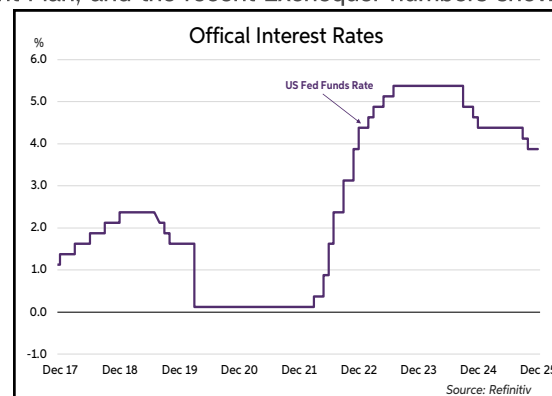


Bonfire of the Vanities

- **While the much-anticipated “Accelerating Infrastructure” report has been criticised in some quarters as a bonfire of vital regulations**, the context for the action plan is one of near-stasis in our collective ability to build infrastructure in recent years. With the status quo barely delivering for the economy or society at present, a plan to remedy this is to be welcomed. To be clear, Ireland has a laudable track record of delivering infrastructure to a high standard, with recent successful projects - such as Dublin Airport’s second runway or Luas - often not getting the deserved attention, especially when compared to other projects which have arrived late and over budget.
- **The rapid expansion of the domestic economy (up 30% since 2019) and population (+500k since 2019) in recent years has put enormous strain on basic infrastructure** for housing, energy and transport, while the timelines for delivering that infrastructure have become increasingly elongated. When well-meaning processes or regulations begin to hinder societal progress, then a reset is required.
- **The 30-point plan lays out an ambitious timeline of delivery over the next 12 month across four broad pillars: 1) Legal Reform, 2) Regulatory Reform & Simplification, 3) Coordination & Delivery, and 4) Public Acceptance.** Much of the public commentary has focused on the first of these pillars, including the “bête noire” judicial review process. However, as important will be the drive to simplify regulations, including the interpretation of those transposed from EU law. The move towards multi-year funding of key delivery agencies and projects, alongside procurement reform, should also give certainty for project sponsors and developers; and “one off” major projects will also receive greater central Government support to expedite them through the consenting process. While the public acceptance pillar might at first appear esoteric, enhancing general knowledge of what economists call the “opportunity cost” of failing in infrastructure delivery, will be vital in a system where individual rights often outweigh the common good.
- **Most Irish people intrinsically understand the open nature of the economy, its reliance on global trade and FDI, and the importance of associated tax revenues to fund public services.** Underpinning that continued success will be our ability to deliver the basic building blocks of a modern economy. Many countries lack the strategy, or more commonly the funding to realise ambitious investment plans. Ireland has a revised National Development Plan, and the recent Exchequer numbers show an abundance of tax revenues to fund it. Delivery is now all that’s required.
- **Turning to the week ahead, the main focus will be on the final Fed FOMC meeting of 2025.** The Fed left policy on hold throughout the first five meetings of the year, before cutting rates by 25bps at the two most recent gatherings. However, differing views on interest rate policy have emerged amongst the committee members. Most notably, at the last meeting, there was a three-way split on the FOMC, with the majority voting to cut rates by 25bps, one member (Miran) preferring to cut rates by 50bps, while another (Schmid) favoured leaving rates unchanged. Fed Chair Powell left the door open to a potential hold during the post-meeting press conference in October, stating that a rate cut was “not a forgone conclusion”. In remarks since then, various officials have put forward arguments for and against lowering rates in December. However, owing to some soft labour market and consumer sector data, expectations for a cut have risen. Current pricing indicates the market sees an 85% chance of a cut on Wednesday. Aside from the policy decision, the updated Summary of Economic Projections, including the interest rate dotplot, will be in focus.
- **Elsewhere in the US, a number of important updates on the labour market are due.** The wages sub-component of the employment cost index, the Fed’s preferred measure of wage inflation, will be released for Q3. A slight slowdown to 0.9% from +1.0% is pencilled in for the quarter. Meanwhile, the JOLTS job openings figure for September is forecast to decline from 7.23m in August, to 7.20m, which would be its lowest level in a year.
- **In the UK, the monthly reading of GDP for October will be released.** Overall, the UK economy performed better than anticipated year-to-date, albeit growth remains muted and has slowed recently. Indeed, on a monthly basis, GDP has contracted by 0.1% m/m in two of the last three, and stagnated in the other. A meagre 0.1% increase in GDP is expected in October. Meantime, industrial production is forecast to rise by 0.7% in October, following a sharp 2.0% contraction in output in September.
- **In the Eurozone, the macro calendar is quite sparse.** The main highlight will be the EU sentix survey for December. A modest improvement to -6.8 from -7.4 in November. Elsewhere, German industrial output is projected to rise by 0.5% in October, following a 1.3% increase from the month prior.



	Interest Rate Forecasts			
	Current	End Q4	End Q1	End Q2
		2025	2026	2026
Fed Funds	3.875	3.625	3.375	3.125
ECB Deposit	2.00	2.00	2.00	2.00
BoE Repo	4.00	3.75	3.50	3.50
BoJ OCR	0.50	0.75	0.75	0.75

Current Rates Reuters, Forecasts AIB's ERU

	Exchange Rate Forecasts (Mid-Point of Range)			
	Current	End Q4	End Q1	End Q2
		2025	2026	2026
EUR/USD	1.1651	1.16	1.17	1.18
EUR/GBP	0.8725	0.88	0.88	0.88
EUR/JPY	180.81	178	179	179
GBP/USD	1.3350	1.32	1.33	1.34
USD/JPY	155.16	153	153	152

Current Rates Reuters, Forecasts AIB's ERU

ECONOMIC DIARY

Monday 8th - Friday 12th December

Date	UK & Irish Time (GMT+1)		Release	Previous	Forecast
This Week:	ECB Speakers:		Lagarde (Wed)		
	BoE Speakers:		Bailey (Thu)		
	Fed Speakers:		Paulson, Hammack (Fri)		
Mon 8th	GER:	07:00	Industrial Output (October)	+1.3% (-1.0%)	+0.5% (-0.2%)
	EU-20:	09:30	Sentix Index (December)	-7.4	-6.8
Tue 9th	IRE:	01:01	AIB Construction PMI (November)	48.1	
	GER:	07:00	Trade Balance (October)	€15.3bn	
			- Exports	+1.4%	-0.2%
	US:	11:00	NFIB Small Business Optimism (November)	98.2	
	US:	15:00	JOLTS Job Openings (September)	7.23m	7.20m
Wed 10th	ITA:	09:00	Industrial Output (October)	+2.8% (+1.5%)	
	US:	13:30	Employment Cost Index (Q3)	+0.9%	+0.9%
			- Wages	+1.0%	+0.9%
	US:	19:00	Fed FOMC Meeting Policy Decision		
			- Fed Funds Target Range	3.75-4.00%	3.50-3.75%
	US:	19:30	Fed FOMC Post-Meeting Press Conference		
Thu 11th	UK:	00:01	RICS Housing Survey (November)	-19.0	
	IRE:	11:00	CPI Inflation (November)	+0.5% (+2.9%)	-0.2% (+3.2%)
			- HICP Inflation	Flash: -0.2% (+3.2%)	-0.2% (+3.2%)
	US:	13:30	Initial Jobless Claims (w/e 1st December)	+191,000	+224,000
Fri 12th	GER:	07:00	Final HICP Inflation (November)	-0.5% (+2.6%)	-0.5% (+2.6%)
	UK:	07:00	GDP (October)	-0.1% (+1.1%)	+0.1% (+1.4%)
			- 3m/3m	+0.1%	+0.0%
	UK:	07:00	Industrial Output (October)	-2.0% (-2.5%)	+0.7% (-1.2%)
			- Manufacturing Output	-1.7% (-2.2%)	+1.1% (-0.1%)
	UK:	07:00	Goods Trade Balance (October)	-£18.9bn	
			- Non-EU Trade Balance	-£6.8bn	
	FRA:	07:45	Final HICP Inflation (November)	-0.2% (+0.8%)	-0.2% (+0.8%)
	SPA:	08:00	Final HICP Inflation (November)	+0.0% (+3.1%)	+0.0% (+3.1%)

♦ Month-on-month changes (year-on-year shown in brackets)

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AIB
Treasury
Economic
Research

David
McNamara
Chief
Economist

John Fahey
Senior
Economist

Daniel
Noonan
Economist