

30 September 2021

Dear Secretary General Hogan,

The Council has a statutory obligation to endorse, as appropriate, the macroeconomic forecasts prepared by the Department of Finance on which Budget 2022 will be based.¹

The Council received the Department's forecasts on 17 September 2021 and discussed these forecasts with Department of Finance staff on 24 September 2021, ahead of the Council's endorsement meeting.

The Council's endorsement approach has three elements:

- 1) comparing the Department's macroeconomic forecasts with the Council's Benchmark projections and with forecasts from other bodies;
- 2) considering the methodologies used to produce the forecasts; and
- 3) reviewing the Department's past forecast errors for evidence of systematic bias.

The Irish Fiscal Advisory Council endorses as within the range of appropriate forecasts the set of macroeconomic projections prepared by the Department of Finance for Budget 2022 covering the years 2021 and 2022.

The Council is satisfied that the forecasts are within an endorsable range, taking into account the methodologies used and the plausibility of the judgements made.

The Council will discuss the endorsement process and assess the macroeconomic projections in its forthcoming Fiscal Assessment Report, due in November 2021.

Yours sincerely,



Sebastian Barnes, Chairperson.

¹ The Fiscal Responsibility Act 2012, as amended by the Ministers and Secretaries (Amendment) Act 2013, states that: "The Fiscal Council shall— (a) endorse, as it considers appropriate, the macroeconomic forecasts prepared by the Department of Finance on which the Budget and stability programme will be based".