



An Roinn Airgeadais
Department of Finance

Low Pay Commission

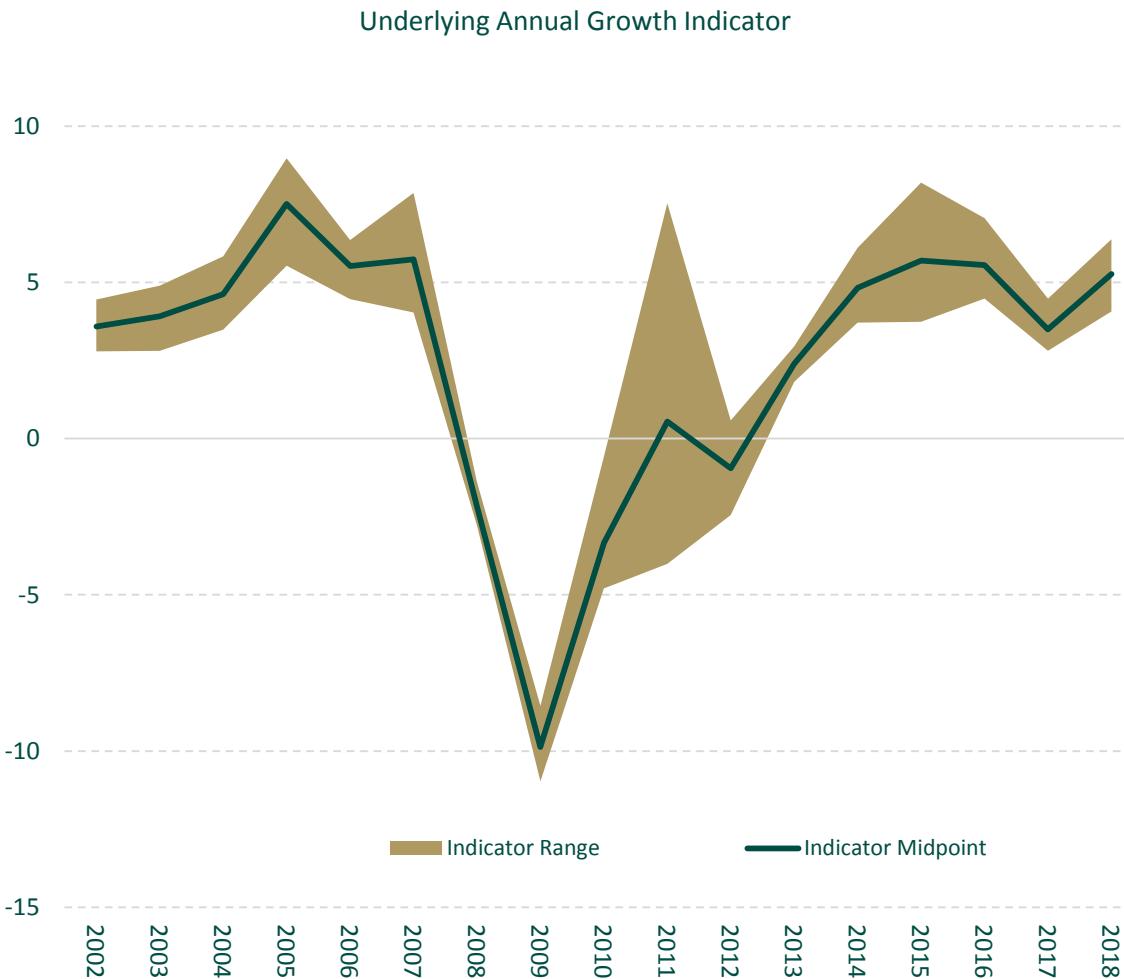
Brendan O'Connor,
Head of Macroeconomic Analysis and Forecasting
Department of Finance



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Recent Developments

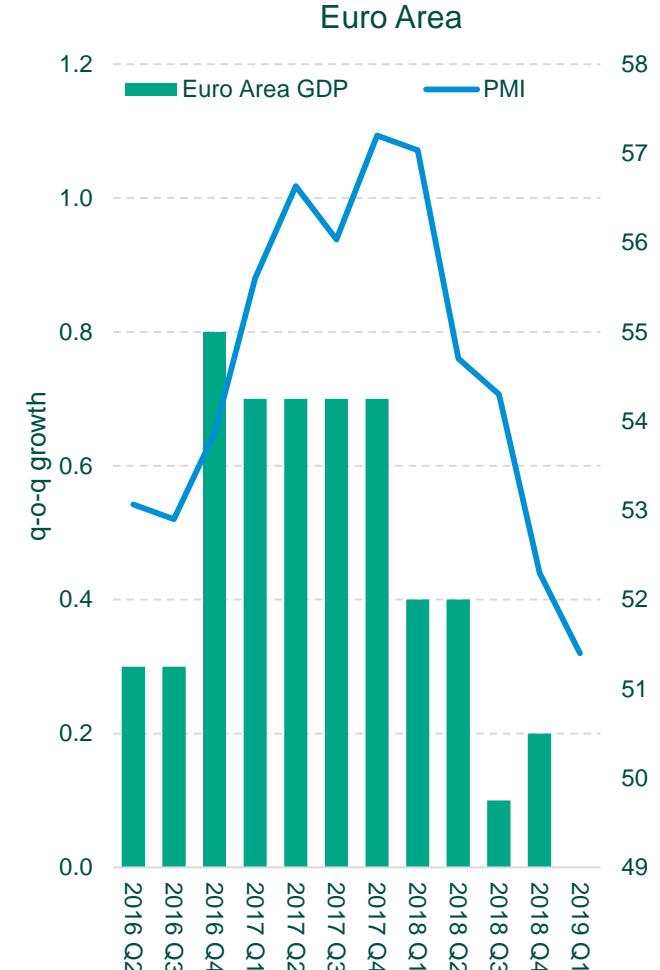
Recent outturns very positive



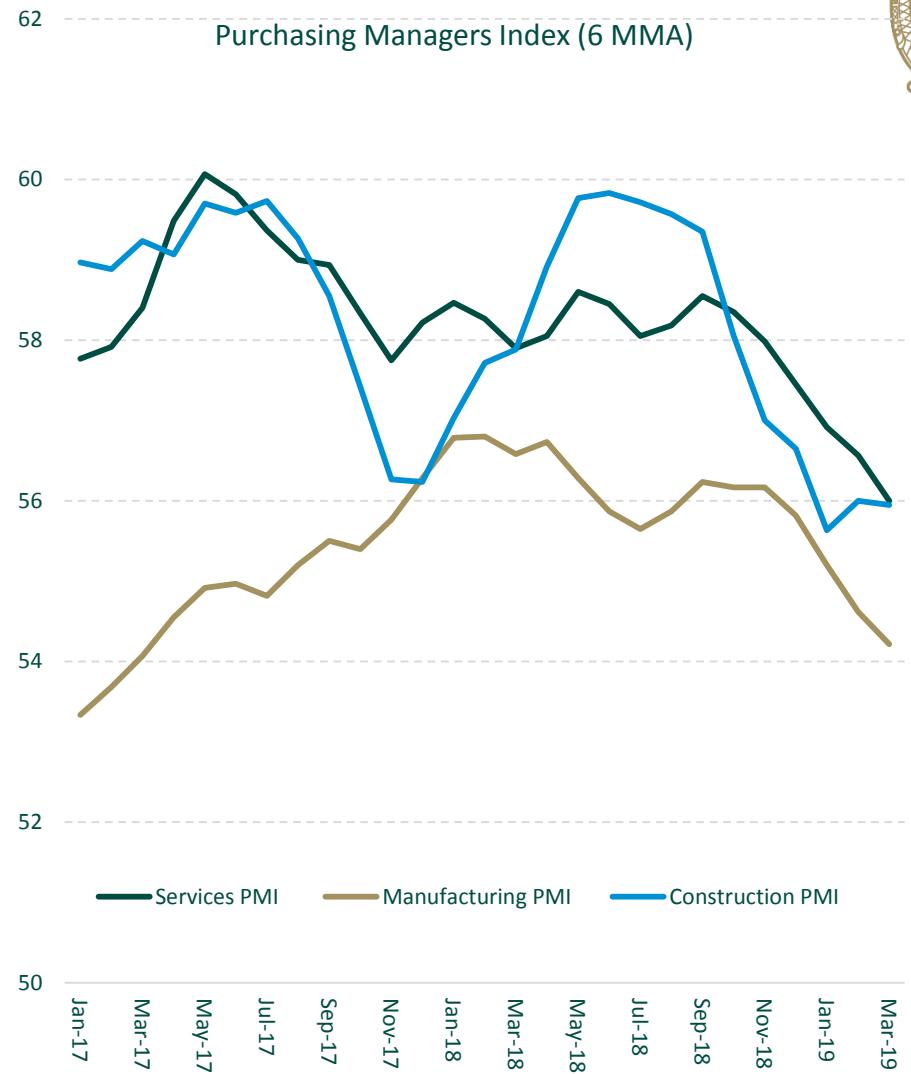
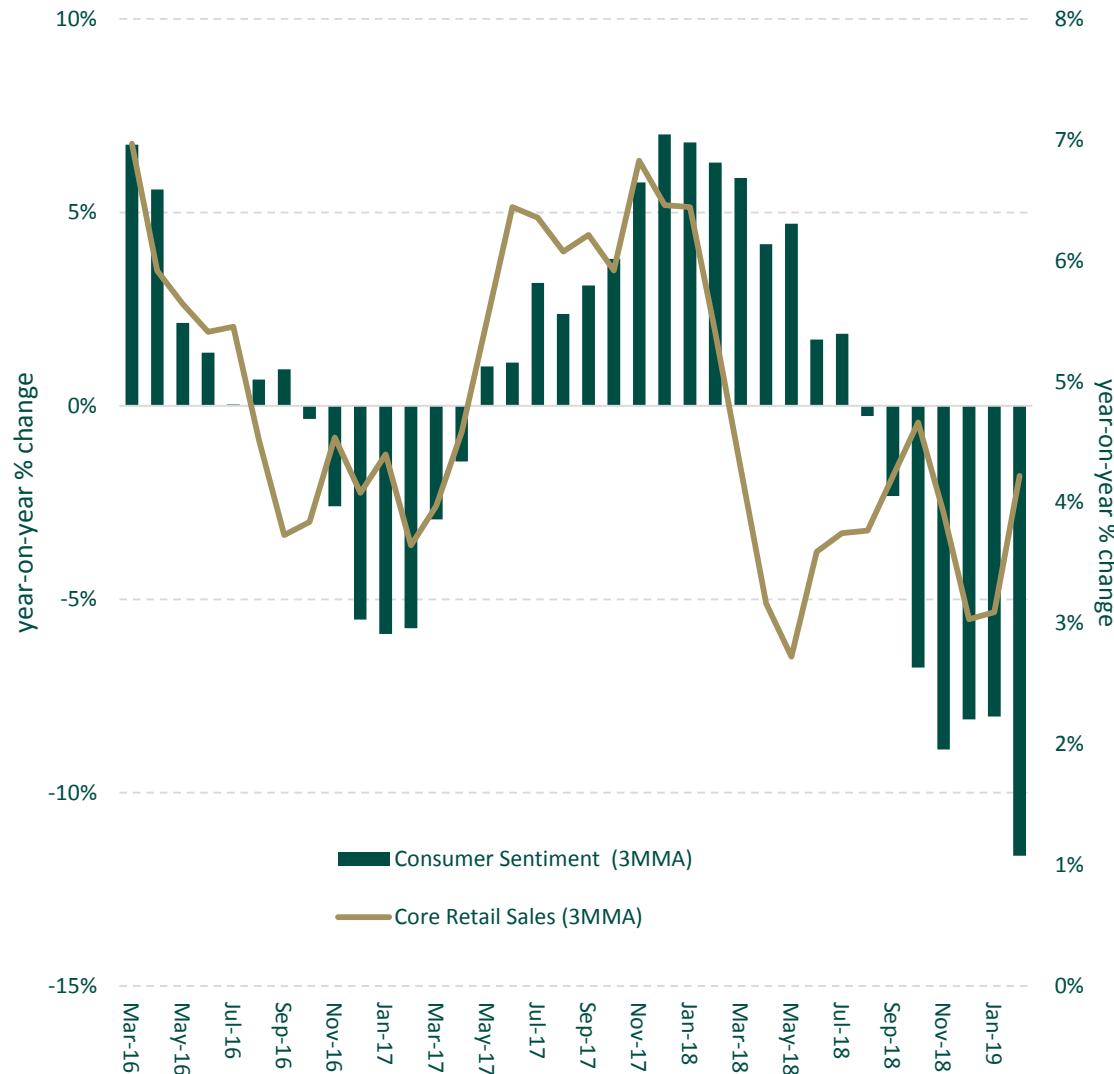
Summary 2018 (YoY)

GDP	6.7%
GNP	5.9%
Modified Domestic Demand (MDD)	4.5%
Underlying Domestic Demand (UDD)	5.7%
Sectors Not MNE-dominated (GVA)	5.4%
Consumer Spending	3.0%
Tax Receipts	8.3%
Total Exports	8.9%
Employment	2.9%
Average Earnings Growth	3.4%

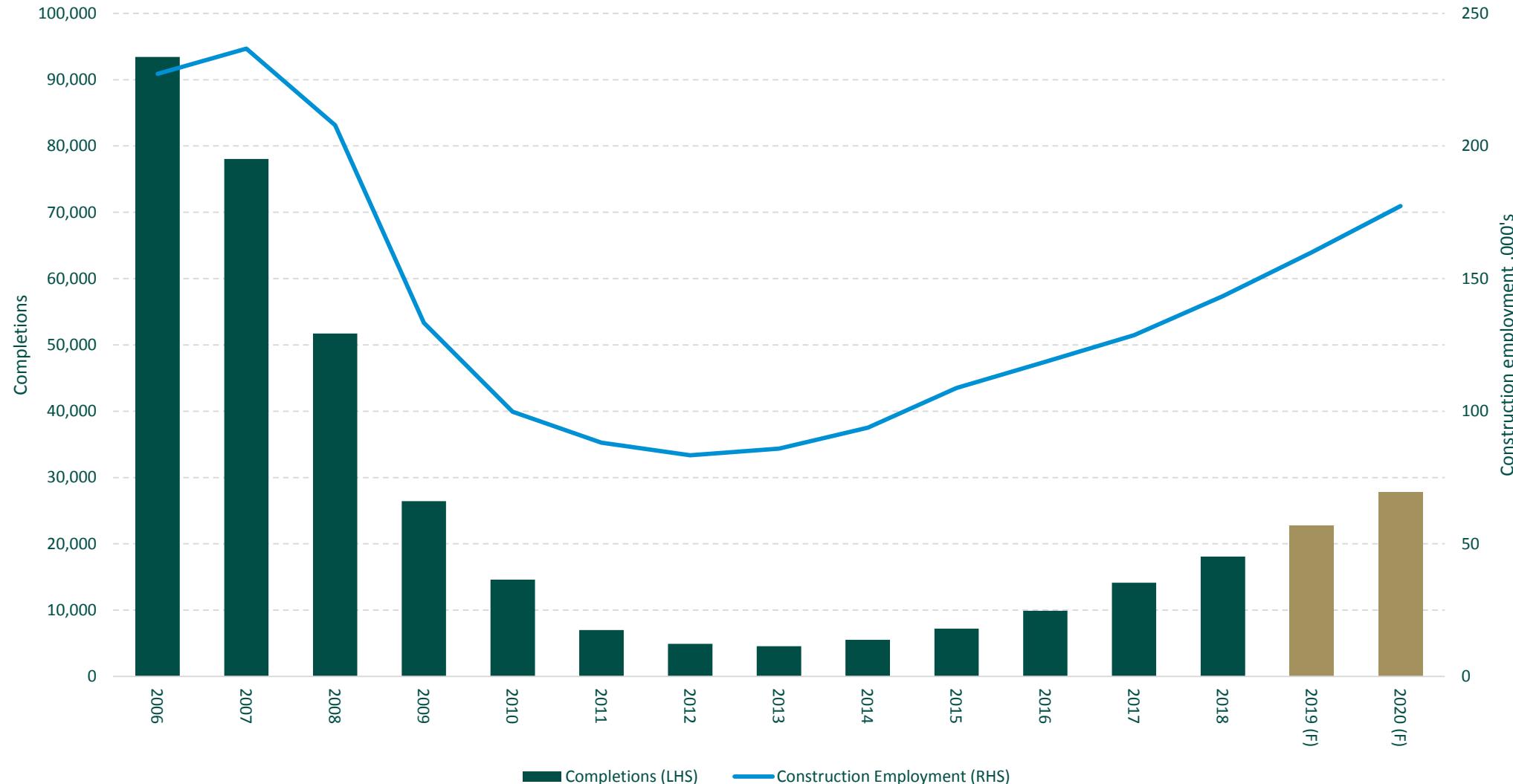
Though deterioration in external environment



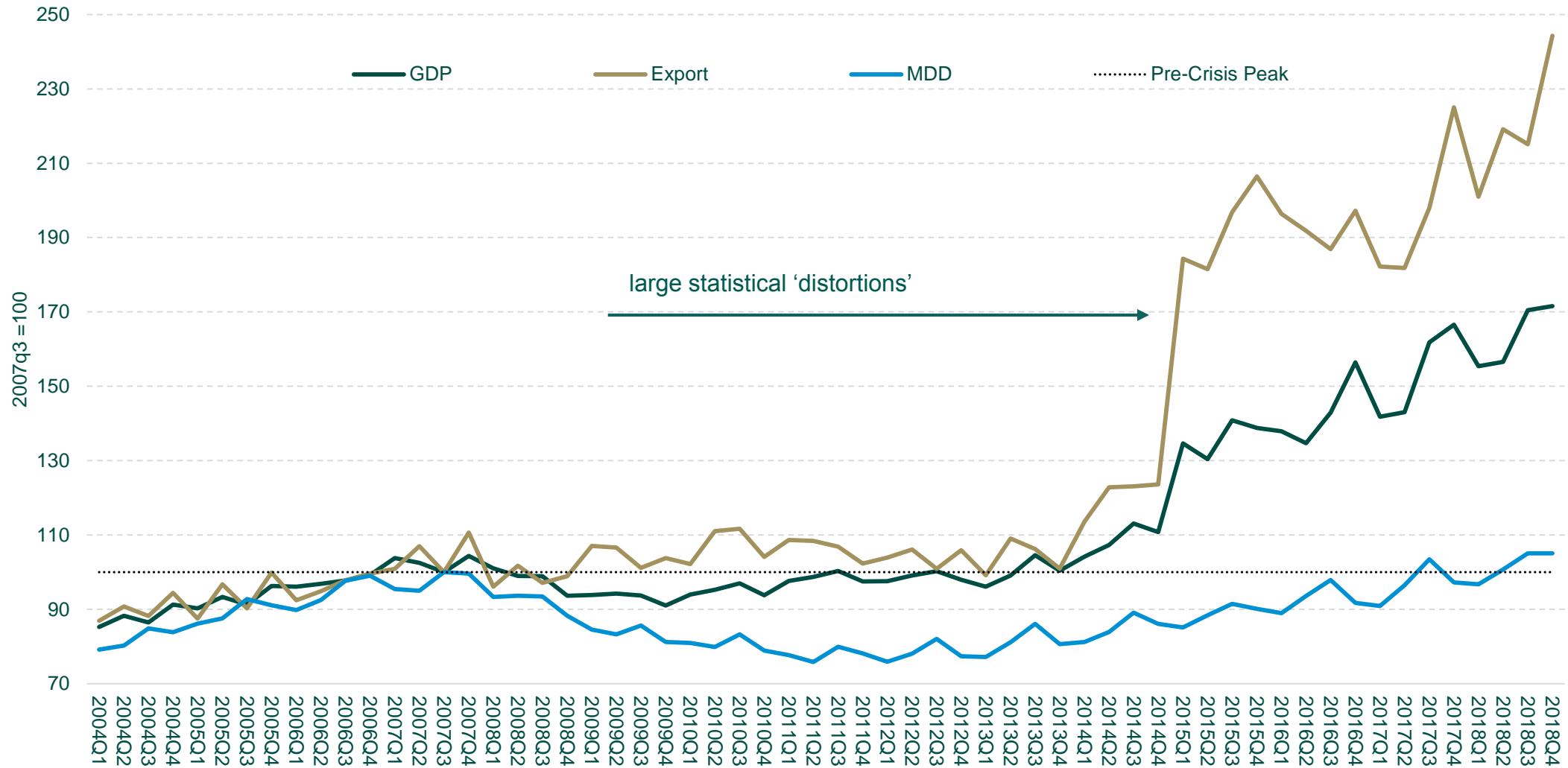
And moderation in the domestic economy



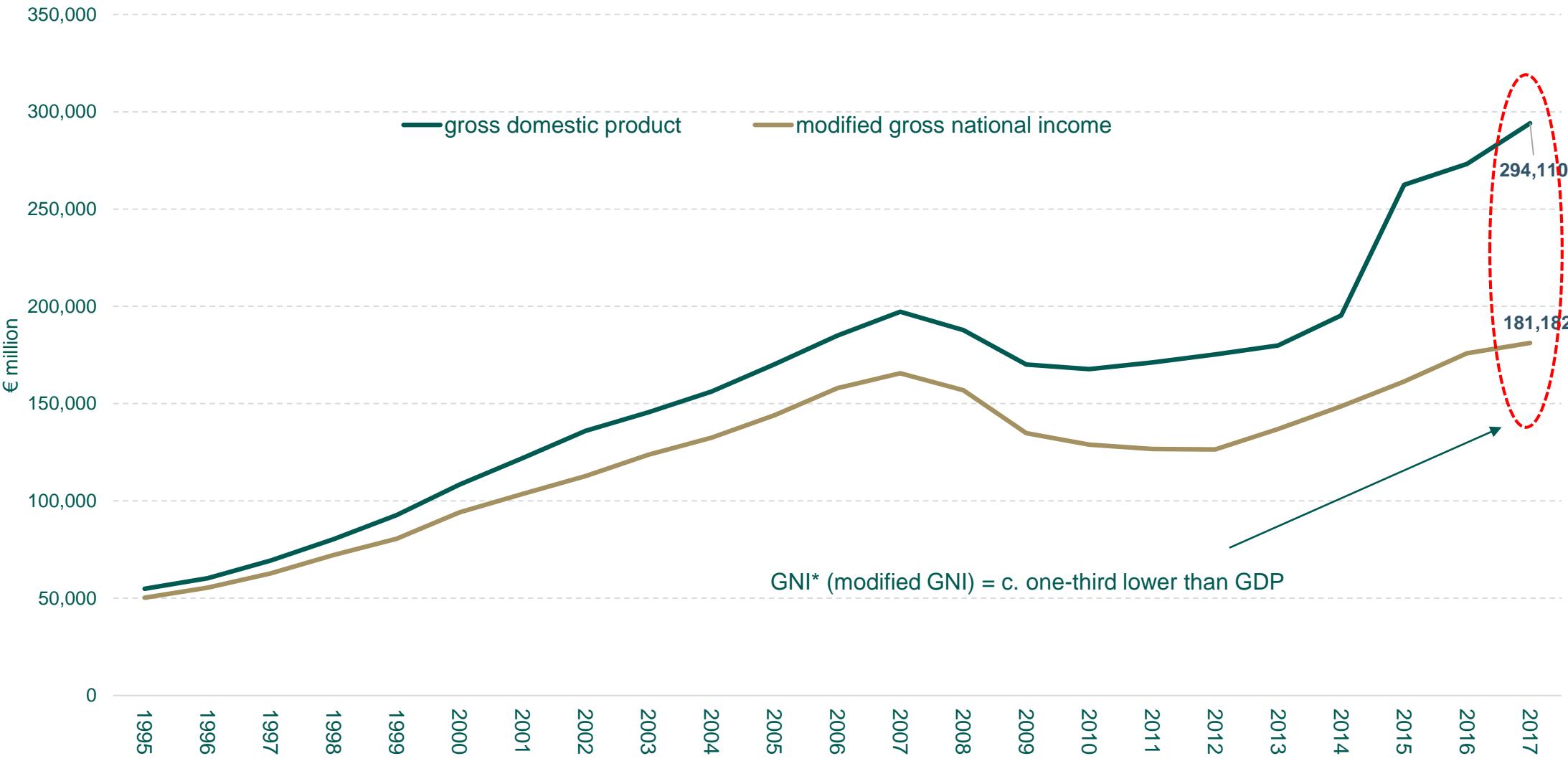
Continued expansion in residential construction



Economic recovery led by exports sector



Modified GNI (GNI*) better indicator of ‘size of pie’

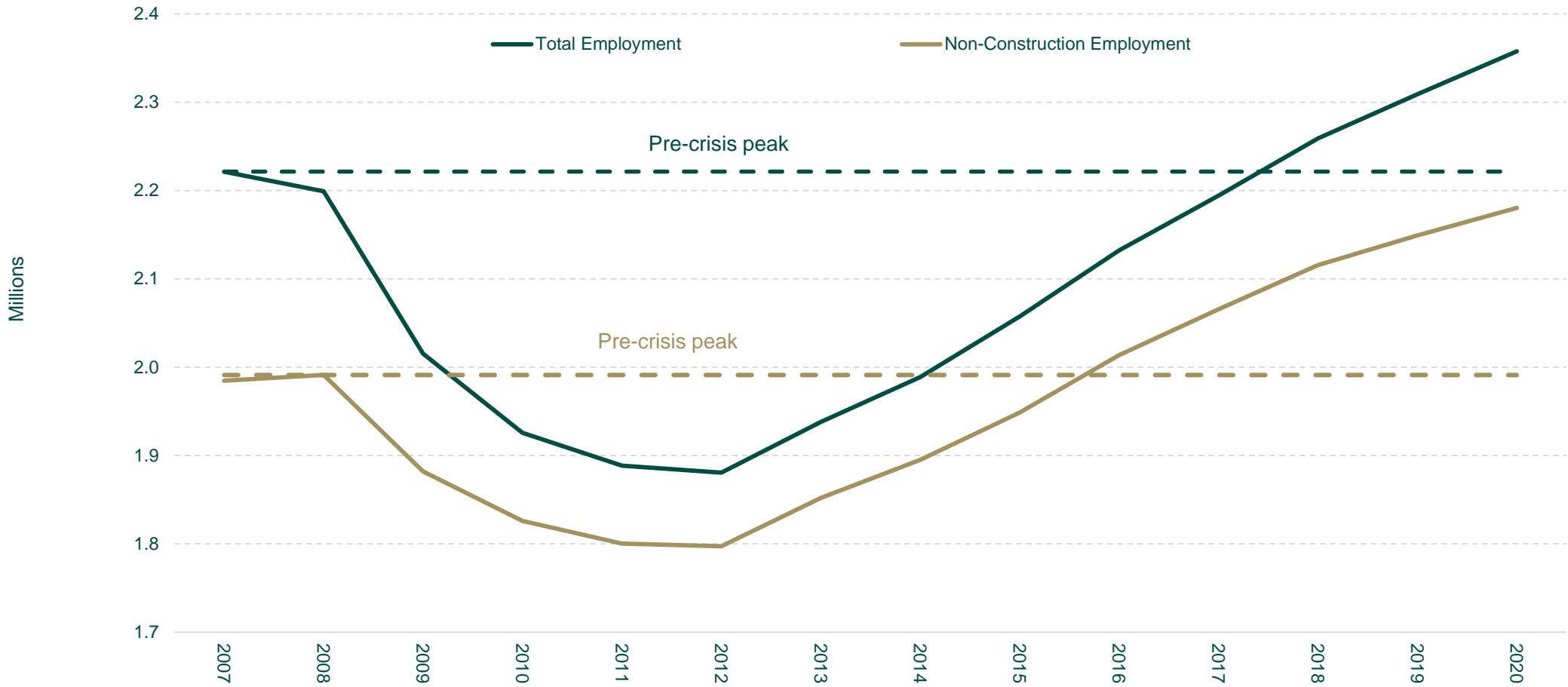




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Labour Market and Price Developments

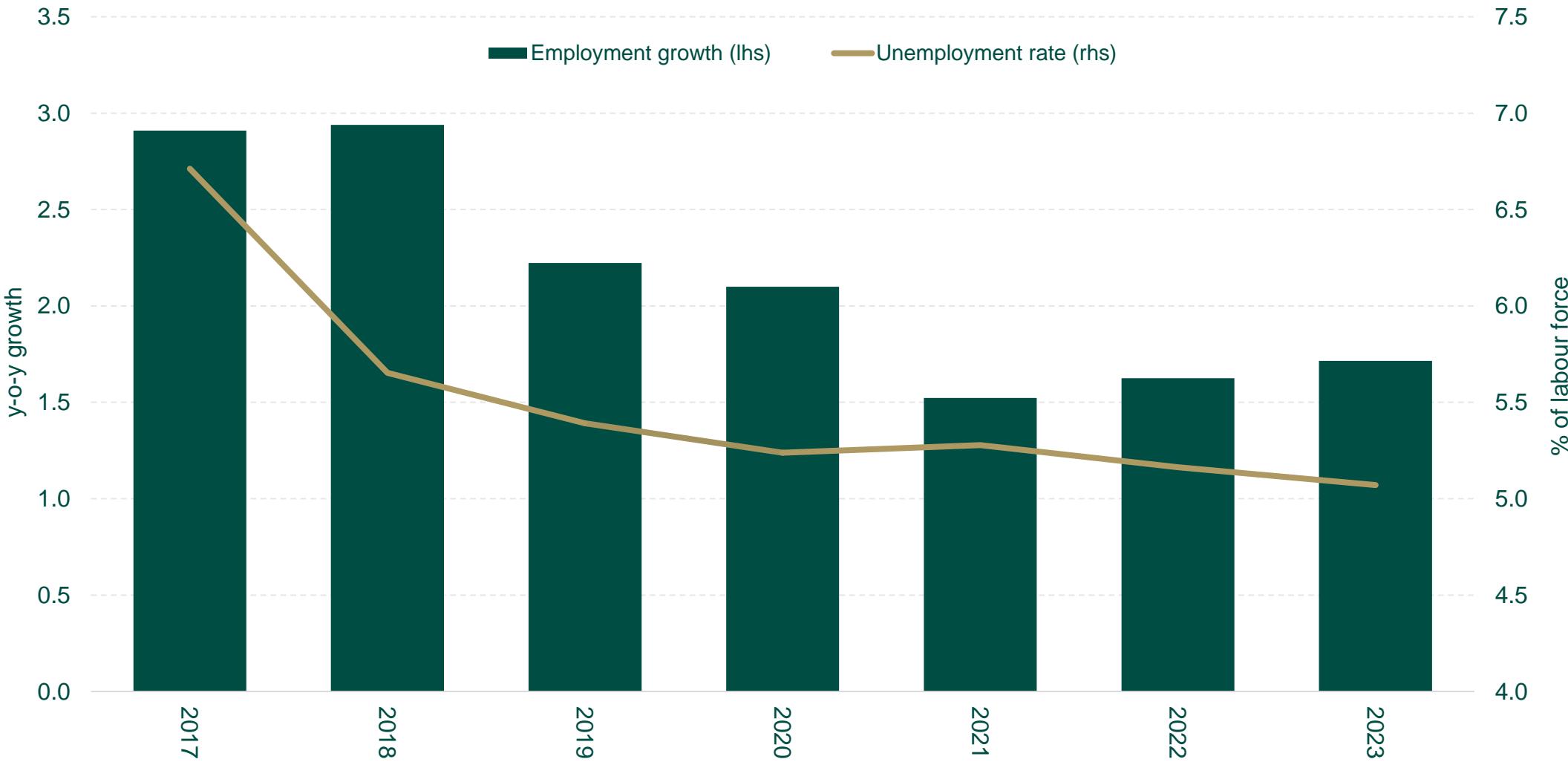
Continued growth in employment



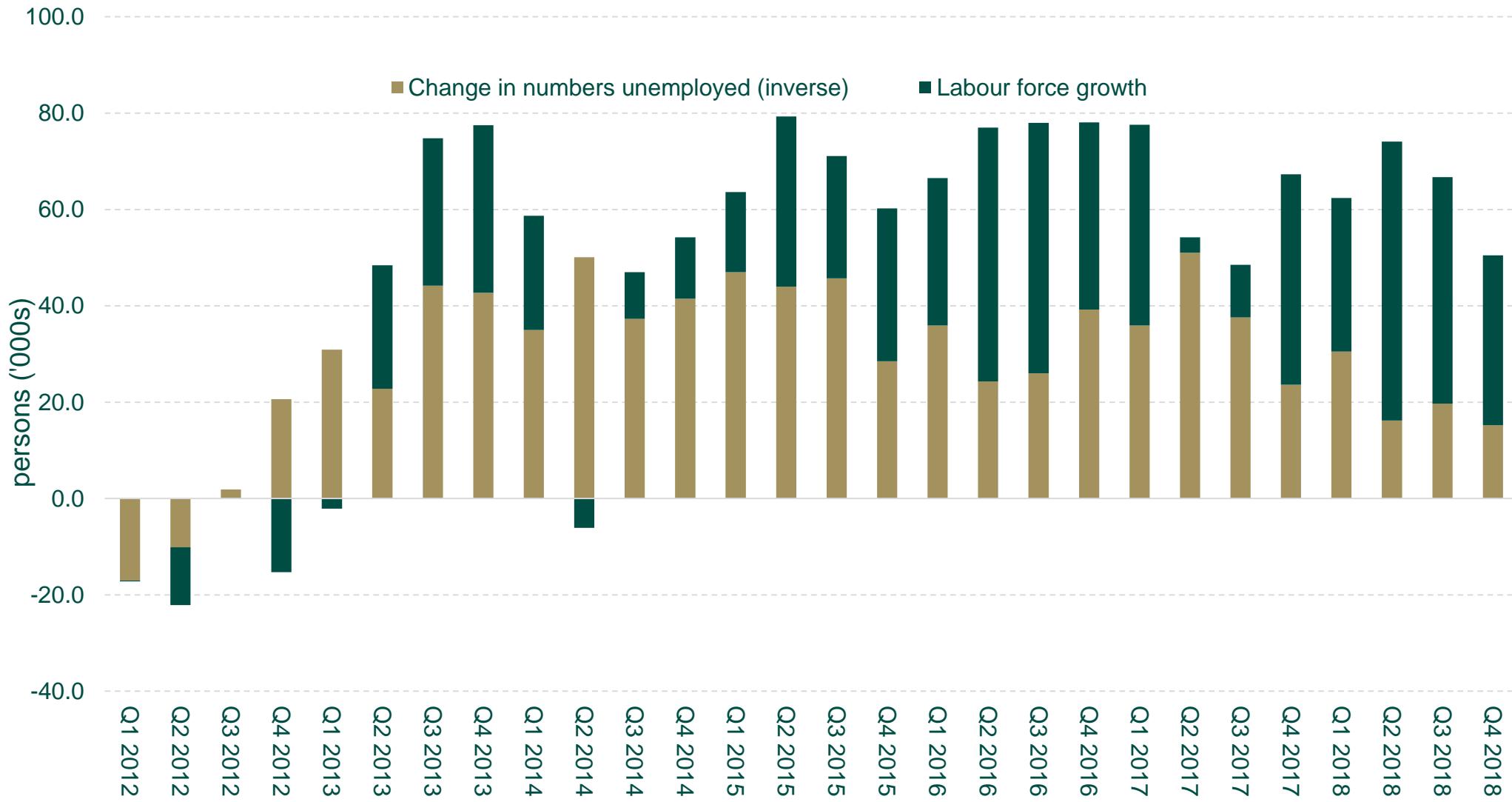
But participation still lagging



Unemployment rate to decline to 5 per cent over medium term



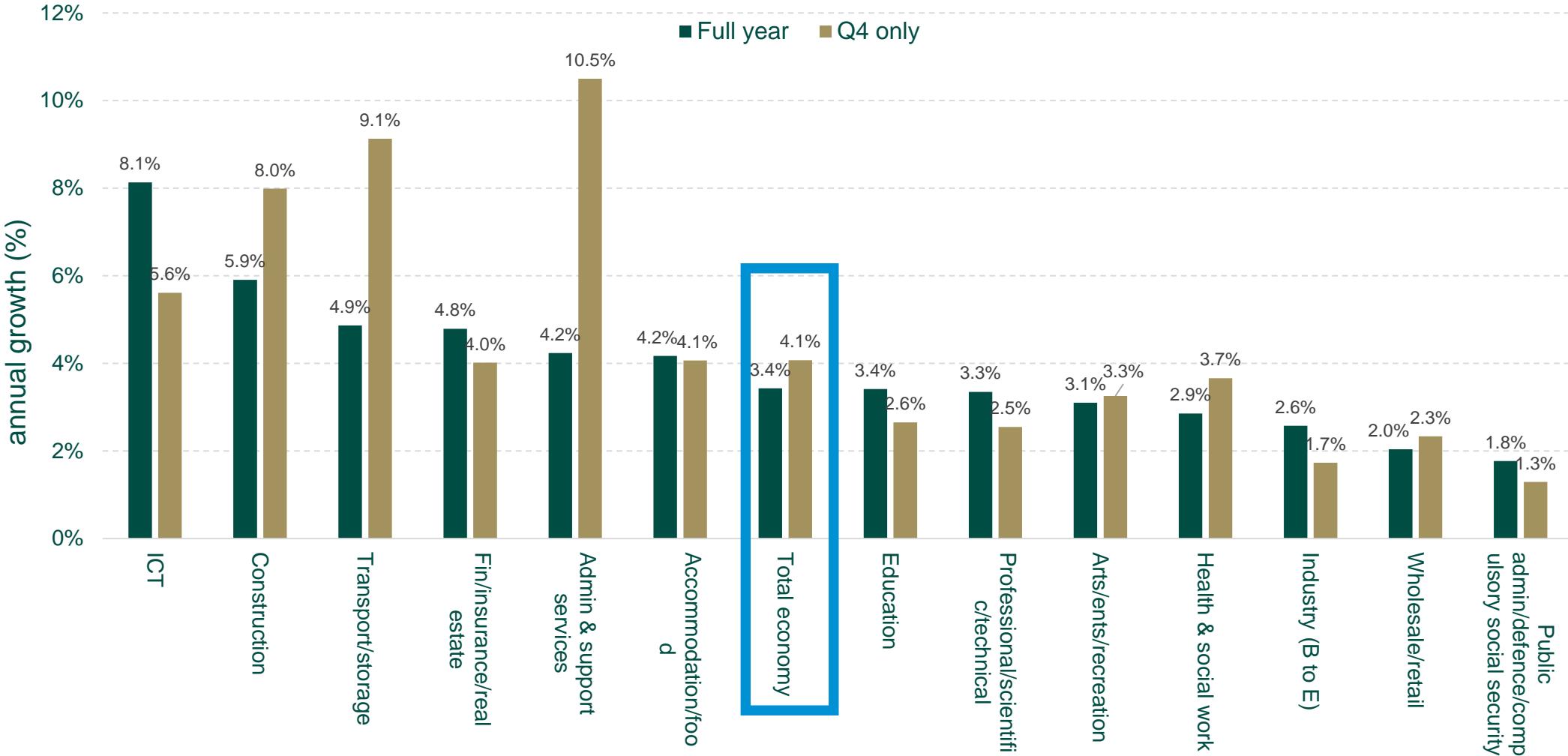
Contribution of falls in unemployment to employment growth declining



Sectoral heterogeneity in pay developments...



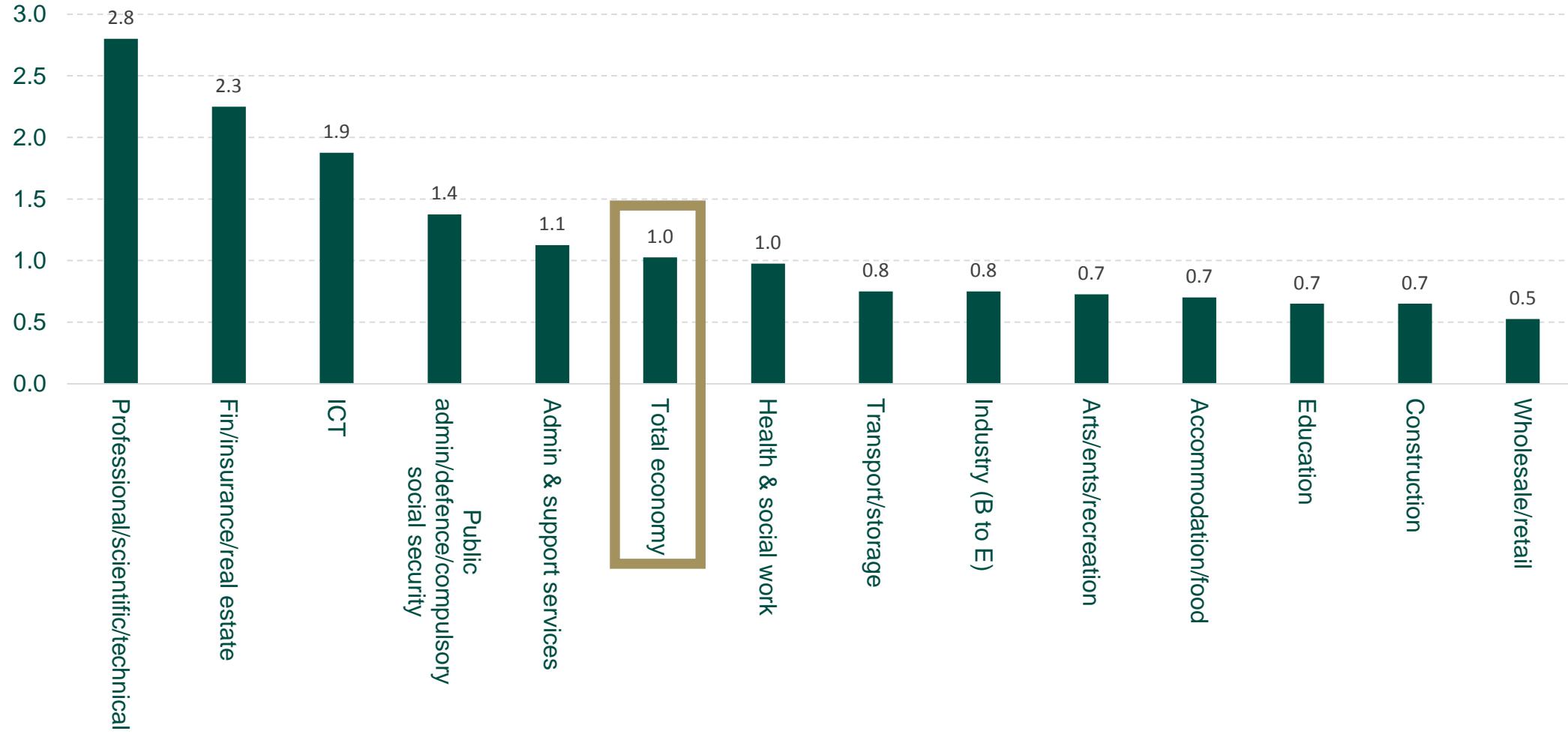
year-on-year growth, weekly earnings, 2018



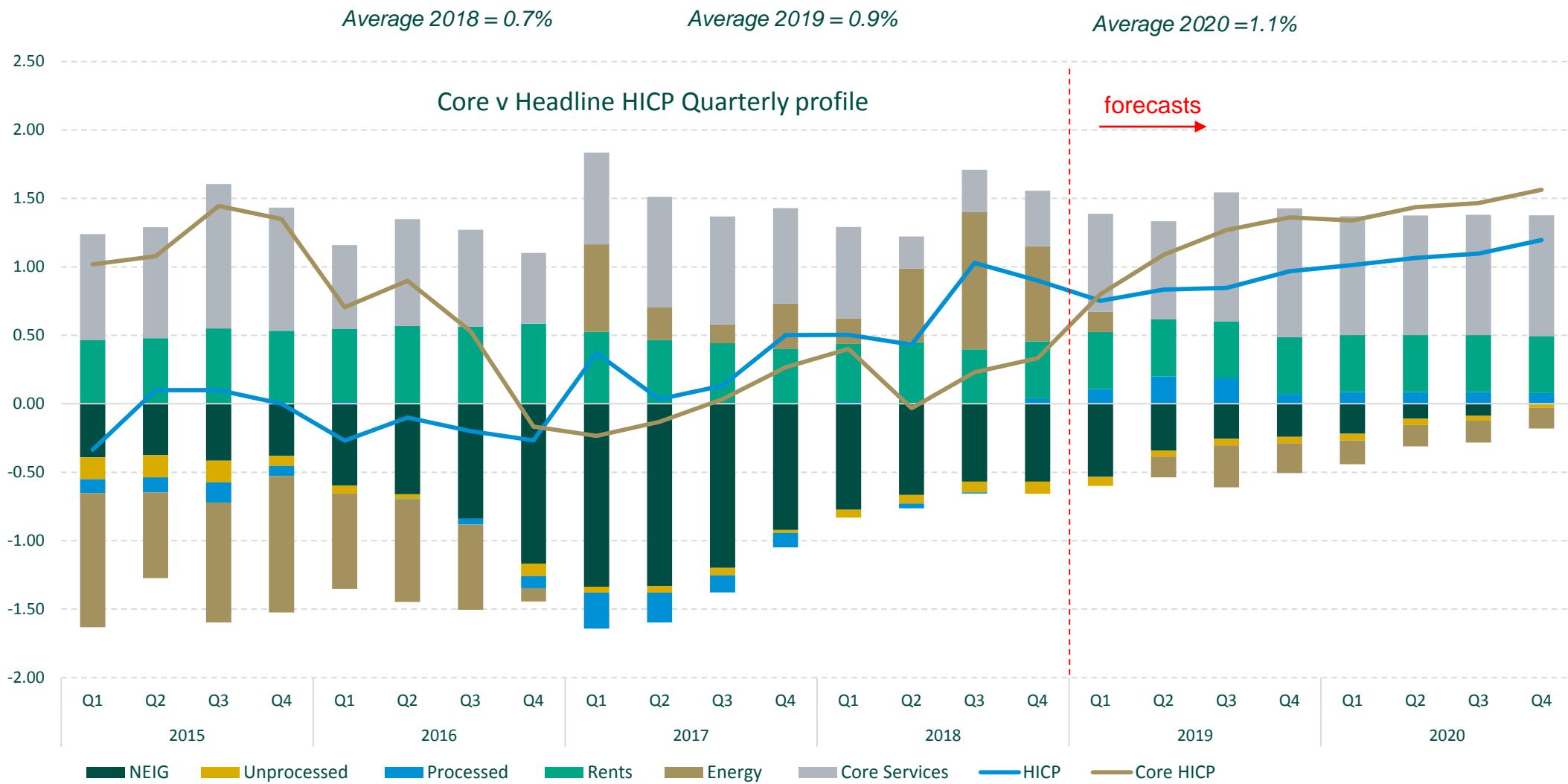
...and sectoral heterogeneity in vacancy rates



2018 average vacancy rates (per cent)



Drag from goods prices, while service prices grow strongly...





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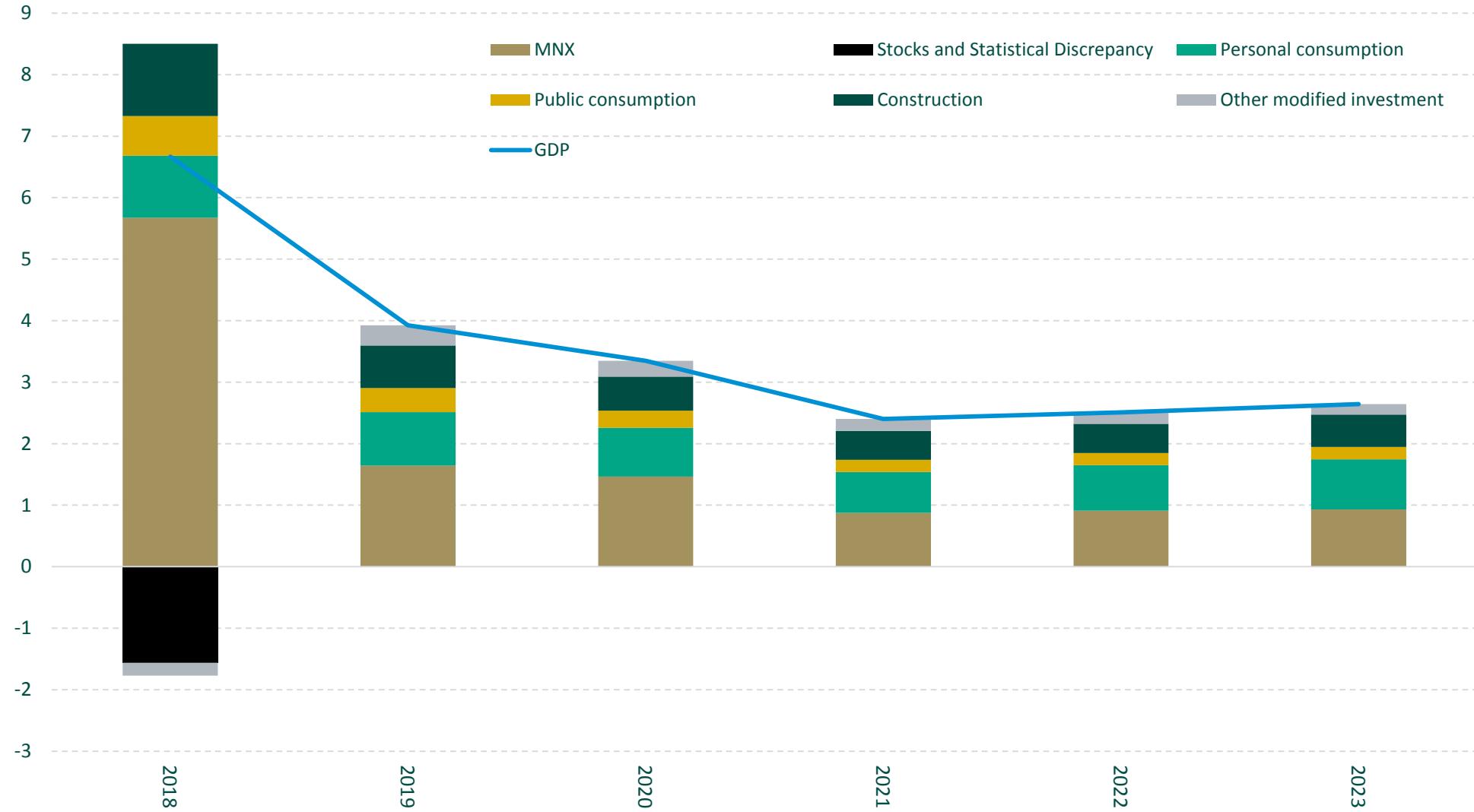
Main Projections

SPU 2019 - Macroeconomic Outlook



year-on-year % change	2018	2019	2020	2021	2022	2023
GDP	6.7	3.9	3.3	2.4	2.5	2.6
GNP	5.9	3.7	3.1	2.2	2.3	2.4
Nominal GDP	8.3	5.5	5.1	4.1	4.1	4.3
Personal Consumption	3.0	2.7	2.5	2.1	2.3	2.5
Govt Consumption	6.4	3.9	2.7	2.0	2.0	2.0
Investment	9.8	6.9	5.5	4.2	4.1	4.1
Exports	8.9	5.2	4.5	3.7	3.6	3.5
Imports	7.0	5.9	5.0	4.4	4.2	4.1
HICP	0.7	0.9	1.1	1.6	2.0	2.3
GDP Deflator	1.5	1.5	1.7	1.7	1.6	1.6
Employment	2.9	2.2	2.1	1.5	1.6	1.7
Unemployment (rate)	5.7	5.4	5.2	5.3	5.2	5.1
contributions to growth (p.p)						
Final Domestic Demand	3.9	3.0	2.5	2.0	2.0	2.2
Change in Stocks	-0.7	0.0	0.0	0.0	0.0	0.0
Net Exports	4.3	1.0	0.8	0.4	0.5	0.5
Modified Domestic Demand (exc. stocks)	2.6	2.3	1.9	1.5	1.6	1.7
Modified Net Exports	5.7	1.6	1.5	0.9	0.9	0.9

Contributions to GDP



Impact of Brexit on Ireland (change from baseline in levels)



Brexit Impact on Level of Irish GDP

