

Irish Economic and Fiscal Outlook

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Presentation at the IPA Governance Forum Briefing

31 January 2019



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GROWTH PROJECTIONS

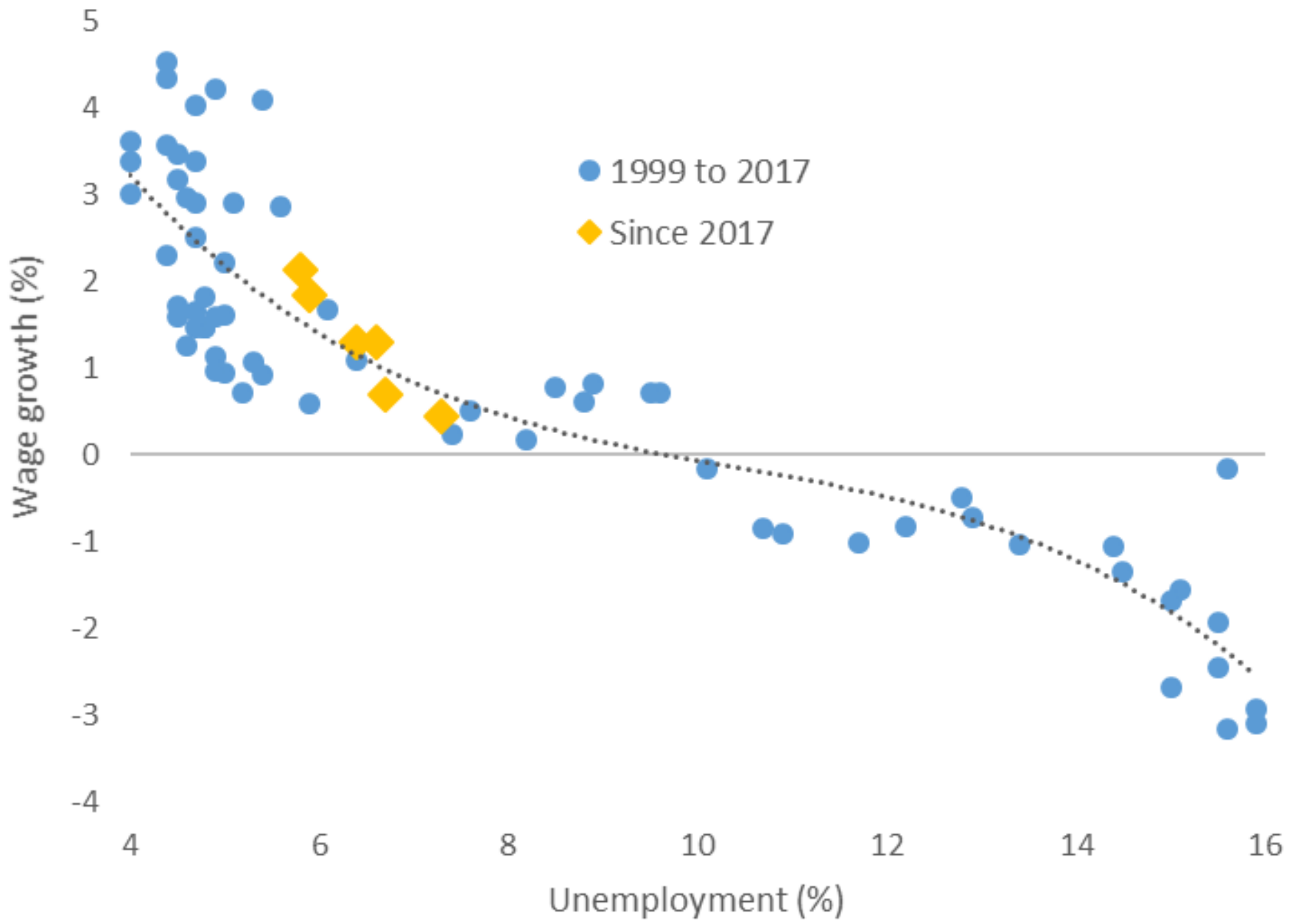
A Weakening Global Expansion

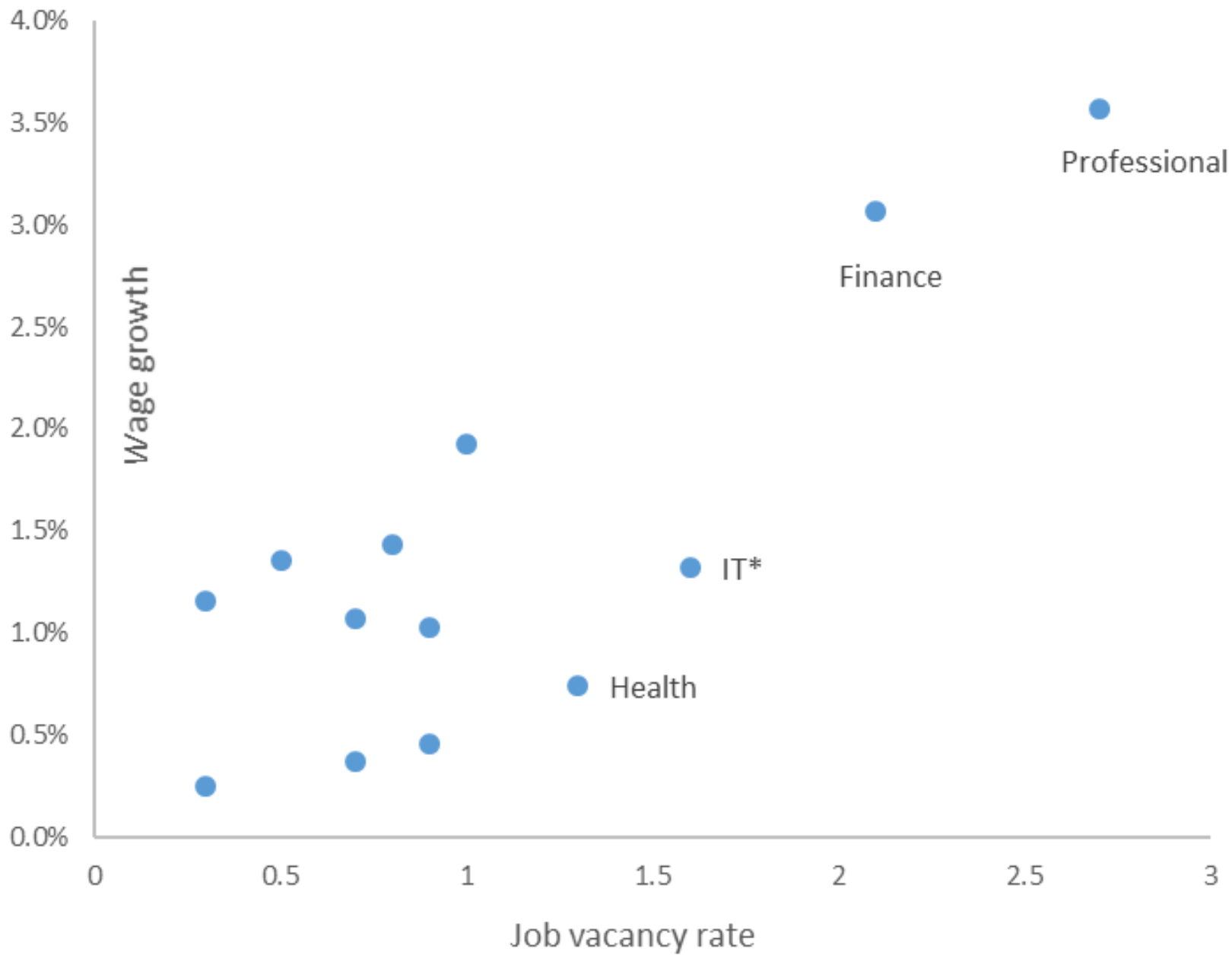


Irish economy, baseline forecast: Continued strong growth, but heightened uncertainty

(% change y/y)	2018	2019	2020
Real GDP	7.5	4.4	3.6
Employment	3.0	2.2	1.7
Unemployment (%)	5.7	4.9	4.7
Budget (% of GDP)	-0.1	0.1	0.3
Inflation	0.7	0.8	1.3
Wage rate	2.8	3.4	3.6







Budgetary policy: focus on building resilience

- Only modest budget surpluses despite favourable position in the business cycle.
- Unexpected corporation tax windfall.
 - €1.9bn above profile in 2018.
 - 8% of total tax receipts from 10 companies.
- Need larger fiscal buffers to make room to respond to next recession when it comes.



Brexit

- Baseline forecasts assume orderly Brexit, transition period until end-2020, and free trade agreement from 2021 onwards.
- Disorderly Brexit:
 - Stress in financial markets; sterling depreciation.
 - Drop in consumer and business confidence.
 - Disruption at ports and airports.
 - Negative effects on exports and imports.
 - Knock about 4 percentage points from growth in Year 1.



Thank you for your attention



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