

# **SPRING 2026**

**Endorsement of  
macroeconomic forecasts**

March 2026

## Background

The Fiscal Council has a mandate to endorse the official macroeconomic forecasts produced by the Department of Finance.<sup>1</sup>

To set out how each endorsement process is carried out, the Council and the Department of Finance have agreed a Memorandum of Understanding.<sup>2</sup>

This document gives an overview of some of the key aspects and discussions that took place during the latest endorsement process.

## This exercise

The Council's most recent endorsement exercise related to the Department of Finance's macroeconomic forecasts for the Annual Progress Report 2026. It took place in March 2026.

The Department's provisional macroeconomic forecasts were completed on the 23<sup>rd</sup> March 2026 and were shared with the Council. The Council and Secretariat then met with Department staff to discuss its forecasts on 25<sup>th</sup> March ahead of making its endorsement decision.

The key dates underpinning the Council's endorsement of the Department of Finance's macroeconomic projections for the 2026 Annual Progress Report are set out in Appendix 1.

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<sup>1</sup> This follows the agreement at European level on the Regulation on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area (EU Regulation No 473/2013), Ireland is required under Article 4.4 to have its national medium-term fiscal plans and draft budgets based on independent macroeconomic forecasts, which means macroeconomic forecasts produced or endorsed by an independent body. In Ireland's case, this endorsement function is set out in the Fiscal Responsibility Acts 2012 and 2013 that entered into force on 23 July 2013. Under the Act, the Council as an independent body (as defined in Article 2.1.a of Regulation No 473/2013) has been assigned the endorsement function, and shall "endorse, as it considers appropriate, the macroeconomic forecasts prepared by the Department of Finance on which the Budget and stability programme will be based".

<sup>2</sup> This sets out the timelines, data, and nature of interactions. It is available online at: <https://www.fiscalcouncil.ie/fiscal-responsibility-act/>

## Approach

The Council's approach to endorsement has four main aspects.

- 1) The Council compares the Department's forecasts with its own Benchmark projections. These are developed and finalised before viewing the Department's forecasts. It also considers them in light of forecasts produced by other agencies.
- 2) The Council assesses the methodologies used by the Department.
- 3) The Council looks to see if there are potential patterns of bias in the Department's previous forecasts.
- 4) The Council assesses how coherent the Department's forecasts are.



## Overall endorsement decision

The Council assessed that the Department's macroeconomic forecasts were **within an endorsable range**.

This assessment took account of how plausible the Department's judgements were. The Council generally had a favourable assessment of the processes and methodologies used by the Department.

## **Key issues in this endorsement**

While these forecasts were being compiled, energy prices were increasing due to conflict in the Middle East. There was significant volatility in energy prices and expectations of future energy prices at the time of producing forecasts.

Elsewhere, investment was a key issue considered during the endorsement process. Investment in Ireland was quite strong in Ireland in 2025, despite high levels of uncertainty.

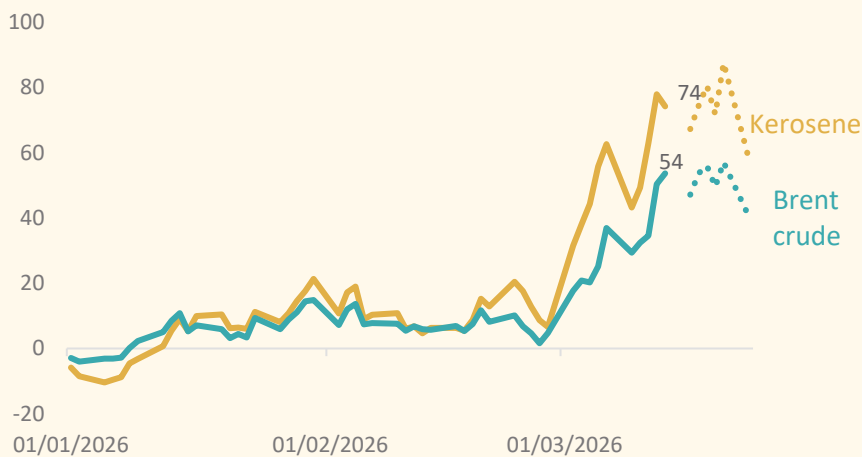
## Rising energy prices

At the time of the endorsement, energy prices were rising rapidly. How persistent this rise in prices would be was a key issue explored in this forecast round. It is worth noting that the endorsement exercise took place almost a month prior to the publication of the Annual Progress Report.

An important topic of discussion was the differential rise in the price of refined oil products (kerosene and diesel) relative to the increase in Brent crude prices, and how this fed into the Department's forecasts.

### Nº 1 Refined oil products saw larger increases than Brent crude

% change relative to 30 days prior



Source: Macrobond.

Notes: Dashed lines indicate data after the Department's 13 March cut off for futures prices.

The Council welcomes that the Department examined inflation using both bottom-up and top-down approaches. The bottom-up approach consisted of forecasting individual components of the overall basket of goods and services. The top-down approach used existing modelling work on the impact of energy price increases on Irish inflation.

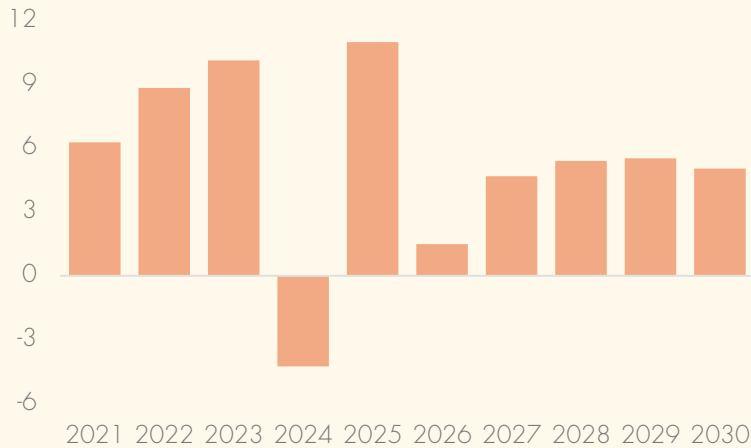
The impact of higher energy prices on economic activity was also considered. Again there is large uncertainty over this impact. Consumer spending (in volume terms) is likely to experience slower growth as households face higher prices. If the war in the Middle East were to disrupt trade, that could have a significant impact on Ireland, given the open nature of the Irish economy.

## Investment

Another key issue in this endorsement round was investment. Last year, uncertainty around tariffs and the global trading environment was expected to subdue investment. Data for 2025 suggests that modified investment rose by almost 11%, in real terms.

### Modified investment grew strongly in 2025

Modified investment growth, real, year-on-year



Source: CSO and Department of Finance forecasts.

Notes: Modified investment excludes aircraft for leasing, research and development service imports and trade in intellectual property.

Some of this increase was driven by a small number of very large investments which may or may not be repeated in 2026. This includes a significant increase in investment in machinery and equipment. This appears to be related to upgrading existing data centres.

The Department of Finance assumed that these large investments are not repeated in 2026. This contributes to a projected slowdown in investment growth in 2026, which is forecast to pick up thereafter.

Naturally, such judgements are not straightforward. As demand for artificial intelligence grows, Ireland may see significant further investment in expanding and upgrading data centres. In addition, the effective moratorium on building new data centres in the greater Dublin region was lifted late last year.

## The forecast horizon

Another issue which arose during this forecast round was the forecast horizon covered by the Department of Finance forecasts. In previous forecast rounds, the Department of Finance had produced five-year-ahead forecasts. On this occasion, the forecasts only went out four years ahead (2030).

The Council believes that forecasts of the Irish economy should go at least five years ahead and preferably longer, such as to the middle of the 2030s, for all components of demand. This would enable better medium-term planning and more appropriate fiscal policy.

# Appendix A: Timeline

## Timeline for the Endorsement

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5 March	The CSO released its Quarterly National Accounts estimates for Q4 2025.
9 March	The Council's Secretariat and the Department's macroeconomics team met with the CSO to clarify technical details related to its latest Quarterly National Accounts estimates.
16 March	The Council finalised its benchmark projections
16 March	The Department sent the Council preliminary forecasts in line with Memorandum of Understanding requirements.
19 March	The Department presented its preliminary forecasts to the Council's Secretariat.
23 March	The Department sent an updated set of forecasts.
25 March	The Department of Finance presented its forecasts to the Council and Secretariat and answered questions. After the meeting, the Council discussed its endorsement decision.
25 March	The Council finalised a decision on the endorsement. The Chairperson of the Council wrote a letter to the Secretary General of the Department of Finance endorsing the set of macroeconomic forecasts.
21 April	The Annual Progress Report was published. This contained the endorsed set of macroeconomic forecasts.

## Appendix B: Benchmark projections

The Council's Benchmark projections were an input to its endorsement exercise. These were finalised on Monday 16<sup>th</sup> March prior to receiving the Department of Finance's preliminary forecasts.

### Benchmark projections

% change in volumes unless otherwise stated

	2025	2026	2027	2028	2029	2030	2031
<b>Demand</b>							
GNI*	4.4	3.7	3.3	2.8	2.5	2.3	2.2
Modified domestic demand <sup>a</sup>	4.9	3.4	3.4	3.2	3.1	2.9	2.8
Consumption	2.9	2.6	2.5	2.3	2.2	2.1	1.9
Modified investment <sup>a</sup>	10.9	5.8	6.0	6.1	5.5	5.3	5.2
<b>Supply</b>							
Potential output	4.3	3.8	3.3	3.1	2.7	2.6	2.3
Output gap (% potential output)	0.5	0.6	0.4	0.3	0.2	0.2	0.2
<b>Labour Market</b>							
Labour force	2.6	1.8	1.7	1.4	1.3	1.3	1.2
Employment	2.2	1.9	1.6	1.4	1.4	1.3	1.2
Unemployment rate (% labour force)	4.6	4.6	4.6	4.6	4.6	4.6	4.6
<b>Prices</b>							
HICP	2.1	3.8	2.9	2.5	2.2	2.2	2.3
HICP excluding energy	2.3	2.9	2.6	2.2	2.0	1.9	1.9
Personal consumption deflator	1.7	4.0	3.2	2.8	2.5	2.6	2.7
GNI* deflator	1.4	2.7	2.6	2.3	2.1	2.1	2.2
<b>Other</b>							
Nominal GNI*	5.9	6.5	6.0	5.1	4.6	4.5	4.4
Nominal GNI* (€ billion)	340.0	362.2	383.8	403.3	421.9	440.8	460.1
Savings ratio	14.0	13.0	12.8	12.5	12.5	12.5	12.5

<sup>a</sup> Modified (final) domestic demand and modified investment exclude aircraft for leasing and research and development service imports and trade in intellectual property.