

Guild of Agricultural Journalists

Breakfast Briefing

23 April 2015

Help for what matters

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Guild of Agri-Journalists Breakfast

Economic Context

23rd April 2015

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2014 NI economic performance

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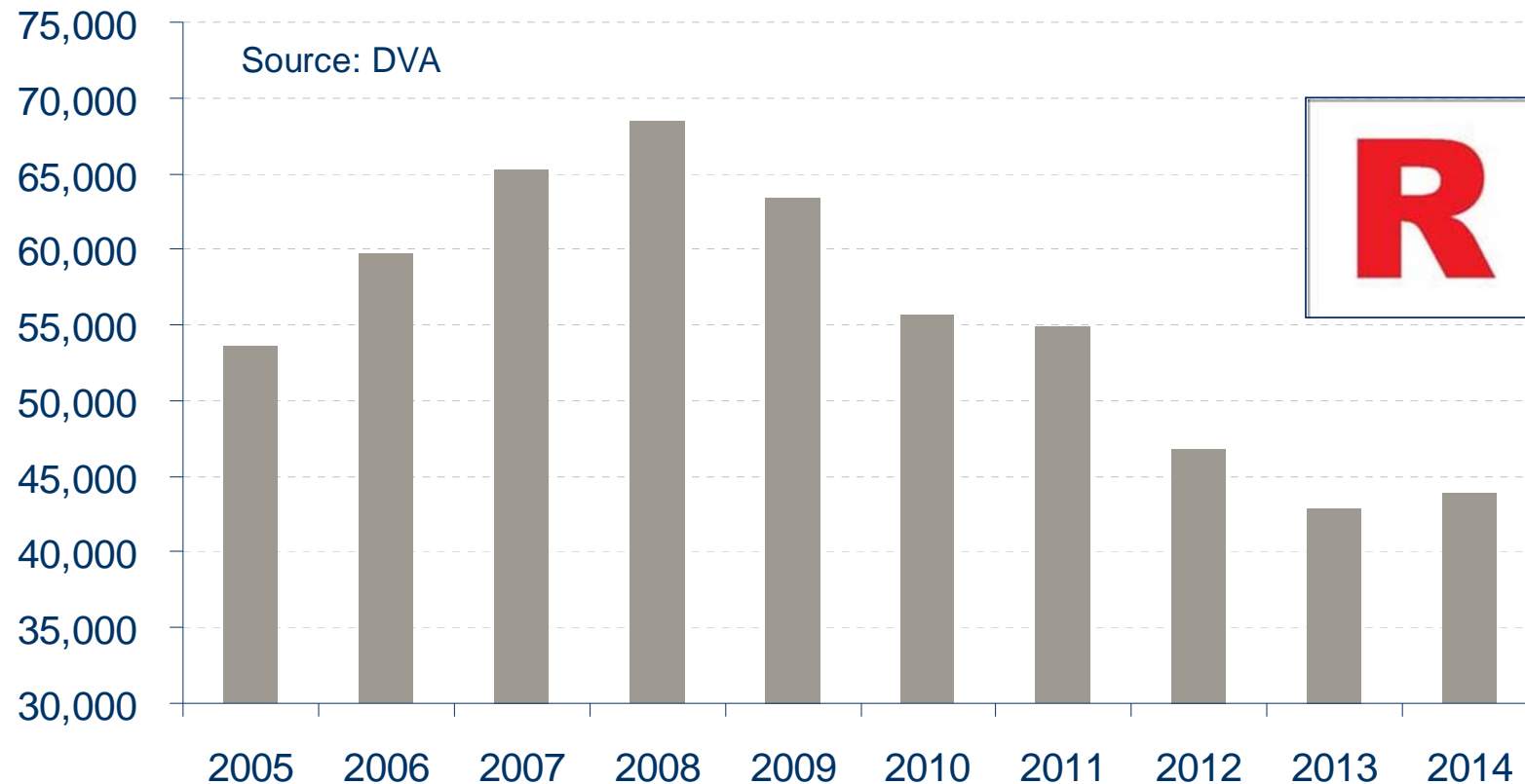
- Unemployment fell to a 6-year low of 5.7% (Q4)
- Employee jobs +1.9% y/y (*Full-time +1.7%*)
- Residential property transactions +22% y/y
- FTB mortgage activity at an 8-year high
- Housing starts rebound from 36-year low
- New car sales +9% y/y
- Estimated economic growth (GVA) 2.0% (*in real terms*)

Driving test downturn appears to have turned a corner

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N.Ireland Private Car Driving Tests Conducted



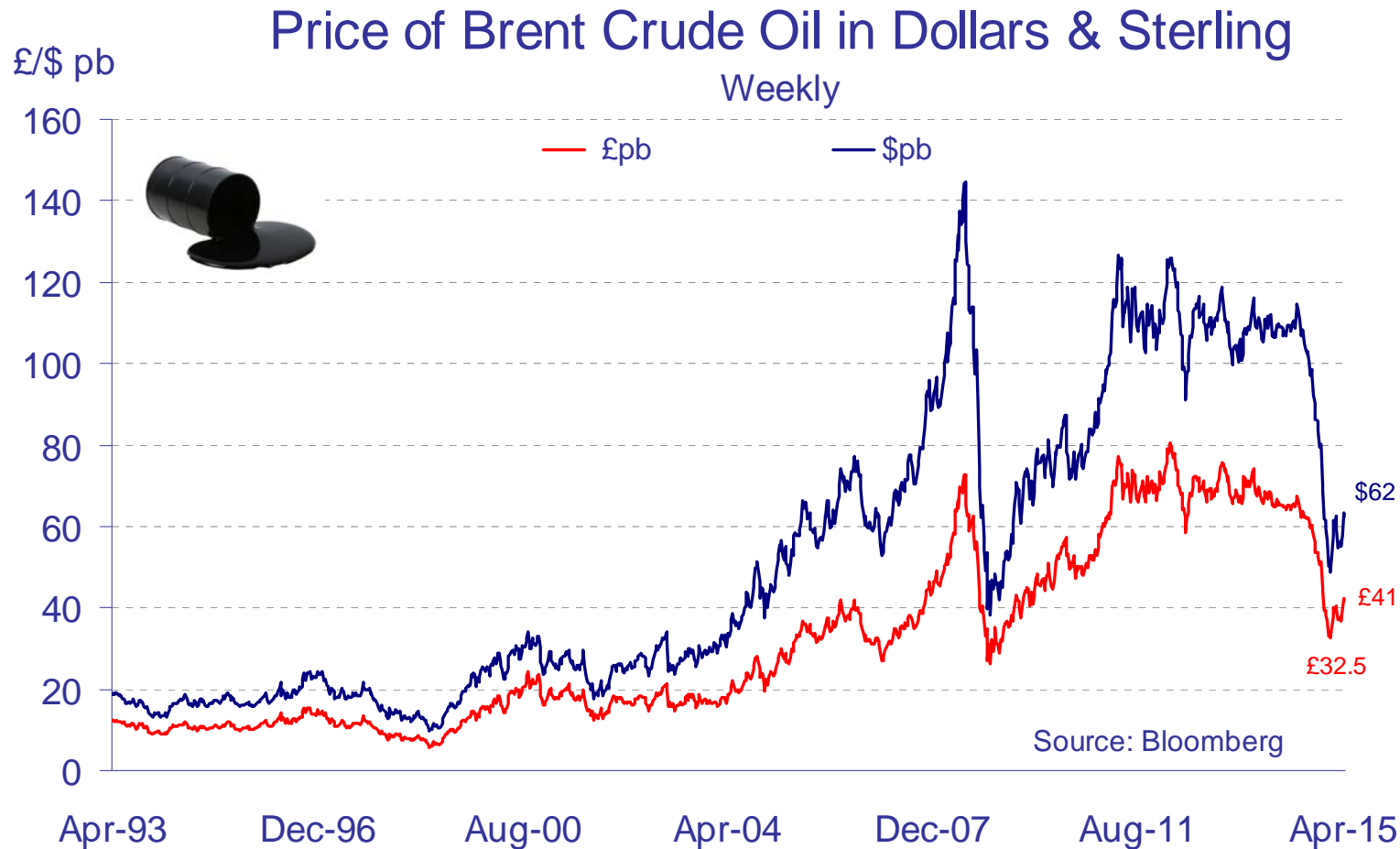
2014 Performance

- Total income from farming (*TIFF*) -17.4% y/y (*real terms*)
- Gross output of NI agriculture -3.1% y/y
- Gross value added (*GVA*) -4.2% y/y
- Farm Business Income (*FBI*) -27% y/y in 2014/15
- Total agricultural labour force +0.1% y/y (*flat at 47,900*)

Brent Crude oil price down 43% (\$) year-on-year

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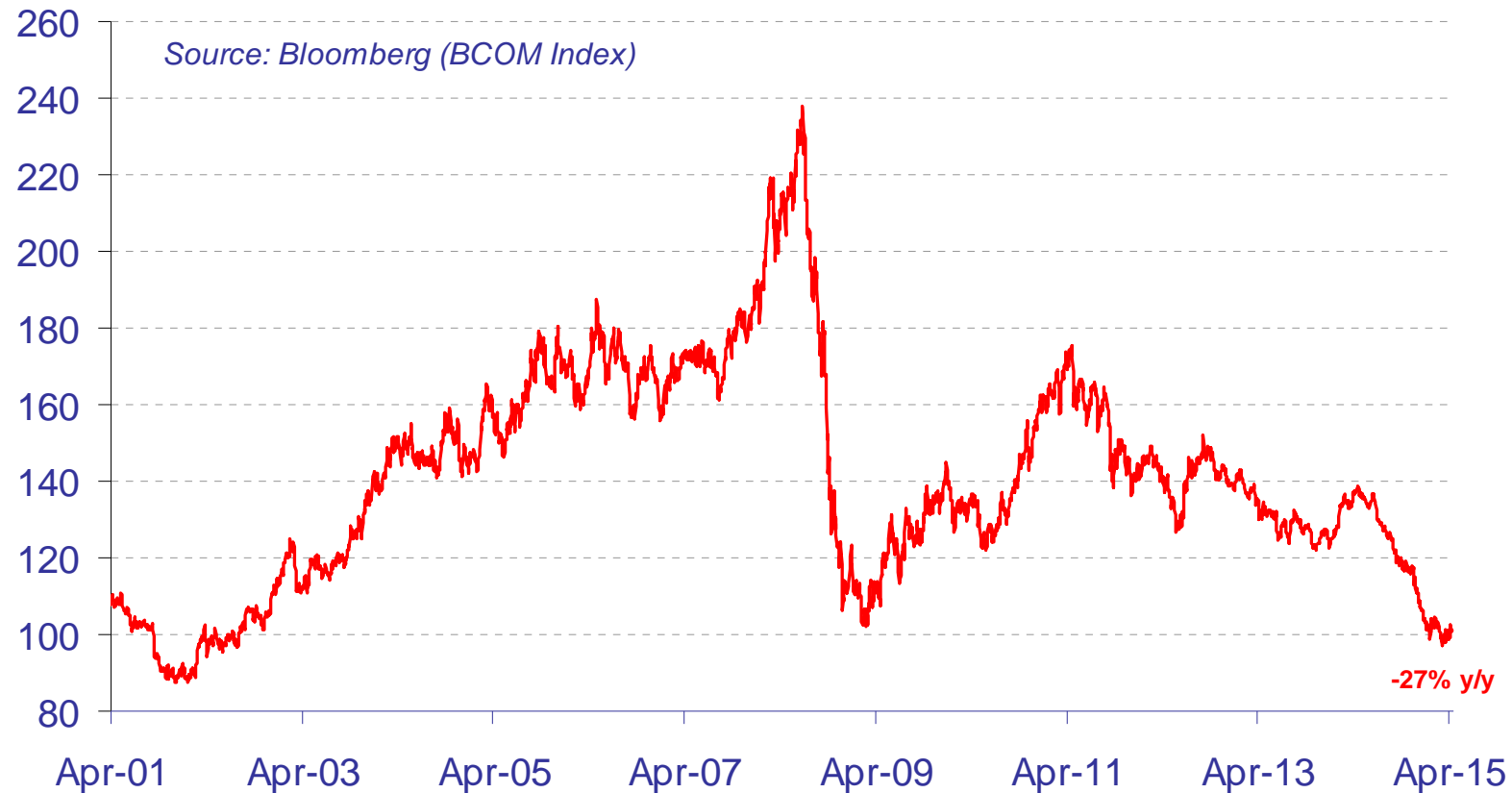


Commodities slump not just an oil story...

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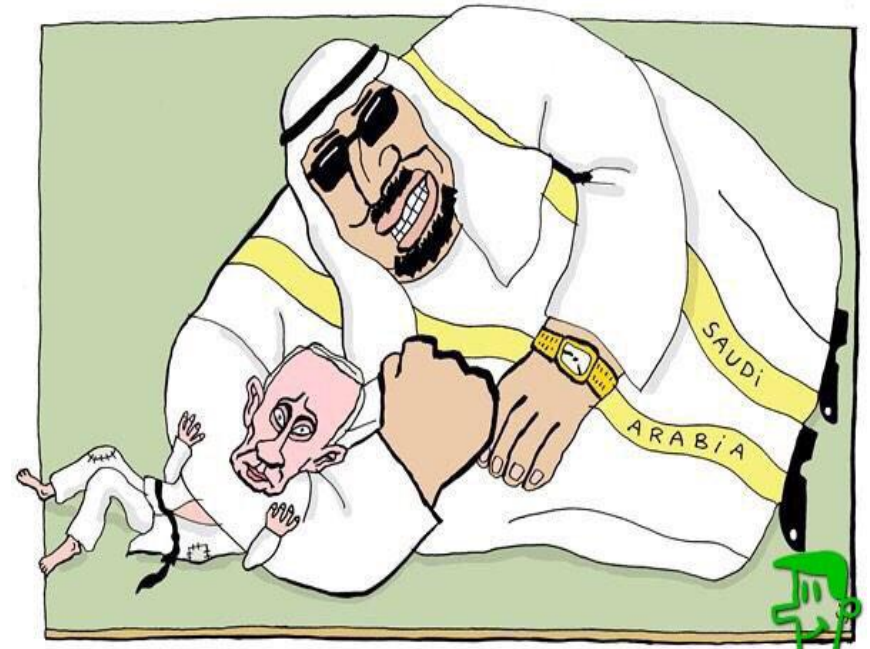
Bloomberg Commodities Index Hits a 13-year low



Sheikh v Shale v Putin

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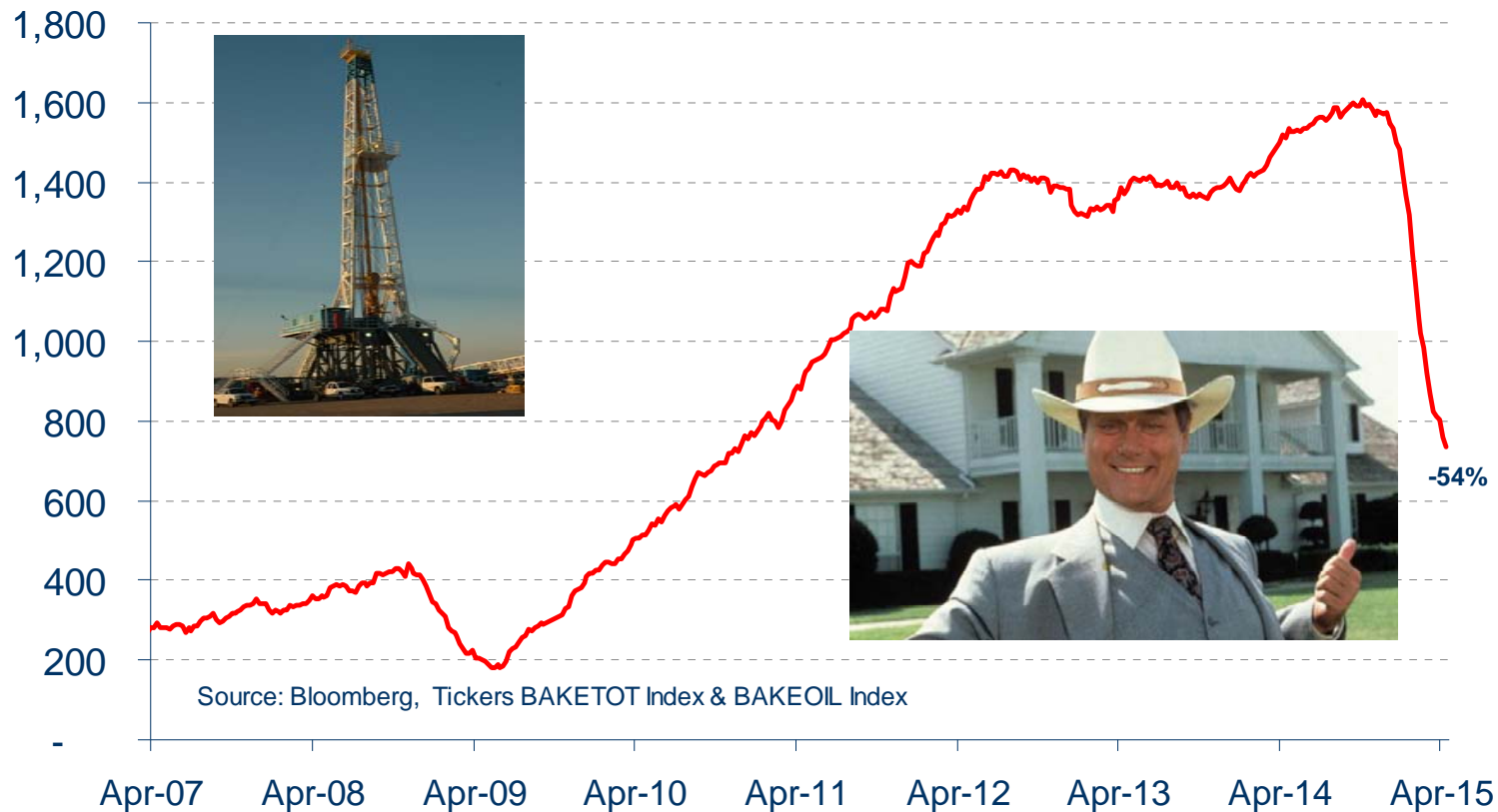
Source: *The Economist* 6th December

US Frackers responding by cutting back supply.....

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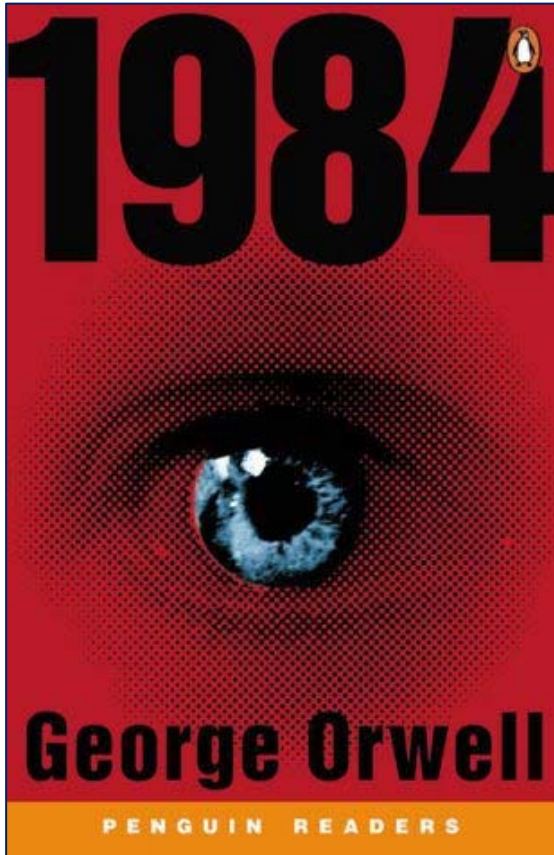
Baker Hughes US Oil Rotary Rig Count



Milk quotas were introduced in 1984 now abolished. Increased supply from milk sheikhs?

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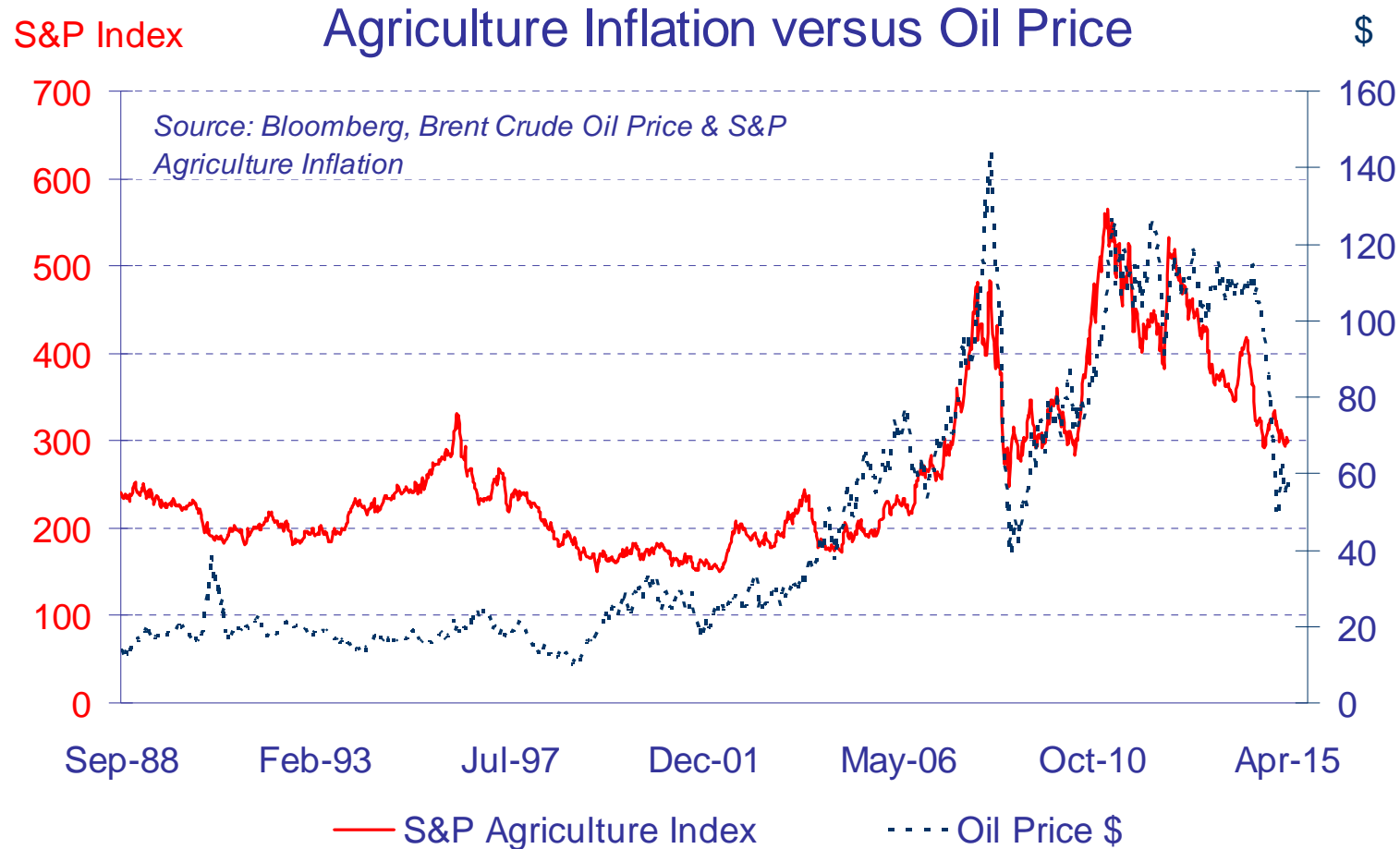
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Agricultural inflation tracks the oil price

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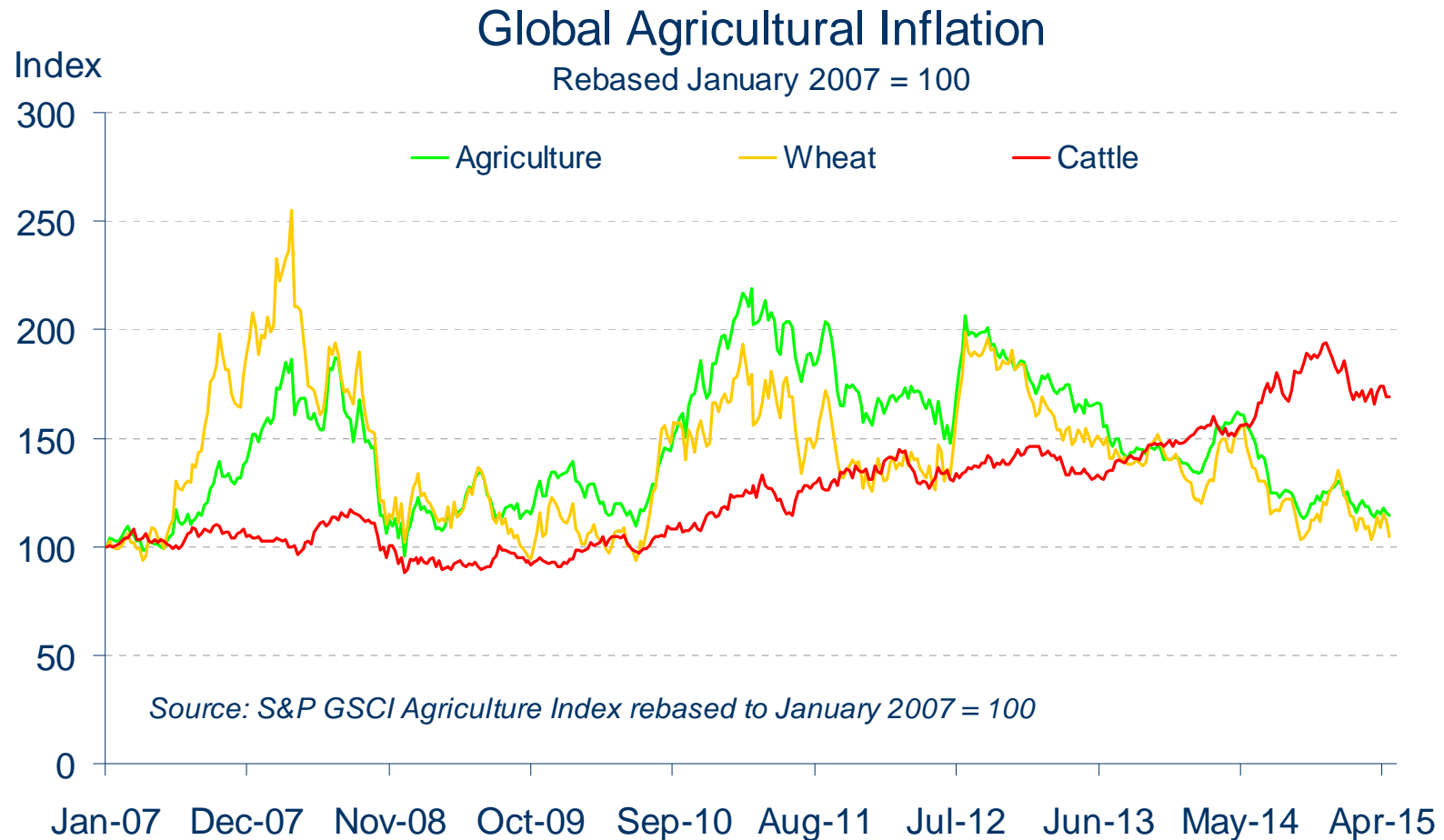
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Wheat price is back where it was 8 years ago

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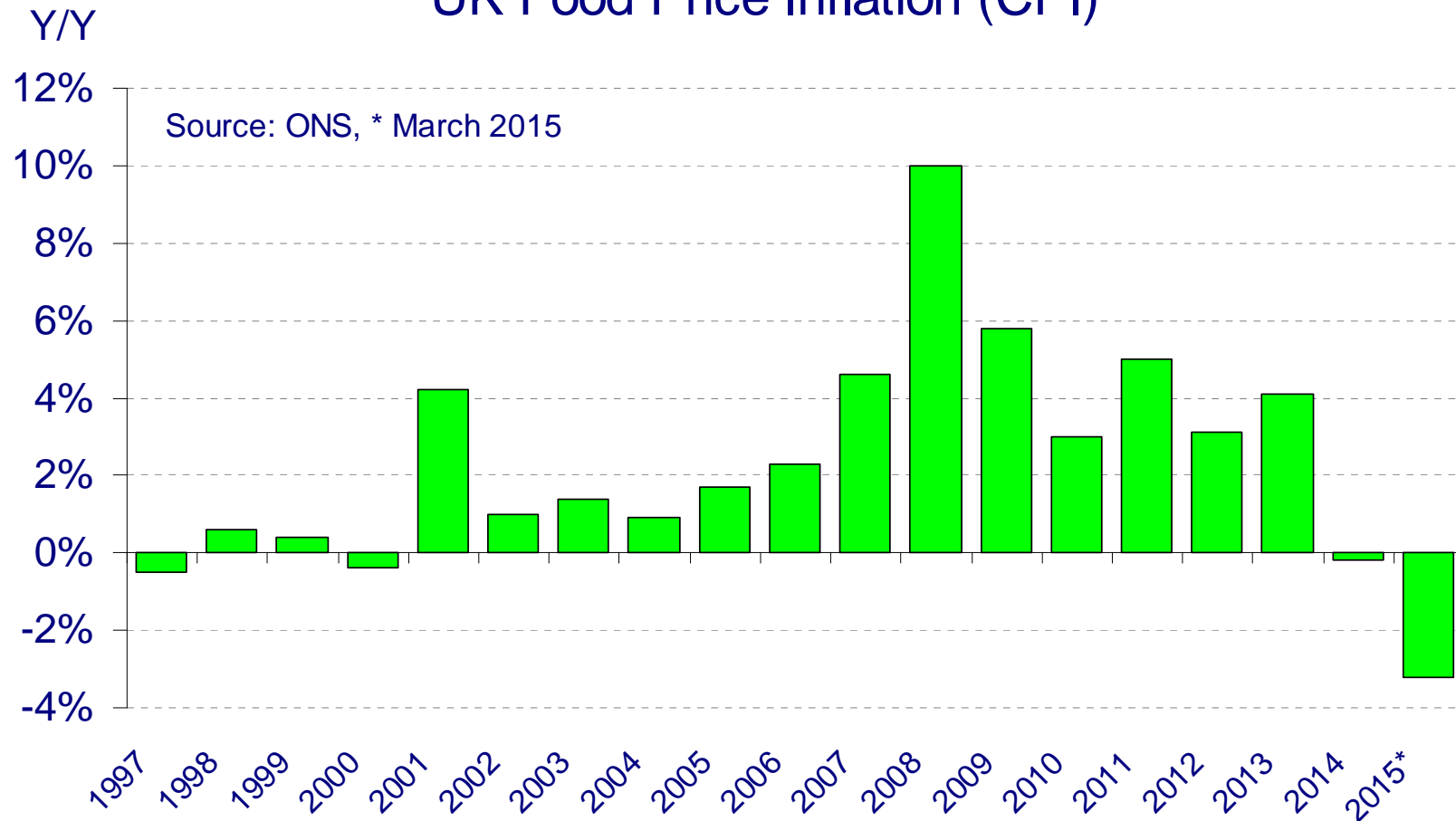


Food prices falling at a record rate

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UK Food Price Inflation (CPI)



Ulster Fry Inflation hits a 3-year low

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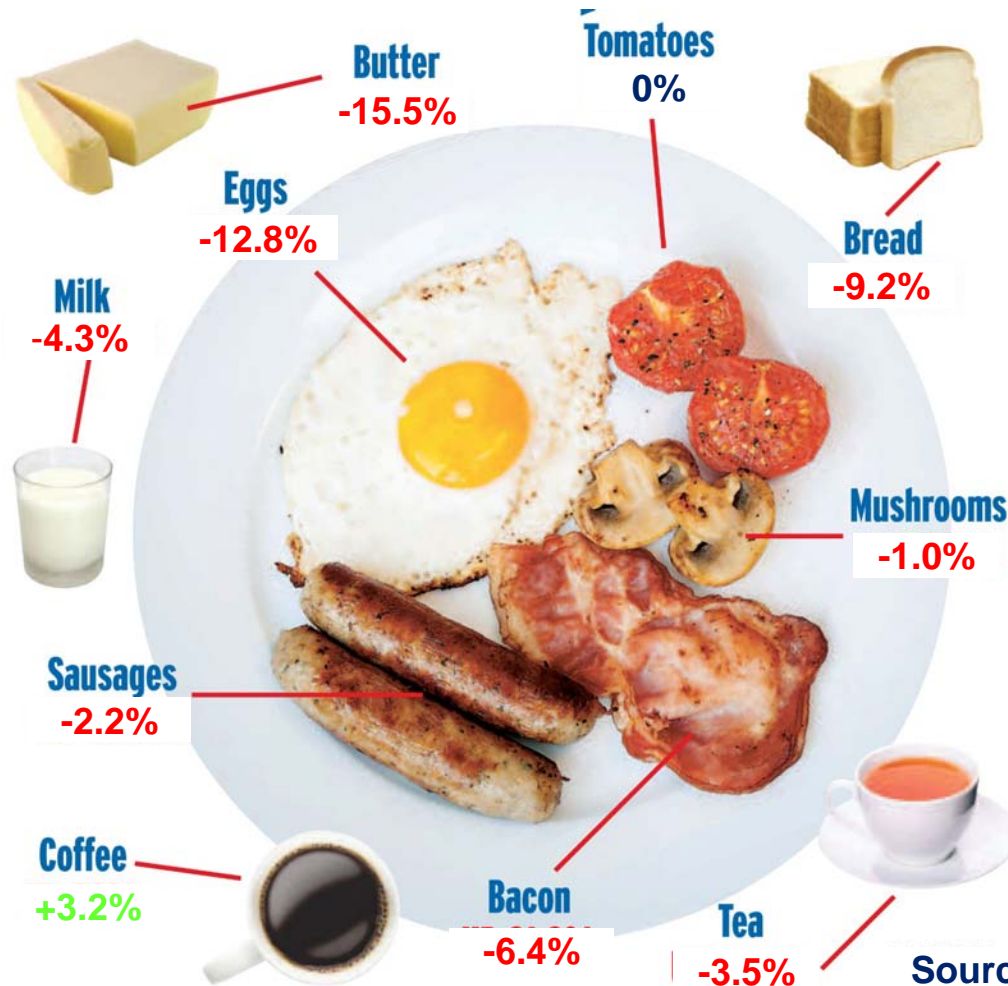
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ULSTER FRY DEFLATION
-3.1% y/y

Ulster Fry Inflation hits a 3-year low

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Source: ONS & UB Calculations

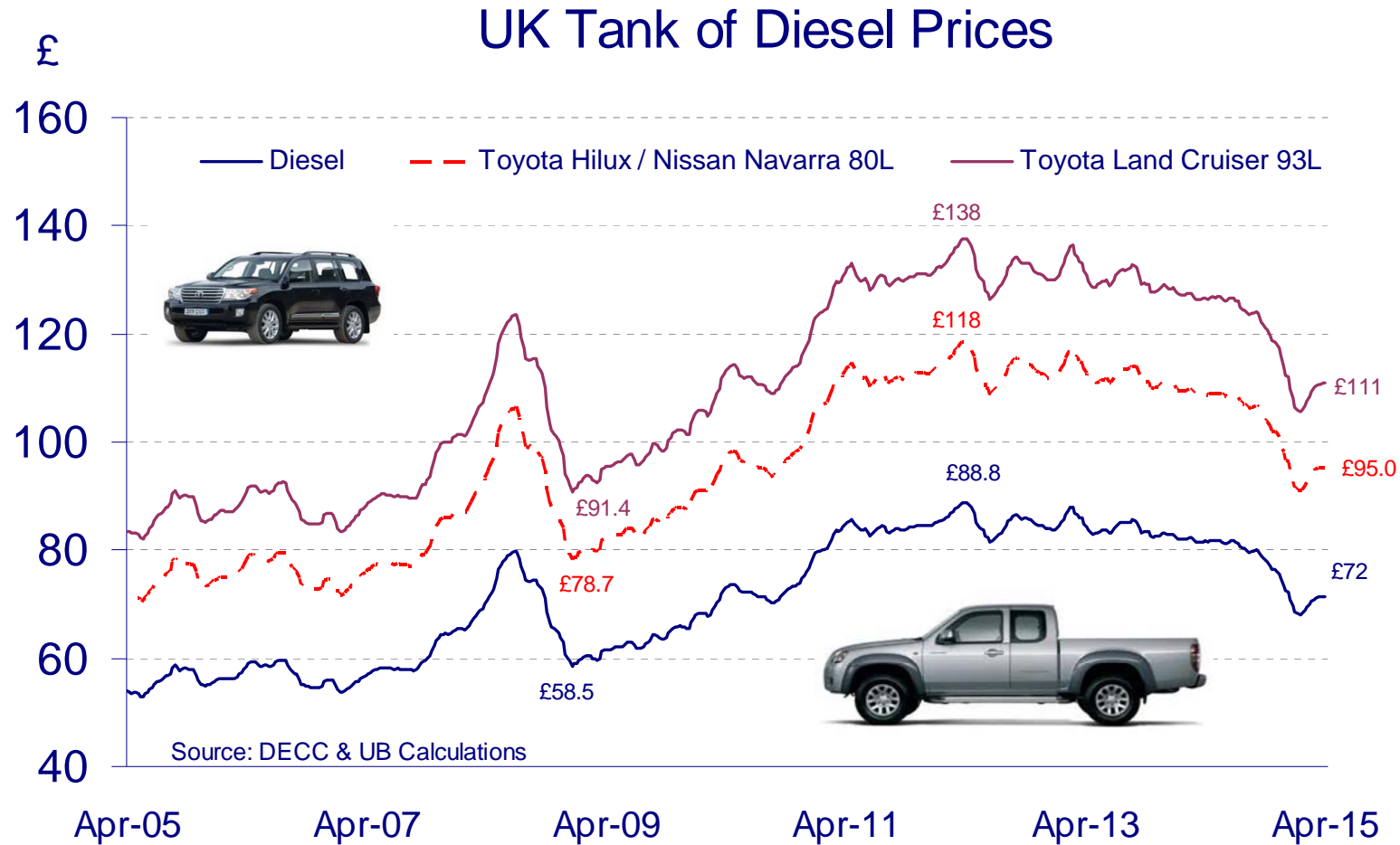
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Health Warning: An Ulster Fry should be eaten in moderation

Diesel £10-16 cheaper per fill this year

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Key currency issue is one of ongoing dollar strength

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US Dollar Index



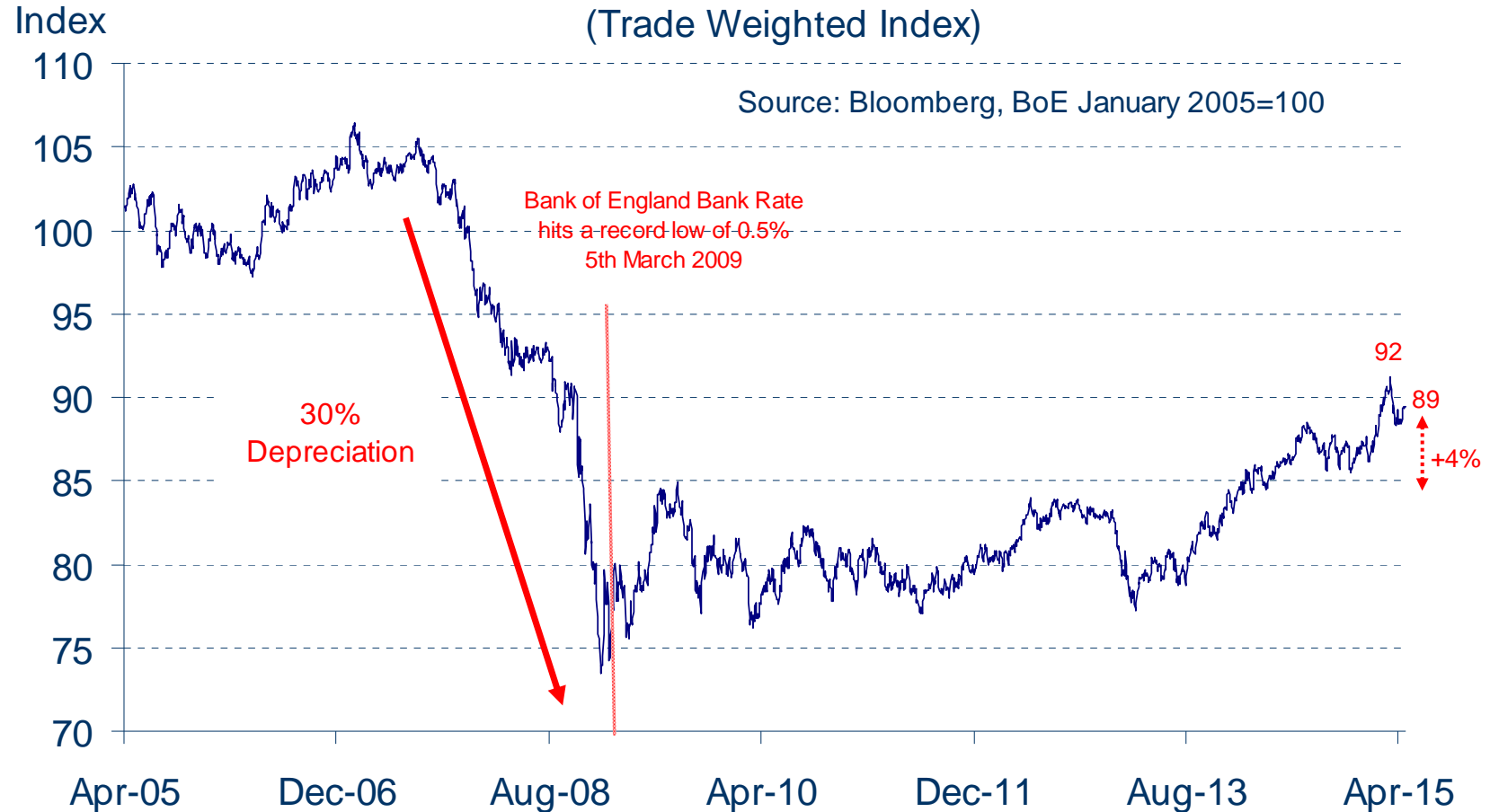
Sterling's effective exchange rate peaked last summer

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Sterling Effective Exchange Rate

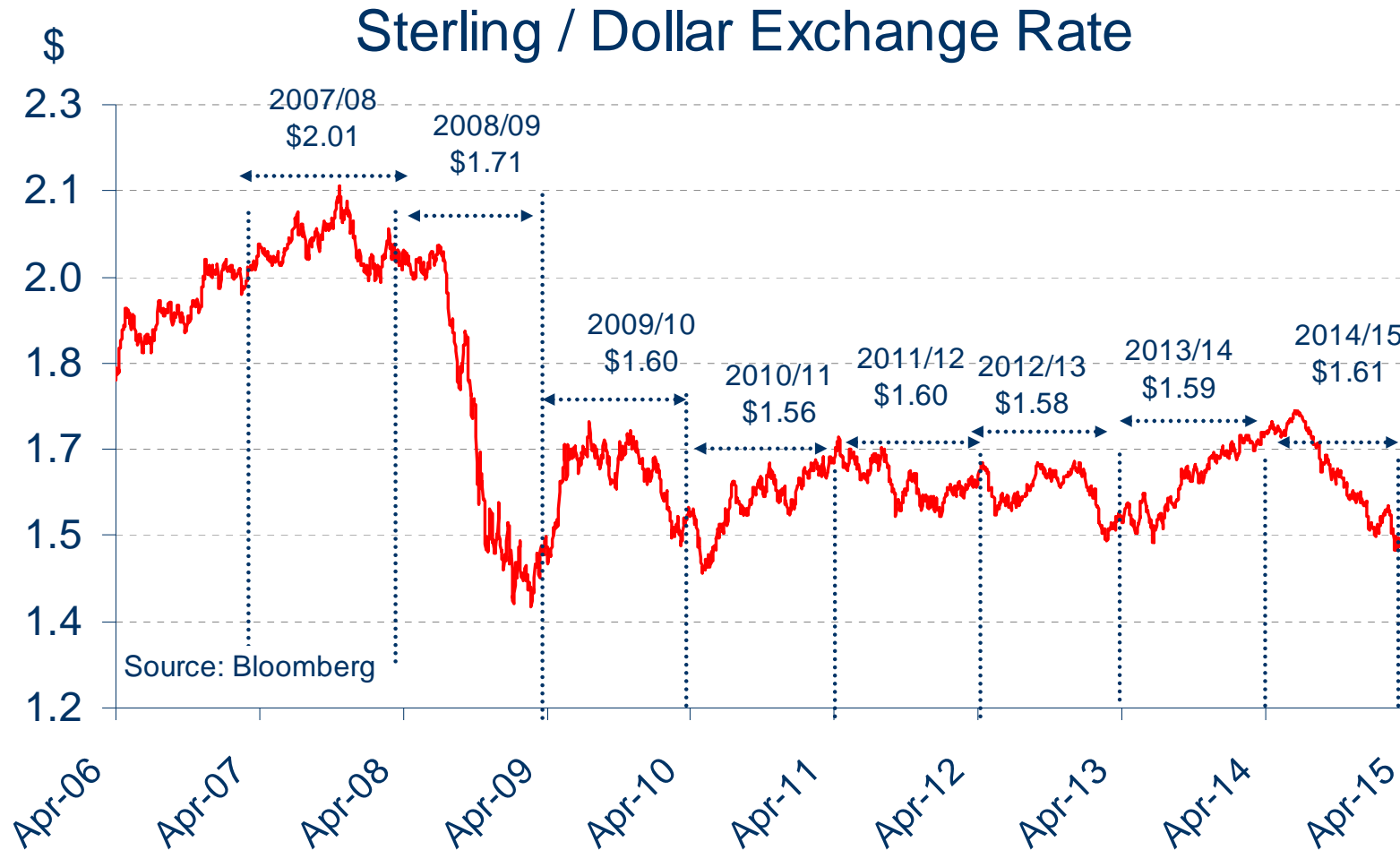
(Trade Weighted Index)



UK exports to the US becoming more price competitive

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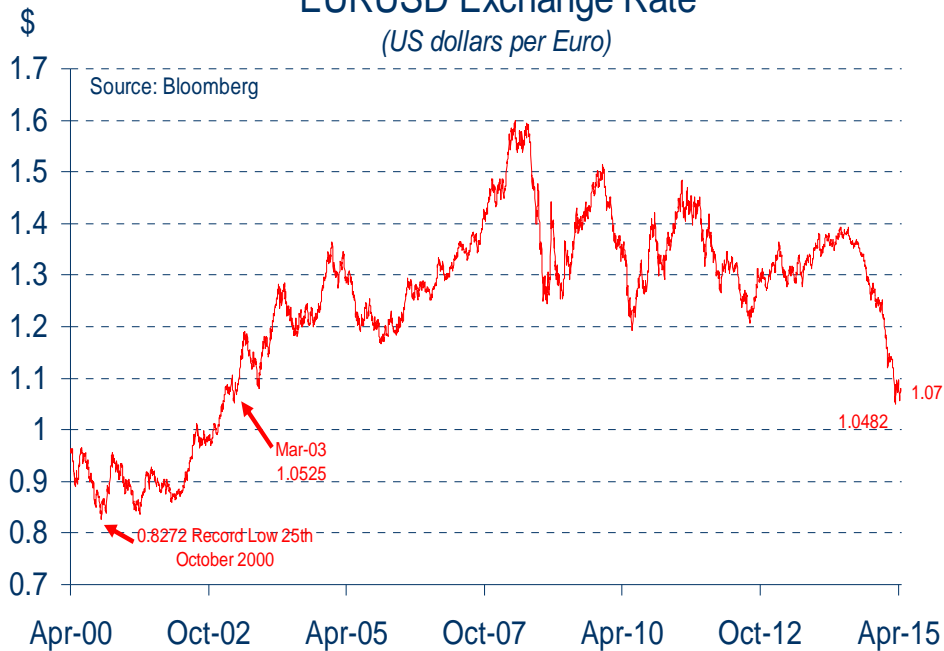
But Eurozone & the RoI even more price competitive!

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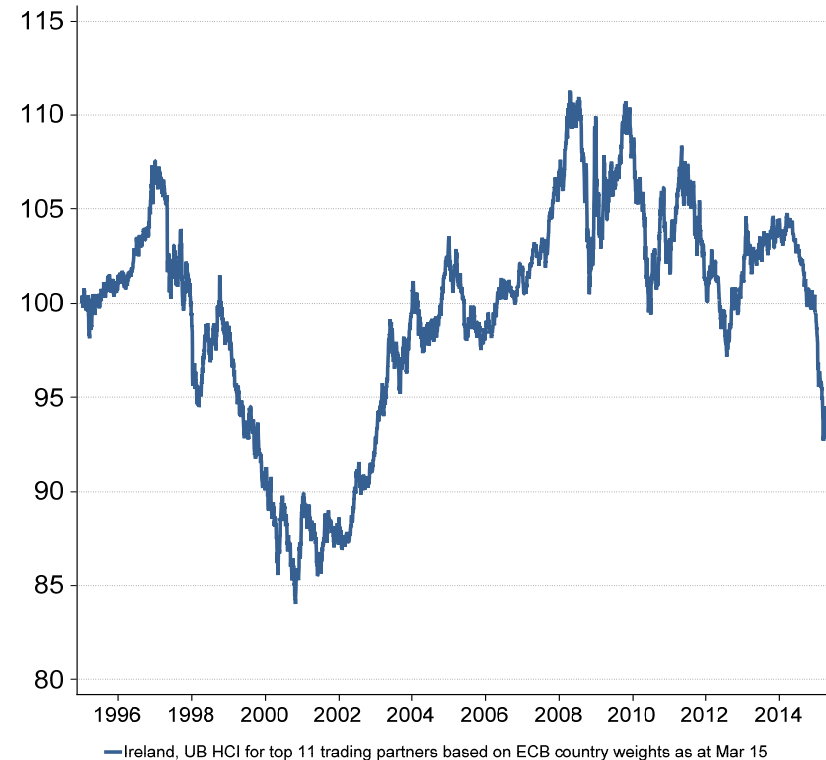
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EURUSD Exchange Rate

(US dollars per Euro)



Ireland, Trade-Weighted Exchange Rate

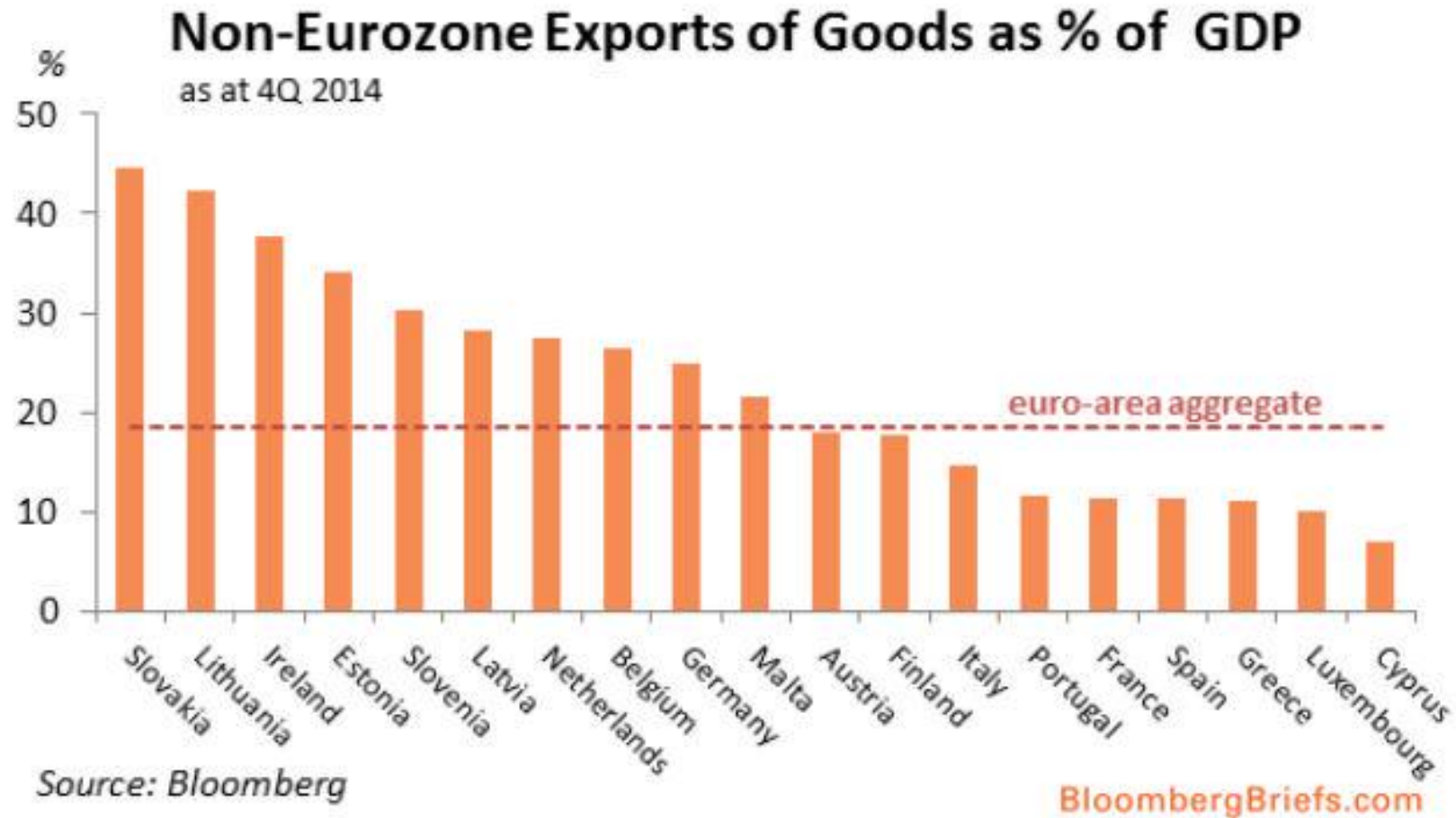


Source: Macrobond

Beneficiaries from a weak €uro

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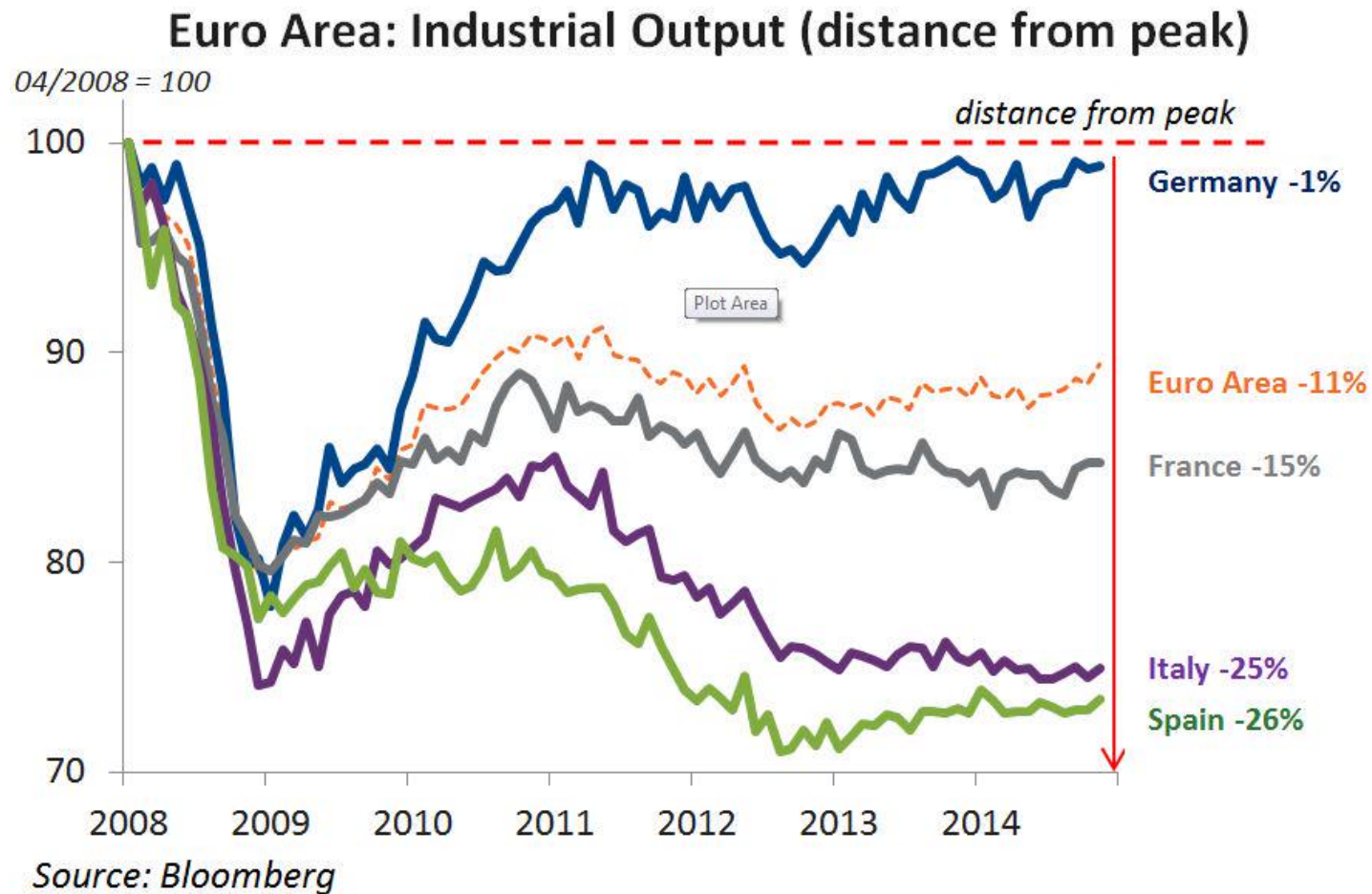
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Show me the recovery

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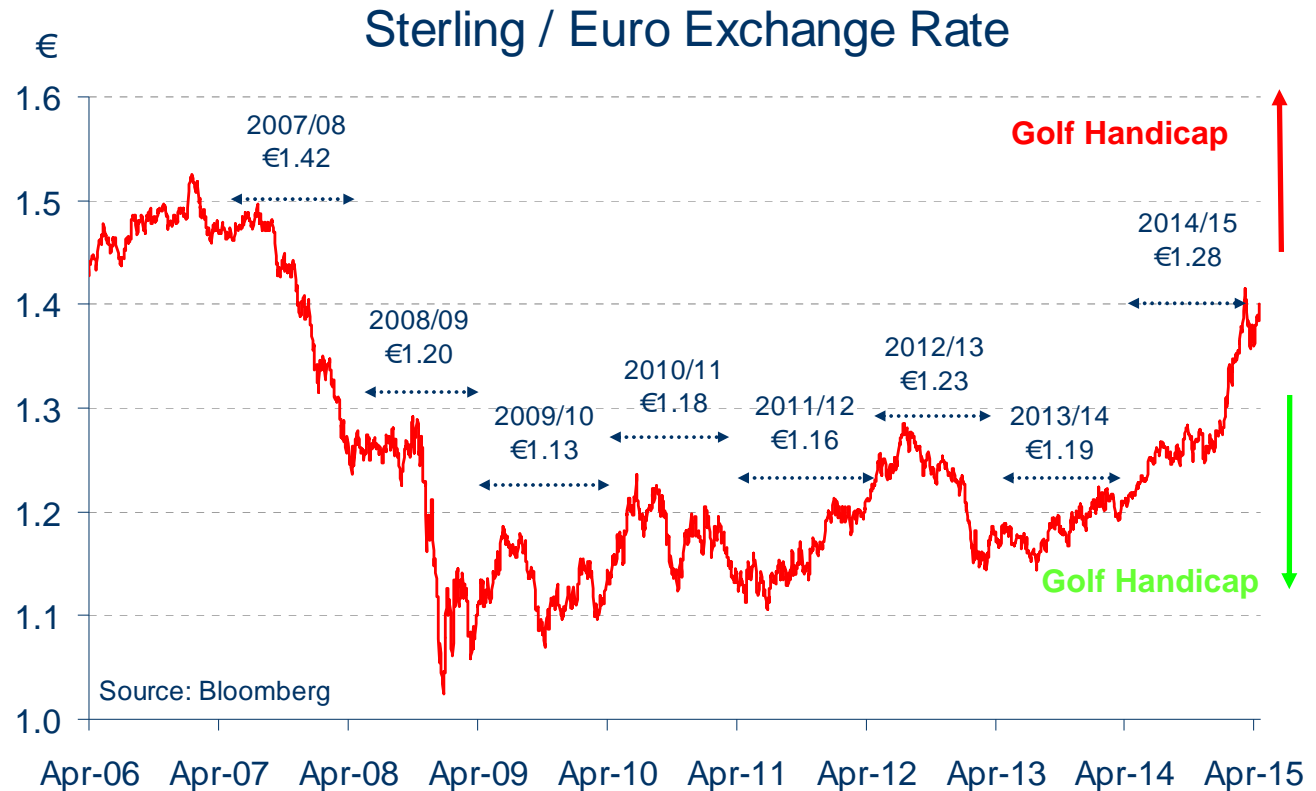
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Sterling recently hit a 7-year high versus the euro

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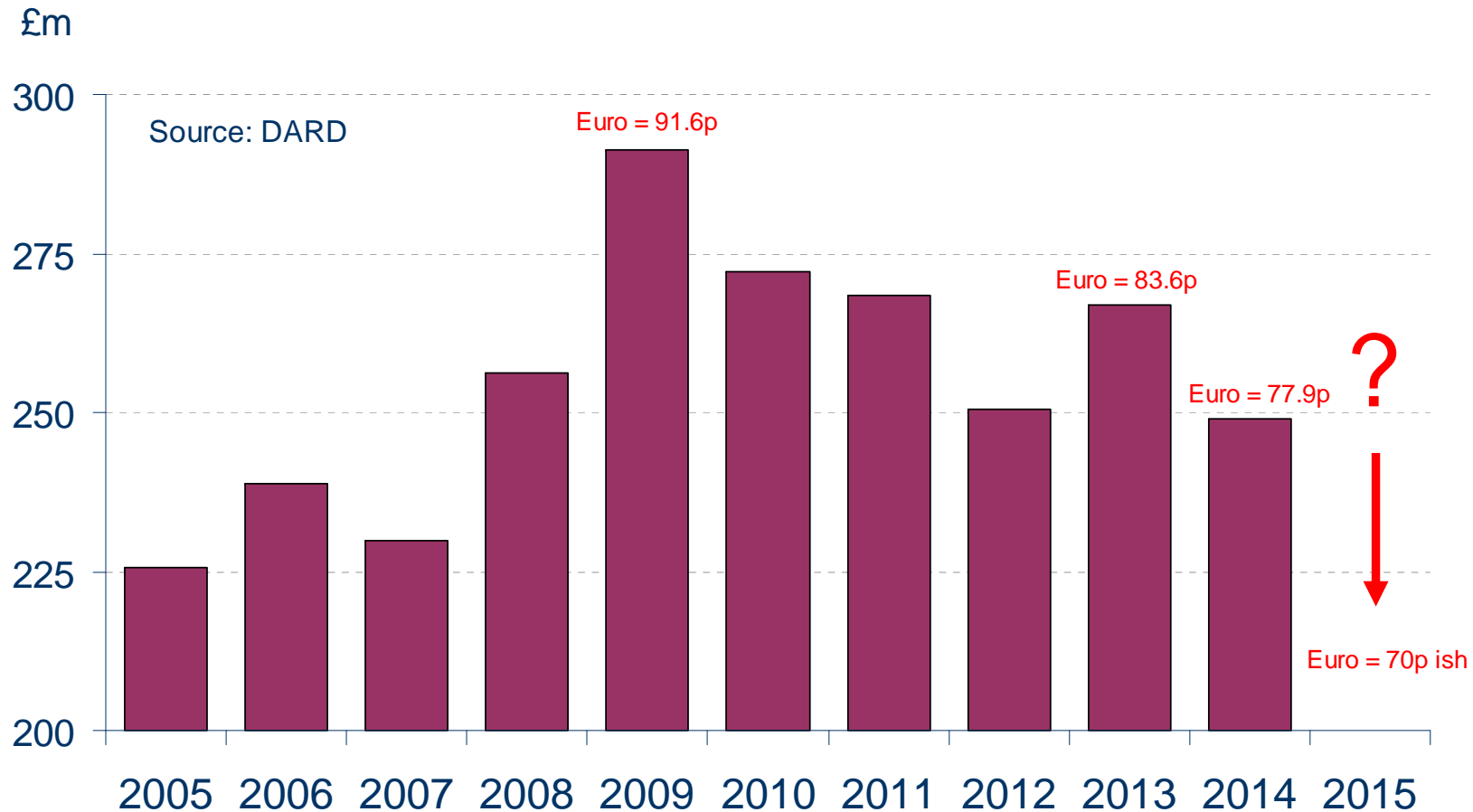


SFP in 2015 likely to be lowest amount in > than a decade

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Single Farm Payments to NI Farmers

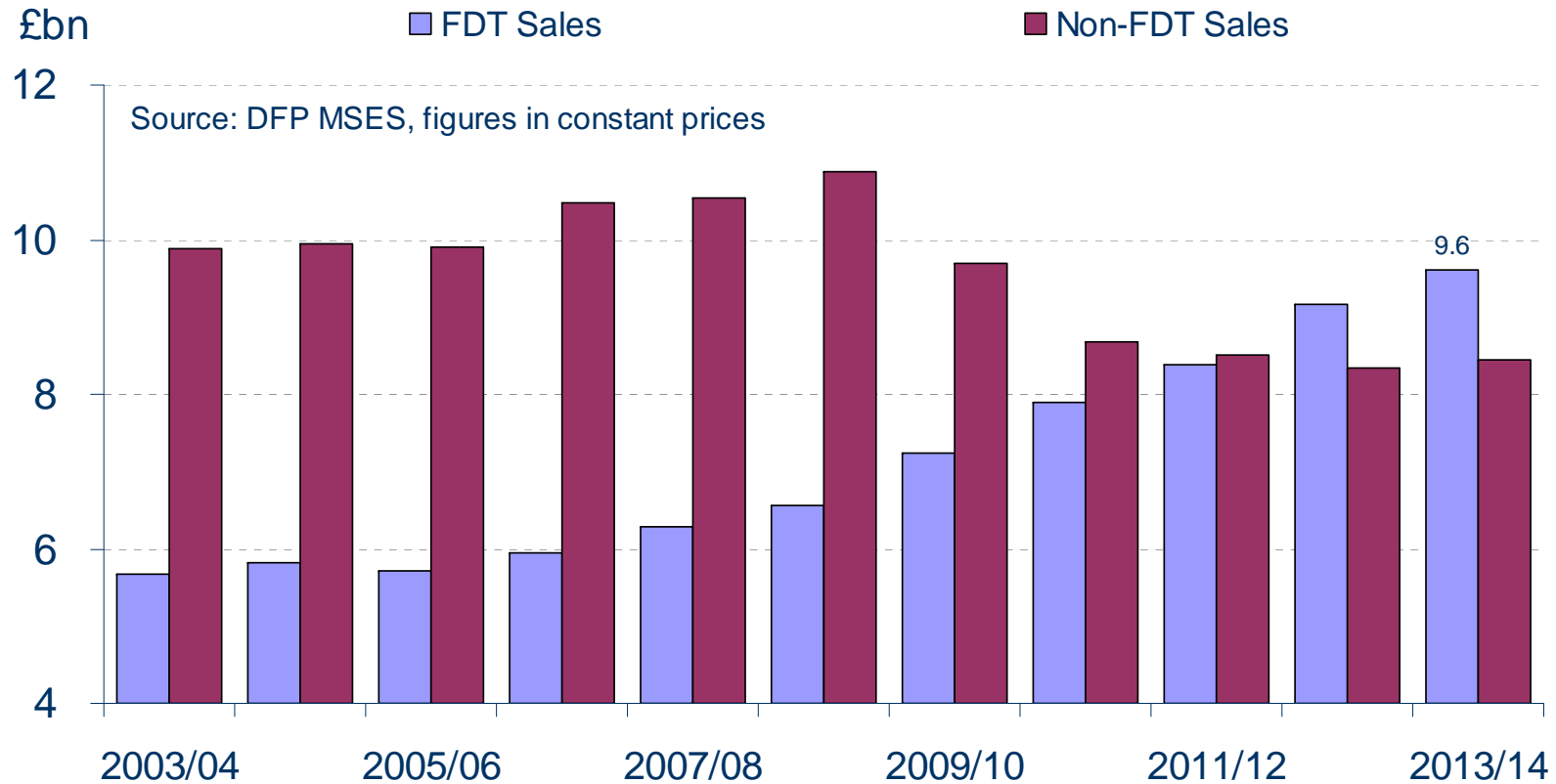


Food, Drink & Tobacco sector has outperformed other sectors

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Northern Ireland's Manufacturing Sales

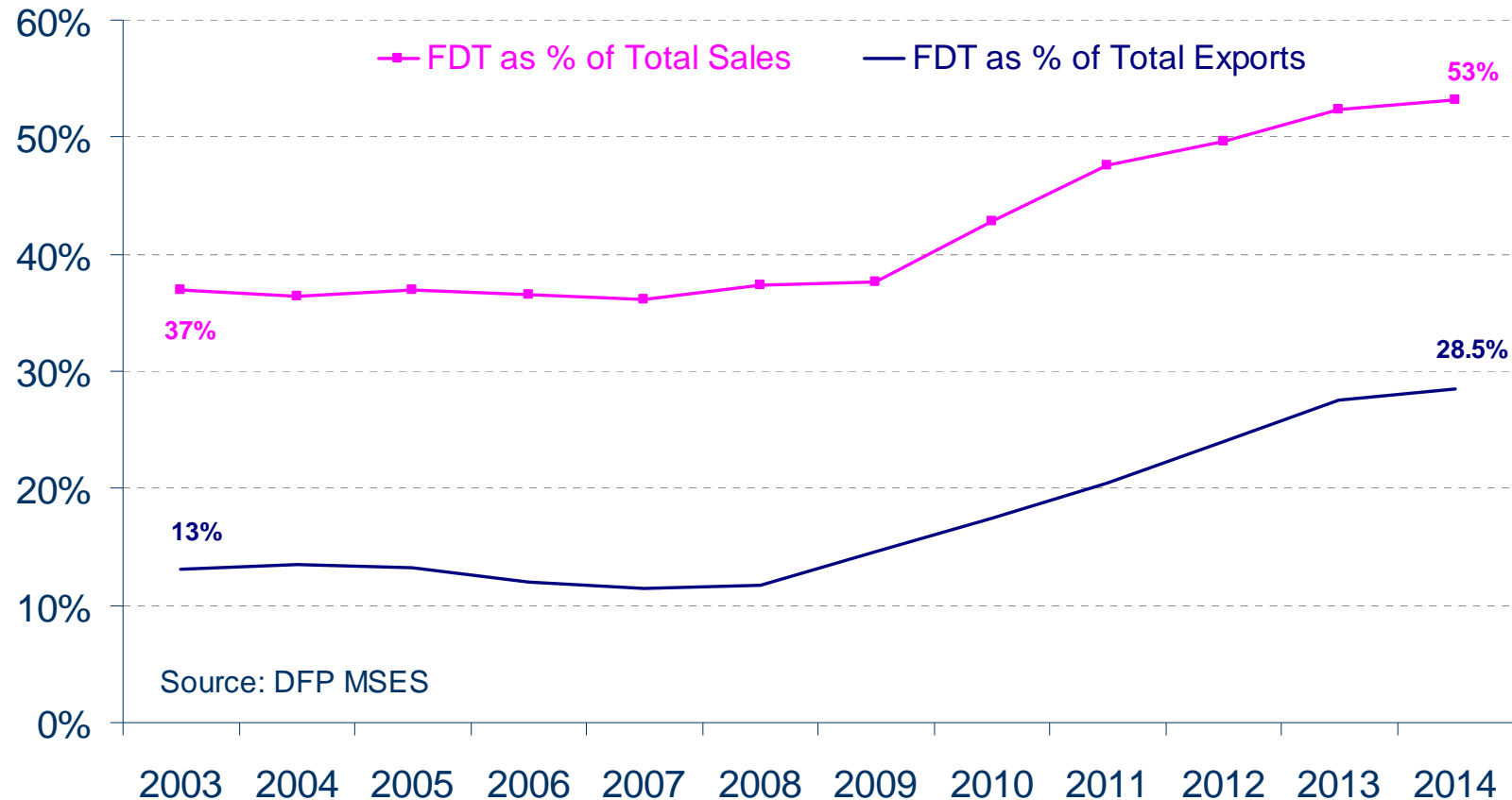


Exchange rate + Decline in Non-FDT sales => FDT share

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FDT's Share of NI Manufacturing Sales Within Markets

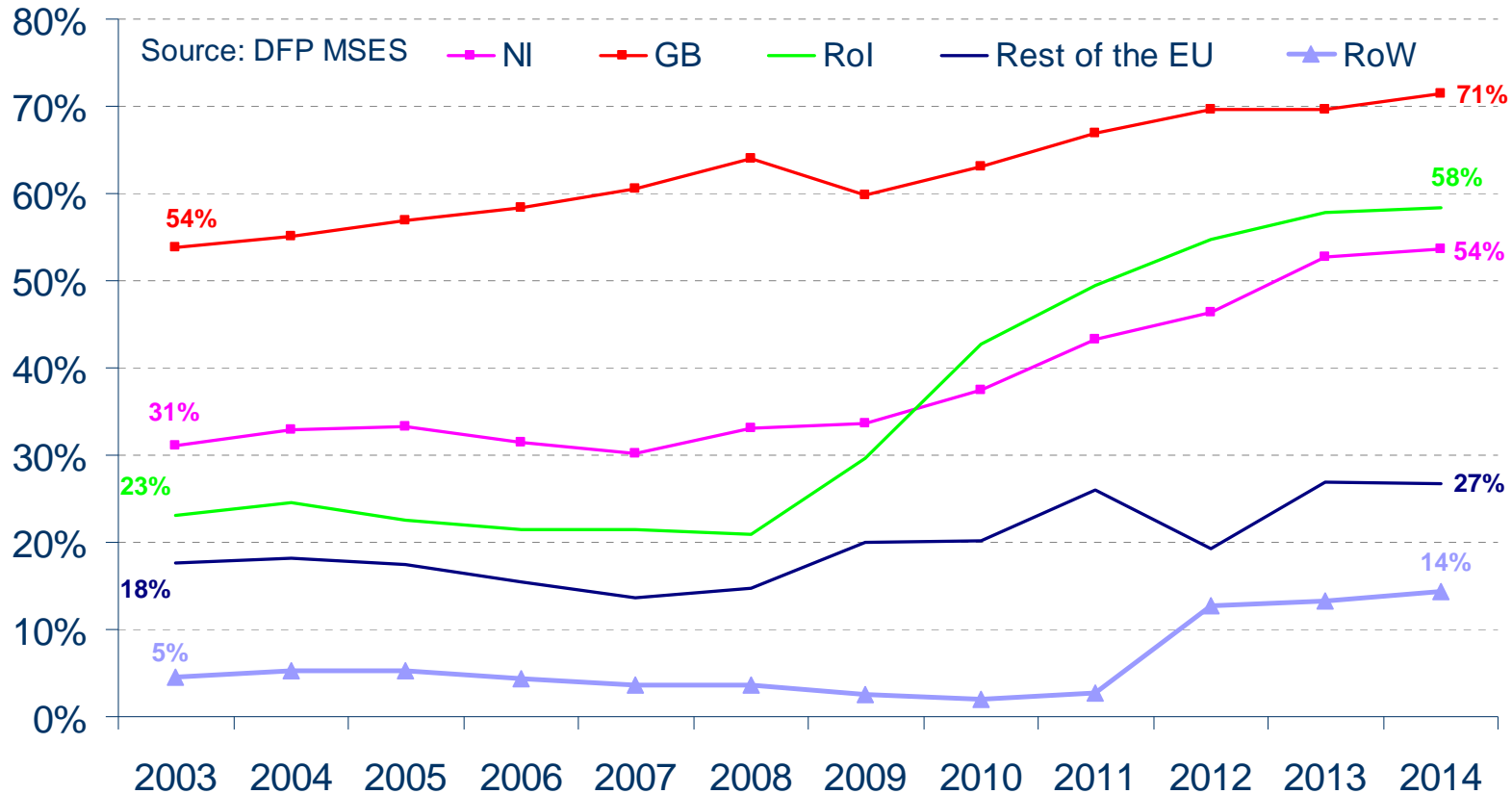


FDT has increased its share of NI sales across all markets

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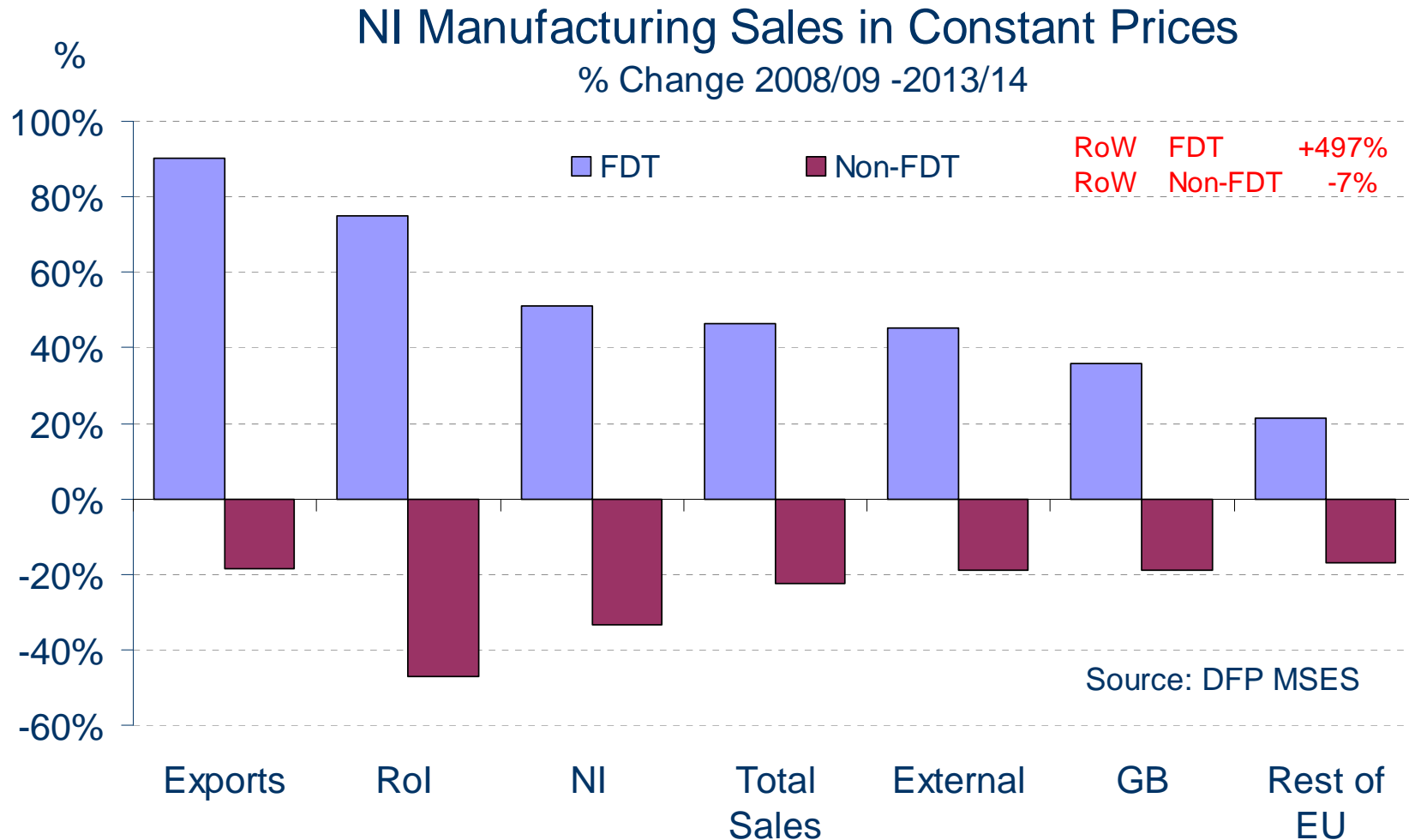
FDT's Share of NI Manufacturing Sales Within Markets



FDT has bucked the wider trend across all markets

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Political risks in NI, UK, EZ & beyond

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Is this the Finn end of the wedge of the next phase of the EZ crisis?

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Source: *The Economist* 18th April 2015

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Plenty of scope for political surprises in 2015

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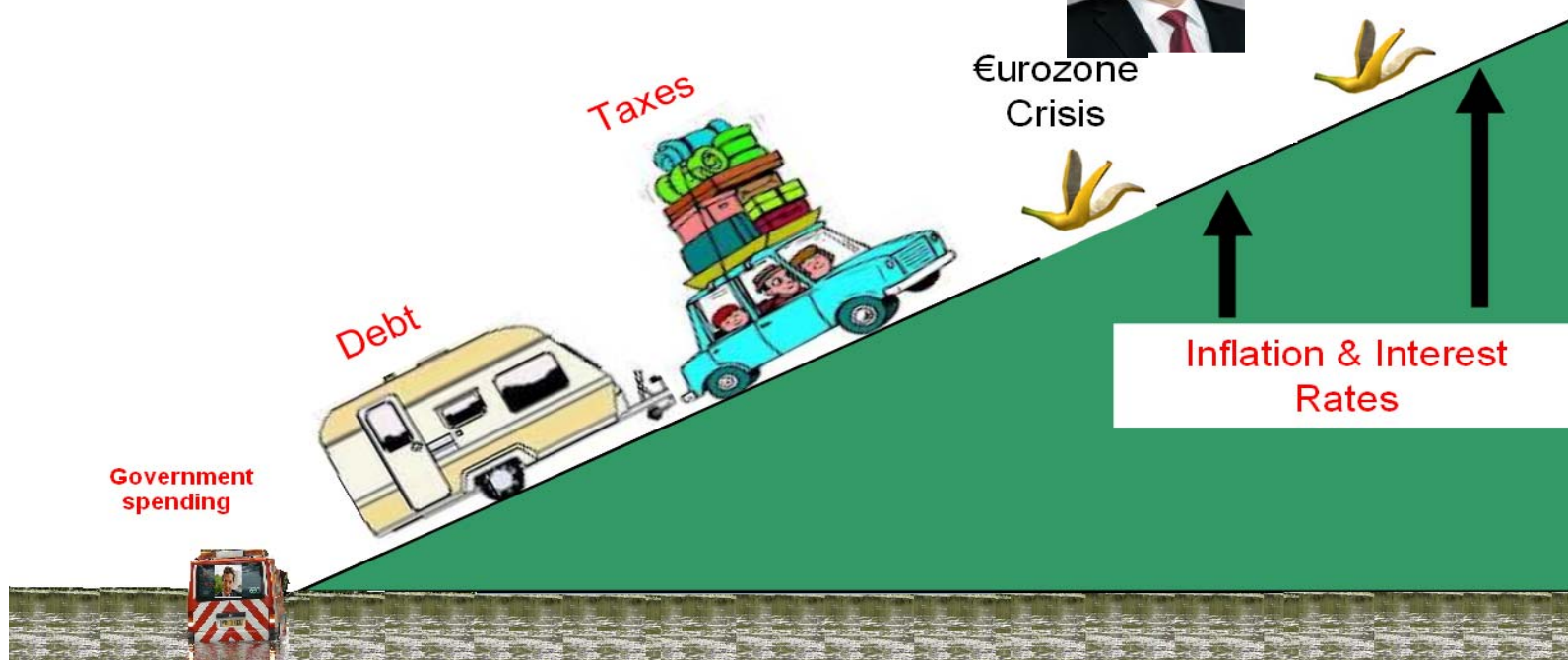


Brexit

€urozone
Crisis



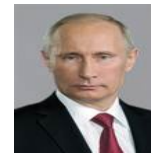
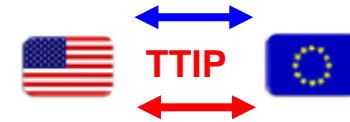
Inflation & Interest
Rates



Outlook positive notwithstanding risks & challenges

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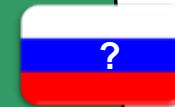
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CAP Reform



Strong Demand

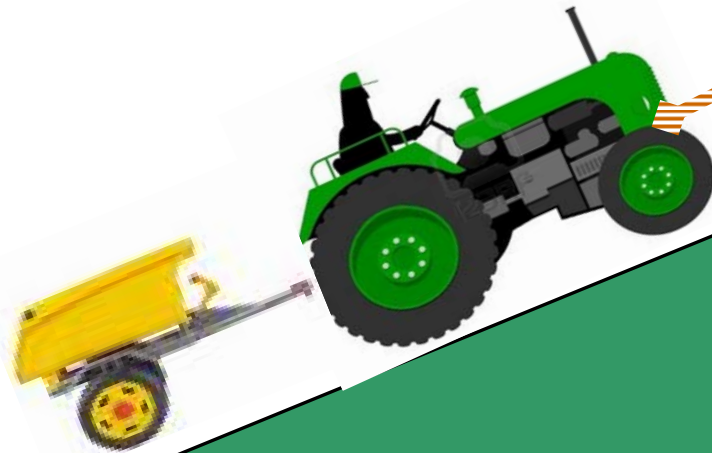


€urozone Crisis

Brexit



Inflation & Interest Rates



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CONTACT DETAILS

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