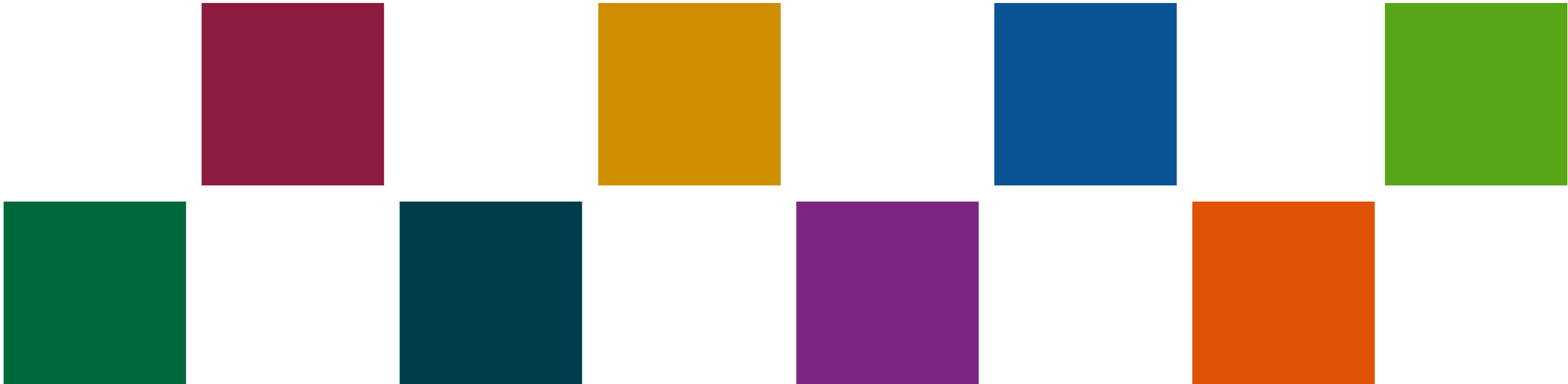


# COVID-19: The Economic Outlook

19/05/20

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# Global Economic Impact COVID-19

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- World looked relatively straight-forward in January > better year in prospect
- Dramatic decline in economic activity since March
- 'Sharpest slowdown since 1920s' (IMF)
- Ongoing strong official policy response
- Recovery will depend on path of virus – but gradual opening up under way
- Activity will be restricted/nervous until vaccine
- Sub-par growth for next 18 months



# EU Commission Forecast (May 6<sup>th</sup> 2020)

GDP	2019	2020f	2021f
Euro Zone	1.2%	-7.7%	6.3%
Germany	0.6%	-6.5%	5.9%
France	1.3%	-8.2%	7.4%
Italy	0.3%	-9.5%	6.5%
Spain	2.0%	-9.4%	7.0%
Ireland	5.5%	-7.9%	6.1%
Greece	1.9%	-9.7%	7.9%
Netherlands	1.8%	-6.8%	5.0%
Belgium	1.4%	-7.2%	6.7%
UK	1.4%	-8.3%	6.0%



# Ireland

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- Dramatic decline in activity
- Over 1 million receiving Govt. Support
- Govt. & EU will have to accept higher deficits
- Fiscal Austerity cannot follow
- Strong support required for business & for prolonged period
- Ireland in a good place to borrow
- Personal savings will increase
- Recovery will come, but will be driven by medical fundamentals



# Sectoral Impact – In Descending Order

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- Tourism & Travel
- Hospitality sector > Pubs, Restaurants, Hotels
- Motor Industry
- Construction
- Non-Grocery Retail
- Agri-Food Sector
- Manufacturing
- Grocery Retail
- Pharmacy
- ~ Opening up will be Gradual, Challenging & Expensive



# Department of Finance Update

	2019	2020f	2021f
GDP	5.5%	-10.5%	6.0%
GNP	3.3%	-11.7%	7.1%
Personal Consumption	2.8%	-14.2%	8.7%
Gov. Consumption	5.6%	9.1%	-3.2%
Modified Investment	1.3%	-37.3%	22.5%
Exports	11.1%	-7.7%	7.5%
Modified Imports	11.9%	-9.3%	9.7%
Inflation	0.9%	-0.6%	0.4%
Employment	2.9%	-9.3%	5.5%
Employment (000s)	2,323	2,106	2,221
Gen. Gov. Bal. (% GDP)	0.4%	-7.4%	-4.1%
Gen. Gov. Debt (% GDP)	58.8%	69.1%	68.4%
Gen. Gov. Debt (% GNI*)	99.2%	125.1%	121.6%



# Long-Term Impact

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- Massive government debt legacy
- Global Travel will be slow to regain confidence
- Social Distancing Protocols
- Economic nationalism > tighter borders/restrictions?
- Food security & safety
- Migration to Online
- Remote Working > Commercial Property Impact?
- Essential to prevent economic crisis from morphing into a banking crisis



# Supporting Business

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- Vital to protect business & support re-employment
- Vital to prevent banking crisis
- Judgement & Enforcement will have to take cognisance of exceptional circumstances
- Need to work with & communicate with clients
- Forbearance & Flexibility
- Full disclosure essential





# Questions?

Subtitle goes here



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