

Outlook 2023 for Irish Agriculture

Webinar Begins at 9:30 am





AGRICULTURE AND FOOD DEVELOPMENT AUTHORITY





Macroeconomic Outlook

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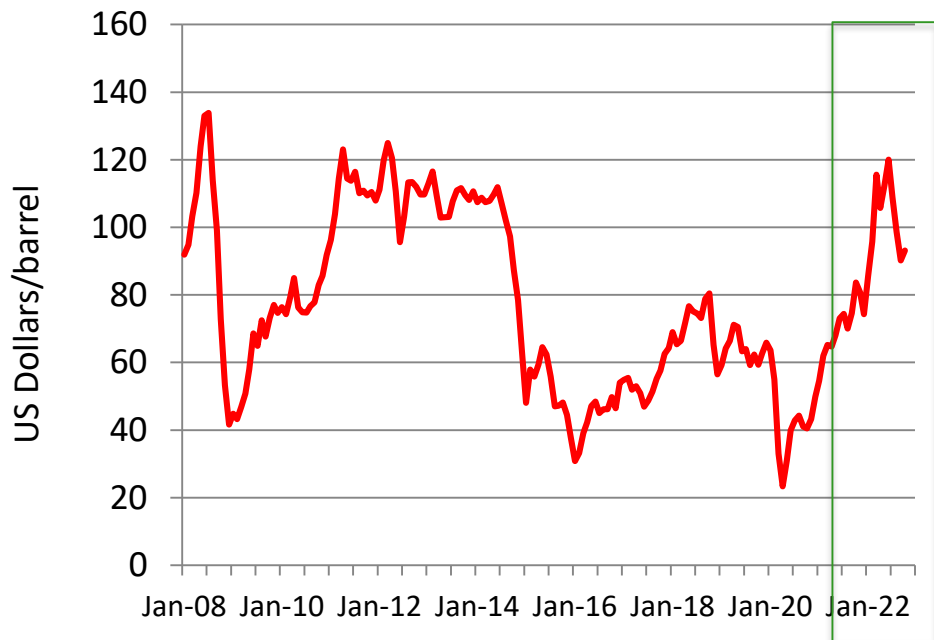
World Economy 2022



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

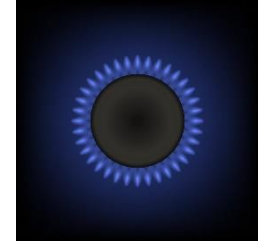
Monthly Brent Crude Price 2008-2022



- 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

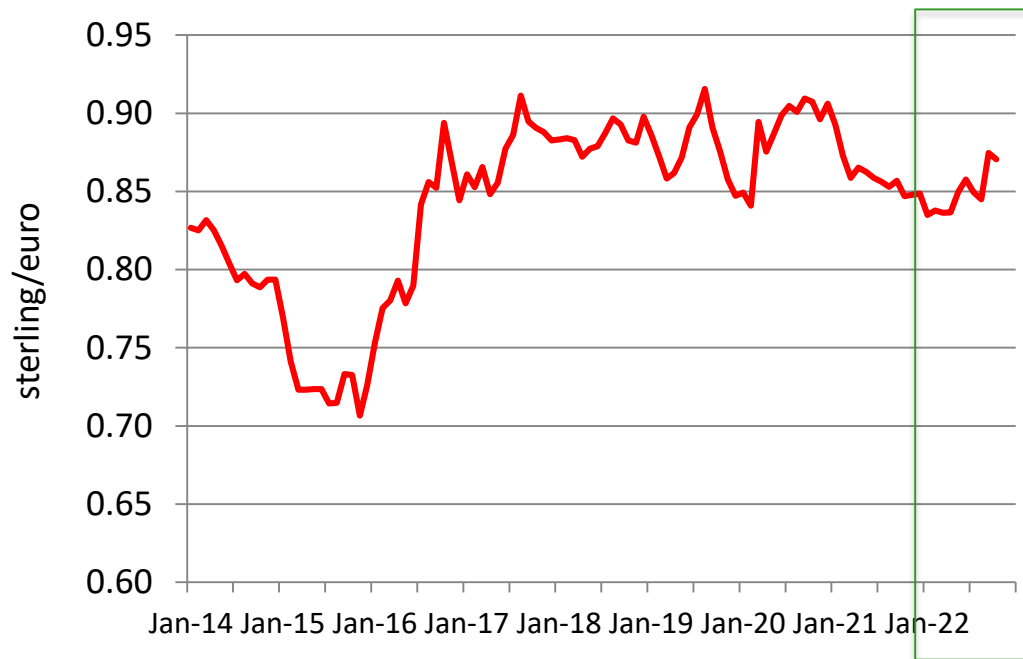
Monthly European Nat. Gas Price 2008-2022



- 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

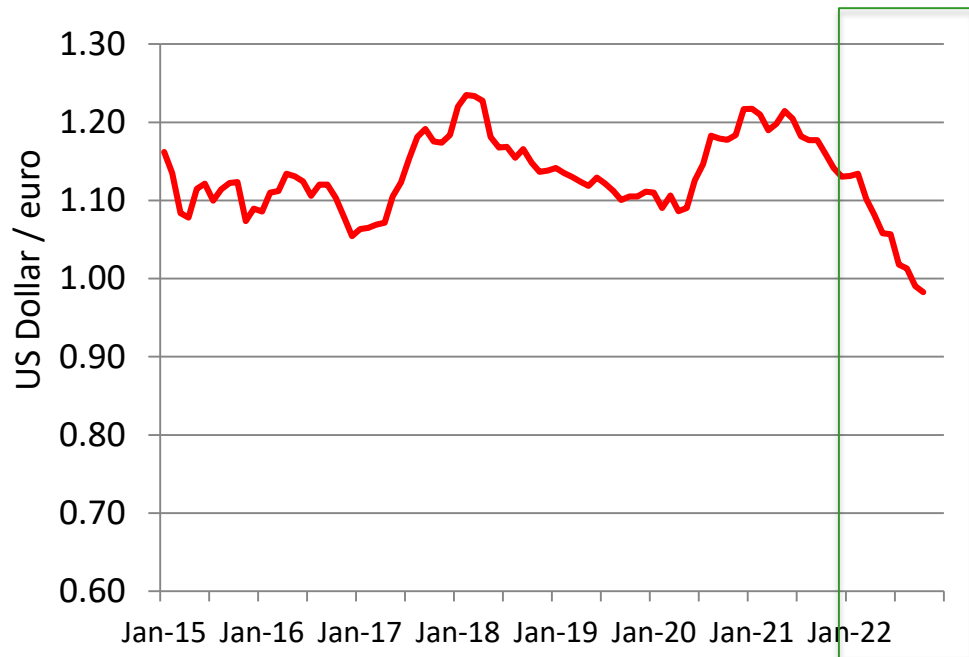
Monthly £/€ exchange rate 2015-2022



- 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*

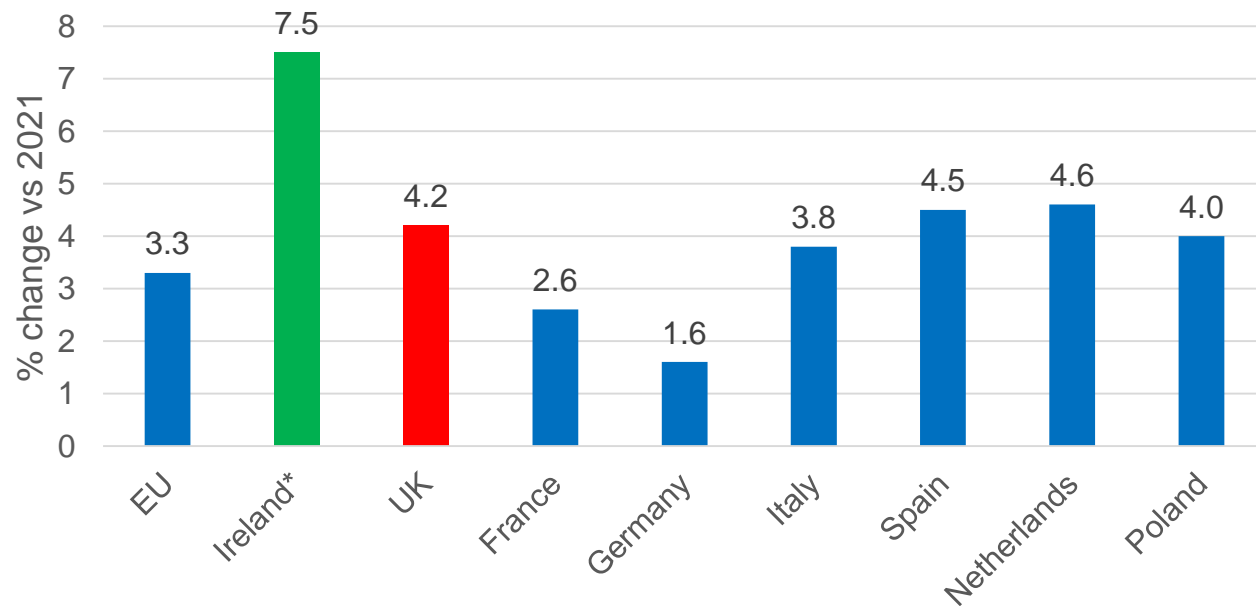


- **Much of the Economy recovered well from COVID-19 challenges**
 - Real GDP increased by **13.6%** in 2021 and 8.1% in 2022
 - Real GNP increased by **14.7%** in 2021 and 7.5% in 2022
- **Unemployment rate** has decreased substantially
 - 16.1% in 2021 to 4.8% in 2022
- **Employment** has recovered 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

*Source: ESRI QEC (October 2022)

% Change GDP 2022

(Selected European Countries)

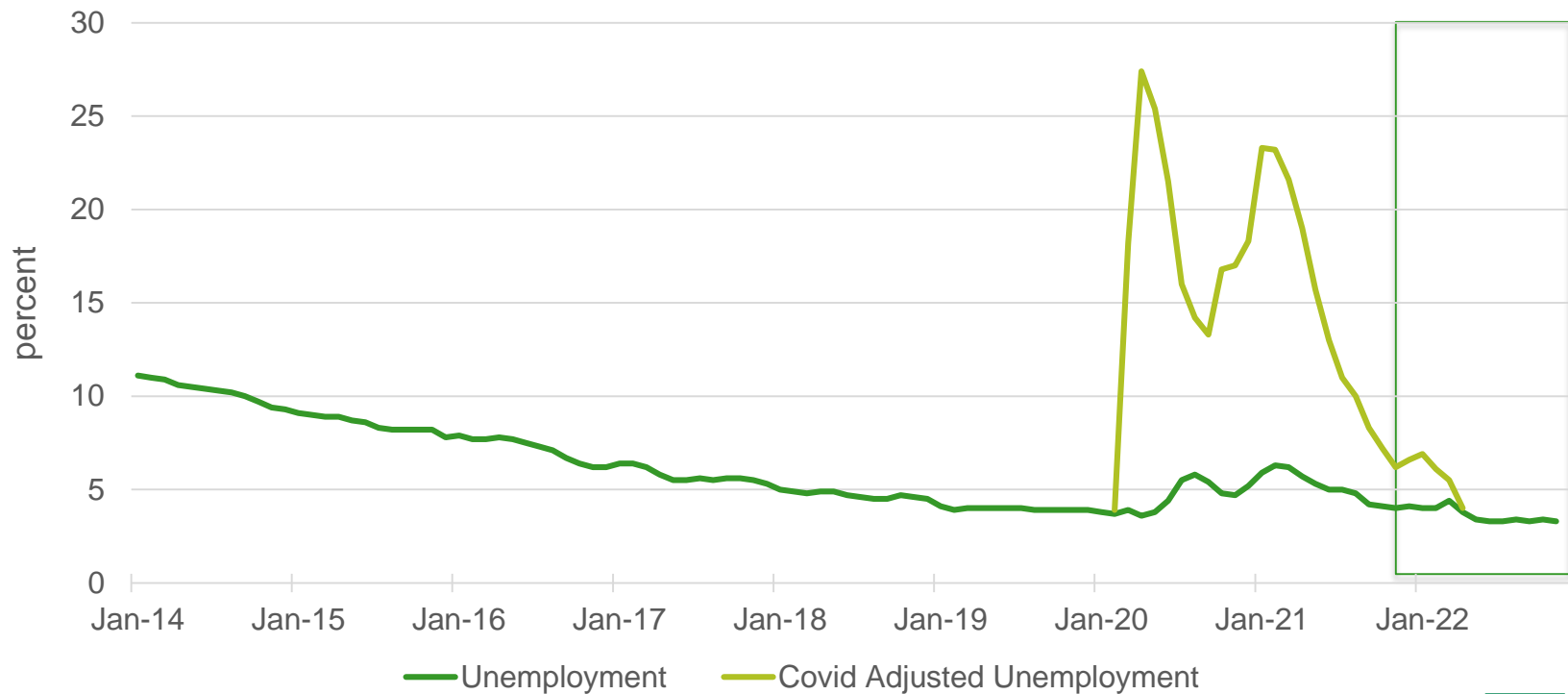


- Slower growth rates than in 2021

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

Note: *Growth rate of GNP shown for Ireland

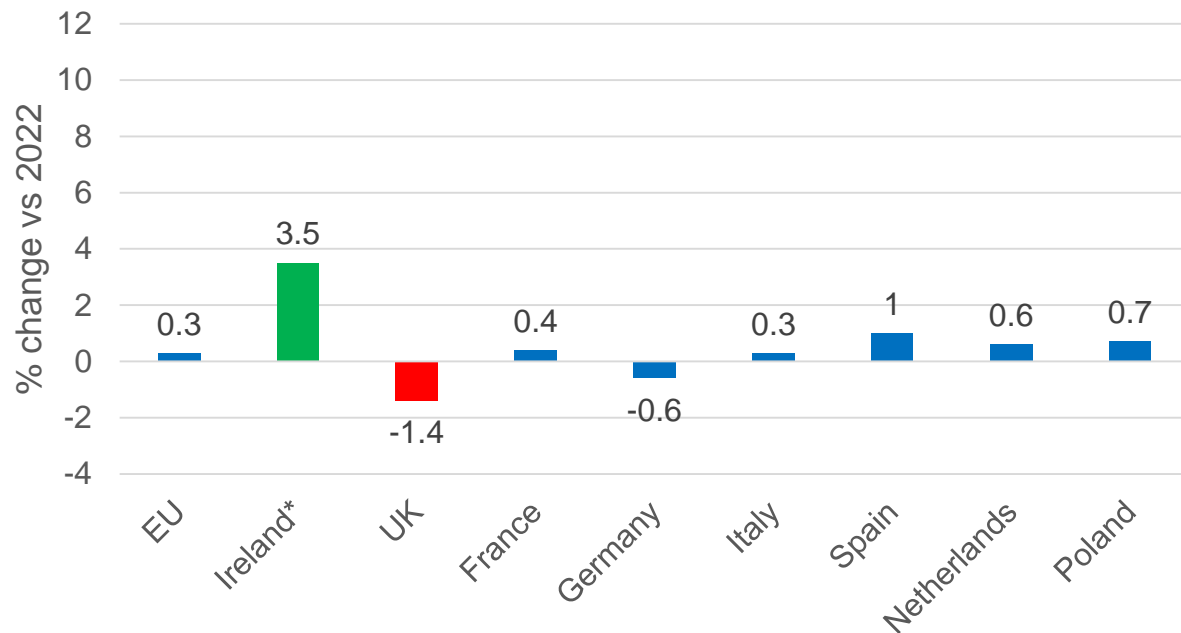
Irish Unemployment Rate (incl PUP recipients)



Source: CSO

% change GDP Forecast 2023

(Selected European Countries)



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

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

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

END