

QUARTERLY ECONOMIC COMMENTARY

JULY 1998

The forecasts in this Commentary are based on data available by mid-July 1998.

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SUMMARY

At 7.7 per cent, the rate of growth of real GNP in 1997 was marginally above the average of the three previous years. As in those years, growth was well-balanced, with both exports and domestic demand increasing strongly. Indicators available for the first half of 1998 show that both exports and domestic demand have continued to expand rapidly. However, when rising imports and profit expatriations are taken into account, along with an increase in prices, real GNP in 1998 is forecast to grow at the slightly reduced rate of 6¾ per cent. This would, of course, represent the fifth successive year of extremely rapid growth in the Irish economy.

Employment is expected to increase substantially again this year, and unemployment to fall to a rate of under 9 per cent by the end of the year. The available evidence continues to suggest that the acceleration in consumer price inflation in the first half of 1998 is related to past movements in the exchange rate rather than to generalised domestic inflationary pressures. On this basis it is likely that the inflation rate will stabilise at close to 3½ per cent before the end of the year, leaving the annual average increase in the consumer price index at about 2.8 per cent. It is already clear that the public finances will again be exceptionally strong in 1998, with the general government surplus likely to rise from 0.9 per cent of GDP in 1997 to about 2 per cent in 1998.

External conditions are likely to be less favourable in 1999, with very slow growth in the UK, combined with a substantial depreciation of sterling, creating a less buoyant and more competitive export environment. Because of this and intensifying supply constraints, the growth in real GNP is projected to decline to about 5½ per cent in 1999, with a possibility that the current account surplus on the balance of payments will disappear. Employment growth is likely to be slower, although still quite substantial at about 43,000 on an annual average basis, and the unemployment rate should continue to fall. Consumer price inflation is likely to decline in the course of the year, leaving the annual average increase similar to that in 1998. Despite the slowdown in growth, and allowing for scheduled tax reductions, the public finances are projected to strengthen further, with the general government surplus rising to about 2½ per cent of GDP.

The principal danger to this relatively benign projection for 1999, and for future years, is that pay increases could become unduly large. Some gradual loss of cost competitiveness is the principal method by which growth in the Irish economy will be brought back to its sustainable long-term potential within the context of a single currency. However, too large or sudden a loss of competitiveness could prove extremely dangerous and lead to a return to conditions of net job losses, rising unemployment and net emigration. With increased competition likely from the UK in 1999 following sterling depreciation, an undue rise in Irish labour costs could be particularly damaging. A renewed commitment to the partnership strategy which has proved so successful over the past decade is becoming a matter of great urgency.

FORECAST NATIONAL ACCOUNTS 1998
A: Expenditure on Gross National Product

| | 1997 | | 1998 | | Change in 1998 | | |
|-----------------------------------|-------------|----------|--------|--------|----------------|-------|--------|
| | Preliminary | Forecast | £m | | % | | |
| | | | Value | Volume | Value | Price | Volume |
| | £m | £m | | | | | |
| Private Consumer Expenditure | 25,191 | 27,710 | 2,519 | 1,864 | 10 | 2½ | 7½ |
| Public Net Current Expenditure | 6,669 | 7,169 | 500 | 180 | 7½ | 4¾ | 2¾ |
| Gross Fixed Capital Formation | 9,448 | 11,240 | 1,792 | 1,258 | 19 | 5 | 13¼ |
| Exports of Goods and Services (X) | 40,614 | 49,015 | 8,401 | 6,968 | 20¾ | 3 | 17¾ |
| Physical Changes in Stocks | 539 | 400 | -139 | -130 | | | |
| Final Demand | 82,461 | 95,534 | 13,073 | 10,140 | 15¾ | 3¾ | 12¾ |
| less: | | | | | | | |
| Imports of Goods and Services (M) | 34,220 | 41,789 | 7,569 | 6,380 | 22 | 3 | 18¾ |
| GDP at Market Prices | 48,241 | 53,745 | 5,504 | 3,760 | 11½ | 3¾ | 7¾ |
| less: | | | | | | | |
| Net Factor Payments (F) | 6,322 | 7,501 | 1,179 | 961 | 18¾ | 3 | 15¾ |
| GNP at Market Prices | 41,919 | 46,244 | 4,325 | 2,799 | 10¾ | 3½ | 6¾ |

B: Gross National Product by Origin

| | 1997 | | 1998 | | Change in 1998 | |
|--------------------------------|-------------|----------|-------|-----|----------------|---|
| | Preliminary | Forecast | £m | | % | |
| | | | £m | £m | £m | % |
| Agriculture, Forestry, Fishing | 2,371 | 2,371 | 0 | 0 | | |
| Non-Agricultural: Wages, etc | 21,806 | 23,987 | 2,181 | 10 | | |
| Other: | 15,520 | 17,536 | 2,016 | 13 | | |
| less: | | | | | | |
| Adjustments | 2,017 | 2,262 | 245 | 12¼ | | |
| Net Factor Payments | 6,322 | 7,501 | 1,179 | 18¾ | | |
| National Income | 31,358 | 34,131 | 2,773 | 8¾ | | |
| Depreciation | 5,113 | 5,752 | 639 | 12½ | | |
| GNP at Factor Cost | 36,471 | 39,883 | 3,412 | 9¼ | | |
| Taxes less Subsidies | 5,448 | 6,361 | 913 | 16¾ | | |
| GNP at Market Prices | 41,919 | 46,244 | 4,325 | 10¾ | | |

C: Balance of Payments on Current Account

| | 1997 | | 1998 | | Change in 1998 | |
|----------------------------|-------------|----------|------|--------|----------------|----|
| | Preliminary | Forecast | £m | | £m | |
| | | | £m | £m | £m | £m |
| X - M | 6,394 | 7,226 | | 832 | | |
| F | -6,332 | -7,501 | | -1,179 | | |
| Net Transfers | 1,290 | 1,200 | | -90 | | |
| Balance on Current Account | 1,362 | 925 | | -437 | | |
| as % of GNP | 3¾ | 2 | | -1¼ | | |

FORECAST NATIONAL ACCOUNTS 1999
A: Expenditure on Gross National Product

| | 1998 | 1999 | Change in 1999 | | | | |
|-----------------------------------|----------|----------|----------------|--------|-------|-------|--------|
| | Forecast | Forecast | £m | | % | | |
| | £m | £m | Value | Volume | Value | Price | Volume |
| Private Consumer Expenditure | 27,710 | 30,342 | 2,632 | 1,940 | 9½ | 2½ | 7 |
| Public Net Current Expenditure | 7,169 | 7,707 | 538 | 197 | 7½ | 4¾ | 2¾ |
| Gross Fixed Capital Formation | 11,240 | 13,121 | 1,881 | 1,353 | 16¾ | 4¾ | 12 |
| Exports of Goods and Services (X) | 49,015 | 56,985 | 7,970 | 6,944 | 16¼ | 1¼ | 14¼ |
| Physical Changes in Stocks | 400 | 310 | -90 | -80 | | | |
| Final Demand | 95,534 | 108,465 | 12,931 | 10,354 | 13½ | 2½ | 10¾ |
| less: | | | | | | | |
| Imports of Goods and Services (M) | 41,789 | 49,553 | 7,764 | 6,834 | 18½ | 2 | 16¼ |
| GDP at Market Prices | 53,745 | 58,912 | 5,167 | 3,520 | 9½ | 3 | 6½ |
| less: | | | | | | | |
| Net Factor Payments (F) | 7,501 | 8,635 | 1,134 | 975 | 15 | 1¾ | 13 |
| GNP at Market Prices | 46,244 | 50,277 | 4,033 | 2,545 | 8¾ | 3 | 5½ |

B: Gross National Product by Origin

| | 1998 | 1999 | Change in 1999 | |
|--------------------------------|----------|----------|----------------|-----|
| | Forecast | Forecast | £m | % |
| | £m | £m | £m | % |
| Agriculture, Forestry, Fishing | 2,371 | 2,418 | 47 | 2 |
| Non-Agricultural: Wages, etc | 23,987 | 26,026 | 2,039 | 8½ |
| Other: | 17,536 | 19,280 | 1,744 | 10 |
| less: | | | | |
| Adjustments | 2,262 | 2,478 | 216 | 9½ |
| Net Factor Payments | 7,501 | 8,635 | 1,134 | 15 |
| National Income | 34,131 | 36,611 | 2,480 | 7¼ |
| Depreciation | 5,752 | 6,442 | 690 | 12 |
| GNP at Factor Cost | 39,883 | 43,053 | 3,170 | 8 |
| Taxes less Subsidies | 6,361 | 7,224 | 863 | 13½ |
| GNP at Market Prices | 46,244 | 50,277 | 4,033 | 8¾ |

C: Balance of Payments on Current Account

| | 1998 | 1999 | Change in 1999 |
|----------------------------|----------|----------|----------------|
| | Forecast | Forecast | £m |
| | £m | £m | £m |
| X - M | 7,226 | 7,432 | 206 |
| F | -7,501 | -8,635 | -1,134 |
| Net Transfers | 1,200 | 1,200 | 0 |
| Balance on Current Account | 925 | -3 | -928 |
| as % of GNP | 2 | 0 | -2 |

The International Economy

General

On a global basis, economic prospects for the remainder of 1998 and for 1999 remain difficult to assess. On the one hand, the Asian crisis is proving deep-rooted, with no early recovery in sight and with clear damaging effects on other countries in the region. On the other hand, strong domestic demand in the US and continental Europe, supported by relatively low interest rates, is maintaining steady growth in those economies despite the inevitable downturn in their exports to Asia.

How the balance between these negative and positive influences evolves over the next eighteen months will determine the course of the world economy. It is impossible to have full confidence in any prediction at this stage, but the most likely outcome is that world output growth will decline from about 4 per cent in 1997 to 3 per cent in 1998, with a gradual recovery, perhaps to about 3½ per cent, in 1999. Inflation in the major economies is likely to remain low throughout the period, delaying the need for a major tightening of monetary policy. Of the major trading blocks, continental Europe appears the best placed to maintain steady, non-inflationary, growth until at least the end of 1999.

The US Economy

Revised official estimates show that the US economy grew by a very strong seasonally-corrected 1.4 per cent in the first quarter of 1998, although several indicators suggest that there has been some slowing of the growth rate in the second quarter. Although unemployment levels remain low, at 4½ per cent in June, this represents a slight increase on previous months, while the visible trade deficit is widening perceptibly. On current trends it is forecast that real GDP will grow by about 2¼ per cent in 1998 and 2½ per cent in 1999.

Due largely to falling import prices, US consumer price inflation is unusually low, despite the buoyancy of domestic demand. An annual increase of about 1½ per cent is forecast for 1998, increasing to about 2¼ per cent in 1999 as the effects of a probable dollar depreciation become apparent. The first half of 1998 has seen some acceleration in wage inflation, but so far these increases appear to have been matched by higher productivity. With the labour market no longer tightening, there seems little danger of a sustained rise in wage inflation in the remainder of 1998 or in 1999.

The lack of imminent inflationary pressures suggests that there is unlikely to be any major change in US monetary policy in the near future, although some rise in short-term interest rates during 1999 cannot be ruled out. The continuation of relatively low interest rates, combined with the probable increase in the current account deficit makes it likely that the US dollar will depreciate, at least against the continental European currencies, during 1999 or, possibly, in the closing months of 1998.

The European Economy

It seems clear that the economic recovery in continental Europe, which became firmly established in 1997, is continuing in 1998. In spite of the adverse

impact of the Asian crisis on extra-EU exports, the strength of domestic demand, and the associated intra-EU trade, is sustaining a moderate rate of economic growth in virtually all continental EU countries. Crucially, unemployment levels are at last beginning to decline across Europe, holding the promise of a lasting upturn in domestic demand, even if monetary policy is tightened somewhat in late 1998 or early 1999. In these conditions, real GNP in the EU as a whole is forecast to increase by about 2¼ per cent in both 1998 and 1999.

The German economy grew by a seasonally-corrected 1.0 per cent in the first quarter of 1998, and most indicators suggest that growth has continued since March. After relative stagnation for a number of years, investment, especially in machinery and equipment, grew strongly in the first quarter, while the volume of personal consumption is showing a moderate rise. June figures indicate that unemployment is beginning to decline, although at 11 per cent it still remains a serious problem.

With the annual growth of GNP forecast at about 2½ per cent in 1998 and 2¾ per cent in 1999, the unemployment rate is expected to decline from an annual average of 11½ per cent in 1997 to 11 per cent in 1998 and 10½ per cent in 1999. Consumer price inflation has been very subdued in the first half of 1998, with June showing a twelve-monthly increase of just 1.2 per cent. The annual average increase in consumer prices is forecast at about 1¾ per cent in 1998 and 2 per cent in 1999. Although the lack of inflationary pressures within Germany would suggest little need for any tightening of monetary policy until well into 1999, the fact that broader European considerations will be taken into account in the run-up to EMU could result in some increase in German short-term interest rates before the end of 1998.

The French economy grew more rapidly than the German during 1997. Thus the estimate of a seasonally-corrected real GDP growth of 0.6 per cent in the first quarter of 1998 does not imply that the annual rate of growth will be lower than in Germany. Indeed, boosted by domestic demand, French GDP is forecast to increase by 3 per cent in 1998 and 2¾ per cent in 1999. Unemployment has already declined from 12.3 per cent in December 1997 to 11.9 per cent in May 1998, and on an annual basis is forecast to fall from 12½ per cent in 1997 to 11¾ per cent in 1998 and 11¼ per cent in 1999. French consumer prices are expected to increase by only 1 per cent in 1998 and 1½ per cent in 1999.

Italy grew more slowly than most European economies in 1997, largely as a result of the effective revaluation of the lira. With the impact of this receding, Italian growth is forecast to increase to about 2¼ per cent in 1998 and 2¾ per cent in 1999, aided by a reduction in Italian interest rates associated with EMU. Such rates of growth should be accompanied by a decline in unemployment, while consumer price inflation might rise slightly from the unusually low annual average of 1.8 per cent achieved in 1997.

The UK Economy

As is well known, the UK economy is out of phase with the continental EU. While most continental member states are consolidating their recovery, there is clear evidence that the much longer-lasting upswing of the UK cycle is coming to an end. UK manufacturing is technically in recession, output volumes having

fallen in the two successive winter quarters, while growth in service sector output and in consumer spending is perceptibly slowing.

Thus, despite a significant carryover from 1997 and a seasonally-corrected increase in real GDP of 1.1 per cent in the first half, it seems unlikely that the annual growth rate in 1998 will exceed 2 per cent. Already the long-lasting decline in unemployment appears to have ceased, and the unemployment rate seems likely to increase in the second half of the year. Although a fall in exports to Asia has accentuated the fall in manufacturing output, the principal cause of the cessation in export growth is the severe overvaluation of sterling, while the slowdown in domestic demand can be attributed largely to a lagged response to the increase in interest rates in the course of 1997.

Prospects for 1999 thus appear to be heavily dependent on the course of sterling and of domestic interest rates over the coming twelve months or so. If both remain at current levels there is a very real danger of recession in 1999, with the decline in manufacturing activity intensifying and spreading to the other sectors of the economy.

Because of this there is a strong case for an early relaxation of monetary policy. Unfortunately, price inflation is still surprisingly high, given the appreciation of sterling over the past year and a half, with the underlying rise in retail prices at 2.8 per cent in the twelve months to June. Similarly, wage inflation was running at well over 5 per cent in April and May, although part of the recent acceleration has been attributed to the payment of high seasonal bonuses.

Thus the authorities, and particularly the Monetary Policy Committee of the Bank of England, are faced with a dilemma in timing the necessary reduction in interest rates. They need to be convinced that recessionary pressures are sufficiently strong to bring about a reduction in the rates of price and wage inflation before relaxing policy, whilst not delaying so long that an actual recession becomes inevitable. An added complication is that sterling needs to depreciate substantially before entry to EMU can be contemplated, but such a depreciation, in itself, will tend to add to the rate of price inflation.

On the assumption that interest rates will be reduced before the end of 1998, and will fall further in the course of 1999, and that sterling will depreciate even before interest rates are actually cut, it seems likely that the UK economy will avoid a recession in 1999, but that the annual growth in real GNP will decline to about 1½ per cent. This further slowing of growth, combined with a significant improvement of UK competitiveness as a result of sterling depreciation, should prevent too sharp a deterioration in the UK current account deficit next year.

The Rest of the World

To a worrying extent, the focus of attention in Asia has shifted from the original crisis countries to Japan itself. Apart from the inescapable effects of the regional crisis on Japanese export and investment performance, the Japanese financial sector has been seriously affected by the problems of institutions in neighbouring countries, with which it shares some common characteristics. Not surprisingly, Japanese business and consumer confidence is low, and has not been helped by the political difficulties of the Japanese government. As a result, Japanese economic growth in 1998, if it takes place at all, is likely to be even

lower than the 1 per cent achieved in 1997. Unemployment has already increased to the very high level, for Japan, of 3.8 per cent, and could rise further.

Whether the measures already taken to restore confidence in the financial system, together with a further fiscal stimulus, will be sufficient to bring about a recovery in domestic demand in 1999 remains uncertain. Given the past resilience of the Japanese economy, and the likely benefit to exports of a continuing weakness of the yen against other major trading currencies, some gradual recovery in the Japanese growth rate still seems the most likely outcome for 1999.

TABLE 1: Short-term International Outlook

| Country | GNP | | Consumer Prices | | Hourly Earnings | | Unemployment Rate | | Current Account Balance | |
|--------------|-------------------|------|-------------------|------|-------------------|------|-------------------|------|-------------------------|------|
| | Percentage Change | | Percentage Change | | Percentage Change | | % | | % of GNP | |
| | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 |
| UK | 2 | 1½ | 2½ | 2¾ | 5 | 4¾ | 7 | 7¼ | -¼ | -¾ |
| Germany | 2½ | 2¾ | 1¾ | 2 | 2½ | 2½ | 11¼ | 10¾ | ¼ | ½ |
| France | 3 | 2¾ | 1 | 1½ | 2½ | 2½ | 11¾ | 11¼ | 2½ | 2¾ |
| Italy | 2¾ | 2¾ | 2 | 2¾ | 3 | 3 | 12 | 11¾ | 3 | 3 |
| Total EC | 2¾ | 2¾ | 1¾ | 2 | 3¾ | 3¾ | 10¾ | 9¾ | 2 | 2 |
| USA | 2¾ | 2½ | 1½ | 2¼ | 3½ | 3½ | 4¾ | 5 | -2½ | -2¾ |
| Japan | ¼ | ¾ | 1½ | 1½ | 1½ | 1½ | 3¾ | 4 | 2¾ | 2¾ |
| Total (OECD) | 2½ | 2½ | 1¾ | 2¼ | 3¼ | 3¼ | 7½ | 7½ | 0 | 0 |
| Ireland | 6¾ | 5½ | 2¾ | 2¾ | 5 | 5½ | 9¾ | 8½ | 2 | 0 |

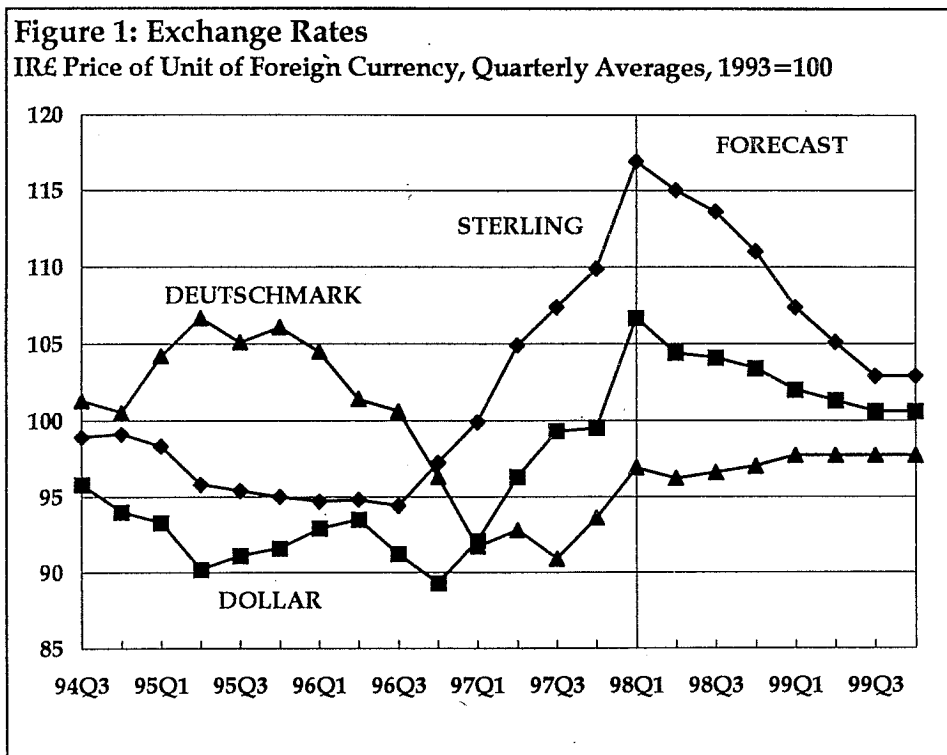
In the original crisis countries, there has been a sharp decline in output in the first half of 1998, with, as yet, few signs of recovery. For some existing firms in the area the massive currency depreciation has, indeed, helped export growth, but this has been more than offset by a fall in domestic demand. Of even more significance for the future, the attraction of low exchange rates for potential investors has so far been outweighed by the deterrent effect of financial, and, in some cases, political instability. A major recovery in the course of 1999 seems improbable, and the adverse effects on neighbouring, non-crisis, countries, including China, also seem likely to persist next year.

The Context for Ireland

Despite the Asian crisis, with its effect of reducing the volume increase in world trade from about 9 per cent in 1997 to a predicted 6¾ per cent in 1998, the international context for most Irish exporters has remained quite favourable. Continued recovery in the most important market, continental Europe, and steady growth in the US have limited the impact of the Asian recession on Irish export levels. The uncompetitive level of sterling has ensured that, even with the rise in UK domestic demand slowing, UK demand for Irish exports has remained buoyant, while limiting UK competition for sales in third markets.

The international environment is likely to be significantly less favourable in 1999. Although both continental and the US economies are projected to grow at much the same rate as this year, competition is likely to be rather more severe both from Asian exporters and from the USA, as European currencies, including the Irish pound, are expected to appreciate. At the same time, near stagnation in the UK market, combined with greater competition from UK suppliers following the depreciation of sterling, will result in more difficult market conditions.

Despite the slowdown in the growth of world output, international productive investment appears to be remaining strong. With Europe emerging as the region of strongest economic growth over the next few years, the flow of productive investment into Europe, and thus potentially into Ireland, seems likely to stay high in 1999.



Short-term interest rates have remained fairly stable in recent months in most major economies, while international long-term interest rates have tended to continue the decline which was an important feature of 1997. While no imminent changes in short-term rates in major countries are foreseen, the next move still seems likely to be upwards. In the USA this increase will probably be delayed until 1999 and even then is likely to be modest. The situation in Europe is more complicated. While domestic considerations in such countries as Germany and France would not appear to warrant an increase in short-term interest rates until about the middle of 1999, the necessity to establish the credibility of the euro,

coupled with the presence in the euro-zone of countries with quite rapidly expanding economies, could dictate an earlier increase. For the purposes of this *Commentary*, it is assumed that there will be a modest rise in continental short-term interest rates before the end of 1998, and that there will be some further increase in the course of 1999. Little change is projected in the current level of long-term interest rates.

Due partly to these projected movements in interest rates, but also due to market perceptions of relative economic prospects, it seems probable that over the next eighteen months the euro currencies will appreciate moderately against the dollar and the yen, while sterling will depreciate significantly against all major currencies, but, most particularly against the euro. The timing of these probable movements, as always, is difficult to predict, but in constructing our forecasts it was assumed that they would commence in the later months of 1998 and would continue in 1999.

The Domestic Economy

General

Preliminary estimates in *National Income and Expenditure* confirm that 1997 was the fourth successive year of very high economic growth. On an expenditure basis, real GNP rose by 8.1 per cent, compared with our final estimate of 8.2 per cent in the *April Commentary*, although on an average of expenditure and output measures, real GNP increased by 7.7 per cent.

As usual, the preliminary estimates for 1997 incorporate some significant revisions to previous years, which modify slightly the interpretation of recent trends in the economy. Thus, revisions to the Balance of Payments estimates indicate that the surplus on both merchandise trade and the current account has been rather stronger than had been thought. The current price increase in GNP has been revised upwards for each year from 1992 to 1996, by an average of 0.5 per cent. However, this has been offset by upward revisions in the GNP deflator, so that the average real growth from 1992 to 1996 in real GNP is marginally lower than in previous estimates. Among the main categories of expenditure on GNP, the largest upward revisions, both to the current price estimates and to the deflator, were in gross fixed capital formation. The deflators applied in 1997, both for fixed investment and for GNP as a whole, were considerably higher than would have been expected from a projection of the deflators used in *NIE 1996*.

Obviously, these modifications to the recent record need to be taken into account in updating our forecast for 1998. So also will be the evidence from recent indicators, including the half-yearly revenue returns, that the value of final demand is continuing to grow very strongly. It is clear that the annual increase in real GNP will again be large, but whether it will match the 7½ per cent average of the past four years remains doubtful. Relatively high price increases, rising import volumes and continuing large net factor outflows could well result in a minor decline in the real growth rate, as might be expected as supply constraints become more apparent.

Exports

In our past two *Commentaries* we took a cautious view on export prospects for 1998. Considerable allowance was made for the possible adverse effect of the Asian crisis on the value of electronics exports, both through the loss of direct sales into Asian markets and through the effect of intensified Asian competition in other markets. Trade statistics for the early months of 1998 suggest that our fears were greatly exaggerated. It is true that total exports to some Asian countries, most notably Malaysia, have fallen sharply, but in the first four months of the year the value of exports to Asia as a whole have continued to grow strongly. On a global basis, exports from the broad electronics sector are still increasing rapidly, with no sign that intensified competition is having a major impact.

Perhaps of even more significance than the robustness of the electronics sector has been the unforeseen surge in chemical exports. Although the contribution of Viagra constituents has received most publicity, it is clear that a wide variety of products in the organic chemical, pharmaceutical and essential oils sectors can be credited with sharing in the export boom.

In the light of these developments in the two major export sectors, which are reflected in the fact that the value of total exports to the USA in the first four months of 1998 was 77 per cent higher than a year previously, we have drastically revised our forecasts of exports, for 1998 as a whole. With the European economy recovering steadily and with the slowdown in the UK economy still offset by the continuing overvaluation of sterling, it now seems likely that visible exports in 1998 will increase by about 22 per cent in value, and by about 18½ per cent in volume, as shown in Table 2.

TABLE 2: Exports of Goods and Services

| | 1997 | | | 1998 | | | 1999 |
|-------------------------------|--------|--------|-------|--------|--------|-------|--------|
| | £m | Volume | Value | £m | Volume | Value | |
| Agricultural | 2,835 | 2 | 4 | 2,948 | 2 | 3 | 3,095 |
| Manufactured | 28,117 | 21¼ | 25½ | 35,286 | 17¼ | 19¼ | 42,078 |
| Other Industrial | 3,353 | 7 | 10 | 3,688 | 5 | 7 | 3,946 |
| Other | 700 | 9 | 12 | 784 | 6 | 8 | 847 |
| Total Visible | 35,005 | 18½ | 22 | 42,706 | 15 | 17 | 49,966 |
| Adjustments | 1,501 | | | 1,689 | | | 1,858 |
| Merchandise | 36,506 | 18 | 21½ | 44,395 | 14¾ | 16¾ | 51,824 |
| Tourism | 2,112 | 9 | 12 | 2,365 | 7½ | 10½ | 2,613 |
| Other Services | 1,996 | 10 | 13 | 2,255 | 10 | 13 | 2,548 |
| Exports of Goods and services | 40,614 | 17¼ | 20¼ | 49,015 | 14¼ | 16¼ | 56,985 |

Although no data for 1998 are available at the time of writing, it seems reasonable to expect that the balance of payments adjustment, which includes software licence sales, will continue to increase substantially, so that the value of merchandise exports is forecast to rise by about 21½ per cent. Both tourism and other service exports are expected to maintain the steady upward trend of recent

years, so that total exports of goods and services are forecast to increase by 17¼ per cent in volume and 20¼ per cent in value. The forecast volume increase is slightly faster, and the value rise significantly faster, than the rates of growth achieved in 1997.

As discussed in the International section, the demand for Irish exports in 1999 is expected to be rather less favourable than this year. As usual, however, the actual rate of export growth will depend heavily on supply factors, and in particular on the introduction of both new capacity and successful new products. These are difficult to predict accurately, as evidenced by our failure to foresee the extent of the boom in chemical exports in 1998. However, on the basis of a continuing flow of new investment in manufacturing, it seems likely that there will be a further substantial rise in the volume of exports in 1999.

A volume growth of 15 per cent, lower than this year but close to the annual average since 1991, is projected for visible exports. With both sterling and the US dollar projected to depreciate against the euro in the course of 1999, average export prices seem likely to increase more slowly than in 1998. Thus the value of visible exports could rise by about 17 per cent. Assuming a steady increase in software licence sales, tourist earnings and other service exports, total exports of goods and services are projected to increase by 14¼ per cent in volume and 16¼ per cent by value in 1999.

Stocks

At £539 million, the value of physical changes in stocks in 1997 was some £150 million higher than we had estimated in our *April Commentary*. Intervention stocks were lower, but both farm stocks and non-agricultural stocks substantially higher, than expected. In 1998, it seems probable that the rate of both farm and intervention stockbuilding will decline, the latter possibly to about zero. Production and distribution stockbuilding was relatively high last year and a broadly similar rate of increase in such stocks seems a reasonable expectation for 1998. Thus the total value of physical changes in stocks is forecast to decline to about £400 million in 1998. As shown in Table 3, a small reduction in the rate of stockbuilding is projected for all categories of stocks in 1999, with the total value of physical changes in stocks projected at £310 million.

TABLE 3: Stock Changes

| | 1997 | Change in Rate | 1998 | Change in Rate | 1999 |
|-------------------------------|------|----------------|------|----------------|------|
| | £m | £m | £m | £m | £m |
| Farm Stocks | 111 | -61 | 50 | -20 | 30 |
| Irish Intervention Stocks | 61 | -61 | 0 | -50 | -50 |
| Other Non-agricultural Stocks | 367 | -17 | 350 | -20 | 330 |
| Total | 539 | -139 | 400 | -90 | 310 |

Investment

The value increase in gross fixed capital formation in 1997 was 18.8 per cent, very close to our April estimate of 18¼ per cent, although revisions to earlier years meant that the absolute level was some £440 million higher than our estimate. However, unexpectedly high price deflators for building and

construction, especially in housing, resulted in the volume increase in fixed investment being significantly lower than we had estimated, at just under 11 per cent.

With the market for both residential and non-residential private construction remaining exceptionally strong, and with a large increase scheduled in public construction, the volume of investment in building and construction is forecast to rise by about 15 per cent in 1998. Planning permissions granted in the first quarter confirm the likelihood of a substantial annual volume rise. In the light of figures for 1996 and 1997, it seems reasonable to anticipate a significant further increase in the price deflator for building and construction, so that the annual value increase in such investment is forecast at 22 per cent.

As in 1996, the estimated value and volume of investment in machinery and equipment in 1997 was surprisingly modest, given both the general buoyancy of the economy and the trend in imports of capital goods. Some acceleration, to a volume growth of 10 per cent, is forecast for 1998. Thus, as shown in Table 4, total gross domestic fixed capital formation in 1998 is forecast to increase by 13¼ per cent in volume and 19 per cent in value.

TABLE 4: Gross Fixed Capital Formation

| | 1997 | | % Change | | 1998 | | % Change | | 1999 |
|---------------------------|-------|--------|----------|--------|--------|-------|----------|--|------|
| | £m | Volume | Value | £m | Volume | Value | £m | | |
| Building and Construction | 6,254 | 15 | 22 | 7,630 | 13 | 18½ | 9,042 | | |
| Machinery and Equipment | 3,195 | 10 | 13 | 3,610 | 10 | 13 | 4,079 | | |
| Total | 9,448 | 13¼ | 19 | 11,240 | 12 | 16¼ | 13,121 | | |

The economy is projected to continue to grow strongly in 1999, while interest rates are likely to be below this year's average. It therefore seems likely that fixed investment will continue to increase at well above the long-term average rates. For fiscal reasons, there should be a smaller increase in public construction than this year, although there remain sound anti-inflationary grounds for raising the level of certain types of infrastructural investment to relieve acute supply bottlenecks in some sectors. Private investment, including that in dwellings, seems likely to rise at a similar rate to this year. Thus total gross fixed capital investment in 1999 is projected to increase by about 12 per cent in volume and almost 17 per cent in value.

Consumption

The preliminary National Accounts show that personal consumption in 1997 increased by 6.3 per cent in volume and 7.3 per cent in value, unusually far below the trend suggested by the retail sales index. There appears to be no simple explanation for this divergence, because, unlike 1996, there was no major change in the balance of inward and outward tourist spending. The National Accounts also suggest that, contrary to our earlier expectations, there was no fall in the personal savings ratio in 1997.

The retail sales index shows that consumer spending has continued to grow very strongly in the early months of 1998. Some slackening in the twelve-monthly increase in the index is likely later in the year, when comparison will be

with the exceptionally buoyant closing months of 1997, which were boosted in part by seasonally abnormal car sales prior to the ending of the scrappage scheme. Nevertheless it seems likely on current trends that the volume of retail sales in 1998 as a whole will increase by a similar percentage to that in 1997. Because price inflation will be higher, the value increase in retail sales seems certain to exceed that in 1997.

On the assumption that a more normal relationship will be re-established between retail sales and total personal consumption, the latter is forecast to rise in 1998 by 7.4 per cent in volume and 10 per cent in value, as shown in Table 5. On our income projections such a value increase in consumption would imply a substantial fall in the personal savings ratio.

TABLE 5: Consumption Indicators

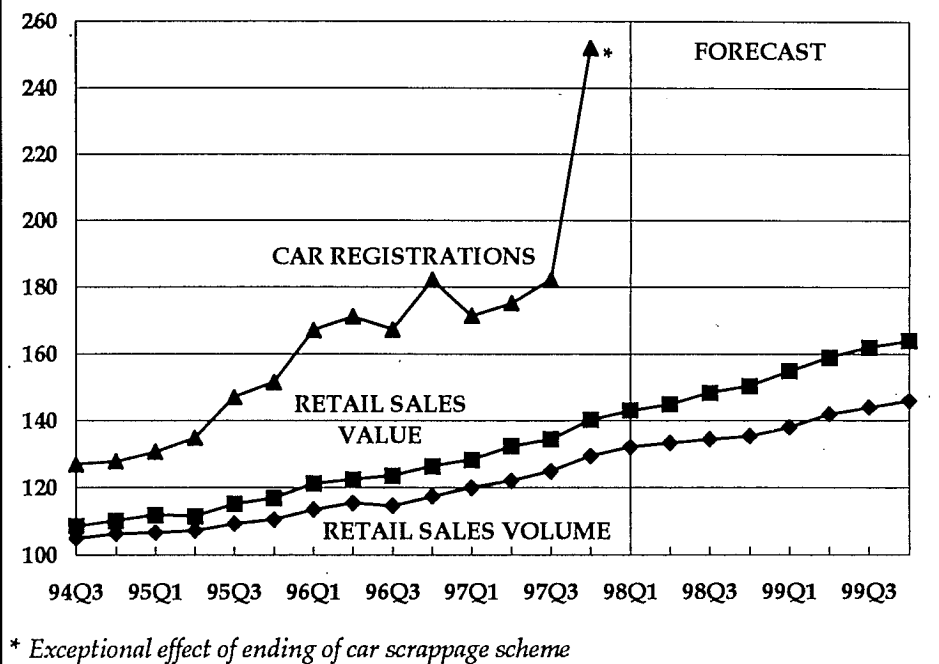
| | Annual Percentage Change | | | | | | |
|--|--------------------------|------|------|------|-----------------|------------------|------------------|
| | 1994 | 1995 | 1996 | 1997 | 1998 To Date | 1998 Forecast | 1999 Forecast |
| <i>Consumption Value</i> | | | | | | | |
| NIE 1997, Personal Consumption | 9.2 | 6.3 | 7.5 | 7.3 | | 10.0 | 9.5 |
| Retail Sales Index, Value | 7.9 | 4.8 | 8.3 | 8.5 | 11.0 | 9.7 | 9.0 |
| Divergence | 1.3 | 1.5 | -0.8 | -1.2 | | 0.3 | 0.5 |
| <i>Consumption Volume</i> | | | | | | | |
| NIE 1997, Personal Consumption | 6.3 | 4.1 | 6.1 | 6.3 | | 7.4 | 7.0 |
| Retail Sales Index, Volume | 5.5 | 2.8 | 6.2 | 7.9 | 10.2 | 7.8 | 6.5 |
| Divergence | 0.8 | 1.3 | -0.1 | -1.6 | | -0.4 | 0.5 |
| <i>Consumer Prices</i> | | | | | | | |
| NIE 1997, Personal Consumption Deflator | 2.7 | 2.1 | 1.3 | 0.9 | | 2.5 | 2.4 |
| Retail Sales Index Deflator | 2.3 | 1.9 | 2.0 | 0.6 | 0.8 | 1.8 | 2.4 |
| Consumer Price Index | 2.4 | 2.5 | 1.6 | 1.5 | 2.2 | 2.8 | 2.8 |

With interest rates expected to be lower and perceptions of job security likely to remain favourable, a further fall in the savings ratio seems probable in 1999. This is projected to permit an increase of about 9.5 per cent in the value of personal consumption next year. With price inflation expected to remain relatively high, the increase in the volume of personal consumption projected for 1999 is roughly 7 per cent.

Net expenditure by central and local government on current goods and services, more conveniently described as government consumption, increased by 8.9 per cent in value and 4.8 per cent in volume in 1997. These increases were significantly higher than anticipated, and well above the annual average since 1991. On the basis of the expenditure estimates for 1998, the value increase in government consumption in 1998 seems likely to decline to about 7½ per cent, close to the average annual increase since 1991. On the assumption of unchanged policy, similar rates of increase are projected for 1999.

Figure 2: Consumption

Quarterly Averages Seasonally Adjusted, 1993=100



Final Demand

Final demand in 1997 rose by an exceptional 14 per cent in value and 12.2 per cent in volume. Exports of goods and services increased by 16.9 per cent and domestic demand, excluding stocks, by 7.0 per cent, both in volume terms. The volume increase in final demand in 1998 is forecast to be equally rapid, at 12¼ per cent, while, because inflation will be rather higher, the current price increase in final demand is forecast to be even larger than last year, at 15¾ per cent. In volume terms, the growth in final demand is expected to remain balanced, with exports rising by 17¼ per cent and domestic demand, excluding stocks, by 8 per cent. As in 1997, the composition of final demand is likely to be import-intensive.

The growth of final demand in 1999 is projected to slacken slightly, although remaining very high by historic standards, at 10¾ per cent in volume and 13½ per cent in value. Once more, the growth is likely to be balanced with the volume increase in exports projected at 14¼ per cent and in domestic demand, excluding stocks, at 7½ per cent. The import-intensity of final demand could be slightly lower in 1999 than in the past two years.

Imports

Trade statistics for the early months of 1998 show the value of visible imports rising very rapidly. Imports of most commodities and products rose, but the largest increases were in the chemical and electronic sectors, where exports were

also very buoyant. As in the case of exports, the pace of import growth is likely to slacken later in the year, when twelve monthly comparison is with the relatively high level of imports in the closing months of 1997. For the year as a whole, visible imports are forecast to increase by 22½ per cent in value, implying a rise of about 19 per cent in volume.

TABLE 6: Imports of Goods and Services

| | 1997 | | % Change | | 1998 | | % Change | | 1999 |
|-------------------------------|--------|--------|----------|--------|--------|-------|----------|--|------|
| | £m | Volume | Value | £m | Volume | Value | £m | | |
| Capital Goods | 2,838 | 19½ | 23½ | 3,505 | 17½ | 19½ | 4,188 | | |
| Consumer Goods | 5,416 | 15½ | 19 | 6,445 | 14¾ | 16¾ | 7,525 | | |
| Intermediate Goods: | | | | | | | | | |
| Agriculture | 515 | 0 | 2 | 525 | 0 | 2 | 536 | | |
| Other | 15,630 | 22 | 25½ | 19,616 | 19 | 21 | 23,736 | | |
| Other Goods | 1,393 | 5 | 8 | 1,504 | 5 | 7 | 1,609 | | |
| Total Visible | 25,792 | 19 | 22½ | 31,595 | 17 | 19 | 37,593 | | |
| Adjustments | -370 | | | -400 | | | -430 | | |
| Merchandise Imports | 25,422 | 19¼ | 22¾ | 31,195 | 17¼ | 19¼ | 37,163 | | |
| Tourism | 1,467 | 12 | 15 | 1,687 | 11 | 14 | 1,924 | | |
| Other Services | 7,331 | 18 | 21½ | 8,907 | 14½ | 17½ | 10,466 | | |
| Imports of Goods and Services | 34,220 | 18¾ | 22 | 41,789 | 16¼ | 18½ | 49,553 | | |

The increase in the value of tourist spending abroad was unusually small in 1997, at 6.8 per cent, but a return to a more normal increase of about 15 per cent seems a reasonable expectation for 1998. Other service imports, which include royalty payments, rose in value by 21.6 per cent in 1997, and a similar rate of increase is forecast for 1998. Thus, as shown in Table 6, the value of total imports of goods and services is forecast to increase by 22 per cent in 1998, compared to 16½ per cent in 1997. Because import prices are expected to rise more in 1998, the forecast rise in the volume of imports of goods and services shows less acceleration, from 15.6 per cent in 1997 to 18¾ per cent in 1998.

With the nature of final demand likely to ensure that imports of both capital goods and consumer goods continue to increase rapidly, the slowdown projected for the volume of visible imports in 1999 is due to industrial material imports easing in line with projections for manufactured exports. Some strengthening in the trade-weighted value of the Irish pound in the course of 1999 is assumed, so the rise in import prices should be lower than this year. Thus the value of visible imports is projected to increase by about 18½ per cent.

Tourist spending abroad, like consumption in general, is projected to grow almost as rapidly in 1999 as this year. In line with the forecast of slower growth in manufactured exports, other service imports seem likely to increase at a somewhat lower rate next year. Thus total imports of goods and services in 1999 are projected to rise by about 16¼ per cent in volume and 18½ per cent in value, still well above the average of recent years.

Balance of Payments

The preliminary balance of payments estimates for 1997 incorporate significant revisions for earlier years, as well as revising the previous estimates for the first three quarters of 1997. The revisions do not alter the general picture of recent years, with a steady rise in the surpluses in visible and merchandise trade being largely offset by rising deficits in service trade and factor flows. In absolute current price terms the current account surplus in 1997 was, somewhat surprisingly, the highest on record. For the first time since accession to the EEC, there was a surplus on the current account excluding net transfers.

On the basis of our export and import forecasts, the surplus on visible trade should again increase strongly in 1998. Although the rise in the balance of payments adjustment will be much less dramatic than in 1997, when it was affected by classification changes the previous year, it is still likely to be substantial as sales of software licences continue to increase. Thus the merchandise trade surplus is forecast to increase by 19 per cent. The deficit in service trade seems likely to grow even faster, so that the forecast increase in the surplus on trade in goods and services in 1998 is 13 per cent, well below the exceptional value rise of over 28 per cent in 1997.

Given the increase in the exports of multinational companies which appears to be taking place this year, another substantial rise in expatriated profits and retained earnings of overseas firms seems inevitable in 1998. National debt interest paid abroad seems set to continue its long-term decline, due to the growing strength of the public finances. Other debit flows, which include bank interest flows, tend to be very volatile, and after an unusually rapid rise in 1997 an increase closer to the medium-term average is projected for 1998. Thus, the annual increase in gross factor outflows is forecast to increase by 23¼ per cent in 1998, compared to 29½ per cent in 1997. Gross credit flows also rose very rapidly in 1997, with both direct investment income and other credit flows increasing by over 40 per cent. A reduction in the rate of growth of total credit flows from 39¼ per cent in 1997 to 30¼ per cent in 1998 is projected. Thus net factor outflows are forecast to increase by 18¼ per cent to £7,401 million in 1998.

A small reduction in net transfers seems likely in 1998 as payments to the EU increase. Thus, as shown in Table 7, the current account surplus on the balance of payments is forecast to fall from £1,362 million in 1997 to about £925 million in 1998.

On our trade projections, the rate of increase in the surpluses on visible and merchandise trade will be significantly lower in 1998, as export growth slackens but a buoyant domestic economy sustains high import growth. When a further substantial rise in the deficit on service trade is taken into account, the projected increase in the surplus on trade in goods and services is an unusually small 3 per cent.

If these projected trade trends prove correct, then a significantly slower increase in gross factor outflows would result. Partly because of the expected appreciation of the euro in 1999, the Irish pound value factor inflows are also projected to rise less rapidly. Thus the projected increase in the value of net factor flows in 1999 is about 15 per cent. Assuming no change in the level of net transfers, the current account surplus could thus disappear in 1999. If unrequited

capital transfers are also taken into account, there would still be a small effective current surplus.

TABLE 7: Balance of Payments

| | 1997 £m | Change % | 1998 £m | Change % | 1999 £m |
|-------------------------------------|------------|-------------|------------|-------------|------------|
| Visible Trade Balance | 9,213 | 20½ | 11,111 | 11¼ | 12,373 |
| Adjustments | 1,871 | | 2,089 | | 2,288 |
| Merchandise Trade Balance | 11,084 | 19 | 13,200 | 11 | 14,661 |
| Service Trade Balance | -4,690 | 27½ | -5,974 | 21 | -7,229 |
| Trade Balance in Goods and Services | 6,394 | 13 | 7,226 | 2¾ | 7,432 |
| Factor Flows: | | | | | |
| Debit Flows: | | | | | |
| Remuneration of Employees | -51 | 0 | -51 | 0 | -51 |
| Distributed Profits, etc. | -6,005 | 25 | -7,506 | 19 | -8,932 |
| Reinvested Earnings | -1,377 | 25 | -1,721 | 19 | -2,048 |
| National Debt Interest | -765 | -12 | -673 | -15 | -572 |
| Other Debit Flows | -3,053 | 30 | -3,969 | 18 | -4,683 |
| Total Debit Flows | -11,251 | 23¾ | -13,920 | 17 | -16,286 |
| Credit Flows: | | | | | |
| Remuneration of Employees | 224 | 4 | 233 | 2 | 238 |
| Direct Investment Income | 674 | 40 | 944 | 30 | 1,227 |
| Other Credit Flows | 4,032 | 30 | 5,242 | 18 | 6,186 |
| Total Credit Flows | 4,930 | 30¼ | 6,419 | 19¼ | 7,651 |
| Net Factor Flows | 6,322 | 18¾ | 7,501 | 15 | 8,635 |
| Net Current Transfers | 1,290 | -7 | 1,200 | 0 | 1,200 |
| Balance on Current Account | 1,362 | | 925 | | -3 |
| Capital Transfers | 578 | | 550 | | 550 |
| Effective Current Balance | 1,940 | | 1,475 | | 547 |

Gross National Product

According to the preliminary estimates in *National Income and Expenditure 1997*, the growth in real GDP in 1997 was slightly lower than our final estimate in the *April Commentary*. Compared with our estimate of a 10½ per cent increase, the official figures show a rise of 9.8 per cent on an expenditure basis and 9.1 per cent on an output basis. The difference is accounted for by the application of higher than expected price deflators in the official estimates. Similarly the preliminary national accounts estimates of real GNP growth, at 8.1 per cent on expenditure data and 7.2 per cent on an output basis, are marginally below our final estimate of 8.2 per cent. Conversely, the official estimate of real gross national disposable income, adjusted for the terms of trade, (GNDI) showed an increase of 7.1 per cent in 1997, marginally above our final estimate of almost 7 per cent.

From our demand forecasts, it seems likely that the growth in real GDP will decelerate to about 7¾ per cent in 1998, with a further reduction to 6½ per cent in

1999. Real GNP is also forecast to grow at a declining rate, namely 6¾ per cent in 1998, unchanged from our April forecast, and 5½ per cent in 1999. This slowing of growth, albeit at a still very high level by historical or international standards, basically reflects the effect of tightening supply constraints, and a less favourable external environment.

With only a minor deterioration in the terms of trade in either year, and with the level of net transfers expected to show little change, real GNDI is forecast to increase by just over 6 per cent in 1998 and by about 5 per cent in 1999.

Agriculture

In national accounts terms, the volume of gross domestic product in the broad agriculture sector increased by 1.4 per cent in 1997, marginally above the annual average increase since 1991.

Although it is too early to assess the impact of weather conditions on gross agricultural output in 1998, it already seems apparent that they are unlikely to be especially favourable. A slight fall in the volume of gross agricultural output seems the most likely outcome, offset by a small reduction in the volume of imports, so that gross agricultural product will show little volume change. With forestry output expected to continue its secular increase, the volume of gross domestic product in the broad agriculture sector is forecast to rise by about ½ per cent in 1998. A broadly similar marginal increase is projected for 1999.

Industry

The volume of production index for manufacturing industries increased by 16.6 per cent in 1997, while the volume of gross domestic product in the broad industry sector increased by 15.2 per cent, slightly higher than we estimated in the *April Commentary*.

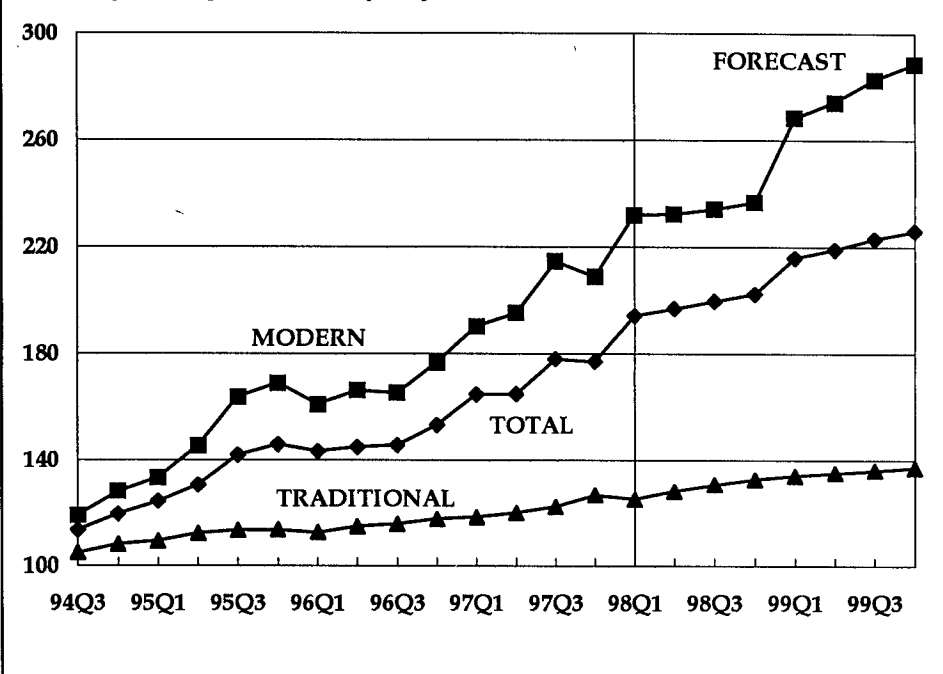
The volume of production index for manufacturing industries has continued to grow strongly in the early months of 1998. With the IBEC-ESRI Business Survey showing that both reported production and expectations remain strong, an annual increase in manufacturing output of about 16 per cent seems likely. Building output is continuing to increase steadily, so that an annual rise of about 12½ per cent is forecast for the volume of gross domestic product in the broad industry sector.

Export growth is projected to be less rapid in 1999, and in line with this the increase in the volume of production index for manufacturing industries is projected at about 12 per cent. Building activity, although remaining strong, is expected to grow rather more slowly than this year. Thus the volume of gross domestic product in the broad industry sector is projected to rise by roughly 10 per cent in 1999.

Services

The value of gross domestic product in the services sector increased in 1997 by 6.2 per cent before adjustment for financial services and by 5.6 per cent after such adjustment. In contrast to the previous year, the growth in the distribution, transport and communication sector, at 8.8 per cent, does not appear to have been unduly affected by changes in intervention stock levels.

Figure 3: Manufacturing Output
 Quarterly Averages Seasonally Adjusted, 1993=100



In 1998 it seems likely that there will again be little distortion from intervention stock movements, that the volume growth of public services will remain subdued, and that the private service sector will continue to be buoyant although growing slightly less rapidly than in 1997. Thus gross domestic product in the service sector as a whole is projected to show a volume growth of about 5½ per cent before adjustment for financial services and just over 5 per cent after adjustment.

With growth in the volume of public service provision expected to remain very moderate and a further deceleration in the rate of expansion of private services, the adjusted increase in the volume of gross domestic product of the total service sector is projected at about 4½ per cent in 1999.

Employment

Ironically, the introduction of the new *Quarterly National Household Survey* has temporarily made employment trends harder, rather than easier to monitor. Its employment estimates are difficult to compare with the earlier annual *Labour Force Survey* estimates because of the introduction of an unknown seasonal element, because it is conducted on a continuous basis rather than over a single short period, and because a different emphasis and changed technique in asking the survey questions is likely to have influenced the nature of the answers given. Of course, when a sufficient run of the new survey results becomes available, the improvement in data quality and frequency should be considerable. In the

meantime, however, there is little option but to continue to base our forecasts on the old basis of principal economic status, as set out in the *Labour Force Survey* until April 1997, using both short-term sectoral employment indicators and, cautiously, the new survey to assess more recent trends.

On this basis, Table 8 shows our estimate that the total number at work increased by about 63,000 in the year to April 1998, with both industry and services contributing strongly to this large rise. Projections for the following two Aprils indicate an expected reduction in the rate of employment growth, due to both some slowing in the expansion of demand for labour as the rate of real GNP growth declines and some deceleration in the growth of labour supply.

TABLE 8: Employment and Unemployment

| A: Mid-April Estimates '000 | | | | | |
|-----------------------------|-------|-------|-------|-------|-------|
| | 1996 | 1997 | 1998 | 1999 | 2000 |
| Agriculture | 138 | 134 | 130 | 127 | 124 |
| Industry | 355 | 386 | 415 | 437 | 456 |
| Services | 804 | 818 | 856 | 886 | 912 |
| Total at Work | 1,297 | 1,338 | 1,401 | 1,450 | 1,492 |
| Unemployed | 191 | 179 | 157 | 147 | 138 |
| Labour Force | 1,488 | 1,517 | 1,558 | 1,597 | 1,630 |
| Unemployment Rate % | 11.9 | 10.3 | 9.4 | 8.6 | 8.1 |
| Live Register | 281 | 256 | 231 | 220 | 210 |

| B: Annual Averages '000 | | | | |
|--------------------------------|-------|-------|-------|-------|
| | 1996 | 1997 | 1998 | 1999 |
| Agriculture | 136 | 132 | 129 | 126 |
| Industry | 374 | 406 | 430 | 449 |
| Services | 806 | 842 | 876 | 903 |
| Total at Work | 1,316 | 1,380 | 1,435 | 1,478 |
| Unemployed | 185 | 166 | 152 | 143 |
| Labour Force | 1,501 | 1,546 | 1,587 | 1,621 |
| Unemployed Rate % ¹ | 11.5 | 10.2 | 9.2 | 8.5 |
| Live Register | 279 | 254 | 230 | 218 |

¹ Official Standardised Unemployment Rate, based on ILO definitions. This cannot be derived directly from the figures in Table 8.

On an annual basis, the increase in the average number at work is forecast to decline from an estimated 64,000, or 5 per cent, in 1997 to 55,000 or 4 per cent in 1998 and 43,000, or 3 per cent, in 1999. The percentage increases in full-time equivalent employment are projected to be only marginally below those in total employment, as the proportion of part-time working continues to rise, but average hours worked also increase.

The introduction of the *Quarterly National Household Survey* could lead to temporary difficulties in calculating a consistent seasonally-adjusted standardised unemployment rate over the next year or so, until the seasonal

pattern of the number of unemployed on the ILO definition becomes established. On any consistent measure however, the downward trend in the unemployment rate is likely to continue, although perhaps rather more slowly than over the past two years. The rate of net immigration, which is believed to have been exceptionally high in the year to April 1998, is also projected to slacken over the coming two years.

Incomes

Despite the small rise in the volume of gross domestic product in the broad agriculture sector in 1997, incomes in the sector declined by 4 per cent. This reflects unfavourable movements in relative input and output prices in agriculture, which were only partially offset by an increase in transfer payments. Price trends are expected to be less unfavourable in 1998, so that the marginal rise in the volume of gross domestic product is forecast to be accompanied by no change in the aggregate income of the broad agriculture sector. A small increase of 2 per cent is forecast for agricultural income in 1999, on the assumption that relative price trends will remain neutral, but direct payments will increase slightly.

Aggregate non-agricultural wages, salaries and pensions, including employers' social welfare contributions, increased by 10.3 per cent in 1997. It appears as if the increase was divided fairly equally between a rise in employment and a rise in average weekly earnings, both estimated at about 5 per cent. Average earnings, including overtime, bonuses, grade-drift and a few special cases, are expected to increase by a little over 5½ per cent in 1998. With the increase in equivalent full-time employment forecast to be about 4 per cent, aggregate earnings are forecast to rise by about 10 per cent. Assuming that the basic terms of *Partnership 2000* hold next year, but that wage drift remains quite high due to the relatively tight labour market, average earnings are projected to rise by almost 5½ per cent in 1999. Allowing for an increase of almost 3 per cent in effective employment levels, aggregate earnings in 1999 are projected to increase by about 8½ per cent.

On estimates derived from the preliminary national accounts, it appears that other non-agricultural income increased by about 5¼ per cent in 1997. This might appear a modest rise in the context of such a rapidly expanding economy, but national debt interest, a significant component of such income, fell appreciably, and the official estimate of the increase in rent on dwellings, another major component, was a moderate 8.2 per cent. With national debt interest likely to continue on its downward trend, and assuming that increases in rental income continue to be assessed conservatively, broadly similar rates of increases in other non-agricultural income are forecast for 1998 and 1999. Thus total personal income received from economic activity is forecast to rise by 8½ per cent in 1998 and by 7½ per cent in 1999, as shown in Table 9.

Current transfers received by households are estimated to have risen by an exceptionally large 10 per cent in 1997, with substantial compensation payments contributing to the increase. With this factor continuing to influence the figures, but to a lesser degree than in 1997, current transfers are forecast to increase by 7¼ per cent in 1998 and 6¾ per cent in 1999.

TABLE 9: Personal Disposable Income

| | 1997 | | Change | | 1998 | | Change | | 1999 |
|-------------------------------|--------|------|--------|---|--------|------|--------|---|--------|
| | £m | % | £m | % | £m | % | £m | % | £m |
| Agriculture, etc. | 2,371 | 0 | 0 | | 2,371 | 2 | 47 | | 2,418 |
| Non-Agricultural Wages, etc. | 21,806 | 10 | 2,181 | | 23,987 | 8½ | 2,039 | | 26,026 |
| Other Non-Agricultural Income | 4,646 | 5½ | 257 | | 4,903 | 5 | 245 | | 5,148 |
| Total Income Received | 28,823 | 8½ | 2,438 | | 31,261 | 7½ | 2,331 | | 33,592 |
| Current Transfers | 6,837 | 7¼ | 523 | | 7,360 | 6¼ | 500 | | 7,860 |
| Gross Personal Income | 35,660 | 8¼ | 2,961 | | 38,621 | 7¼ | 2,831 | | 41,452 |
| Direct Personal Taxes | 7,728 | 9½ | 736 | | 8,464 | 6¼ | 530 | | 8,994 |
| Personal Disposable Income | 27,932 | 8 | 2,225 | | 30,157 | 7¼ | 2,301 | | 32,458 |
| Consumption | 25,191 | 10 | 2,519 | | 27,710 | 9½ | 2,632 | | 30,342 |
| Personal Savings | 2,741 | -10¼ | -294 | | 2,447 | -13½ | -331 | | 2,116 |
| Savings Ratio | 9.8 | | | | 8.1 | | | | 6.5 |

Direct personal taxation increased by 12.2 per cent in 1997. With reductions in effective income tax rates greater than in the previous year, the increase in direct personal taxation in 1998 is forecast at 9½ per cent. With incomes rising less rapidly, and with a greater carryover of the previous year's tax cuts as well as an assumed raising of tax thresholds, the projected increase in direct personal taxation in 1999 is 6¼ per cent. Thus personal disposable income, which is estimated to have increased by 7½ per cent in 1997, is forecast to rise by 8 per cent in 1998 and projected to rise by 7¼ per cent in 1999.

Surprisingly, the personal savings ratio is estimated to have risen slightly, from 9.6 per cent in 1996 to 9.8 per cent in 1997. On the basis of trends in retail sales in the early months of the year, and on the expectation that many consumers will attempt to maintain the rate of volume growth of their expenditure in the face of rising consumer price inflation, the value of personal consumption is forecast to increase by 10 per cent in 1998. This implies a substantial reduction in the personal savings ratio, to a forecast level of 8.1 per cent. With much the same effect from rising prices combined with the anticipated reduction in most retail interest rates, a further significant fall in the personal savings ratio is projected for next year. A savings ratio of about 6.5 per cent would permit an increase of about 9½ per cent in the value of personal consumption.

Consumer Prices

Inevitably, the acceleration in the rate of consumer price inflation in the first half of 1998 has occasioned considerable debate. It is too early to give a definitive answer to the question of whether the recent rise in the consumer price index is due to the lagged effects of earlier movements in the effective exchange rate or whether it indicates growing domestic inflationary pressures. However, the evidence so far firmly supports the former contention. The price increases in 1998 are in keeping with existing econometric models which explain Irish prices on the basis of international price trends and the exchange rate against either sterling or all other currencies on a trade-weighted basis. Meanwhile, the pattern

of price rises is more consistent with a delayed response to currency movements, allied to fluctuations in fresh food prices, than with a general widening of margins which would be the expected response to domestic inflationary pressures.

On the basis that the consumer price index remains primarily determined by external and currency factors, a significant further rise is likely over the next few months. The non-housing element of the index can be expected to increase to an annual inflation rate of about 3½ per cent, before stabilising. The housing element of the index is likely to rise due to the technical factor of the removal of water charges in 1997 dropping out of the calculations, and because of the indirect effects of the increase in house prices on such items as rents and insurance costs. However, some reduction in mortgage interest rates remains possible before the end of the year.

Thus the annual average increase in the consumer price index is forecast at 2.8 per cent for 1998 as a whole, with non-housing elements increasing by 2.9 per cent, as shown in Table 10.

TABLE 10: Consumer Price Index - Recent Trend and Forecast

| | Quarterly Trend | | | | | | | | Annual | | |
|-----------------------|-----------------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|
| | 1996 | | 1997 | | | 1998 | | | 1997 | 1998 | 1999 |
| | Aug. | Nov. | Feb. | May | Aug. | Nov. | Feb. | May | | | |
| Index Nov. 1989 = 100 | | | | | | | | | | | |
| Housing | 117.6 | 120.0 | 119.8 | 123.0 | 121.0 | 122.4 | 122.5 | 123.8 | 121.6 | 124.0 | 125.3 |
| Other | 117.4 | 117.9 | 118.0 | 118.3 | 118.4 | 119.8 | 120.0 | 121.7 | 118.6 | 122.0 | 125.5 |
| Total CPI | 117.4 | 118.0 | 118.1 | 118.6 | 118.6 | 119.9 | 120.1 | 121.8 | 118.8 | 122.1 | 125.5 |
| Annual % Change | | | | | | | | | | | |
| Housing | -2.5 | 1.0 | 2.7 | 5.0 | 2.9 | 2.0 | 2.3 | 0.7 | 3.2 | 2.0 | 1.0 |
| Other | 1.8 | 2.0 | 1.5 | 1.3 | 0.9 | 1.6 | 1.7 | 2.9 | 1.3 | 2.9 | 2.9 |
| Total CPI | 1.5 | 1.9 | 1.5 | 1.5 | 1.0 | 1.6 | 1.7 | 2.7 | 1.5 | 2.8 | 2.8 |
| Quarterly % Change | | | | | | | | | | | |
| Housing | 0.4 | 2.0 | -0.2 | 2.7 | -1.7 | 1.2 | 0.1 | 1.1 | | | |
| Other | 0.5 | 0.4 | 0.1 | 0.2 | 0.1 | 1.2 | 0.2 | 1.4 | | | |
| Total CPI | 0.5 | 0.5 | 0.1 | 0.2 | 0 | 1.1 | 0.2 | 1.4 | | | |

On the assumption that the euro currencies will appreciate against sterling in 1999, if not before, the course of prices in 1999 is likely to be a mirror image of that in 1998. The twelve monthly rise in the non-housing index is projected to start 1999 at over 3 per cent, but to fall substantially in the course of the year. The index of housing costs is likely to remain subdued, with lower mortgage interest rates offsetting increases in other items. Thus the annual average rate of increase in both the total and the non-housing consumer price index is projected to be the same as in 1998, at 2.8 per cent and 2.9 per cent respectively.

Public Finances

As described in the *April Commentary*, the performance of the public finances in 1997 was exceptionally strong. *National Income and Expenditure 1997* shows that

public authorities' savings, the excess of current income over net current expenditure on an accruals basis, was £1,102 million in 1997, compared with £225 million in 1996. To put this improvement in perspective, it is worth recalling that as recently as 1993, government *dis-saving* was £614 million.

The revenue returns for the first half of 1998 remained very buoyant, reflecting the continued strength of domestic demand and high corporate profitability. Even allowing for some deceleration in the second half of the year, as the effect of reductions in tax rates becomes more apparent, it now looks as if total revenue in 1998 will exceed £16,400 million, an increase of almost 12½ per cent on 1997 and more than £900 million over the Budget prediction.

It seems likely that net current expenditure will be close to estimated levels, with underspending in some heads cancelling out slight overspending on others. On the assumption that, as in most recent years, there will be some additional provision for future liabilities at the end of the year, the current budget surplus is forecast at about £1,950 million, or 4¼ per cent of GNP. If borrowing for capital purposes is close to its budgeted level, the Exchequer Financing Surplus, the positive counterpoint to the old Exchequer Borrowing Requirement, is likely to be in the region of £800 million. The more relevant general government surplus, calculated on an accruals rather than a cash flow basis, seems likely to exceed £1,000 million, equivalent to about 2 per cent of GDP.

If our general economic forecast is correct, revenue growth is likely to remain strong in 1999, although not quite so dramatic as in 1997 or 1998. Allowing for probable reductions in corporate tax rates and a moderate raising of real thresholds for income tax, tax revenue is projected to increase by about 10 per cent and total revenue by marginally less. There is clearly an official intention to keep discretionary current expenditure under tight control, and, assuming that public service pay rates can be contained, it seems probable that net current expenditure will increase little faster than this year.

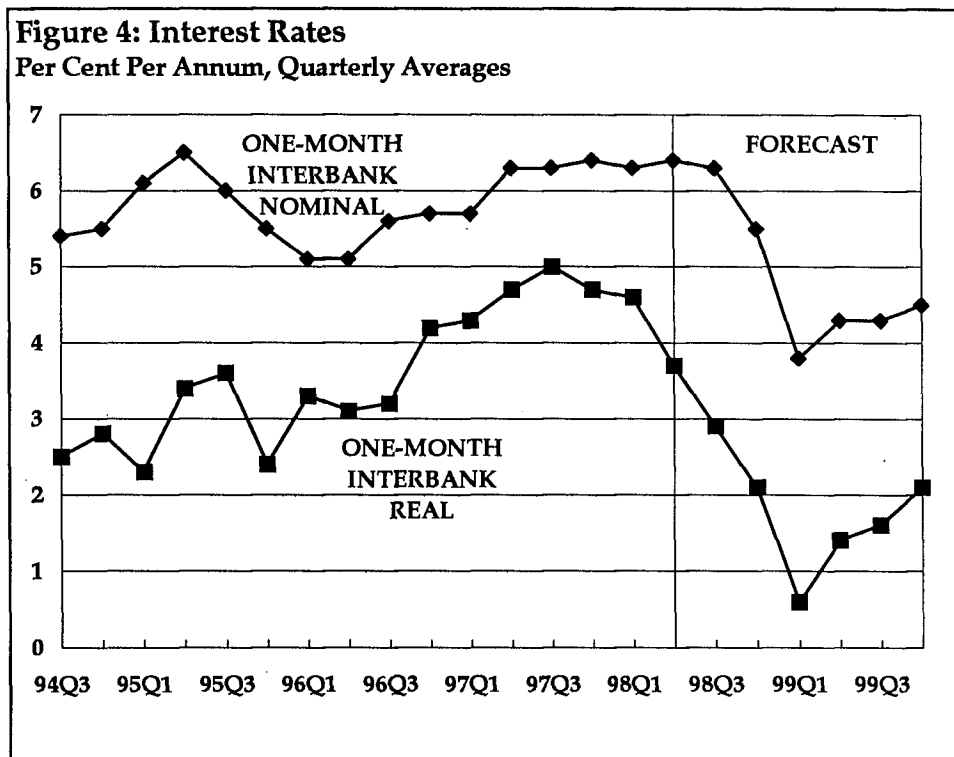
If these projections prove justified, then the current budget surplus in 1999 could be in the neighbourhood of £2,800 million or some 5½ per cent of GNP. Assuming a moderate increase in borrowing for capital purposes, the Exchequer Financing Surplus could exceed £1,500 million, and the general government surplus could be well over 2½ per cent of GDP. In national accounts terms, public authorities' savings, which seem set to double to about £2,200 million in 1998 could increase further to over £2,800 million in 1999.

If these forecasts for 1998 and projections for 1999 are broadly correct, they indicate that the Irish public finances have entered a state of surplus, even if purely cyclical net receipts are omitted. Looking forward, economic growth would have to fall well below its medium-term potential of 4½ to 5 per cent, and remain below trend for a considerable period, before a fiscal deficit would result.

Interest Rates

Both European and Irish interest rates have been relatively stable in recent months, and no immediate changes in either appear likely. As discussed in the International section of this *Commentary* continental short-term interest rates may rise slightly towards the end of 1998, although this is far from certain. In Ireland, short-term rates seem likely to be held close to their current levels for another

few months. Whether the Central Bank will hold rates until the end of the year, allowing a single large drop to euro levels, or whether it will reduce them in a series of smaller steps over the final quarter remains an open question. Even if it chooses the latter option, the impact on the economy within 1998 will be very limited.



Whatever the timing in the remainder of 1998, throughout 1999 Ireland will be subject to continental interest rate levels. The most likely course of short-term interest rates in 1999 is a modest and gradual increase, leading to an annual average level of the one month interbank rate of about 4½ per cent, compared with the probable Irish average of just below 6 per cent in 1998. Long-term interest rates seem likely to remain relatively stable in 1999.

General Assessment

As expected, 1997 turned out to be the fourth successive year of very high economic growth. On the basis of the official preliminary estimates in *National Income and Expenditure 1997*, real GNP increased by 7.7 per cent, compared with a revised figure of 6.0 per cent for 1996. Perhaps even more significant, the increase in gross national disposable income adjusted for the terms of trade (GNDI), the best indicator of real living standards, was 7.1 per cent, the largest rise during the current boom. The growth in 1997, as in the three previous years, was well balanced between exports and domestic demand, and was accompanied by a

large rise in employment, a massive improvement in the public finances, and by a remarkably low rate of price inflation.

All early indicators show that the value of final demand is continuing to increase very strongly in 1998, with both export and domestic demand growing at least as rapidly as in 1997. However, this will not necessarily translate into as large a rise in real GNP as last year. In the first place the increase in imports of goods and services is also likely to be very substantial, as is shown by import statistics for the opening months, while net factor outflows can also be expected to rise sharply. Partly influenced by revisions to the national accounts for recent years, and partly in the light of recent indicators, we have also raised our forecast of generalised price increases embodied in the GNP deflator for 1998. Thus although we have revised our forecasts of both the value and the volume of final demand substantially upwards, our forecast of the growth in real GNP in 1998 remains unchanged at 6¾ per cent.

Employment is forecast to increase strongly again in 1998, with both the unemployment rate and the number on the Live Register continuing to decline fairly steadily. The public finances seem certain to show a further large improvement, with the general government surplus for the year likely to be in the region of 2 per cent, and with the absolute value of the national debt likely to decline. The annual average increase in the consumer price index is forecast at 2.8 per cent, which implies twelve-monthly increases of well over 3 per cent in the second half of the year.

Due largely to a less favourable international environment, with the UK economy likely to grow more slowly while becoming more competitive through an overdue depreciation of sterling, export growth is projected to be significantly slower in 1999. In turn, this could affect the rate of net job creation, although at 3 per cent it is likely to remain high by long-term historical standards. Even allowing for a substantial further reduction in the personal savings ratio, a smaller rise in employment is likely to result in some reduction in the rate of growth of consumer spending. With import growth and factor outflows expected to be relatively high again, real GNP growth in 1999 is projected at 5½ per cent.

Despite this projected slowing of the growth rate, albeit to a pace which remains very high by either historic or international standards, the public finances are likely to strengthen further in 1999. Even allowing for moderate reductions in corporate tax rates and a raising of income tax thresholds, the general government surplus is projected to rise to about 2½ per cent of GDP and the absolute level of the national debt should be significantly reduced. As discussed earlier, it now appears that the public finances have reached a stage where they are in surplus even on a cyclically-corrected basis, thus more than achieving a key long-term aspiration of the EMU Stability and Growth Pact, that member states should aim for a general budget balance over the course of an economic cycle.

If our interpretation of recent price trends is correct, the rate of consumer price inflation should gradually abate in the course of 1999, following an appreciation of the Irish pound on a trade-weighted basis, and especially against sterling, although the annual average increase is likely to remain at this year's relatively high level of about 2.8 per cent. However, while the evidence suggests

that the rate of consumer price inflation remains little affected by the strength of domestic demand, our projections do show some result of inflationary pressures in the form of a significant deterioration in the current account of the balance of payments. Whether this will be accompanied by another manifestation of pressure in the form of a continued rise in property prices remains uncertain. Houses prices in particular rose very rapidly in the first half of 1998, but trends over the next few months will be closely watched to see whether the measures introduced following the Bacon Report have succeeded in checking the rise. More generally, the rate of new house building must be reaching the point where it will at least match the underlying rate of demand, once the additional spate of speculative and precautionary purchasing abates, which it could do quite rapidly were the expectation of continuous price increases to be punctured.

The principal danger to our relatively benign projection of economic prospects over the next eighteen months and beyond is that the disciplined approach to pay determination might break down. There can be no doubt that this approach, with its guarantees of moderate pay increases and industrial peace, rewarded by massive job creation and reduced rates of effective taxation, has played a significant part in the success of the Irish economy over the past decade.

In our April *Commentary* we argued that a gradual, controlled, loss of cost competitiveness would be the principal means of bringing the economy back to a sustainable long-term growth rate under the conditions of EMU. Our current projections show that this process could be well under way in 1999. It is, however, vital to note that the main factor likely to reduce the relative competitiveness of the Irish economy during 1999 is the anticipated depreciation of sterling from its currently grossly overvalued exchange rate against the euro currencies. Until there has been time to assess how the Irish economy adjusts to a less uncompetitive UK, it would be collective folly to accentuate the coming loss of Irish competitiveness through a significant rise in the rate of wage inflation.

Over the next few months the government faces serious problems in defending Ireland's hitherto successful economic strategy on two fronts. It must persuade a largely sceptical international audience that Irish fiscal policy is already tight, with the increase in government current savings likely to far outstrip any potential reduction in private savings following the fall in short-term interest rates associated with EMU entry. In particular, it must convince that audience that reneging on *Partnership 2000* commitments would be counterproductive, with the lasting adverse effects on industrial peace and pay determination outweighing any temporary beneficial effects on the level of domestic demand. To this end it should stress that normal laws of economics apply in Ireland as elsewhere, and that general market forces will bring Ireland back towards its relatively high sustainable growth rate of around 5 per cent.

At the same time, it must persuade an impatient membership of some unions, especially in the public service, that the consensus approach to economic management is still surviving, and offers by far the best hope of sustained improvement in living standards. In concert with the trade union leadership, it must explain that long-term changes in relativities between different groups of workers are an inevitable consequence of the introduction of productivity

bargaining. Meanwhile, employers could help strengthen the consensus approach by proving more forthcoming on such issues as workplace partnership and profit sharing, within the context of *Partnership 2000*. The pursuit of short-term sectional advantage contributed to a severe loss of potential living standards in the eighties, and could do so again. The government must convince its employees, in spite of some contrary evidence in the recent past, that it has the will to resist sectional pressures in the future, and will, if necessary, withstand the threat or actuality of industrial action.

STATISTICAL APPENDIX

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Table A1: National Accounts

| | GNP by Source of Income at Current Market Prices | | | | | | | | |
|------|--|--------------------------------|--------------------------------|---------------------------------------|---------------------------------|---------------------------------|--------------------------------|---------------------------------|-----------------------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| | Agri. Income (£m) | Non- Agri. Wages (£m) | Non- Agri. Other (£m) | Adjust- ments (£m) | Net Factor Income (£m) | Natio- nal Income (£m) | Depre- ciation (£m) | Taxes less Subs. (£m) | GNP (market prices) (£m) |
| | <i>Annual Series</i> | | | | | | | | |
| 1990 | 1,966 | 12,801 | 7,965 | -993 | -2,921 | 18,818 | 2,615 | 2,836 | 24,269 |
| 1991 | 1,852 | 13,643 | 8,107 | -1,095 | -2,796 | 19,711 | 2,850 | 2,866 | 25,427 |
| 1992 | 2,138 | 14,648 | 8,274 | -1,235 | -3,210 | 20,615 | 2,998 | 3,303 | 26,916 |
| 1993 | 2,182 | 15,853 | 9,369 | -1,419 | -3,521 | 22,464 | 3,239 | 3,219 | 28,921 |
| 1994 | 2,281 | 16,870 | 10,001 | -1,493 | -3,575 | 24,084 | 3,612 | 3,960 | 31,655 |
| 1995 | 2,441 | 18,196 | 12,031 | -1,770 | -4,508 | 26,390 | 4,041 | 4,376 | 34,807 |
| 1996 | 2,470 | 19,778 | 13,365 | -1,673 | -5,151 | 28,788 | 4,463 | 4,540 | 37,790 |
| 1997 | 2,371 | 21,806 | 15,433 | -1,930 | -6,322 | 31,357 | 5,113 | 5,448 | 41,919 |
| | GDP by Sector of Origin and GNP at Current Market Prices | | | | | | | | |
| | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| | Agri- culture (£m) | Indus- try (£m) | Distri- bution (£m) | Public Admin- istration (£m) | Other Dome- stic (£m) | Adjust- ments (£m) | Taxes less Subs. (£m) | GDP (output) (£m) | GNP (output) (£m) |
| | <i>Annual Series</i> | | | | | | | | |
| 1990 | 2,340 | 8,749 | 4,816 | 1,362 | 8,079 | -993 | 2,836 | 27,190 | 24,269 |
| 1991 | 2,236 | 9,090 | 4,988 | 1,463 | 8,675 | -1,095 | 2,866 | 28,224 | 25,427 |
| 1992 | 2,524 | 9,802 | 4,563 | 1,563 | 9,606 | -1,235 | 3,303 | 30,125 | 26,916 |
| 1993 | 2,569 | 10,417 | 5,225 | 1,686 | 10,746 | -1,419 | 3,219 | 32,442 | 28,921 |
| 1994 | 2,668 | 11,537 | 5,239 | 1,725 | 11,594 | -1,493 | 3,960 | 35,231 | 31,655 |
| 1995 | 2,852 | 13,370 | 5,924 | 1,762 | 12,801 | -1,770 | 4,376 | 39,315 | 34,807 |
| 1996 | 2,904 | 14,302 | 6,971 | 1,855 | 14,044 | -1,673 | 4,540 | 42,942 | 37,790 |
| 1997 | 2,816 | 16,624 | 7,546 | 2,011 | 15,725 | -1,930 | 5,448 | 48,241 | 41,919 |
| | Expenditure on GNP at Current Market Prices | | | | | | | | |
| | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| | Private Consumption (£m) | Public Consumption (£m) | Invest- ment (£m) | Stock changes (£m) | Exports (£m) | Imports (£m) | GDP (exp.) (£m) | Net Factor Income (£m) | GNP (exp.) (£m) |
| | <i>Annual Series</i> | | | | | | | | |
| 1990 | 15,992 | 4,067 | 5,128 | 719 | 16,175 | -14,891 | 27,190 | -2,921 | 24,269 |
| 1991 | 16,814 | 4,480 | 4,910 | 623 | 16,984 | -15,587 | 28,224 | -2,796 | 25,427 |
| 1992 | 18,047 | 4,843 | 5,046 | -95 | 18,881 | -16,597 | 30,125 | -3,210 | 26,916 |
| 1993 | 18,819 | 5,211 | 5,087 | -136 | 22,033 | -18,573 | 32,442 | -3,521 | 28,921 |
| 1994 | 20,554 | 5,570 | 5,848 | -159 | 25,308 | -21,891 | 35,231 | -3,575 | 31,655 |
| 1995 | 21,841 | 5,871 | 6,735 | 401 | 30,837 | -26,369 | 39,315 | -4,508 | 34,807 |
| 1996 | 23,487 | 6,125 | 7,951 | 404 | 34,341 | -29,367 | 42,942 | -5,151 | 37,790 |
| 1997 | 25,191 | 6,669 | 9,448 | 539 | 40,614 | -34,220 | 48,241 | -6,322 | 41,919 |

Table A1 (cont'd): National Accounts

| | GDP by Sector of Origin and GNP at Constant (1990) Market Prices | | | | | | | | |
|----------------------|--|---|---|---|--|--|--|---|---------------------------------------|
| | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 |
| | Agri- culture (1990= 100) | Indus- try (1990= 100) | Distri- bution (1990= 100) | Public Admin- istration (1990= 100) | Other Dome- stic (1990= 100) | Adjust- ments (1990= 100) | Taxes less Subs. (1990= 100) | GDP (output) (1990= 100) | GNP (output) (1990= 100) |
| <i>Annual Series</i> | | | | | | | | | |
| 1990 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 1991 | 98.3 | 102.5 | 101.0 | 99.4 | 103.6 | 107.7 | 95.2 | 101.1 | 101.7 |
| 1992 | 106.6 | 109.0 | 92.7 | 102.0 | 108.4 | 118.6 | 104.4 | 104.5 | 103.6 |
| 1993 | 98.4 | 111.7 | 100.3 | 102.6 | 111.5 | 128.2 | 108.3 | 107.1 | 106.0 |
| 1994 | 96.6 | 122.5 | 101.8 | 101.5 | 116.2 | 132.4 | 124.7 | 113.6 | 113.1 |
| 1995 | 97.7 | 142.5 | 110.0 | 102.4 | 123.0 | 153.5 | 141.6 | 124.6 | 122.1 |
| 1996 | 100.0 | 154.3 | 127.2 | 104.1 | 125.9 | 142.6 | 142.0 | 133.0 | 129.0 |
| 1997 | 101.4 | 177.8 | 138.4 | 106.9 | 132.3 | 161.5 | 152.8 | 145.2 | 138.3 |
| | Expenditure on GNP at Constant (1990) Market Prices | | | | | | | | |
| | 37 | 38 | 39 | 40 | 41 | 42 | 43 | 44 | 45 |
| | Private Consumption (1990= 100) | Public Consumption (1990= 100) | Invest- ment (1990= 100) | Stock changes (1990= 100) | Exports (1990= 100) | Imports (1990= 100) | GDP (exp.) (1990= 100) | Net Factor Income (1990= 100) | GNP (exp.) (1990= 100) |
| <i>Annual Series</i> | | | | | | | | | |
| 1990 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 1991 | 102.1 | 102.9 | 93.4 | 89.2 | 105.3 | 102.3 | 102.0 | 96.0 | 102.8 |
| 1992 | 106.9 | 105.4 | 91.6 | -10.9 | 119.5 | 110.4 | 106.3 | 112.5 | 105.5 |
| 1993 | 109.4 | 105.8 | 88.4 | -18.0 | 131.1 | 118.3 | 109.6 | 116.0 | 108.8 |
| 1994 | 116.3 | 111.2 | 99.2 | -31.7 | 149.8 | 135.8 | 117.6 | 117.2 | 117.6 |
| 1995 | 121.0 | 114.1 | 110.0 | 48.3 | 179.1 | 157.2 | 130.7 | 145.0 | 128.9 |
| 1996 | 128.3 | 115.7 | 125.0 | 57.6 | 200.1 | 176.3 | 140.3 | 166.2 | 137.2 |
| 1997 | 136.4 | 121.2 | 138.6 | 77.2 | 234.0 | 203.8 | 154.1 | 201.7 | 148.4 |
| | Memorandum Items (Current Prices) | | | | | | | | |
| | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 |
| | GNDI (£m) | GNP Deflator (1990= 100) | GNP per capita (£) | Relative GNP (EU15= 100) | Gross Govt. Deficit (%) | Debt- GDP ratio (%) | Gov. Exp./ GNP (%) | Pers. Savings Ratio (%) | Invest- ment/ GNP (%) |
| <i>Annual Series</i> | | | | | | | | | |
| 1990 | 25,682 | 100.0 | 6,923 | 63.9 | 2.3 | 95.8 | 46.1 | 12.7 | 21.1 |
| 1991 | 27,036 | 102.5 | 7,212 | 68.6 | 2.3 | 95.3 | 47.7 | 13.3 | 19.3 |
| 1992 | 28,161 | 106.1 | 7,572 | 71.2 | 2.4 | 91.9 | 48.4 | 12.4 | 18.7 |
| 1993 | 30,230 | 111.0 | 8,092 | 72.9 | 2.7 | 94.1 | 49.0 | 13.9 | 17.6 |
| 1994 | 32,811 | 113.0 | 8,828 | 76.9 | 1.6 | 86.9 | 47.2 | 10.3 | 18.5 |
| 1995 | 35,917 | 114.2 | 9,665 | 80.1 | 2.2 | 80.0 | 45.7 | 10.8 | 19.3 |
| 1996 | 39,144 | 117.0 | 10,422 | 84.4 | 0.4 | 71.1 | 44.7 | 9.6 | 21.0 |
| 1997 | 43,208 | 120.5 | 11,451 | 88.1 | -0.9 | 64.1 | 43.8 | 9.8 | 22.5 |

Table A2: Output Indicators

| | Volume Indices | | | Output per Head | | | Price Indices | | |
|-------|---|--|---|---|--|---|--|--|---|
| | 55 Total Manuf- acturing (1985= 100) | 56 Modern Manuf- acturing (1985= 100) | 57 Trad. Manuf- acturing (1985= 100) | 58 Total Manuf- acturing (1985= 100) | 59 Modern Manuf- acturing (1985= 100) | 60 Trad. Manuf- acturing (1985= 100) | 61 Manuf- acturing Output (1985= 100) | 62 Whole- sale Prices (1985= 100) | 63 Agricul- tural Output (1985= 100) |
| | <i>Annual Averages</i> | | | | | | | | |
| 1990 | 149.2 | 202.4 | 118.1 | 145.3 | 164.6 | 121.5 | 107.8 | 105.1 | 100.0 |
| 1991 | 153.9 | 210.0 | 119.1 | 147.5 | 163.2 | 121.7 | 108.7 | 106.4 | 96.4 |
| 1992 | 169.6 | 245.2 | 122.7 | 160.1 | 185.4 | 124.1 | 110.5 | 107.3 | 97.8 |
| 1993 | 178.8 | 267.5 | 123.4 | 167.9 | 193.2 | 125.9 | 115.6 | 112.4 | 104.2 |
| 1994 | 201.6 | 313.8 | 129.8 | 186.2 | 212.5 | 132.8 | 116.9 | 113.5 | 105.8 |
| 1995 | 242.1 | 407.4 | 138.1 | 211.5 | 241.2 | 138.2 | 119.8 | 115.9 | 108.2 |
| 1996 | 261.9 | 447.1 | 142.4 | 219.7 | 236.0 | 141.7 | 120.6 | 116.4 | 102.9 |
| 1997 | 305.5 | 539.3 | 150.4 | 241.8 | 255.5 | 145.0 | 119.9 | 116.4 | 96.2 |
| | <i>Quarterly Averages</i> | | | | | | | | |
| 1995I | 224.7 | 375.6 | 130.1 | 202.2 | 238.5 | 131.7 | 118.3 | 115.4 | 107.8 |
| II | 242.4 | 397.0 | 143.9 | 212.7 | 241.6 | 143.2 | 119.5 | 116.6 | 110.5 |
| III | 233.3 | 391.8 | 133.2 | 201.7 | 226.2 | 132.8 | 120.2 | 115.3 | 106.6 |
| IV | 268.7 | 466.4 | 145.5 | 229.3 | 258.3 | 145.2 | 121.3 | 116.3 | 108.1 |
| 1996I | 257.4 | 451.6 | 133.4 | 220.7 | 245.6 | 135.1 | 121.3 | 117.5 | 109.5 |
| II | 268.8 | 453.0 | 147.6 | 226.3 | 244.3 | 146.2 | 121.2 | 116.9 | 107.0 |
| III | 239.9 | 396.9 | 137.0 | 199.6 | 211.2 | 134.1 | 120.3 | 116.1 | 100.4 |
| IV | 282.3 | 488.6 | 151.8 | 232.9 | 255.1 | 148.2 | 119.6 | 115.0 | 98.9 |
| 1997I | 295.9 | 535.6 | 140.3 | 242.2 | 267.6 | 138.4 | 118.8 | 114.9 | 96.9 |
| II | 305.5 | 532.5 | 154.1 | 242.9 | 257.3 | 148.0 | 119.6 | 115.7 | 98.8 |
| III | 294.0 | 515.5 | 145.1 | 229.7 | 239.6 | 138.6 | 120.1 | 116.1 | 96.6 |
| IV | 326.7 | 574.5 | 162.0 | 252.3 | 258.8 | 154.6 | 121.1 | 116.8 | 95.6 |
| 1998I | 349.9 | 650.5 | 148.4 | | | | 121.9 | | 96.2 |
| II | | | | | | | 121.6 | | |
| III | | | | | | | | | |
| IV | | | | | | | | | |
| | <i>Quarterly Averages (Seasonally Adjusted)</i> | | | | | | | | |
| 1995I | 221.3 | 356.0 | 135.0 | 197.5 | 224.6 | 135.4 | 118.4 | 115.3 | 107.0 |
| II | 233.6 | 388.3 | 138.4 | 205.2 | 234.8 | 138.2 | 119.2 | 116.0 | 107.8 |
| III | 252.9 | 437.4 | 139.9 | 219.4 | 252.7 | 140.1 | 120.2 | 115.3 | 108.2 |
| IV | 261.5 | 451.1 | 140.0 | 224.1 | 252.2 | 139.9 | 121.5 | 116.8 | 110.1 |
| 1996I | 254.9 | 429.7 | 138.8 | 216.7 | 232.4 | 139.3 | 121.3 | 117.4 | 108.6 |
| II | 259.3 | 443.8 | 141.5 | 218.6 | 238.1 | 140.8 | 120.9 | 116.4 | 104.6 |
| III | 260.2 | 441.3 | 142.8 | 217.1 | 234.8 | 140.4 | 120.4 | 116.2 | 101.9 |
| IV | 274.8 | 471.8 | 145.0 | 227.7 | 248.7 | 141.7 | 119.7 | 115.5 | 100.5 |
| 1997I | 293.1 | 508.4 | 146.0 | 237.8 | 252.7 | 142.5 | 118.8 | 114.8 | 96.1 |
| II | 294.8 | 521.8 | 148.0 | 234.7 | 250.8 | 142.8 | 119.4 | 115.2 | 96.6 |
| III | 318.0 | 573.6 | 151.0 | 249.2 | 266.5 | 144.9 | 120.2 | 116.3 | 98.1 |
| IV | 316.4 | 558.3 | 156.3 | | | | 121.2 | 117.3 | 97.1 |
| 1998I | 347.4 | 620.0 | 154.4 | | | | 122.0 | | 95.5 |
| II | | | | | | | 121.4 | | |
| III | | | | | | | | | |
| IV | | | | | | | | | |

Table A3: Employment, Earnings and Unemployment Indicators

| | Employment | | | Hourly Earnings | | Live Register | | 72 Unemp- loyment Rate (%) | |
|---|--|---|--|---|--|-----------------------|-------------------------|--|------------------------|
| | 64 Total Manuf- acturing (‘000s) | 65 Modern Manuf- acturing (‘000s) | 66 Trad. Manuf- acturing (‘000s) | 67 Real Terms Manuf. (1985= 100) | 68 Money Terms Manuf. (1985= 100) | 69 Male (‘000s) | 70 Female (‘000s) | | 71 Total (‘000s) |
| <i>Annual Averages</i> | | | | | | | | | |
| 1990 | 191.9 | 48.4 | 143.5 | 102.4 | 105.8 | 152,081 | 72,630 | 224,711 | 13.3 |
| 1991 | 195.1 | 50.7 | 144.4 | 105.4 | 111.8 | 170,456 | 83,491 | 253,947 | 14.7 |
| 1992 | 198.0 | 52.1 | 145.9 | 105.7 | 116.0 | 187,168 | 95,974 | 283,142 | 15.5 |
| 1993 | 199.1 | 54.5 | 144.6 | 109.0 | 121.3 | 193,750 | 100,529 | 294,279 | 15.5 |
| 1994 | 202.4 | 58.2 | 144.3 | 109.4 | 124.6 | 184,393 | 98,020 | 282,413 | 14.1 |
| 1995 | 214.0 | 66.5 | 147.5 | 110.5 | 129.0 | 178,494 | 99,273 | 277,767 | 12.2 |
| 1996 | 222.8 | 74.6 | 148.3 | 115.9 | 137.6 | 175,642 | 103,593 | 279,235 | 11.5 |
| 1997 | 236.2 | 83.1 | 153.1 | | | 155,839 | 98,540 | 254,379 | 10.2 |
| <i>Quarterly Averages</i> | | | | | | | | | |
| 1995I | 207.7 | 62.0 | 145.7 | 115.0 | 133.2 | 181,760 | 97,836 | 279,595 | |
| II | 213.0 | 64.7 | 148.3 | 111.0 | 129.9 | 176,873 | 96,833 | 273,707 | |
| III | 216.2 | 68.2 | 148.0 | 112.6 | 132.4 | 177,670 | 101,493 | 279,164 | |
| IV | 219.0 | 71.1 | 147.9 | 117.0 | 137.6 | 177,673 | 100,929 | 278,602 | |
| 1996I | 218.0 | 72.4 | 145.6 | 116.1 | 137.2 | 182,002 | 103,340 | 285,342 | |
| II | 222.0 | 73.0 | 149.0 | 111.3 | 132.1 | 176,857 | 102,819 | 279,677 | |
| III | 224.7 | 74.0 | 150.7 | 112.4 | 134.0 | 177,022 | 107,882 | 284,905 | |
| IV | 226.6 | 75.4 | 151.2 | 122.8 | 147.1 | 166,687 | 100,328 | 267,016 | |
| 1997I | 228.4 | 78.8 | 149.6 | 118.4 | 142.1 | 164,688 | 100,516 | 265,205 | |
| II | 235.1 | 81.5 | 153.6 | 117.4 | 141.4 | 155,693 | 97,120 | 252,813 | |
| III | 239.2 | 84.7 | 154.5 | | | 154,256 | 101,358 | 255,614 | |
| IV | 242.0 | 87.4 | 154.6 | | | 148,720 | 95,164 | 243,884 | |
| 1998I | | | | | | 147,202 | 93,825 | 241,027 | |
| II | | | | | | 136,916 | 91,152 | 228,068 | |
| III | | | | | | | | | |
| IV | | | | | | | | | |
| <i>Quarterly Averages (Seasonally Adjusted)</i> | | | | | | | | | |
| 1995I | 209.5 | 62.4 | 147.1 | 114.6 | 132.6 | 178,233 | 97,600 | 275,800 | 12.5 |
| II | 212.8 | 65.1 | 147.7 | 112.7 | 131.8 | 178,600 | 98,433 | 277,033 | 12.1 |
| III | 215.5 | 68.1 | 147.3 | 113.1 | 133.2 | 177,700 | 98,967 | 276,700 | 12.0 |
| IV | 218.1 | 70.4 | 147.7 | 115.1 | 135.4 | 179,300 | 102,000 | 281,300 | 12.0 |
| 1996I | 219.9 | 72.8 | 147.1 | 115.5 | 136.3 | 178,767 | 103,167 | 281,900 | 11.9 |
| II | 221.7 | 73.4 | 148.4 | 113.4 | 134.4 | 178,533 | 104,500 | 283,067 | 11.8 |
| III | 224.0 | 74.0 | 150.0 | 112.9 | 134.8 | 176,833 | 105,300 | 282,133 | 11.4 |
| IV | 225.6 | 74.7 | 151.0 | 120.6 | 144.7 | 168,367 | 101,367 | 269,767 | 11.0 |
| 1997I | 230.4 | 79.2 | 151.2 | 117.6 | 141.1 | 161,567 | 100,367 | 261,933 | 10.6 |
| II | 234.8 | 81.9 | 152.9 | | | 157,333 | 98,800 | 256,233 | 10.3 |
| III | 238.5 | 84.7 | 153.8 | | | 153,967 | 98,700 | 252,667 | 10.2 |
| IV | | | | | | 150,500 | 96,267 | 246,767 | 9.9 |
| 1998I | | | | | | 144,167 | 93,667 | 237,833 | 9.6 |
| II | | | | | | 138,600 | 92,867 | 231,433 | 9.3 |
| III | | | | | | | | | |
| IV | | | | | | | | | |

Table A4: IBEC-ESRI Monthly Industrial Survey

| | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 |
|---|--|--|---|--|--|---|--------------------------|------------------------------|
| | Expectations for Production (balance of %) | Expectations for Employment (balance of %) | Adequacy of Present Capacity (balance of %) | Trend in Selling Prices (balance of %) | Expectations for Home Sales (balance of %) | Expectations for Exports (balance of %) | Capacity Utilisation (%) | Months of Production Ensured |
| <i>Annual Averages</i> | | | | | | | | |
| 1990 | 11.3 | -6.8 | 11.9 | 2.1 | 5.5 | 8.3 | 75.5 | 2.1 |
| 1991 | 4.6 | -17.7 | 15.3 | -0.3 | -1.8 | 5.1 | 75.6 | 2.0 |
| 1992 | -1.8 | -12.8 | 15.7 | -8.4 | -4.4 | 5.3 | 76.0 | 2.1 |
| 1993 | -0.3 | -23.1 | 22.0 | -2.3 | -0.3 | -0.8 | 74.0 | 2.1 |
| 1994 | 16.0 | -3.9 | 16.8 | -0.5 | 6.5 | 18.7 | 75.0 | 2.2 |
| 1995 | 16.1 | -3.1 | 6.6 | 2.3 | 5.5 | 22.8 | 77.4 | 2.3 |
| 1996 | 6.7 | -7.4 | 7.5 | -6.6 | 4.4 | 1.6 | 74.4 | 2.3 |
| 1997 | 13.3 | -1.1 | 2.7 | -3.8 | 4.7 | 15.3 | 74.4 | 2.5 |
| <i>Quarterly Averages</i> | | | | | | | | |
| 1995I | 21.7 | 4.0 | 3.7 | 11.0 | 7.0 | 26.0 | 77.2 | 2.5 |
| II | 21.0 | 1.3 | 10.3 | -2.0 | 7.3 | 31.3 | 77.8 | 2.2 |
| III | 16.3 | -2.7 | 5.0 | 1.3 | 5.3 | 17.3 | 77.7 | 2.3 |
| IV | 5.3 | -15.0 | 7.3 | -1.0 | 2.3 | 16.3 | 77.0 | 2.1 |
| 1996I | 12.7 | -5.0 | 11.3 | -0.3 | 8.0 | 4.0 | 73.0 | 2.1 |
| II | -1.7 | -7.0 | 7.3 | -11.7 | -0.3 | 0.0 | 73.4 | 2.3 |
| III | 14.0 | -5.0 | 6.0 | -9.0 | 3.3 | 7.0 | 73.8 | 2.4 |
| IV | 1.7 | -12.7 | 5.3 | -5.3 | 6.7 | -4.7 | 77.2 | 2.3 |
| 1997I | 12.0 | -3.7 | 5.0 | -5.0 | 7.3 | 22.3 | 77.0 | 2.6 |
| II | 11.7 | -1.7 | 0.7 | -0.7 | 1.7 | 18.7 | 74.9 | 2.5 |
| III | 15.0 | 1.0 | 2.0 | -6.0 | 4.0 | 8.0 | 72.7 | 2.4 |
| IV | 14.7 | 0.0 | 3.0 | -3.3 | 5.7 | 12.0 | 73.0 | 2.5 |
| 1998I | 16.7 | 0.7 | 2.7 | -2.3 | 7.7 | 13.0 | 74.6 | 2.4 |
| II | | | | | | | | |
| III | | | | | | | | |
| IV | | | | | | | | |
| <i>Quarterly Averages (Seasonally Adjusted)</i> | | | | | | | | |
| 1995I | No Seasonal Pattern | No Seasonal Pattern | No Seasonal Pattern | No Seasonal Pattern | No Seasonal Pattern | No Seasonal Pattern | No Seasonal Pattern | No Seasonal Pattern |
| II | | | | | | | | |
| III | | | | | | | | |
| IV | | | | | | | | |
| 1996I | | | | | | | | |
| II | | | | | | | | |
| III | | | | | | | | |
| IV | | | | | | | | |
| 1997I | | | | | | | | |
| II | | | | | | | | |
| III | | | | | | | | |
| IV | | | | | | | | |
| 1998I | | | | | | | | |
| II | | | | | | | | |
| III | | | | | | | | |
| IV | | | | | | | | |

Table A5: Demand Indicators

| | Consumption | | | | Government | | | | |
|---|-------------------------------------|---|--|---|---|--|---------------------------------------|---|----------------------------------|
| | 81 CPI (Nov. 1989 =100) | 82 Cars Regis- tered N&S/H (Total) | 83 Retail Sales Value (1990= 100) | 84 Retail Sales Volume (1990= 100) | 85 Elec- tricity Output (GWh) | 86 New Houses Com- pleted (Total) | 87 Current Reve- nue (£m) | 88 Current Expen- diture (£m) | 89 Current Deficit (£m) |
| <i>Annual Series</i> | | | | | | | | | |
| 1990 | 101.7 | 105,849 | 99.6 | 99.6 | 14,325 | 19,087 | 8,269 | 9,144 | 152 |
| 1991 | 104.5 | 89,589 | 101.5 | 99.5 | 14,990 | 19,364 | 8,776 | 9,827 | 300 |
| 1992 | 108.0 | 85,492 | 105.9 | 102.0 | 15,682 | 22,051 | 9,360 | 10,584 | 446 |
| 1993 | 109.5 | 87,352 | 109.0 | 103.4 | 16,161 | 20,707 | 10,140 | 11,493 | 379 |
| 1994 | 112.1 | 116,636 | 117.7 | 109.0 | 16,844 | 24,952 | 11,203 | 12,229 | -15 |
| 1995 | 115.0 | 124,595 | 123.5 | 112.2 | 17,598 | 29,619 | 11,667 | 13,190 | 362 |
| 1996 | 116.8 | 153,833 | 133.7 | 119.1 | 18,935 | 32,989 | 14,018 | 12,954 | 437 |
| 1997 | 118.8 | 167,404 | 145.0 | 128.4 | 19,551 | 38,842 | 15,488 | 14,619 | 235 |
| <i>Quarterly Series</i> | | | | | | | | | |
| 1995I | 114.0 | 39,283 | 116.0 | 106.3 | 4,674 | 6,296 | 2,537 | 2,973 | 234 |
| II | 115.2 | 37,934 | 121.0 | 109.9 | 4,151 | 7,156 | 3,156 | 3,205 | -200 |
| III | 115.7 | 29,536 | 123.9 | 112.4 | 4,080 | 7,684 | 2,914 | 3,129 | -87 |
| IV | 115.8 | 17,842 | 132.9 | 120.1 | 4,693 | 9,439 | 3,060 | 3,883 | 415 |
| 1996I | 116.3 | 50,295 | 126.1 | 113.3 | 5,084 | 7,216 | 2,678 | 3,389 | 440 |
| II | 116.8 | 48,571 | 132.6 | 118.2 | 4,455 | 7,931 | 3,298 | 3,322 | -235 |
| III | 117.4 | 33,460 | 132.2 | 117.7 | 4,316 | 8,403 | 3,607 | 3,178 | -715 |
| IV | 118.0 | 21,507 | 143.9 | 127.4 | 5,080 | 10,175 | 3,372 | 4,130 | 218 |
| 1997I | 118.1 | 51,641 | 134.8 | 120.0 | 5,116 | 8,081 | 3,101 | 3,381 | 99 |
| II | 118.6 | 49,546 | 141.2 | 125.0 | 4,627 | 9,600 | 4,151 | 3,406 | -1,068 |
| III | 118.6 | 36,008 | 144.3 | 128.1 | 4,584 | 9,964 | 3,523 | 3,934 | 40 |
| IV | 119.9 | 30,209 | 159.6 | 140.5 | 5,224 | 11,197 | 3,845 | 4,767 | 325 |
| 1998I | 120.1 | | 149.4 | 138.4 | 5,306 | | 3,517 | 3,499 | -275 |
| II | 121.8 | | | | | | 4,666 | 3,743 | -1,295 |
| III | | | | | | | | | |
| IV | | | | | | | | | |
| <i>Quarterly Series (Seasonally Adjusted)</i> | | | | | | | | | |
| 1995I | 113.8 | 29,447 | 120.5 | 110.3 | 4,345 | 7,518 | 2,821 | 2,978 | 157 |
| II | 115.1 | 30,390 | 122.0 | 110.9 | 4,368 | 7,427 | 2,955 | 3,363 | 408 |
| III | 115.9 | 33,171 | 124.7 | 113.0 | 4,439 | 7,379 | 2,923 | 3,327 | 405 |
| IV | 115.8 | 34,189 | 126.5 | 114.4 | 4,453 | 8,168 | 2,970 | 3,443 | 473 |
| 1996I | 116.2 | 37,663 | 130.7 | 117.3 | 4,726 | 8,538 | 2,995 | 3,487 | 492 |
| II | 116.7 | 38,588 | 133.6 | 119.4 | 4,686 | 8,249 | 3,027 | 3,475 | 448 |
| III | 117.6 | 37,705 | 133.4 | 118.5 | 4,693 | 8,148 | 3,645 | 3,383 | -262 |
| IV | 118.0 | 41,051 | 137.1 | 121.3 | 4,831 | 8,771 | 3,290 | 3,601 | 311 |
| 1997I | 118.1 | 38,643 | 139.6 | 124.0 | 4,744 | 9,502 | 3,489 | 3,548 | 60 |
| II | 118.4 | 39,470 | 142.3 | 126.2 | 4,870 | 9,990 | 3,765 | 3,548 | -217 |
| III | 118.7 | 41,072 | 145.8 | 129.1 | 4,981 | 9,714 | 3,570 | 4,198 | 627 |
| IV | 119.9 | 56,823 | 151.7 | 133.7 | 4,973 | 9,631 | 3,764 | 4,122 | 357 |
| 1998I | 120.1 | | 154.5 | 136.6 | 4,921 | | 3,966 | 3,704 | -261 |
| II | 121.6 | | | | | | 4,214 | 3,895 | -319 |
| III | | | | | | | | | |
| IV | | | | | | | | | |

Table A6: Monetary and Financial Indicators

| | Interest Rates | | Monetary Developments | | | | Asset Prices | | |
|-------|--|---|-------------------------------------|--|--|--------------------------------------|---|--|---------------------------------------|
| | 90 One Month Inter- Bank (% p.a.) | 91 Long- Term Gilt Rate (% p.a.) | 92 M3 Money Supply (£m) | 93 Dom. Credit (Gov.) (£m) | 94 Dom. Credit (Non- Gov.) (£m) | 95 New Mort- gages (No.) | 95 External Res- erves (£m) | 97 ISEQ Share Prices (1/1988 =1000) | 98 Second Hand Houses (£) |
| | <i>Annual Series</i> | | | | | | | | |
| 1990 | 11.1 | 10.1 | 12,636 | 2,733 | 13,856 | 34,812 | 2,892 | 1,562.2 | 49,134 |
| 1991 | 10.4 | 9.3 | 13,025 | 2,715 | 13,553 | 37,058 | 3,256 | 1,382.4 | 50,500 |
| 1992 | 15.2 | 9.1 | 14,119 | 3,180 | 14,411 | 44,433 | 2,113 | 1,311.1 | 51,452 |
| 1993 | 10.6 | 7.8 | 17,268 | 3,168 | 14,911 | 45,390 | 4,278 | 1,576.0 | 52,559 |
| 1994 | 5.7 | 8.2 | 19,209 | 3,518 | 16,655 | 50,204 | 4,041 | 1,853.4 | 55,033 |
| 1995 | 6.1 | 8.3 | 21,910 | 3,559 | 19,917 | 49,288 | 5,473 | 1,992.9 | 58,526 |
| 1996 | 5.8 | 8.1 | 27,038 | 2,976 | 23,548 | 61,006 | 4,960 | 2,494.3 | 67,438 |
| 1997 | 6.2 | 6.4 | | 2,576 | 19,205 | 64,652 | 4,636 | 3,335.9 | 80,276 |
| | <i>Quarterly Series</i> | | | | | | | | |
| 1995I | 6.1 | 8.7 | 18,897 | 3,209 | 17,454 | 11,573 | 4,031 | 1,863.6 | 55,671 |
| II | 6.5 | 8.4 | 19,252 | 3,146 | 18,384 | 12,787 | 4,547 | 1,893.2 | 58,603 |
| III | 6.0 | 8.3 | 20,421 | 3,505 | 19,037 | 12,394 | 5,504 | 2,055.7 | 58,458 |
| IV | 5.5 | 7.8 | 21,910 | 3,559 | 19,917 | 12,534 | 5,473 | 2,159.2 | 60,910 |
| 1996I | 5.1 | 7.8 | 22,213 | 4,031 | 20,585 | 14,084 | 5,213 | 2,304.7 | 61,248 |
| II | 5.1 | 7.7 | 22,881 | 3,801 | 21,595 | 16,142 | 5,048 | 2,496.1 | 67,292 |
| III | 5.6 | 7.5 | 24,096 | 3,241 | 22,218 | 16,363 | 5,722 | 2,511.0 | 69,599 |
| IV | 5.7 | 6.9 | 27,038 | 2,976 | 23,548 | 14,417 | 4,960 | 2,665.6 | 70,858 |
| 1997I | 5.7 | 6.8 | 27,843 | 3,149 | 25,647 | 14,773 | 5,876 | 2,891.3 | 72,197 |
| II | 6.3 | 6.8 | 37,931 | 3,401 | 19,156 | 18,199 | 5,092 | 3,127.4 | 77,324 |
| III | 6.3 | 6.1 | | 2,312 | 18,085 | 16,345 | 5,984 | 3,543.3 | 80,774 |
| IV | 6.4 | 5.8 | | 2,576 | 19,205 | 15,335 | 4,636 | 3,781.7 | 90,061 |
| 1998I | 6.3 | 5.2 | | 2,468 | 20,528 | 16,311 | 4,950 | 4,524.1 | 91,883 |
| II | 6.4 | | | | | | | 5,267.1 | |
| III | | | | | | | | | |
| IV | | | | | | | | | |
| | <i>Quarterly Series (Seasonally Adjusted)</i> | | | | | | | | |
| 1995I | | No | | No | | 12,086 | No | | 56,506 |
| II | | Seasonal | | Seasonal | | 11,896 | Seasonal | | 57,762 |
| III | | Pattern | | Pattern | | 12,053 | Pattern | | 58,562 |
| IV | | | | | | 13,370 | | | 60,778 |
| 1996I | | | | | | 14,691 | | | 62,164 |
| II | | | | | | 14,944 | | | 66,339 |
| III | | | | | | 16,009 | | | 69,709 |
| IV | | | | | | 15,389 | | | 70,682 |
| 1997I | | | | | | 15,367 | | | 73,391 |
| II | | | | | | 16,823 | | | 76,135 |
| III | | | | | | 16,035 | | | 80,946 |
| IV | | | | | | 16,360 | | | 89,769 |
| 1998I | | | | | | 16,973 | | | 93,497 |
| II | | | | | | | | | |
| III | | | | | | | | | |
| IV | | | | | | | | | |

Table A7: Trade Prices, Exchange Rates and Competitiveness

| | Trade Prices | | | Exchange Rates | | | | 106 Real Effective Index (1990= 100) |
|-------|---|--|--|--|------------------------------|----------------------------|--------------------------------------|---|
| | 99 Import Unit Value (1990= 100) | 100 Export Unit Value (1990= 100) | 101 Terms of Trade (1990= 100) | 102 Effective Index (12/1971 =100) | 103 Sterling (per IR£) | 104 Dollar (per IR£) | 105 Deutsch- mark (per IR£) | |
| | <i>Annual Averages</i> | | | | | | | |
| 1990 | 100.0 | 100.0 | 100.1 | 68.3 | 0.9305 | 1.6588 | 2.6729 | 100.0 |
| 1991 | 102.3 | 99.3 | 97.0 | 67.3 | 0.9133 | 1.6162 | 2.6708 | 96.9 |
| 1992 | 100.2 | 96.6 | 96.4 | 69.5 | 0.9695 | 1.7062 | 2.6561 | 99.7 |
| 1993 | 105.4 | 103.9 | 98.6 | 66.0 | 0.9771 | 1.4682 | 2.4241 | 93.0 |
| 1994 | 108.1 | 103.8 | 96.0 | 66.2 | 0.9777 | 1.4984 | 2.4263 | 92.9 |
| 1995 | 112.7 | 105.6 | 93.7 | 67.1 | 1.0168 | 1.6038 | 2.2971 | 93.4 |
| 1996 | 111.4 | 105.1 | 94.3 | 68.5 | 1.0255 | 1.6008 | 2.4092 | 95.2 |
| 1997 | 111.9 | 106.0 | 94.7 | 67.4 | 0.9271 | 1.5182 | 2.6286 | 95.0 |
| | <i>Quarterly Averages</i> | | | | | | | |
| 1995I | 111.7 | 104.0 | 93.1 | 66.6 | 0.9943 | 1.5733 | 2.3263 | 93.1 |
| II | 113.7 | 107.4 | 94.4 | 67.1 | 1.0197 | 1.6270 | 2.2717 | 93.0 |
| III | 112.2 | 105.6 | 94.1 | 67.4 | 1.0247 | 1.6117 | 2.3067 | 93.9 |
| IV | 113.2 | 105.5 | 93.2 | 67.4 | 1.0283 | 1.6033 | 2.2837 | 93.7 |
| 1996I | 113.4 | 108.1 | 95.3 | 67.6 | 1.0317 | 1.5797 | 2.3193 | 93.7 |
| II | 112.1 | 106.6 | 95.1 | 68.1 | 1.0307 | 1.5703 | 2.3913 | 94.1 |
| III | 111.1 | 103.8 | 93.5 | 68.8 | 1.0347 | 1.6090 | 2.4090 | 95.5 |
| IV | 109.1 | 101.9 | 93.4 | 69.5 | 1.0050 | 1.6443 | 2.5170 | 97.3 |
| 1997I | 110.8 | 104.6 | 94.5 | 69.7 | 0.9780 | 1.5943 | 2.6433 | 98.1 |
| II | 111.8 | 106.4 | 95.2 | 67.4 | 0.9317 | 1.5250 | 2.6127 | 94.9 |
| III | 113.1 | 106.8 | 94.5 | 66.8 | 0.9097 | 1.4780 | 2.6680 | 93.9 |
| IV | 112.2 | 107.0 | 95.3 | 65.7 | 0.8890 | 1.4753 | 2.5903 | 93.1 |
| 1998I | 114.4 | 108.6 | 94.9 | 62.6 | 0.8357 | 1.3760 | 2.5023 | |
| II | | | | 63.6 | 0.8500 | 1.4057 | 2.5193 | |
| III | | | | | | | | |
| IV | | | | | | | | |
| | <i>Quarterly Averages (Seasonally Adjusted)</i> | | | | | | | |
| 1995I | | | | | | | | |
| II | No | No | No | No | No | No | No | No |
| III | Seasonal | Seasonal | Seasonal | Seasonal | Seasonal | Seasonal | Seasonal | Seasonal |
| IV | Pattern | Pattern | Pattern | Pattern | Pattern | Pattern | Pattern | Pattern |
| 1996I | | | | | | | | |
| II | | | | | | | | |
| III | | | | | | | | |
| IV | | | | | | | | |
| 1997I | | | | | | | | |
| II | | | | | | | | |
| III | | | | | | | | |
| IV | | | | | | | | |
| 1998I | | | | | | | | |
| II | | | | | | | | |
| III | | | | | | | | |
| IV | | | | | | | | |

Table A8: External Trade and Balance of Payments Indicators

| | Visible Trade Indicators | | | | | | Balance of Payments | | |
|---|----------------------------|----------------------------|--------------------------|--|--|-------------------------------------|-----------------------------|--------------------------------|----------------------------|
| | 107 | 108 | 109 | 110 | 111 | 112 | 113 | 114 | 115 |
| | Imports (Value) (£m) | Exports (Value) (£m) | Trade Balance (£m) | Imports (Vol- ume) (1990= 100) | Exports (Vol- ume) (1990= 100) | Merch- andise Balance (£m) | Services Balance (£m) | Net Factor Flows (£m) | Current Account (£m) |
| <i>Annual Series</i> | | | | | | | | | |
| 1990 | 12,476 | 14,342 | 1,867 | 100.1 | 100.1 | 1,797 | -513 | -2,921 | -224 |
| 1991 | 12,851 | 15,019 | 2,168 | 100.8 | 105.4 | 2,066 | -668 | -2,796 | 209 |
| 1992 | 13,195 | 16,744 | 3,549 | 105.7 | 121.2 | 3,501 | -1,217 | -3,209 | 320 |
| 1993 | 14,885 | 19,830 | 4,945 | 112.9 | 133.3 | 4,826 | -1,366 | -3,521 | 1,248 |
| 1994 | 17,251 | 22,754 | 5,503 | 127.6 | 153.2 | 5,396 | -1,978 | -3,575 | 998 |
| 1995 | 20,619 | 27,825 | 7,206 | 146.3 | 184.1 | 7,459 | -2,991 | -4,508 | 1,070 |
| 1996 | 22,429 | 30,407 | 7,978 | 161.0 | 202.3 | 8,756 | -3,782 | -5,151 | 1,176 |
| 1997 | 25,790 | 35,012 | 9,221 | 184.2 | 230.3 | 11,084 | -4,690 | -6,322 | 1,362 |
| <i>Quarterly Series</i> | | | | | | | | | |
| 1995I | 4,970 | 6,464 | 1,494 | 142.3 | 173.6 | 1,558 | -693 | -1,163 | -19 |
| II | 4,950 | 6,843 | 1,893 | 139.2 | 178.2 | 1,957 | -603 | -1,192 | 360 |
| III | 4,875 | 6,766 | 1,891 | 139.0 | 179.0 | 1,953 | -696 | -1,084 | 377 |
| IV | 5,824 | 7,752 | 1,928 | 164.6 | 205.5 | 1,991 | -1,000 | -1,070 | 352 |
| 1996I | 5,867 | 7,792 | 1,925 | 165.5 | 201.7 | 2,003 | -922 | -1,451 | -175 |
| II | 5,624 | 7,656 | 2,032 | 160.4 | 200.7 | 2,111 | -790 | -1,261 | 171 |
| III | 5,103 | 7,112 | 2,010 | 147.0 | 191.4 | 2,299 | -917 | -1,188 | 680 |
| IV | 5,836 | 7,847 | 2,011 | 171.0 | 215.2 | 2,344 | -1,153 | -1,252 | 501 |
| 1997I | 5,941 | 7,915 | 1,974 | 171.4 | 211.5 | 2,315 | -1,184 | -1,725 | -267 |
| II | 6,529 | 8,774 | 2,245 | 186.8 | 230.4 | 2,662 | -1,075 | -1,755 | 138 |
| III | 6,141 | 8,709 | 2,567 | 173.8 | 227.8 | 3,072 | -1,111 | -1,327 | 868 |
| IV | 7,179 | 9,615 | 2,436 | 204.6 | 251.3 | 3,035 | -1,320 | -1,515 | 623 |
| 1998I | 7,678 | 10,284 | 2,606 | 214.7 | 264.5 | | | | |
| II | | | | | | | | | |
| III | | | | | | | | | |
| IV | | | | | | | | | |
| <i>Quarterly Series (Seasonally Adjusted)</i> | | | | | | | | | |
| 1995I | 4,807 | 6,476 | 1,669 | 138.3 | 173.8 | | No | No | |
| II | 4,957 | 6,695 | 1,739 | 140.5 | 176.5 | | Seasonal | Seasonal | |
| III | 5,183 | 7,103 | 1,920 | 147.1 | 188.4 | | Pattern | Pattern | |
| IV | 5,662 | 7,534 | 1,871 | 158.5 | 196.8 | | | | |
| 1996I | 5,684 | 7,838 | 2,154 | 161.4 | 202.4 | | | | |
| II | 5,624 | 7,472 | 1,848 | 161.7 | 198.7 | | | | |
| III | 5,447 | 7,456 | 2,009 | 155.9 | 200.9 | | | | |
| IV | 5,657 | 7,640 | 1,983 | 164.3 | 206.6 | | | | |
| 1997I | 5,749 | 7,925 | 2,176 | 167.2 | 211.5 | | | | |
| II | 6,522 | 8,557 | 2,035 | 188.1 | 228.3 | | | | |
| III | 6,575 | 9,152 | 2,577 | 184.6 | 239.6 | | | | |
| IV | 6,950 | 9,379 | 2,429 | 196.5 | 241.5 | | | | |
| 1998I | 7,436 | 10,282 | 2,847 | 209.8 | 264.7 | | | | |
| II | | | | | | | | | |
| III | | | | | | | | | |
| IV | | | | | | | | | |

Table A9 : International Indicators

| | GDP (Volume) | | | | | | | | |
|---|-----------------------------|---------------------------------------|---------------------------------|--------------------------------|-------------------------------|------------------------------|--------------------------------|-------------------------------|----------------------------------|
| | 116 UK (1990= 100) | 117 Ger- many (1990= 100) | 118 France (1990= 100) | 119 Italy (1990= 100) | 120 EU15 (1990= 100) | 121 USA (1990= 100) | 122 Japan (1990= 100) | 123 OECD (1990= 100) | 124 Ireland (1990= 100) |
| <i>Annual Averages</i> | | | | | | | | | |
| 1990 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 1991 | 98.0 | 112.5 | 100.8 | 101.1 | 103.0 | 99.1 | 103.8 | 101.4 | 101.6 |
| 1992 | 97.5 | 114.5 | 102.0 | 101.7 | 103.9 | 101.8 | 104.9 | 103.2 | 105.4 |
| 1993 | 99.5 | 113.1 | 100.6 | 100.5 | 103.4 | 104.1 | 105.2 | 104.3 | 108.3 |
| 1994 | 103.8 | 116.3 | 103.4 | 102.7 | 106.5 | 107.7 | 105.9 | 107.2 | 115.6 |
| 1995 | 106.7 | 118.4 | 105.6 | 105.7 | 109.2 | 109.9 | 107.4 | 109.3 | 127.6 |
| 1996 | 109.0 | 120.1 | 107.2 | 106.4 | 111.1 | 112.9 | 111.6 | 112.2 | 136.7 |
| 1997 | 112.6 | 122.8 | 109.8 | 108.0 | 114.2 | 117.2 | 112.6 | 115.7 | 149.6 |
| <i>Quarterly Averages</i> | | | | | | | | | |
| 1995I | | | | | | | | | |
| II | | | | | | | | | |
| III | | | | | | | | | |
| IV | | | | | | | | | |
| 1996I | | | | | | | | | |
| II | | | | | | | | | |
| III | | | | | | | | | |
| IV | | | | | | | | | |
| 1997I | | | | | | | | | |
| II | | | | | | | | | |
| III | | | | | | | | | |
| IV | | | | | | | | | |
| 1998I | | | | | | | | | |
| II | | | | | | | | | |
| III | | | | | | | | | |
| IV | | | | | | | | | |
| <i>Quarterly Averages (Seasonally Adjusted)</i> | | | | | | | | | |
| 1995I | 105.9 | 118.0 | 105.5 | 105.4 | 108.6 | 109.2 | 105.6 | 108.6 | |
| II | 106.4 | 118.8 | 105.7 | 105.3 | 109.0 | 109.3 | 107.2 | 108.9 | |
| III | 107.0 | 118.5 | 105.8 | 105.9 | 109.4 | 110.2 | 107.9 | 109.6 | |
| IV | 107.5 | 118.5 | 105.4 | 106.3 | 109.6 | 110.8 | 108.7 | 110.1 | |
| 1996I | 108.0 | 118.5 | 106.8 | 107.1 | 110.3 | 111.2 | 111.6 | 111.2 | |
| II | 108.4 | 120.1 | 106.7 | 106.1 | 110.7 | 112.9 | 111.7 | 112.0 | |
| III | 109.2 | 120.7 | 107.6 | 106.5 | 111.4 | 113.2 | 111.2 | 112.5 | |
| IV | 110.4 | 121.0 | 107.8 | 106.1 | 111.9 | 114.4 | 112.4 | 113.3 | |
| 1997I | 111.3 | 121.5 | 108.2 | 106.1 | 112.4 | 115.7 | 114.7 | 114.5 | |
| II | 112.3 | 122.6 | 109.4 | 108.1 | 113.7 | 116.7 | 111.5 | 115.2 | |
| III | 113.1 | 123.5 | 110.4 | 108.8 | 114.6 | 117.6 | 112.4 | 116.1 | |
| IV | 113.5 | 123.8 | 111.3 | 109.0 | 115.2 | 118.6 | 112.2 | 116.8 | |
| 1998I | | | | | | | | | |
| II | | | | | | | | | |
| III | | | | | | | | | |
| IV | | | | | | | | | |

Table A9 (cont'd): International Indicators

| | Consumer Prices | | | | | | | | |
|-------|---|---------------------------------------|---------------------------------|--------------------------------|-------------------------------|------------------------------|--------------------------------|-------------------------------|----------------------------------|
| | 125 UK (1990= 100) | 126 Ger- many (1990= 100) | 127 France (1990= 100) | 128 Italy (1990= 100) | 129 EU15 (1990= 100) | 130 USA (1990= 100) | 131 Japan (1990= 100) | 132 OECD (1990= 100) | 133 Ireland (1990= 100) |
| | <i>Annual Averages</i> | | | | | | | | |
| 1990 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 1991 | 105.9 | 103.6 | 103.2 | 106.5 | 105.2 | 104.2 | 103.3 | 106.1 | 103.2 |
| 1992 | 109.8 | 108.9 | 105.7 | 112.1 | 109.9 | 107.4 | 105.0 | 111.4 | 106.4 |
| 1993 | 111.5 | 113.7 | 107.9 | 116.8 | 113.8 | 110.6 | 106.3 | 116.2 | 107.9 |
| 1994 | 114.3 | 116.8 | 109.7 | 121.4 | 117.3 | 113.4 | 107.1 | 121.3 | 110.5 |
| 1995 | 118.2 | 119.0 | 111.6 | 127.9 | 120.9 | 116.6 | 107.0 | 128.1 | 113.2 |
| 1996 | 121.1 | 120.8 | 113.8 | 132.8 | 123.9 | 120.0 | 107.1 | 134.5 | 115.2 |
| 1997 | 124.9 | 122.9 | 115.2 | 135.2 | 126.4 | 122.9 | 109.0 | 140.3 | 116.8 |
| | <i>Quarterly Averages</i> | | | | | | | | |
| 1995I | 116.4 | 118.3 | 110.9 | 125.1 | 119.5 | 115.5 | 107.0 | 125.3 | 112.1 |
| II | 118.5 | 118.9 | 111.4 | 127.5 | 120.8 | 116.5 | 107.2 | 127.6 | 113.3 |
| III | 118.8 | 119.4 | 111.8 | 128.7 | 121.3 | 117.0 | 107.0 | 128.9 | 113.8 |
| IV | 119.0 | 119.4 | 112.4 | 130.4 | 121.9 | 117.6 | 106.9 | 130.4 | 113.9 |
| 1996I | 119.6 | 120.1 | 113.2 | 131.3 | 122.8 | 118.6 | 106.6 | 132.2 | 114.4 |
| II | 121.2 | 120.7 | 114.1 | 132.9 | 123.9 | 119.8 | 107.3 | 134.1 | 114.8 |
| III | 121.4 | 121.2 | 113.8 | 133.2 | 124.2 | 120.4 | 107.2 | 135.1 | 115.4 |
| IV | 122.1 | 121.1 | 114.3 | 133.9 | 124.7 | 121.3 | 107.5 | 136.6 | 116.0 |
| 1997I | 122.8 | 122.2 | 114.9 | 134.5 | 125.4 | 122.1 | 107.2 | 138.1 | 116.0 |
| II | 124.4 | 122.6 | 115.1 | 135.0 | 126.1 | 122.6 | 109.5 | 139.7 | 116.6 |
| III | 125.6 | 123.5 | 115.3 | 135.2 | 126.7 | 123.1 | 109.5 | 140.9 | 116.9 |
| IV | 126.6 | 123.3 | 115.6 | 136.0 | 127.2 | 123.6 | 109.7 | 142.5 | 117.8 |
| 1998I | | 123.6 | | | | | | | |
| II | | | | | | | | | |
| III | | | | | | | | | |
| IV | | | | | | | | | |
| | <i>Quarterly Averages (Seasonally Adjusted)</i> | | | | | | | | |
| 1995I | 116.9 | 118.2 | 110.8 | 125.1 | 119.5 | 115.5 | 107.3 | 125.3 | 112.2 |
| II | 117.9 | 118.8 | 111.3 | 127.3 | 120.5 | 116.4 | 107.0 | 127.3 | 113.2 |
| III | 118.7 | 119.2 | 111.9 | 128.9 | 121.3 | 117.1 | 107.0 | 129.0 | 113.6 |
| IV | 119.2 | 119.8 | 112.5 | 130.4 | 122.1 | 117.7 | 106.8 | 130.5 | 114.0 |
| 1996I | 120.1 | 120.0 | 113.1 | 131.3 | 122.9 | 118.6 | 106.9 | 132.2 | 114.6 |
| II | 120.6 | 120.6 | 114.0 | 132.7 | 123.6 | 119.7 | 107.1 | 133.8 | 114.7 |
| III | 121.3 | 121.0 | 113.9 | 133.4 | 124.2 | 120.5 | 107.2 | 135.2 | 115.3 |
| IV | 122.3 | 121.5 | 114.4 | 133.9 | 124.9 | 121.4 | 107.4 | 136.7 | 116.0 |
| 1997I | 123.2 | 122.2 | 114.8 | 134.5 | 125.5 | 122.1 | 107.5 | 138.2 | 116.2 |
| II | 123.8 | 122.5 | 115.0 | 134.8 | 125.8 | 122.5 | 109.3 | 139.4 | 116.5 |
| III | 125.6 | 123.3 | 115.4 | 135.4 | 126.7 | 123.2 | 109.5 | 141.0 | 116.8 |
| IV | 126.8 | 123.7 | 115.7 | 136.0 | 127.4 | 123.7 | 109.6 | 142.6 | 117.8 |
| 1998I | | 123.6 | | | | | | | |
| II | | | | | | | | | |
| III | | | | | | | | | |
| IV | | | | | | | | | |

Table A9 (cont'd): International Indicators

| | Hourly Earnings (Manufacturing) | | | | | | | | |
|-------|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 134 | 135 | 136 | 137 | 138 | 139 | 140 | 141 | 142 |
| | UK | Ger- many | France | Italy | EU15 | USA | Japan | OECD | Ireland |
| | (1990= 100) | (1990= 100) | (1990= 100) | (1990= 100) | (1990= 100) | (1990= 100) | (1990= 100) | (1990= 100) | (1990= 100) |
| | <i>Annual Averages</i> | | | | | | | | |
| 1990 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 1991 | 108.0 | 106.0 | 104.0 | 110.0 | 107.0 | 103.0 | 103.0 | 105.0 | 105.0 |
| 1992 | 115.0 | 112.0 | 108.0 | 116.0 | 113.0 | 106.0 | 105.0 | 109.0 | 110.0 |
| 1993 | 121.0 | 118.0 | 111.0 | 120.0 | 118.0 | 108.0 | 106.0 | 113.0 | 117.0 |
| 1994 | 126.0 | 122.0 | 113.0 | 124.0 | 123.0 | 111.0 | 109.0 | 116.0 | 118.0 |
| 1995 | 132.0 | 126.0 | 116.0 | 128.0 | 127.0 | 114.0 | 112.0 | 120.0 | 123.0 |
| 1996 | 138.0 | 130.0 | 119.0 | 130.0 | 132.0 | 118.0 | 115.0 | 124.0 | 126.0 |
| 1997 | 144.0 | | 122.0 | 135.0 | | 122.0 | 118.0 | 127.0 | |
| | <i>Quarterly Averages</i> | | | | | | | | |
| 1995I | 131.0 | 123.0 | 114.0 | 126.0 | 125.0 | 113.0 | 110.0 | 118.0 | 119.0 |
| II | 131.0 | 126.0 | 115.0 | 127.0 | 126.0 | 114.0 | 113.0 | 119.0 | 119.0 |
| III | 131.0 | 127.0 | 116.0 | 129.0 | 128.0 | 115.0 | 113.0 | 120.0 | 120.0 |
| IV | 134.0 | 128.0 | 116.0 | 129.0 | 130.0 | 115.0 | 114.0 | 122.0 | 123.0 |
| 1996I | 137.0 | 129.0 | 117.0 | 129.0 | 130.0 | 116.0 | 113.0 | 122.0 | 122.0 |
| II | 137.0 | 131.0 | 118.0 | 129.0 | 131.0 | 118.0 | 115.0 | 123.0 | 124.0 |
| III | 137.0 | 131.0 | 119.0 | 131.0 | 132.0 | 118.0 | 116.0 | 124.0 | 124.0 |
| IV | 140.0 | 131.0 | 120.0 | 132.0 | 135.0 | 120.0 | 117.0 | 126.0 | 126.0 |
| 1997I | 143.0 | 132.0 | 120.0 | 134.0 | 135.0 | 120.0 | 116.0 | 126.0 | 126.0 |
| II | 143.0 | 132.0 | 121.0 | 134.0 | 135.0 | 121.0 | 119.0 | 127.0 | |
| III | 143.0 | | 122.0 | 135.0 | | 122.0 | 118.0 | 128.0 | |
| IV | 147.0 | | 123.0 | 136.0 | | 124.0 | 119.0 | 129.0 | |
| 1998I | | | 123.0 | | | 124.0 | | | |
| II | | | | | | | | | |
| III | | | | | | | | | |
| IV | | | | | | | | | |
| | <i>Quarterly Averages (Seasonally Adjusted)</i> | | | | | | | | |
| 1995I | 129.9 | 123.5 | 114.2 | 125.9 | 125.4 | 113.1 | 111.4 | 118.4 | 119.1 |
| II | 131.0 | 125.6 | 114.8 | 127.1 | 126.4 | 113.9 | 112.2 | 119.1 | 118.9 |
| III | 132.3 | 126.6 | 115.9 | 128.8 | 128.0 | 115.4 | 112.8 | 120.1 | 120.4 |
| IV | 133.9 | 128.3 | 116.1 | 129.1 | 129.2 | 114.6 | 113.6 | 121.4 | 122.5 |
| 1996I | 135.8 | 129.5 | 117.2 | 128.9 | 130.3 | 116.1 | 114.4 | 122.3 | 122.1 |
| II | 137.1 | 130.6 | 117.9 | 129.2 | 131.5 | 117.9 | 114.2 | 123.2 | 123.9 |
| III | 138.4 | 130.6 | 118.9 | 130.8 | 132.1 | 118.4 | 115.8 | 124.1 | 124.4 |
| IV | 139.8 | 131.3 | 120.1 | 132.0 | 134.1 | 119.6 | 116.5 | 125.3 | 125.5 |
| 1997I | 141.6 | 132.5 | 120.2 | 133.9 | 135.3 | 120.2 | 117.4 | 126.3 | 126.1 |
| II | 143.1 | 131.6 | 120.9 | 134.3 | 135.5 | 120.8 | 118.2 | 127.2 | |
| III | 144.5 | | 121.8 | 134.8 | | 122.4 | 117.8 | 128.2 | |
| IV | 146.8 | | 123.1 | 136.0 | | 123.6 | 118.5 | 128.3 | |
| 1998I | | | 123.2 | | | 124.2 | | | |
| II | | | | | | | | | |
| III | | | | | | | | | |
| IV | | | | | | | | | |

Table A9 (cont'd): International Indicators

| | Unemployment Rate | | | | | | | | |
|-------|---|---------------------|---------------|--------------|-------------|------------|--------------|-------------|----------------|
| | 143 UK | 144 Ger- many | 145 France | 146 Italy | 147 EU15 | 148 USA | 149 Japan | 150 OECD | 151 Ireland |
| | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) |
| | <i>Annual Averages</i> | | | | | | | | |
| 1990 | 7.1 | 4.9 | 9.0 | 9.1 | 8.1 | 5.6 | 2.1 | 6.1 | 13.3 |
| 1991 | 8.8 | 4.4 | 9.5 | 8.8 | 8.4 | 6.8 | 2.1 | 6.8 | 14.7 |
| 1992 | 10.1 | 4.6 | 10.4 | 9.0 | 9.1 | 7.5 | 2.2 | 7.4 | 15.5 |
| 1993 | 10.5 | 7.9 | 11.7 | 10.3 | 10.8 | 6.9 | 2.5 | 8.0 | 15.5 |
| 1994 | 9.6 | 8.4 | 12.3 | 11.4 | 11.1 | 6.1 | 2.9 | 7.9 | 14.1 |
| 1995 | 8.8 | 8.2 | 11.7 | 11.9 | 10.8 | 5.6 | 3.1 | 7.5 | 12.2 |
| 1996 | 8.2 | 8.9 | 12.4 | 12.0 | 10.9 | 5.4 | 3.4 | 7.6 | 11.5 |
| 1997 | 7.1 | 9.7 | 12.4 | | 10.6 | 4.9 | 3.4 | 7.3 | 10.2 |
| | <i>Quarterly Averages</i> | | | | | | | | |
| 1995I | | | | | | | | | |
| II | | | | | | | | | |
| III | | | | | | | | | |
| IV | | | | | | | | | |
| 1996I | | | | | | | | | |
| II | | | | | | | | | |
| III | | | | | | | | | |
| IV | | | | | | | | | |
| 1997I | | | | | | | | | |
| II | | | | | | | | | |
| III | | | | | | | | | |
| IV | | | | | | | | | |
| 1998I | | | | | | | | | |
| II | | | | | | | | | |
| III | | | | | | | | | |
| IV | | | | | | | | | |
| | <i>Quarterly Averages (Seasonally Adjusted)</i> | | | | | | | | |
| 1995I | 8.9 | 8.0 | 11.7 | 11.8 | 10.8 | 5.5 | 3.0 | 7.5 | 12.5 |
| II | 8.8 | 8.1 | 11.5 | 11.9 | 10.7 | 5.7 | 3.1 | 7.5 | 12.1 |
| III | 8.7 | 8.2 | 11.6 | 12.0 | 10.7 | 5.7 | 3.2 | 7.6 | 12.0 |
| IV | 8.5 | 8.4 | 12.0 | 11.9 | 10.8 | 5.6 | 3.3 | 7.6 | 12.0 |
| 1996I | 8.4 | 8.7 | 12.3 | 12.0 | 10.9 | 5.6 | 3.3 | 7.6 | 11.9 |
| II | 8.3 | 8.7 | 12.3 | 12.0 | 10.9 | 5.4 | 3.5 | 7.6 | 11.8 |
| III | 8.2 | 8.8 | 12.5 | 12.0 | 10.9 | 5.3 | 3.3 | 7.5 | 11.4 |
| IV | 7.8 | 9.1 | 12.4 | 12.0 | 10.8 | 5.3 | 3.3 | 7.5 | 11.0 |
| 1997I | 7.5 | 9.5 | 12.4 | 12.2 | 10.8 | 5.3 | 3.3 | 7.4 | 10.6 |
| II | 7.2 | 9.6 | 12.4 | 12.1 | 10.7 | 4.9 | 3.4 | 7.3 | 10.3 |
| III | 7.0 | 9.9 | 12.4 | 12.1 | 10.6 | 4.9 | 3.4 | 7.3 | 10.2 |
| IV | 6.6 | 10 | 12.3 | | 10.5 | 4.7 | 3.5 | 7.1 | 9.9 |
| 1998I | | | | | | 4.7 | | | 9.6 |
| II | | | | | | | | | 9.3 |
| III | | | | | | | | | |
| IV | | | | | | | | | |

Table A9 (cont'd): International Indicators

| | Short-Term Interest Rate | | | | | | | |
|-------|---|-----------------------------|----------------------------|---------------------------|--------------------------|-------------------------|---------------------------|-----------------------------|
| | 152 UK (% p. a.) | 153 Germany (% p. a.) | 154 France (% p. a.) | 155 Italy (% p. a.) | 156 EU15 (% p. a.) | 157 USA (% p. a.) | 158 Japan (% p. a.) | 159 Ireland (% p. a.) |
| | <i>Annual Averages</i> | | | | | | | |
| 1990 | 14.8 | 8.5 | 10.3 | 12.2 | 8.2 | 8.2 | 7.7 | 11.3 |
| 1991 | 11.5 | 9.3 | 9.6 | 12.2 | 5.9 | 5.8 | 7.4 | 10.4 |
| 1992 | 9.6 | 9.5 | 10.3 | 14.0 | 3.8 | 3.7 | 4.5 | 14.3 |
| 1993 | 5.9 | 7.3 | 8.6 | 10.2 | 3.3 | 3.2 | 3.0 | 9.1 |
| 1994 | 5.5 | 5.4 | 5.9 | 8.5 | 4.7 | 4.6 | 2.2 | 5.9 |
| 1995 | 6.7 | 4.5 | 6.6 | 10.5 | 6.0 | 5.9 | 1.2 | 6.3 |
| 1996 | 6.0 | 3.3 | 3.9 | 8.8 | 5.4 | 5.4 | 0.6 | 5.4 |
| 1997 | 6.8 | 3.3 | 3.5 | 6.9 | 5.7 | 5.6 | 0.6 | 6.1 |
| | <i>Quarterly Averages</i> | | | | | | | |
| 1995I | 6.7 | 5.1 | 6.6 | 9.7 | 6.2 | 6.2 | 2.3 | 6.5 |
| II | 6.7 | 4.6 | 7.5 | 10.8 | 6.1 | 6.0 | 1.4 | 6.7 |
| III | 6.8 | 4.4 | 6.1 | 10.6 | 5.8 | 5.8 | 0.8 | 6.2 |
| IV | 6.6 | 4.0 | 6.1 | 10.7 | 5.8 | 5.7 | 0.5 | 5.6 |
| 1996I | 6.2 | 3.4 | 4.5 | 10.0 | 5.3 | 5.3 | 0.6 | 5.1 |
| II | 6.0 | 3.3 | 4.0 | 9.1 | 5.4 | 5.4 | 0.6 | 5.1 |
| III | 5.8 | 3.3 | 3.9 | 8.7 | 5.5 | 5.5 | 0.6 | 5.7 |
| IV | 6.2 | 3.2 | 3.5 | 7.6 | 5.5 | 5.4 | 0.5 | 5.8 |
| 1997I | 6.2 | 3.2 | 3.4 | 7.3 | 5.5 | 5.4 | 0.6 | 5.8 |
| II | 6.5 | 3.2 | 3.4 | 7.0 | 5.7 | 5.7 | 0.6 | 6.2 |
| III | 7.1 | 3.2 | 3.4 | 6.8 | 5.6 | 5.6 | 0.6 | 6.2 |
| IV | 7.5 | 3.7 | 3.7 | 6.4 | 5.8 | 5.7 | 0.7 | 6.1 |
| 1998I | 7.5 | | 3.6 | | | 5.6 | | 5.9 |
| II | | | | | | | | |
| III | | | | | | | | |
| IV | | | | | | | | |
| | <i>Quarterly Averages (Seasonally Adjusted)</i> | | | | | | | |
| 1995I | No | No | No | No | No | No | No | No |
| II | Seasonal | Seasonal | Seasonal | Seasonal | Seasonal | Seasonal | Seasonal | Seasonal |
| III | Pattern | Pattern | Pattern | Pattern | Pattern | Pattern | Pattern | Pattern |
| IV | | | | | | | | |
| 1996I | | | | | | | | |
| II | | | | | | | | |
| III | | | | | | | | |
| IV | | | | | | | | |
| 1997I | | | | | | | | |
| II | | | | | | | | |
| III | | | | | | | | |
| IV | | | | | | | | |
| 1998I | | | | | | | | |
| II | | | | | | | | |
| III | | | | | | | | |
| IV | | | | | | | | |

Notes

- 1-48. Calculated on an ESA95 basis. *Source:* CSO.
49. GNP at current market prices per head of population calculated at PPS on an ESA79 basis. *Source:* Based on European Commission data.
- 50-51. General government deficit and debt calculated on an ESA79 basis. *Source:* Department of Finance.
52. *Source:* Department of Finance.
53. Calculated as a percentage of personal disposable income. *Source:* Based on CSO Data.
- 54-55. *Source:* Based on CSO Data.
- 56-60. *Source:* ESRI.
- 61-71. *Source:* CSO.
72. Official standardised unemployment rate, based on ILO definitions. *Source:* CSO.
- 73-78. Percentage reporting improvement or increase minus percentage reporting deterioration or decrease. *Source:* IBEC-ESRI Monthly Industrial Survey.
- 79-80. *Source:* IBEC-ESRI Monthly Industrial Survey.
- 81-88. *Source:* CSO.
89. Not calculable from columns 87 and 88. *Source:* CSO.
- 90-91. *Source:* Central Bank of Ireland.
92. *Source:* CSO.
- 93-94. *Source:* Central Bank of Ireland.
- 95-97. *Source:* CSO.
98. *Source:* Department of the Environment and Local Government.
- 99-105. *Source:* CSO.
106. *Source:* OECD.
- 107-115. Calculated on an ESA95 basis. *Source:* CSO.
- 116-123. *Source:* OECD.
124. Average of output and expenditure methods. *Source:* CSO.
- 125-155. *Source:* OECD.
156. Eurodollar market rate. *Source:* OECD.
- 157-159. *Source:* OECD.