

Guild of Agri-Journalists Breakfast Briefing

Economic Background

Richard Ramsey Chief Economist

Ulster Bank, Group Communications

26th April 2012

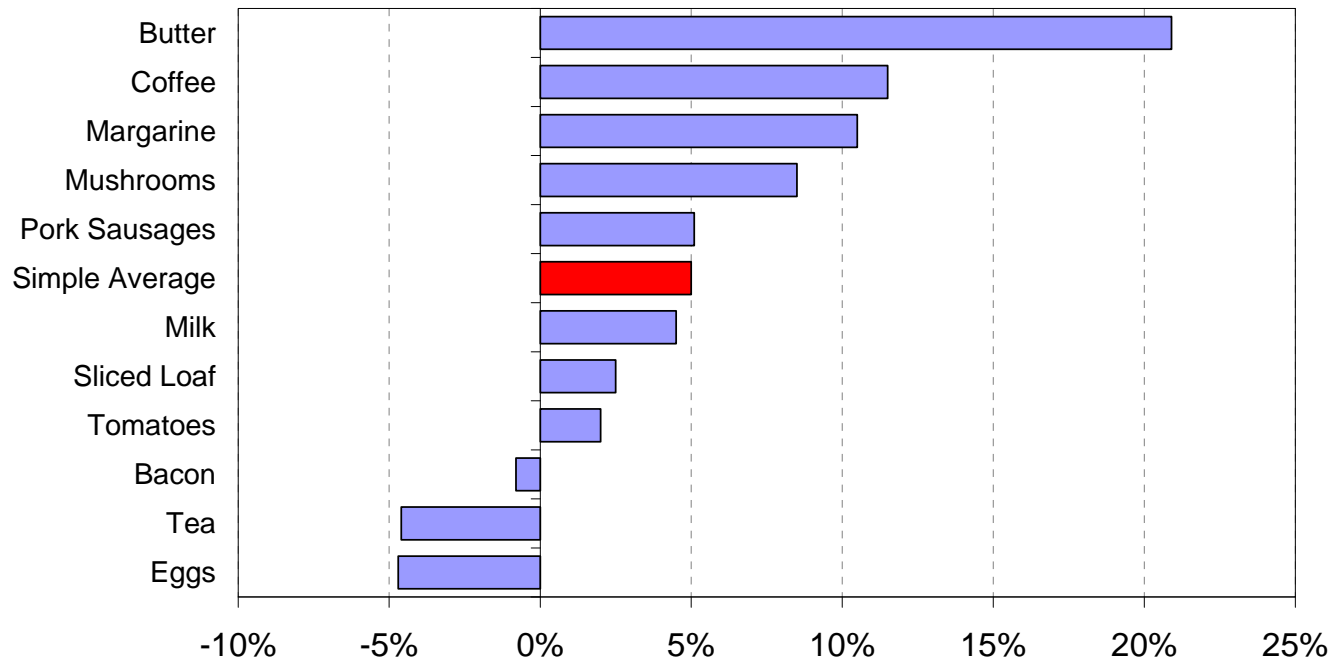
Another year...another fry...but what has changed?



The cost of the Ulster Fry has risen by over 5% y/y...

Ulster Fry Inflation - Annual Rate of UK RPI

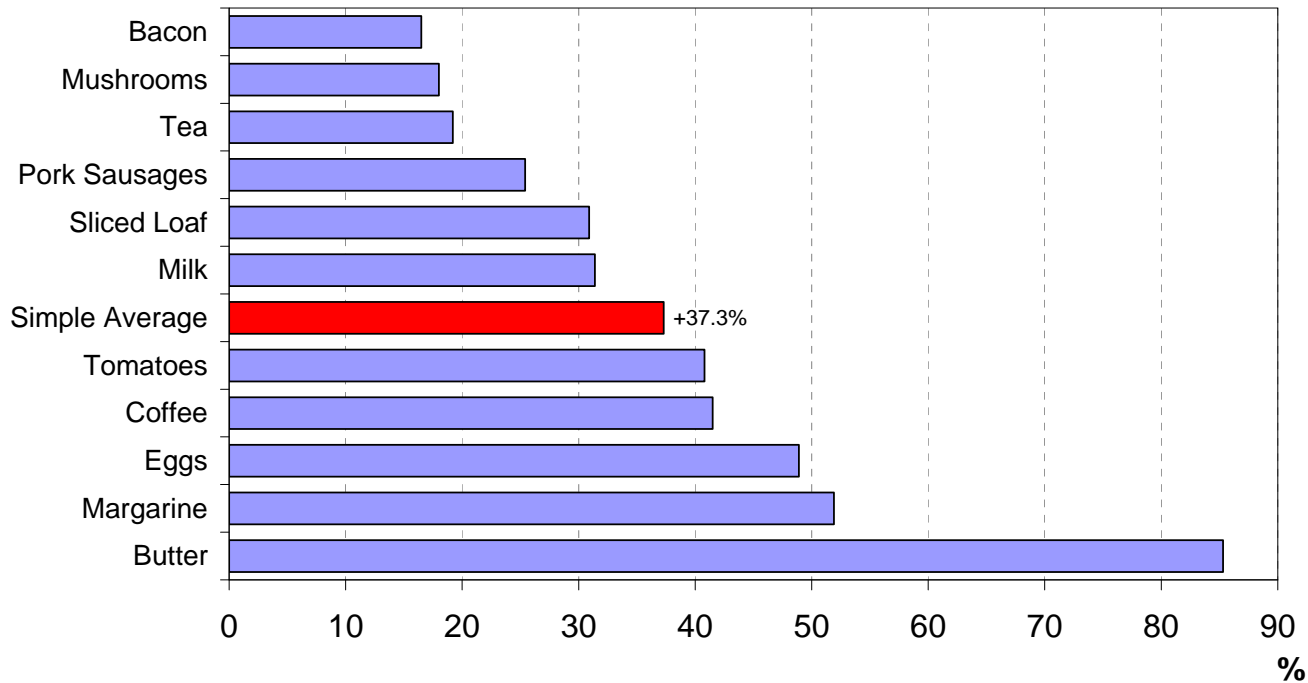
March 2012 Y/Y



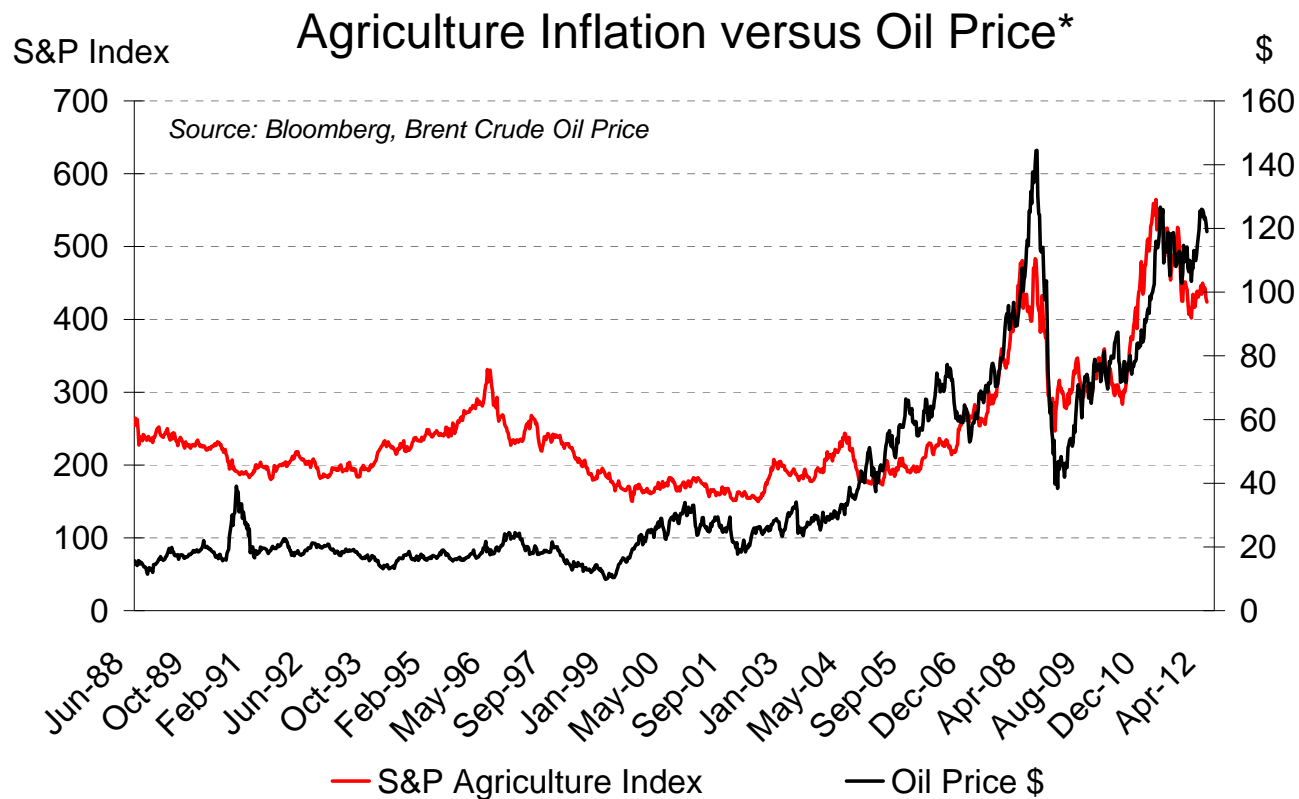
...and 37% since the credit crunch began!

Ulster Fry Inflation - Cumulative RPI Inflation

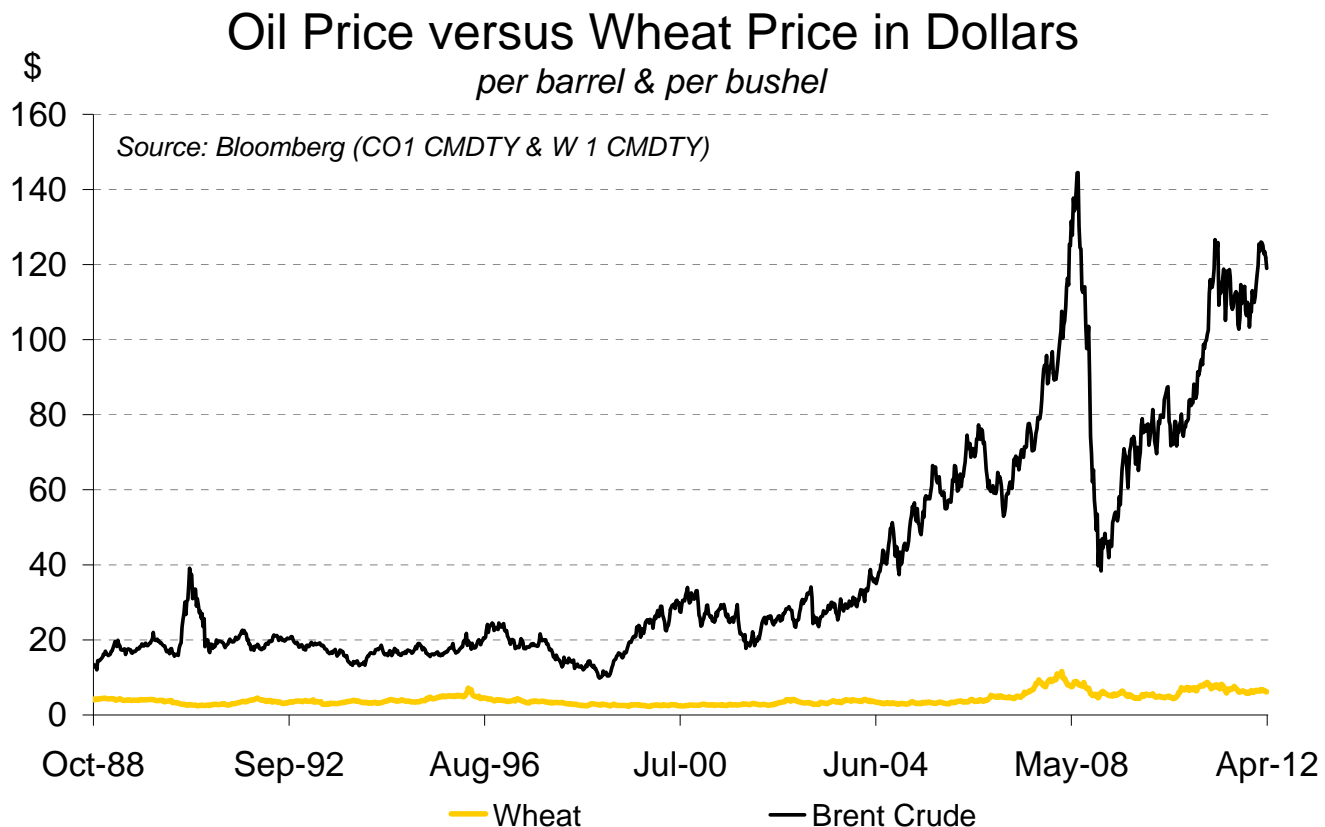
% change since credit crunch began (August 2007)



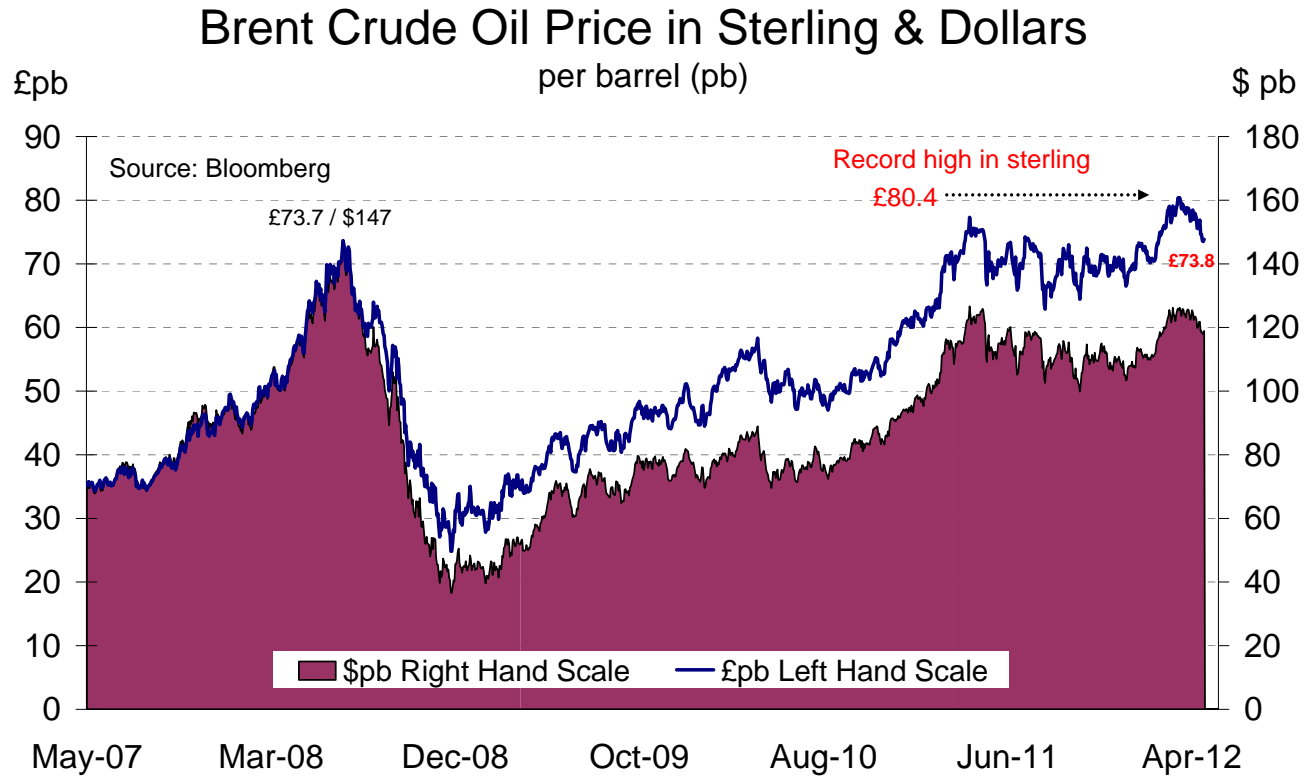
Agricultural inflation tends to track the oil price



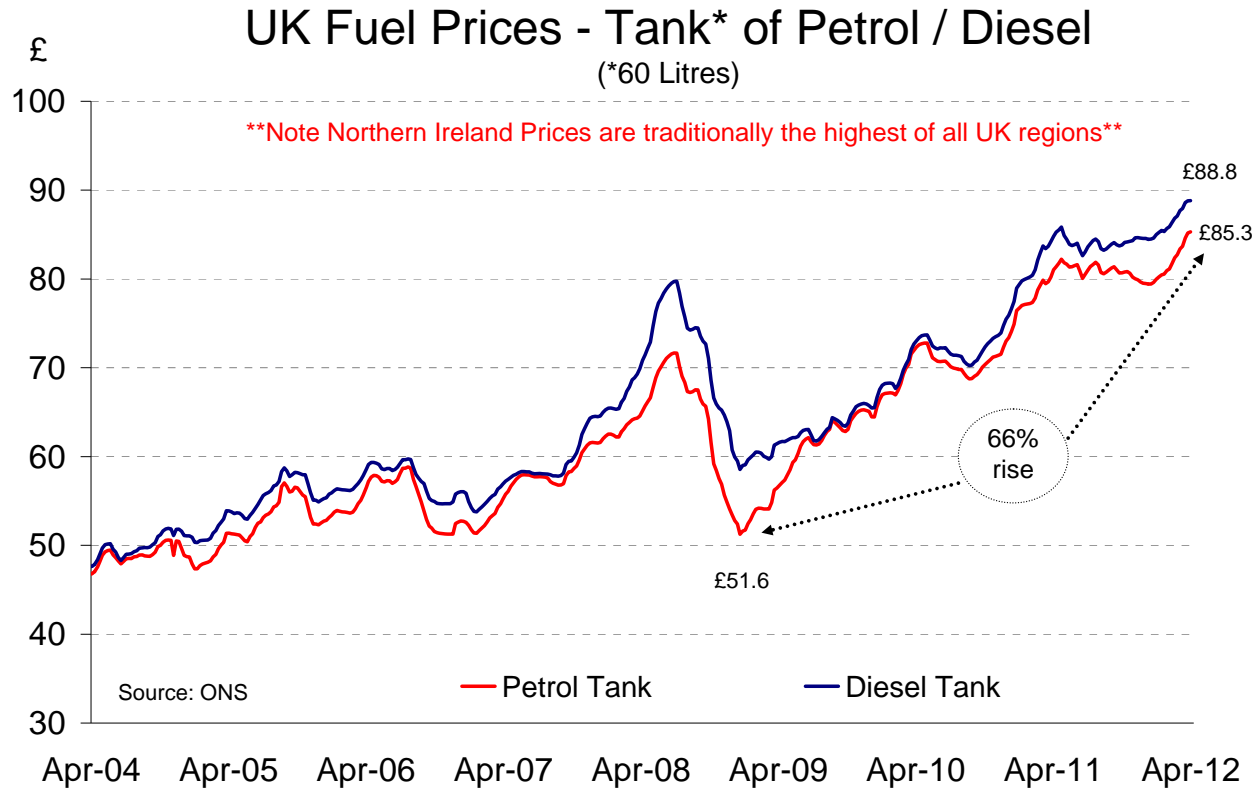
Oil price has been diverging from other commodities



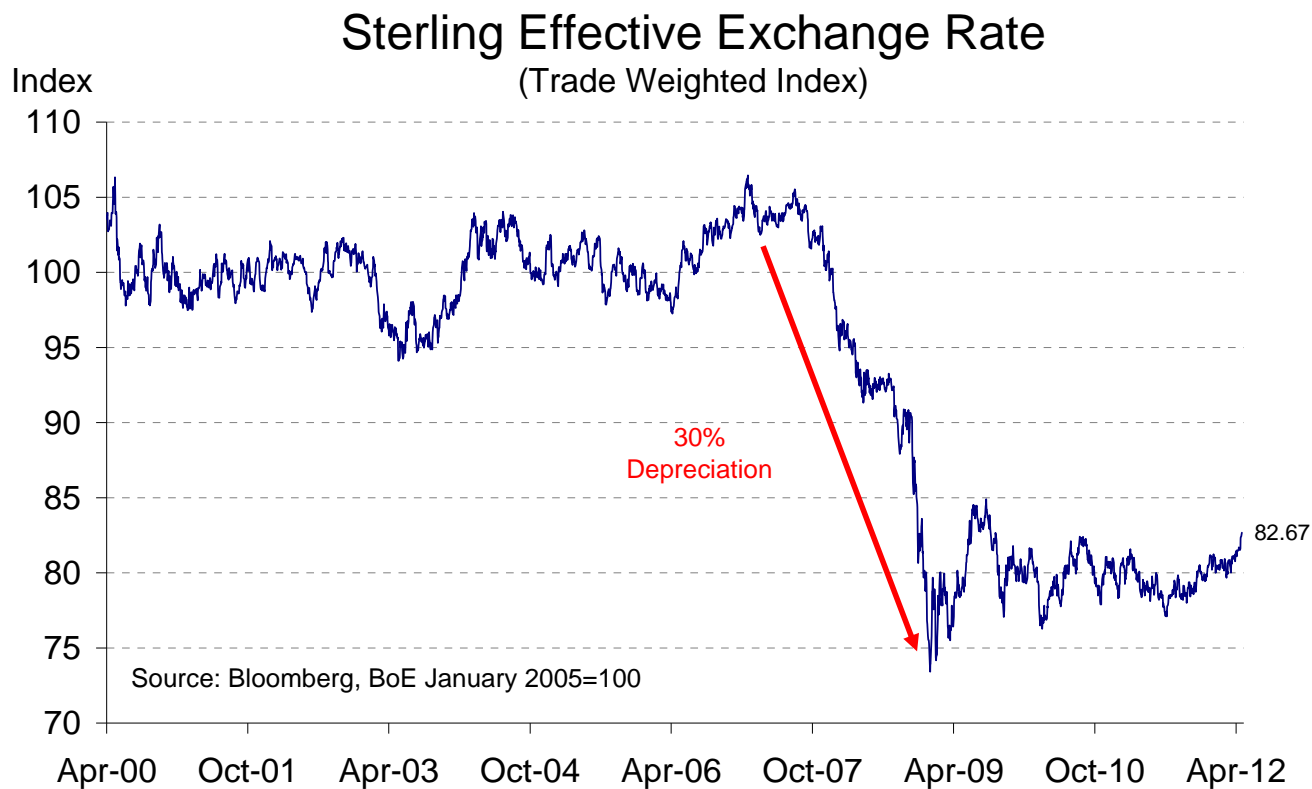
But it is important to look at the oil price in sterling not dollars!



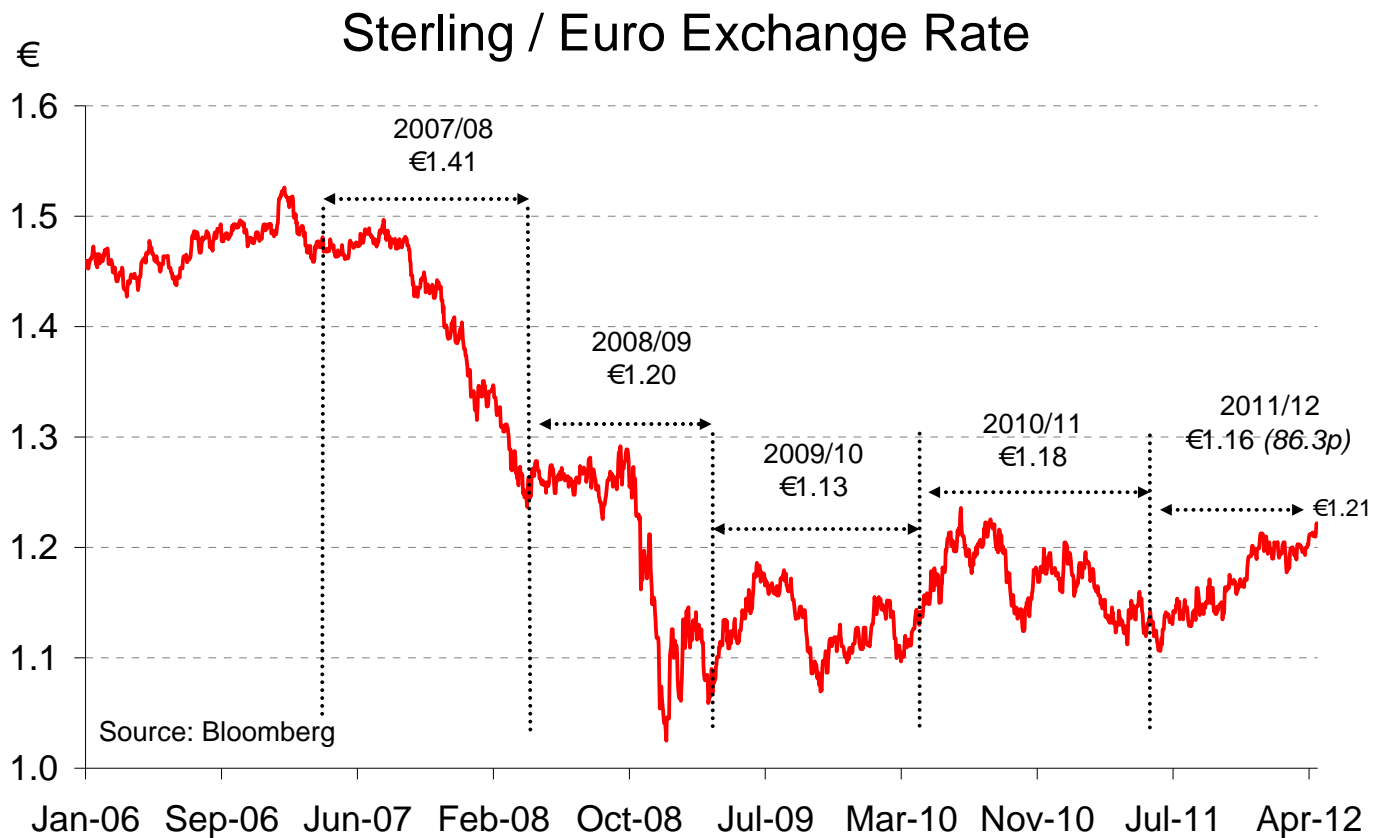
Higher oil prices feed through to diesel & petrol prices



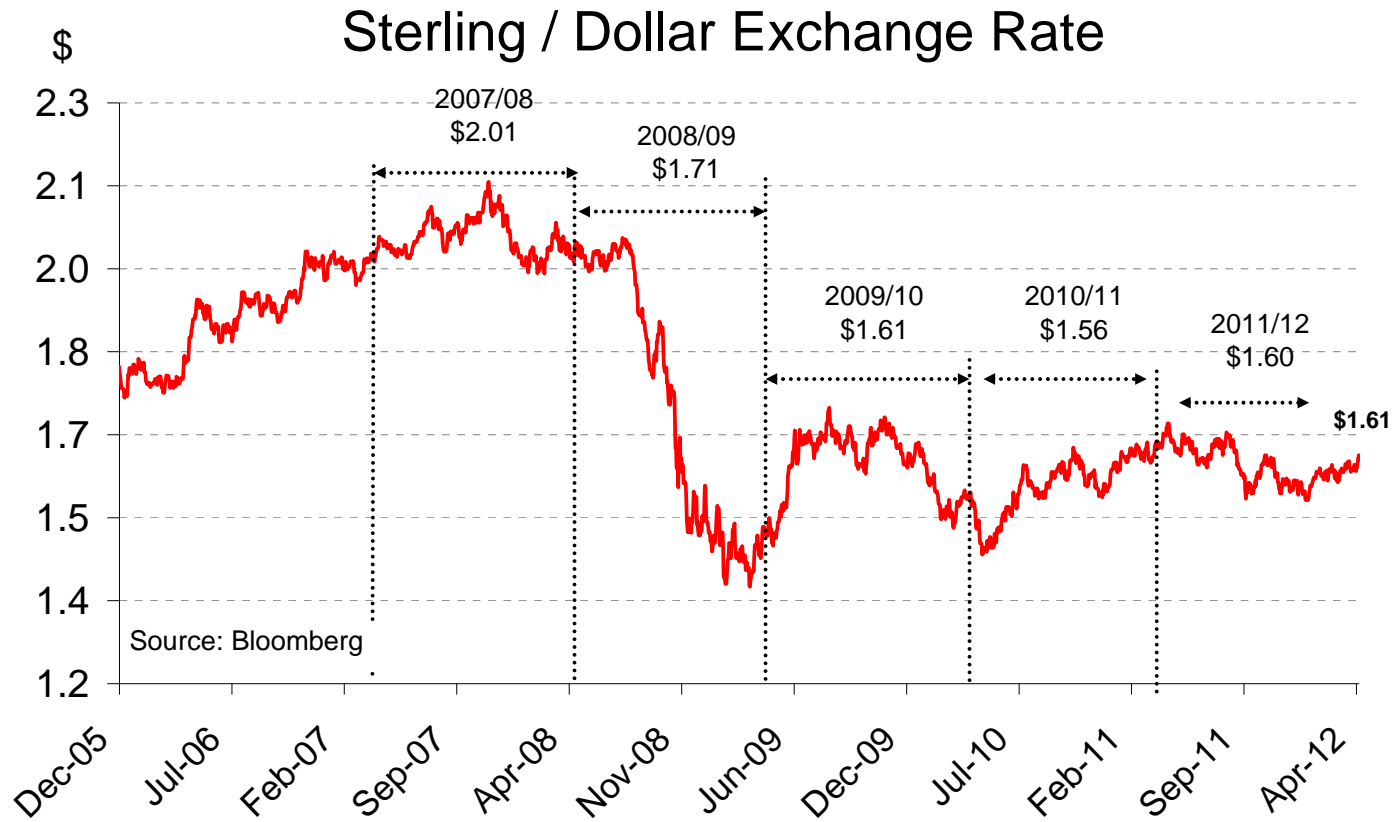
Exchange rate has played a key part in inflation story...



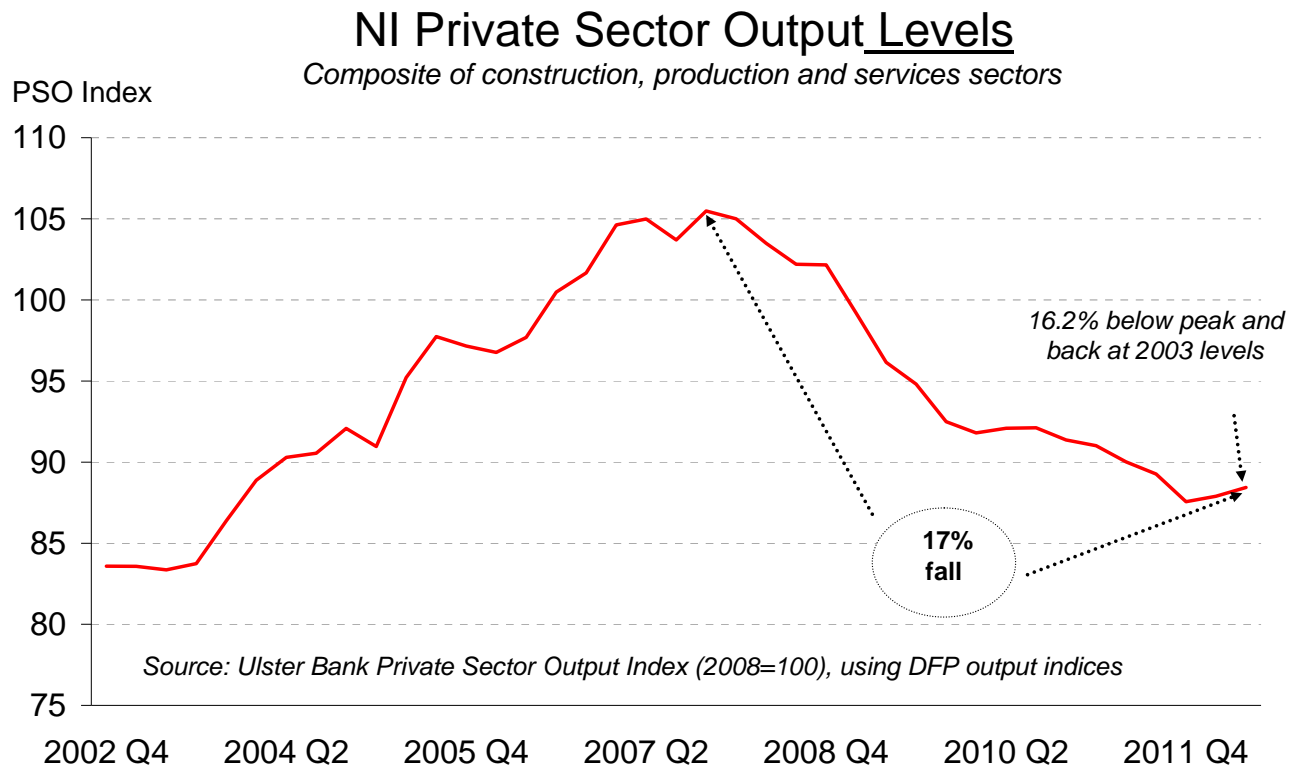
Exchange rate has played a key part in inflation story (2)...



Exchange rate has played a key part in inflation story (3)...



Agri-sector should count itself lucky. Look what has happened to private sector output!



'Winners' during the downturn...

Change in NI Private Sector Output Q2 2007 - Q4 2011

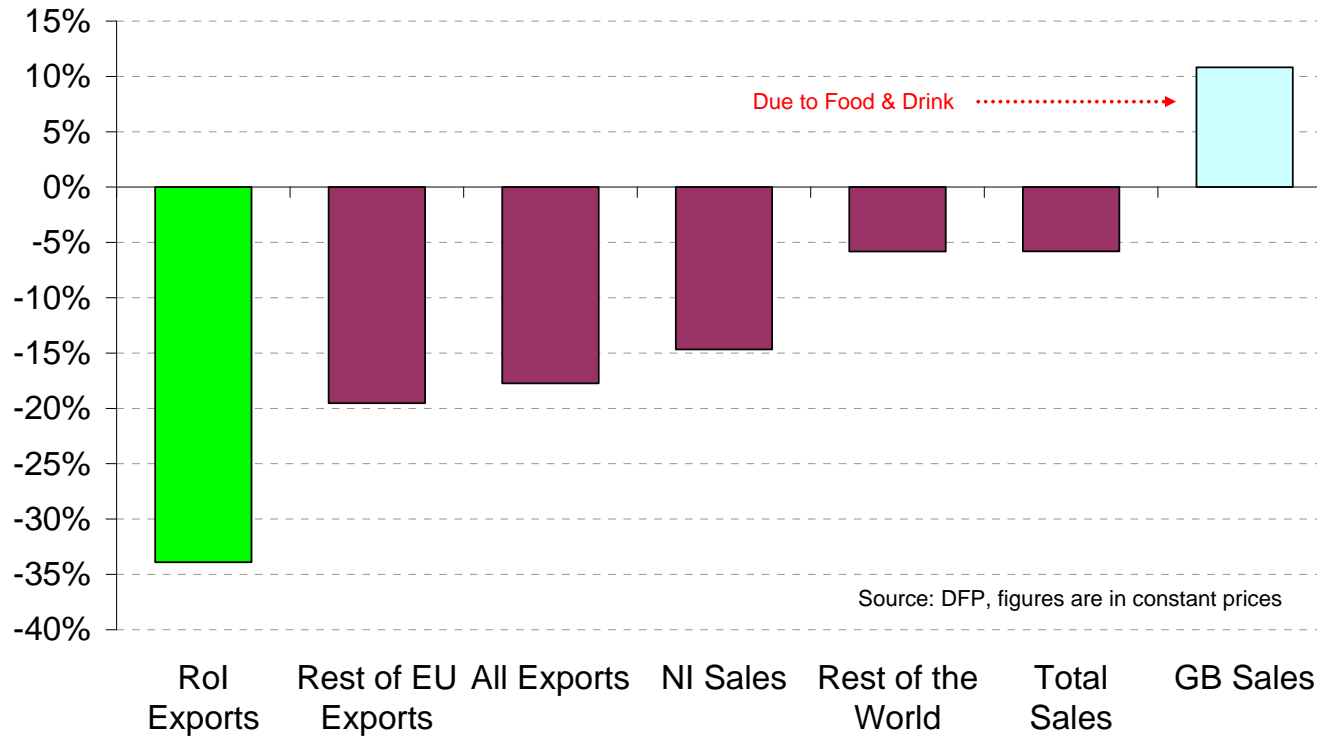
Industrial Group	% Change
<i>Recession Winners</i>	↑↑↑
Agriculture <i>(Gross Value Added nominal based on annual figures 2007-2011)</i>	28.3%
Chemicals & Chemical Products <i>(pharmaceuticals)</i>	24.6%
Other Services	22.2%
Utilities <i>(Electricity & Gas)</i>	25.9%
Food, Drink & Tobacco	12.7%
Utilities <i>(Water Supply & Waste Management)</i>	7.6%
Transport, Storage & Communications	5.0%
<i>Source: DFP Indices of Production, Services and Construction, DARD & Ulster Bank calculations</i>	

....outnumbered by ‘losers’ & ‘big losers’

Industrial Group	% Change
<i>Recession Losers</i>	↓↓↓
All Production Industries	-4.3%
Wholesale & Retail Distribution, Accommodation & Food Service	-5.0%
Engineering & Allied Industries	-5.6%
All Manufacturing	-7.5%
Total Private Sector Output (Construction + Production + Private Services)	-16.2%
All Private Sector Services	-16.3%
<i>Recession Big Losers</i>	↓↓↓
Textiles & Textile Products	-19.2%
Basic Metals & Fabricated Metal Products	-21.1%
Total Other Manufacturing	-21.8%
Mining & Quarrying	-33.4%
Rubber, Plastics & non-metal Products	-34.1%
Construction	-37.3%
Wood & Paper Products	-38.2%
Business Services & Finance	-46.8%
<i>Source: DFP Indices of Production, Services and Construction, DARD & Ulster Bank calculations</i>	

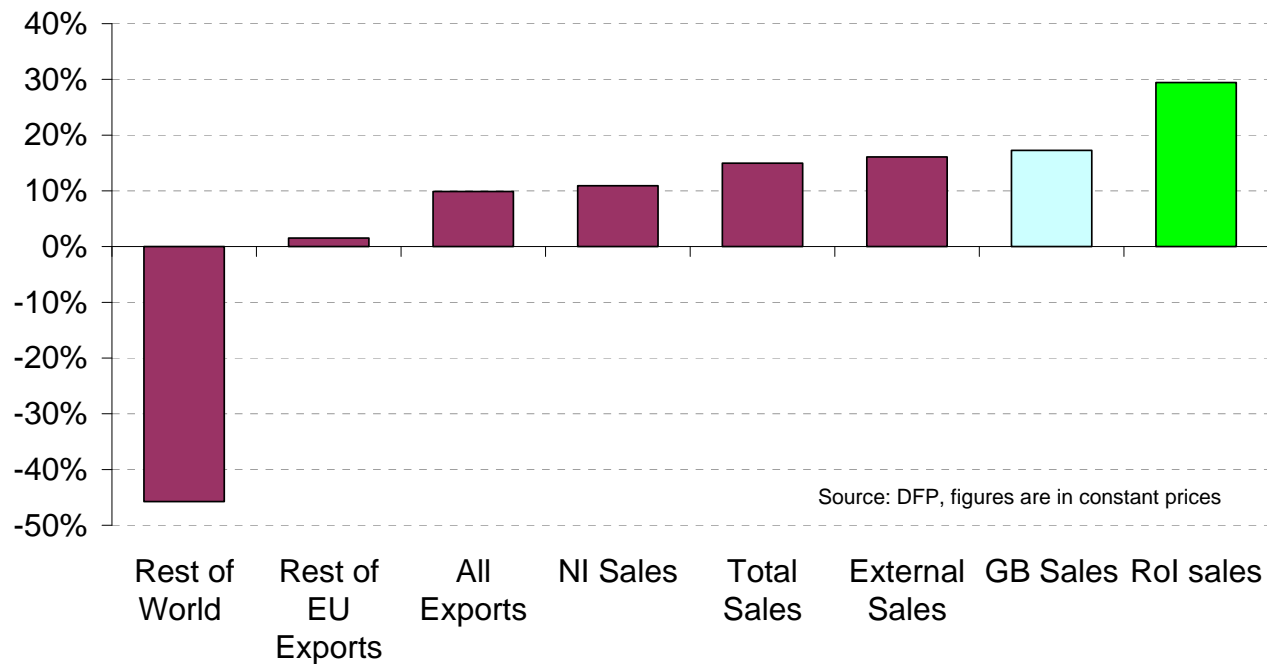
....and exports to the RoI have **decreased** by 1/3rd

NI Sales & Exports 2010/11 relative to 2007/08 peak



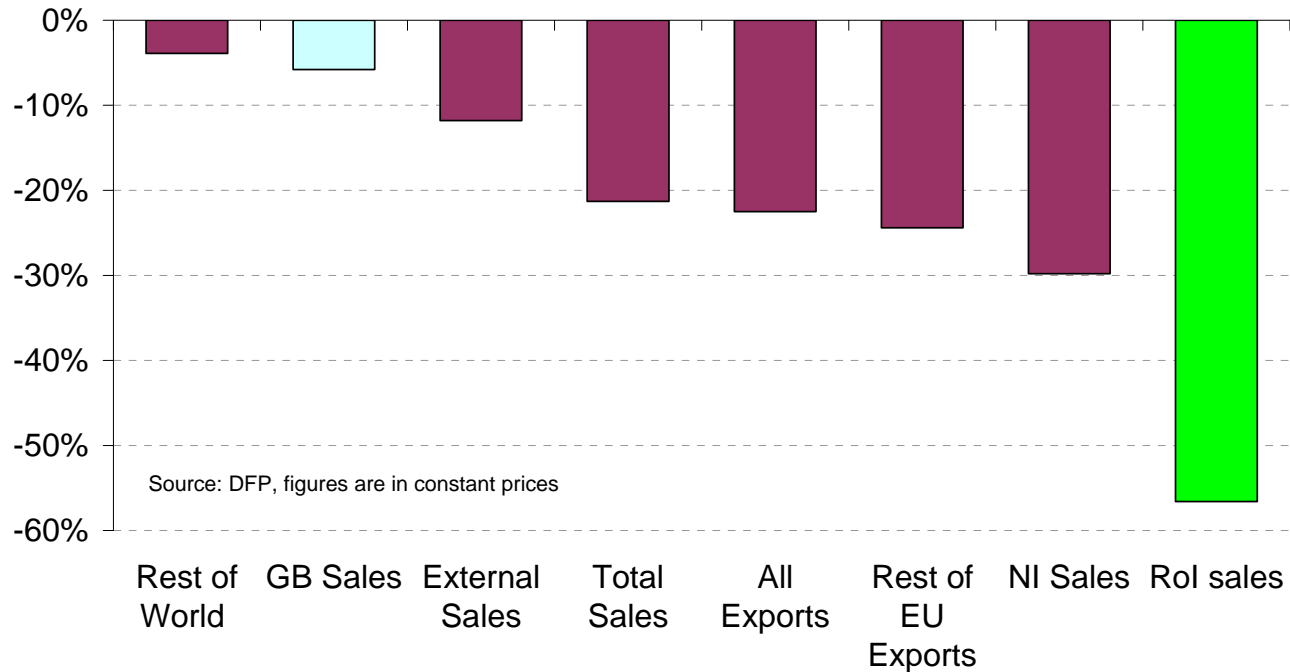
....but all markets (bar 1) for FDT sector have increased

NI Food, Drink & Tobacco Sales & Exports 2010/11
relative to 2007/08 peak

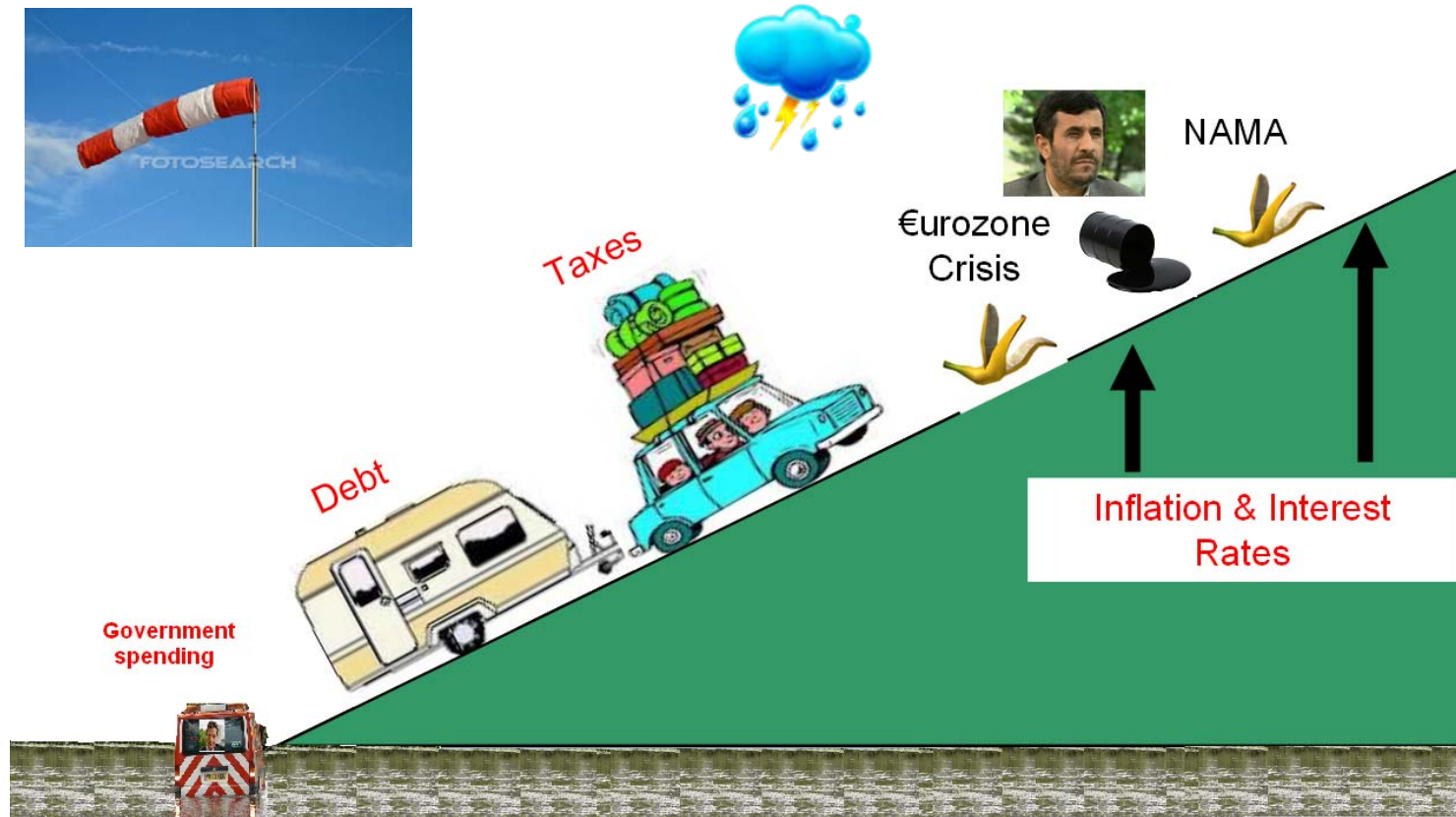


....whilst all other markets excluding FDT have fallen

NI Manufacturing **(Non-FDT)** Sales & Exports
2010/11 relative to 2007/08 peak



Economic Growth will be an uphill challenge...



...but agricultural outlook somewhat brighter



CAP Reform



€urozone
Crisis



Inflation & Interest Rates



Website

www.ulsterbankcapitalmarkets.com

Contact me (to be added to distribution lists)

richard.ramsey@ulsterbankcm.com

Tel .no. 02890 276354

Disclaimer

This document is issued for information purposes only for clients of Ulster Bank Group who are eligible counterparties or professional customers, and does not constitute an offer or invitation to purchase or sell any instrument or to provide any service in any jurisdiction where the required authorisation is not held. Ulster Bank and/or its associates and/or its employees may have a position or engage in transactions in any of the instruments mentioned.

The information including any opinions expressed and the pricing given, is indicative, and constitute our judgement at time of publication and are subject to change without notice. The information contained herein should not be construed as advice, and is not intended to be construed as such. This publication provides only a brief review of the complex issues discussed and readers should not rely on information contained here without seeking specific advice on matters that concern them. Ulster Bank make no representations or warranties with respect to the information and disclaim all liability for use the recipient or their advisors make of the information. Over-the-counter (OTC) derivatives can involve a number of significant and complex risks which are dependent on the terms of the particular transaction and your circumstances. In the event the market has moved against the transaction you have undertaken, you may incur substantial costs if you wish to close out your position.

Ulster Bank Limited Registered Number R733 Northern Ireland. Registered Office 11-16 Donegal Square East, Belfast, BT1 5UB. Authorised and regulated by the Financial Services Authority. Member of The Royal Bank of Scotland Group.

Ulster Bank Ireland Limited, a private company limited by shares, trading as Ulster Bank, Ulster Bank Group and Bank Uladh. Registered No. 25766. Registered Office Ulster Bank Group Centre, George's Quay, Dublin 2. Ulster Bank Ireland Limited is regulated by the Financial Regulator. Member of The Royal Bank of Scotland Group.

Calls may be recorded.