



## Quarterly Bulletin 1 2025 – Irish Economic Outlook

This is a transcript of text in the video titled “Quarterly Bulletin 1 2025 – Irish Economic Outlook, featuring Robert Kelly, Director of Economics & Statistics, Central Bank of Ireland.

### **What is the outlook for the Irish economy?**

The Irish economy has, for the most part, continued to perform well.

Inflation has reduced to below two per cent, and the economy continues to operate at full employment. In fact, this is the longest period on-record where unemployment has remained below five per cent.

However, uncertainty – arising from the signalled changes to EU-US trading relationships – could cause households to delay large purchases, and businesses to defer investment.

This isn't just a local issue – it's a global one, affecting trade and demand for our exports worldwide.

Therefore, we have revised our domestic growth outlook down from 3.2 to 2.7 per cent for this year.

### **What do global policy changes mean for Ireland?**

As a small open economy, Ireland is particularly vulnerable to a deterioration in EU-US trading and investment relationships. While tit-for-tat tariffs will undoubtedly have a damaging impact on economic growth, changes to wider tax and industrial policy could sharply dis-incentivise investment and activity in Ireland.

This underscores the need to grow both physical capital – to support domestic and international business investment – and human capital to harness the productivity gains of digitisation and AI.

While government spending will play an important role in funding this investment, progress on the new Savings and Investment Union by the European Commission is paramount.

It will provide improved opportunities for households in Ireland – and across the EU – to increase the returns on their savings and provide businesses with a greater choice of funding sources to boost competitiveness and grow living standards.