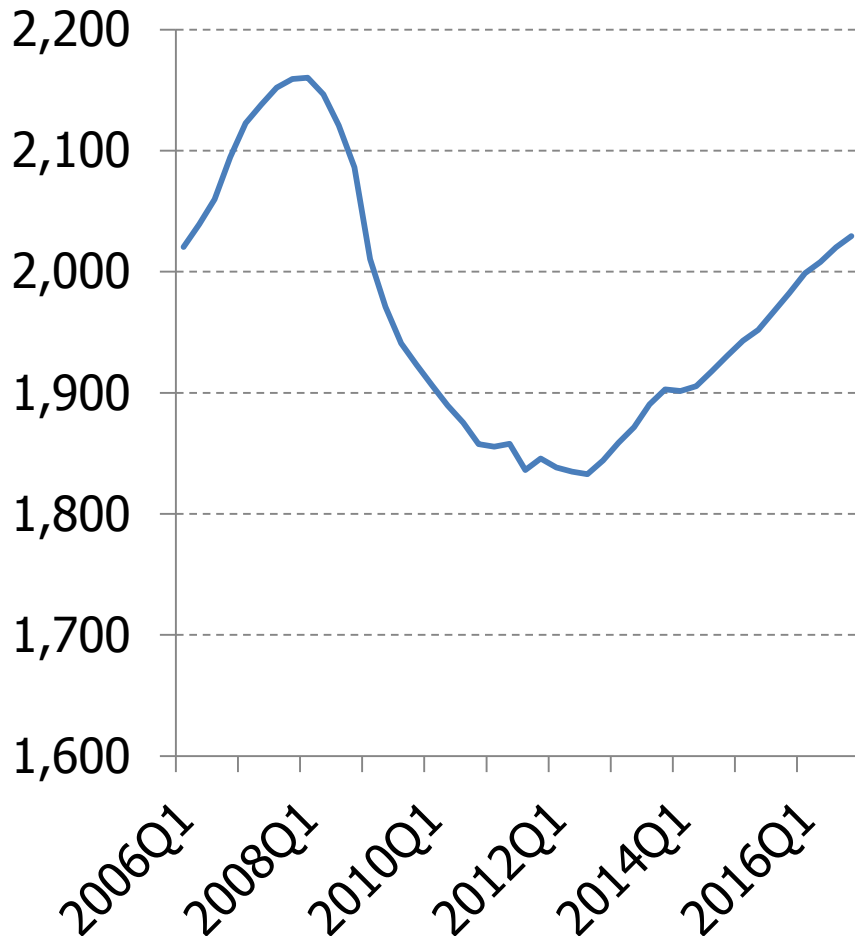
- GNP to increase by 4.2% in 2015 and 3.6% in 2016
- Domestic demand and labour market recoveries continuing
- Exports supported by growth in trading partners and by the weak Euro
- General Government Deficit of 2.3% this year, 1.2% in 2016

Real GNP to grow by 4.2% in 2015 and by 3.6% in 2016

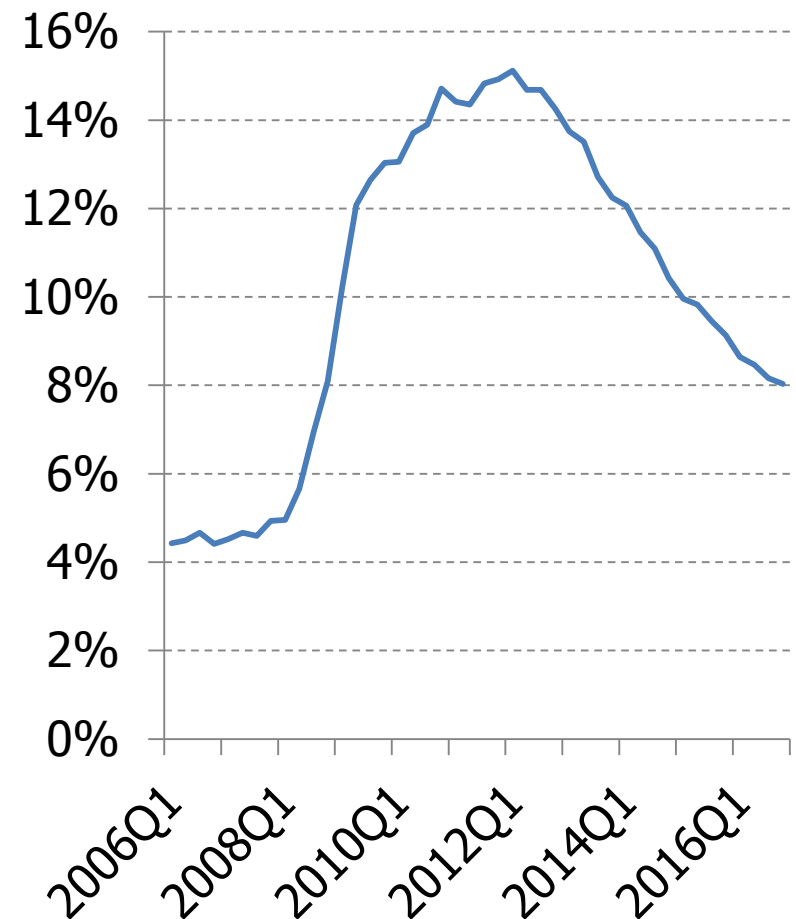


Continuing improvement anticipated in labour market

Employment to reach approx.
2 million by Q2 2016

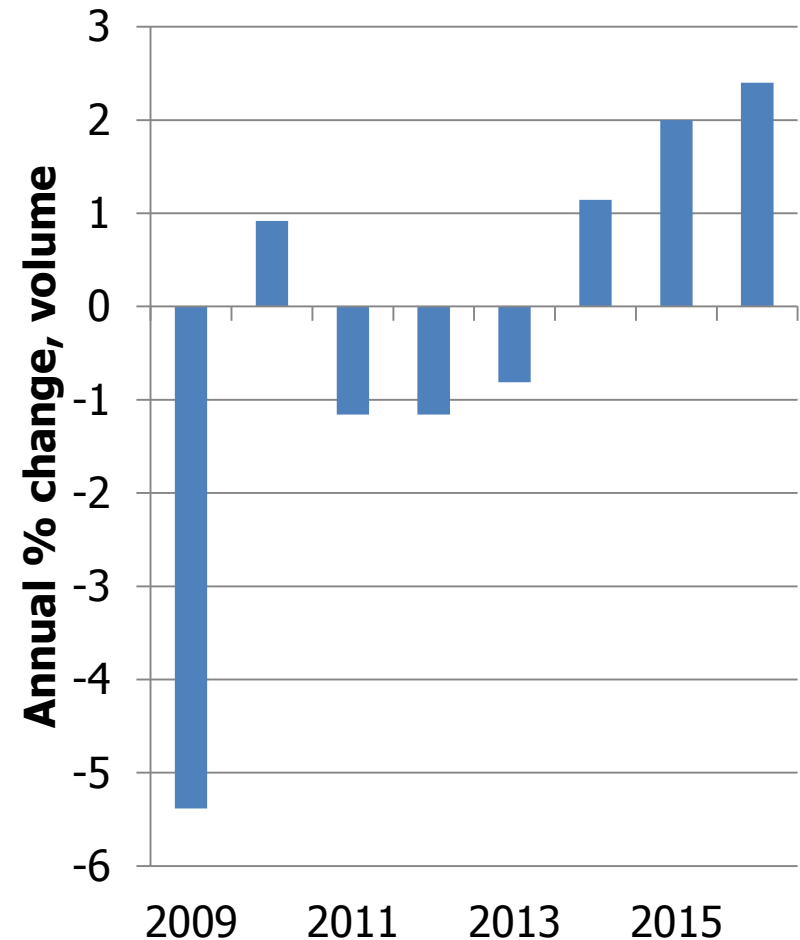


Unemployment rate to be
approx. 8% by end-2016



Growth in personal consumption to increase

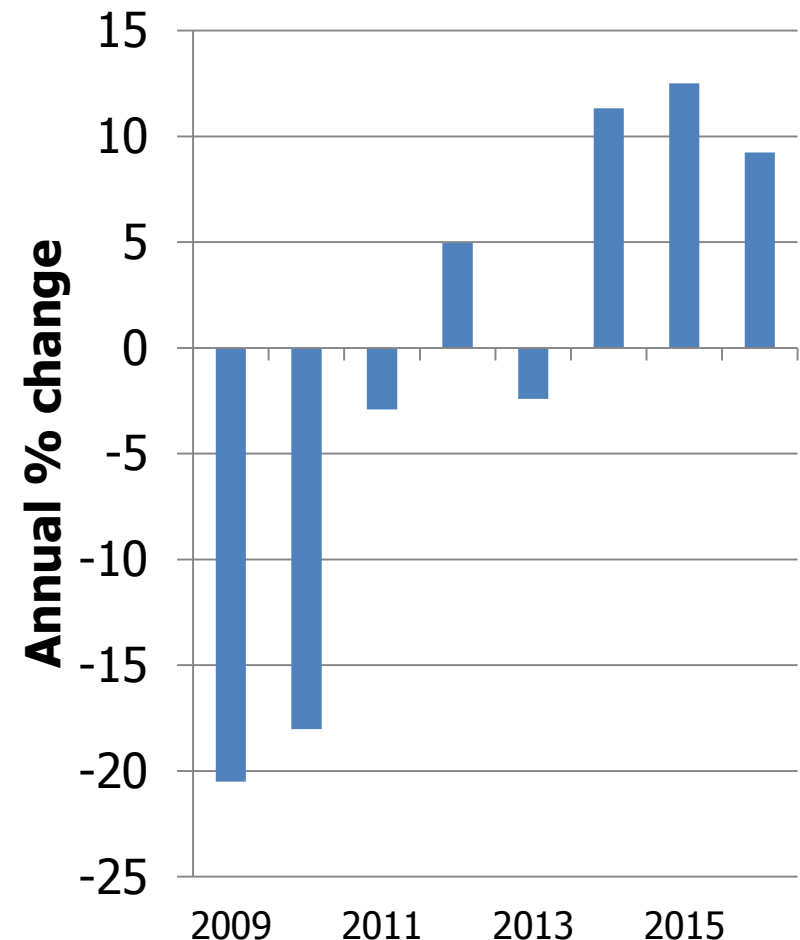
- Consumption growth increasing
 - 1.1% in 2014, forecast 2% in 2015, 2.4% in 2016
- Reflects increase in aggregate incomes
 - mainly due to employment growth
- Consumer sentiment also improving
- Deleveraging continues to act as a drag on consumption



Investment will be an important driver of growth

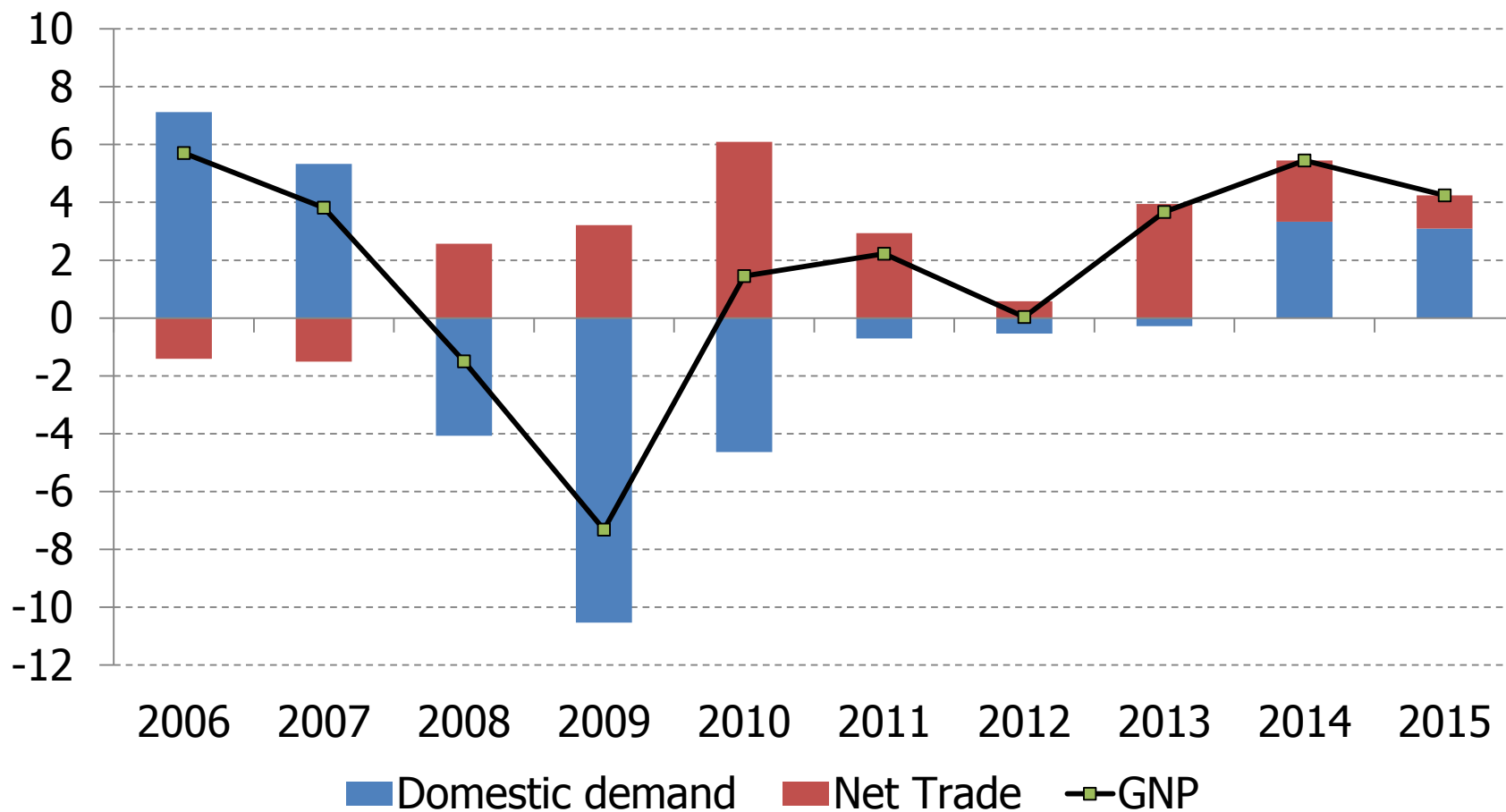
Overall investment (volume) to increase by 13 per cent in 2015, and 9 per cent in 2016

- Investment rate at all-time low in last 3 years
- Increase in housing output
 - Strong growth, but levels remain low
- Continued FDI to contribute to increase in other b & c
- Low interest rates, high company savings, improving economic prospects, undertake previously deferred investment



Contribution to growth

Percentage points



Economic Assessment

- Strong recovery set to continue in 2015, 2016
 - Growth of 4.2%, 3.6%
 - Nowcasting shows 1% growth in both Q1 and Q2
 - 2016 unemployment 8.3% (annual average)
- Strong foreign demand
 - Euro area improving but remains a downside risk
- Investment still set to contribute strongly
 - 2015 housing supply to be weaker than expected
- Consumption growth supported by rising sentiment, employment and incomes