

Market Pulse

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

Q4 2023

Summary Q4 2023

Irish Economy

The latest Central Bank quarterly report for 2023 reports that modified domestic demand is predicted to increase by 1.5% in 2023, 2.5% in 2024 and 1.9% in 2025.

Inflation

Inflation in the eurozone was 2.9% in December 2023, a decrease from 4.3% at the end of the previous quarter. Food, alcohol and tobacco has seen the largest increase at 6.1% when compared to the same month last year.

Chinese Challenges

Chinese GDP expanded 5.2% last year, outpacing growth of just 3% in 2022 and exceeding the government's official target of about 5%, the lowest benchmark in decades. China's population decline accelerated in 2023, pointing to persistent challenges for the world's second-largest economy.

Mortgage Lending

The volume of outstanding mortgage lending was mostly unchanged over the previous year, while the volume of new mortgage agreements in October, at €843 million, was in line with what has been typical over the past 2-3 years.

Global Economy

Pressures from the war in Ukraine, high energy and food prices, inflation and higher interest rates have forced the IMF to cut its global growth forecast for 2023 to 2.7%, from 2.9% forecast in July

Revenue Pulse

The total volume of seasonally adjusted annual sales increased by 0.8% when compared to the same period last year.

Sales Growth

Annual change to November 2023



Sector

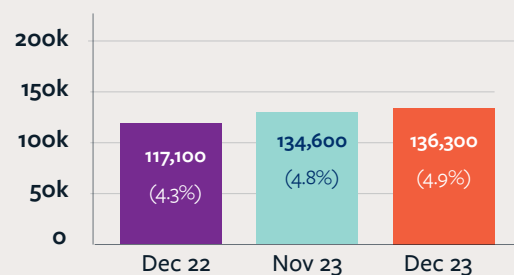
- Motor Trades 7%
- Department Stores -13.6%
- Food, Beverage & Tobacco -8.4%
- Clothing, Footwear & Textiles -5.1%
- Hardware, Paints & Glass -3%
- Bars -6.3%

SOURCE: CSO

Employment Pulse

The number of people unemployed increased by 19,200 in December 2023 when compared to the same period in 2022.

Unemployment Rate

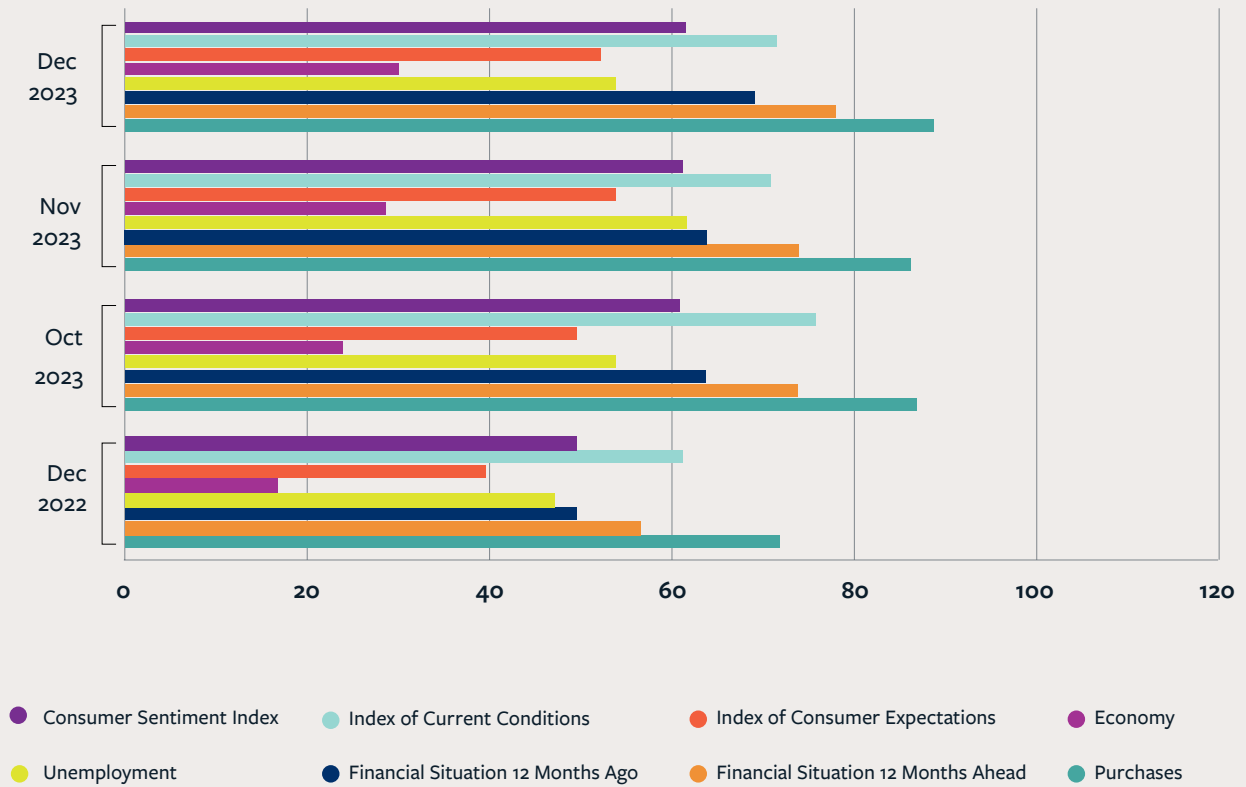


SOURCE: CSO

Consumer Pulse

According to the Credit Union, consumer confidence has increased in December 2023 vs the same period last year.

Credit Union Consumer Sentiment Index

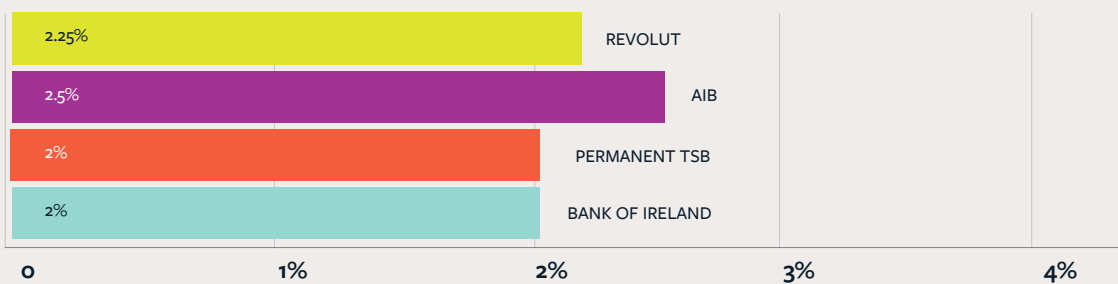


SOURCE: CREDIT UNION

Deposit Rate Pulse

12-month bank deposit rates remained consistent with the previous quarter, with slight variations across the traditional banking market.

Bank Deposit Rates

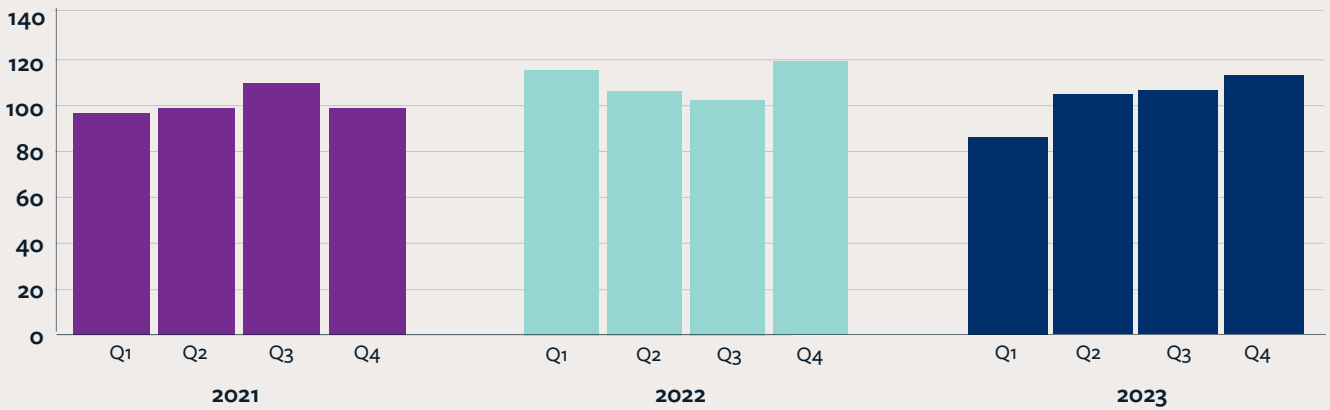


SOURCE: FITZGERALD POWER

Mergers & Acquisitions Pulse

Renatus estimates 114 deals were completed in Q4 2023, in comparison to 111 in Q3 2023. There was a slowdown in M&A activity in 2023 with 419 deals completed, compared to 453 in 2022.

Mergers & Acquisitions by Quarter



SOURCE: RENATUS



Renatus data also shows M&A deal volumes are down 7.5% in 2023



Irish Private Equity transactions increased by 18% v's 2022



The volume of inbound deals was down by 4% in 2023 v's 2022

SOURCE: RENATUS

Inflation Pulse

Inflation in the Eurozone was 2.9% in December 2023, up from 2.4% in November. A year earlier the rate was 9.2%.

Euro Area Annual Inflation

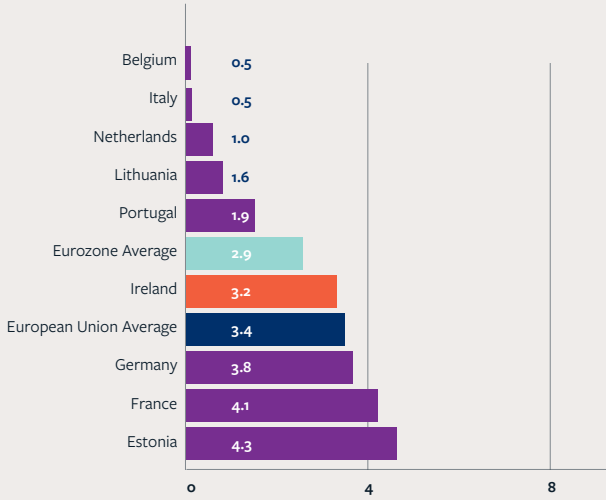


SOURCE: EUROSTAT

Ireland's level of inflation at 3.2% is above the Eurozone average of 2.9%.

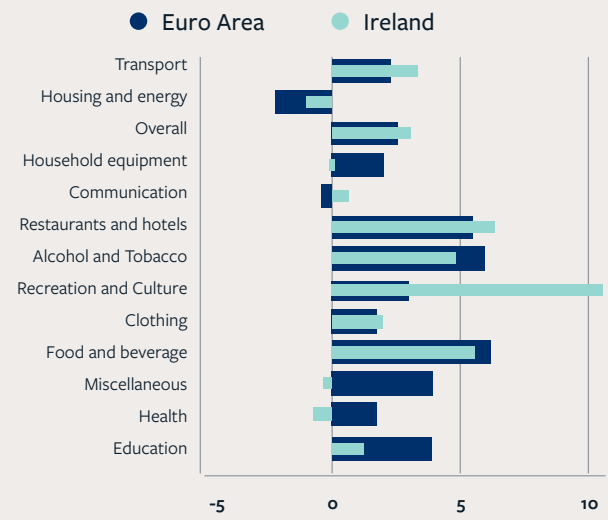
Ireland remains significantly above the Euro Area average for inflation in recreation and culture.

Average Inflation Across European Countries



SOURCE: EUROSTAT

Inflation in Ireland and Euro area

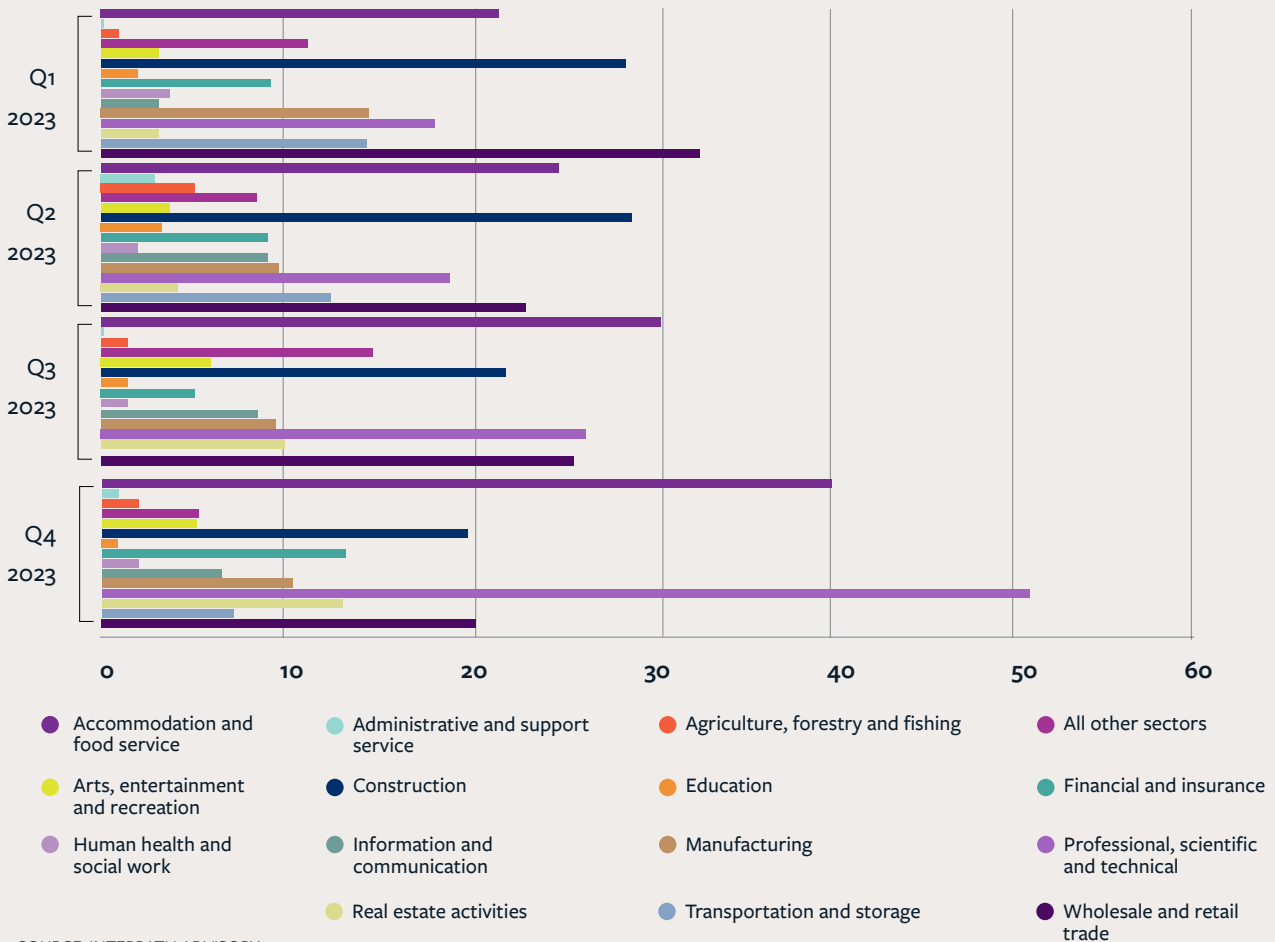


SOURCE: EUROSTAT

Insolvency Pulse

Data provided by Interpath Advisory shows a total of 196 insolvencies were recorded in Q4 2023. A total of 695 insolvencies were recorded in 2023.

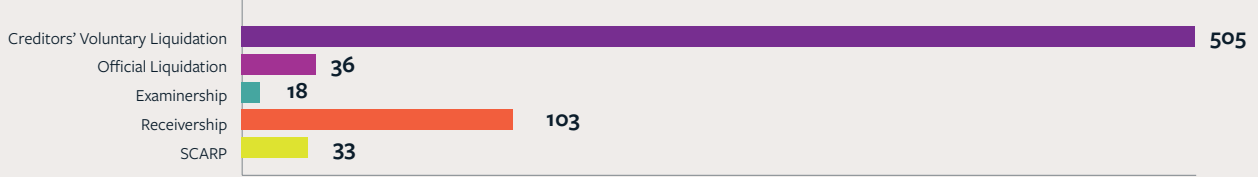
Insolvencies by Sector



SOURCE: INTERPATH ADVISORY

The majority of insolvencies have been voluntary liquidations.

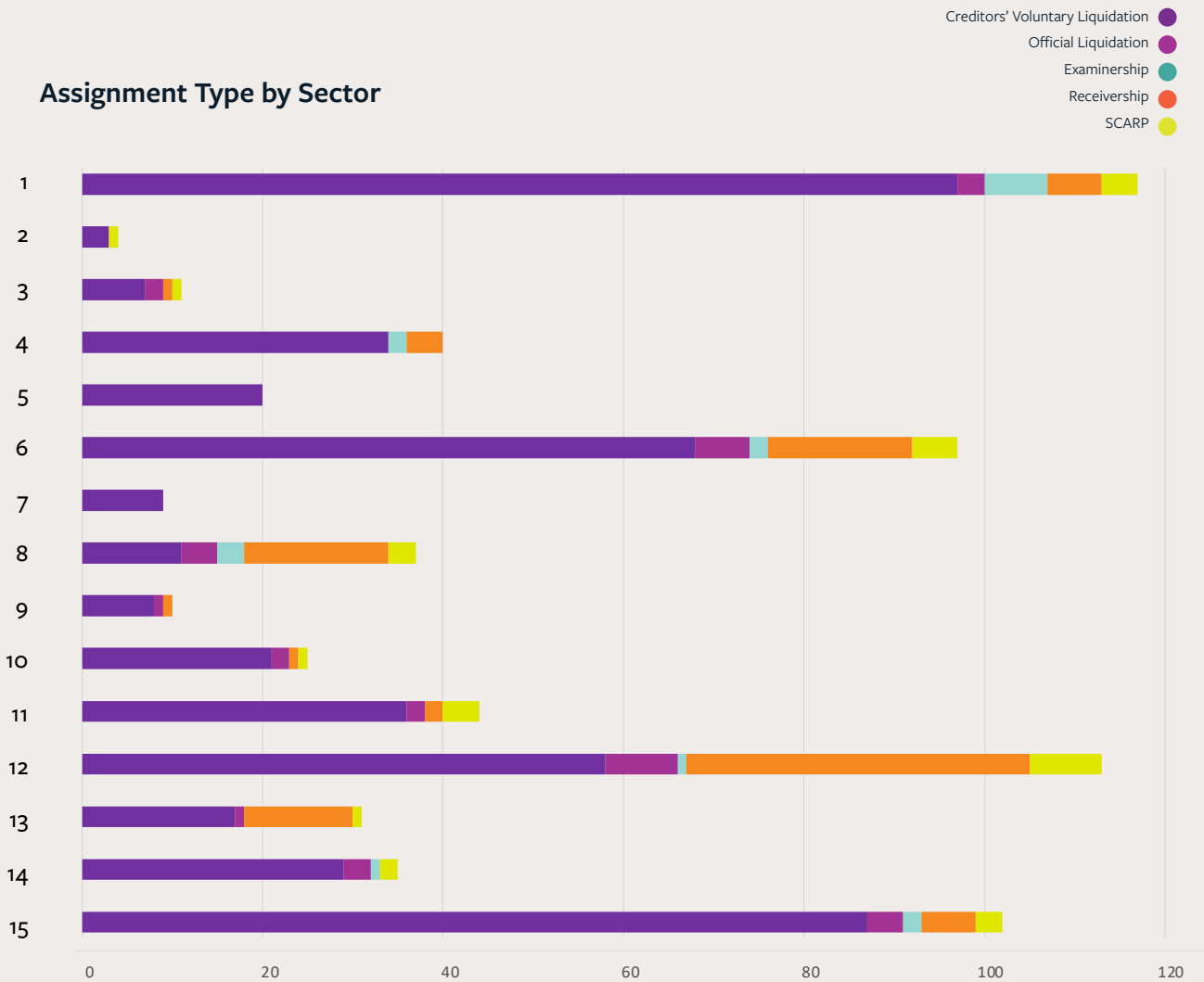
Assignment Type



SOURCE: INTERPATH ADVISORY

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

Assignment Type by Sector



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

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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