

# QUARTERLY ECONOMIC COMMENTARY

February 1999

**Special Article:**

***THE ASIAN FINANCIAL CRISIS***

**by Colm Kearney**

*The forecasts in this Commentary are based on  
data available by mid-February 1999*

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# SUMMARY

We have revised downwards our estimates of Irish economic growth in 1998. Recent balance of payments statistics suggest strongly that the volume of exports of goods and services will be lower, and the volume of imports of services higher than we had previously forecast. Thus our estimate of real GDP growth in 1998, is  $1\frac{1}{4}$  per cent lower at  $8\frac{1}{2}$  per cent and of real GNP 1 per cent down at  $7\frac{1}{4}$  per cent.

These are still very high rates of growth, especially for the fifth year of an unprecedented boom, and were associated with a very rapid increase in employment, a dramatic fall in unemployment and further strengthening of the public finances. Remarkably, given the widespread fears at the beginning of the year, the annual average rise in the consumer price index was only 2.4 per cent.

Some slowdown in the rate of economic growth is forecast for 1999, with the weaker international environment tending to restrict export growth and supply constraints limiting output. Real GNP is forecast to increase by about  $5\frac{3}{4}$  per cent, marginally higher than our previous forecast for 1999, and employment, on an annual average full-time equivalent basis, is forecast to rise by almost 3 per cent. The standardised unemployment rate, which has already fallen to 7 per cent is forecast at an annual average of below  $6\frac{1}{2}$  per cent, a level that would have appeared incredible a few years ago. The public finances are likely to improve further, with a general government surplus of about  $2\frac{1}{4}$  per cent of GDP, while the annual average increase in the consumer price index is forecast at under 2 per cent.

Thus, as anticipated, the Irish economy has entered monetary union in a healthy condition, and there are reasonable prospects that it can manage the process of scaling back growth to a sustainable level fairly smoothly. There are, of course, dangers, of which the principal threat is that the degree of overheating in the economy could become more widespread, resulting in a loss of competitiveness far greater than the modest deterioration needed to bring the economy into equilibrium within monetary union. Such an outcome at present remains just a possibility and a realistic approach to pay bargaining and to economic policy in general should be capable of averting the danger.

## FORECAST NATIONAL ACCOUNTS 1998

### A: Expenditure on Gross National Product

	1997	1998	Change in 1998				
	Preliminary £m	Estimated £m	£m		%		
			Value	Volume	Value	Price	Volume
Private Consumer Expenditure	25,191	27,836	2,645	2,066	10½	2	8¼
Public Net Current Expenditure	6,669	7,190	521	200	7¾	4¾	3
Gross Fixed Capital Formation	9,448	11,334	1,886	1,227	20	6¼	13
Exports of Goods and Services (X)	40,614	50,263	9,649	7,892	23¾	3¾	19½
Physical Changes in Stocks	539	480	- 59	- 50			
<b>Final Demand</b>	<b>82,461</b>	<b>97,103</b>	<b>14,642</b>	<b>11,335</b>	<b>17¾</b>	<b>3¾</b>	<b>13½</b>
less:							
Imports of Goods and Services (M)	34,220	42,628	8,408	7,241	24½	2¾	21¼
<b>GDP at Market Prices</b>	<b>48,241</b>	<b>54,475</b>	<b>6,234</b>	<b>4,094</b>	<b>13</b>	<b>4¼</b>	<b>8½</b>
less:							
Net Factor Payments (F)	6,322	7,682	1,360	1,090	21½	3¾	17¼
<b>GNP at Market Prices</b>	<b>41,919</b>	<b>46,793</b>	<b>4,874</b>	<b>3,004</b>	<b>11¾</b>	<b>4</b>	<b>7¼</b>

### B: Gross National Product by Origin

	1997	1998	Change in 1998	
	Preliminary £m	Estimated £m	£m	
			£m	%
Agriculture, Forestry, Fishing	2,371	2,252	-119	-5
Non-Agricultural: Wages, etc	21,806	24,096	2,290	10½
Other:	15,520	18,188	2,668	17¼
less:				
Adjustments	2,017	2,282	265	13¼
Net Factor Payments	6,322	7,682	1,360	21½
<b>National Income</b>	<b>31,358</b>	<b>34,572</b>	<b>3,214</b>	<b>10¼</b>
Depreciation	5,113	5,778	665	13
<b>GNP at Factor Cost</b>	<b>36,471</b>	<b>40,350</b>	<b>3,879</b>	<b>10¼</b>
Taxes less Subsidies	5,448	6,443	995	18¼
<b>GNP at Market Prices</b>	<b>41,919</b>	<b>46,793</b>	<b>4,874</b>	<b>11¼</b>

### C: Balance of Payments on Current Account

	1997	1998	Change in 1998
	Preliminary £m	Estimated £m	£m
			£m
X – M	6,394	7,635	1,241
F	-6,322	-7,682	-1,360
Net Transfers	1,290	1,109	-181
<b>Balance on Current Account</b>	<b>1,362</b>	<b>1,062</b>	<b>-300</b>
as % of GNP	3¼	2¼	-1

## FORECAST NATIONAL ACCOUNTS 1999

### A: Expenditure on Gross National Product

	1998	1999	Change in 1999				
	Estimated	Forecast	£m		%		
	£m	£m	Value	Volume	Value	Price	Volume
Private Consumer Expenditure	27,836	30,480	2,644	2,060	9½	2	7½
Public Net Current Expenditure	7,190	7,750	560	216	7¾	4¾	3
Gross Fixed Capital Formation	11,334	13,309	1,975	1,287	17½	5½	11½
Exports of Goods and Services (X)	50,263	58,028	7,765	6,791	15½	1¾	13½
Physical Changes in Stocks	480	390	-90	-80			
<b>Final Demand</b>	<b>97,103</b>	<b>109,957</b>	<b>12,854</b>	<b>10,274</b>	<b>13¼</b>	<b>2½</b>	<b>10½</b>
less:							
Imports of Goods and Services (M)	42,628	49,990	7,362	6,695	17¼	1¼	15¾
<b>GDP at Market Prices</b>	<b>54,475</b>	<b>59,967</b>	<b>5,492</b>	<b>3,579</b>	<b>10</b>	<b>3¼</b>	<b>6½</b>
less:							
Net Factor Payments (F)	7,682	8,672	990	845	13	1¾	11
<b>GNP at Market Prices</b>	<b>46,793</b>	<b>51,295</b>	<b>4,502</b>	<b>2,734</b>	<b>9½</b>	<b>3½</b>	<b>5¾</b>

### B: Gross National Product by Origin

	1998	1999	Change in 1999	
	Estimated	Forecast	£m	%
	£m	£m		
Agriculture, Forestry, Fishing	2,252	2,297	45	2
Non-Agricultural: Wages, etc	24,096	26,144	2,048	8½
Other:	18,188	20,289	2,101	11½
less:				
Adjustments	2,282	2,508	226	10
Net Factor Payments	7,682	8,672	990	13
<b>National Income</b>	<b>34,572</b>	<b>37,550</b>	<b>2,978</b>	<b>8½</b>
Depreciation	5,778	6,471	693	12
<b>GNP at Factor Cost</b>	<b>40 350</b>	<b>44,021</b>	<b>3,671</b>	<b>9</b>
Taxes less Subsidies	6,443	7,274	831	13
<b>GNP at Market Prices</b>	<b>46,793</b>	<b>51,295</b>	<b>4 502</b>	<b>9½</b>

### C: Balance of Payments on Current Account

	1998	1999	Change in 1999
	Forecast	Forecast	£m
	£m	£m	
X – M	7,635	8,038	403
F	-7,682	-8,672	-990
Net Transfers	1,109	1,124	15
<b>Balance on Current Account</b>	<b>1,062</b>	<b>490</b>	<b>-572</b>
as % of GNP	2¼	1	-1¼

### *General*

The final fixing of the exchange rates of the eleven participating countries against the euro as 1999 began was a major change in the structure of the world economy. Although some of its effects preceded its formal introduction, many are likely to take years, if not decades, to become fully apparent. In the relatively short run of 1999, the introduction of a large new currency union can be regarded as adding to the multiple uncertainties currently affecting the world economy. However, the principal uncertainty regarding EMU is how far the creation of a zone of relative monetary stability will help alleviate the tensions in global currency and capital markets. Few observers expect the presence of EMU to exacerbate tensions, and thus it is more realistic to consider the euro as a contribution to the gradual recovery of the global economy, rather than an addition to troubles. The special article included in this *Commentary* analyses the Asian financial crises, and considers the lessons to be learned.

### *The US Economy*

Unexpectedly strong growth of 1.4 per cent in the final quarter of 1998 took the advance estimate of annual growth in the US economy to 3.9 per cent. Despite some earlier fears, both consumer spending, especially on durable goods, and business investment remained strong in the final quarter, while there was also a recovery in export volumes. Employment increased, mainly in the construction and service sectors, and the unemployment rate in December fell to 4.3 per cent. Despite the tightness of the labour market and the strength of consumer demand, inflation remained low, with no significant rise in the size of average pay increases, and consumer price inflation declining from an annual average of 2.4 per cent in 1997 to 1.6 per cent in 1998.

The strength of growth in the closing months of 1998 casts some doubt on the previous consensus view that US growth would slow to about 2 per cent in 1999. It now seems probable that growth will be closer to 2½ per cent, with an average unemployment rate of roughly 5 per cent. It does seem likely, however, that the current account deficit on the balance of payments, which deteriorated significantly in 1998, will widen further, perhaps to about 3 per cent of GDP in 1999. With the prospect of a reduced, but still comfortably positive, rate of economic growth, it is not yet clear in which direction interest rates are most likely to move, and it seems probable that there will be little or no movement for most of the year.

### *The European Economy*

Hopes that the successful introduction of the euro would boost confidence, and thus raise consumption and investment, in the countries concerned have so far not been realised. However, few indications of demand in 1999 are yet available, and it could well be that this confidence effect may yet become apparent. What is

clear is that there was some slowing of economic activity in the closing months of 1998 in several of the countries participating in EMU.

Preliminary figures show that the German economy grew by 2.8 per cent in 1998. Although this is rather faster than most previous forecasts for the year, it tends to conceal the facts that export growth was slowing in the closing months, and that unemployment rates were edging upwards. Unless business and consumer confidence improve fairly soon, it seems probable that the rate of growth of real GDP in Germany will decline to below 2 per cent in 1999, with little fall in unemployment. Low consumer price inflation, which averaged under 1 per cent in 1998, seems set to continue, with an annual increase in the consumer price index of about 1¼ per cent predicted for 1999.

The French economy has been continuing to outperform the German, with real GDP growth in 1998 estimated at 3 per cent and unemployment levels still declining. There was some slowing of growth in the second half of 1998 due to the deteriorating external conditions, but this was less marked than in Germany. Growth in 1999 is projected at a little over 2 per cent, with unemployment rates declining further, partly due to labour market initiatives. Price inflation is forecast to remain very low, with an annual increase of about 1 per cent in 1999.

Most other continental EU countries are expected to show a broadly similar pattern, with growth remaining positive although a little lower than in 1998, unemployment rates tending to edge downwards, and inflation in both pay and prices remaining very subdued. Even were the European Central Bank to reduce further its already low interest rates, the extent of the reduction could only be small and the impact on growth correspondingly minor.

### *The UK Economy*

The UK economy is estimated to have grown by about 2½ per cent in 1998, broadly in line with expectations. With manufacturing output declining, growth was concentrated in the service sector. Perhaps in consequence, the unemployment rate continued to decline throughout the year, reaching about 6¼ per cent in the final quarter on an ILO basis.

The prospects for 1999 remain for approximate stagnation on a seasonally-corrected quarterly basis, with the carryover from last year resulting in an annual average increase in real GDP of about 1 per cent. Despite some depreciation in the course of 1998 sterling still appears to be overvalued, while the decline in confidence does not appear to have been offset by the successive reductions in interest rates. This slackening of monetary policy, which could eventually be reflected in a depreciation of sterling, has probably averted an actual recession in 1999. Unemployment seems likely to rise somewhat in the course of 1999, while underlying consumer price inflation is forecast to decline from 2.6 per cent in 1998 to an annual average of about 2 per cent in 1999.



## The Rest of the World

Initial estimates indicate a 2¾ per cent contraction in the Japanese economy in 1998. Despite the economic problems of other Asian countries, net exports made a positive contribution towards Japanese growth, as did public sector expenditure, but sharp falls in consumer spending and business investment led to the overall decline. The unemployment rate rose to an annual average of 4¼ per cent in 1998, an exceptionally high level for Japan. Given the depressed state of domestic demand and the effective appreciation of the yen, it is not surprising that consumer price inflation was low in 1998 at about ½ per cent.

**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	1	2½	2	4¾	4½	6¾	7½	-¾	-1¼
Germany	2¾	1¾	1	1	2	2½	11¼	10½	0	½
France	3	2	¾	1	2½	2½	11¾	11¼	2¾	2¼
Italy	1½	1¾	1¾	1½	3	3	12	11¾	2¼	2½
Total EC	3	2¼	1½	1½	3¼	3½	10½	10	1½	1½
USA	3¾	2½	1½	1½	3½	3½	4½	5	-2¾	-3
Japan	-2½	-½	½	-½	1	1	4¼	4½	3	3
Total (OECD)	2¼	2	1½	1½	3¼	3½	7	7¼	-¼	-¼
Ireland	7¼	5¾	2½	2	6	5¼	7¾	6½	2¼	1

In most recent years, we, in common with many other commentators, have looked for an early recovery in the Japanese economy, with our forecasts scaled back later in the year as it becomes apparent that it has not taken place. This year it appears more realistic to look for little more than stabilisation. With a negative growth carryover from last year, approximate stagnation in the trend of quarterly GDP would result in a modest annual decline. Unemployment seems certain to remain high and could well increase further, but consumer prices are likely to decline. Whether a return to the historically familiar high rates of Japanese growth can take place without substantial international changes first occurring remains open to doubt, and such institutional reform does not appear imminent.

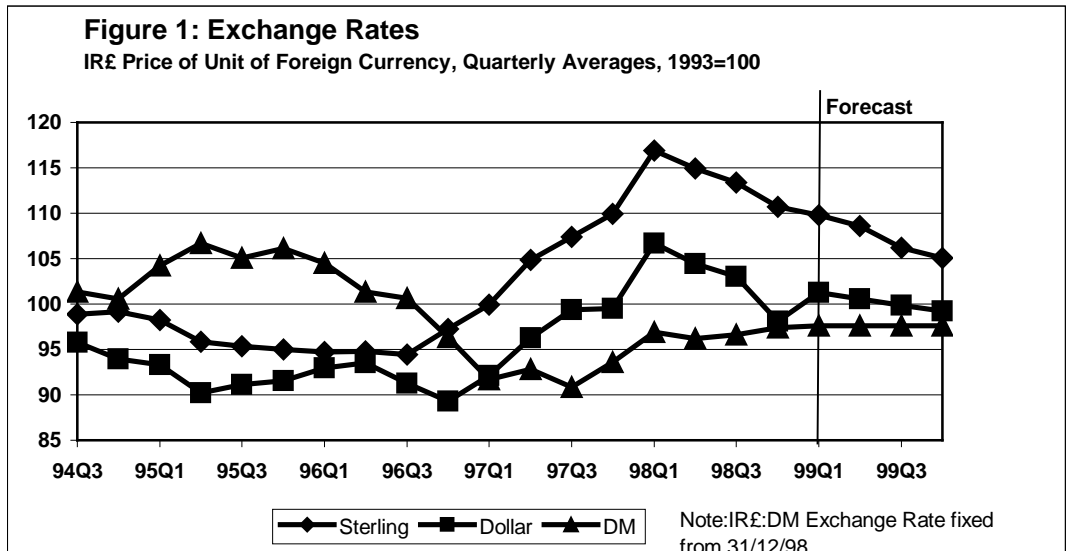
As the Special Article in this *Commentary* makes clear no strong early recovery in the countries most involved in the Asian financial crisis seems likely, and here too institutional reform will be a necessary part of the conditions for recovery. However, it does appear reasonable to predict some returning stability and consolidation for most of these countries in 1999. Other Asian economies, such as China, should continue to grow, but at a fairly modest pace.

With commodity prices still exceptionally low, and unlikely to rise in the near future, the income of many primary producing countries will continue to be depressed in 1999. No early recovery is expected in those non-Asian countries involved in the financial crisis, such as Russia and Brazil. For most other regions or countries, moderate growth seems probable in 1999.

### The Context for Ireland

The volume growth in world output and trade slowed quite sharply in 1998, mainly due to the Asian crisis and its impact on Japan. However, the impact on Irish export markets was less than anticipated, partly because of the precise product mix of Irish exports, partly because of their geographical dispersion, with the reasonably buoyant European market predominating, and partly because competition from the Asian countries with devalued currencies proved less acute than expected.

The first two of these “insulating” factors will continue to apply in 1999, but the competition from Asia might well intensify. More significantly, growth in Europe is likely to decelerate, while that in the UK, still Ireland’s largest single market, is forecast to stagnate. Thus the international environment for Irish exports is likely to be less favourable than last year, while some specific markets, such as those for much agricultural produce, are likely to remain difficult.



International footloose investment remained fairly strong in 1998, although there was a tendency for it to weaken as the year progressed. Some further weakening seems probable in 1999, leading to some reduction in the volume flow of foreign direct investment into Ireland, with a consequent slowing of export growth in 1999 and beyond.

Consideration of individual countries suggests that there will be only minor changes in interest rates in most major financial centres. The exception is London, where the process of reducing

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## The Domestic Economy

short-term interest rates which began in the final quarter of 1998 is likely to continue, so that average rates in 1999 could be some 2 per cent lower than in 1998. Long-term rates world-wide are expected to remain low in the face of very slow economic growth.

Given these interest rate projections, it seems likely that in the course of the year the euro will appreciate slightly against the dollar, perhaps after some further initial decline. A more substantial depreciation of sterling against the euro still seems likely, resulting in a small but significant appreciation in the trade-weighted value of the Irish pound.

### *General*

As it did for the European economy as a whole, the introduction of the euro at the beginning of 1999 formally marked a major regime change for the Irish economy. However, the effects of monetary union are much more gradual than its formal adoption on a particular day. Much of the impact of the move to a single currency has already taken place in 1998 and earlier, while other aspects could take several more years to become apparent. Thus no spectacular single-currency effect is expected in 1999 itself, and other, more fundamental trends will determine the evolution of the economy.

### *Exports*

Recent trade and balance of payments statistics suggest that the volume and value of exports of goods and services in 1998 expanded a little less rapidly than had been expected. The value of visible exports continued to rise on a seasonally-corrected basis through the first three quarters of 1998, and our annual estimate is now marginally higher than our previous forecast. However, if the monthly price index is to be believed, the price element in the rise in export values was greater than we had forecast, and thus the estimated volume increase in visible exports, at 22 per cent, has been revised downwards by 1 per cent.

The adjustment between visible exports shown in the trade statistics and merchandise exports shown in the balance of payments estimates has several components, some positive and some negative. Since the sale of software licences was included during 1997, the balance of payments adjustment has grown strongly positive. Sales of software licences are still increasing, but from the middle of 1998 have been offset to a considerable extent by negative items related to stock-holding and intra-company transactions overseas. In consequence our estimate of both the value and the volume of merchandise exports in 1998 has been revised downwards significantly.

On the evidence of the balance of payments estimates for the first three quarters of 1998, there was a steady, but not spectacular, growth of tourism and other service exports. Thus total exports of goods and services in 1998 are estimated to have risen by 23¼ per cent in value and 19½ per cent in volume.

Although these are very substantial increases, and well above the long-term average, they nevertheless represent a downward revision of about 2 percentage points from our previous forecast.

As shown in Table 2, we forecast a significantly slower rate of growth in the volume and value of visible exports in 1999. This is largely due to the less favourable trading environment discussed in the International section of this *Commentary*, but also reflects the expectation that supply constraints would prevent a repetition of the 1998 rate of export growth. Assuming no dramatic developments in relation to the balance of payments adjustment or service exports, total exports of goods and services in 1999 are forecast to increase by about 13½ per cent in volume and 15½ per cent in value, quite close to the annual average increases since 1991.

**TABLE 2: Exports of Goods and Services**

	1997 £m	% Change		1998 £m	% Change		1999 £m
		Volume	Value		Volume	Value	
Agricultural	2,782	4	3	2,865	2	2½	2,937
Manufactured	28,246	26	31½	37,144	16	18	43,830
Other Industrial	3,584	6¼	11	3,978	5½	7½	4,276
Other	620	17	22¼	758	10	12	849
<b>Total Visible</b>	<b>35,232</b>	<b>22</b>	<b>27</b>	<b>44,745</b>	<b>14</b>	<b>16</b>	<b>51,892</b>
Adjustments	1,274			1,000			1,200
<b>Merchandise</b>	<b>36,506</b>	<b>20¾</b>	<b>25¼</b>	<b>45,745</b>	<b>14¼</b>	<b>16</b>	<b>53,092</b>
Tourism	2,112	6½	9	2,302	6¼	9	2,509
Other Services	1,996	8½	11	2,216	7¼	9½	2,427
<b>Exports of Goods and Services</b>	<b>40,614</b>	<b>19½</b>	<b>23¾</b>	<b>50,263</b>	<b>13½</b>	<b>15½</b>	<b>58,028</b>

### *Stocks*

According to the December 1998 Livestock Survey, farm stocks continued to rise in 1998, although more slowly than in the previous year. A further deceleration is forecast for 1999. Intervention stocks are also estimated to have increased more slowly in 1998, when losses on sales are taken into account, and a further decline to a situation of no stockbuilding is projected for 1999. On the evidence of data on industrial stocks for the first three quarters of the year, it is estimated that industrial and distribution stocks increased modestly in 1998. A minor reduction, back to the 1997 rate of stockbuilding, is forecast for 1999. Thus, as shown in Table 3, the value of total physical changes in stocks is estimated to have remained quite positive in 1998, although declining from its 1997 rate, while a further moderate reduction, to about £390 million, is forecast for 1999.

**TABLE 3: Stock Changes**

	1997	Change in Rate	1998	Change in Rate	1999
	£m	£m	£m	£m	£m
Farm Stocks	111	-51	60	-40	20
Irish intervention Stocks	61	-31	30	-30	0
Other Non-agricultural Stocks	367	23	390	-20	370
Total	539	-59	480	-90	390

### *Investment*

All available indicators suggest that the volume of investment in building and construction continued to rise steeply in 1998. We now estimate that the volume increase was 14 per cent, slightly higher than the rise in 1997 or our previous forecast for 1998. We have also revised upwards slightly our forecast increase in the volume of investment in machinery and equipment. Thus, as shown in Table 4, we now estimate that gross fixed capital formation in 1998 increased by 13 per cent in volume and about 20 per cent in value.

**TABLE 4: Gross Fixed Capital Formation**

	1997 £m	% Change		1998 £m	% Change		1999 £m
		Volume	Value		Volume	Value	
Building and Construction	6,254	14	23	7,692	12	20	9,230
Machinery and Equipment	3,195	11	14	3,642	10	12	4,079
Total	9,448	13	20	11,334	11½	17½	13,309

With demand for housing still extremely high, and house prices still tending to rise, a further substantial increase in the construction of new dwellings is likely in 1999, as is evidenced by the record level of planning permissions in the third quarter of 1998. With the economy still growing and interest rates at extremely low levels by historical standards, most other types of investment in building and construction seem likely to increase significantly in 1999. From a higher base, a slightly slower rate of volume growth of almost 12 per cent in total investment in building and construction is forecast, with a value increase of 20 per cent as margins continue to widen. As can be seen from Table 4, the price deflator for building and construction is likely to remain very high, as tenders continue to reflect the high wages and wide margins pervading the construction industry.

A continued steady increase in investment in machinery and equipment is forecast, partly to equip the new buildings completed in 1998 and this year. Total gross fixed capital formation in 1999 is thus forecast to increase by about 11¼ per cent in volume and 17½ per cent in value. Such increases are broadly in line with those since the current boom got underway in 1994, although, of course, far above the long-term average.

### *Consumption*

On the basis of figures for the first eleven months of the year, it seems likely that the annual increase in the retail sales index for 1998 will have been about 10½ per cent in value terms and 9 per cent in volume. As Table 5 suggests, there are considerable annual variations in the relationship between movements in the retail sales index and movements in total personal consumption. On the assumption that such divergences will have been relatively minor in 1998, personal consumption is estimated to have risen by about 10½ per cent in value and 8¼ per cent in volume. If this estimate is correct, last year will have seen the largest annual percentage rise in the volume of consumption since 1978.

**TABLE 5: Consumption Indicators**

	1994	1995	Annual Percentage Change				1998 Forecast	1999 Forecast
			1996	1997	1998 To Date			
<i>Consumption Value</i>								
<i>NIE 1997, Personal</i>								
Consumption	9.2	6.3	7.5	7.3		10.5	9.5	
Retail Sales Index, Value	7.9	4.8	8.3	8.5	10.5	10.5	9.0	
Divergence	1.3	1.5	-0.8	-1.2		0	0.5	
<i>Consumption Volume</i>								
<i>NIE 1997, Personal</i>								
Consumption	6.3	4.1	6.1	6.3		8.2	7.4	
Retail Sales Index, Volume	5.5	2.8	6.2	7.9	9.2	9.0	7.1	
Divergence	0.8	1.3	-0.1	-1.6		-0.8	0.3	
<i>Consumer Prices</i>								
<i>NIE 1997, Personal</i>								
Consumption Deflator	2.7	2.1	1.3	0.9		2.1	2.0	
Retail Sales Index Deflator	2.3	1.9	2.0	0.6	1.2	1.7	1.8	
Consumer Price Index	2.4	2.5	1.6	1.5	2.4	2.4	1.9	

Largely because employment is expected to rise more slowly, aggregate incomes are forecast to increase less rapidly in 1999 than in 1998. On the other hand, lower and stable interest rates are likely to encourage a further extension of consumer borrowing and thus another reduction in the personal savings ratio. Taking both these factors into account, personal consumption in 1999 is forecast to increase by about 9½ per cent in value and almost 7½ per cent in volume.

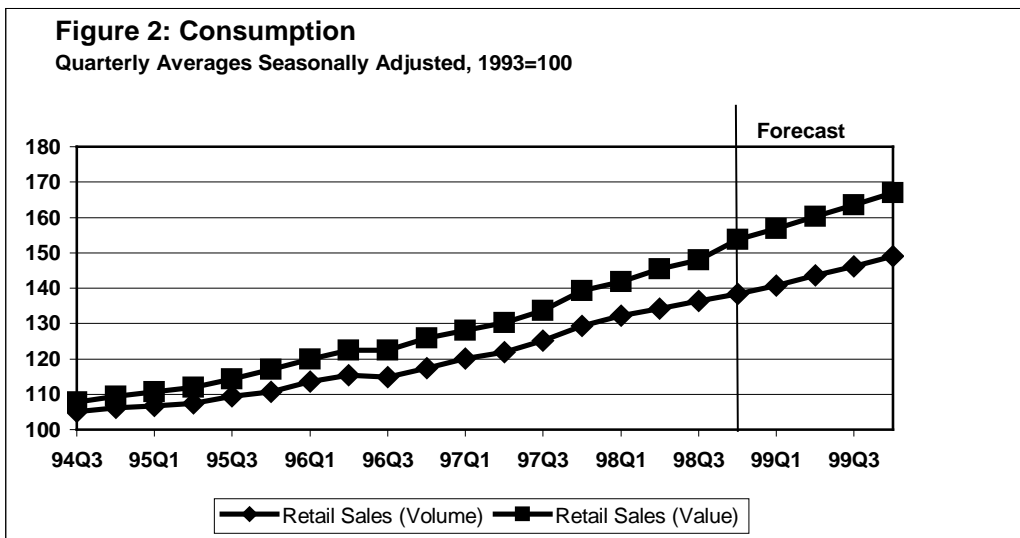
Throughout the nineties, government consumption has been

the slowest-growing major component of final demand in volume terms, and in most years it has also had the slowest value increase. It is estimated that 1998 continued that pattern, with a rise of 3 per cent in volume terms and 7¼ per cent in value. In 1999 public consumption is forecast to show much the same rates of increase, again lagging well behind the growth of domestic demand as a whole.

### *Final Demand*

Final demand in 1998 is estimated to have risen by 17¼ per cent in value and 13½ per cent in volume. Although these increases are marginally lower than we previously forecast, they are nevertheless exceptionally large, and significantly higher than those recorded in 1997. The estimated growth was well balanced, with the volume of domestic demand increasing by almost 8½ per cent, roughly ½ per cent higher than in our previous forecast, and the volume of exports rising by 19½ per cent, a downward revision of 2 per cent. The import intensity of final demand in 1998 is likely to have been high.

The increase in final demand in 1999 is forecast to be substantially slower, at 13¼ per cent in volume and 10½ per cent in value. Both domestic demand, excluding stocks, at almost 7¼ per cent and, more particularly, export volumes, at 13½ per cent, are projected to grow less rapidly than last year. However, growth in final demand should again be well balanced, and it is likely to remain import intensive.



### *Imports*

In the light of recent trade statistics we have revised downwards by about 2 percentage points the estimated increase in the value and volume of visible imports in 1998. However, the estimated rise in the volume of visible imports, at 19 per cent, is still very

high, with all functional categories of imports, except materials for agricultural production, contributing to the rapid growth. The rise in merchandise imports is estimated to have been much the same as in visible imports, while estimates of tourist spending overseas have been revised marginally downwards.

These downward revisions have been offset by a major upward revision to imports of other services, which are now estimated to have risen in 1998 by a massive 34 per cent in value and 30¾ per cent in volume. According to the official *Balance of Payments Estimates* for the first three quarters of 1998, payments of royalties, at over 40 per cent, and other service imports at about 34 per cent, were both rising exceptionally rapidly. Thus, as shown in Table 6, total imports of goods and services are estimated to have risen by 21¼ per cent in volume and 24½ per cent in value in 1998.

**TABLE 6: Imports of Goods and Services**

	1997	% Change		1998	% Change		1999
	£m	Volume	Value	£m	Volume	Value	£m
Capital Goods	3,011	26½	30	3,914	17	19	4,658
Consumer Goods	5,539	15¼	19	6,591	14	15½	7,613
Intermediate Goods:							
Agriculture	501	-2	0	501	3	3	516
Other	15,544	20½	24¼	19,313	16	17	22,596
Other Goods	1,314	6	8	1,420	5	7	1,519
<b>Total Visible</b>	<b>25,909</b>	<b>19</b>	<b>22½</b>	<b>31,739</b>	<b>15</b>	<b>16¼</b>	<b>36,902</b>
Adjustments	-487			-600			-630
<b>Merchandise Imports</b>	<b>25,422</b>	<b>19</b>	<b>22½</b>	<b>31,139</b>	<b>15¼</b>	<b>16½</b>	<b>36,272</b>
Tourism	1,467	10¾	13½	1,665	11	13½	1,890
Other Services	7,331	30¾	34	9,824	18	20½	11,828
<b>Imports of Goods and Services</b>	<b>34,220</b>	<b>21¼</b>	<b>24½</b>	<b>42,628</b>	<b>15¼</b>	<b>17¼</b>	<b>49,990</b>

In line with the slower growth expected in final demand, the increase in visible imports in 1999 is forecast to decelerate to about 15 per cent in volume and 16¼ per cent in value. Once more, imports of capital goods, consumer goods and materials for further industrial production are all projected to contribute substantially to the rise in visible imports. Tourism imports are forecast to increase at much the same rate as in 1998, but with manufactured exports likely to grow less rapidly some diminution in the rate of growth of royalties and other service imports appears probable. Thus total imports of goods and services in 1999 are forecast to increase by 15¾ per cent in volume and 17¼ per cent in value, fairly close to their annual average rate of increase since 1994.

### *Balance of Payments*

It is quite clear that there was a massive increase in the visible trade surplus in 1998. If trade in the closing months of the year conformed with trends for the first three-quarters, the rise in the



value of the visible surplus will have approached 40 per cent. The unexpected reversal in the trend of net adjustments since the middle of the year means that the percentage rise in the merchandise trade balance is significantly smaller than in the visible surplus, although still very substantial at over 30 per cent. The very rapid increase in the service trade deficit will have offset part of the gain in merchandise trade, so that the surplus on trade in goods and services is now estimated to have risen by 19½ per cent, a considerable downward revision from an earlier forecast of 29 per cent.

On the evidence of the *Balance of Payments Estimates* for the first three quarters, net factor outflows in 1998 are estimated to have increased by about 21½ per cent, with the estimated pattern set out in Table 7. Allowing for some reduction in net current transfers, the overall surplus on current account is estimated to have declined from £1,362 million in 1997 to £1,062 million in 1998, a downward revision of over £500 million since our November *Commentary*.

**TABLE 7: Balance of Payments**

	1997 £m	Change %	1998 £m	Change %	1999 £m
Visible Trade Balance	9,330	39½	13,006	15¼	14,990
Adjustments	1,754		1,600		1,830
<b>Merchandise Trade Balance</b>	<b>11,084</b>	<b>31¾</b>	<b>14,606</b>	<b>15¼</b>	<b>16,820</b>
Service Trade Balance	-4,690	48¾	-6,971	26	8,782
<b>Trade Balance in Goods and Services</b>	<b>6,394</b>	<b>19½</b>	<b>7,635</b>	<b>5¼</b>	<b>8,038</b>
Factor Flows:					
Debit Flows:					
Remuneration of Employees	-51	0	-51	0	-51
Distributed Profits, etc.	-6,005	10	-6,605	16	-7,662
Reinvested Earnings	-1,377	80	-2,475	16	-2,871
National Debt Interest	-765	-16	-643	-14	-553
Other Debit Flows	-3,053	55	-4,732	30¼	-6,162
<b>Total Debit Flows</b>	<b>-11,251</b>	<b>29</b>	<b>-14,506</b>	<b>19¼</b>	<b>-17,299</b>
Credit Flows:					
Remuneration of Employees	224	-3	217	-2	213
Direct Investment Income	674	-5	640	12	717
Other Credit Flows	4,032	48	5,967	28	7,697
<b>Total Credit Flows</b>	<b>4,930</b>	<b>38½</b>	<b>6,824</b>		<b>8,627</b>
<b>Net Factor Flows</b>	<b>-6,322</b>	<b>21½</b>	<b>-7,682</b>	<b>13</b>	<b>-8,672</b>
Net Current Transfers	1,290	-14	1,109	2¼	1,124
<b>Balance on Current Account</b>	<b>1,362</b>		<b>1,062</b>		<b>490</b>
Capital Transfers	578		600		650
<b>Effective Current Balance</b>	<b>1,940</b>		<b>1,662</b>		<b>1,140</b>

The forecasts for exports and imports already presented suggest that the visible trade surplus in 1999 could increase by

just over 15 per cent to almost £15,000 million. After allowance for adjustments and for another large rise in the service trade deficit, the surplus on trade in goods and services is forecast to increase by a little over 5 per cent.

Because of the slower growth expected in high-technology manufactured exports, a smaller rise in profits expatriated or reinvested is forecast for 1999. Nevertheless, net factor outflows are forecast to increase by some 13 per cent. Thus despite a small increase anticipated in net current transfers, a reduction in the current account surplus to about £490 million, or just under 1 per cent of GNP, is forecast. This is marginally above the 1999 surplus previously forecast.

### *Gross National Product*

Because of the trade factors already discussed, we have reduced our growth estimates for 1998. The estimated increase in real expenditure on GDP has been scaled back from 9¾ per cent to 8½ per cent, and expenditure on real GNP from 8¼ per cent to 7¼ per cent. These are, of course, still very high growth rates by either historical or international standards. Estimates of real gross national disposable income, adjusted for the terms of trade, (GNDI) have been reduced from about 6 per cent to about 5½ per cent, the smaller reduction than in real GNP being due to a more favourable trend in the terms of trade.

Despite some change in detail, the general picture of growth slowing down in 1999 remains unaltered since our November *Commentary*. The growth rates now forecast, of 6½ per cent in GDP and 5¾ per cent in GNP, are each ¼ per cent higher than previously forecast. Real GNDI is still projected to rise by about 5 per cent in 1999.

### *Agriculture*

Gross agricultural output fell by about 2 per cent in volume in 1998, with output of livestock, livestock products, and crops all showing some decline, partly due to adverse weather conditions. The volume of inputs rose, especially of feedings stuffs, so that there was a substantial fall in gross agricultural product. When allowance is made for depreciation and for some increase in the associated activities of forestry and fishing, it is estimated that the volume of gross domestic product in the broad agriculture sector declined by about 5 per cent in 1998. Assuming a return to "average" weather conditions in 1999, but accepting that there is a carryover of fodder requirements from last year, a small recovery in gross agricultural output, but virtually no change in the volume of GDP in the broad agriculture sector, are forecast for 1999.

### *Industry*

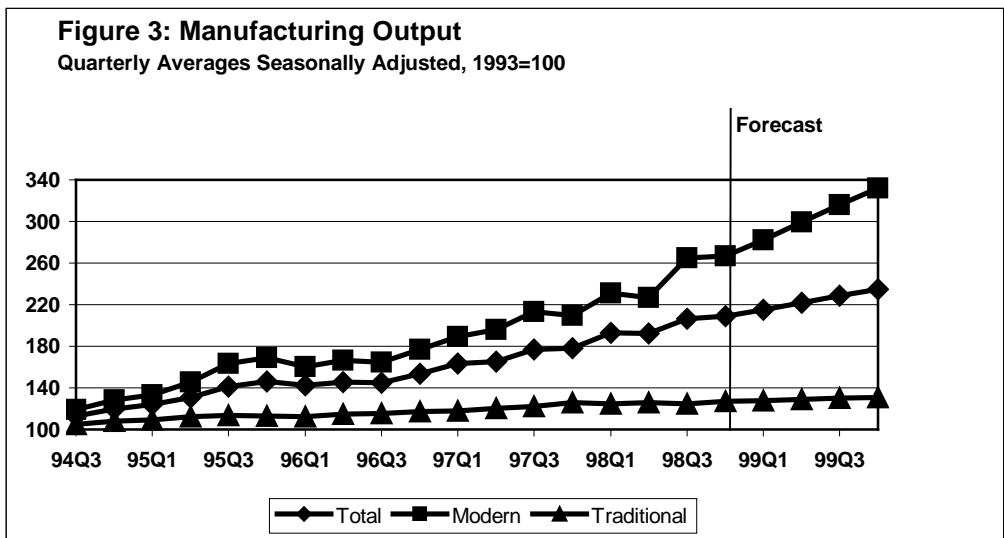
In the first ten months of 1998 the volume of production index for manufacturing industry was 17.3 per cent higher than in the corresponding period of 1997. For the year as a whole an increase of almost 17 per cent is estimated, with by far the

largest contributions coming from pharmaceuticals and the high technology sectors of metals and engineering. Taking account of the probable difference in trends between gross and net output, of movements in depreciation and stock appreciation, and the net output of the buoyant building industry, the volume of GDP in the broad industry sector is estimated to have grown by about 14½ per cent in 1998.

Industrial growth is expected to be less rapid in 1999, due to slower expansion in export markets and to tighter supply constraints. The volume of production index for manufacturing industry is projected to rise by about 12½ per cent, including a substantial carryover from growth in the course of 1998. With building output forecast to grow slightly more slowly than last year, the predicted increase in the volume of GDP in the broad industry sector in 1999 is about 10½ per cent

### Services

The volume of GDP in the services sector, after adjustment for financial services, is estimated to have increased by about 5¼ per cent in 1998, marginally less than in the previous year. In keeping with the expected deceleration of economic growth, the volume of service output is forecast to increase by about 4¼ per cent in 1999. As in most recent years, the increase in the volume of public services is expected to remain subdued, with most of the service expansion coming from the private sector.



### Employment

Recent *Commentaries* have drawn attention to the fact that the changeover from the annual *Labour Force Survey* to the *Quarterly National Household Survey* is temporarily making it difficult to monitor trends in employment and unemployment. Although it is abundantly clear that the former has been rising

dramatically and the latter falling substantially, the precise scale of the improvement is hard to establish.

Thus the estimates and forecasts shown in Table 8 should be taken as indicative rather than authoritative, as we cannot be certain that we are comparing like with like over the period covered. However, the broad picture of very rapid employment growth, slowing somewhat in 1999, with both industry and services contributing strongly to the rise each year, is undoubtedly correct. When allowance is made for the changing proportion of part-time working in total employment, the increase in full-time equivalent employment in 1998 is estimated at just over 4 per cent, while the equivalent increase in 1999 is forecast at almost 3 per cent.

**TABLE 8: Employment and Unemployment**

<b>A: Mid-April Estimates '000</b>					
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
Agriculture	138	134	127	125	122
Industry	355	386	425	452	476
Services	804	818	873	903	926
<b>Total at Work</b>	<b>1,297</b>	<b>1,338</b>	<b>1,427</b>	<b>1,480</b>	<b>1,524</b>
Unemployed	191	179	155	138	128
<b>Labour Force</b>	<b>1,488</b>	<b>1,517</b>	<b>1,581</b>	<b>1,618</b>	<b>1,652</b>
Unemployment Rate %	11.9	10.3	7.8	6.7	6.0
Live Register	281	256	231	206	195

<b>B: Annual Averages '000</b>				
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>
Agriculture	136	132	126	123
Industry	374	408	442	468
Services	806	845	891	918
<b>Total at Work</b>	<b>1,316</b>	<b>1,385</b>	<b>1,459</b>	<b>1,509</b>
Unemployed	185	165	145	131
<b>Labour Force</b>	<b>1,501</b>	<b>1,550</b>	<b>1,604</b>	<b>1,640</b>
Unemployment Rate %	11.5	10.2	7.7	6.4
Live Register	279	254	227	203

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

For the sake of continuity, the labour force aggregates are still classified by Principal Economic Status.

After some years when trends in unemployment as measured by the *Labour Force Survey* and the number of claimants on the Live Register sometimes diverged, all potential measures agreed in 1998 that there had been a very large reduction in unemployment. Moreover, both Household Survey and Live Register data indicate a particularly large reduction in long-term unemployment, although it is too early to distinguish between a genuine re-absorption into work, a possible technical reclassification due to participation in schemes, and a recorded

outflow from long-term unemployment into economic inactivity.

### *Incomes*

Incomes in the broad agriculture sector are estimated to have fallen by about 5 per cent in 1998. On the assumption of less unfavourable weather, a slight recovery is forecast for 1999, with such incomes rising by 2 per cent in aggregate.

It seems likely that the increase in average non-agricultural earnings in 1998 was a little over 6 per cent, although there was clearly a wide diversity of actual increases around this average, in both the public and private sectors. With full-time-equivalent employment thought to have risen by just over 4 per cent, aggregate non-agricultural wages, salaries and pensions are estimated to have increased by 10½ per cent in 1998, unchanged from our previous forecast. Considerable variations in the rate of increase in average earnings are expected again this year, with the overall average projected at almost 5½ per cent. With full-time equivalent employment predicted to increase by nearly 3 per cent, aggregate non-agricultural earnings are forecast to rise by 8½ per cent in 1999, a small upward revision from our previous forecast of 8¼ per cent.

Other non-agricultural income, that is earnings from self-employment and from property in its various forms, is estimated to have increased by 6 per cent in 1998, with buoyancy in such items as professional earnings and dividends being partly offset by the reduction in national debt interest payments. A similar mix of trends is expected in 1999 with the aggregate rise in such incomes forecast at 5½ per cent.

Thus income received from economic activity is estimated to have increased by 8½ per cent in 1998 and is forecast to rise by 7½ per cent in 1999. Household receipts from current transfers are similarly forecast to rise a little more slowly in 1999, so that gross personal income is estimated to have risen by almost 8½ per cent and is forecast to increase by about 1 percentage point less in 1999, as shown in Table 9.

**TABLE 9: Personal Disposable Income**

	1997 £m	Change %	1998 £m	1998 £m	Change %	1999 £m	1999 £m
Agriculture, etc.	2,371	-5	-119	2,252	2	45	2,297
Non-Agricultural Wages, etc.	21,806	10½	2,290	24,096	8½	2,048	26,144
Other Non-Agricultural Income	4,646	6	279	4,925	5½	271	5,196
<b>Total Income Received</b>	<b>28,823</b>	<b>8½</b>	<b>7,450</b>	<b>31,273</b>	<b>7½</b>	<b>2,364</b>	<b>33,637</b>
Current Transfers	6,837	8	543	7,380	7¼	530	7,910
<b>Gross Personal Income</b>	<b>35,660</b>	<b>8½</b>	<b>2,993</b>	<b>38,653</b>	<b>7½</b>	<b>2,894</b>	<b>41,547</b>
Direct Personal Taxes	7,728	9¼	749	8,477	4	329	8,806
<b>Personal Disposable Income</b>	<b>27,932</b>	<b>8</b>	<b>2,244</b>	<b>30,176</b>	<b>8½</b>	<b>2,565</b>	<b>32,741</b>
Consumption	25,191	10½	2,645	27,836	9½	2,644	30,480
Personal Savings	2,741	-14¾	-401	2,340	-3½	-79	2,261
Savings Ratio	9.8			7.8			6.9



In spite of reductions in effective rates of income tax, direct personal taxation rose by about 9¾ per cent in 1998. With the annual effect of successive tax cuts likely to be stronger in 1999, and with incomes predicted to rise less rapidly, direct personal taxation is forecast to increase by about 4 per cent this year. Thus personal disposable income is forecast to rise by 8½ per cent in 1999 compared with an estimated 8 per cent last year.

If estimates of consumption in 1998, based largely on trends in the retail sales index, are correct, there must have been a large decline in the personal savings ratio. This would tally with trends in personal borrowing and would not be surprising during a period of rapid job-creation, rising average incomes and stable or falling interest rates. Given the potential slowing of economic growth this year, a smaller reduction in the personal savings ratio seems likely. A reduction of just under 1 per cent, as against the estimated 2 per cent in 1998, would permit the value of personal consumption in 1999 to increase by about 9½ per cent. The estimated and forecast savings ratios shown in Table 9 are very low by historical Irish standards. There is probably some long-term decline in the ratio due to structural and demographic factors, while the impact of the fall is lessened by the simultaneous rise in government saving. Nevertheless, such a low personal savings ratio, resulting from the rapid growth of personal borrowing, does add to the exposure of the economy to possible future stocks.

### *Consumer Prices*

In successive *Commentaries* over the past year or so, we avoided subscribing to the widespread fears that Irish price inflation was going to escalate in 1998 and 1999. Even so, we have been somewhat surprised at the speed and extent of the decline in the rate of price inflation since its peak in August 1998. The decline in the housing element of the consumer price index was expected, but even this was larger and earlier than anticipated, due to continental interest rates being somewhat lower, and Irish rates converging with them rather earlier than seemed probable earlier in the year. With regard to the non-housing part of the index, the shortness of the lag in adjusting to an appreciation of the Irish pound in the last few months before EMU contrasted with a longer lag in responding to the previous depreciation of the currency.

As Table 10 shows, the annual increase in the total consumer price index in 1998 was 2.4 per cent, with the non-housing element rising by 2.6 per cent. In 1999, the housing index which, of course, excludes actual house prices, is almost certain to be significantly lower than last year, reflecting the decline in mortgage interest rates. The non-housing part of the index is forecast to rise a little more slowly than in 1998, leaving the annual average increase in the index as a whole at 1.9 per cent.

**TABLE 10: Consumer Price Index – Recent Trend and Forecast**

	Quarterly Trend								Annual		
	Feb	1997 May	Aug.	Nov.	1998 Feb.	May	Aug.	1998 Nov.	1997	1998	1999
<b>Index Nov. 1989=100</b>											
Housing	119.8	123.0	121.0	122.4	122.5	123.8	125.4	121.0	121.6	123.2	118.4
Other	118.0	118.3	118.4	119.8	120.0	121.7	122.2	122.6	118.6	121.6	124.5
Total CPI	118.1	118.6	118.6	119.9	120.1	121.8	122.4	122.4	118.8	121.7	124.0
Annual % Change											
Housing	2.7	5.0	2.9	2.0	2.3	0.7	3.6	-1.2	3.2	1.3	-3.9
Other	1.5	1.3	0.9	1.6	1.7	2.9	3.2	2.4	1.3	2.6	2.4
Total CPI	1.5	1.5	1.0	1.6	1.7	2.7	3.2	2.1	1.5	2.4	1.9
Quarterly % Change											
Housing	-0.2	2.7	-1.7	1.2	0.1	1.1	1.3	-3.5			
Other	0.1	0.2	0.1	1.2	0.2	1.4	0.4	0.4			
Total CPI	0.1	0.2	0.1	1.2	0.2	1.4	0.5	0			

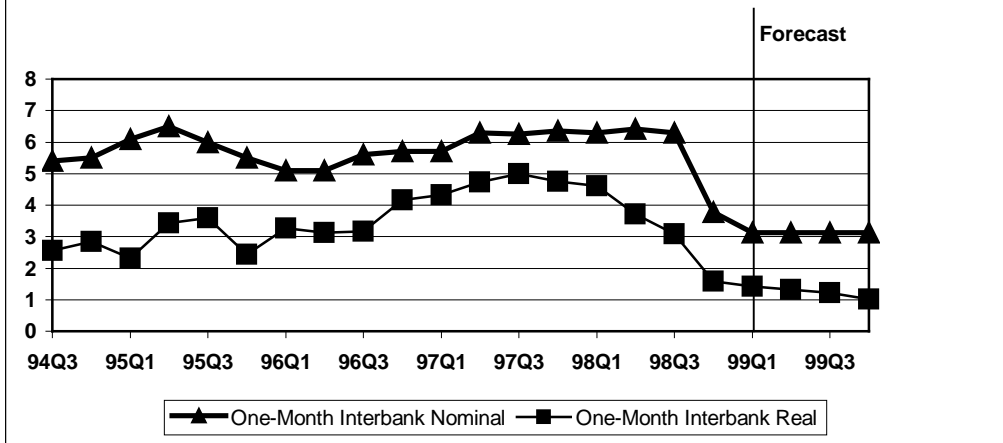
### *Public Finances*

As expected, 1998 was another record year for the public finances, with tax revenue rising by 13 per cent, the current budget surplus exceeding £2,000 million and the Exchequer financing surplus reaching £747 million, despite a large rise in the capital deficit. Of course, strong revenue buoyancy and record surpluses are entirely appropriate in the fifth year of an extraordinary economic boom, but it is reassuring that they actually materialised, and that government current spending rose significantly less than the other components of domestic demand, in either volume or value terms.

On the basis of the general economic forecast in this *Commentary*, 1999 should see a further improvement in the public finances, although this seems unlikely to be as dramatic as in 1998. Total revenue is forecast to increase by about 8 per cent, to some £100 million above the Budget estimates. If aggregate current expenditure is held to roughly its budgeted level, the current budget surplus would thus rise by almost £350 million to over £2,400 million. Capital borrowing is scheduled to remain very high, rather than to increase dramatically, so that the Exchequer financing surplus is forecast to rise to a little over £1,000 million. In terms of the general government surplus, the improvement is forecast to be from about 1.8 per cent of GDP in 1998 to about 2.2 per cent in 1999. With valuation changes in the external national debt almost eliminated by EMU, the rise in the general government surplus should be reflected in a fall in the absolute level of the general government debt. In relative terms, this is forecast to be little over 50 per cent of GDP by the end of 1999.



**Figure 4: Interest Rates**  
Per Cent Per Annum, Quarterly Averages



### *Interest Rates*

As Ireland adjusted to the forthcoming regime change of EMU, 1998 saw very large reductions in short-term interest rates, concentrated in the closing months of the year, and a more gradual reduction in long-term rates which were already closer to the European norm.

With EMU now firmly in place, Irish interest rates, both short-term and long-term, are simply an aspect of rates throughout the Union. Although there is inevitably some uncertainty as to the precise movement of European interest rates, any changes are likely to be small, and the forecasts in this *Commentary* are based on the assumption that there will be no major change in interest rates during 1999.

### *General Assessment*

For the fifth successive year, there was very strong economic growth in 1998, with both domestic demand and exports increasing rapidly, and output and employment responding vigorously. However, when the latest trade and balance of payments data are taken into account, especially the apparent increase in annual export prices, downward technical adjustments in calculating the trend of merchandise exports, and the strength of the rise in royalty payments and other service imports, it is probable that some of the more extreme estimates of Irish economic growth in 1998 will prove to have been exaggerated. Our own estimate of the volume of GDP growth has been revised downwards from 9¾ per cent to 8½ per cent and of the GNP growth rate from 8¼ per cent to 7¼ per cent.

If these latest estimates prove broadly accurate, the degree of adjustment needed to bring the economy back to a sustainable growth rate, which still appears to be in the region of 5 per cent for the next few years, will be less than previously thought. Indeed, if our forecast of

a 5¾ per cent growth rate of real GNP in 1999 is correct most of the necessary adjustment will take place this year.

Thus there is a good chance that the Irish economy will move quite smoothly onto its long-term growth-path, which itself will remain well above those of its European neighbours for the foreseeable future. It needs to be recognised, however, that while this is the most likely development there are several dangers, both external and internal, which could bring about a much less favourable outcome.

The most obvious external threat is of a major world recession, with the European economy in particular suffering a period of negative growth. We do not consider such a recession likely in the next few years, but clearly the possibility cannot be ruled out. Even if it were to occur, the structure of the Irish economy affords a degree of protection from its worst effects. Although the growing concentration in a small number of industrial and service sectors might appear to have increased Ireland's vulnerability to external shocks, the careful balance of activities within these sectors, and the fact that the sectors concerned are modern and fast growing, makes Ireland less vulnerable to most types of recession than more traditionally-structured economies. It is true that particular sectors can have their own cycles, and that the IT sector in particular could well see a reaction next year from the precautionary "Year 2000" spending during 1999, but the downturns in these modern sectors tend to be less acute and much shorter-lived than the downturns in, for example, traditional heavy engineering. Nevertheless, while Ireland might avoid an actual fall in GNP, a prolonged world recession would undoubtedly reduce the Irish growth rate to well below its potential path.

The other main external danger, to which we adverted in our November *Commentary*, is that changing overseas attitudes as Ireland achieves parity in living standards with the EU as a whole could damage some of the pillars around which the spectacular performance of recent years has been constructed. While other countries' attitudes cannot be determined by our own actions, they can certainly be influenced, especially at the crucial official level. As we have argued before, there is a strong case for an information campaign pointing out such facts as the particularities of small open economies, the continuing costs of a peripheral location, Ireland's relative deficit in infrastructural provision, and the high proportion of employment which is still based on agriculture. At the same time potential overseas antipathy should not be stimulated through appearing to seek too much, in terms of direct transfers, policy derogations or other special arrangements, when these have ceased to be appropriate for our stage of development. A calmly established set of priorities would be of great assistance in formulating such a balanced international approach.

The domestic dangers to the steady future expansion of the economy are mostly manifestations of unrealistic expectations. Thus there is a widespread, but erroneous, perception that the fiscal combination of substantial reductions in effective rates of personal and corporate taxation with moderate improvements in the quality of public services can continue indefinitely. This view takes insufficient heed of the fact that the rate of economic growth in the past five years, and thus the degree of revenue buoyancy, incorporated a significant element of absorbing spare capacity and resources. In the absence of

such spare resources, future growth will inevitably be slower. At the same time the fiscal balance over the past five years has benefited from a very substantial decline in the interest rates payable by the government on its borrowings and from significant improvements in the actual collection of taxes. Some future dividend from these factors is likely, with debt-reduction replacing falling interest rates as the main source of savings in aggregate interest payments, but its scale will almost certainly be less than in the past five years. A further reason why freedom of fiscal movement will be lower after this year is that Ireland will need to finance a higher proportion of its infrastructure needs from its own resources.

The other main area where unrealistic expectations could prove damaging is, of course, in the evolution of wages. Some increase in average pay is to be expected as the labour market tightens, and there is clear evidence that this happened in several sectors during 1998. Indeed this process of losing some competitiveness through wages rising faster here than in other parts of the monetary union is the principal means by which the growth rate will be brought back to a sustainable level. However, there is an acute danger that the loss of competitiveness could become too great, especially as the adjustment process is subject to significant lags. Cautious bidding up of wage rates to obtain labour in areas of shortage is unavoidable in the current situation, but from the employer's standpoint it should be based on a sober assessment of trends in market demand and prices. Given that most pay increases cannot easily be reversed, there are clearly some expansions which should not take place at the present time, and some contracts which should not be sought if they could be fulfilled only through a permanent substantial raising of the cost base.

From the viewpoint of employees and their representatives, the lack of reality frequently concerns the rate at which the economy can be expected to sustain improvements in living standards. Some spokesmen seem genuinely to feel that their groups have missed out on the fruits of growth because their average living standards have been rising by about 3 per cent per annum! While it is true that a few groups have enjoyed much faster increases, it is clearly not possible for all groups to do so, especially when a considerable proportion of the growth has been taken in the form of massively increased employment, a strengthening of the public finances which will underpin future moderate improvements in living standards, and in corporate profits high enough to encourage vigorous investment by existing and new firms.

While both employers and union leaders have some responsibility in attempting to foster a sense of reality in pay bargaining, the government has the additional problem of adjusting its policies to the unfamiliar context of economic success. Over the years, we have tried to signal at an early stage when the priorities of macro-economic policies are about to shift. In this spirit we have pointed out in recent *Commentaries* that maximising employment is ceasing to be the central imperative of policy. However, as in the earlier case of fiscal responsibility, the fact that a problem ceases to be the over-riding aim does not mean that it should be ignored from then on. There will be a requirement for a high level of job creation in Ireland for many more

years, to cater for a still increasing number of people of working age, to permit a further voluntary rise in female participation in paid employment, and to offset the inevitable future job losses in particular firms and industries. Similarly, the need to upgrade the skill base of the labour force remains, and indeed intensifies as the labour market tightens. The need is thus for a modification rather than a reversal of policy, with a re-focusing of priorities within an approach that remains both realistic and balanced.

## STATISTICAL APPENDIX

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**Table A1: National Accounts**

	GNP by Source of Income at Current Market Prices								
	1 Agri. Income (£m)	2 Non- Agri. Wages (£m)	3 Non- Agri. Other (£m)	4 Adjust- ments (£m)	5 Net Factor Income (£m)	6 Natio- nal Income (£m)	7 Depre- ciation (£m)	8 Taxes less Subs. (£m)	9 GNP (market prices) (£m)
	<i>Annual Series</i>								
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
1998									
	GDP by Sector of Origin and GNP at Current Market Prices								
	10 Agri- culture (£m)	11 Indus- try (£m)	12 Distri- bution (£m)	13 Public Admin- istration (£m)	14 Other Dome- stic (£m)	15 Adjust- ments (£m)	16 Taxes less Subs. (£m)	17 GDP (output) (£m)	18 GNP (output) (£m)
	<i>Annual Series</i>								
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
1998									
	Expenditure on GNP at Current Market Prices								
	19 Private Consum- ption (£m)	20 Public Consum- ption (£m)	21 Invest- ment (£m)	22 Stock change s (£m)	23 Exports (£m)	24 Imports (£m)	25 GDP (exp.) (£m)	26 Net Factor Income (£m)	27 GNP (exp.) (£m)
	<i>Annual Series</i>								
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
1998									

**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>									
1991	98.3	102.5	101.0	99.4	103.6	107.7	95.2	101.1	101.7
1992	98.3	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
1998									
	Expenditure on GNP at Constant (1990) Market Prices								
	37	38	39	40	41	42	43	44	45
	Private Consu- mption  (1990= 100)	Public Consu- mption  (1990= 100)	Invest- ment  (1990= 100)	Stock change s  (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>									
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
1998									
	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>									
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
1998									

**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>								
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	255.6	144.9	119.9	115.9	96.2
1998							120.9		
	<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	97.0
II	305.5	532.5	154.1	242.9	257.3	148.0	119.6	115.7	98.9
III	294.0	515.5	145.1	229.7	239.6	138.6	120.1	116.2	96.6
IV	326.7	574.5	162.0	252.2	259.1	154.4	121.1	116.9	95.6
1998I	349.9	650.5	148.4	273.4	298.5	142.8	121.9	118.4	96.2
II	354.6	636.3	161.2	271.3	285.0	152.0	121.6	118.4	98.8
III	342.6	626.2	147.7				120.9	117.9	95.9
IV							119.4		
	<i>Quarterly Averages (Seasonally Adjusted)</i>								
1995I	221.3	355.6	135.0	197.4	224.2	135.4	118.4	115.3	107.1
II	233.6	388.4	138.7	205.2	234.8	138.6	119.2	116.1	107.7
III	252.9	437.3	140.1	219.5	252.8	140.4	120.2	115.3	108.0
IV	261.5	452.1	139.4	224.1	252.9	139.3	121.5	116.8	110.1
1996I	254.9	428.3	138.8	216.6	231.3	139.2	121.3	117.3	108.9
II	259.3	444.9	141.9	218.6	238.6	141.2	120.9	116.5	104.5
III	260.2	440.2	142.9	217.2	234.3	140.6	120.3	116.2	101.7
IV	274.8	473.4	144.5	227.7	249.7	141.2	119.7	115.5	100.5
1997I	293.1	506.0	145.9	237.7	251.1	142.5	118.8	114.7	96.6
II	294.8	524.5	148.5	234.7	252.2	143.3	119.4	115.3	96.7
III	316.3	570.1	151.1	248.0	265.0	145.1	120.2	116.3	97.8
IV	318.1	559.7	155.7	246.7	254.8	148.6	121.2	117.4	97.0
1998I	345.1	617.0	154.2	267.2	281.4	146.8	121.9	118.2	95.8
II	343.7	628.7	155.4	263.3	280.3	147.3	121.4	118.0	96.7
III	368.7	692.0	154.3				121.0	118.0	97.0
IV							119.5		



**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>									
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	15.2
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	12.1
1996	222.8	74.6	148.3	112.8	133.8	175,642	103,593	279,235	11.5
1997	236.2	83.1	153.1	114.8	138.6	155,839	98,540	254,379	9.8
1998						135,692	91,404	227,096	7.7
<i>Quarterly Averages</i>									
1995I	207.7	62.0	145.7	110.4	127.8	181,760	97,836	279,595	
II	213.0	64.7	148.3	109.7	128.4	176,873	96,833	273,707	
III	216.2	68.2	148.0	110.2	129.5	177,670	101,493	279,164	
IV	219.0	71.1	147.9	112.8	132.7	177,673	100,929	278,602	
1996I	218.0	72.4	145.6	111.7	132.0	182,002	103,340	285,342	
II	222.0	73.0	149.0	112.9	133.9	176,857	102,819	279,677	
III	224.7	74.0	150.7	111.7	133.2	177,022	107,882	284,905	
IV	226.6	75.4	151.2	113.7	136.2	166,687	100,328	267,016	
1997I	228.4	78.8	149.6	113.6	136.2	164,688	100,516	265,205	
II	235.1	81.5	153.6	113.9	137.2	155,693	97,120	252,813	
III	239.2	84.7	154.5	115.4	139.0	154,256	101,358	255,614	
IV	242.1	87.3	154.8	116.5	141.8	148,720	95,164	243,884	
1998I	239.2	85.8	153.4	117.1	142.9	147,202	93,825	241,027	
II	244.3	87.9	156.4			136,916	91,152	228,068	
III						133,513	93,981	227,494	
IV						125,138	86,657	211,795	
<i>Quarterly Averages (Seasonally Adjusted)</i>									
1995I	209.5	62.4	147.1	126.6	146.4	178,300	97,667	276,000	12.5
II	212.8	65.1	147.7	125.8	147.2	178,667	98,467	277,133	12.1
III	215.4	68.1	147.3	126.0	148.3	177,667	98,833	276,500	11.9
IV	218.1	70.4	147.7	125.6	147.8	179,133	102,067	281,200	12.0
1996I	219.9	72.9	147.1	124.3	146.7	178,867	103,300	282,167	11.9
II	221.8	73.4	148.4	124.8	148.0	178,600	104,500	283,133	11.8
III	223.9	73.9	150.0	126.2	150.6	176,733	105,100	281,867	11.4
IV	225.6	74.6	151.0	125.9	151.0	168,167	101,433	269,600	11.0
1997I	230.5	79.3	151.2	125.9	151.0	161,833	100,533	262,333	10.6
II	234.8	81.9	152.9	126.9	152.6	157,467	98,800	256,267	10.1
III	238.4	84.7	153.7	127.9	154.2	153,833	98,500	252,333	9.5
IV	241.0	86.4	154.6	126.8	154.5	150,200	96,300	246,533	8.9
1998I	241.4	86.3	155.1	127.0	155.0	144,433	93,833	238,267	8.2
II	244.0	88.3	155.7			138,633	92,800	231,433	7.8
III						133,000	91,067	224,100	7.5
IV						126,600	87,833	214,467	7.2

**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>								
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
1998	9.7	0.6	8.7	-9.9	5.9	3.1	74.0	2.4
<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	10.0	9.3	7.7	-13.3	8.3	10.0	74.0	2.5
III	14.3	2.7	9.7	-13.0	2.3	4.3	73.7	2.3
IV	-2.3	-10.3	14.7	-11.0	5.3	-15.0	73.6	2.5
<i>Quarterly Averages (Seasonally Adjusted)</i>								
1995I	No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern	
II	No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern	
III	No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern	
IV	No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern	
1996I	No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern	
II	No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern	
III	No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern	
IV	No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern	
1997I	No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern	
II	No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern	
III	No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern	
IV	No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern	
1998I	No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern	
II	No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern	
III	No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern	
IV	No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern		No Seasonal Pattern	

**Table A5: Demand Indicators**

	81 CPI (Nov. 1989 =100)	82 Cars Regis- tered N&S/H (Total)	Consumption		85 Elec- tricity Output (GWh)	86 New Houses Comp- leted (Total)	Government		
			83 Retail Sales Value (1990= 100)	84 Retail Sales Volume (1990= 100)			87 Current Reve- nue (£m)	88 Current Expen- diture (£m)	89 Current Deficit (£m)
<i>Annual Series</i>									
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	12,954	14,018	292
1997	118.8	167,404	145.0	128.4	19,551	38,842	14,619	15,488	604
1998	121.7						16,503	16,343	2,091
<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	56,807	149.4	132.2	5,306	8,572	3,517	3,499	275
II	121.8	55,879	157.6	137.6	4,915	10,359	4,666	3,743	1,295
III	122.4		159.6	139.6	4,796	10,784	3,934	3,997	363
IV	122.4						4,386	5,104	158
<i>Quarterly Series (Seasonally Adjusted)</i>									
1995I	113.8	29,462	120.6	110.3	4,354	7,512	2,827	2,979	152
II	115.1	30,624	122.0	111.0	4,372	7,404	2,936	3,380	444
III	115.9	32,861	124.6	113.0	4,445	7,396	2,946	3,313	367
IV	115.8	33,731	126.6	114.4	4,429	8,188	2,963	3,433	470
1996I	116.2	37,640	130.7	117.3	4,745	8,517	3,000	3,491	491
II	116.7	39,257	133.5	119.2	4,686	8,197	3,004	3,508	505
III	117.5	37,387	133.4	118.6	4,693	8,200	3,685	3,363	-322
IV	118.0	40,430	137.2	121.4	4,799	8,802	3,282	3,579	298
1997I	118.1	38,584	139.5	124.0	4,782	9,453	3,491	3,555	64
II	118.5	40,132	142.1	126.0	4,863	9,892	3,730	3,601	-129
III	118.7	40,288	145.8	129.3	4,980	9,823	3,621	4,168	547
IV	119.9	56,476	151.8	133.7	4,935	9,677	3,751	4,079	328
1998I	120.2	42,519	154.6	136.6	4,964	9,978	3,970	3,718	-252
II	121.6	45,245	158.6	138.7	5,164	10,648	4,172	3,966	-207
III	122.5		161.4	141.0	5,207	10,707	4,050	4,231	181
IV	122.4						4,285	4,345	59

**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>								
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
1998	5.7							4,744.2	
	<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		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	5.1		2,570	22,296	18,307	5,618	5,267.1	101,985
III	6.3	4.6		2,842	22,878	17,423	5,699	4,795.9	110,321
IV	3.8							4,389.7	
	<i>Quarterly Series (Seasonally Adjusted)</i>								
1995I		No		No		12,082	No		56,600
II		Seasonal		Seasonal		11,887	Seasonal		57,933
III		Pattern		Pattern		12,053	Pattern		58,294
IV						13,387			60,692
1996I						14,691			62,386
II						14,926			66,551
III						16,001			69,317
IV						15,421			70,575
1997I						15,377			73,705
II						16,793			76,360
III						16,012			80,529
IV						16,408			89,532
1998I						16,999			93,953
II						16,865			100,666
III						17,058			110,008
IV									

**Table A7: Trade Prices, Exchange Rates and Competitiveness**

	Trade Prices				Exchange Rates			
	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£)	106 Real Effective Index (1990= 100)
	<i>Annual Averages</i>							
1991	102.3	99.3	97.0	67.3	0.9133	1.6162	2.6708	96.6
1992	100.2	96.6	96.4	69.5	0.9695	1.7062	2.6561	99.6
1993	105.4	103.9	98.6	66.0	0.9771	1.4682	2.4241	92.1
1994	108.1	103.8	96.0	66.2	0.9777	1.4984	2.4263	92.1
1995	112.7	105.6	93.7	67.1	1.0168	1.6038	2.2971	93.2
1996	111.4	105.1	94.3	68.5	1.0255	1.6008	2.4092	94.4
1997	112.0	106.2	94.9	67.4	0.9271	1.5182	2.6286	93.1
1998				63.9	0.8601	1.4258	2.5049	
	<i>Quarterly Averages</i>							
1995I	111.7	104.0	93.1	66.6	0.9943	1.5733	2.3263	92.8
II	113.7	107.4	94.4	67.1	1.0197	1.6270	2.2717	92.8
III	112.2	105.6	94.1	67.4	1.0247	1.6117	2.3067	93.6
IV	113.2	105.5	93.2	67.4	1.0283	1.6033	2.2837	93.4
1996I	113.4	108.1	95.3	67.6	1.0317	1.5797	2.3193	93.3
II	112.1	106.6	95.1	68.1	1.0307	1.5703	2.3913	93.3
III	111.1	103.8	93.5	68.8	1.0347	1.6090	2.4090	94.7
IV	109.1	101.9	93.4	69.5	1.0050	1.6443	2.5170	96.1
1997I	110.8	104.6	94.5	69.7	0.9780	1.5943	2.6433	96.2
II	111.8	106.4	95.2	67.4	0.9317	1.5250	2.6127	92.8
III	113.1	106.8	94.5	66.8	0.9097	1.4780	2.6680	91.6
IV	112.2	107.0	95.3	65.7	0.8890	1.4753	2.5903	91.9
1998I	114.6	110.5	96.4	62.6	0.8357	1.3760	2.5023	88.2
II	115.4	110.7	95.9	63.6	0.8500	1.4057	2.5193	90.1
III	116.1	111.4	95.9	64.2	0.8617	1.4250	2.5097	
IV				65.0	0.8930	1.4963	2.4883	
	<i>Quarterly Averages (Seasonally Adjusted)</i>							
1995I	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 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>								
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	25,902	35,232	9,330	185.0	231.7	11,084	-4,690	-6,322	1,362
1998									
	<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	6,504	8,780	2,276	186.1	230.6	2,662	-1,075	-1,755	138
III	6,200	8,805	2,604	175.5	230.3	3,072	-1,111	-1,327	868
IV	7,257	9,732	2,475	206.8	254.4	3,035	-1,320	-1,515	623
1998I	7,750	10,383	2,634	216.2	262.4	3,179	-1,601	-1,862	-80
II	7,813	11,177	3,364	216.5	282.1	3,892	-1,695	-2,018	496
III	7,249	11,332	4,083	199.7	284.4	4,318	-1,832	-1,913	758
IV									
	<i>Quarterly Series (Seasonally Adjusted)</i>								
1995I	4,804	6,459	1,656	137.6	173.2		No	No	
II	4,912	6,723	1,810	139.6	177.6		Seasonal	Seasonal	
III	5,258	7,120	1,862	149.9	188.1		Pattern	Pattern	
IV	5,647	7,517	1,869	157.9	196.6				
1996I	5,671	7,775	2,104	160.1	201.7				
II	5,575	7,541	1,965	160.7	200.2				
III	5,527	7,476	1,949	159.1	200.8				
IV	5,643	7,611	1,968	163.6	206.0				
1997I	5,747	7,890	2,144	166.0	211.8				
II	6,442	8,659	2,217	186.3	230.1				
III	6,728	9,244	2,517	190.4	241.0				
IV	7,007	9,447	2,440	197.7	243.6				
1998I	7,505	10,348	2,843	209.5	263.1				
II	7,731	11,025	3,293	216.5	281.3				
III	7,868	11,890	4,022	216.8	297.4				
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>									
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	117.7	105.6	105.7	109.2	110.2	107.4	109.4	127.6
1996	109.0	119.3	107.2	106.4	111.1	114.0	111.6	112.7	136.7
1997	112.7	122.0	109.7	108.0	114.1	118.5	112.6	116.2	149.6
1998									
<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	117.3	105.5	105.4	108.6	109.5	105.6	108.7	
II	106.4	118.1	105.6	105.3	109.1	109.6	107.2	109.0	
III	107.0	117.8	105.9	105.9	109.4	110.5	107.9	109.7	
IV	107.5	117.7	105.3	106.3	109.6	111.2	108.7	110.3	
1996I	108.0	117.8	106.8	107.1	110.4	112.2	111.6	111.5	
II	108.4	119.3	106.7	106.0	110.7	113.8	111.7	112.4	
III	109.2	119.8	107.5	106.5	111.4	114.4	111.2	112.9	
IV	110.4	120.2	107.9	106.1	111.9	115.6	112.4	113.8	
1997I	111.2	120.7	108.1	106.2	112.4	116.8	114.7	114.9	
II	112.4	121.9	109.3	108.1	113.8	117.9	111.5	115.7	
III	113.3	122.6	110.3	108.7	114.7	119.1	112.4	116.8	
IV	113.9	123.0	111.2	109.0	115.4	120.0	112.0	117.4	
1998I	114.8	124.8	111.8	108.9	116.1	121.6	110.5	118.2	
II	115.3	124.9	112.6	109.4		122.2	109.6		
III									
IV									

**Table A9 (cont'd): International Indicators**

	Consumer Prices								
	125 UK	126 Ger- many	127 France	128 Italy	129 EU15	130 USA	131 Japan	132 OECD	133 Ireland
	(1990= 100)	(1990= 100)	(1990= 100)	(1990= 100)	(1990= 100)	(1990= 100)	(1990= 100)	(1990= 100)	(1990= 100)
<i>Annual Averages</i>									
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	116.1	107.9
1994	114.3	116.8	109.7	121.4	117.3	113.4	107.1	121.2	110.5
1995	118.2	119.0	111.6	127.9	120.9	116.6	107.0	127.9	113.2
1996	121.1	120.8	113.8	132.8	123.9	120.0	107.1	134.4	115.2
1997	124.9	122.9	115.2	135.2	126.4	122.9	109.0	140.1	116.8
1998									
<i>Quarterly Averages</i>									
1995I	116.4	118.3	110.9	125.1	119.5	115.5	107.0	125.2	112.1
II	118.5	118.9	111.4	127.5	120.8	116.5	107.2	127.5	113.3
III	118.8	119.4	111.8	128.7	121.4	117.0	107.0	128.8	113.8
IV	119.0	119.4	112.4	130.4	121.9	117.6	106.9	130.3	113.9
1996I	119.6	120.1	113.2	131.3	122.8	118.6	106.6	132.1	114.4
II	121.2	120.7	114.1	132.9	124.0	119.8	107.3	134.0	114.8
III	121.4	121.2	113.8	133.2	124.2	120.4	107.2	134.9	115.4
IV	122.1	121.1	114.3	133.9	124.7	121.3	107.5	136.5	116.0
1997I	122.8	122.2	114.9	134.5	125.4	122.1	107.2	138.0	116.0
II	124.4	122.6	115.1	135.0	126.1	122.6	109.5	139.5	116.6
III	125.6	123.5	115.3	135.2	126.7	123.1	109.5	140.7	116.9
IV	126.6	123.3	115.6	136.0	127.2	123.6	109.7	142.3	117.8
1998I	127.0	123.6	115.6	136.8	127.6	123.9	109.3	143.4	118.1
II	129.4	124.2	116.3	137.4	128.6	124.6	109.8	144.8	119.8
III		124.5		137.7					
IV									
<i>Quarterly Averages (Seasonally Adjusted)</i>									
1995I	116.9	118.2	110.8	125.0	119.6	115.5	107.3	125.2	112.2
II	117.9	118.8	111.3	127.3	120.5	116.4	106.9	127.2	113.2
III	118.7	119.2	111.9	128.9	121.4	117.1	107.0	128.9	113.7
IV	119.2	119.8	112.5	130.5	122.1	117.7	106.8	130.4	114.0
1996I	120.1	120.0	113.1	131.3	122.9	118.6	106.9	132.1	114.5
II	120.6	120.6	114.0	132.7	123.7	119.6	107.0	133.7	114.7
III	121.3	121.0	113.9	133.4	124.2	120.5	107.2	135.0	115.3
IV	122.3	121.4	114.4	134.0	124.9	121.4	107.4	136.6	116.1
1997I	123.2	122.2	114.8	134.5	125.5	122.1	107.5	138.0	116.1
II	123.8	122.5	115.0	134.8	125.8	122.4	109.2	139.1	116.5
III	125.5	123.3	115.4	135.4	126.7	123.2	109.5	140.9	116.8
IV	126.8	123.6	115.7	136.1	127.4	123.7	109.6	142.4	117.9
1998I	127.4	123.6	115.5	136.8	127.7	123.9	109.7	143.4	118.2
II	128.8	124.1	116.2	137.2	128.3	124.4	109.5	144.4	119.7
III		124.2		137.9					
IV									



**Table A9 (cont'd): International Indicators**

	Hourly Earnings (Manufacturing)								
	134 UK	135 Ger- many	136 France	137 Italy	138 EU15	139 USA	140 Japan	141 OECD	142 Ireland
	(1990= 100)	(1990= 100)	(1990= 100)	(1990= 100)	(1990= 100)	(1990= 100)	(1990= 100)	(1990= 100)	(1990= 100)
	<i>Annual Averages</i>								
1991	108.0	106.0	104.0	109.8	107.0	103.0	103.0	105.0	105.2
1992	115.0	112.0	108.0	115.7	113.0	106.0	105.0	109.0	110.3
1993	121.0	118.0	111.0	120.0	118.0	108.0	106.0	113.0	116.7
1994	126.0	122.0	113.0	124.0	123.0	111.0	109.0	116.0	118.4
1995	132.0	126.0	116.0	127.8	127.0	114.0	112.0	120.0	123.1
1996	138.0	130.0	119.0	130.1	132.0	118.0	115.0	124.0	126.4
1997	144.0	132.0	122.0	134.8	136.0	122.0	118.0	127.0	
1998									
	<i>Quarterly Averages</i>								
1995I	131.0	123.0	114.0	126.4	125.0	113.0	110.0	118.0	118.6
II	131.0	126.0	115.0	126.7	126.0	114.0	113.0	119.0	119.1
III	131.0	127.0	116.0	128.7	128.0	115.0	113.0	120.0	120.2
IV	134.0	128.0	116.0	129.5	130.0	115.0	114.0	122.0	123.1
1996I	137.0	129.0	117.0	128.8	130.0	116.0	113.0	122.0	122.5
II	137.0	131.0	118.0	129.3	131.0	118.0	115.0	123.0	124.3
III	137.0	131.0	119.0	130.9	133.0	118.0	116.0	124.0	123.6
IV	140.0	131.0	120.0	131.6	135.0	120.0	117.0	126.0	126.4
1997I	143.0	132.0	120.0	133.9	135.0	120.0	116.0	126.0	126.4
II	143.0	131.0	121.0	134.2	135.0	121.0	119.0	127.0	127.3
III	143.0	132.0	122.0	135.4	137.0	122.0	118.0	128.0	129.0
IV	147.0	132.0	123.0	136.0	139.0	123.0	119.0	129.0	
1998I	151.0		123.0	136.6		124.0	117.0	129.0	
II	150.0		124.0			124.0	118.0	130.0	
III			125.0			124.0			
IV									
	<i>Quarterly Averages (Seasonally Adjusted)</i>								
1995I	129.9	123.5	114.2	126.0	125.4	113.1	111.3	118.4	118.7
II	131.0	125.8	114.9	126.8	126.5	113.9	112.4	119.1	119.2
III	132.3	126.6	115.9	128.6	127.9	115.2	112.8	120.1	120.8
IV	133.9	128.1	116.0	129.9	129.1	114.8	113.6	121.4	122.3
1996I	135.7	129.5	117.2	128.4	130.4	116.1	114.3	122.4	122.6
II	137.0	130.8	117.9	129.5	131.6	117.9	114.4	123.1	124.5
III	138.4	130.6	118.8	130.8	132.9	118.2	115.8	124.1	124.2
IV	139.9	131.1	120.0	131.9	134.1	119.8	116.5	125.4	125.5
1997I	141.5	132.5	120.2	133.5	135.3	120.1	117.3	126.4	126.5
II	143.1	130.8	121.0	134.4	135.6	120.9	118.4	127.1	127.5
III	144.6	131.6	121.8	135.2	136.9	122.2	117.7	128.1	129.6
IV	146.9	132.1	123.0	136.3	138.1	122.9	118.5	128.4	
1998I	149.4		123.2	136.2		124.1	118.3	129.3	
II	150.0		124.0			123.9	117.5	130.1	
III			124.8			124.2			
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>									
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	15.2
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	8.7	8.2	11.7	11.9	10.7	5.6	3.1	7.5	12.1
1996	8.2	8.9	12.4	12.0	10.9	5.4	3.4	7.6	11.5
1997	7.0	10.0	12.4	12.1	10.7	4.9	3.4	7.3	9.8
1998									7.7
<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	9.0	8.0	11.7	11.8	10.8	5.5	3.0	7.5	12.6
II	8.8	8.1	11.6	11.9	10.7	5.7	3.1	7.5	12.3
III	8.7	8.2	11.6	12.0	10.7	5.7	3.2	7.6	12.1
IV	8.5	8.4	12.0	11.9	10.8	5.6	3.3	7.6	12.1
1996I	8.4	8.7	12.3	12.0	10.9	5.6	3.3	7.6	12.0
II	8.3	8.8	12.3	12.0	10.9	5.4	3.5	7.6	11.9
III	8.1	8.9	12.4	12.0	10.8	5.3	3.3	7.5	11.6
IV	7.9	9.2	12.4	12.0	10.8	5.3	3.3	7.5	11.0
1997I	7.4	9.7	12.4	12.2	10.8	5.3	3.3	7.5	10.6
II	7.3	9.9	12.4	12.1	10.7	4.9	3.4	7.3	10.2
III	6.8	10.1	12.4	12.1	10.6	4.9	3.4	7.3	10.0
IV	6.6	10.3	12.3	12.1	10.5	4.7	3.5	7.1	9.8
1998I	6.4	10.0	12.1	12.1	10.3	4.7	3.6	7.1	9.5
II		9.8	11.9		10.2	4.4	4.2	7.0	9.2
III						4.6			
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>							
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
1998								
	<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	3.5	3.6	6.0	5.6	5.6	1.0	5.9
II	7.5	3.6	3.6	5.2	5.6	5.6	0.6	6.3
III	7.6	3.5	3.6		5.5	5.5		
IV								
	<i>Quarterly Averages (Seasonally Adjusted)</i>							
1995I								
II	No		No		No		No	
III	Seasonal		Seasonal		Seasonal		Seasonal	
IV	Pattern		Pattern		Pattern		Pattern	
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.