

6 April 2023

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 the Stability Programme Update (SPU) 2023 will be based.¹

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 Council discussed the Department's forecasts at its endorsement meeting on 31st March 2023.

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 SPU 2023 covering the years 2023 to 2030.

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. This endorsement comes as the outlook for the international economy faces many risks, including from adverse financial sector developments. The Irish economy, by contrast, faces ongoing risks related to capacity constraints, including from a tight labour market.

The Department's forecasts extend to 2030. This is a much longer horizon than has been the case in previous forecast rounds. Having called for a greater medium-term focus in both the Government's macroeconomic and fiscal orientation, the Council welcomes this development. Longer-term forecast horizons should promote a better understanding of the medium-term trajectory of the economy and of potential economic imbalances.

The Council will discuss the endorsement process and assess the macroeconomic projections in its forthcoming Fiscal Assessment Report, due in May 2023.

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".