

Market Pulse

Analysis of the key trends in the SME sector,
prepared by Fitzgerald Power on a quarterly basis.

Q3 2023

Summary Q3 2023

Irish Economic Trends

Gross domestic product (GDP) shrank 1.8% in the third quarter of the year compared to the previous three month period. The contraction in the Irish economy between July and the end of September was driven by lower activity in industries dominated by big multinationals.

Inflation

Inflation in the eurozone was 4.3% in September 2023, a decrease from 5.5% at the end of the previous quarter. Energy prices have continued to fall, dropping 4.7% when compared to the same month last year.

Bond Market

Treasury yields surged in September suggesting that interest rates will remain high well into 2024. The yield on the 10-year US Treasury jumped past 4.5% in September, its highest level in nearly two decades. The yield on the 2-year US Treasury, which tracks expectations for the Federal Reserve's interest rate policy, jumped above 5% in September.

Irish Economy

The Irish government is at risk of overheating the economy the Irish Fiscal Advisory Council (IFAC) has warned. The IFAC said there is "little to no justification for further temporary non-core measures" in an analysis published ahead of the budget, which included core spending increases of €5.2bn and additional temporary spending.

Global Economic Trends

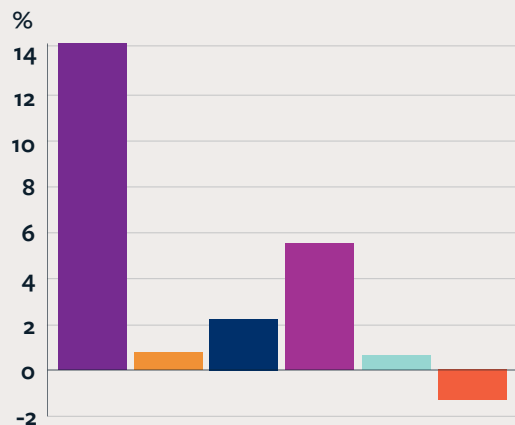
The OECD has projected global GDP growth to be 2.7% in 2024, which is the lowest annual rate since the global financial crisis and the pandemic in 2020. The increase in inflation has led to a decline in real wages for Q3.

Revenue Pulse

The total value of seasonally adjusted annual sales increased by 7.2% when compared to the same period last year.

Sales Growth

Annual change to September 2023



Sector

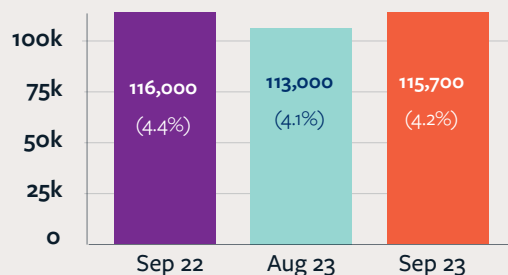
- Motor Trades 14.4%
- Department Stores 0.9%
- Food, Beverage & Tobacco 2.2%
- Clothing, Footwear & Textiles 5.7%
- Hardware, Paints & Glass 0.8%
- Bars -1.3%

SOURCE: CSO

Employment Pulse

The number of people unemployed remained steady in September 2023 when compared to the same period in 2022.

Unemployment Rate

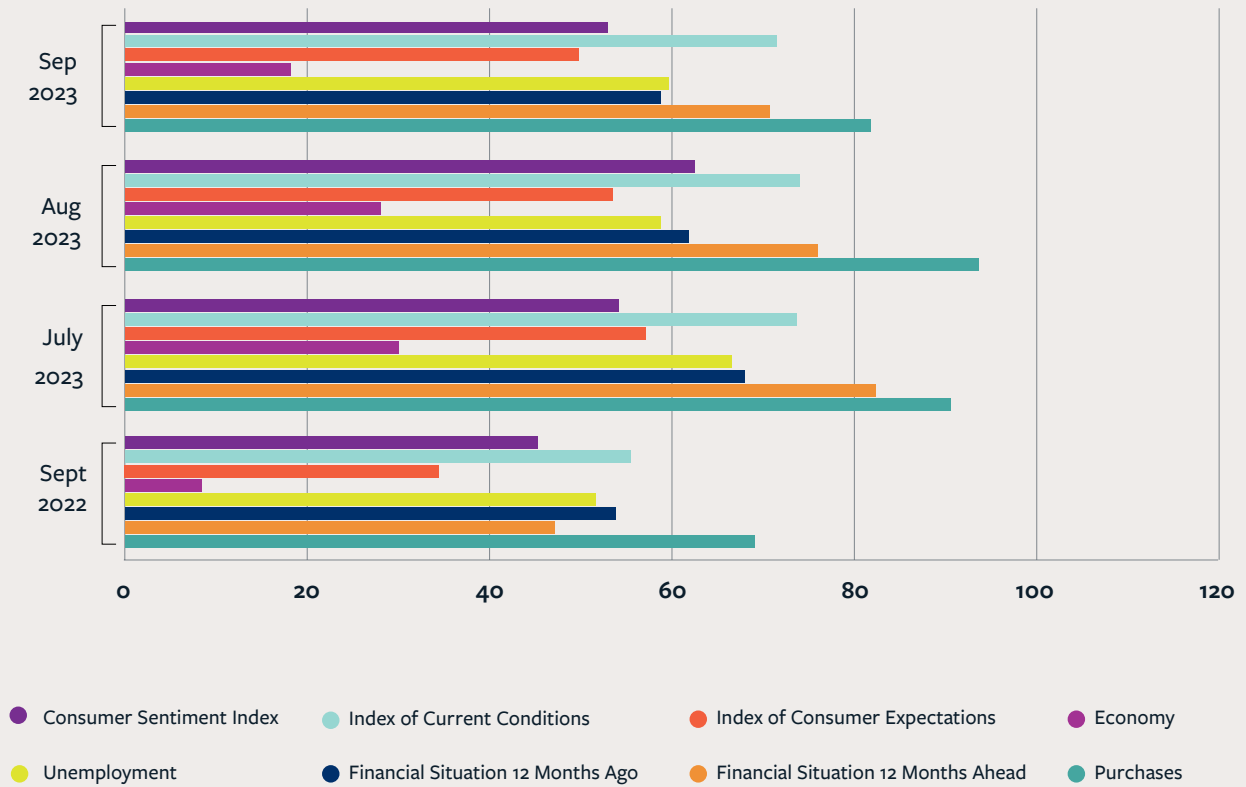


SOURCE: CSO

Consumer Pulse

According to the Credit Union, consumer confidence has increased in September 2023 vs the same period last year, but has fallen since July.

Credit Union Consumer Sentiment Index

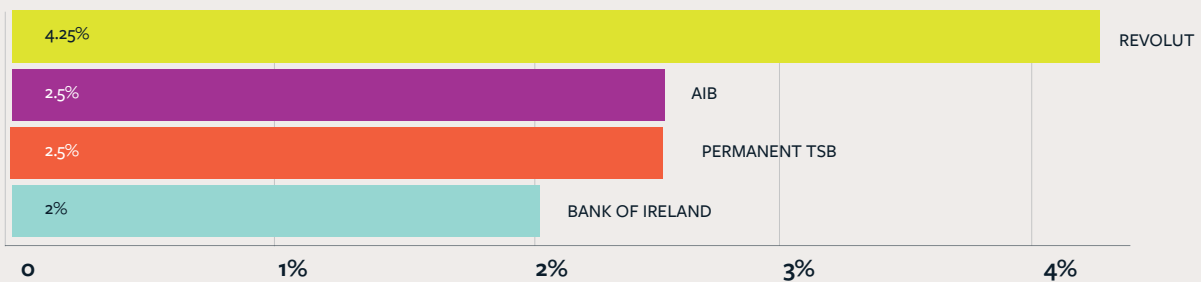


SOURCE: CREDIT UNION

Deposit Rate Pulse

12-month bank deposit rates are increasing, with slight variations across the traditional banking market.

Bank Deposit Rates

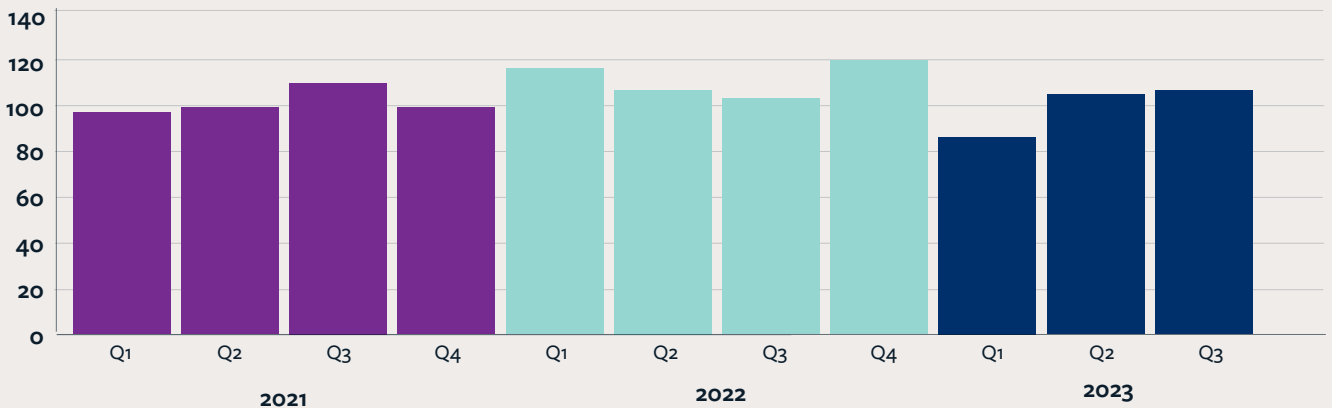


SOURCE: FITZGERALD POWER

Mergers & Acquisitions Pulse

Renatus estimates 118 deals were completed in Q3 2023, in comparison to 112 in Q2 2023. Irish M&A deal volumes experienced a slowdown in the first nine months of 2023. 333 deals were completed in the first three quarters of 2022, compared to 316 in the same period this year.

Mergers & Acquisitions by Quarter



SOURCE: RENATUS



Renatus data also shows M&A deal volumes are down 5% year to date.

SOURCE: RENATUS



Irish Private Equity transactions are up 38% year to date.



The volume of inbound acquisitions was up 8% year to date.



The volume of outbound acquisitions was down 24% year to date.

Inflation Pulse

Inflation in the Eurozone in September 2023 is 4.3%, which decreased from 5.2% in August.

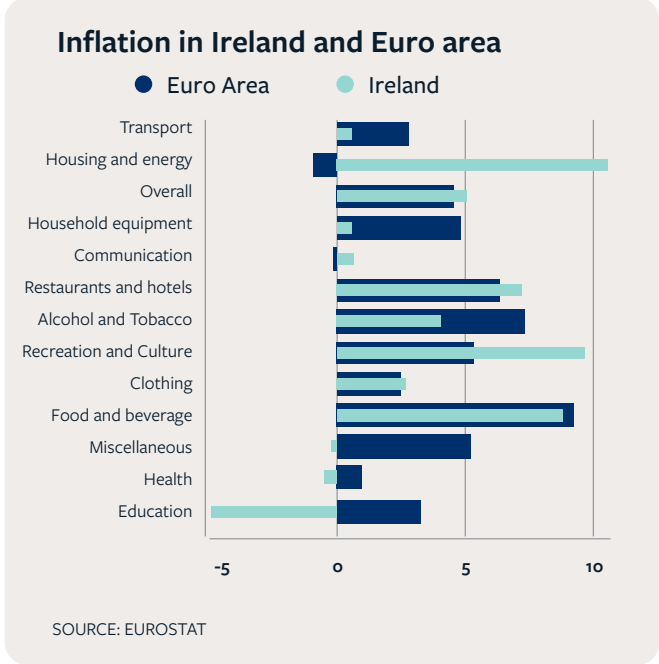
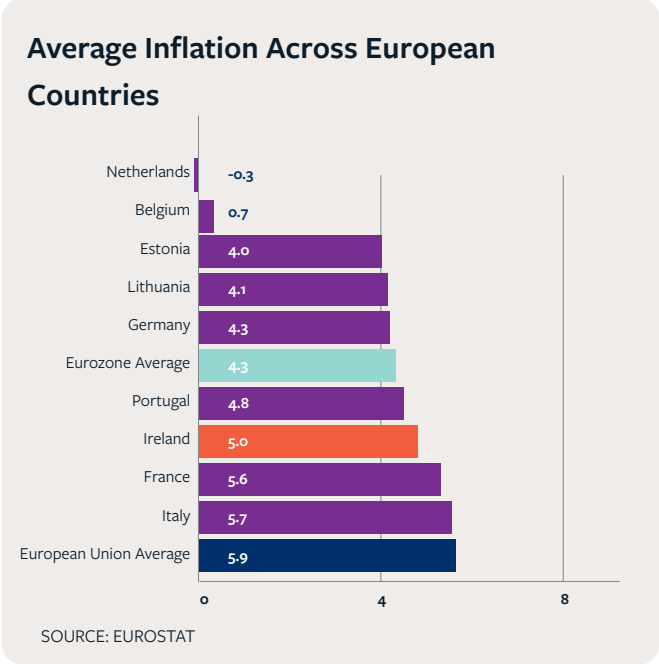
Euro Area Annual Inflation



SOURCE: EUROSTAT

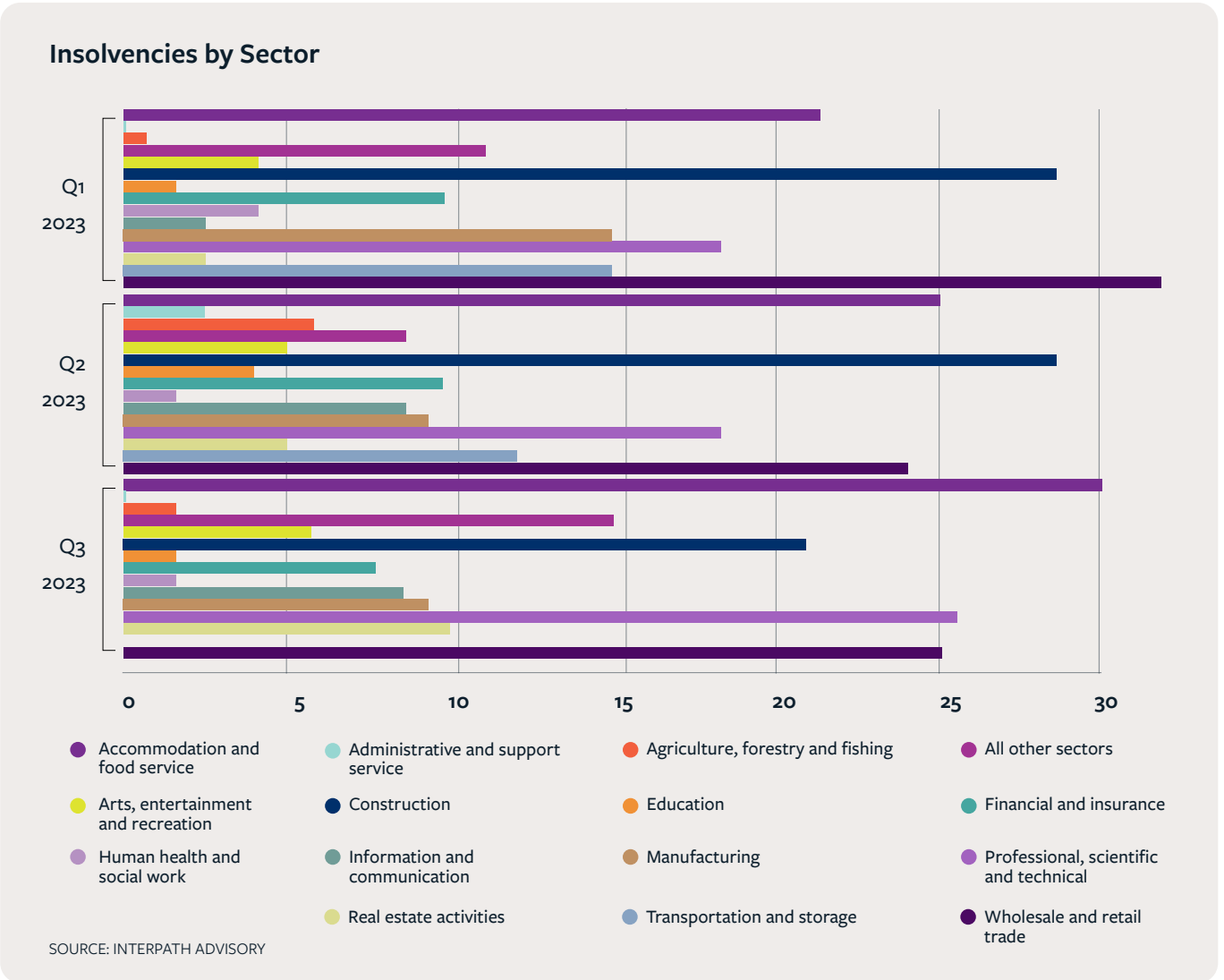
Ireland's level of inflation, at 5%, is above the Eurozone average of 4.3%.

Ireland remains above the Euro Area average for inflation in housing and energy.



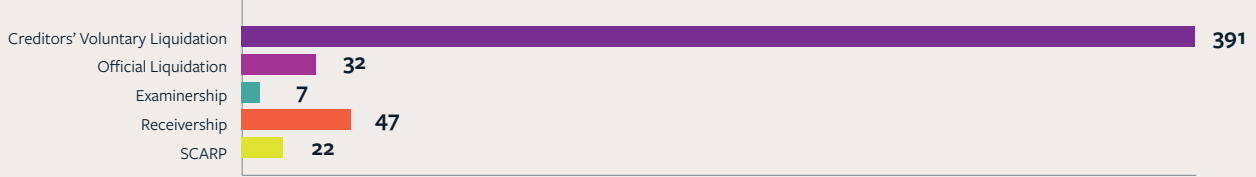
Insolvency Pulse

Data provided by Interpath Advisory shows a total of 163 insolvencies were recorded in Q3 2023. So far in 2023, 499 insolvencies have been recorded.



The majority of insolvencies have been voluntary liquidations.

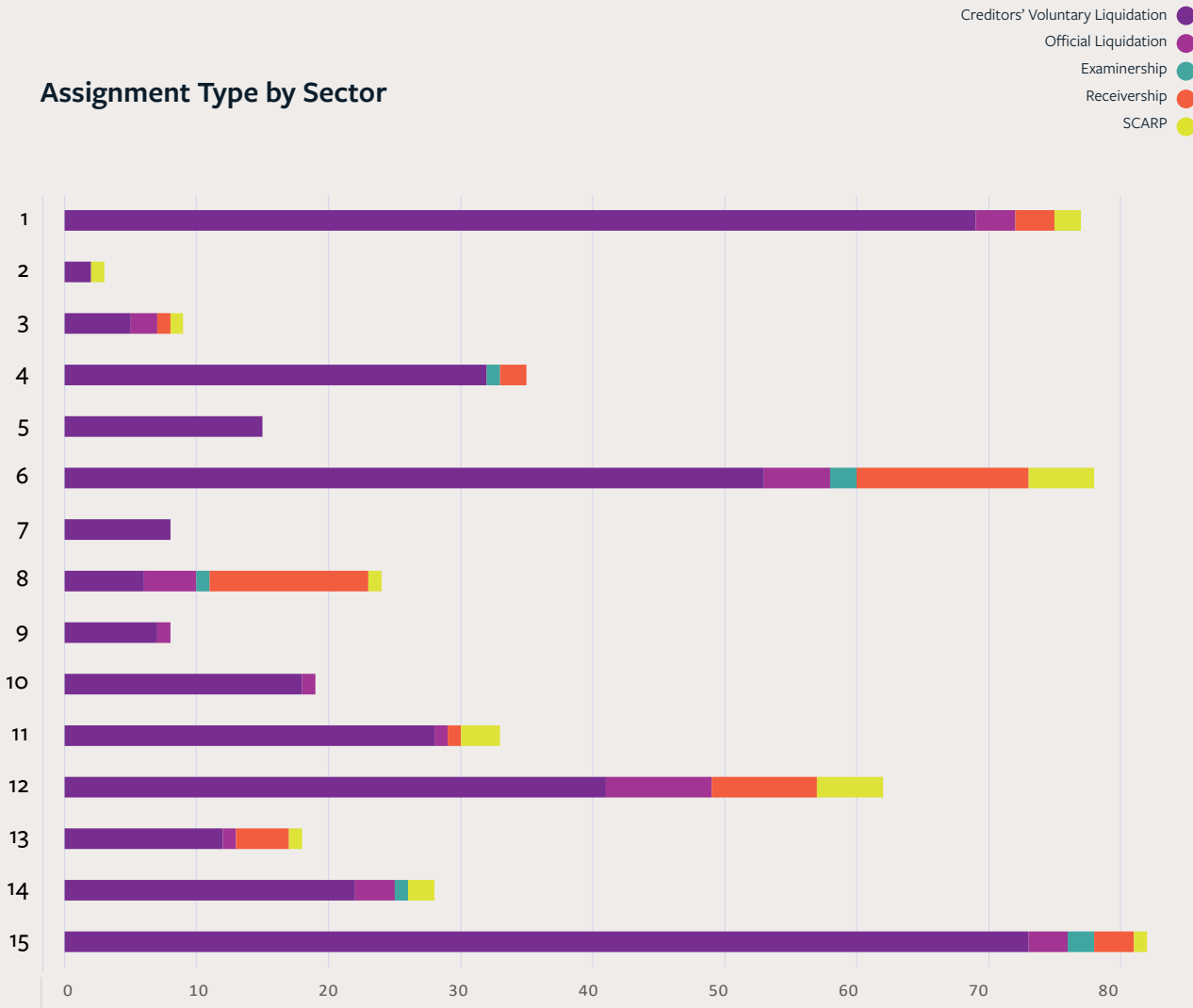
Assignment Type



SOURCE: INTERPATH ADVISORY

Although there is considerable variation in type of insolvency by sector.

Assignment Type by Sector



- 1. Accommodation and food service
- 2. Administrative and support service
- 3. Agriculture, forestry and fishing
- 4. All other sectors
- 5. Arts, entertainment and recreation
- 6. Construction
- 7. Education
- 8. Financial and insurance
- 9. Human health and social work
- 10. Information and communication
- 11. Manufacturing
- 12. Professional, scientific and technical
- 13. Real estate activities
- 14. Transportation and storage
- 15. Wholesale and retail trade

SOURCE: INTERPATH ADVISORY

Fitzgerald Power is a leading financial advisor to the Irish SME sector.

We provide accountancy, corporate finance and taxation advice to businesses across the country.

We'd love to hear from you so please get in touch if you think we can help.

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