



What to expect in the Irish and global economies in 2013

Teagasc Agricultural Outlook Conference 2012

Fergal O'Brien, Chief Economist, IBEC.

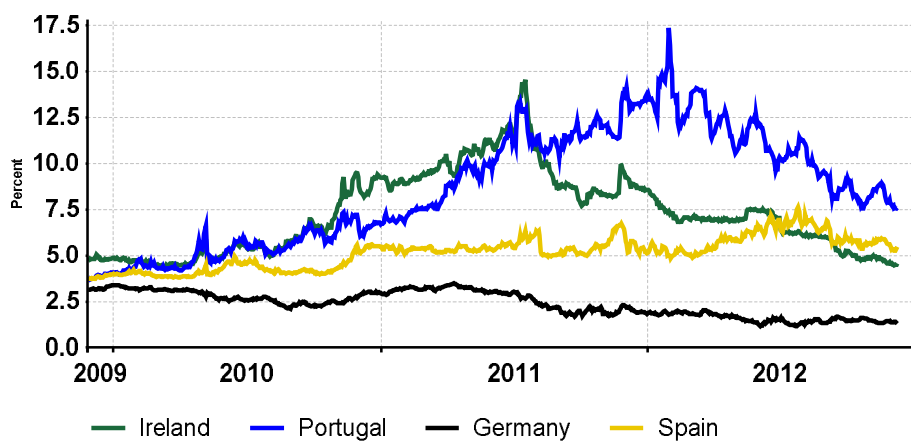
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Ireland not in the eye of the storm internationally...

Bid yield on 10-year government bonds



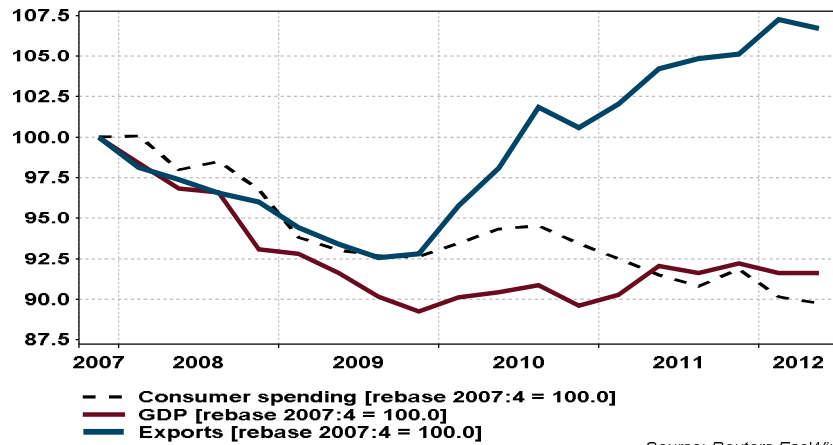
Source: Reuters EcoWin

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Economy has stabilised, with GDP growth of 1.4% in 2011...



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85% of austerity has been delivered.....

Adjustments in public finances to date	% GDP	
July 2008-April 2009	€10.5 bn	
Budget 2010	€4.3 bn	2.8
Budget 2011	€6.0 bn	3.8
Budget 2012	€3.8 bn	2.4
Budget 2013	€3.5 bn	2.1
Total to date	€28.1 bn	
Adjustments planned		
Budget 2014	€3.1 bn	1.8
Budget 2015	€2.0 bn	1.1
Total planned	€8.6 bn	
TOTAL 2008-2015	€33.2 bn	

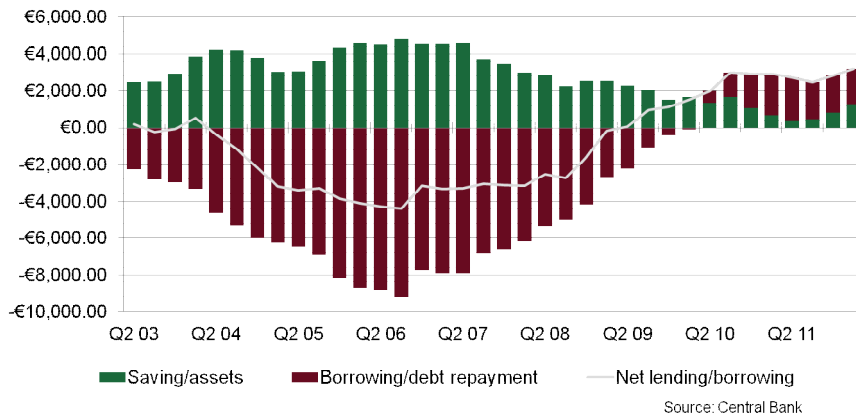
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Impact of deleveraging on domestic economy...

Household borrowing/saving



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...and Ireland remains on path of export-led growth (IBEC forecasts Oct 2012)

GNP and its components

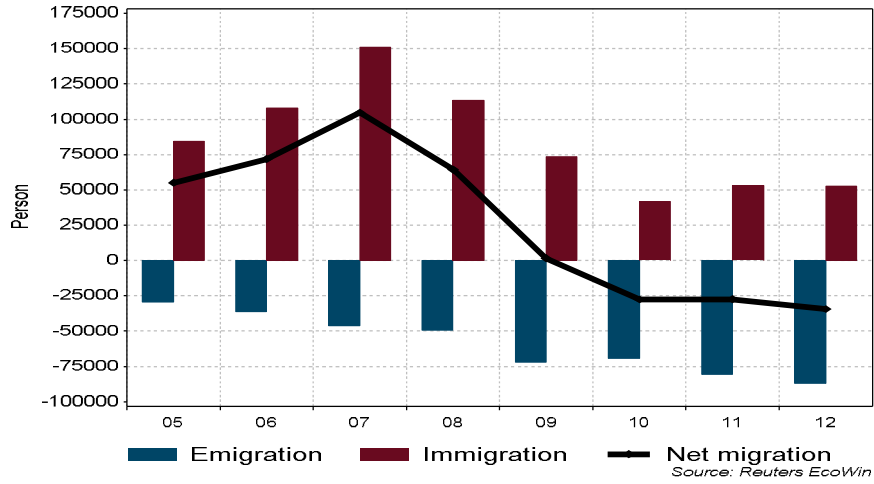
Annual % change	2010	2011	2012	2013
Consumer spending	1.0	-2.4	-2.0	0.0
Government spending	-6.5	-4.3	-4.0	-3.5
Investment	-22.6	-12.6	-2.2	5.3
Exports	6.2	5.1	3.5	4.0
Imports	3.6	-0.3	1.0	3.0
GDP	-0.8	1.4	0.8	1.8
GNP	0.9	-2.5	-0.3	0.7

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Net emigration has returned, but the flow is not all one way...



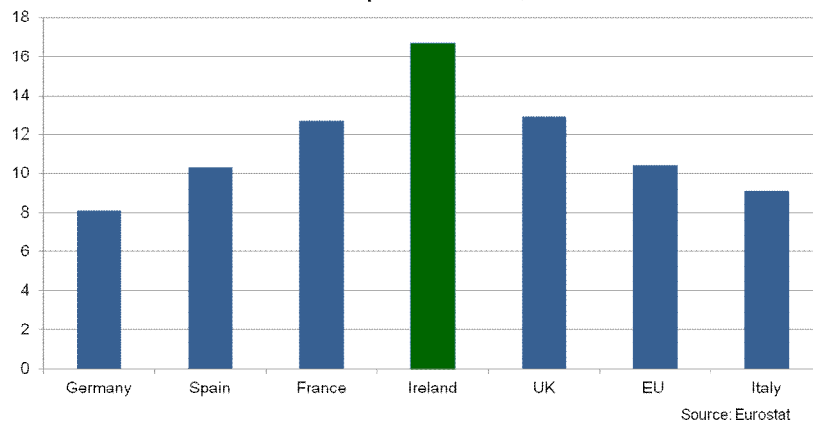
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Highest birth rate in EU

Birth rate per thousand, 2011

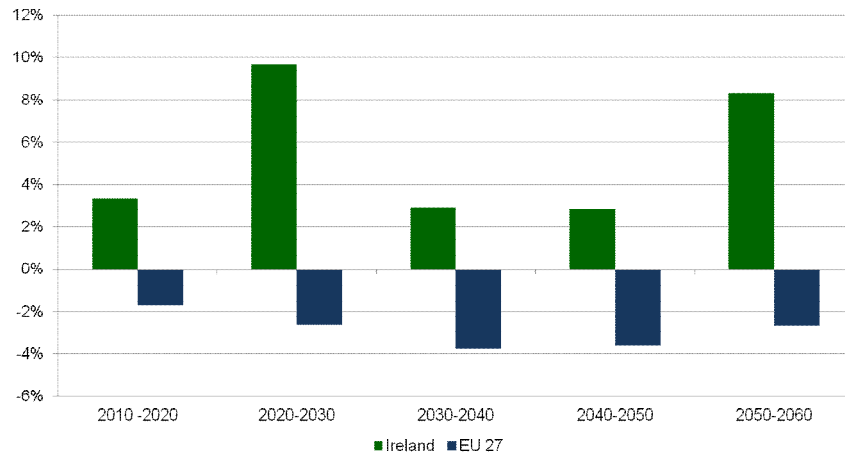


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Largest working-age population growth in the EU



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IBEC's medium-term ambitions for Ireland

Growth of double EU average



Top 20 for prosperity of EU's 230 regions



2012



2016



2020

Top 5 OECD Better Life countries



2012



2016



2020

Export share of indigenous companies



2012



2016



2020

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IBEC's medium-term ambitions for Ireland

Balanced economic growth



2005



2011



2016

2 million people working by 2020



2011



2016



2020

Best country in the world to do business



New IBEC business conditions ranking

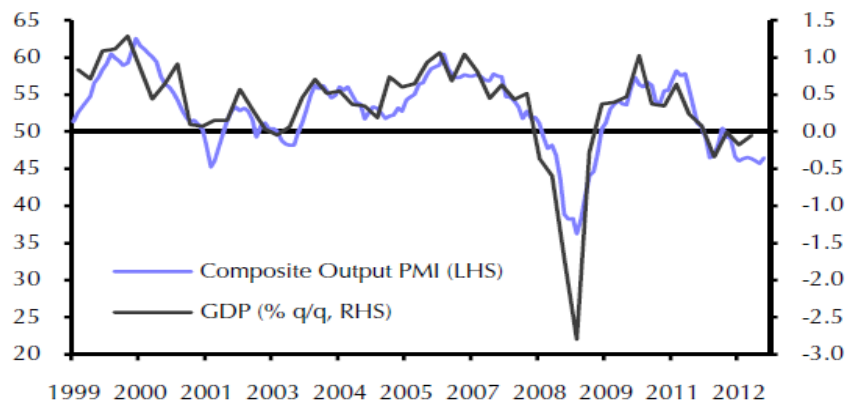
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Tough H1 2013 ahead for eurozone

CHART 2: COMPOSITE PMI & EURO-ZONE GDP



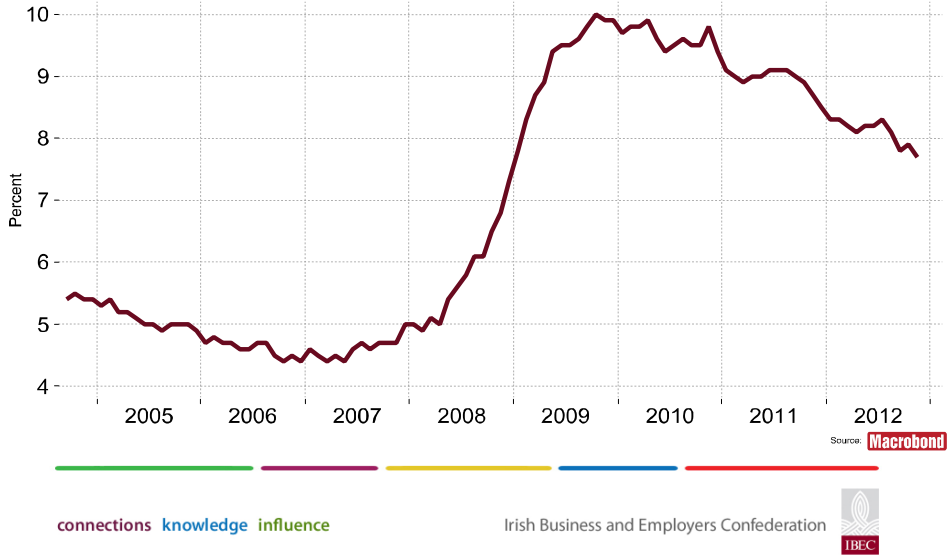
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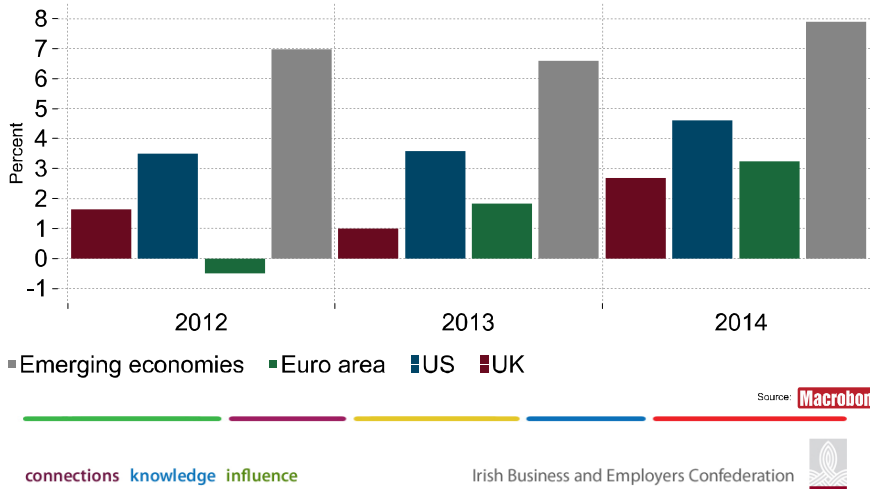
US making progress – but fiscal cliff risk remains

United States, Unemployment, Women & Men, 16 Years & Over, Rate, SA



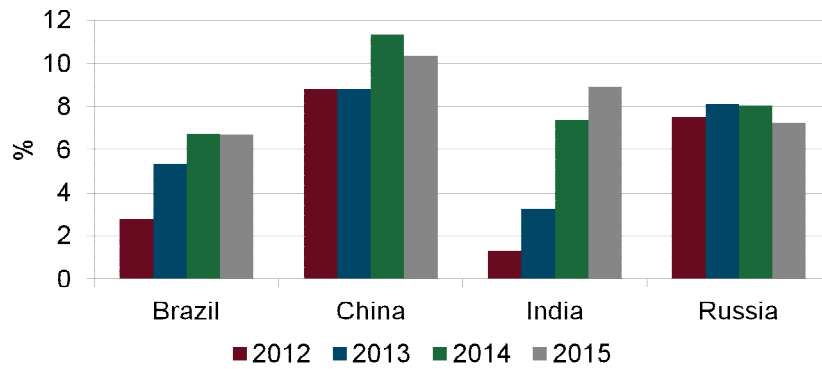
Import growth in major economies

Import growth in major economies
(IMF World Economic Outlook October 2012)



Import demand in BRICs

Import growth in BRICs
(IMF World Economic Outlook October 2012)



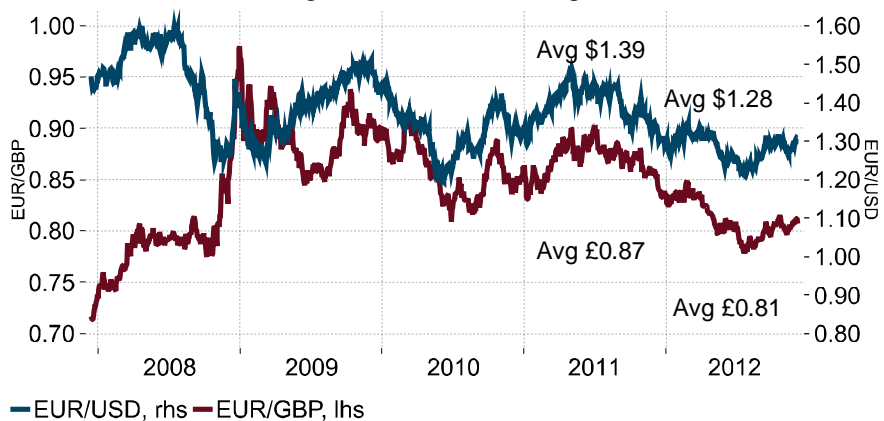
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Sterling and dollar exchange rates

Sterling and dollar exchange rates



— EUR/USD, rhs — EUR/GBP, lhs

Source: **Macrobond**

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Risks and key issues

- Eurozone crisis – Ireland in the EU, UK in the EU ?
- Ireland's debt sustainability and servicing costs
- A normal credit flow
- Pressure of deleveraging
- Global economic outlook
- Growth is key