

DECEMBER 3RD 2024

OUTLOOK 2025

FOR IRISH AGRICULTURE

OPENING REMARKS

@ 10:20



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MACRO ECONOMY



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REVIEW OF 2024



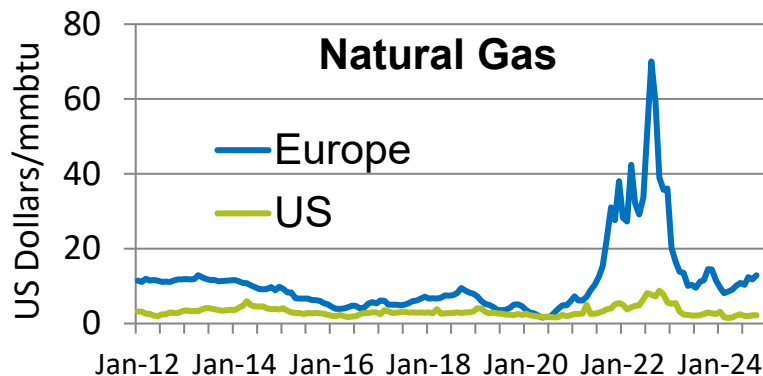
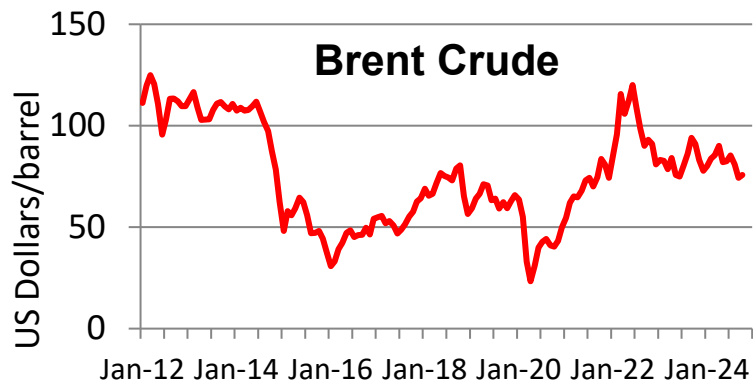
World Economy



World Economy 2024

- **Moderate global economic growth**
 - 2.6% in 2024
- **Inflationary pressures have continued to ease**
 - interest rates have dropped
- **A range of uncertainties are in play**
 - Invasion of Ukraine and conflict in the Middle East
 - Growing trend towards protectionism is a concern for trade
- **Energy markets relatively stable**
- **Growing concern about debt levels and budget deficits**
 - Interest repayments on public debt a concern
- **Climate impacts**
- **Moderation in China's growth rate**
 - Impact on international demand

Monthly Brent Crude and Eur Nat Gas Price 2012-2024



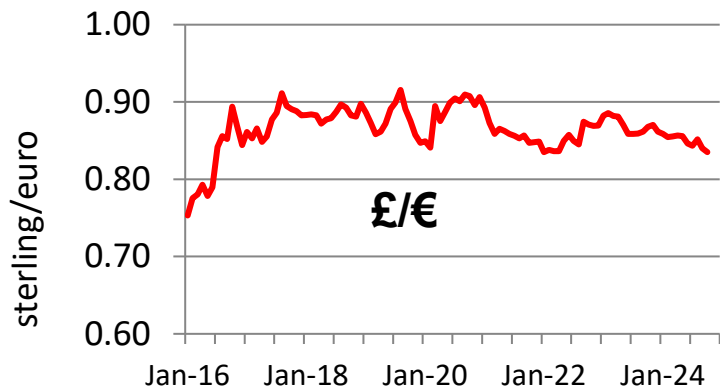
Brent Crude

- 2023 = 83 USD (down 17%)
- **2024e** = 80 USD (down 3%)
- Spot = 74 USD
- Supply surplus expected due to increased output by non OPEC producers
- **2025f** = 76 USD (down 3%)
- But there is a lot of geopolitical uncertainty out there at present

European Natural Gas

- Europe had high initial stocks after mild winter in 2023/24
- Euro prices rising in H2 2024
- Current Euro prices are almost 6 times the current US prices
- Price stability expected in 2025

Monthly exchange rate 2016-2024

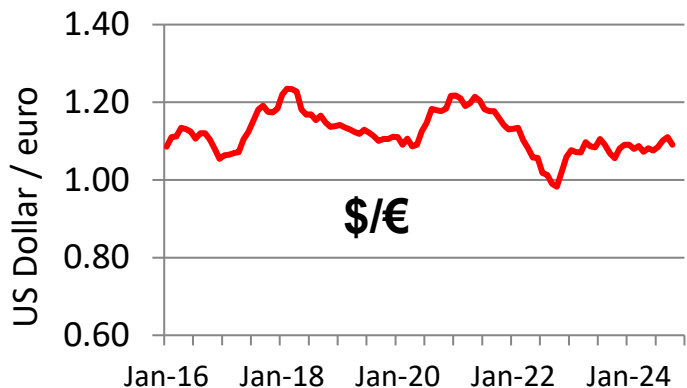


GB Pound vs Euro

- 2023 = £0.87 / euro
- 2024 = £0.85 / euro (euro weakened)
- Spot = **£0.84** / euro
- 2025f = **£0.85** / euro

US Dollar vs Euro

- 2023 = US\$ **1.08** / euro
- 2024 = US\$ **1.08** / euro
- Spot = US\$ = **1.05** / euro
- 2025f = US\$ = **1.05** / euro
- Trump's election creates uncertainty



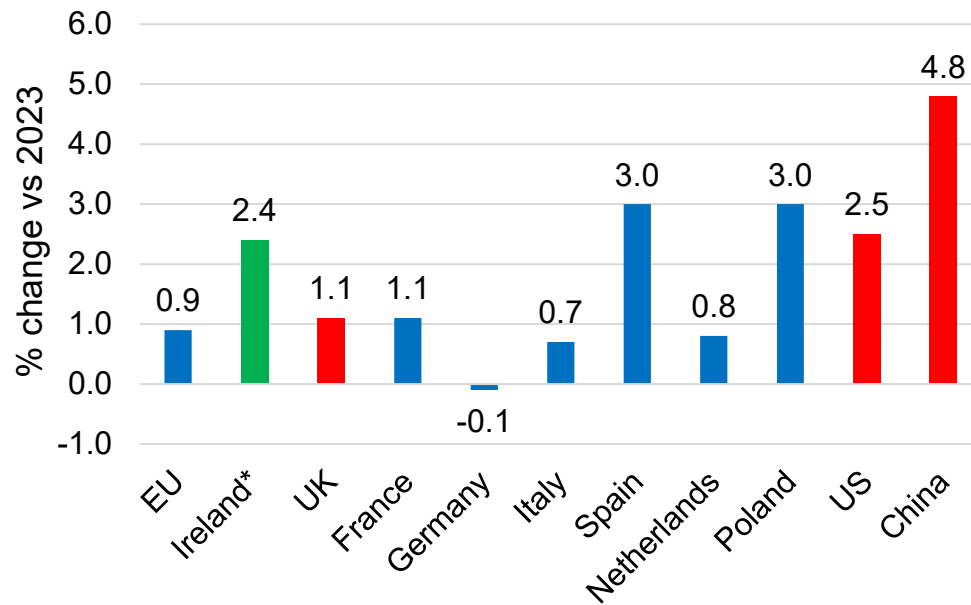
Irish Economy 2024*

- **Economic growth has remained relatively robust**
 - Real MDD increased by **2.3%** in 2023 and 3.1% in 2024
 - Domestic sector continues to fair better than foreign
- **Inflation (CPI) has moderated**
 - 6.3% in 2023, 2.3% in 2024
- **Unemployment rate remains very low**
 - 4.3% in 2024
- **Labour market now at full employment**
 - 2.685 million in 2023, 2.742 million in 2024
- **Subdued level of construction investment a concern**
- **Income tax, VAT and Corporation tax receipt increased**
- **Exports have recovered**
 - - 6.0% in 2023
 - 6.8% in 2024 (strong performance of computing and pharma)

*Source: ESRI QEC (October 2024)

% Change Real GDP 2024

(Selected European Countries, US and China)



- Modest growth rates in 2024
- US continues to fair better than Europe
- Low growth in France and Germany
- China's growth rate continues to slow

Source: ESRI, European Commission, UK Office of Budgetary Responsibility and Rabobank
Note: *Growth rate of MDD shown for Ireland

DECEMBER 3RD 2024

OUTLOOK FOR 2025



World Economy 2025

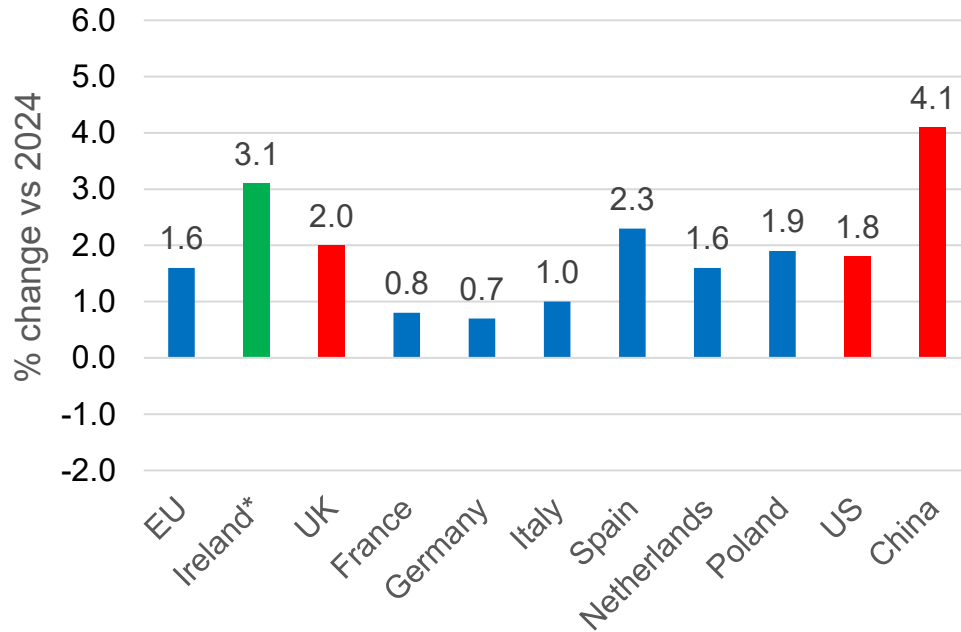
- **Growth Prospects** for 2025 are reasonably positive
 - Growth likely to be 2.7%
- **Concern about inflation should** continue to recede
 - Should be entering a lower interest rate environment
- **Uptick** in growth in **international trade**

BUT.....

- **Geopolitical concerns** continue
 - Ukraine and Middle East
 - Could bring **energy market uncertainty**
- **New Administration in the US**
 - Could create the circumstances for a trade war

% Change Real GDP Forecast 2025

(Selected European Countries, US and China)



- European and UK growth to improve on 2024 level
- Slower growth in US and China
- Irish growth supported by positive international outlook, prospect of further interest rate reductions and strong performance of the labour market

Source: ESRI, European Commission, UK Office of Budgetary Responsibility and Rabobank

Note: *Growth rate of MDD shown for Ireland

Irish Economy 2025*



- **Prospects** are favourable due to positive international macroeconomic developments
 - More positive outlook in 2025 for several of Ireland's key trade partners
 - IMF expects strong growth in global trade in 2025
- **Unemployment rate to remain stable**
 - Unemployment to average **4.2%** in 2025
 - Employment to increase to an est. **2.794m** in 2025, up from **2.742m** in 2024
- **Rate of inflation (CPI) to continue to slow in 2025**
 - **1.7%** in 2025
- **Exports growth to slow in 2025 following strong performance in 2024**
 - **3.0%** in 2025

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THANK YOU

