

The Irish Economy

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Learning Outcomes

Following *full participation in Lecture and reading* you should be able to identify Ireland's:

- **GDP**
- **Fiscal Policy**
- **Inflation**
- **Unemployment**
- **Housing Market**

Spain



Population – 46 million
Total Land area = 498,535 km²

Ireland



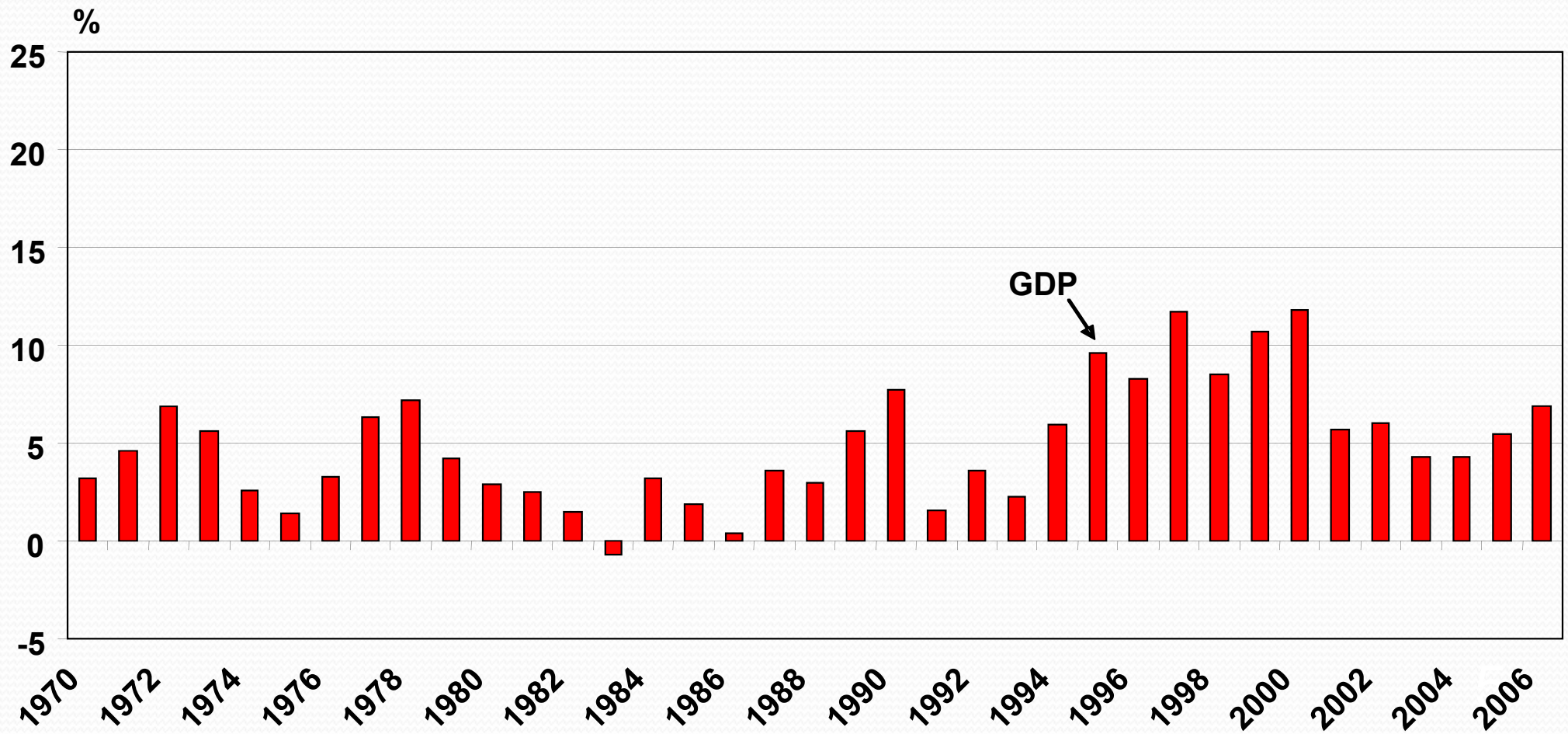
Population – 4.7 million
Total Land area = 68,918 km²



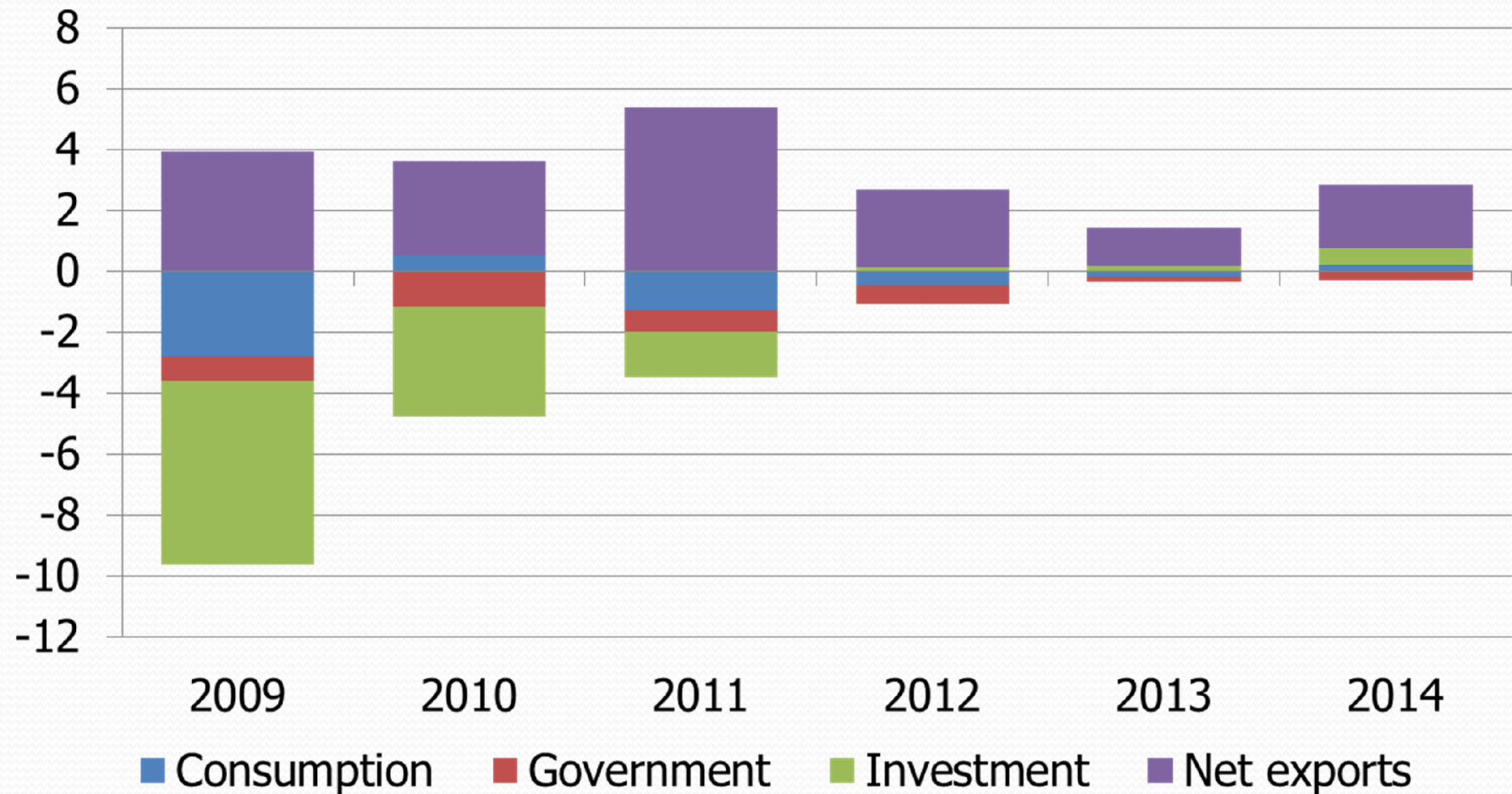
GDP



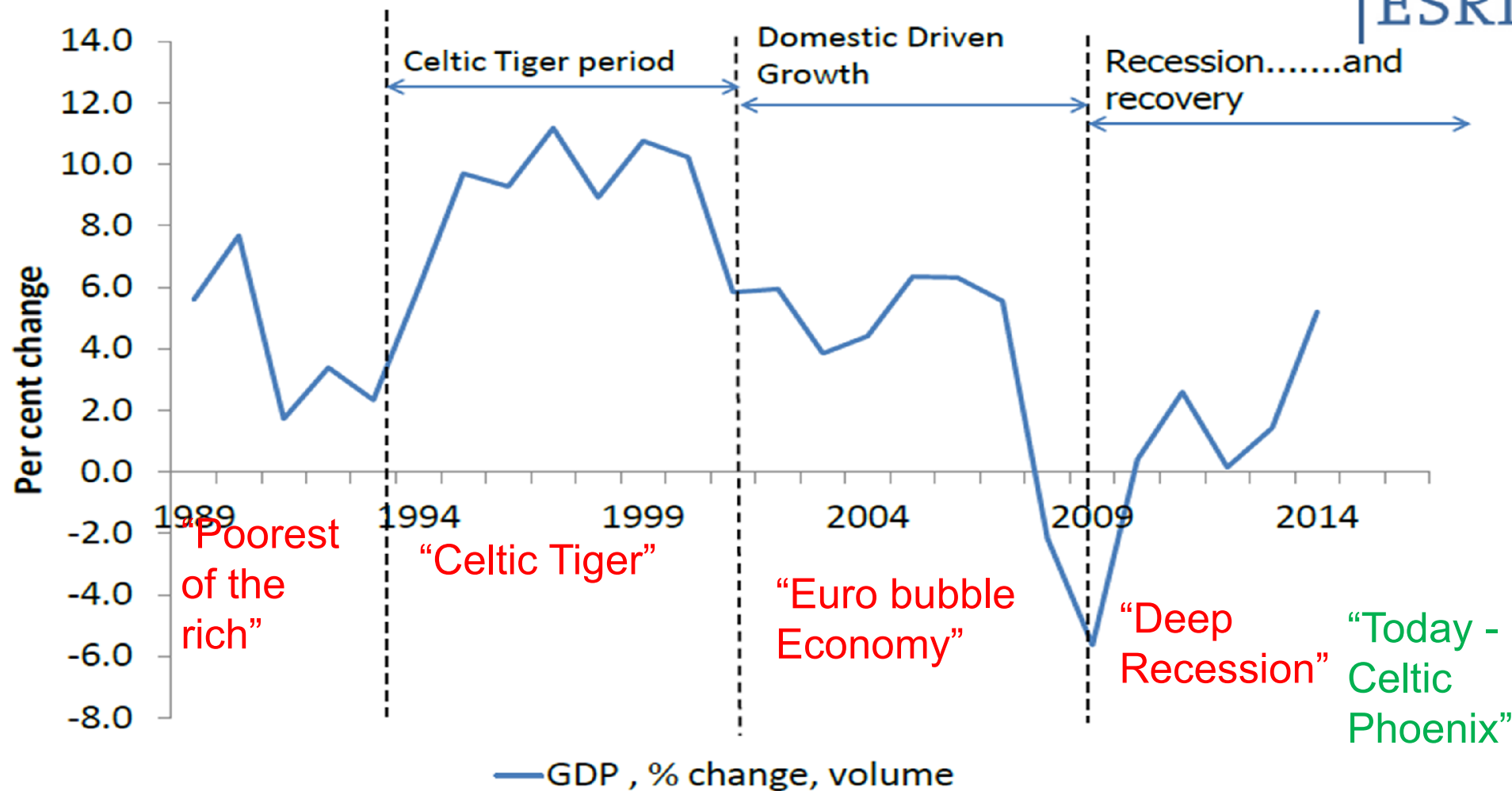
Emergence of “Celtic Tiger” economy in the 90’s



Contribution to Irish GDP Growth



Irish economy experienced boom and bust



GDP – Top 5 Countries

- 1) United States
- 2) China
- 3) Japan
- 4) Germany
- 5) United Kingdom

[World Bank Data - GDP Ranking](#)



Fiscal Policy



Ireland – Government Debt Rates

	2005	2006	2007	2008	2009	2010	2011	2012	2015
Government Deficit/surplus % GDP	1.6	2.9	0.2	-7.4	-13.7	-30.6	-13.1	- 8.2	-2.2
General Government Gross debt % GDP	27.2	24.6	24.9	44.2	64.4	91.2	104.1	117.4	99.4

Source: Department of Finance - Ireland

General Government Debt

2006 - €43.7bn (25% approx of GDP)

Q3 2014 - €208.2bn (115% approx of GDP)

Q3 2015 - €204.2bn (99.4% approx of GDP)

Bailout Programme

- The Programme for Support agreed with
 - the EU Commission and the
 - International Monetary Fund, in liaison with the
 - European Central Bank.

The Programme had two parts –

- 1) bank restructuring and reorganisation and
- 2) fiscal policy and structural reform.

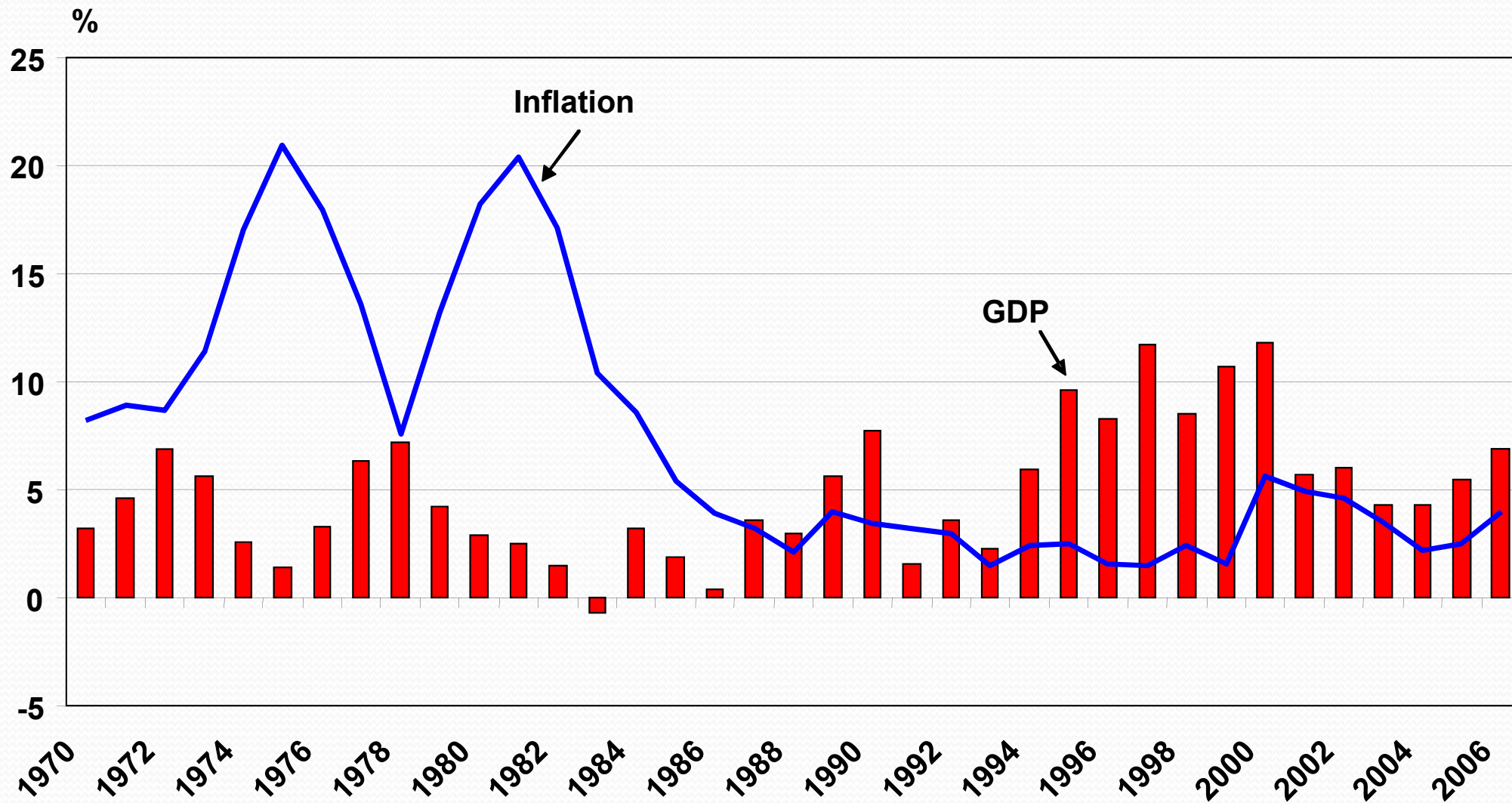
➤ **We exited the bailout on the 15th December 2013 ☺**



Inflation

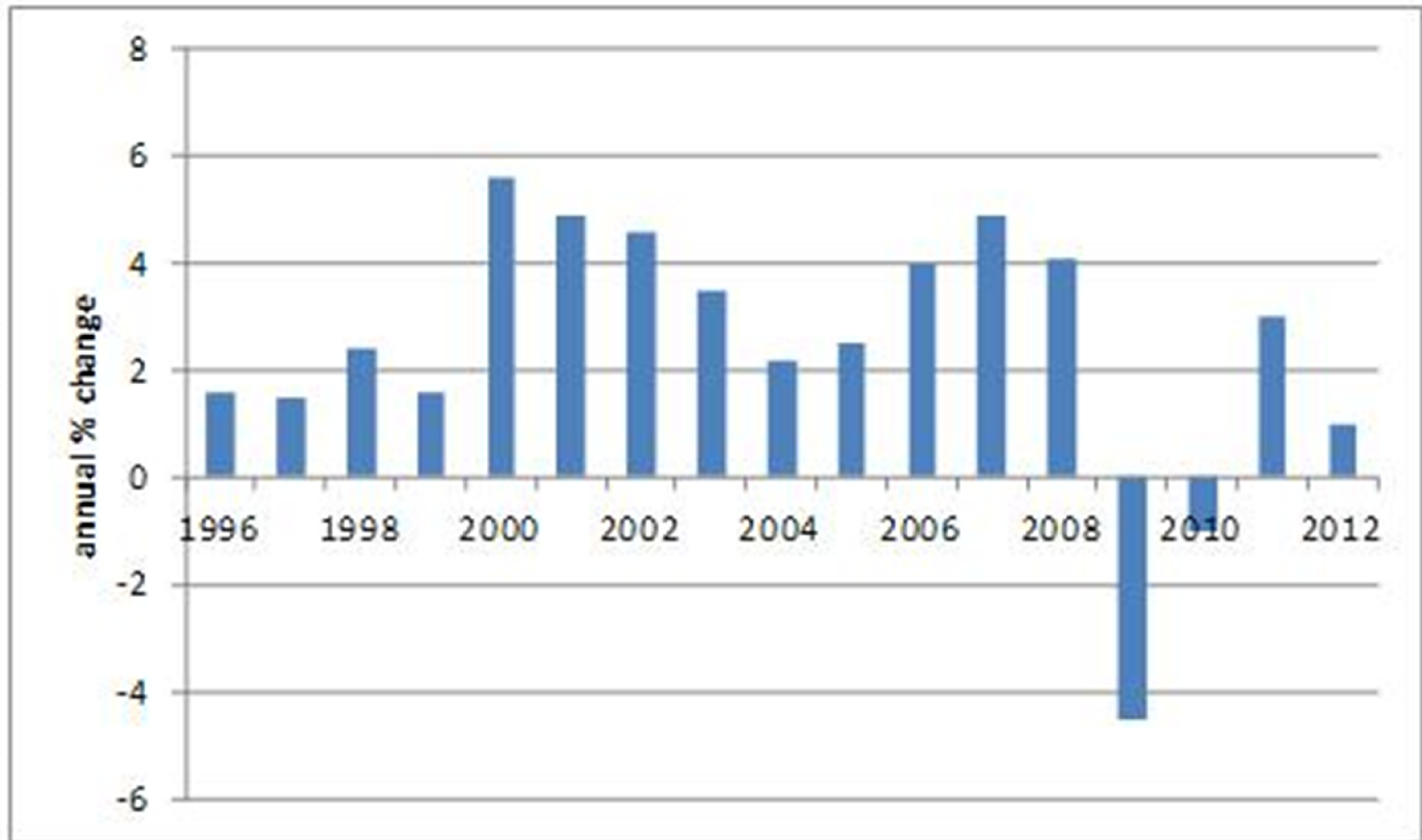


Emergence of “Celtic Tiger” economy in late 1990s

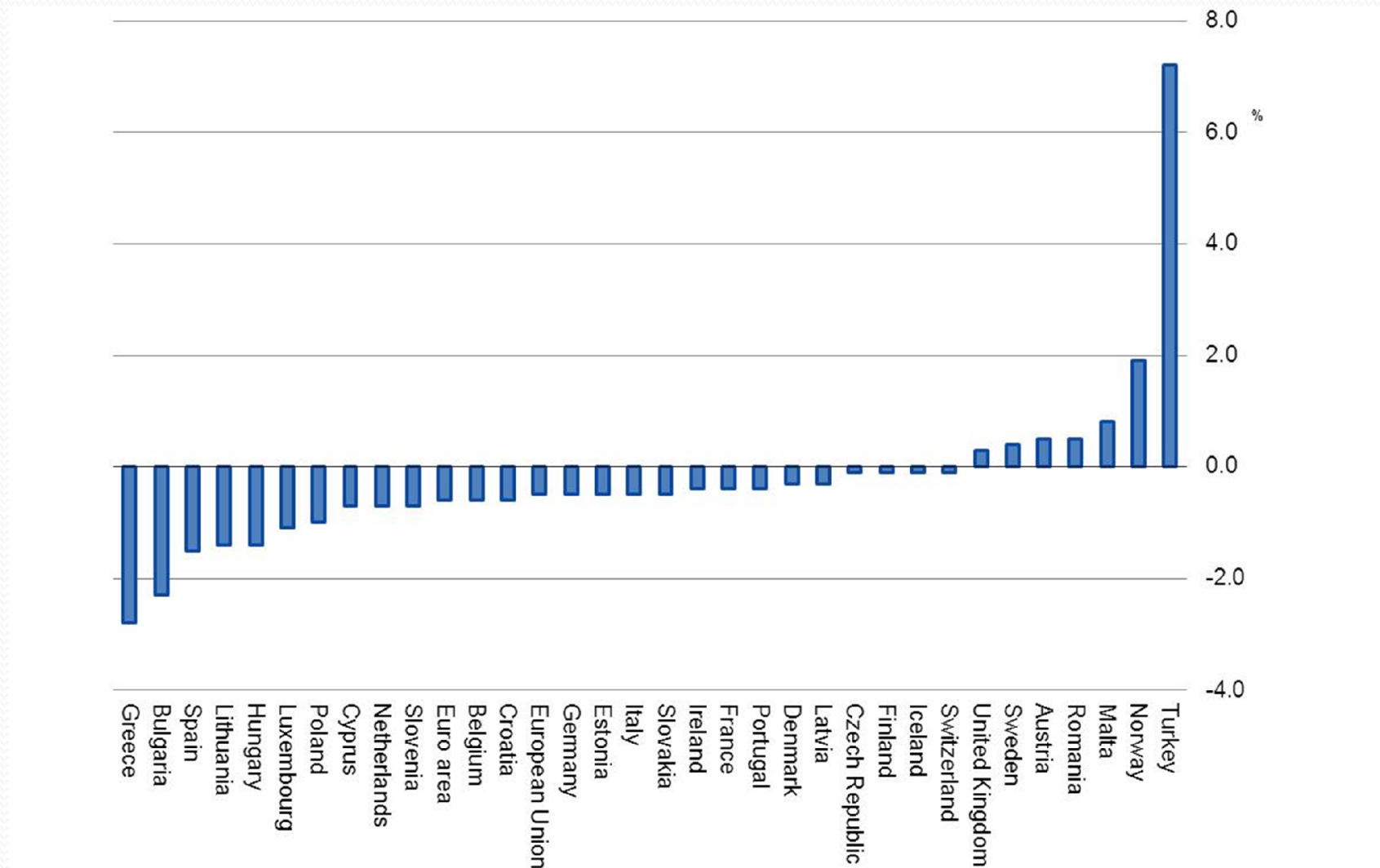


Source: CSO

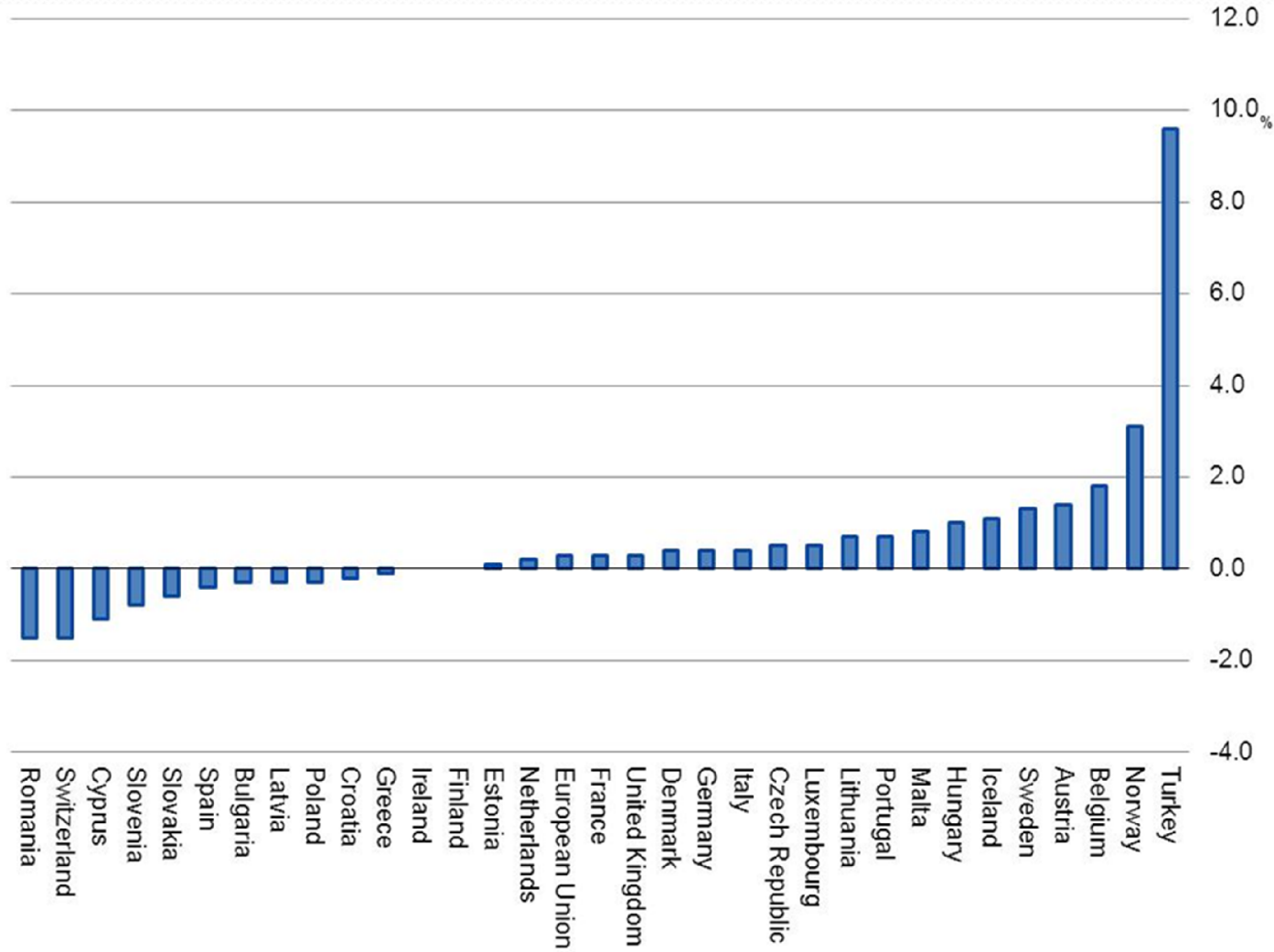
Inflation 1996 – 2012



Deflation in Europe – January 2015



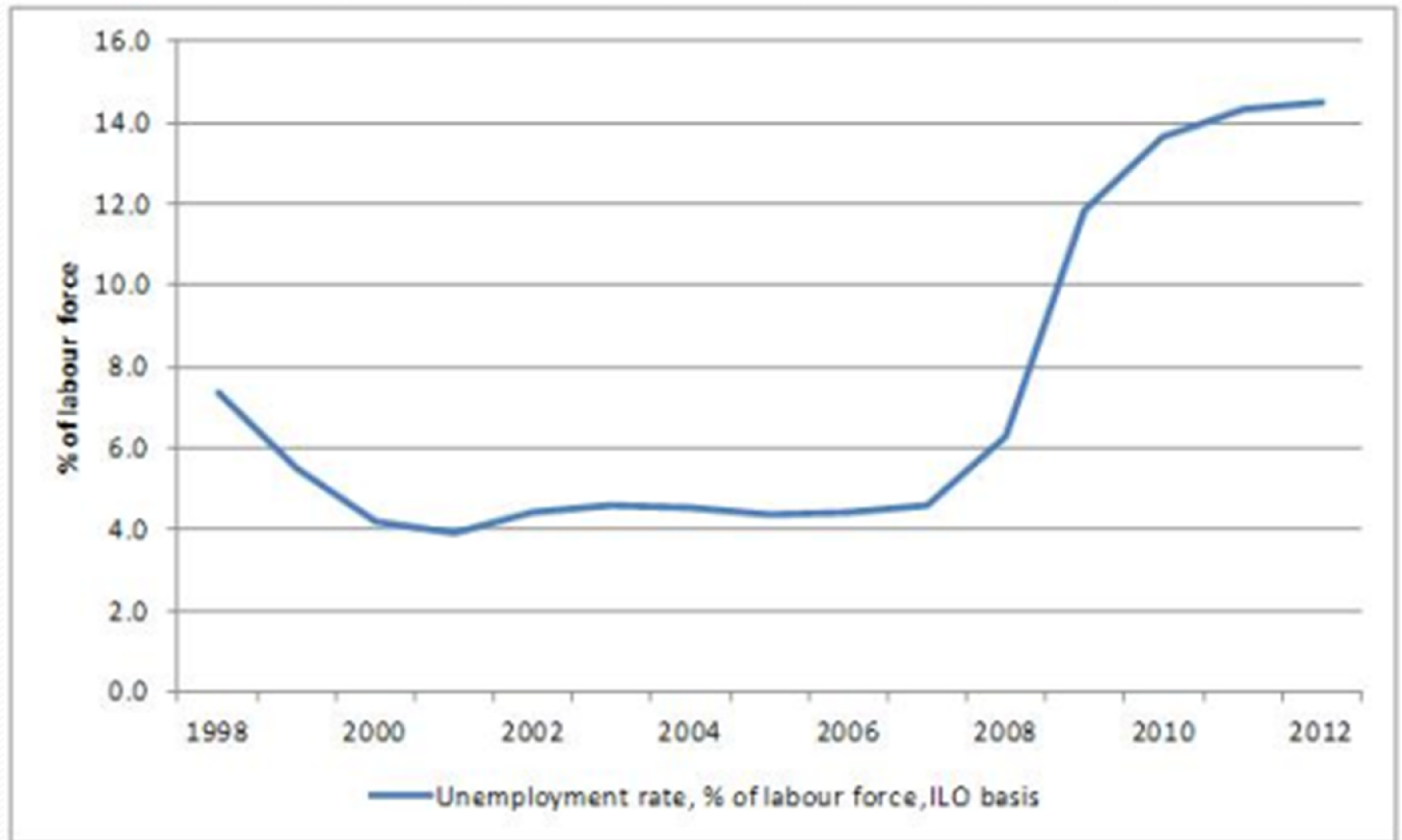
Back to Inflation – January 2016?



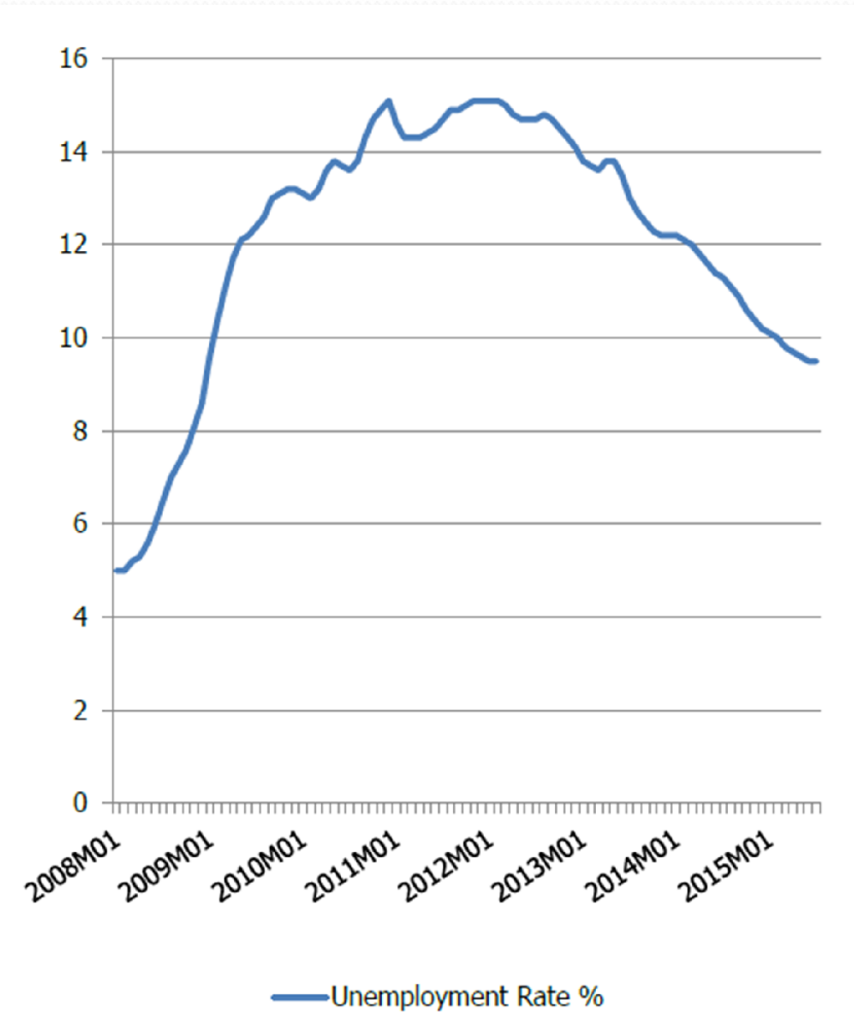
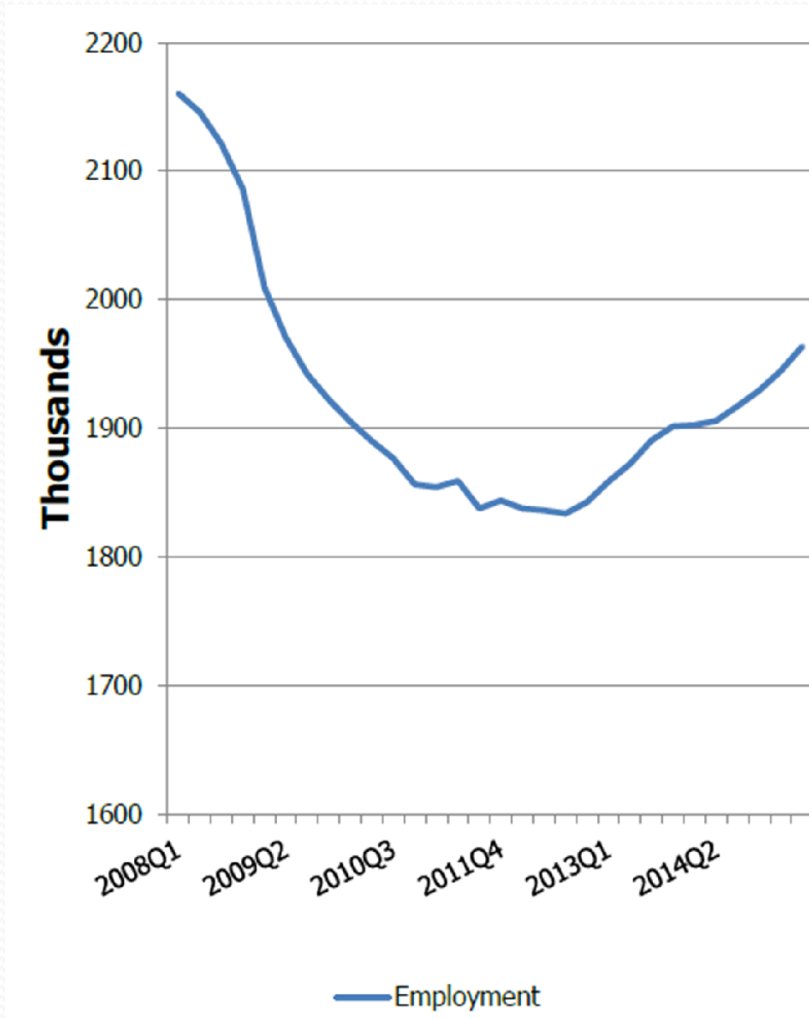


Unemployment

Unemployment Rate 1998 - 2012



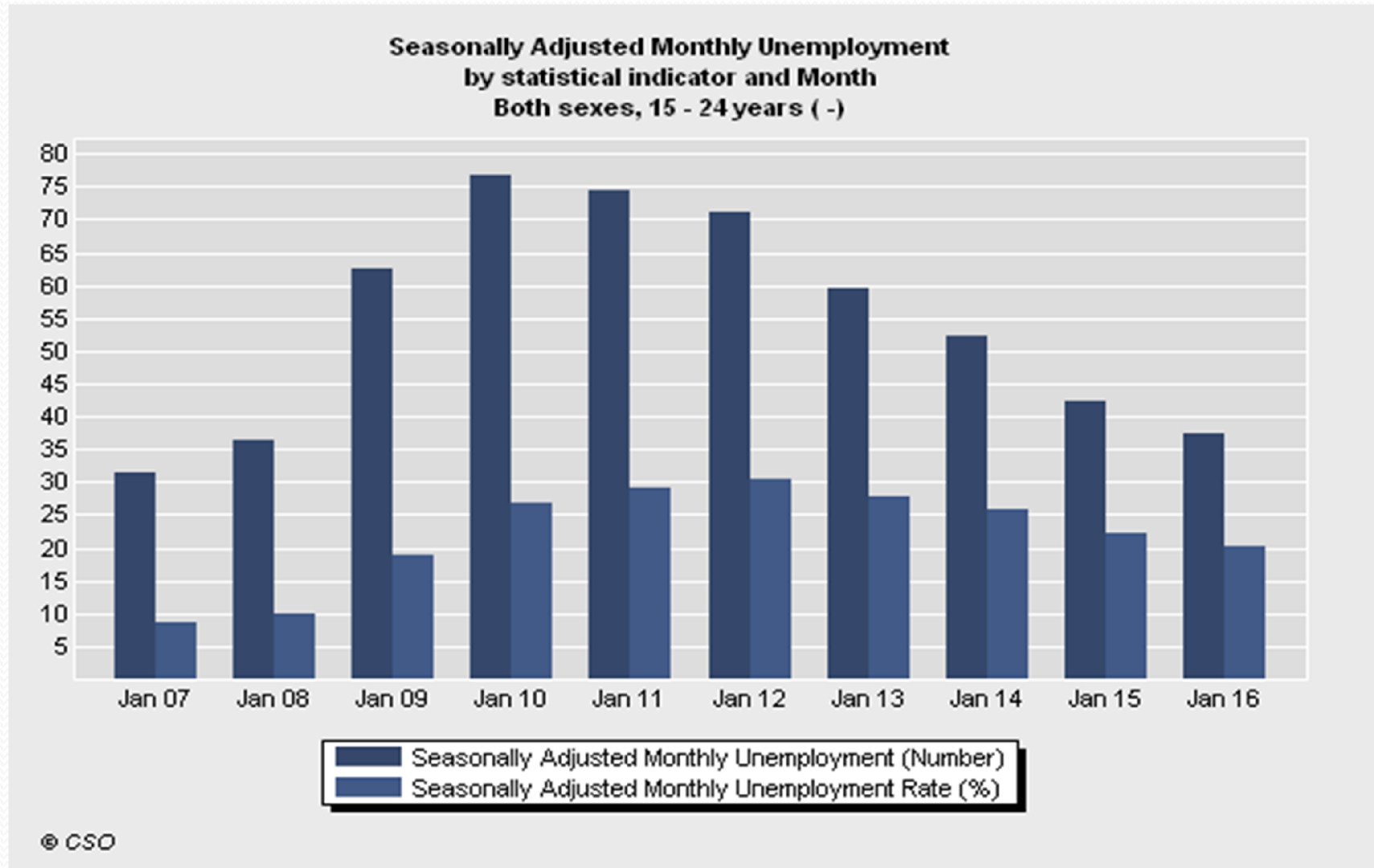
Unemployment rate to fall to 8% by end of 2016



Unemployment Rates pre Recession

	2004	2005	2006	2007
EU - 27	9.1	8.9	8.2	7.2
Germany	9.8	10.7	9.8	8.4
France	9.3	9.3	9.3	9.2
UK	4.7	4.8	5.4	5.3
Ireland	4.5	4.4	4.5	4.6
US	5.5	5.1	4.6	4.6

Youth Unemployment (15-24): Male & Females



Construction Employment : 2000 - 2007

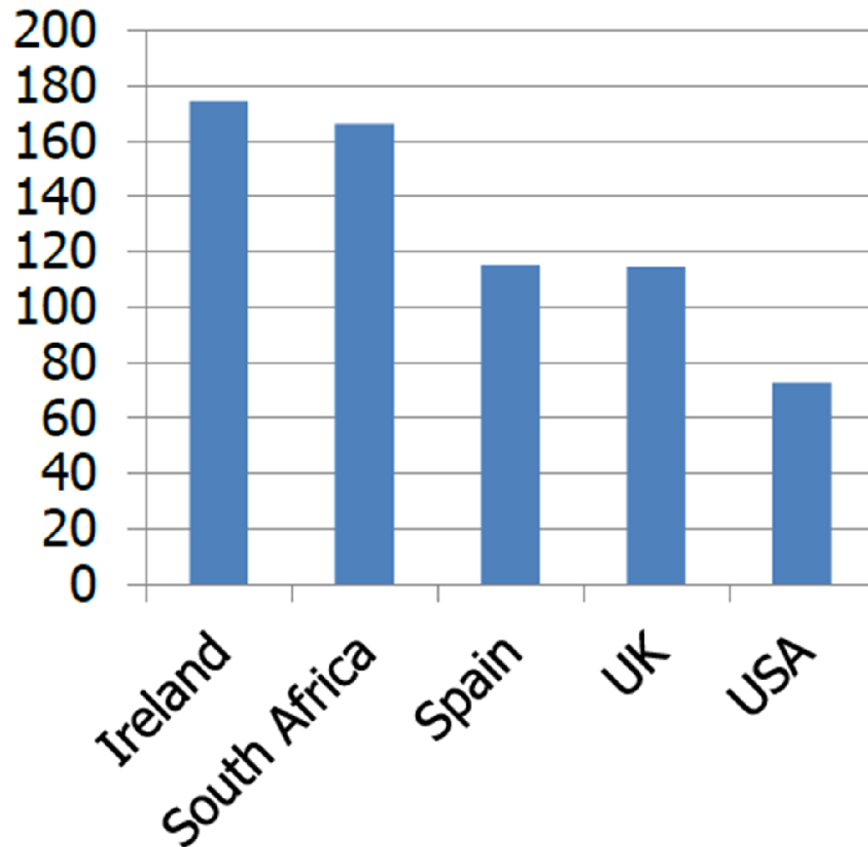
	2000	2004	2005	2006	2007
Construction as a % of total employment					
EU-27	N/A	8	8	8	8
Germany	9	7	7	7	7
France	7	8	8	8	8
UK	6	7	7	7	7
Ireland	10	11	13	13	13
US	5	5	5	6	6
Construction as a % of male employment					
EU-27	N/A	13	13	13	14
Germany	13	11	10	11	11
France	12	13	13	13	14
UK	11	11	11	12	12
Ireland	16	19	21	22	22



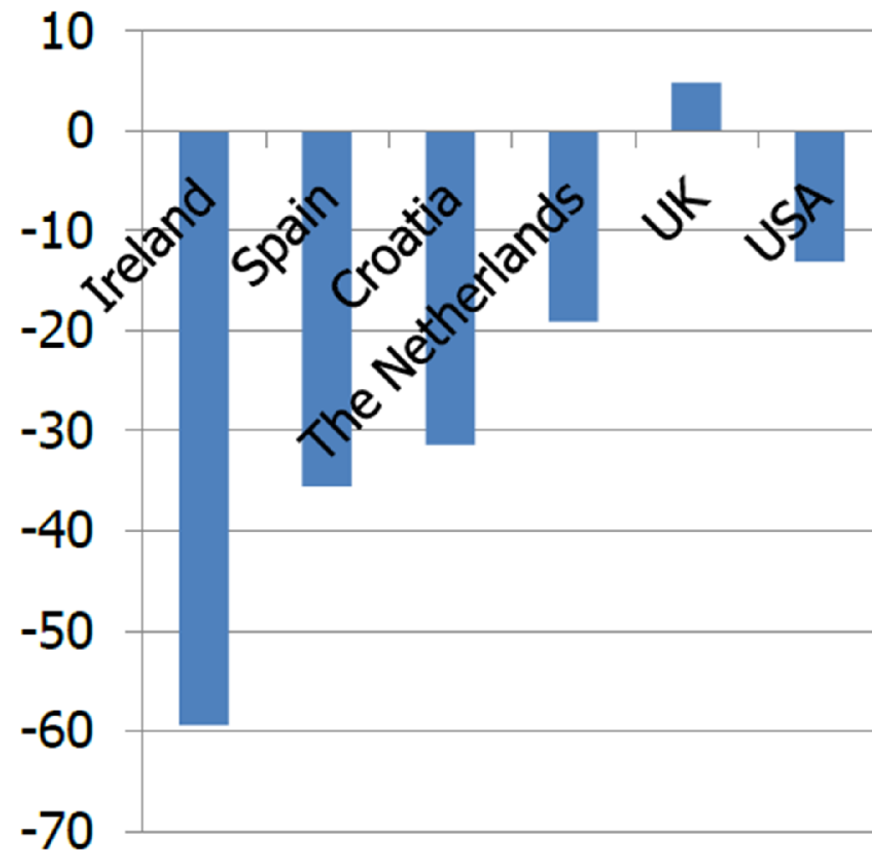
Housing – Demand & Supply

% change in house prices

1995 Q1 – 2007 Q1



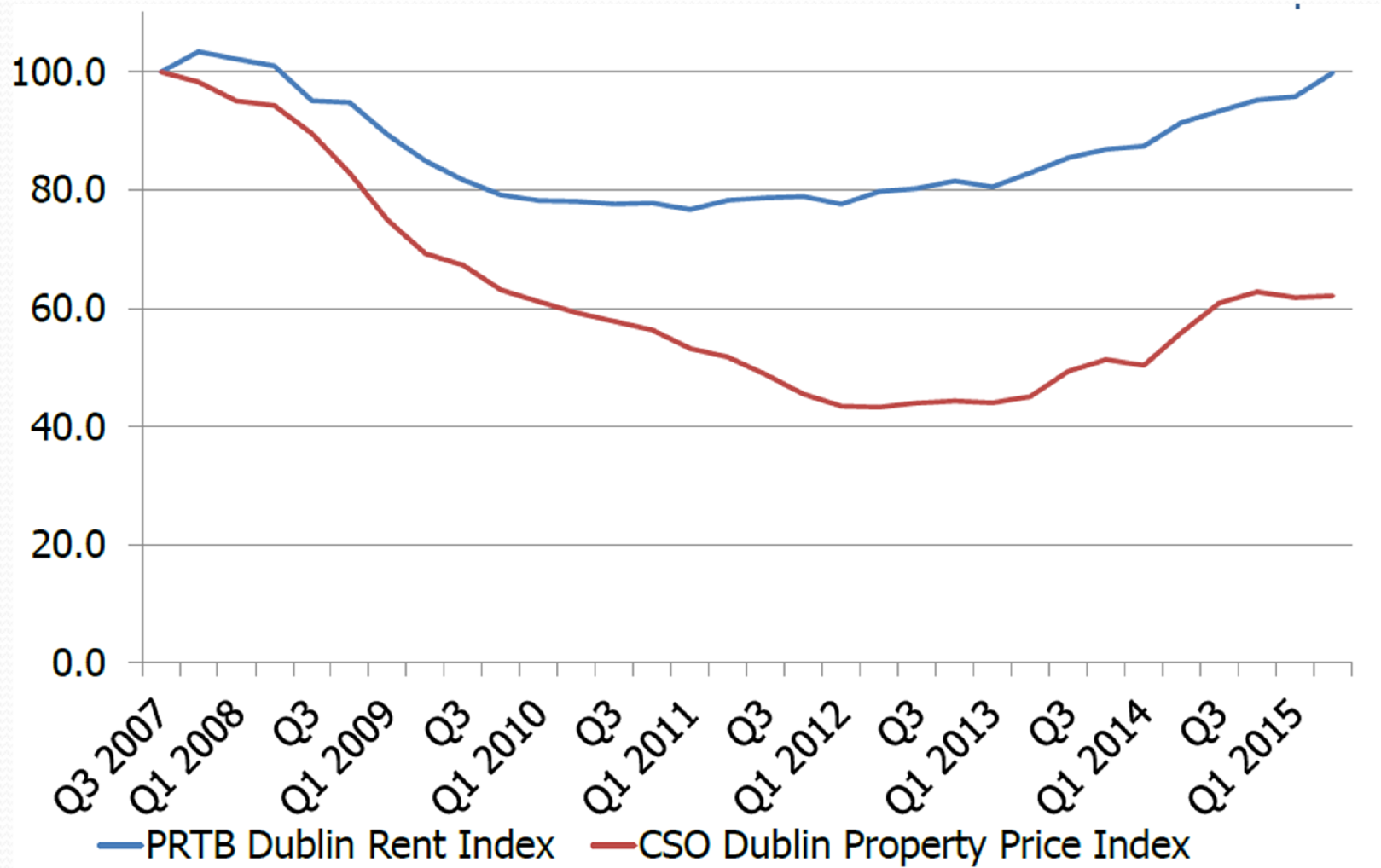
2007 Q2 – 2013 Q4



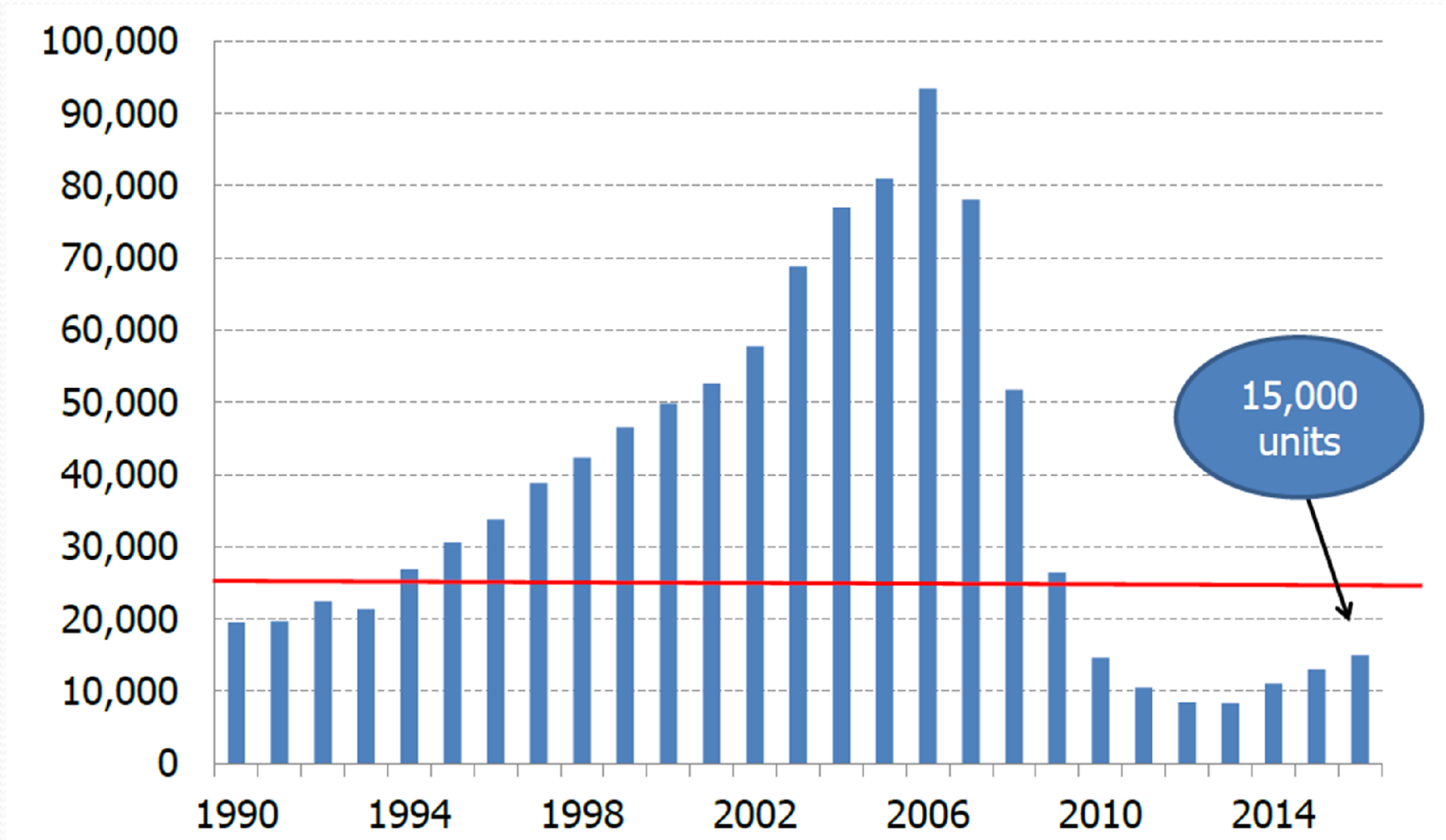
Year on Year % changes in house prices



Prices & Rent - Dublin



House Completions





Economic Outlook – a positive backdrop for the housing market

- The recovery that began in 2013 has continued, fastest growing economy in Europe
- Strong recovery set to continue in 2016
- Strong foreign demand Euro area remains a downside risk
- Domestic recovery to continue particularly investment, Big issue is consumption
- Legacy of debt, both public and private

Ireland's Housing Market

- Housing market at the moment characterised by lack of supply and pent-up demand
- Demographic factors adding to demand-side pressure

Recall our Learning Outcomes

You should now be able to identify Ireland's:

- GDP
- Fiscal Policy
- Inflation
- Unemployment
- Housing Market