

NOVEMBER 28TH 2023

OUTLOOK 2024

FOR IRISH AGRICULTURE

OPENING REMARKS

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OUTLOOK 2024

MACRO ECONOMY



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REVIEW OF 2023

World Economy

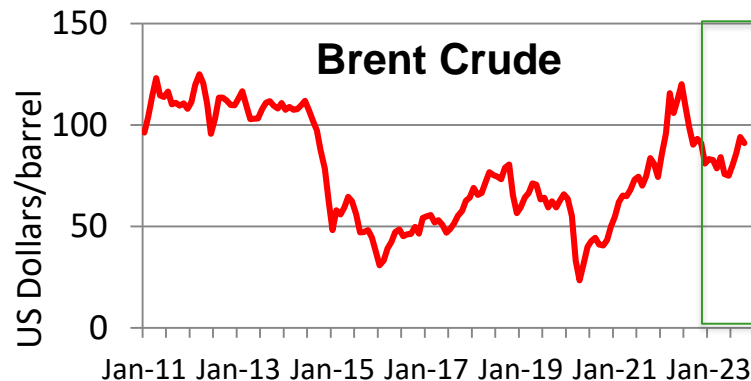




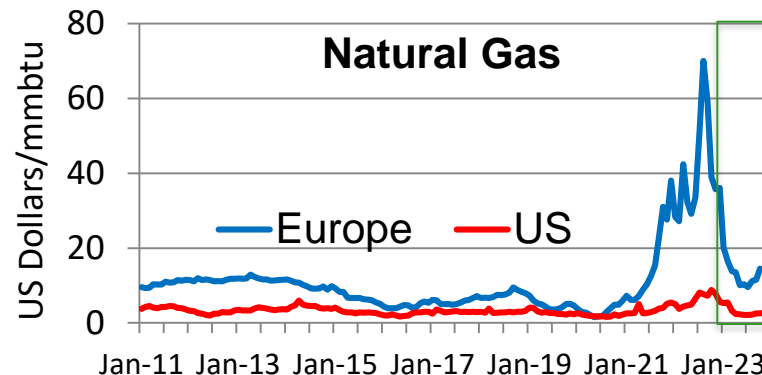
World Economy 2023

- Global economic **growth slowed**
- Battle to control **inflationary pressures**
 - Without engineering a recession
- Inflation has proven stubborn
 - Succession in **interest rate increases**
 - Most rapid in living memory
- A range of uncertainties are in play
- **Energy markets less volatile**
- Geopolitical concerns
 - **Ukraine** and **Middle East**
- Weakening demand in some key regions
 - e.g. China

Monthly Brent Crude and Eur Nat Gas Price 2011-2023

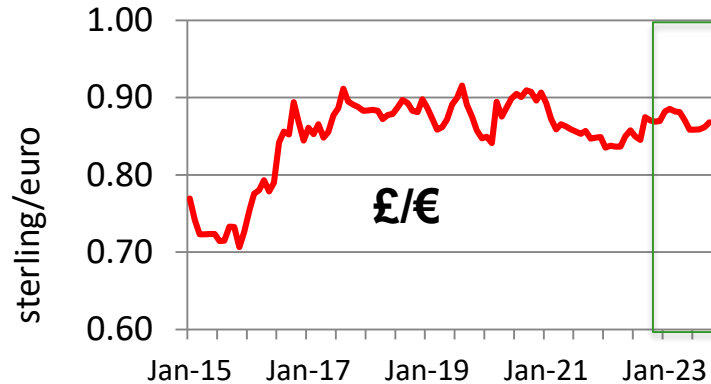


- 2022 = 100 USD
- 2023f = 84 USD (down 16%)
- Spot = 84 USD
- Lower oil demand growth in 2024
- 2024f = 80 USD (down 5%)
- But an escalation of conflict in Middle East could deliver a different outcome

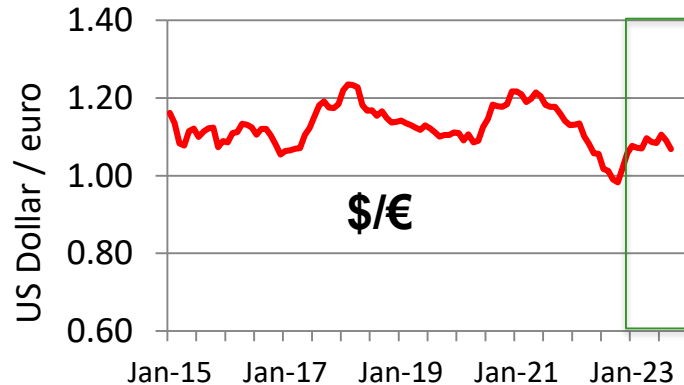


- Euro prices in decline through 2023
- Europe diversifying gas suppliers and lower European demand
- Stocks of gas in Europe now high
- But even so, current Euro prices are 2 X 2021 level and 5 X the current US prices
- Stable Euro price Outlook for 2024

Monthly exchange rate 2015-2023



- 2020 = £0.89 / euro
- 2021 = £0.86 /euro
- 2022 = £0.85 /euro
- 2023 = £0.87 /euro
- £/ € in 2023 moved over narrow range
- Spot = **£0.87** / euro
- 2024f = **£0.87** / euro



- 2020 = US\$ **1.14** / euro
- 2021 = US\$ **1.18** /euro
- 2022 = US\$ **1.05** / euro
- 2023 = US\$ **1.08** / euro
- \$/€ in 2023 moved over narrow range
- Spot = US\$ = **1.09** / euro
- Uncertainty about exchange rate in 2024
- 2024f = US\$ = **1.11** / euro

Irish Economy 2023*

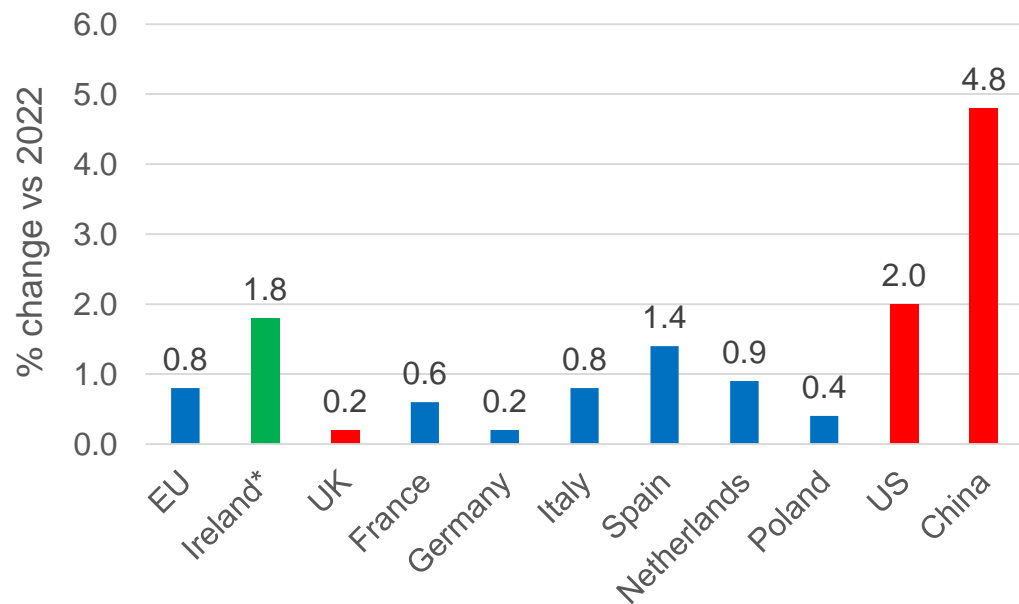
- **More moderate growth outlook than in recent years**
 - Real MDD increased by 9.5% in 2022 and 1.8% in 2023
- **Multinational sector of Irish economy is slowing**
- **Domestic sector of Irish economy continues to do well**
- **Inflation (CPI) has slowed but remains an issue**
 - But now mainly driven by food inflation and housing costs
 - 7.8% in 2022, 6.0% in 2023
- **Unemployment rate remains very low**
 - 4.5% in 2022 and 4.1% in 2023
 - Some signs of a slight uptick in H2 of 2023
- **Employment has recovered impressively**
 - 2.519 million in 2022, 2.622 million in 2023
- **Substantial recovery in government finances**
 - € 8 billion (1.6% of GDP) in 2022, € 8 billion (1.5% of GDP) in 2023
- **Exports**
 - 13.9% in 2022
 - 1.0% in 2023

*Source: ESRI QEC (October 2023)



% Change Real GDP 2023

(Selected European Countries, US and China)



- Modest growth rates in 2023
- US fairing better than Europe
- China's growth slightly stronger than expected

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

Note: *Growth rate of MDD shown for Ireland

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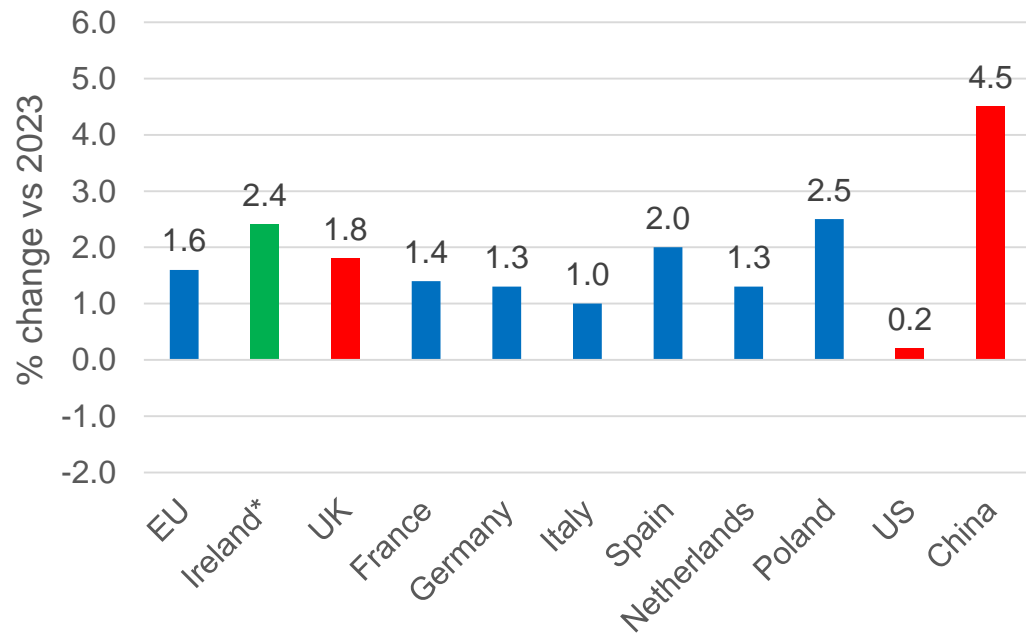
OUTLOOK FOR 2024

World Economy 2024

- **Growth Prospects** for 2024 are starting to look a **bit more gloomy**
- **Battle to control inflation** continues
 - **High interest rate** environment to persist
 - No prospect of return to post Financial Crisis interest rates
- **Geopolitical concerns** continue
 - Ukraine and Middle East
 - Could spawn **energy market uncertainty**
- **Weak demand** in some key regions continues
- **Slowdown** in growth in **international trade**

% change Real GDP Forecast 2024

(Selected European Countries, US and China)



- An evolving situation
- Low GDP growth environment
- Economies avoiding recession
- Irish growth driven by domestic sector rather than multi-nationals
- CAVEAT: Projections subject to revision as the situation evolves

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

Note: *Growth rate of MDD shown for Ireland

Irish Economy 2024*



- **Prospects** are conditional on broad international macroeconomic developments
 - Moderation of growth rates internationally in 2024
- **Modest growth in multi-national sector of Irish economy**
 - Real MDD to increase by **2.4%** in 2024
- **Unemployment rate to remain stable**
 - Unemployment to average **4.0%** in 2024
 - Employment to increase to an est. **2.66m** in 2024, up from **2.62m** in 2023
- **Larger government surplus likely in 2024**
 - €13.2 billion (**2.3%** of GDP) in 2024
- **Rate of inflation (CPI) to slow in 2024**
 - **3.2%** in 2024
- **Exports growth to increase in 2024**
 - **3.4%** in 2024



CAVEAT: Outlook is evolving
Becoming more gloomy
Better picture in December

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THANK YOU



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