


AUTUMN 2010 ECONOMIC OUTLOOK FOR IRELAND: ANSWERS FROM IBEC
MAIN FORECAST

Annual % change	2010	2011
Real GDP growth	-0.3	2.2
Consumer price inflation	-1.4	0.9
Unemployment rate	13.3	13.0
Employment growth	-3.7	-0.2
government net lending (% of GDP)	-32.0	-9.5
gross public debt (% of GDP)	99.5	103.0
current account balance (% of GDP)	-1.3	0.2

Components of aggregate demand - in real terms

<i>Annual % change</i>		
Private consumption	-1.3	0.7
Public consumption	-3.0	-3.5
Investment (Gross Fixed Capital Formation)	-21.2	-2.3
Private non-residential investment	-15.0	3.0
Exports	5.3	4.2
Imports	1.7	1.9

ECONOMIC SENTIMENT

	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>			
Trend in business climate over the next 6 months	Industry					
	Services					
Trend in profitability over the next 6 months	Industry					
	Services					
Investment intentions over the next 6 months	<i>Increase (faster pace)</i>	<i>Increase (slower pace)</i>	<i>Unchanged</i>	<i>Decrease (slower pace)</i>	<i>Decrease (faster pace)</i>	
	Industry					
Services						
Influence on companies' investment decisions	<i>Global demand</i>	<i>Domestic demand</i>	<i>Cost of finance</i>	<i>Availability of finance</i>	<i>Company Profitability</i>	<i>Capacity Utilisation</i>
	positive	negative	negative	negative	positive	neutral
Driving force behind investment decisions in the next 6 months	<i>Replacement</i>	<i>Extension</i>	<i>Rationalisation</i>	<i>Innovation</i>		
	neutral	neutral	positive	positive		
Overall trend in employment	<i>Industry: past 6 months</i>	<i>Industry: next 6 months</i>	<i>Services: past 6 months</i>	<i>Services: next 6 months</i>		
	Down	Down	Down	Down		



ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH

<i>Compared to 6 months ago, cost/access to finance has been...</i>	sharply up / restrained	up / more difficult	same	down / easier
<i>for SMEs</i>		Cost Access		
<i>for larger companies (>250 employees)</i>		Cost	Access	

<i>Over the next 6 months, cost /access to finance will be...</i>	sharply up / restrained	up / more difficult	same	down / easier
<i>for SMEs</i>		Cost Access		
<i>for larger companies (>250 employees)</i>		Cost	Access	

	Measures to improve bank lending capacity	Facilitating access to capital markets (corporate bonds and stock markets)	Improving conditions for equity financing
Measures to alleviate current financial difficulties for SMEs	Very important effect	Important effect	Important effect



POLICY MIX

	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate</i>	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>	yes				
<i>Consistency between fiscal and monetary policies</i>	adequate yes	inadequate			
<i>Regarding the sustainability of public finances, government shows ...</i>	excellent commitment yes	satisfactory commitment	neither satisfactory nor unsatisfactory commitment	unsatisfactory commitment	no clear commitment creating an extremely worrying situation
<i>Exit Strategies</i>	excessive focus	sufficient focus	neither satisfactory nor insufficient focus	insufficient focus	so far ignored
<i>Tight fiscal rules and more effective institutions</i>		yes			
<i>Greater efficiency of public administrations</i>		yes			
<i>Credible cost-cutting measures</i>		yes			
<i>Increased scope of public-private partnerships</i>				yes	
<i>Reform of pension systems</i>				yes	
<i>Improved efficiency of healthcare sector</i>				yes	
<i>Entry Strategies</i>	excessive focus	sufficient focus	neither satisfactory nor insufficient focus	insufficient focus	so far ignored
<i>More and better-targeted education and training</i>				yes	
<i>More and better targeted R&D and innovation efforts</i>			yes		
<i>Prioritisation of infrastructure investments</i>			yes		
<i>Growth enhancing tax reforms</i>			yes		
<i>In 2015, the government deficit will...</i>	respect the 3% limit yes	be in balance no			