



Quarterly Bulletin 2 2024 – Irish Economic Outlook

This is a transcript of text in the video titled “Quarterly Bulletin 2 2024 – Irish Economic Outlook, featuring Robert Kelly, Director of Economics & Statistics, Central Bank of Ireland.

What is the outlook for the Irish economy?

The economy is set for steady growth in the region of 2% annually, out to 2026.

This reflects two factors – a continued pick-up in spending as individuals see their incomes rise faster than prices, and the recent surge in housing starts.

As a small, open economy, we know Ireland is strongly influenced by global economic trends. While uncertainty remains high, there are promising signs on this front. Trade data indicate a recovery of ICT and pharma exports from their 2023 lows. And moreover, the US economy's unexpectedly strong performance acts as a tailwind to Irish growth.

What is the outlook for inflation?

Let me start with the positive news – inflation in Ireland has fallen sharply, and it has been below 2% for the last three months.

What is crucial here is the difference in how international and local price pressures are evolving.

Global supply bottlenecks and spikes in energy prices – that were at the heart of the sharp increase in goods prices – have broadly passed.

In contrast, the price of services, such as the cost of house rental, transport costs, and restaurant and accommodation prices are largely driven by local demand. 70% of these service items continue to grow in price by more than 5% annually.

Overall, we see service prices falling more gradually and inflation hovering around 2% over the next couple of years.

How can policy benefit the Irish economy?

Policy has a central role in maintaining sustainable growth while addressing the investment needs to meet emission reduction targets and the infrastructure to support housing delivery.



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The challenge is meeting these demands while not doing “too much, too fast”. That would create additional stimulus in an economy operating at full employment, and risk damaging our competitiveness.

This speaks to prioritising capital spending and mitigating overheating risks with revenue raising measures.

Finally, capital spending needs to be accompanied by efficient planning and delivery of capital projects to ensure value for money and to support private investment.

Find out more: [centralbank.ie/QB](https://www.centralbank.ie/QB)