



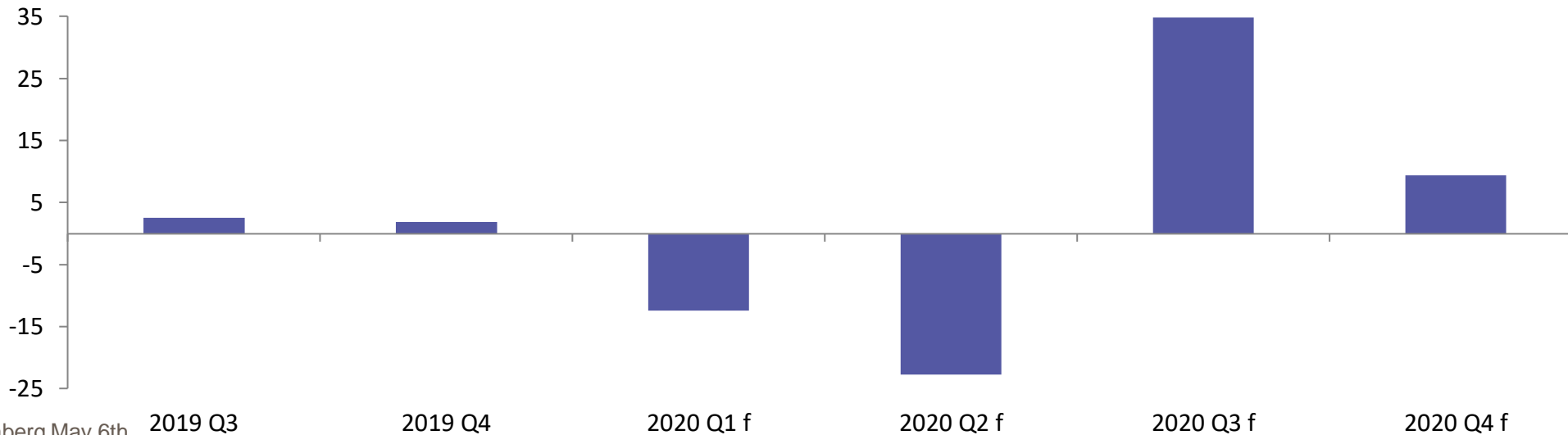
Irish Life

Coronavirus-Irish Economy Update

7th May 2020



Global Quarterly Growth Forecasts



Source: Bloomberg May 6th

Key takeaways



One of the most severe and sudden global recessions ever experienced

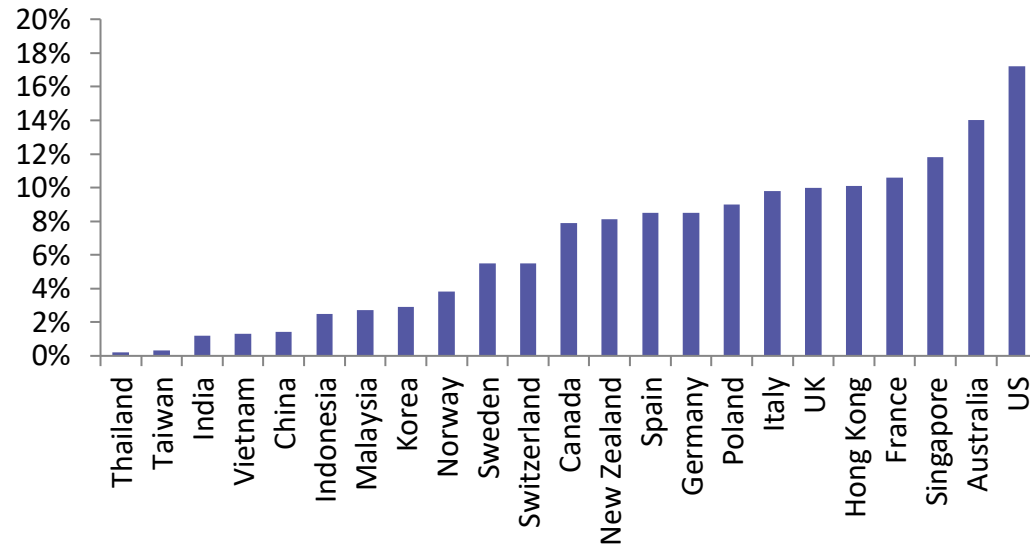


Growth in the first half of the year will be the weakest since WW 2 or the Great Depression



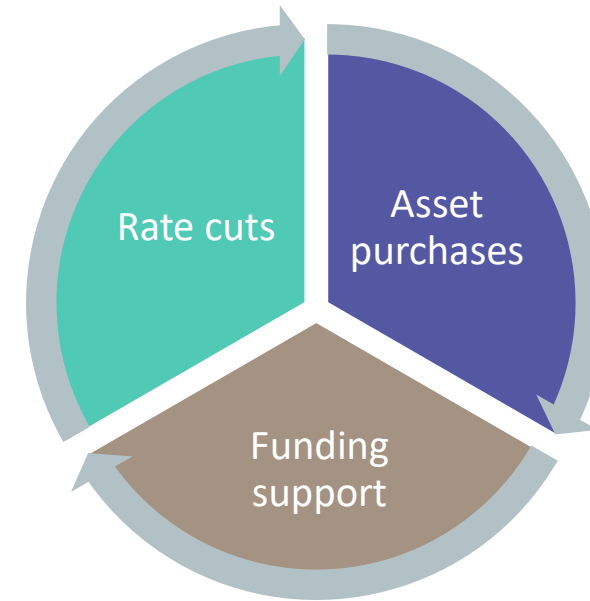
Potential lifting of restrictions and policy support can produce strong second half rebound

Fiscal Programmes % GDP



Source: JP Morgan/Goldman Sachs/ILIM May 6th

Central Banks Measures



Key takeaways



Rapid response by authorities



Scale of policy measures unprecedented-old tool kit being used with new additions



Further measures likely

	Amount
Employee/Household/Business	€4.8bn
Other (mainly health sector)	€2.0bn
Additional Business Supports	€6.5bn
Total	€13.3bn (4.3% GDP)

Source: Dept Finance

Key takeaways



- Income benefits
- Mortgage and loan breaks

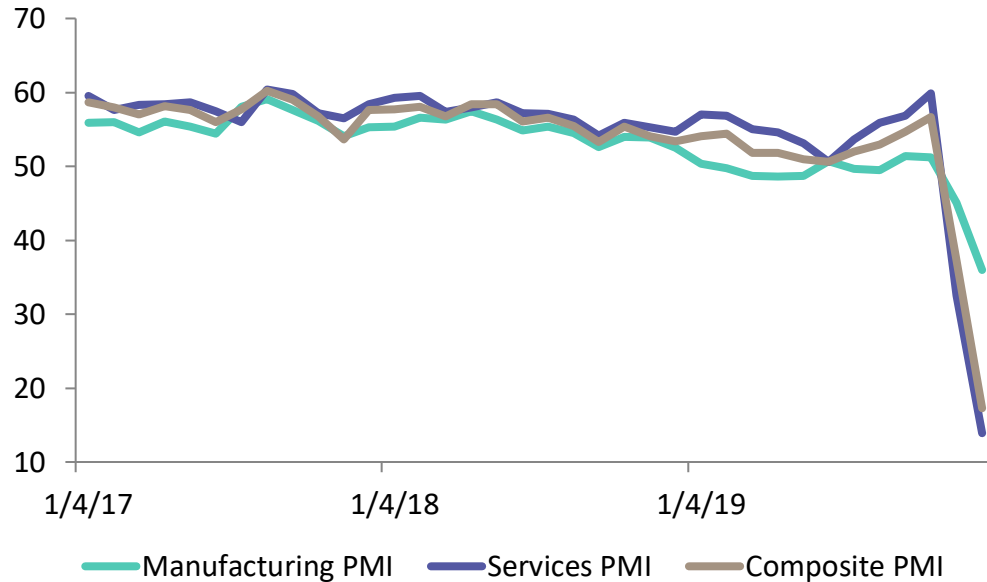


- Health sector supports
- Rates forbearance

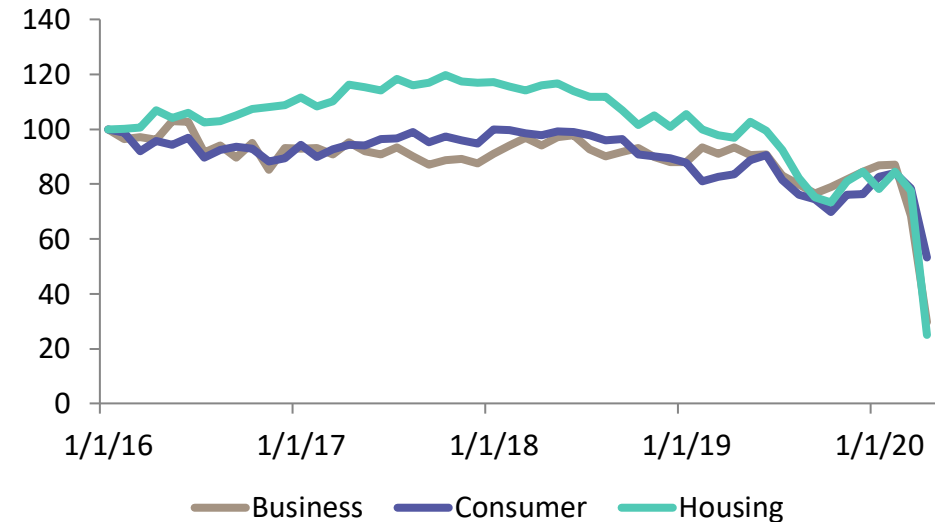


- Credit guarantees
- Capital injections
- Restart grants/tax forbearance

Purchasing Managers Indices



Bank of Ireland Pulse



Source: Bloomberg May 6th

Key takeaways



Business and consumer sentiment surveys have collapsed

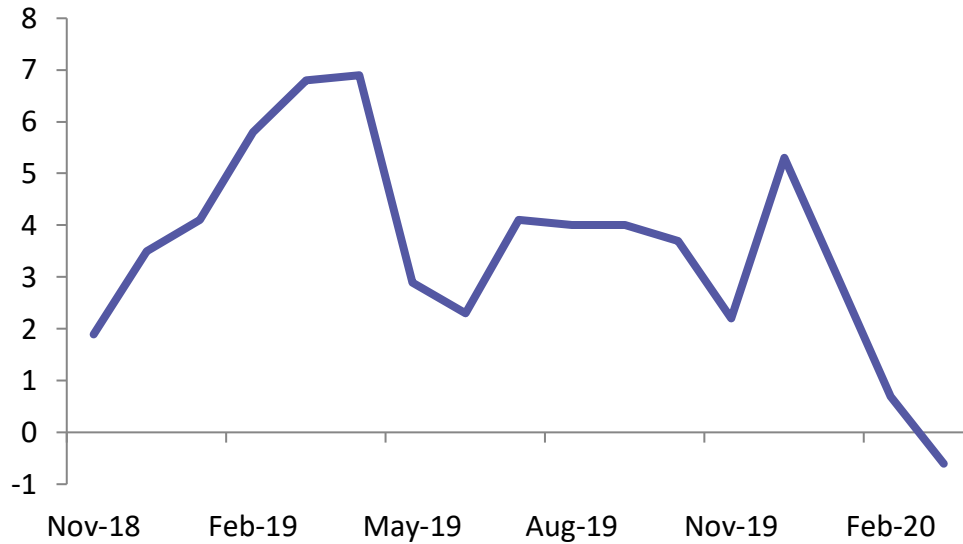


PMI's at historic lows and significantly below neutral levels of 50

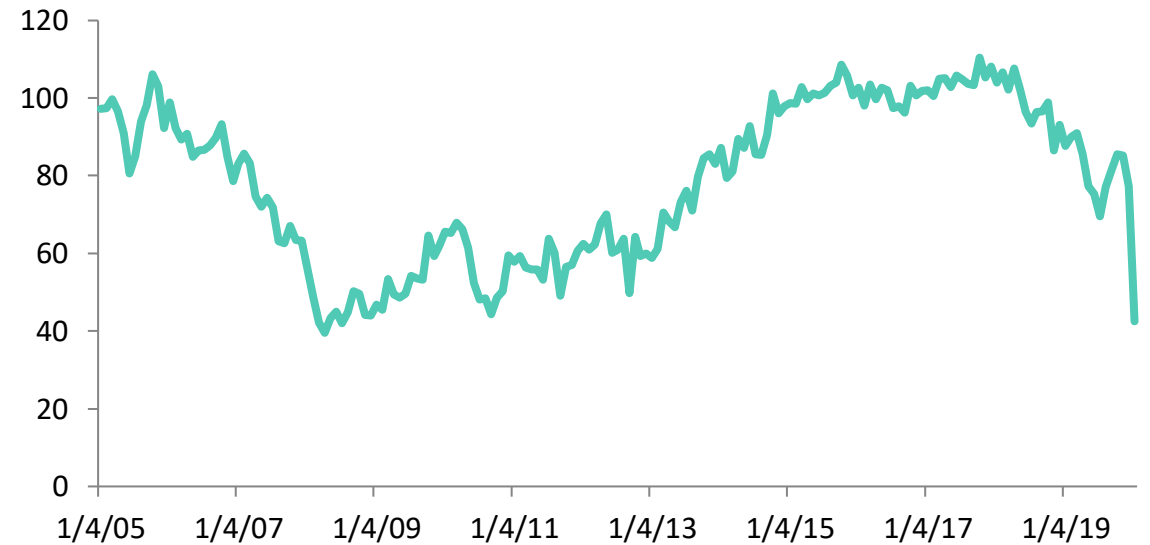


Bank of Ireland Pulse surveys at lowest levels since initiated in 2016

Retail Sales ex Autos % y/y



Consumer Confidence



Key takeaways

Source: Bloomberg May 6th



Restrictions on activity in place since mid March

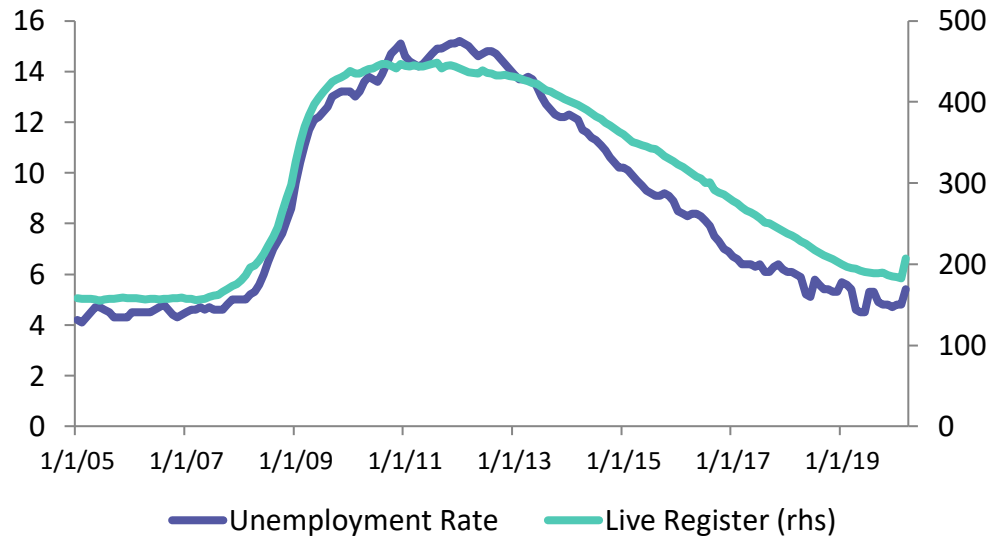


Early signs of weakness in retail sales



Consumer confidence has fallen close to the lows of the Global Financial Crisis

Unemployment Rate and Live Register



Labour Market Claims

Scheme	Numbers
Pandemic Unemployment Payment	598,000
Temporary Wage Subsidy Scheme	427,000
Live Register	213,000

Source: Bloomberg May 6th

Key takeaways



Labour market had been strong



Official unemployment has only risen to 5.4% from 4.8%



43% of employees have made claims under the new benefit schemes

KEY ECONOMIC FORECASTS

	2019	2020	2021
GDP	5.5%	-10.5%	6.0%
Total Employment (000's)	2,323	2,106	2,221
Employment Growth	2.9%	-9.3%	5.5%
Average Unemployment	5.0%	13.9%	9.7%
Fiscal Deficit	0.4%	-7.4%	-4.1%
Debt/GDP	58.8%	69.1%	68.4%
Average Inflation	0.9%	-0.6%	0.4%

Key takeaways

Source: Dept Finance Apr 20



Significant contraction expected in 2020



Large rise in unemployment



Fiscal position deteriorates but improves in 2021 with expected recovery in growth

KEY ECONOMIC FORECASTS

	2019	2020	2021
GDP	5.5%	-10.5%	6.0%
Personal Consumption	2.8%	-14.2%	8.7%
Government Consumption	5.6%	9.1%	-3.2%
Investments	1.3%	-37.3%	22.5%
Exports	11.1%	-7.7%	7.5%
Imports	11.9%	-9.3%	9.7%

Source: Dept Finance Apr 20

Key takeaways



Investment and consumption particularly weak 2020



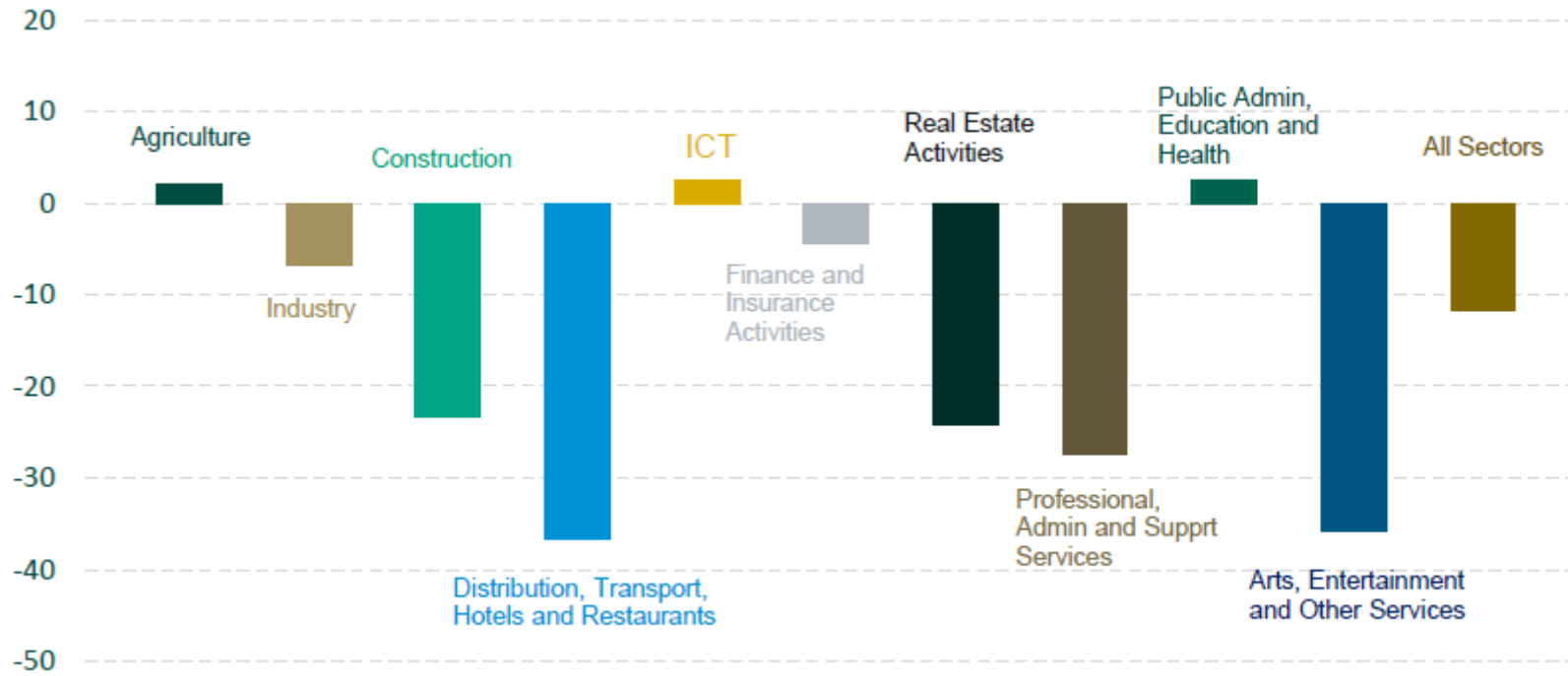
As elsewhere, Q2 is expected to be the weakest period with a recovery beginning in H2



Strong rebound in 2021 with recovery in consumption and investment and pullback by government

SECTOR GROWTH 2020

Growth by sector 2020



Source: Dept of Finance Apr 20

Key takeaways



Wide divergence in performance across main sectors within the economy



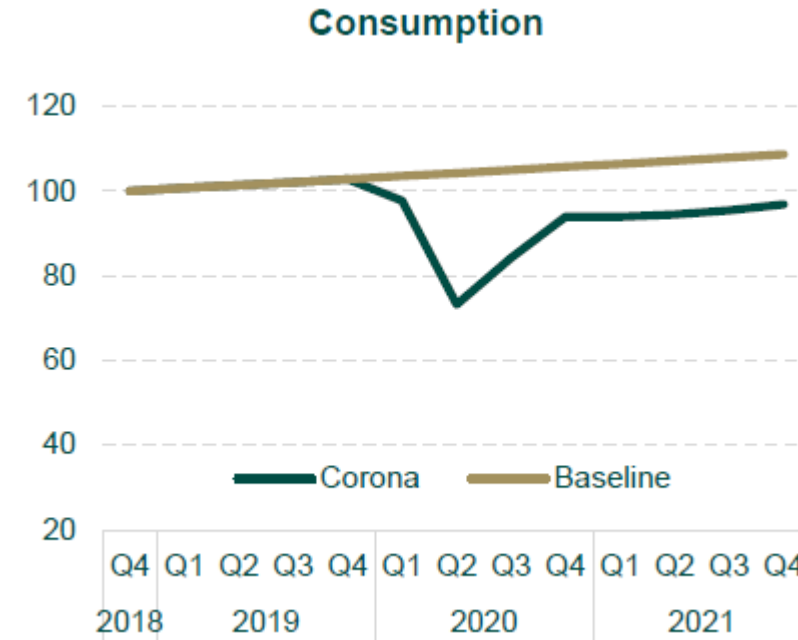
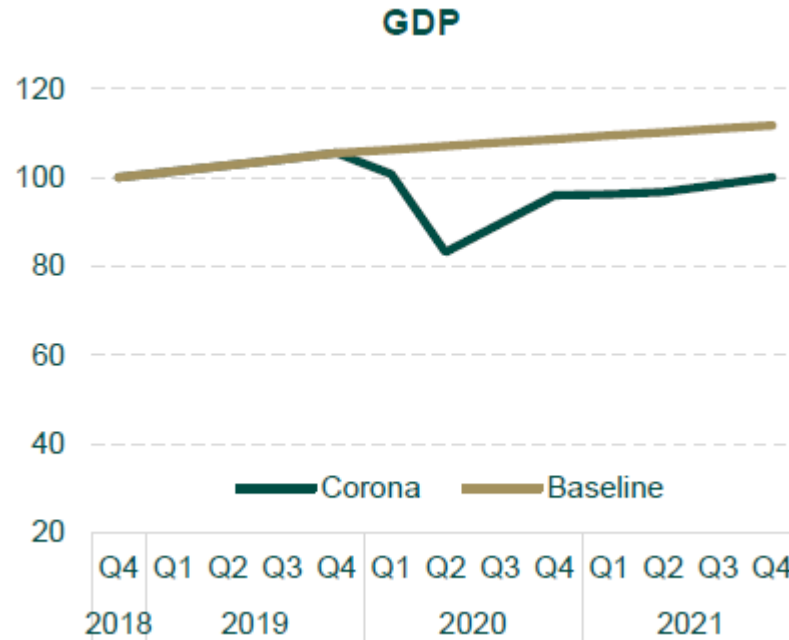
Leisure and consumer discretionary sectors worst impacted in 2020



Agriculture, Information & Communications Technology and Public Admin to see modest growth

GROWTH PROFILE RELATIVE TO TREND

Forecast Growth Relative to Previous Base Case



Source: Dept of Finance Apr 20

Key takeaways



By end 2021 GDP will still be below end 2019 levels



Old peaks expected to be reached in 2022 although will still be below previous expectations



Exports expected to be back at 2019 levels by end 2021 although investment expected to lag

	2019	2020	2021
Fiscal Deficit % GDP	0.4%	-7.4%	-4.1%
Debt/GDP %	58.8%	69.1%	68.8%

Source: Dept Finance Apr 20

Key takeaways



Tax receipts forecast to fall -16.4% in 2020

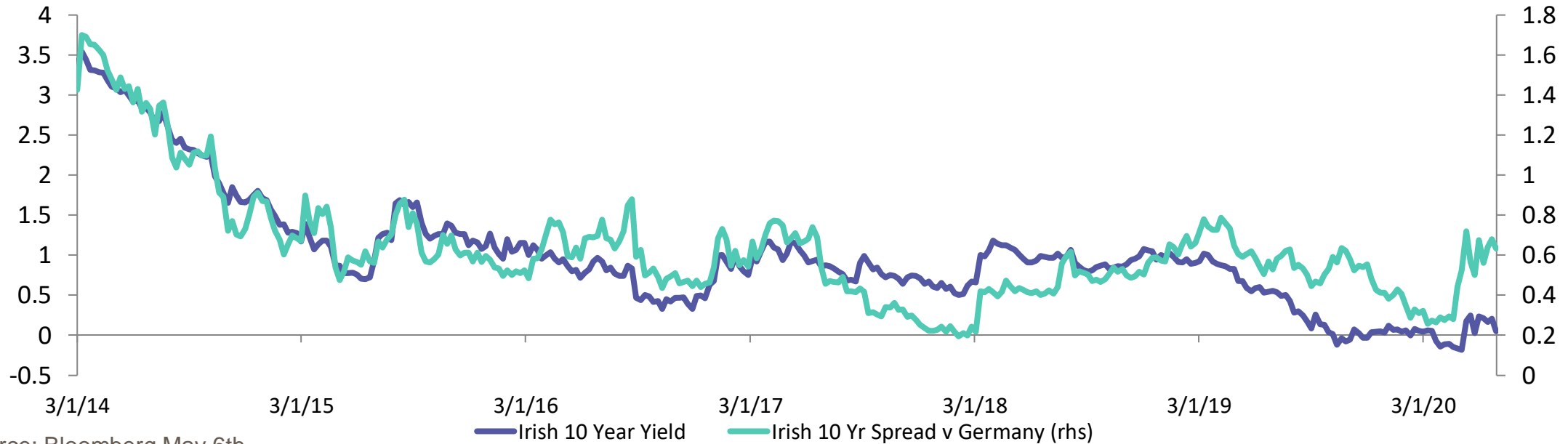


Expenditure forecast to rise 11.1% this year



Recovery plan yet to be announced

Irish 10 Year Yield v's Germany



Source: Bloomberg May 6th

Key takeaways



Irish bond market has performed well given previous macro and fiscal strength



Ireland viewed as semi core within Europe



Relatively strong fiscal position should protect Irish bond market

Irish economy has suddenly entered a severe recession but recovery expected



Support measures have been introduced to provide relief to consumers and corporates



Outlook for global economy will be key



Timing and degree of easing of restrictions will be important determinant of pace of recovery



Brexit uncertainty remains





Q&A

THANK YOU

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Irish Life Assurance plc
Lower Abbey Street
Dublin 1

Irish Life Investment Managers Limited
Beresford Court
Beresford Place
Dublin 1

Tel 353 (0)1 704 2000