





Outlook 2023 for Irish Agriculture

Webinar Begins at 9:30 am







$\mathbf{A}_{\mathbf{GRICULTURE}}$ and $\mathbf{F}_{\mathbf{OOD}}$ $\mathbf{D}_{\mathbf{EVELOPMENT}}$ $\mathbf{A}_{\mathbf{UTHORITY}}$



Macroeconomic Outlook

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AGRICULTURE AND FOOD DEVELOPMENT AUTHORITY

World Economy 2022

TRADING RETAIL PRODUCT TIEND PERCENT JOB INVESTMENT FISCAL NVESTMENT TAMASCTON ECONOMIC RATE POPULATION POPULATION PRODUCTION BASIS TRUST JOB INFLATION INDUSTRIAL MARKET ECONOMIC GROWTH COMMERCIAL MARKET GROWTH SAVINGS PRODUCT EXPORT BANKING BANK INDUSTRIAL RETAIL INVESTMENT POPULATION BASIS POLITICS IMPORT TREND FINANCIAL TRANSACTION TRADING COMMERCIAL FINANCIAL PRODUCTION BASIS ECONOMIC BUSIC JOB TRANSACTION PRODUCT INVESTMENT INCONTRAL RATE BUSINESS NEWS BASIS BANKING POPULATION ECONOMIC INDUSTRIAL NEWS POPULATION BANK COMMERCIAL EXPORT INFLATION BASIS BANKING TRANSACTION INVESTMENT PROPULATION FISCAL TREND BANK ECONOMIC BASIS RATE JOB TRUST BASIS PRODUCTION TREND SAVINGS MARKET INDUSTRIAL TRANSACTION GROWTH POPULATION EXPORT PRODUCT BANK INVESTMENT RETAIL INDUSTRIAL BANKING TREND IMPORT POPULATION JOB ECONOMIC COMMERCIAL TRADING MASS PRODUCTION FINANCIAL TRADE TRANSACTION INFLATION GROWTH MARKET PRODUCTION INDUSTRIAL TRADING COMMERCIAL TRADING WEEKER BASIS ---NEWS INVESTMENT MONEY ECONOMIC



World Economy 2022

- Global economy failed to return to "normal" in 2022
 - COVID-19 continued to have a negative impact in some parts of the world
 - Russian Invasion of Ukraine triggered significant commodity price inflation
- Sharp rise in energy prices
 - Particularly in Europe due to the shortfall in gas supplies
 - Triggered price rises in a wide range of areas
- Inflationary pressures intensified throughout the economy



Monthly Brent Crude Price 2008-2022





- Limited gas supplied triggered higher oil prices
- OPEC oil production limited
- Oil prices rose sharply in 2022
- 2016 = 44 USD per barrel
- 2017 = 54 USD
- 2018 = 71 USD
- 2019 = 64 USD
- 2020 = 42 USD
- 2021 = 70 USD
- 2022 = 101 USD
- Spot = 84 USD
- 2023f = 85 USD (down 16%)



Source: World Bank

Monthly European Nat. Gas Price 2008-2022





- Limited natural gas supplies from Russia
- Increased LNG imports into Europe
- European gas prices remained extraordinarily high in 2022
- Little bit of easing of prices in Q4 of 2022 as mild weather limited demand



Source: World Bank

Monthly £/€ exchange rate 2015-2022



- Relatively little change in exchange rate in 2022
- 2016 = £0.82 / euro
- 2017 = £0.87 / euro
- 2018 = £0.88 / euro
- 2019 = £0.88 / euro
- 2020 = £0.89 / euro
- 2021 = £0.86 /euro
- 2022 = £0.85 /euro
- Spot = £0.86 / euro
- 2023f = £0.86 / euro



Source: ECB

Monthly US \$/€ exchange rate 2015-2022



- Dollar strengthened considerably in 2022
- Good for exporters trading in Dollars
- 2016 = US\$ 1.11 / euro
- 2017 = US\$ 1.13 / euro
- 2018 = US\$ 1.18 / euro
- 2019 = US\$ 1.12 / euro
- 2020 = US\$ 1.14 / euro
- 2021 = US\$ 1.18 /euro
- Spot = US\$ = 1.05 / euro
- 2023f = US\$ = 1.02 / euro



Source: ECB

Irish Economy 2022*



- Real GDP increased by **13.6%** in 2021 and 8.1% in 2022
- Real GNP increased by **14.7%** in 2021 and 7.5% in 2022
- Unemployment rate has decreased substantially
 - 16.1% in 2021 to 4.8% in 2022
- Employment has recovered impressively
 - 2.178 million in 2021
 - 2.519 million in 2022,

Substantial recovery in government finances

- € 8.1 billion (-1.9% of GDP) in 2021
- € -1.4 billion (-0.3% of GDP) in 2022

Rate of inflation increased substantially

- 2.4% in 2021
- 8.1% in 2022

Exports

- 14.1% in 2021
- 10.5% in 2022



% Change GDP 2022

(Selected European Countries)



• Slower growth rates than in 2021

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



Irish Unemployment Rate (incl PUP recipients)



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Source: CSO

% change GDP Forecast 2023

(Selected European Countries)



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

- Outlook varies by country
- Much lower growth in prospect
- With some economies moving into recession



Irish Economy 2023*

- **Prospects** are conditional on broad international macroeconomic developments
 - Economic growth outlook globally has deteriorated
- Underlying fundamentals of Irish economy remain robust
 - Real GDP increased by 4.4% in 2023
 - Real GNP to increase by 3.5% in 2023
- Unemployment rate to continue to fall
 - Unemployment to average 4.1% in 2023
 - Employment to increase to an est. **2.53** million in 2023, up from **2.519** in 2022

Larger government surplus likely in 2023

- €5.8 billion (4.1% of GDP) in 2023
- Rate of inflation to slow in 2023
 - 6.8% in 2023
- Exports growth to continue in 2023, but at a slower rate than in 2022
 - 6.2% in 2023



*Source: ESRI QEC (October 2022)

END

