

Irish Economic Highlights

TOPIC OF THE DAY FROM AIB GLOBAL TREASURY SERVICES

Economic Highlights for December 2006 :-

- The Irish economy is continuing to perform remarkably well. GDP growth is forecast at 6% this year, up slightly from 5.5% in 2005. Looking forward, it is likely that the growth rate of the Irish economy will slow somewhat in 2007 and 2008 as many of the factors currently boosting activity begin to wane. We look for GDP growth to ease somewhat to 5.5% in 2007 and 4.5% in 2008.
- Although there is evidence of some slowdown in the rate of job creation, the Irish labour market remains buoyant. Employment grew by 83,000 in the year to Q3-2006, an annual growth rate of 4.2%. New jobs in the construction and health sectors accounted for over half of the employment growth.
- As expected, the annual rate of headline inflation resumed its upward trend in November, with the CPI rate rising to 4.4% from 3.9% in October. The headline rate of inflation (as per CPI) is expected to increase further to above 5% before year end and remain around this level over Q1 2007. It should trend downward thereafter to finish the year around 3%.

A more detailed Irish Economic Bulletin will be available on www.fxcentre.com in early January 2007.

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