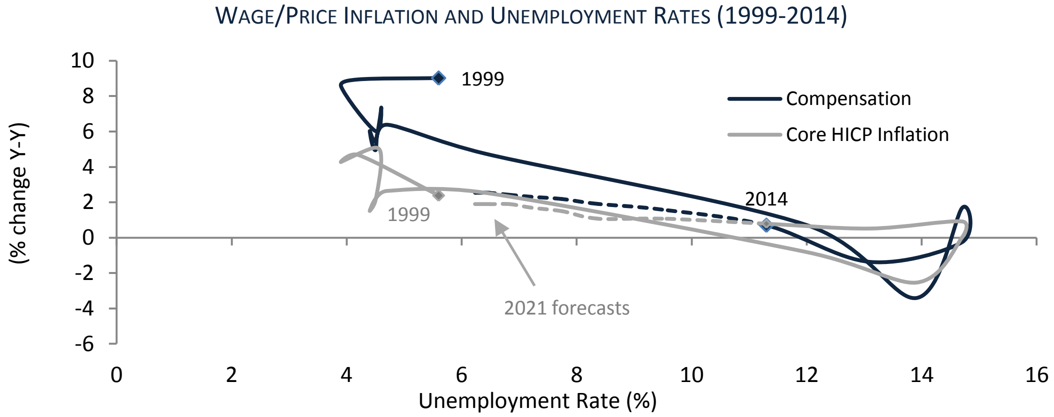
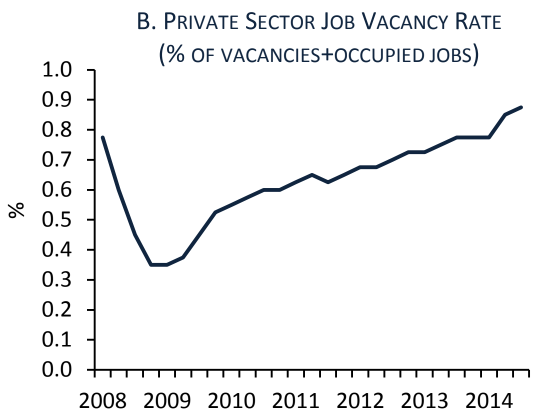
Appendix E: Summary Indicators of Economic Imbalances

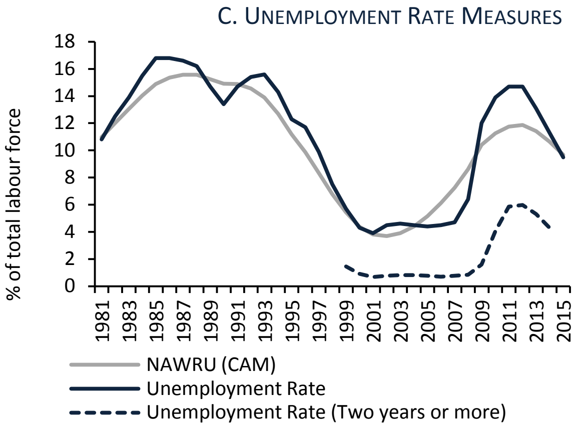
Figure E.1: Labour Market



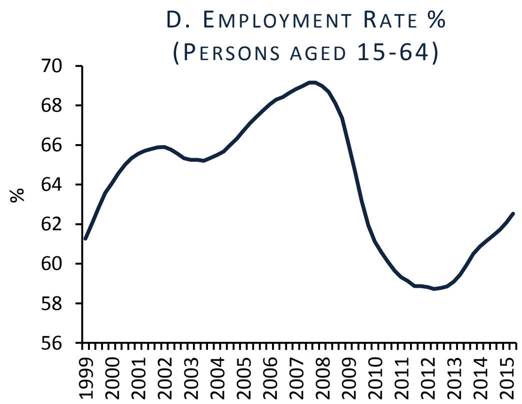
Source: CSO; Budget 2016 projections and internal IFAC calculations.
Note: NIE compensation per QNHS employee hour is used as compensation measure.



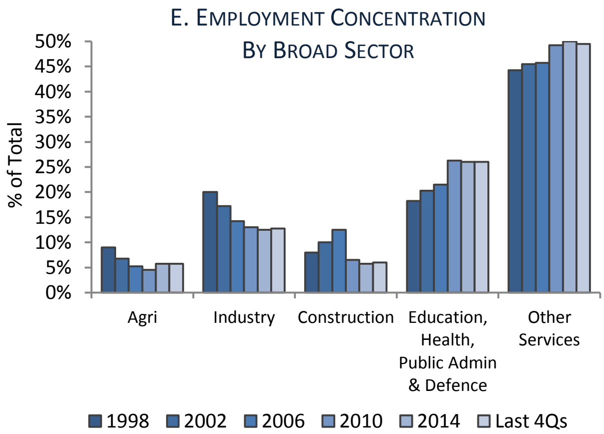
Source: CSO; internal IFAC calculations.
Note: Four quarter moving average of job vacancy rate shown.



Source: European Commission estimates (Commonly Agreed Methodology); CSO; and Eurostat.

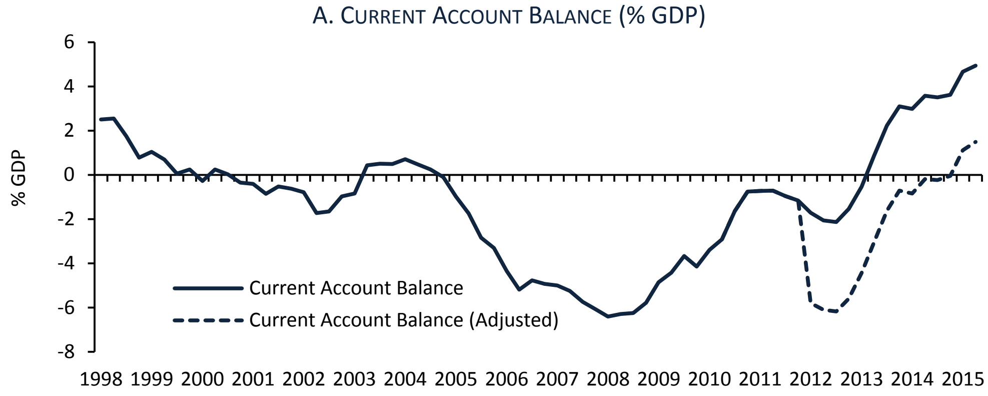


Source: CSO; internal IFAC calculations.
Note: Four quarter moving average shown.

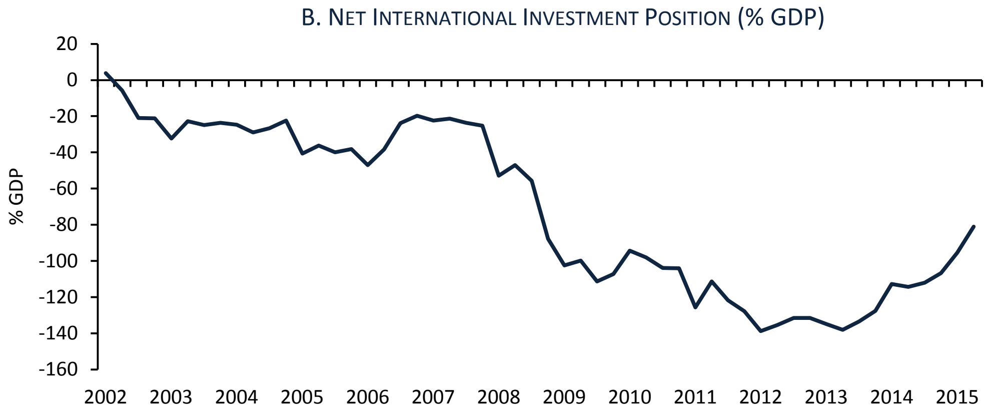


Source: CSO; internal IFAC calculations.

FIGURE E.2: EXTERNAL BALANCES

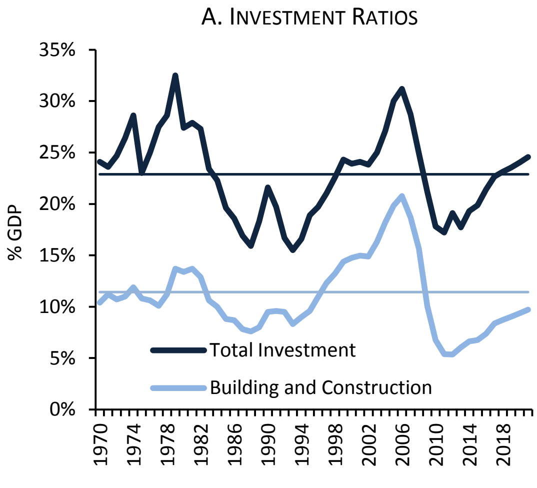


Source: CSO; internal IFAC calculations.
Note: Adjusted measure excludes estimated impact of redomiciled PLCs.

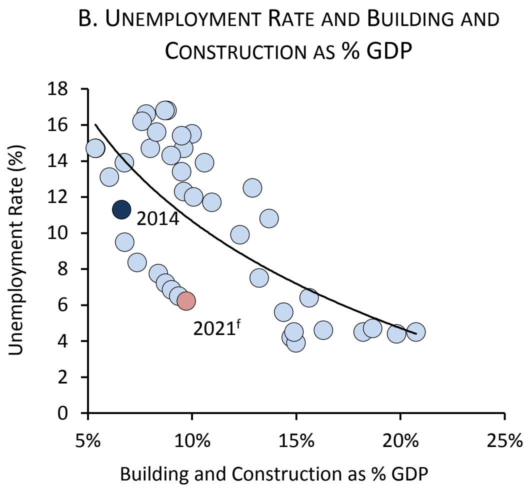


Source: Eurostat.

FIGURE E.3: INVESTMENT INDICATORS



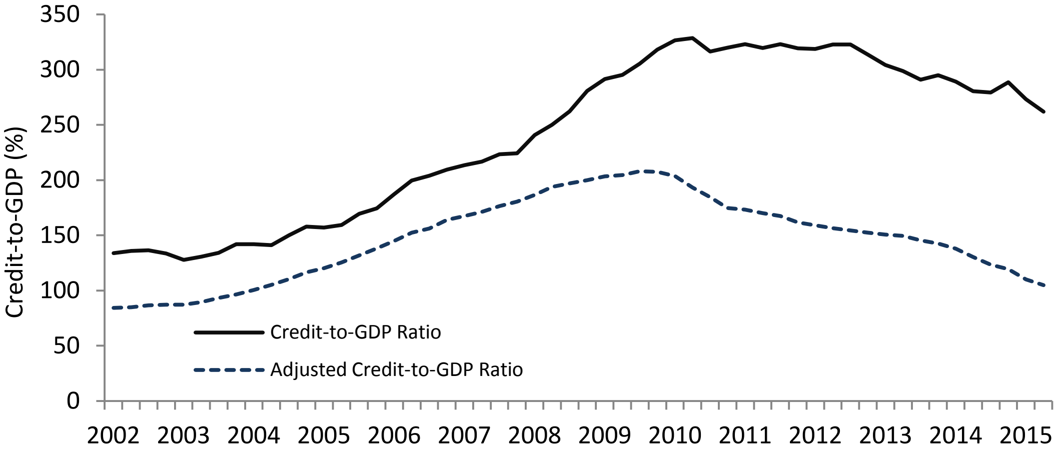
Sources: CSO; AMECO; Department of Finance.
Notes: Horizontal lines = historical avg (1970-2014).



Source: CSO; Department of Finance projections & internal IFAC calculations.

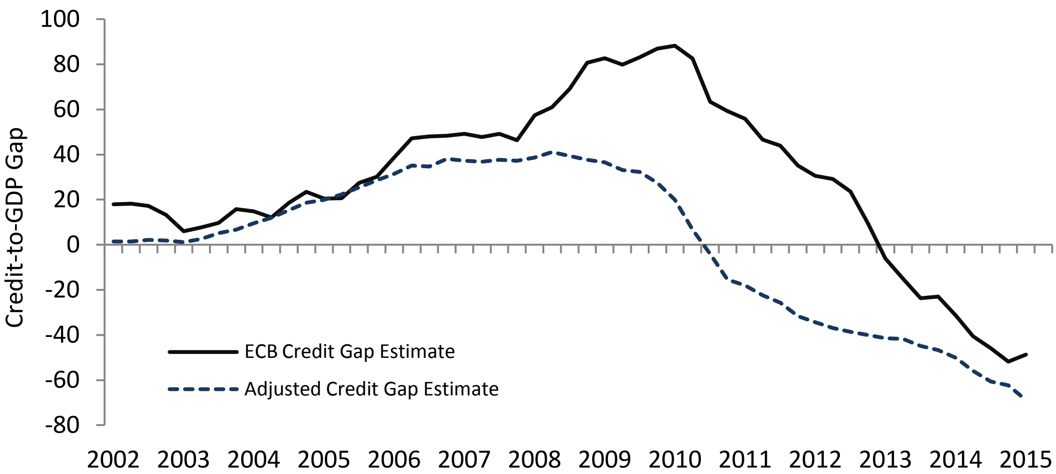
FIGURE E.4: ADDITIONAL CREDIT INDICATORS

A. PRIVATE SECTOR CREDIT-TO-GDP RATIOS



Sources: Central Bank of Ireland; CSO; internal IFAC calculations.
Note: The adjusted credit-to-gap ratio is constructed as Irish resident private sector enterprise credit (ex financial intermediation) plus total loan liabilities of Irish households. It is intended to adjust for the impact of multinational non-financial corporations on the aggregate ratio given that associated credit is often sourced outside of Ireland (for a similar approach, see Box 6: Macro-Financial Review 2015:I, Central Bank of Ireland). The ratio is calculated following a similar methodology to that in ESRB recommendation (18 June 2014) on guidance for setting countercyclical buffer rates (ESRB/2014/1). This specifies a credit ratio as: ($CREDIT_t$ / (GDP_t + GDP_{t-1} + GDP_{t-2} + GDP_{t-3})) × 100%.

B. PRIVATE SECTOR CREDIT-TO-GDP GAPS



Sources: Central Bank of Ireland; CSO; ECB; internal IFAC calculations.
Note: The adjusted credit gap is calculated following a similar methodology to that in ESRB recommendation (18 June 2014) on guidance for setting countercyclical buffer rates (ESRB/2014/1). For the underlying trend credit ratio, a recursive Hodrick-Prescott filtered trend ratio is specified, with smoothing parameter lambda = 400,000 to capture the long-term trend in the behaviour of the credit-to-GDP ratio. The credit-to-GDP gap is given by: $GAP_t = RATIO_t - TREND_t$.