

Records of meetings

12th April 2011

Davy Stockbrokers

Domestic demand is very weak, especially in nominal terms—a symptom of the ongoing debt deflation. This makes the fiscal consolidation challenges especially daunting. Compounding the problems, private sector debt is also very high (around 300% of GDP). Indeed, this is the main difference with the previous successful consolidation achieved by Ireland in the 1980s, when private debt was much lower, i.e. about 60% of GDP.

For the medium term, one of the most promising sectors in terms of job creation is primary agriculture, which will be boosted by continued high world food prices and by the removal of EU quotas in 2015.

17th October 2011

National Irish Bank

NBI is optimistic on growth. GDP forecast for 2011 of 1.6%. For 2012, growth is projected at 1.9%, with a slight increase in domestic demand and strong export growth (4%).

Survey data showed Irish MNCs assessed export outlook still as very good, with further developments very dependent on the situation in the UK.

House prices are expected to go down further, due to low confidence. However, over the medium-term house prices should also rise again due to demographic developments. Credit dynamics are expected to remain weak, related to both weak demand and weak supply.

The loan book of NIB has been reduced aggressively over the last years. [REDACTED]

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16th January 2012

Goodbody Stockbrokers

Goodbody forecast 0.3% growth this year and below 2% next year. The reason is the familiar story of external headwinds and the continuing domestic impact of deleveraging and consolidation.

Goodbody argued forcefully that the LDR targets for IE banks are too ambitious and are damaging economic growth. They say loans are being decreased the easy way - through a reduction in new credit flows - which is damaging economic growth. They highlighted the restriction of new credit as the key policy issue with impacts for business viability and labour retention and/or creation.

Irish Business and Employers' Confederation (IBEC)

IBEC repeated the Construction Industry Federation concerns about variation in REAs. They also claimed that the surprise reduction in the rebate of employers' social insurance costs (from 60% to 15%) is a de facto large increase in employment protection, and that the fiscal saving will be greatly outweighed by reductions in labour market flexibility. IBEC suggested it was a recipe for industrial tension and will increase firms' reluctance to hire new staff.

IBEC see growth at about 1% this year, but with upside risks due to £ and \$ appreciation, which account for a large bulk of IE exports