

SPRING 2008 ECONOMIC OUTLOOK FOR IRELAND: ANSWERS FROM IBEC

| MAIN FORECAST | | | | | | |
|---|---|--|---|--|---|---|
| | 2007 | 2008 | 2009 | | | |
| Real GDP growth | 5.3 | 2.2 | 3.8 | | | |
| Consumer price inflation | 2.8 | 2.7 | 2.2 | | | |
| Unemployment rate | 4.5 | 5.8 | 6.0 | | | |
| Employment growth | 3.3 | 0.4 | 1.5 | | | |
| Components of aggregate demand | | | | | | |
| Annual % change | 2007 | 2008 | 2009 | | | |
| Private consumption | 5.4 | 3.3 | 3.5 | | | |
| Public consumption | 6.7 | 4.0 | 3.2 | | | |
| Investment (Gross fixed capital formation) | 0.2 | -10.3 | 3.4 | | | |
| Exports | 8.2 | 5.5 | 5.3 | | | |
| Imports | 6.4 | 3.0 | 5.0 | | | |
| ECONOMIC SENTIMENT | | | | | | |
| | Positive | Negative | Unchanged | | | |
| Trend in business climate over the next 6 months | Services | Industry | | | | |
| | Positive | Negative | Unchanged | | | |
| Trend in profitability over the next 6 months | | Industry | Services | | | |
| | Increase (faster pace) | Increase (slower pace) | Unchanged | Decrease (slower pace) | Decrease (faster pace) | |
| Investment intentions over the next 6 months | | Services | Industry | | | |
| | Replacement | Extension | Rationalisation | Innovation | | |
| Driving force behind investment decisions in the next 6 months | Same | Same | Same | Up | | |
| | Positive | Negative | Unchanged | | | |
| Trend in consumer confidence over the next 6 months | | yes | | | | |
| | Industry: past 6 months | Industry: next 6 months | Services: past 6 months | Services: next 6 months | | |
| Overall trend in employment | Same | Down | Up | Up | | |
| | Higher / more difficult | Same | Lower / less difficult | | | |
| Over the next 6 months, cost/access to finance will be... | Access | Cost | | | | |
| | to a large extent | to some extent | to a limited extent | not at all | | |
| Financial market turmoil has affected companies' investment decisions negatively ... | | | yes | | | |
| EXCHANGE RATE DEVELOPMENTS | | | | | | |
| | Dollar per euro | | | | | |
| Where will the EUR/USD stand in October 2008 ? | 1.52 | | | | | |
| POLICY MIX | | | | | | |
| | Not necessary, situation is satisfactory | Excellent | Satisfactory | Neither satisfactory nor unsatisfactory | Unsatisfactory | Deteriorating |
| Progress towards medium-term budgetary objective is... | | | yes | | | |
| | Tight, appropriate for the euro area | Tight | Appropriate | Loose | Loose, appropriate for the euro area | |
| Monetary policy is... | | | yes | | | |
| | Above-target inflation | Downside risks to growth over medium term | Inflation pressures from high oil and commodity prices | Upside risks to wage inflation | Risks related to credit market turbulences | Risks of further euro appreciation |
| Focus on elements of the ECB analysis underlying its current policy stance is... | appropriate | insufficient | appropriate | appropriate | appropriate | insufficient |
| | Adequate | Inadequate | | | | |
| Consistency between fiscal and monetary policies | yes | | | | | |