



TAM Ireland – Switched on 2016  
The Economic Future - What's  
in Store for our Customers

October 14<sup>th</sup> 2016

Jim

Power

# The Global Backdrop

- Global background highly unusual
- Sluggish growth & lack of inflation key characteristics
- Interest rates & bond yields at historic lows
- Quantitative Easing
- Zero ECB interest rates to persist
- Significant Economic & Non-Economic risks

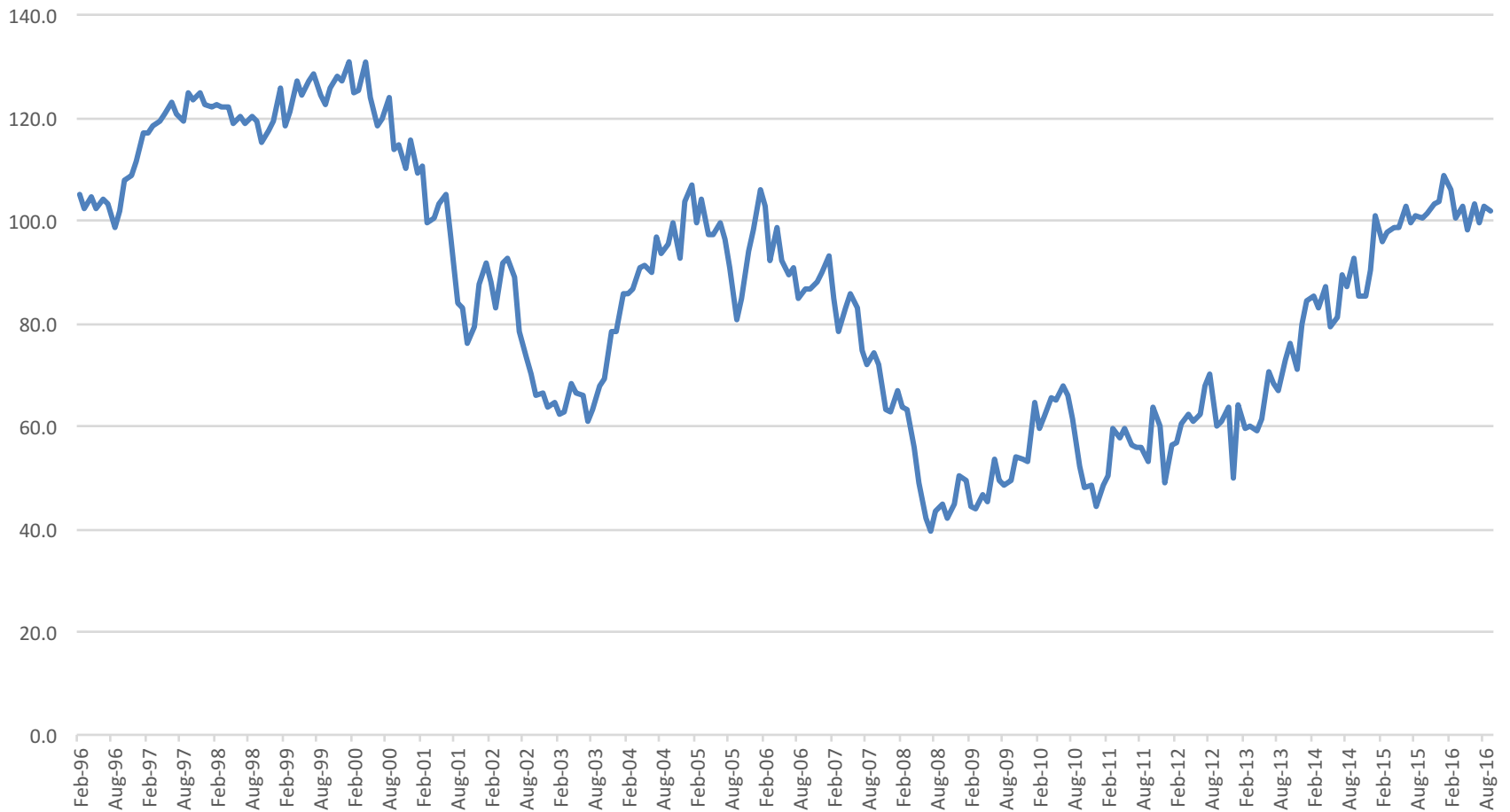
# The Economic Context for Ireland

- Global challenges – Brexit top of the pile
- Irish economy in strong statistical recovery
- The domestic challenges very obvious
- Housing
- Demand for more & better public services, but fiscal limitations
- Pay Pressures building
- Regional balance of economic activity – now a big focus
- Politics & policy making

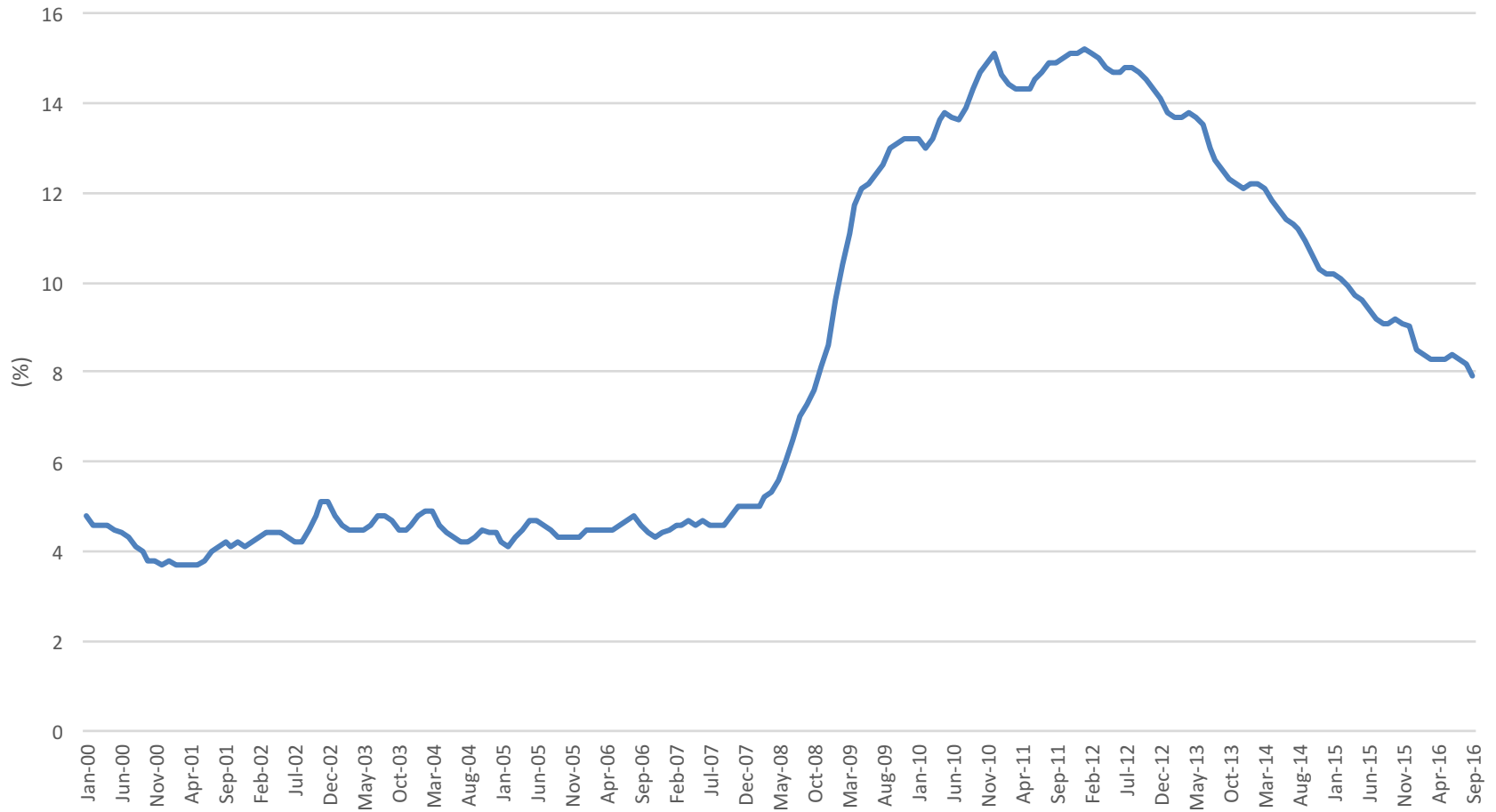
# The Economy in 2016

- Consumer spending +3.5%
- Retail sales Val +5%: Volume +7.1%
- Retail Sales ex-cars Val +2.8%; Volume +5.1%
- Exports +2.7%; UK -4.6%
- Unemployment Rate 7.9%
- Employment >2 million
- Solid economic performance

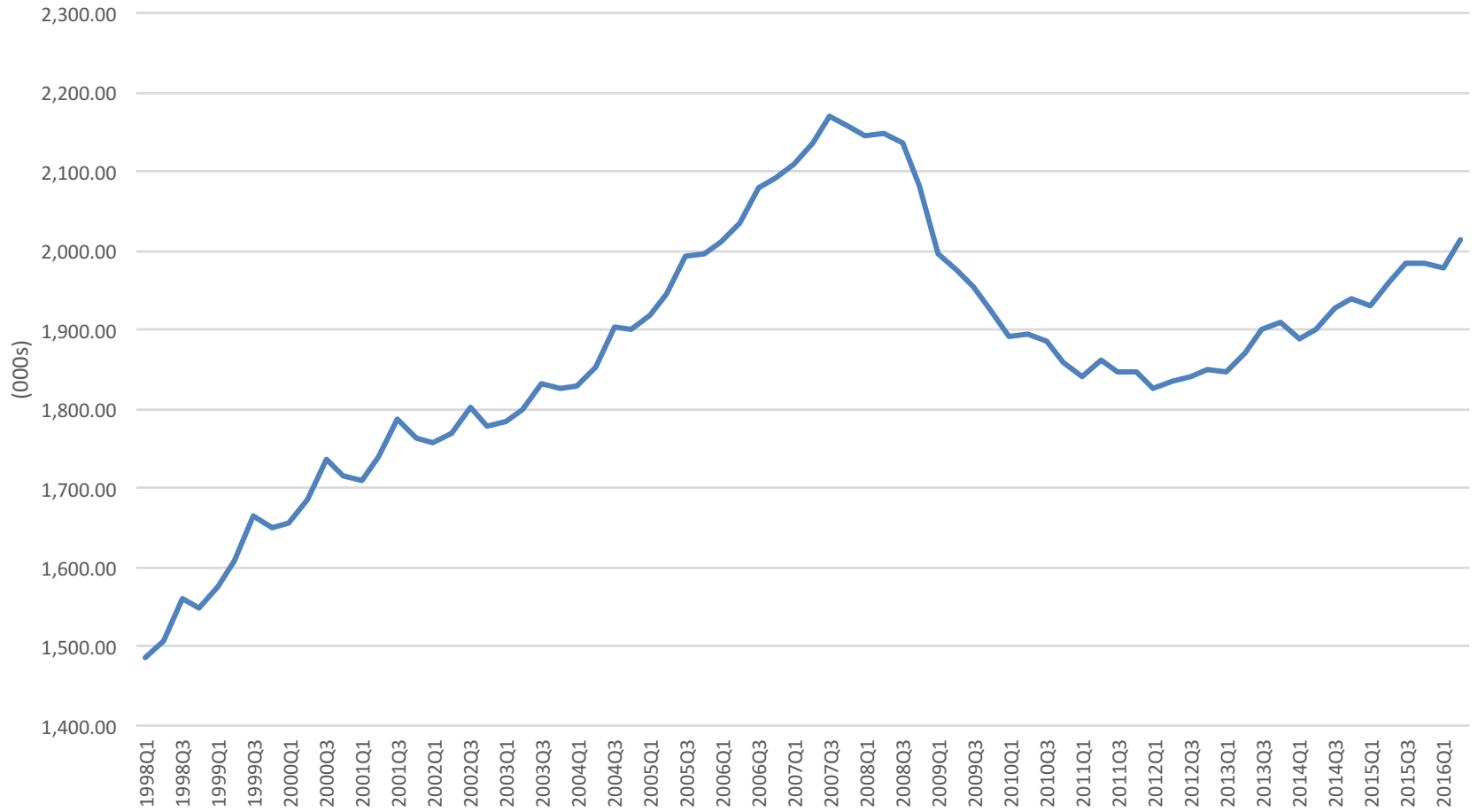
# Ireland-Consumer Confidence



# Unemployment (% Labour Force)



# Employment

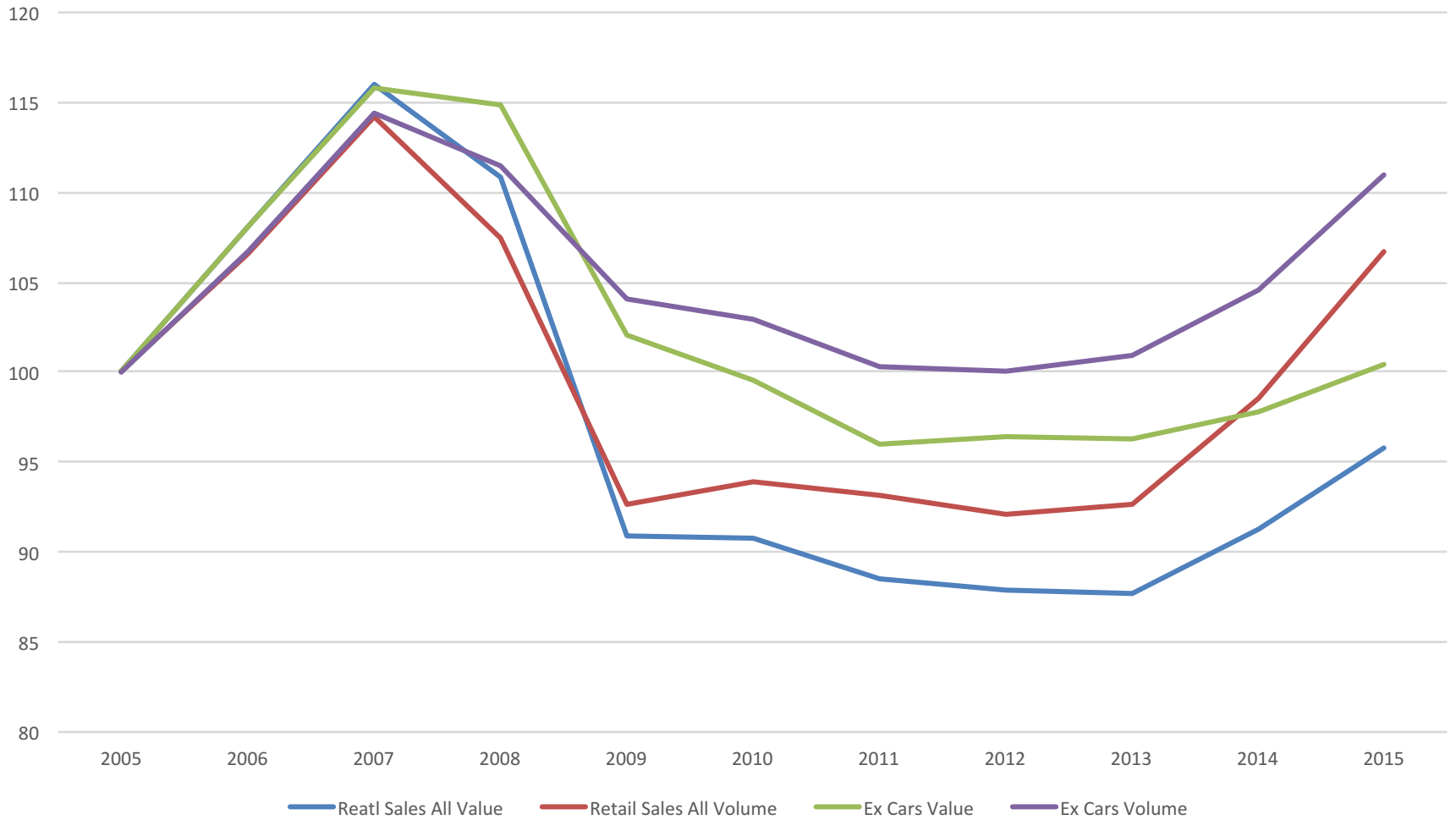


# Ireland-Employment Q2 2016

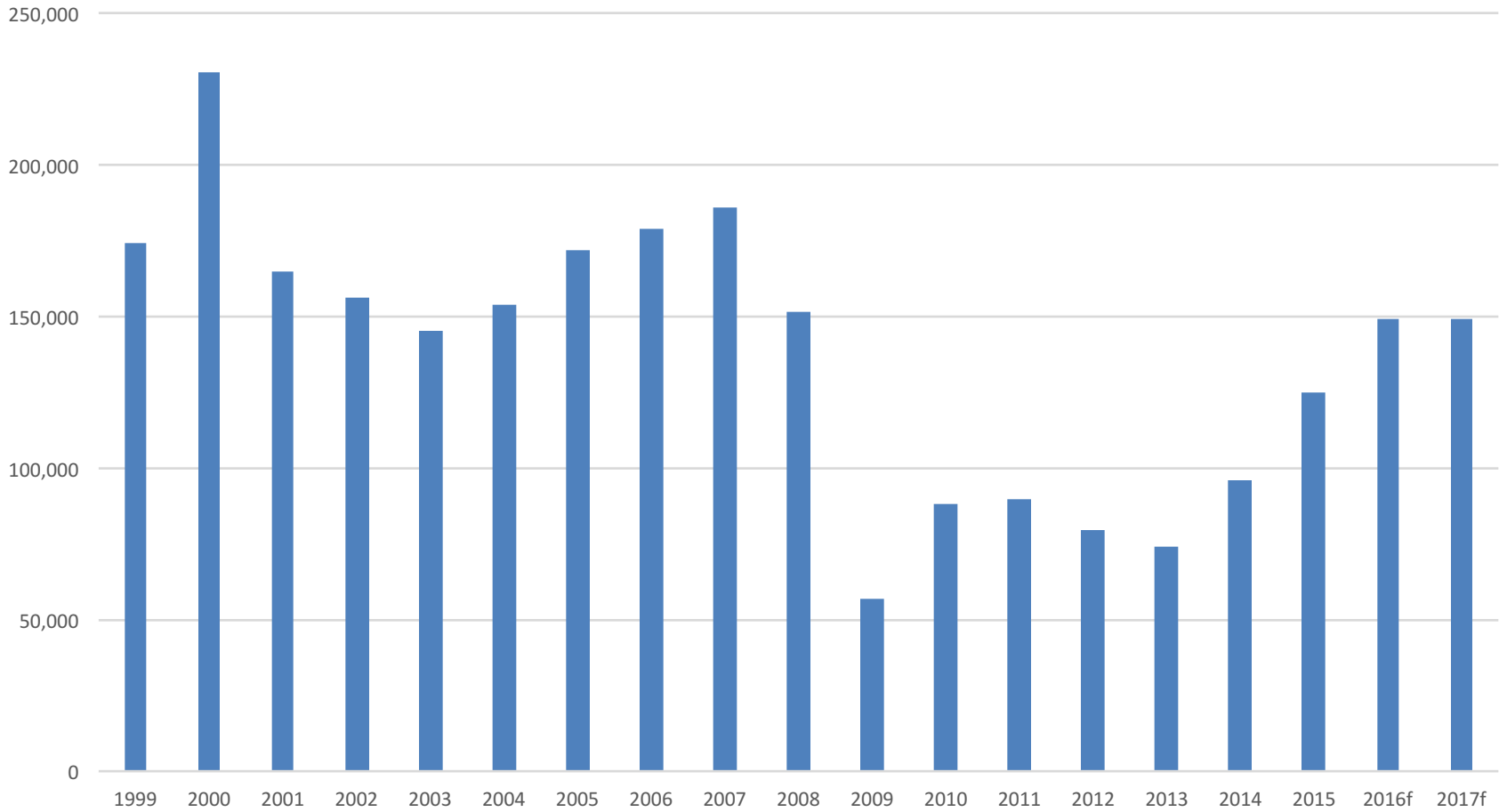
SECTOR	EMPLOYMENT	ANNUAL CHANGE
<b>Agriculture F&amp;F</b>	<b>116,400</b>	<b>+3,900</b>
<b>Industry</b>	<b>255,000</b>	<b>+9,200</b>
<b>Construction</b>	<b>136,900</b>	<b>+11,000</b>
<b>Wholesale &amp; Retail Trade</b>	<b>274,100</b>	<b>+2,400</b>
<b>Transportation &amp; Storage</b>	<b>94,900</b>	<b>+2,100</b>
<b>Accommodation &amp; Food Services</b>	<b>145,800</b>	<b>+9,100</b>
<b>Information &amp; Communication</b>	<b>84,700</b>	<b>+2,400</b>
<b>Financial, Insurance &amp; Real Estate</b>	<b>101,600</b>	<b>-1,100</b>
<b>Professional &amp; Scientific</b>	<b>115,000</b>	<b>-800</b>
<b>Administrative &amp; Support Services</b>	<b>70,100</b>	<b>+6,300</b>
<b>Public Admin &amp; Defence</b>	<b>105,000</b>	<b>+4,600</b>
<b>Education</b>	<b>150,900</b>	<b>+200</b>
<b>Health &amp; Social Services</b>	<b>251,100</b>	<b>+2,000</b>
<b>Other</b>	<b>106,500</b>	<b>+4,400</b>
<b>Total</b>	<b>2,014.9</b>	<b>+56,200</b>



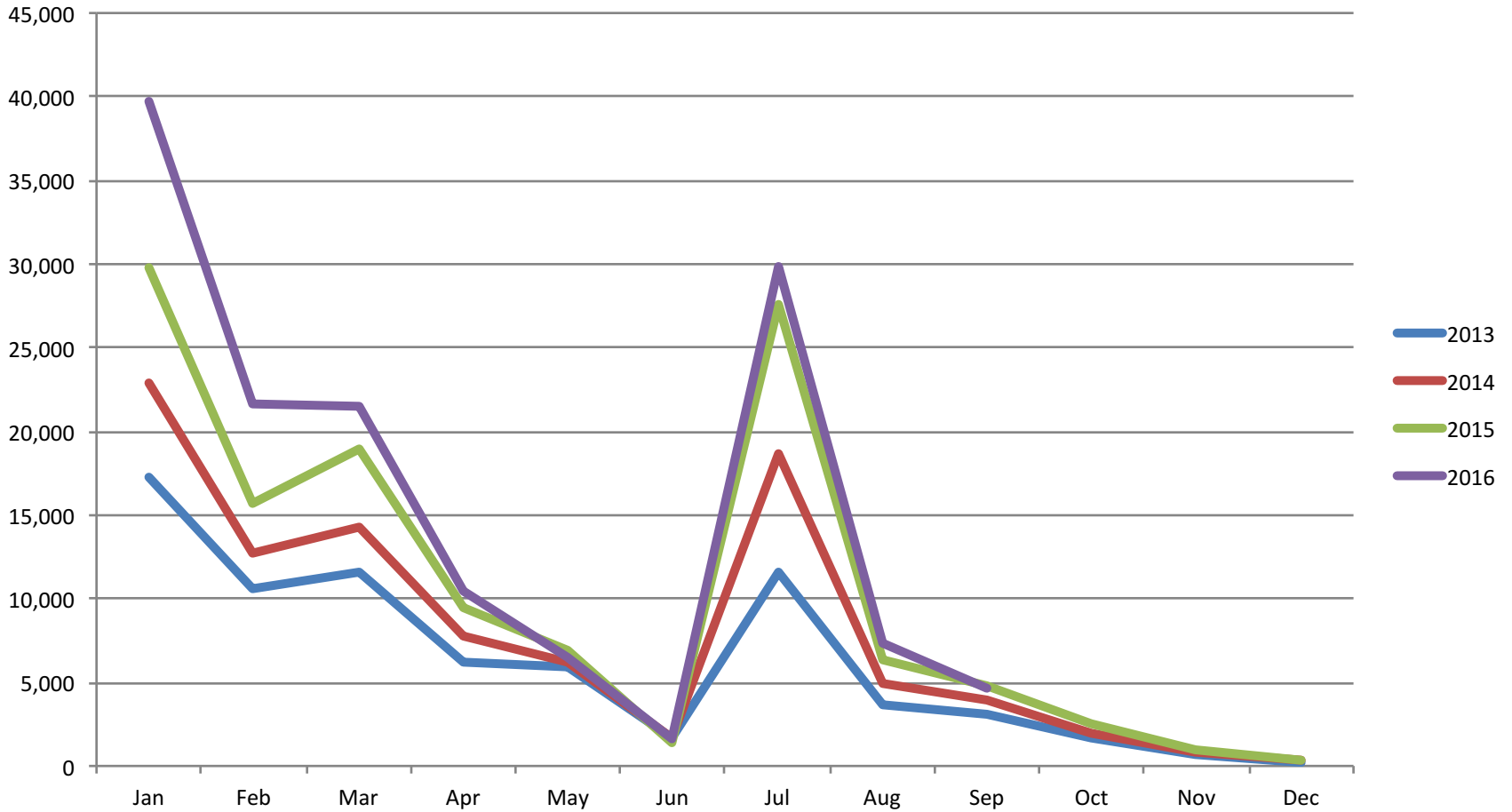
# Retail Sales



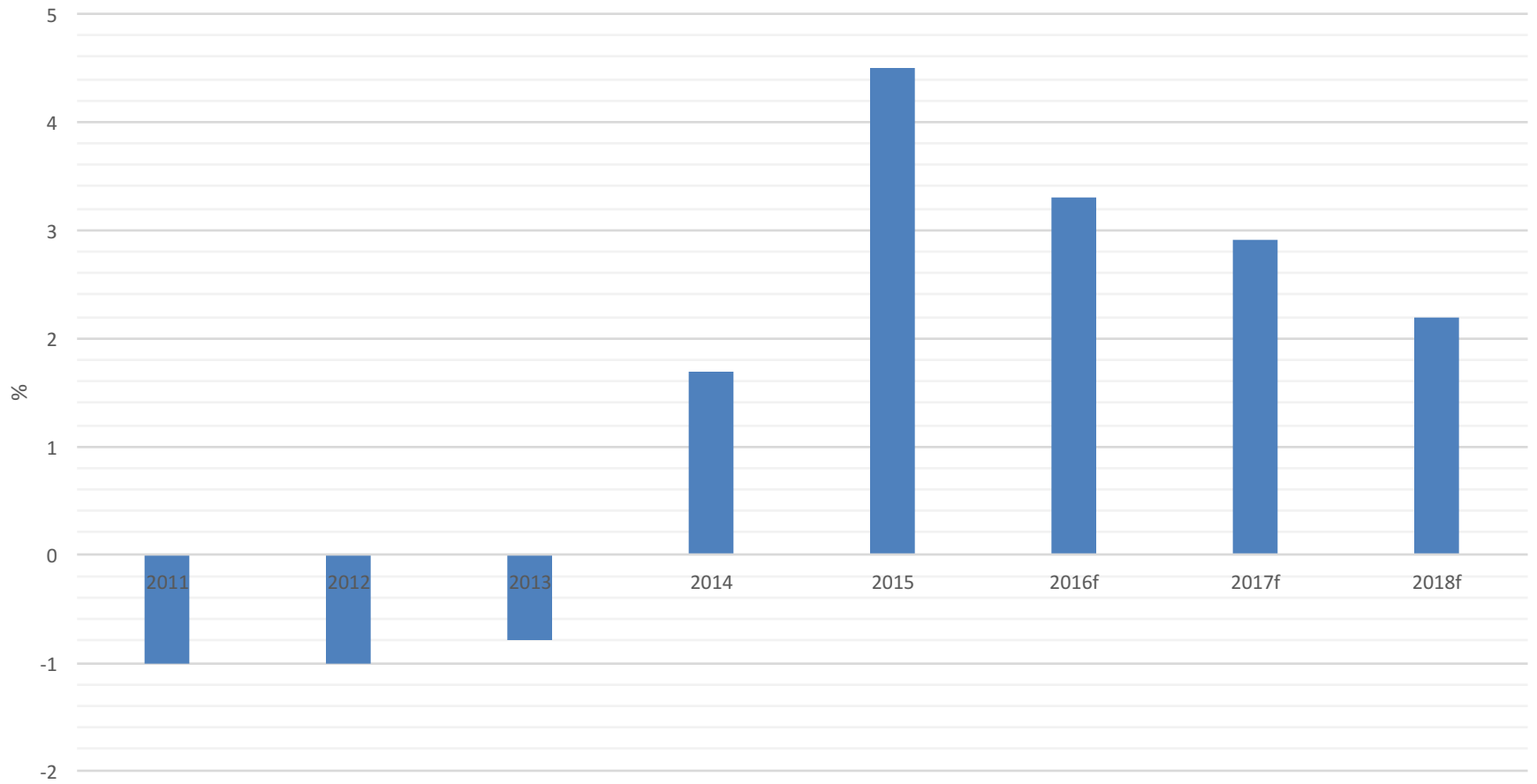
# New Car Registrations



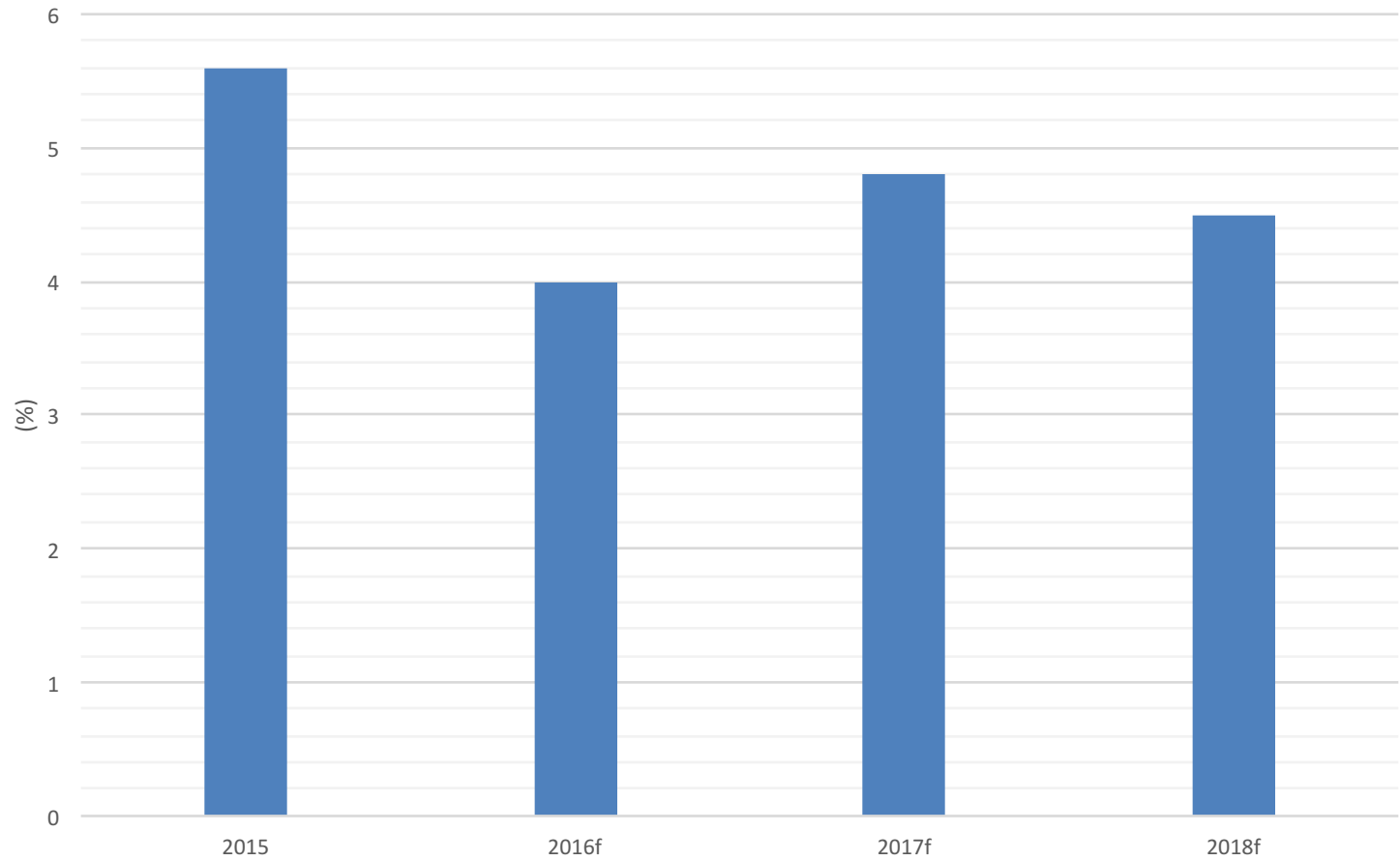
# Monthly Trend



# Consumer Expenditure



# Personal Disposable Incomes (% YoY)



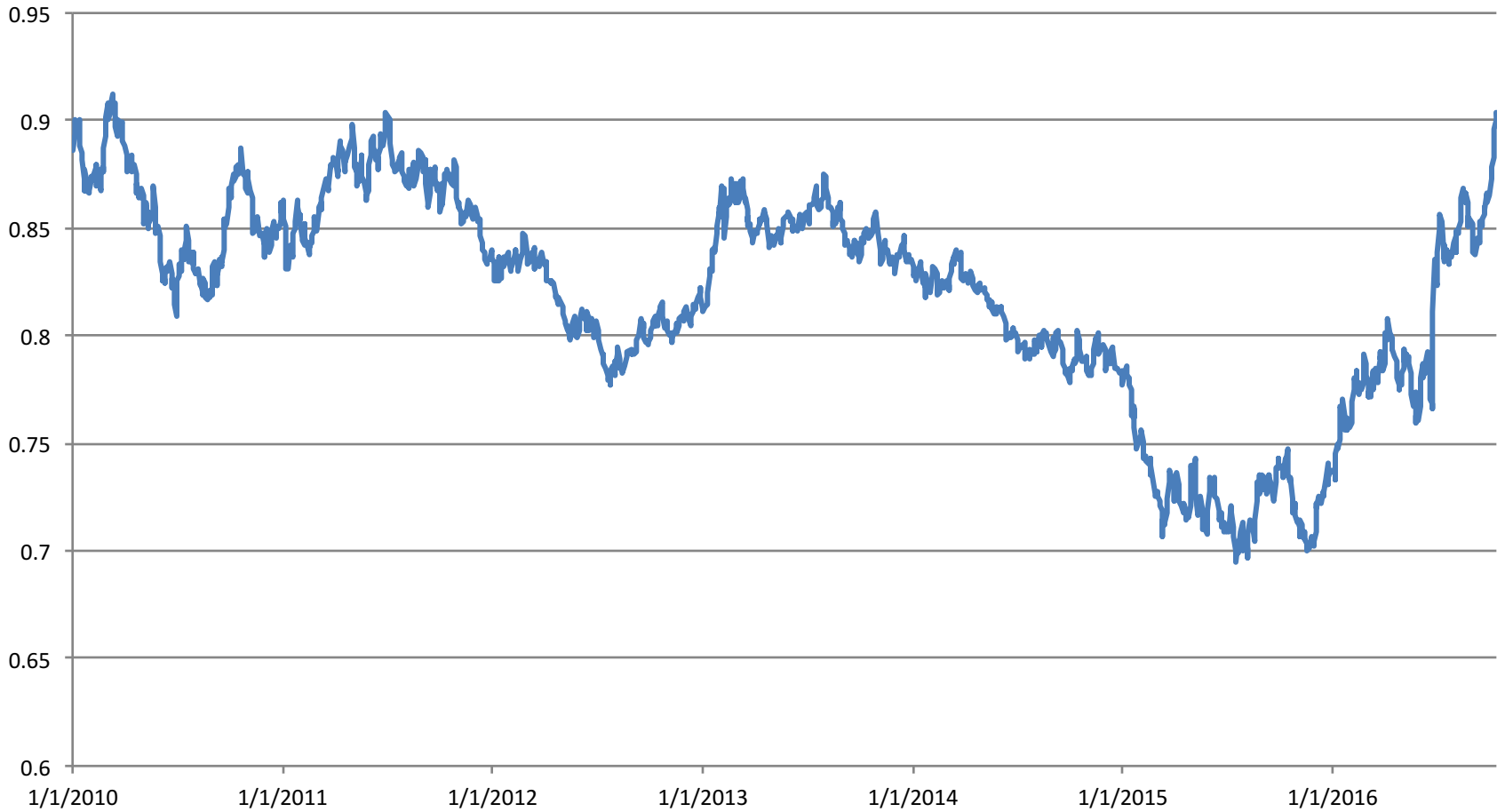
# Economic Assumptions Budget 2017

	2016f	2017f	2018f
GDP	+4.2%	+3.5%	+3.4%
GNP	+7.5%	+3.3%	+3.2%
Consumption	+3.3%	+2.9%	+2.2%
Investment	+15.8%	+6.0%	+4.7%
Exports	+3.6%	+4.5%	+4.8%
Unemployment Rate	8.3%	7.7%	7.3%
Employment (000s)	2,015	2,060	2,103

# Trends in Irish Taxation

	2006	2016f	2017f
Expenditure Taxes	€19.3 bln	€18.6 bln	€19.7 bln
% Tax Take	42.4%	38.7%	38.9%
<b>Income Tax</b>	<b>€12.4 bln</b>	<b>€19.1 bln</b>	<b>€20.2 bln</b>
<b>% Tax Take</b>	<b>27.2%</b>	<b>39.9%</b>	<b>40.0%</b>
Corporation Tax	€6.7 bln	€7.5 bln	€7.7bln
% Tax Take	14.7%	15.6%	15.2%
Capital Taxes	€3.5 bln	€1.1 bln	€1.1 bln
% Tax Take	7.6%	2.3%	2.3%
Total Tax Take (€bln)	€45.5 bln	€48.1bln	€50.6 bln

# Sterling Under Significant Pressure





# Brexit & Ireland

- Impact on sterling?
- Impact on UK economy?
- FDI – possible opportunity?
- Northern Ireland border?
- Ireland could become more attractive for students, business migrants & others
- Many ‘unknown unknowns’
- Challenge to exploit the positives

# Demographic Trends – Age

Age Group	2011		2016		
	(000s)	% Total	(000s)	% Total	% CHANGE 2011-2016
15-24	580.2	16.1%	514.9	11.0%	-11.3%
25-44	1,450	31.6%	1,367	29.2%	-5.7%
45+	1,578	34.4%	1,753	37.5%	+11.0%

# Demographic Trends

- 2016 Population 4,757,976
- +3.7% 2011-2016
- Strong regional variations
- Dublin +72,333; Donegal -2,382
- Kildare +11,818; Meath +10,807; Cork +23,164; Galway +7,899

# Demographic Issues

- 15-24: Education costs, Accommodation & Social Media/Online purchasing
- 25-44: Debt legacy, Property prices & access, pensions, financial security subsidising adult children
- 45+ Financial independence, pensions, public services, more leisure time

**ANY QUESTIONS!**