

# **Economic** Overview

## Recent Developments

GDP **1.3**% YoY Q4 2018 £ slightly firmer @ c.88p

Wage growth picking up

Inflation (1) to YoY January 2019



June 2016 Referendum on EU membership

March 2017 Article 50 triggered

June 2017 Withdrawal negotiations begin December 2017 Progress on Phase 1 issues March 2018 Transition agreed in principle **July 2018** White Paper on future relationship

November 2018 Draft Withdrawal Agreement concluded

January 2019 Parliament votes against deal

February 2019 Government and EU re-open negotiations

# **Draft Withdrawal Agreement**

Citizens' rights

Financial settlement

**Transition period** 

**Backstop** 

### Outlook



Jobs and wage gains plus lower inflation underpin consumer spending

Investment picks up as Brexit uncertainty abates

Rise in exports amidst ongoing global growth



BoE gradually raises interest rates

0.2%

1.1%

0.6%

0.6%

4.1%

4.1%

2.5%

Inflation

2019f

2020f

2018

1.4%

1.4%

1.6%

1.7%

1.2%

2.0%

0.0%

2.2%

2.2%

4.1%

1.8%

2.0%

Prepared by: Bank of Ireland Economic Research Unit

Note: Current UK-EU trading arrangements are assumed to apply over the forecast horizon, 2018 employment and unemployment numbers are estimates Sources: Bank of Ireland, ONS, Bloomberg, HM Government, EU Council

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