

# Guild of Agricultural Journalists

## Breakfast Briefing

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23 April 2015

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# Guild of Agri-Journalists Breakfast

## *Economic Context*

23<sup>rd</sup> April 2015

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# 2014 NI economic performance

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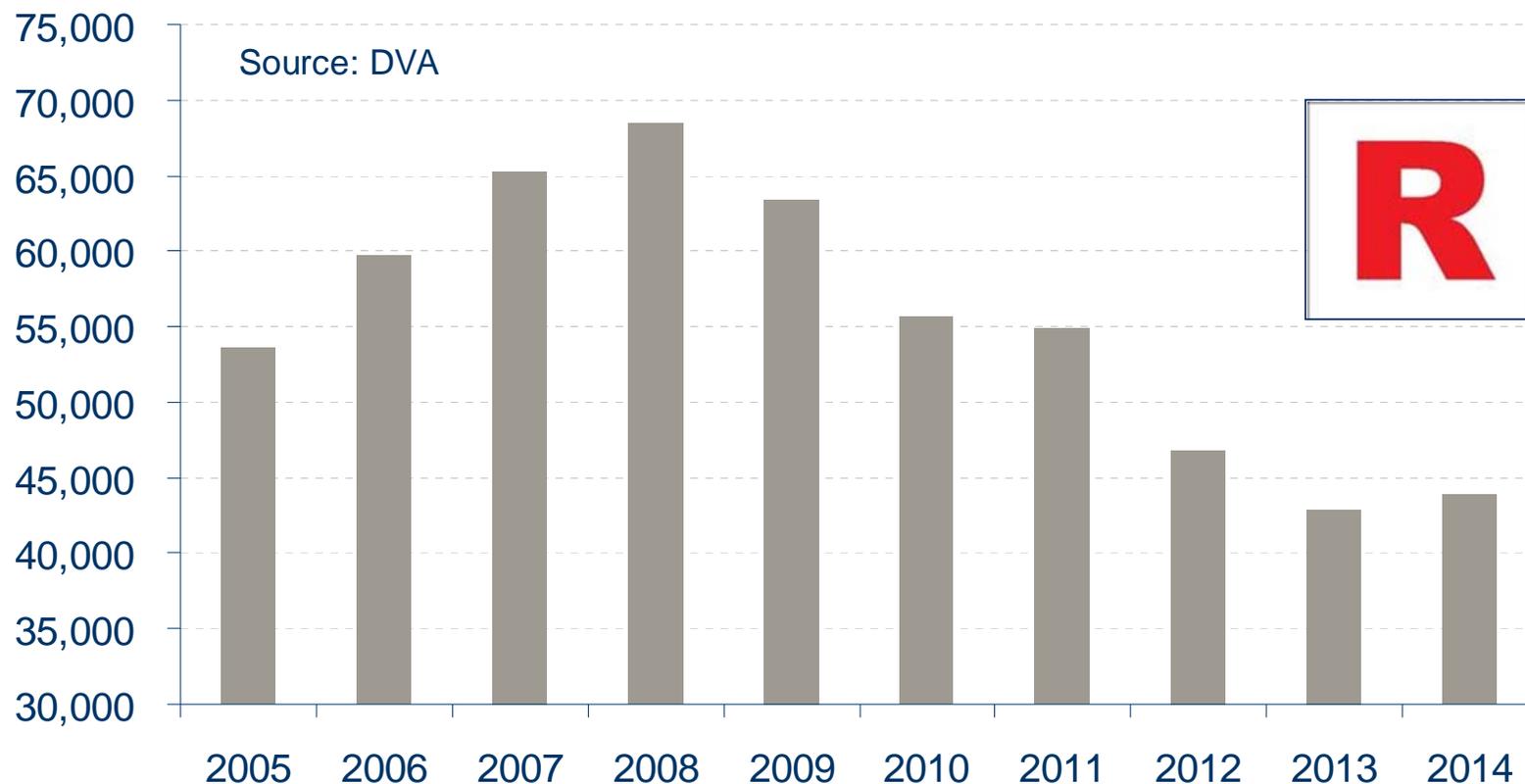
- Unemployment fell to a 6-year low of 5.7% (Q4)
- Employee jobs +1.9% y/y (*Full-time +1.7%*)
- Residential property transactions +22% y/y
- FTB mortgage activity at an 8-year high
- Housing starts rebound from 36-year low
- New car sales +9% y/y
- Estimated economic growth (GVA) 2.0% (*in real terms*)

# Driving test downturn appears to have turned a corner

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## N.Ireland Private Car Driving Tests Conducted



## 2014 Performance

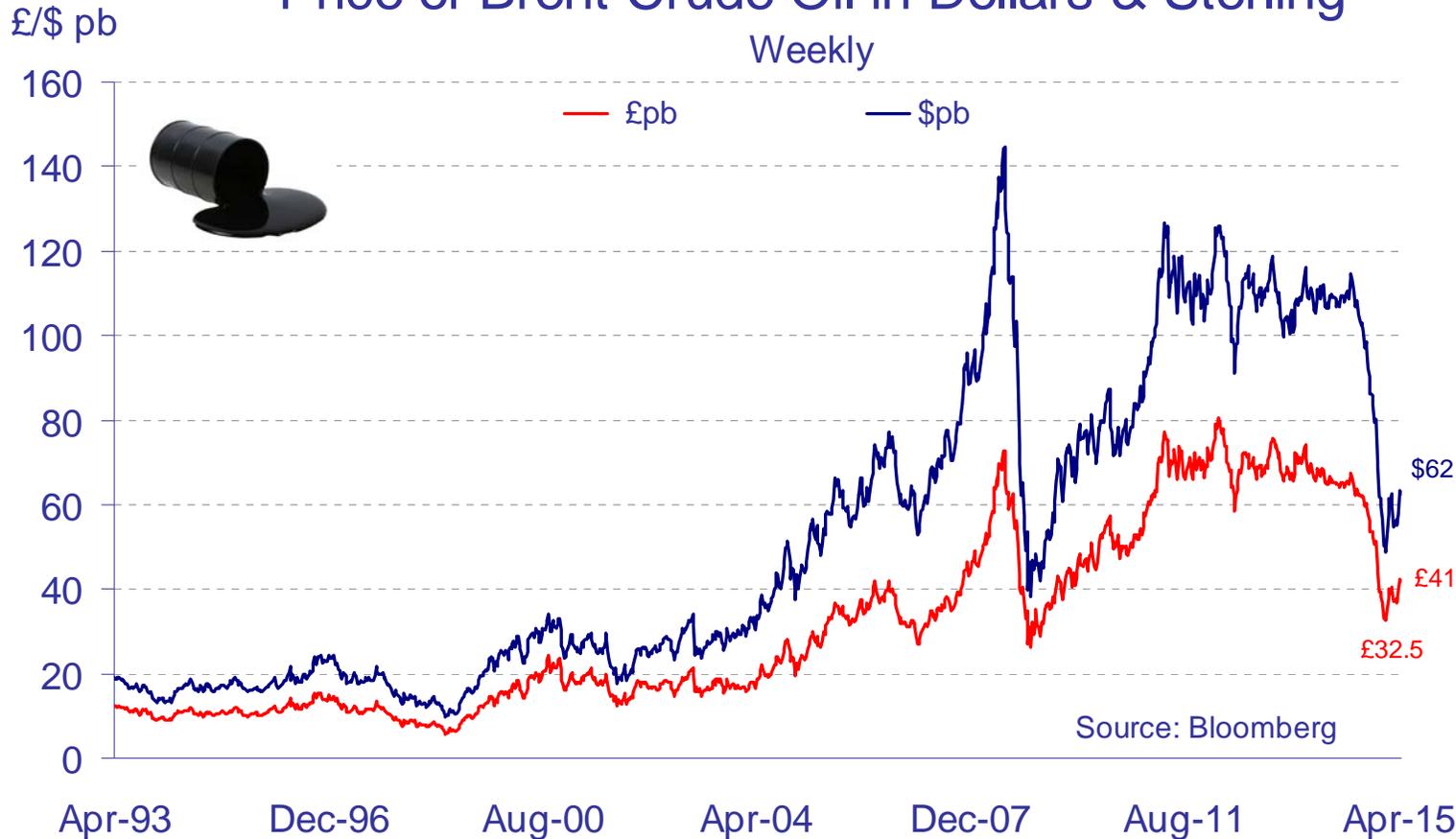
- Total income from farming (*TIFF*) -17.4% y/y (*real terms*)
- Gross output of NI agriculture -3.1% y/y
- Gross value added (*GVA*) -4.2% y/y
- Farm Business Income (*FBI*) -27% y/y in 2014/15
- Total agricultural labour force +0.1% y/y (*flat at 47,900*)

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

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## Price of Brent Crude Oil in Dollars & Sterling

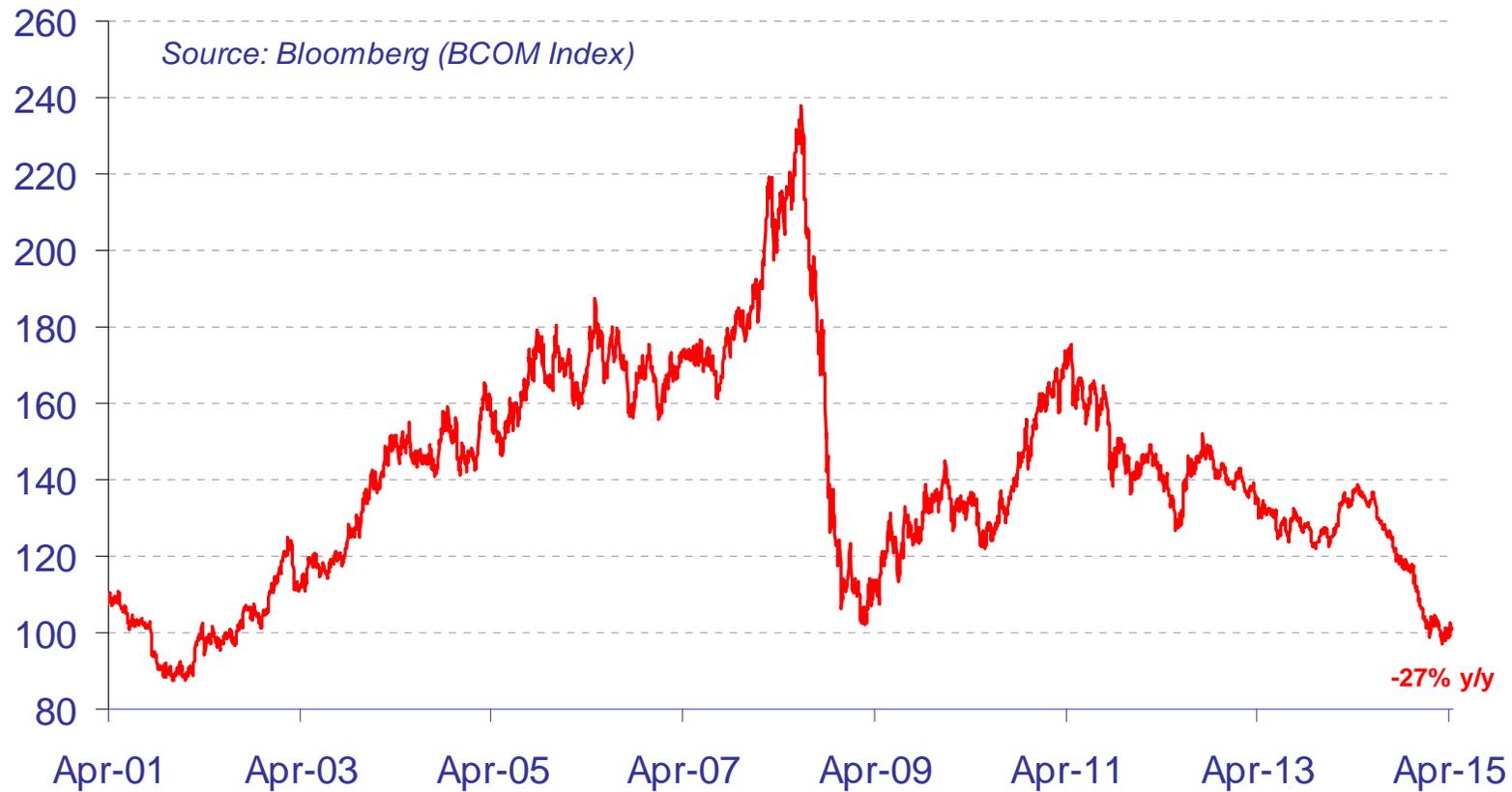


# Commodities slump not just an oil story...

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## Bloomberg Commodities Index Hits a 13-year low



# Sheikh v Shale v Putin

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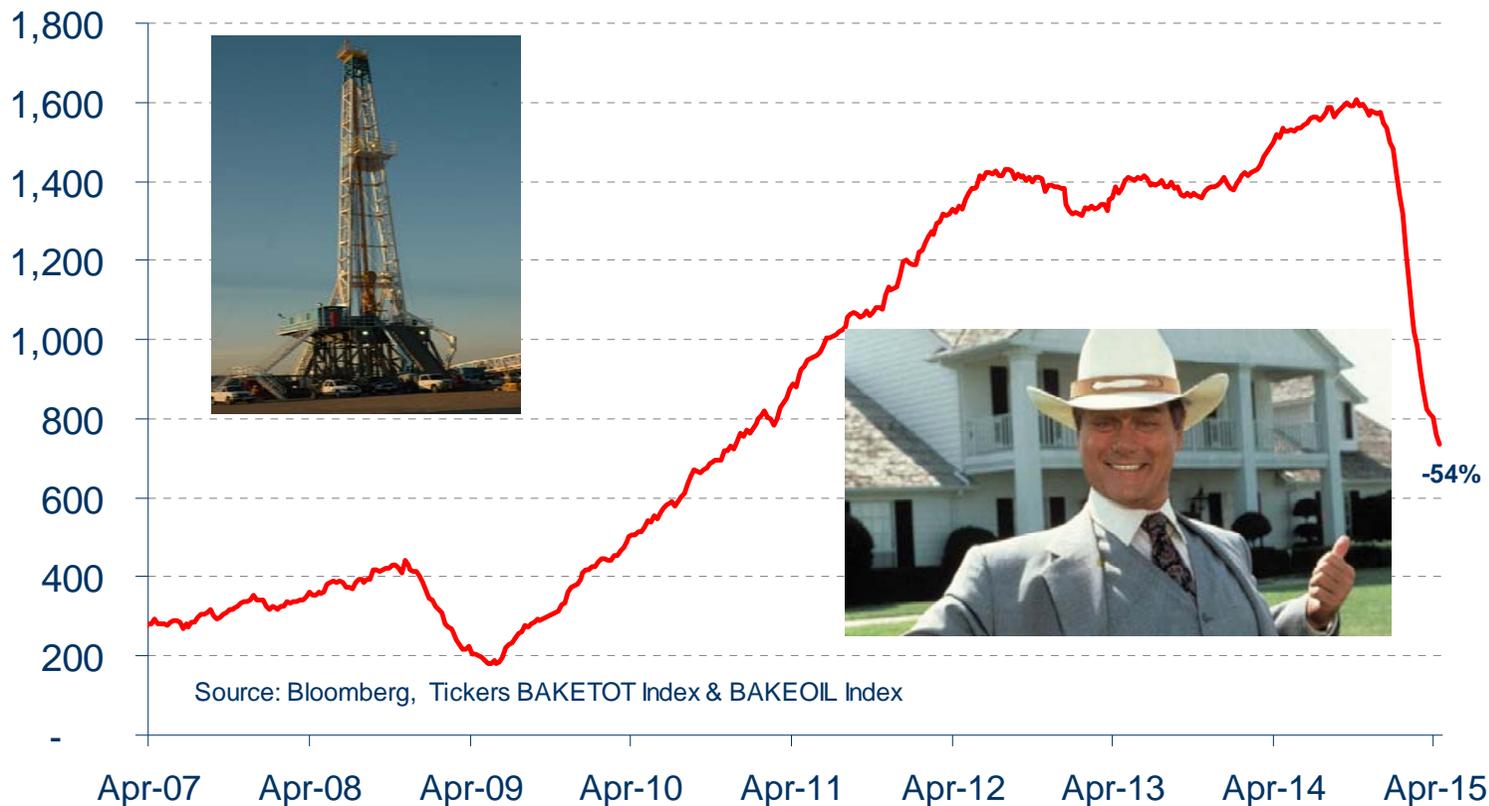
Source: *The Economist* 6<sup>th</sup> December

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

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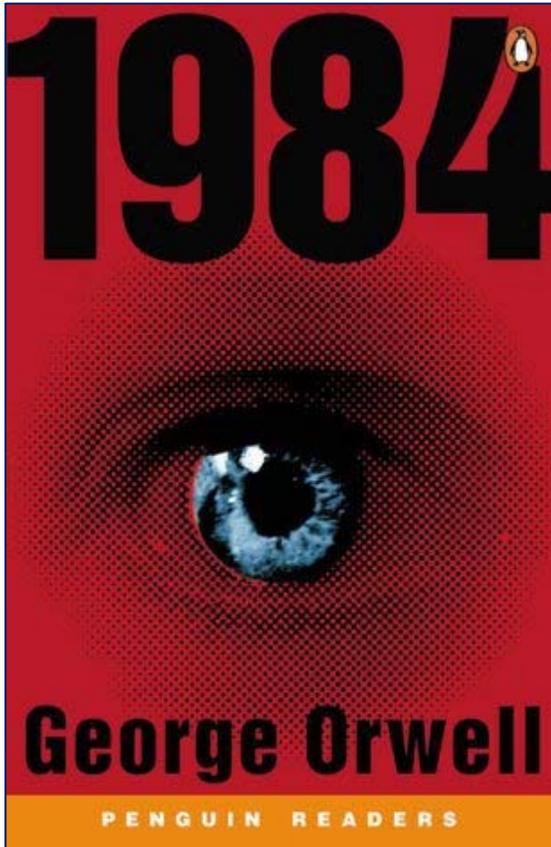
## Baker Hughes US Oil Rotary Rig Count



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

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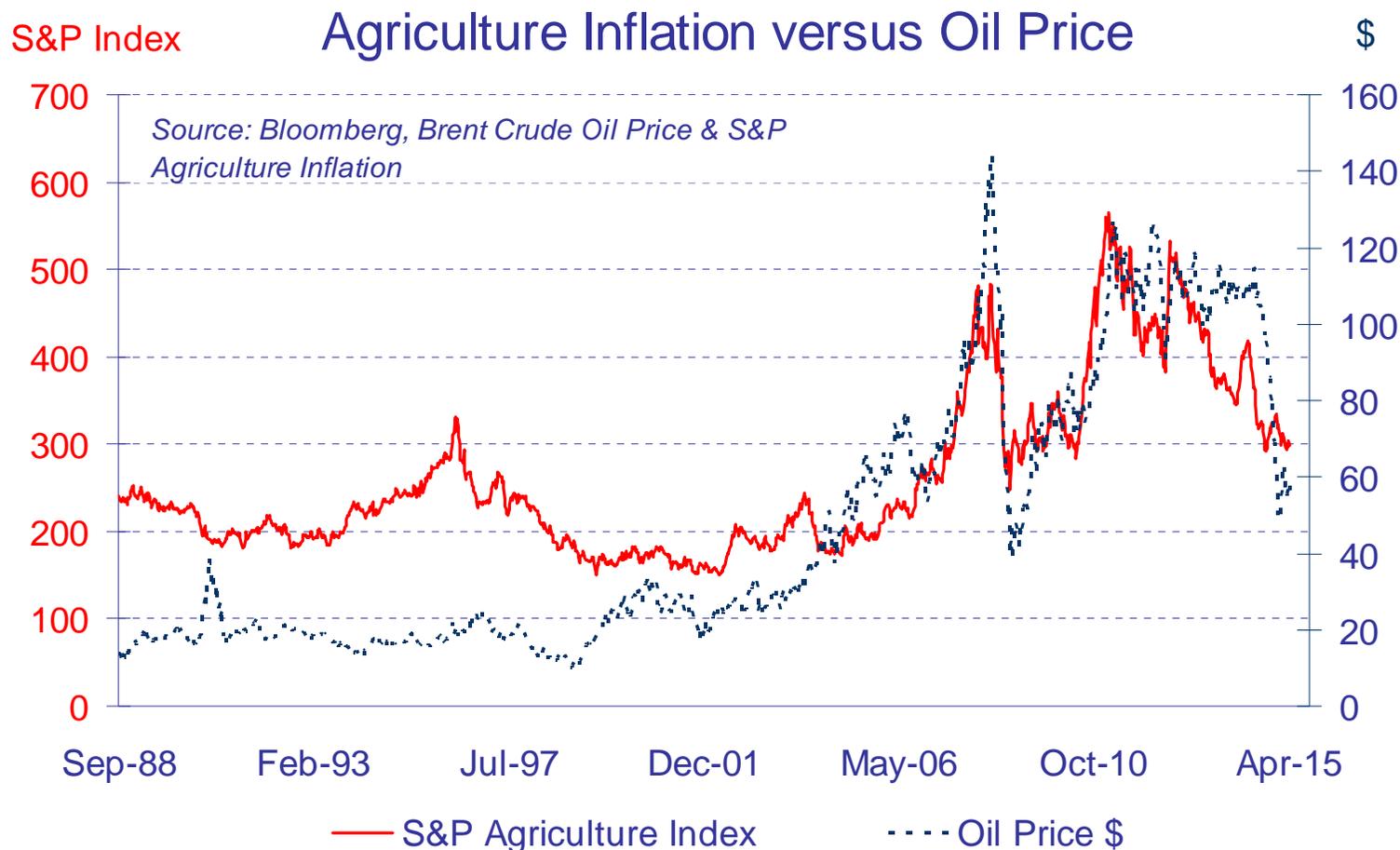
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# Agricultural inflation tracks the oil price

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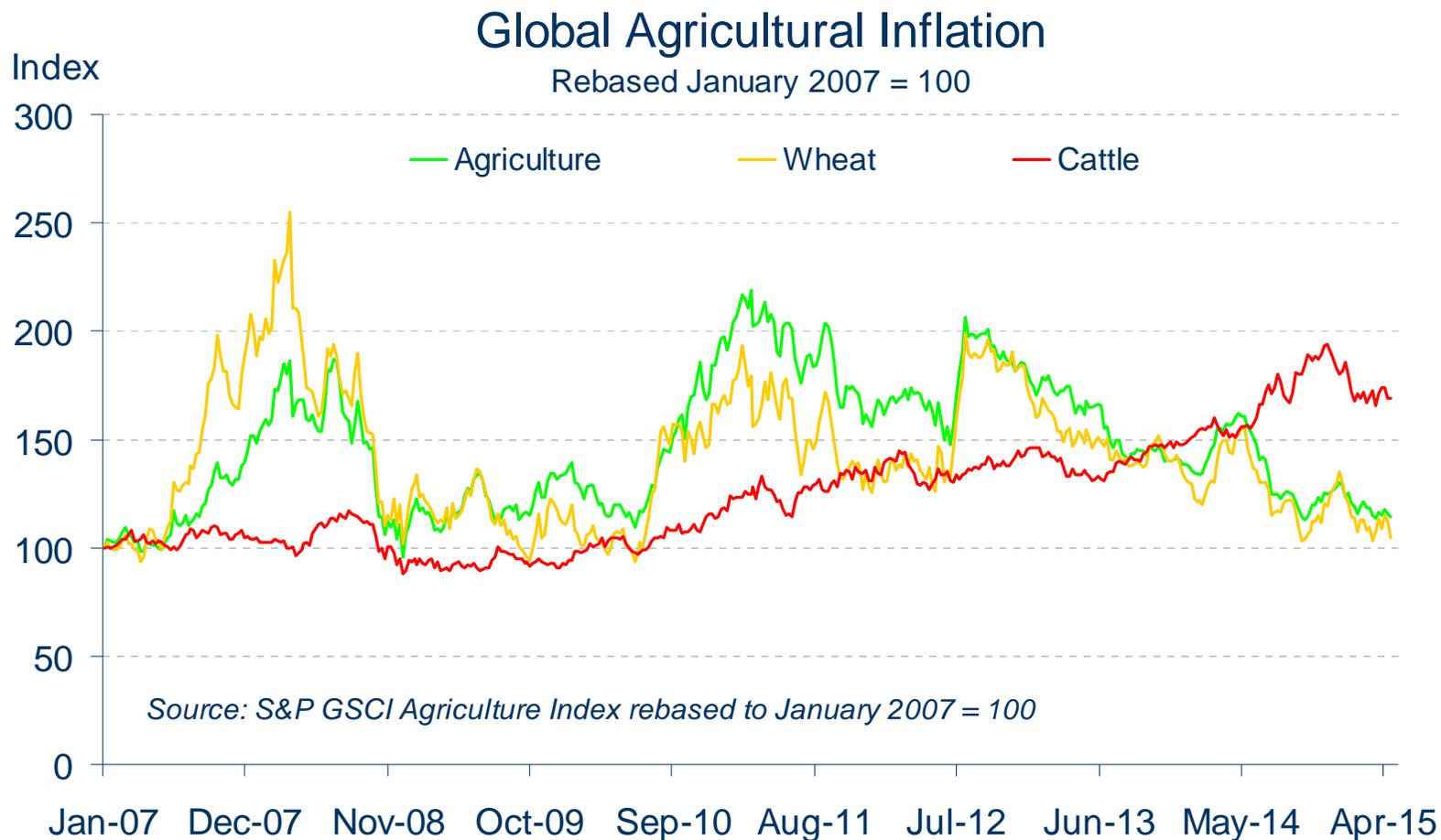
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# Wheat price is back where it was 8 years ago

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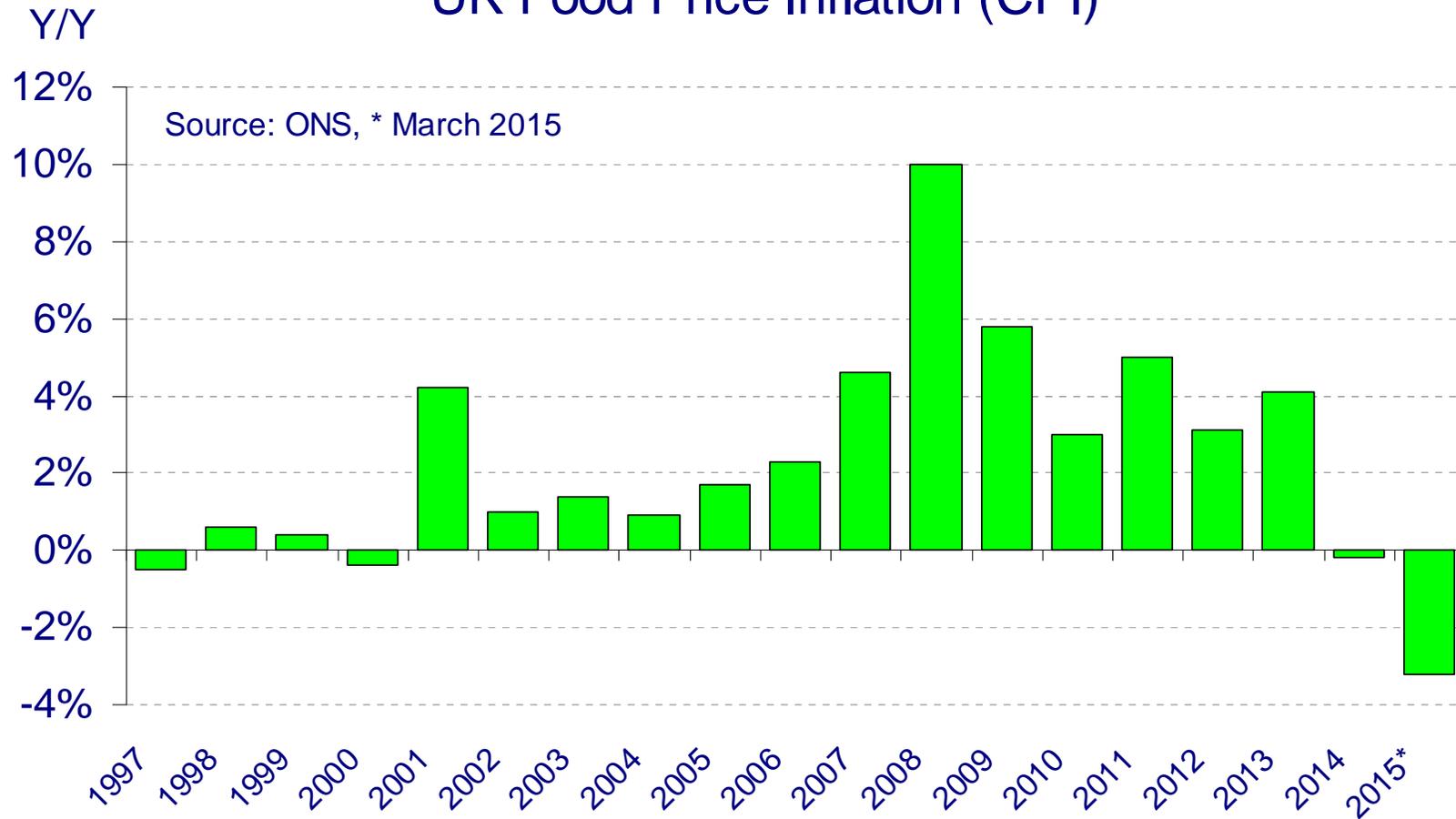


# Food prices falling at a record rate

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## UK Food Price Inflation (CPI)



# Ulster Fry Inflation hits a 3-year low

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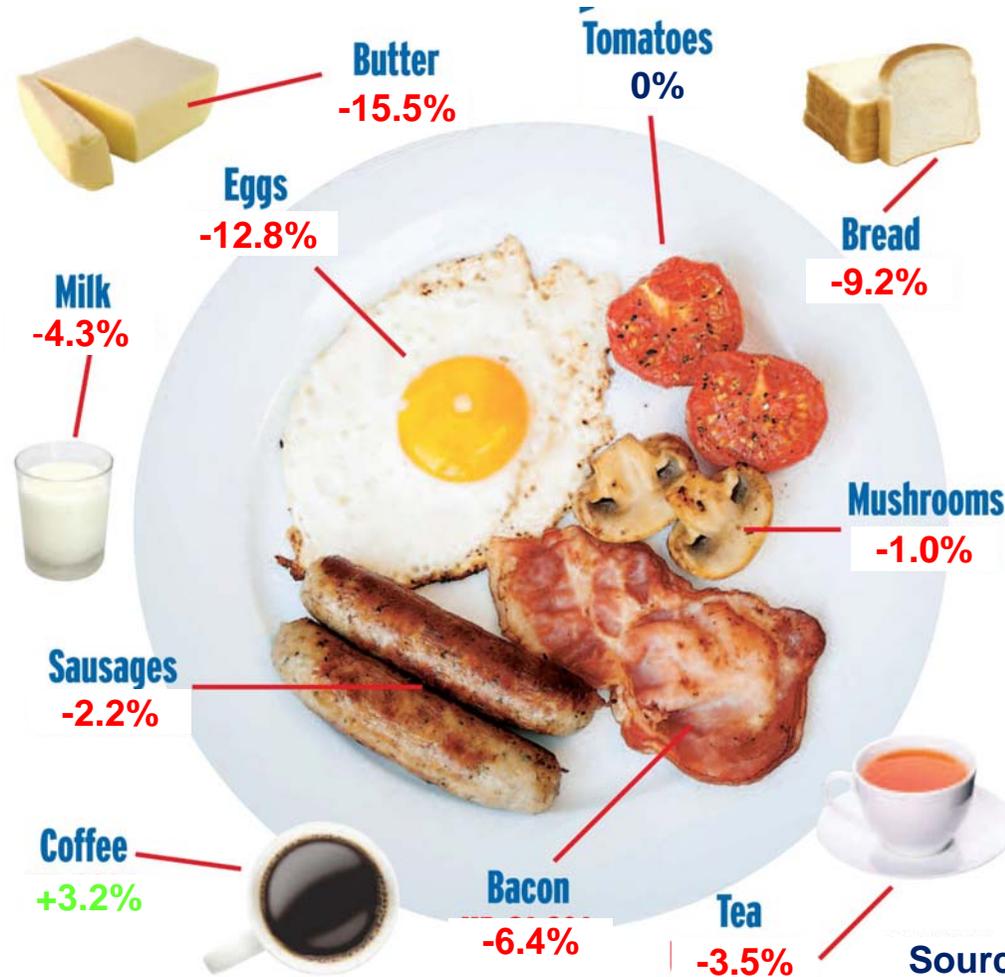
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**ULSTER FRY DEFLATION**  
**-3.1% y/y**

# Ulster Fry Inflation hits a 3-year low

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Source: ONS & UB Calculations

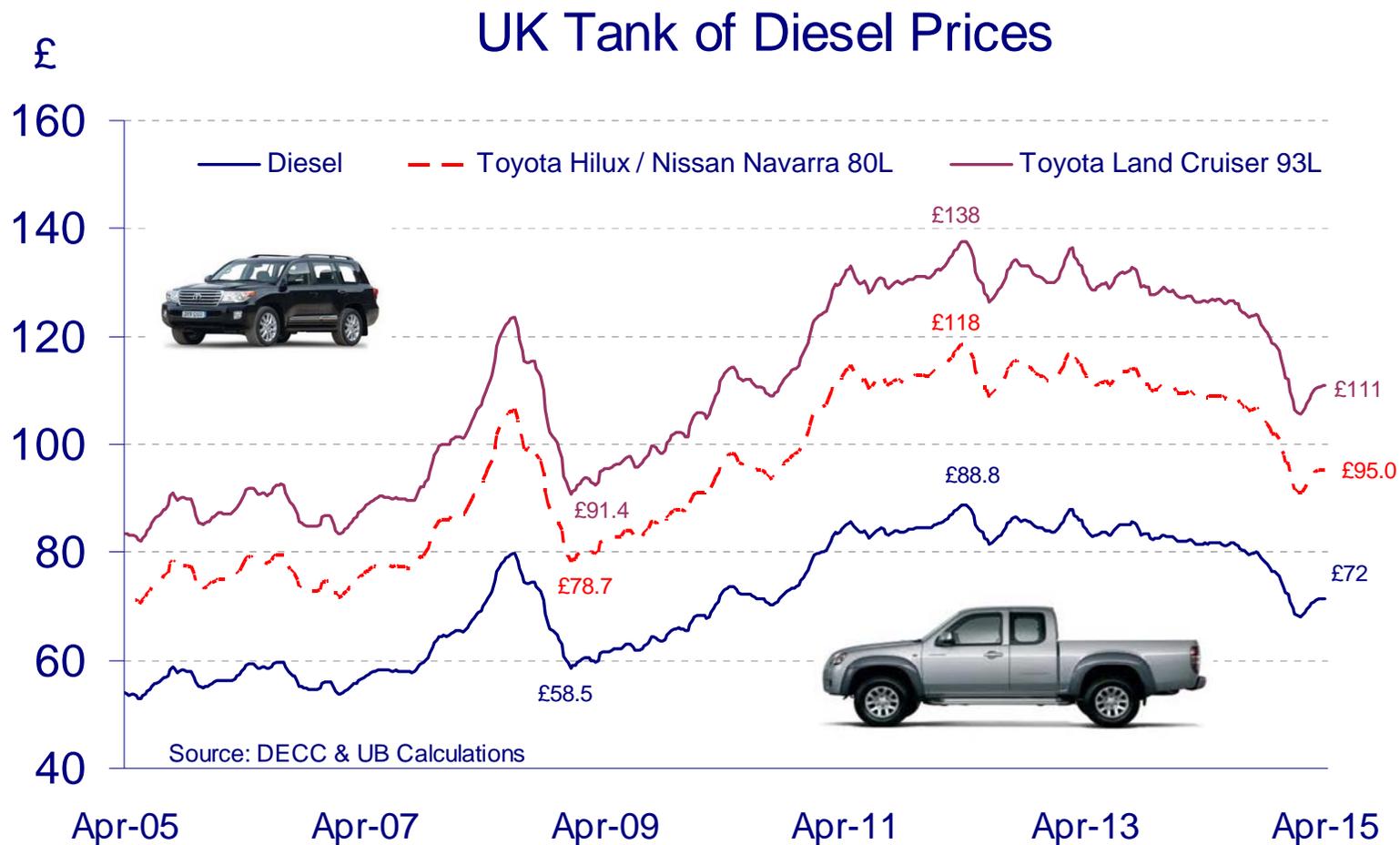
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Health Warning: An Ulster Fry should be eaten in moderation

# 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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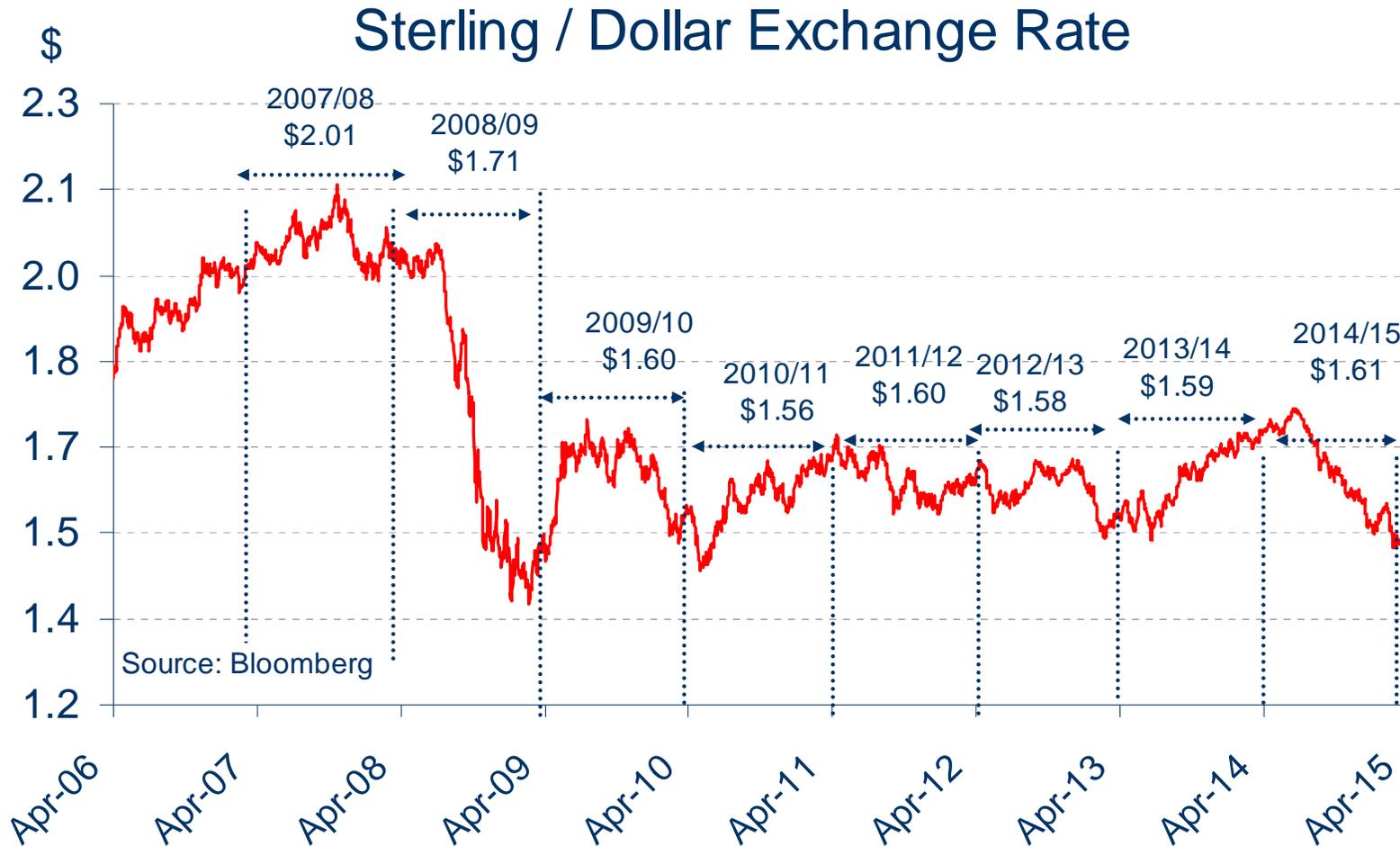
## Sterling Effective Exchange Rate (Trade Weighted Index)



# UK exports to the US becoming more price competitive

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# But Eurozone & the RoI even more price competitive!

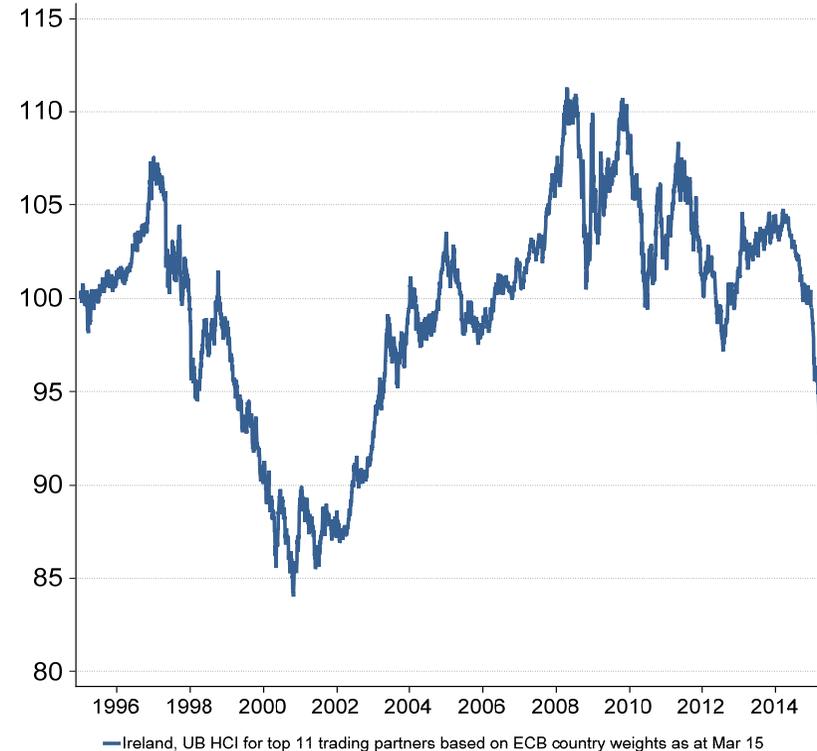
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### EURUSD Exchange Rate (US dollars per Euro)



### Ireland, Trade-Weighted Exchange Rate

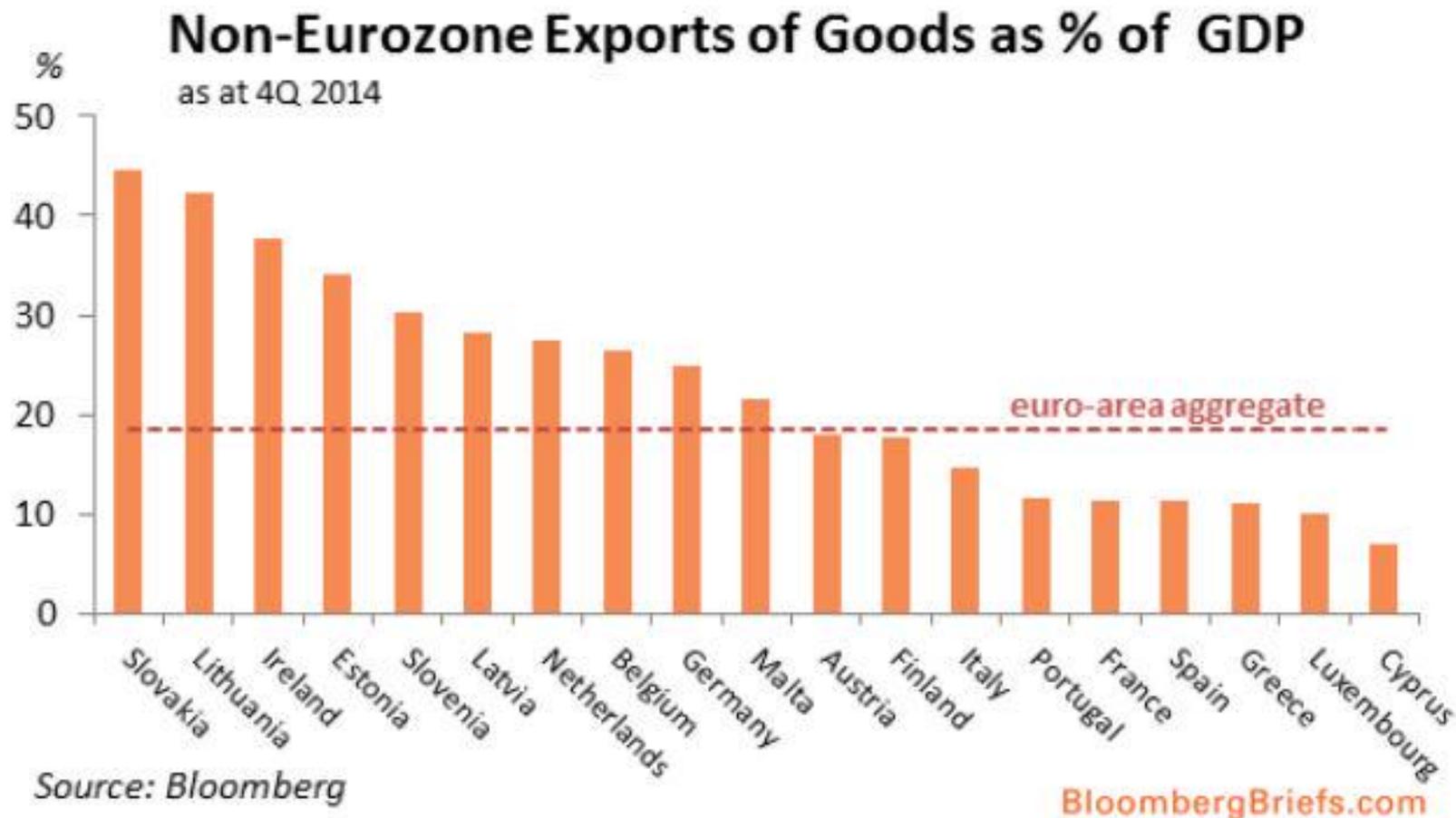


Source: Macrobond

# Beneficiaries from a weak €uro

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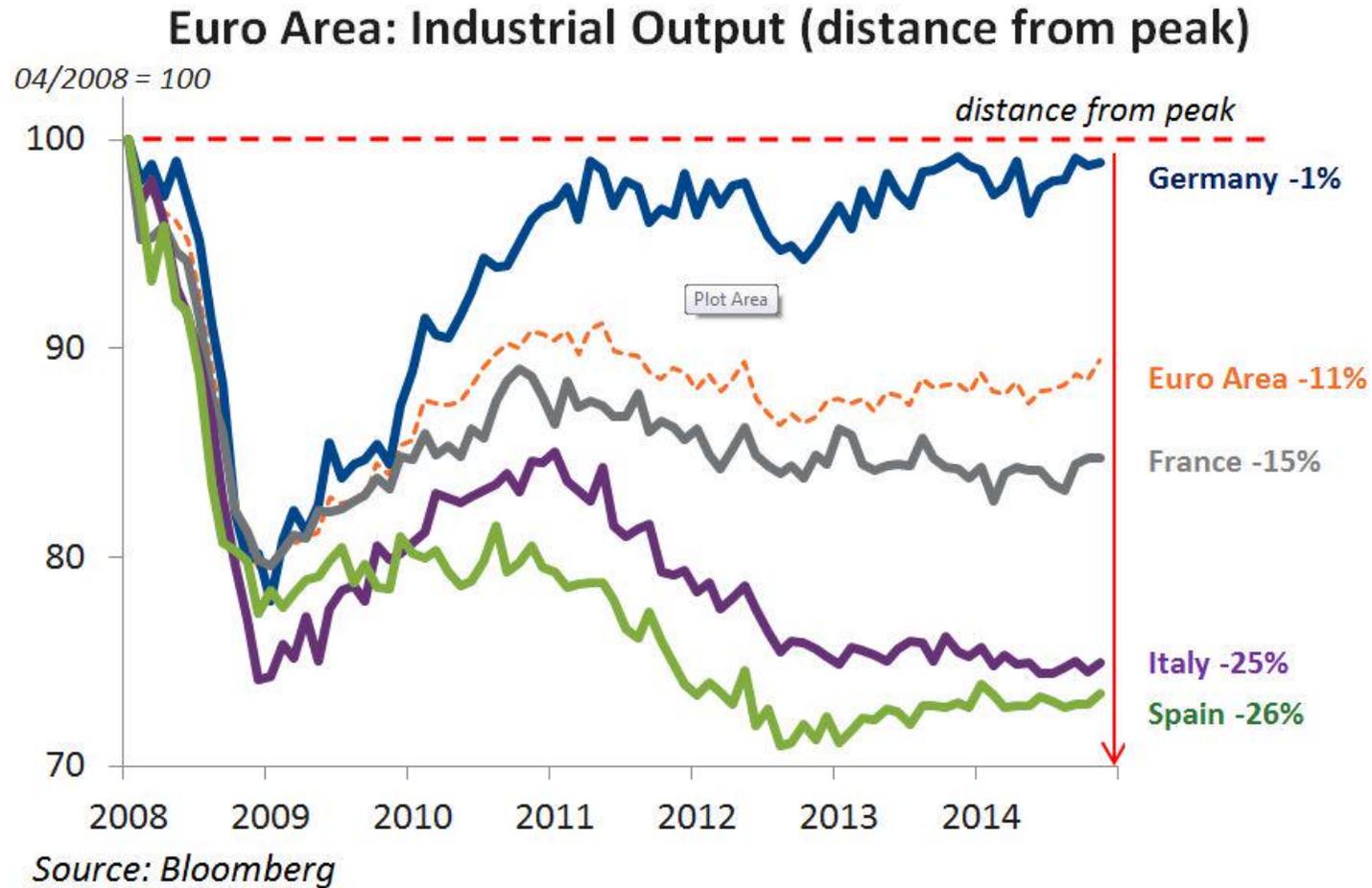
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# Show me the recovery

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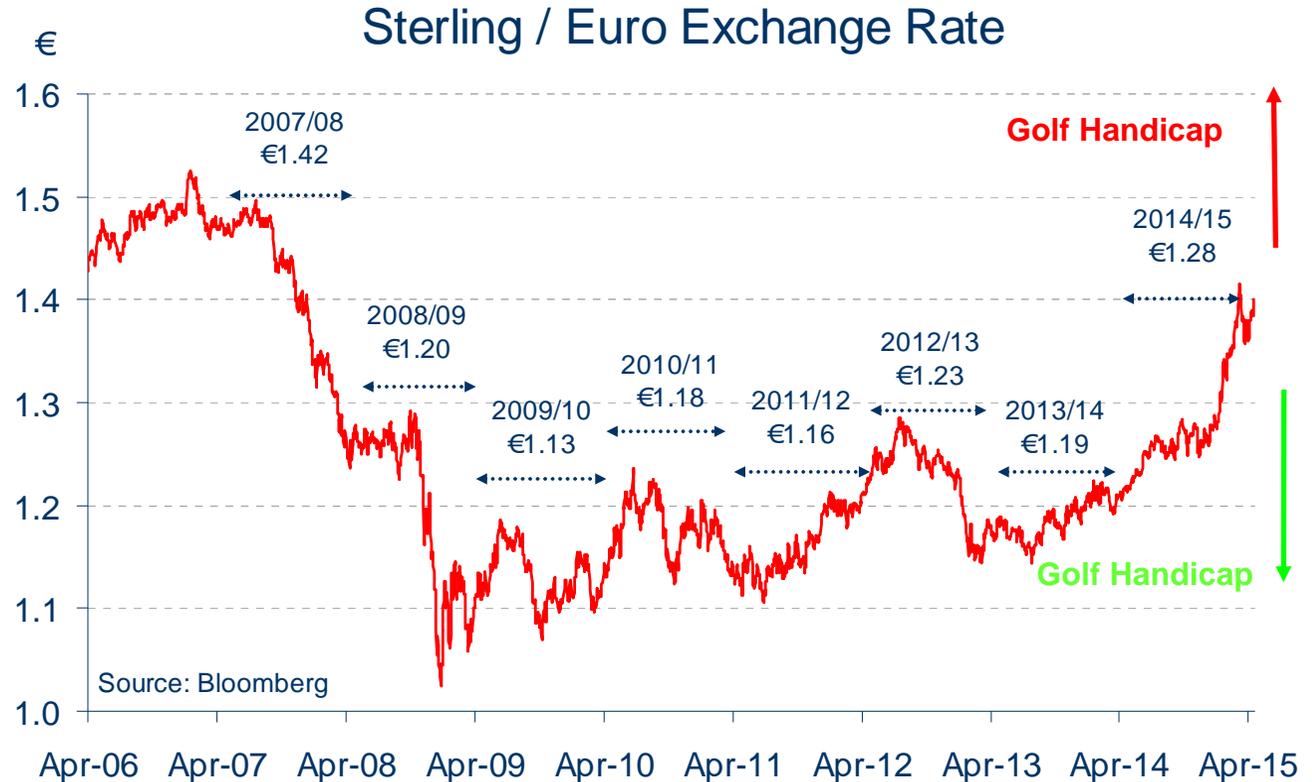
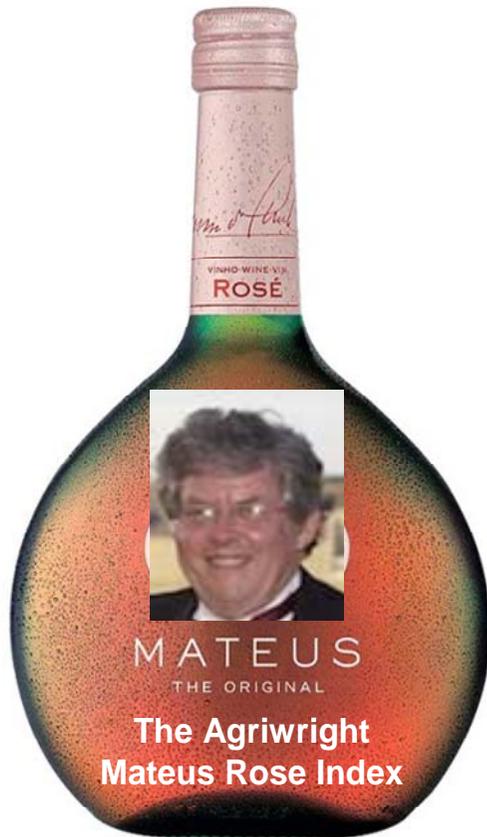
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# Sterling recently hit a 7-year high versus the euro

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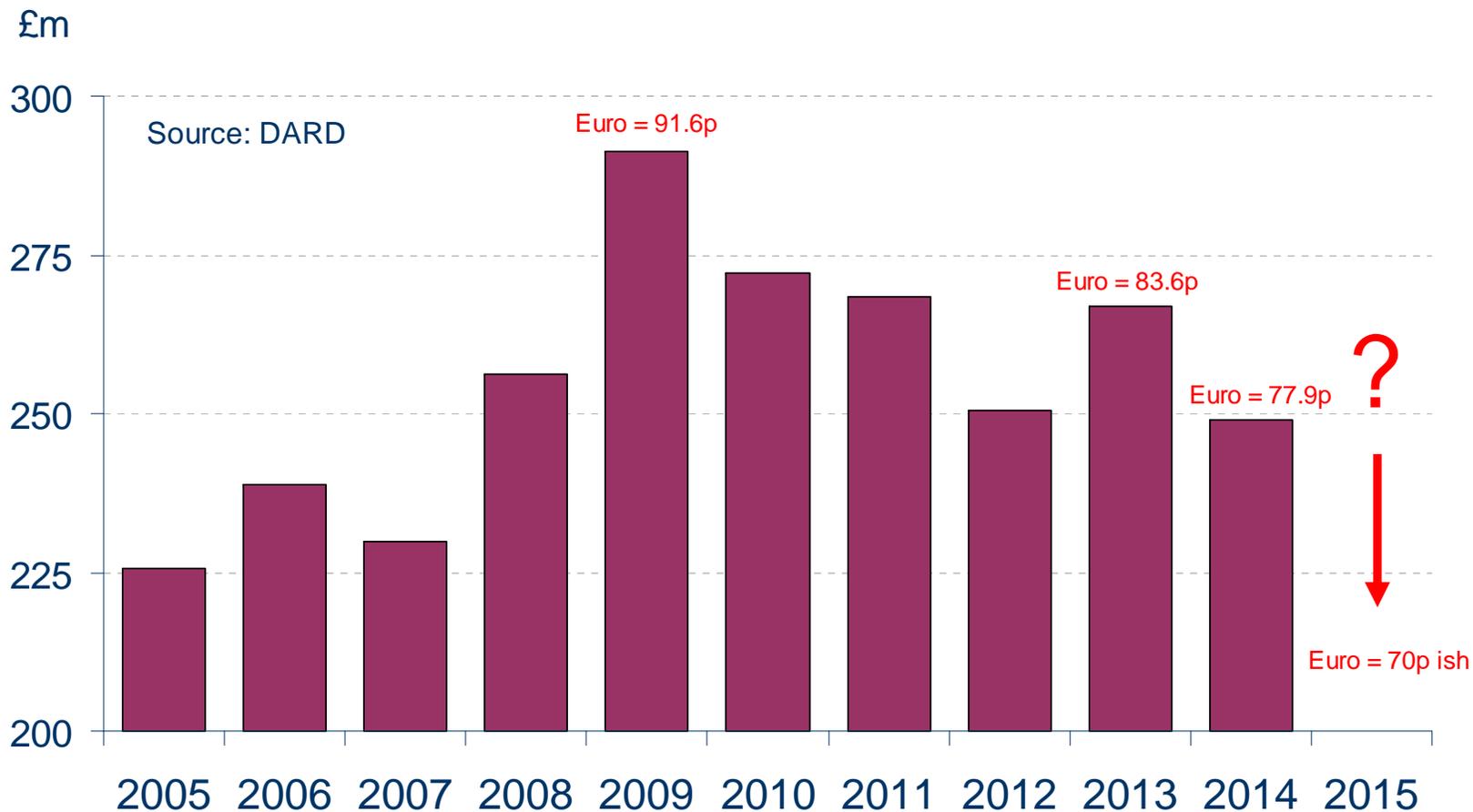


# SFP in 2015 likely to be lowest amount in > than a decade

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## Single Farm Payments to NI Farmers

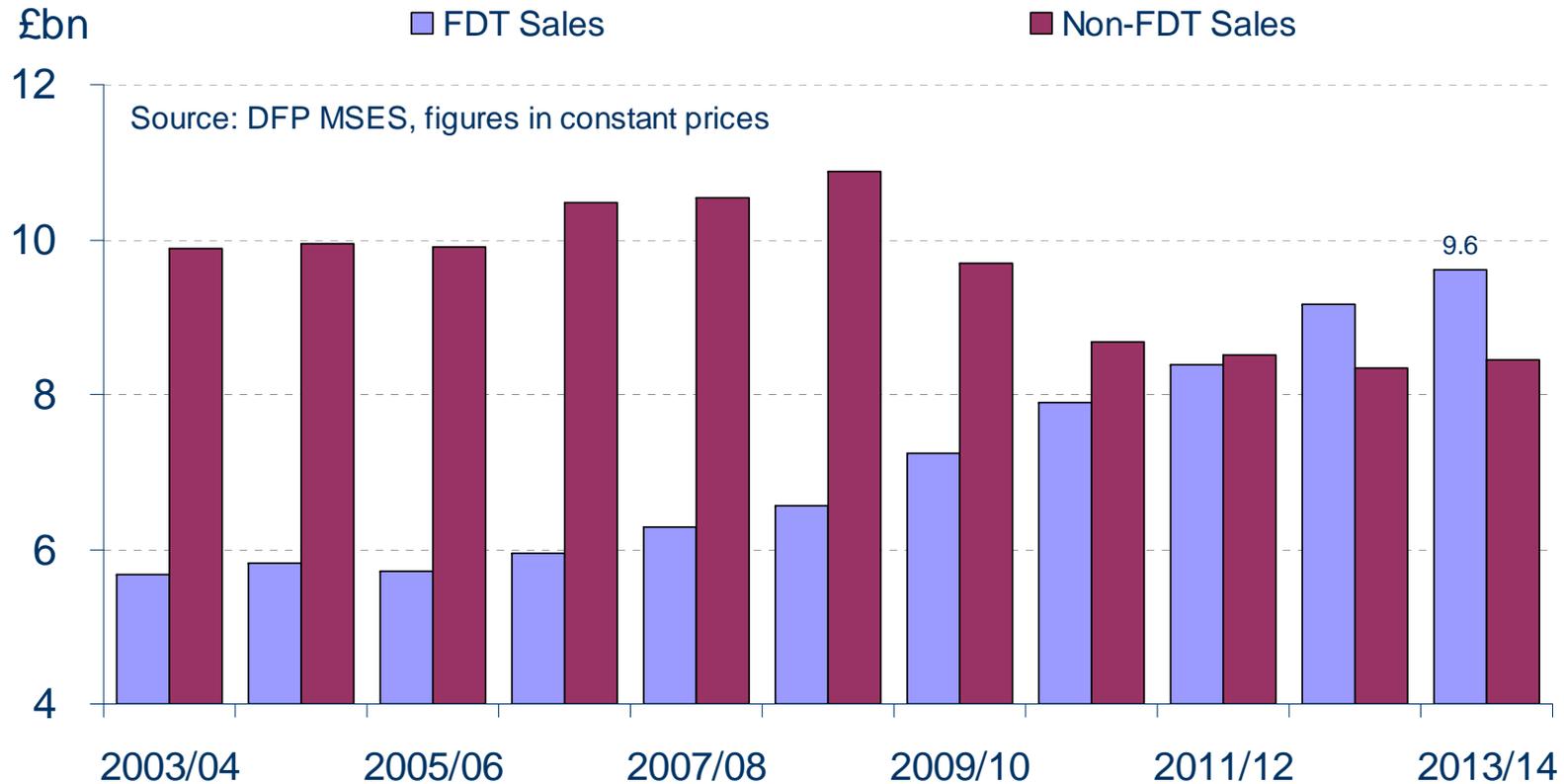


# Food, Drink & Tobacco sector has outperformed other sectors

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## Northern Ireland's Manufacturing Sales

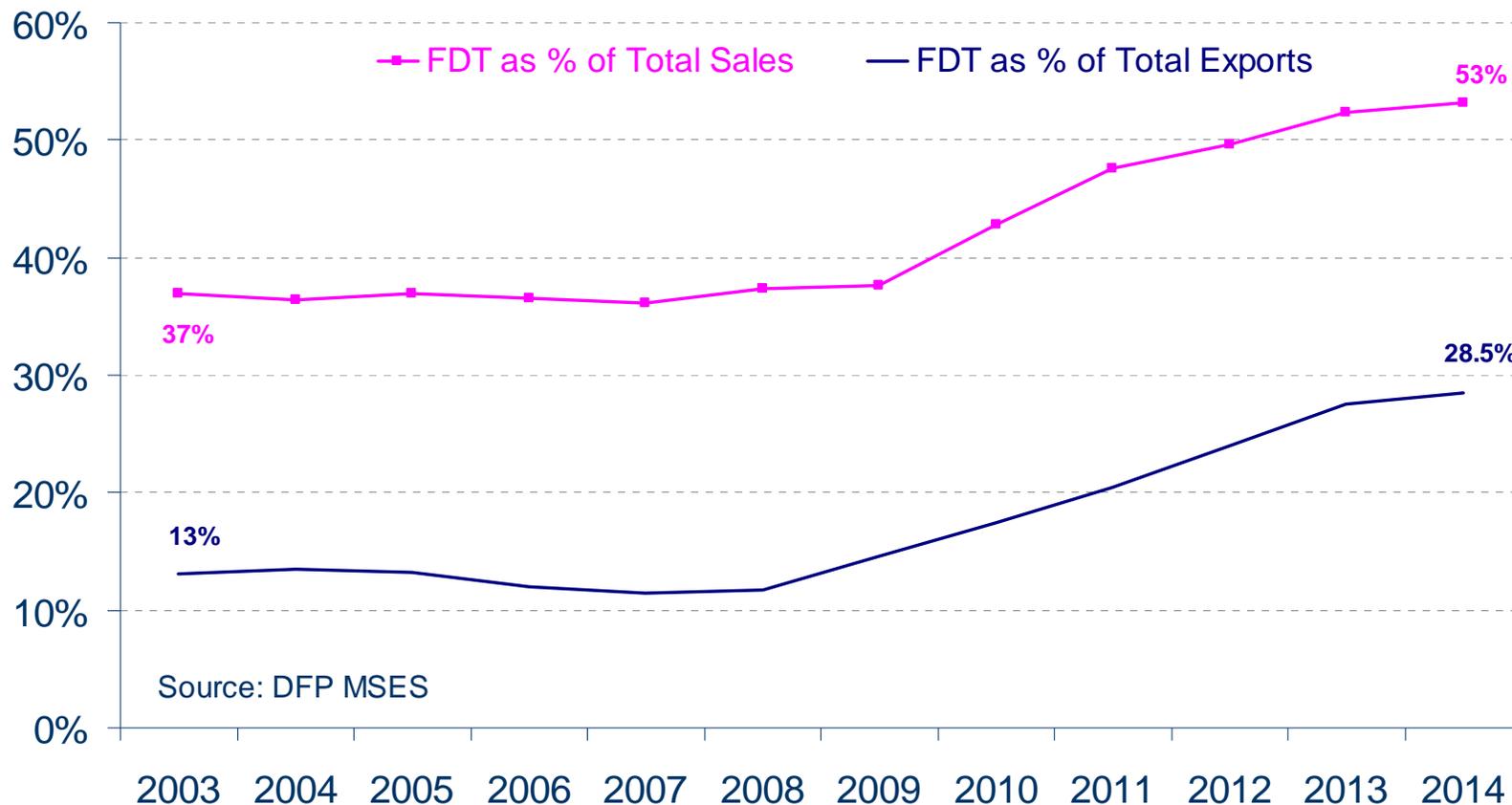


# Exchange rate + Decline in Non-FDT sales => FDT share

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## FDT's Share of NI Manufacturing Sales Within Markets

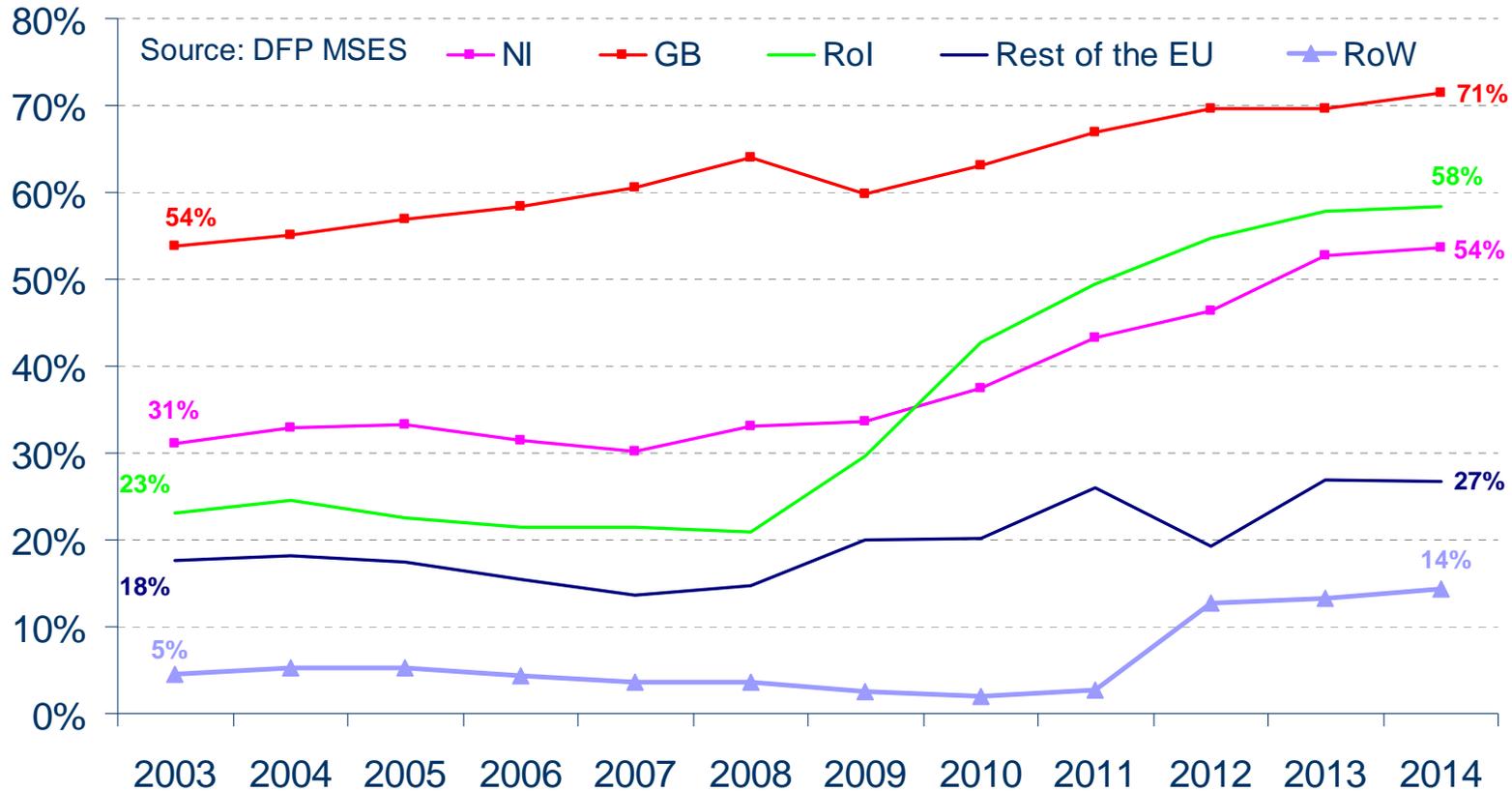


# FDT has increased its share of NI sales across all markets

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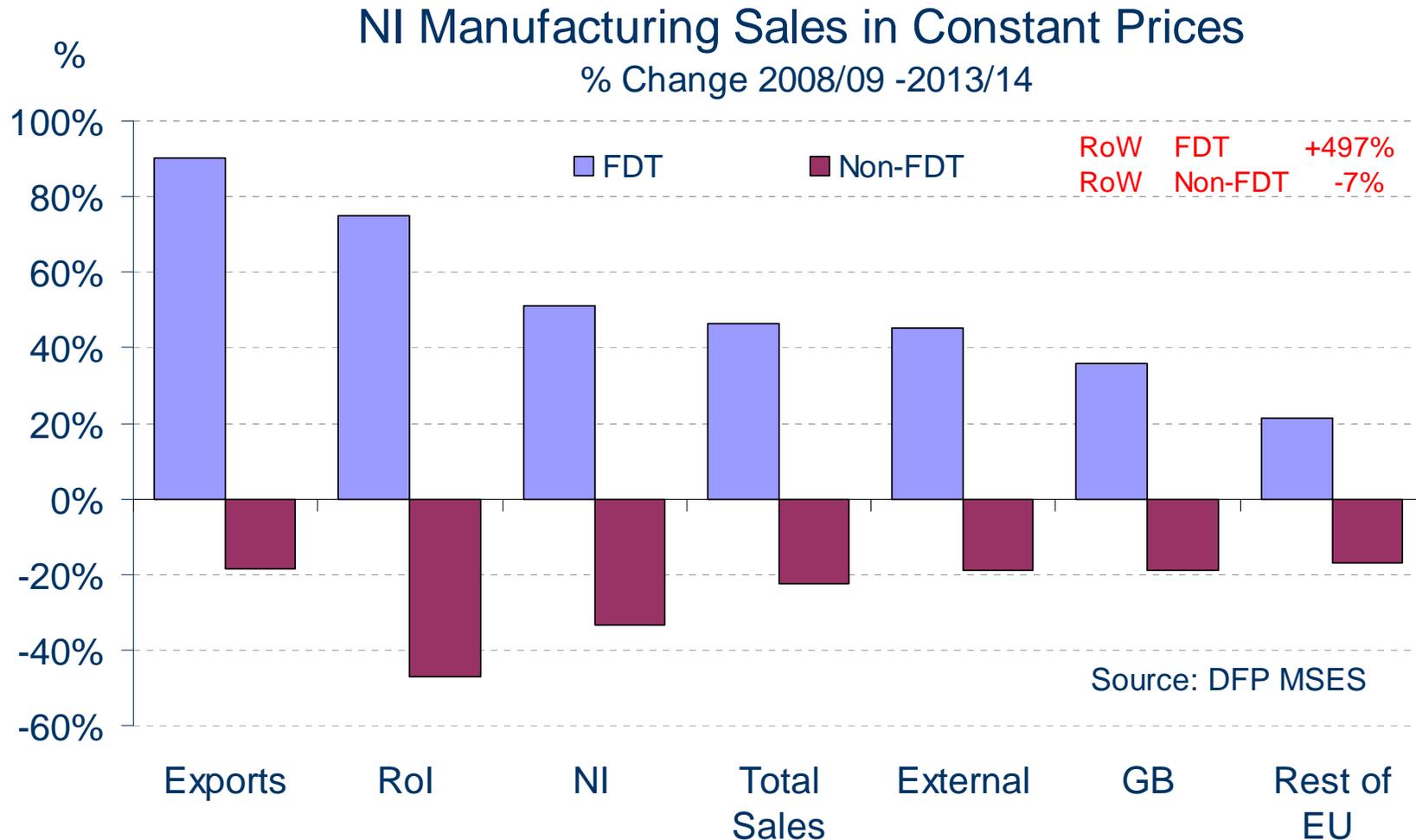
## FDT's Share of NI Manufacturing Sales Within Markets



# 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* 18<sup>th</sup> April 2015

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Slide 30

# Plenty of scope for political surprises in 2015

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Brexit

€urozone  
Crisis



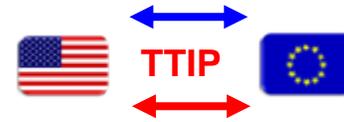
Inflation & Interest  
Rates



# Outlook positive notwithstanding risks & challenges

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CAP Reform



Strong Demand



€urozone  
Crisis

Brexit

Inflation & Interest Rates

 RBS

## CONTACT DETAILS

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