

Market Pulse

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

Q1 2024

Summary Q1 2024

Irish Economy

The latest Central Bank quarterly report for Q1 2024 expects the domestic economy to grow at a moderate pace; 2.2% in 2024, 1.9% in 2025 and 2% in 2026.

Inflation

Inflation in the Eurozone was 2.4% in March 2024, a decrease from 2.6% in February. A year earlier the rate was 6.9%. Energy prices, which had increased last year as a result of Russia's invasion of Ukraine, continued to reduce, with the rate of deflation moving from -3.7% to -1.8%.

Global Economy

The global economy is poised for a second consecutive year of slower growth, largely attributed to high interest rates. The Q1 2024 baseline forecast maintains a global real GDP growth projection for 2024 at 2.7%, consistent with Q4 2023, with a forecast of 3.1% growth in 2025.

Labour Market

The labour market remains near full capacity, though employment growth has decelerated, and overall labour force expansion is anticipated to be below the long-run average. Despite this, the unemployment rate remains near historic lows. Given projections for modest economic growth, the unemployment rate is forecast to average 4.5% through 2026.

Insolvencies

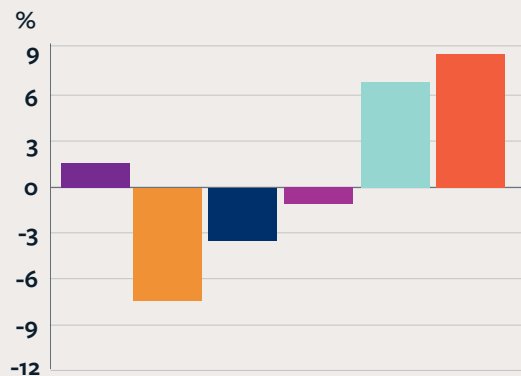
When comparing Q1 2024 to Q1 2023, data shows a 37% increase in insolvencies. If this trend continues there would be between 900 and 1,000 insolvencies by the end of the year.

Revenue Pulse

The total value of seasonally adjusted annual sales increased by 1.6% when compared to the same period last year.

Sales Growth

Annual change to March 2024



Sector

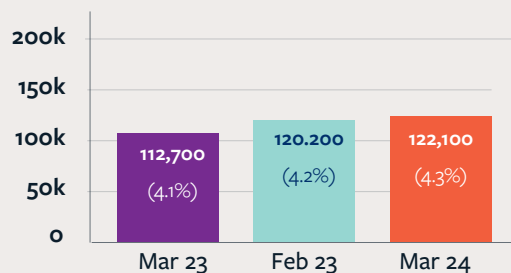
- Motor Trades 1.2%
- Department Stores -7.4%
- Food, Beverage & Tobacco -3.6%
- Clothing, Footwear & Textiles -0.8%
- Hardware, Paints & Glass 6.5%
- Bars 8.4%

SOURCE: CSO

Employment Pulse

The number of people unemployed increased by 9,400 in March 2024 when compared to the same period in 2023.

Unemployment Rate

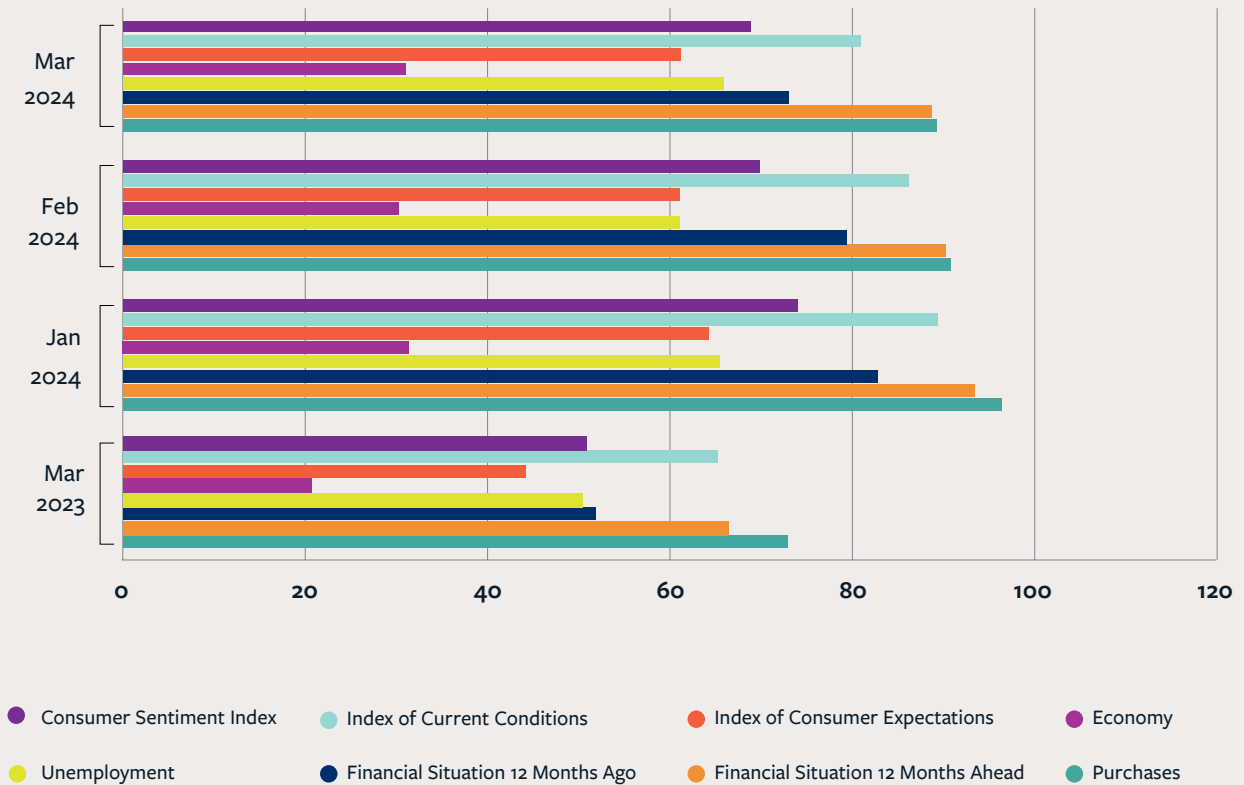


SOURCE: CSO

Consumer Pulse

According to the Credit Union, Irish consumer sentiment edged marginally lower for a second month in March as continuing increases in living costs, disappointing economic news and likely delays in the timing of rate cuts translated into a still challenging environment for many households.

Credit Union Consumer Sentiment Index

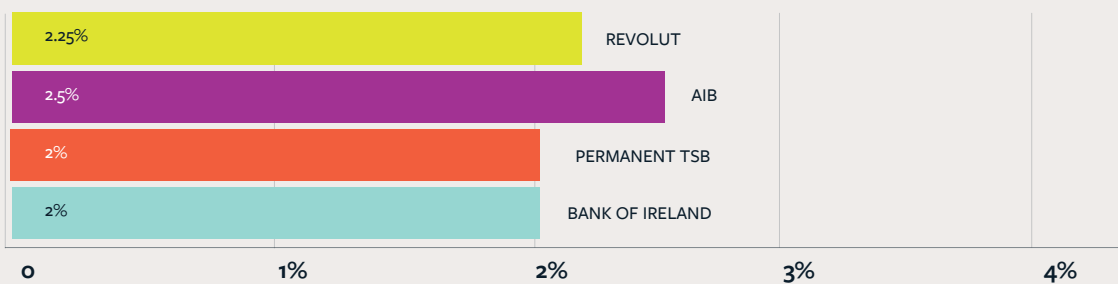


SOURCE: CREDIT UNION

Deposit Rate Pulse

12-month bank deposit interest rates are decreasing across the market.

Bank Deposit Rates

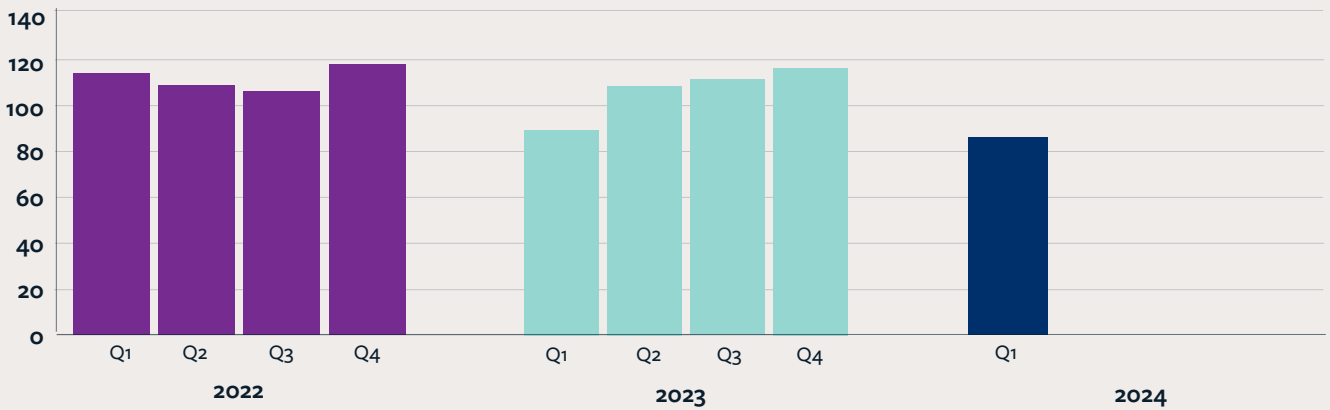


SOURCE: FITZGERALD POWER

Mergers & Acquisitions Pulse

Renatus estimates 85 deals were completed in Q1 2024, in comparison to 86 in Q1 2023. The quarter has seen sustained consolidation within the professional services sector with 14 total acquisitions, predominantly of accountancy practices and insurance brokers.

Mergers & Acquisitions by Quarter



SOURCE: RENATUS



Renatus data also shows M&A deal in Q1'24 (85) is in line with Q1'23 (86)

SOURCE: RENATUS



Irish-based entities were active in Q1'24, completing 48 acquisitions.

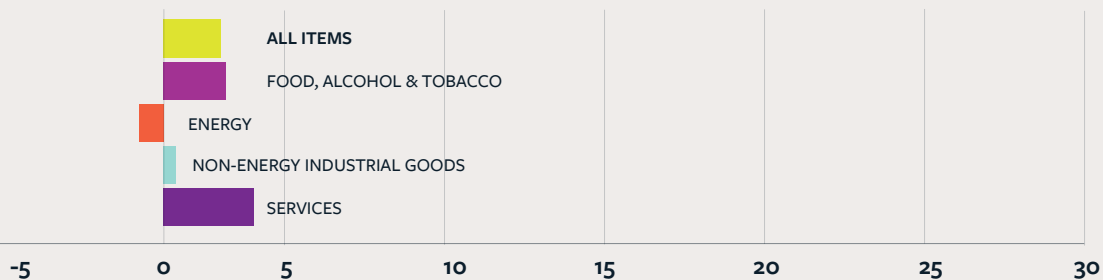


Of the 85 transactions in Q1'24, 37 (c. 44%) were conducted by international acquirers compared to 50 in Q1'23 (c. 58%).

Inflation Pulse

Inflation in the Eurozone was 2.4% in March 2024, down from 2.6% in February. A year earlier the rate was 6.9%.

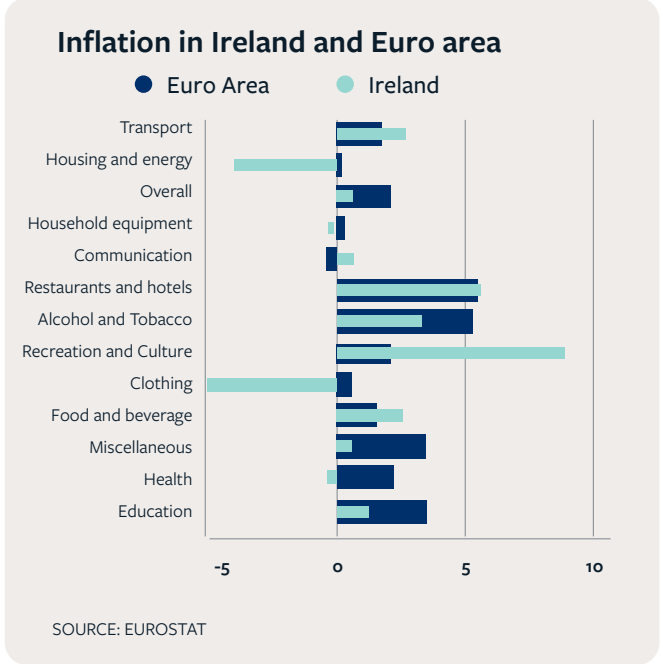
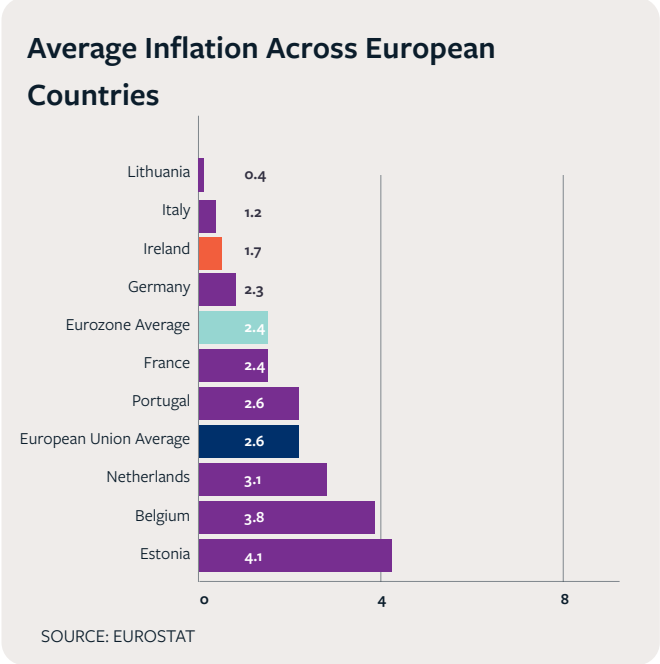
Euro Area Annual Inflation



SOURCE: EUROSTAT

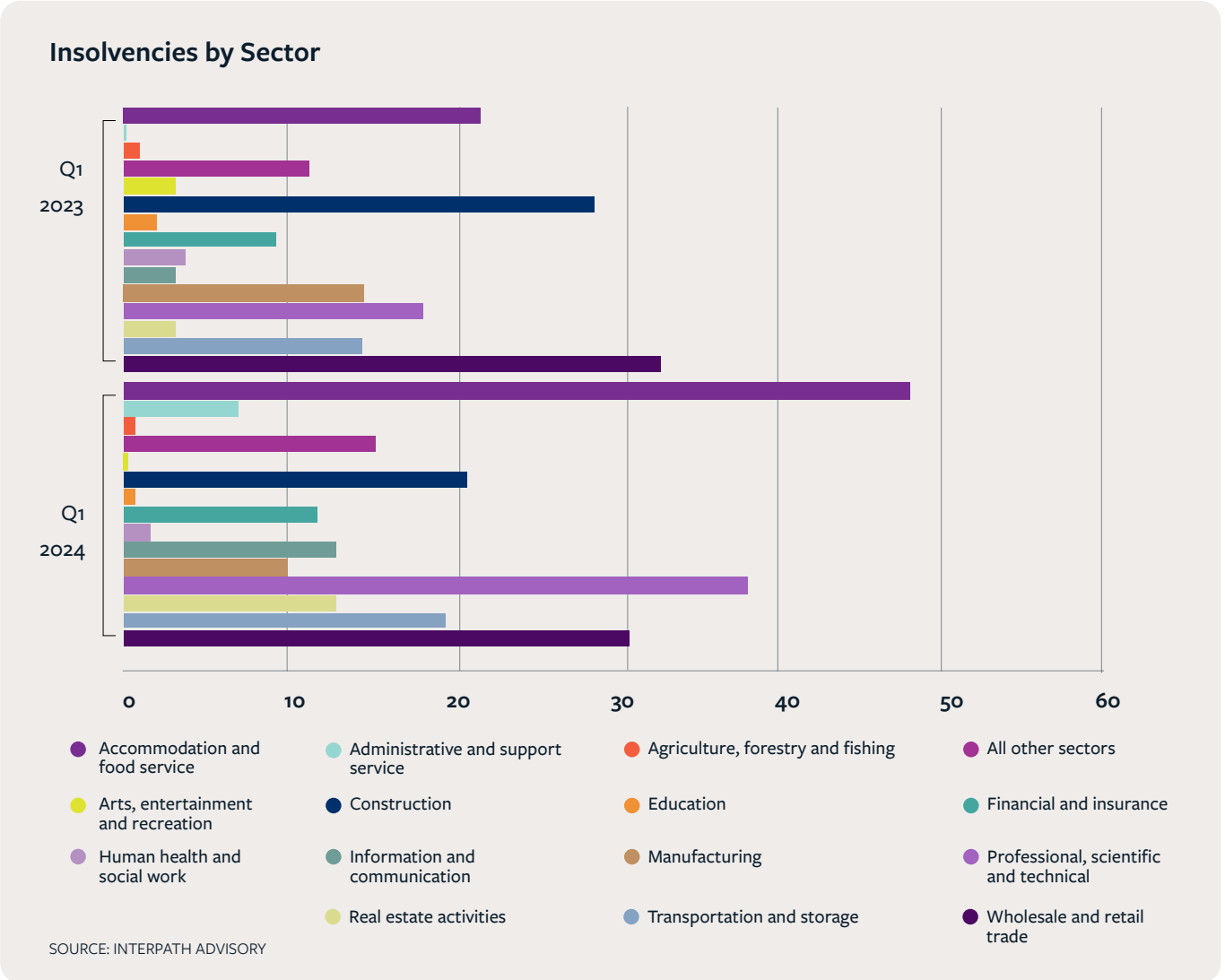
Ireland's level of inflation at 1.7% is below the Eurozone average of 2.4%.

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



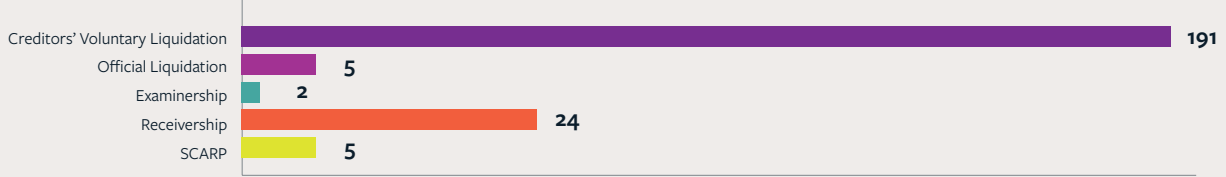
Insolvency Pulse

Data provided by Interpath Advisory shows a total of 227 insolvencies were recorded in Q1 2024 which is an increase of 36.75% from Q1 in the previous year. If this trend continues there would be between 900 and 1000 insolvencies by the end of the year.



The majority of insolvencies have been voluntary liquidations.

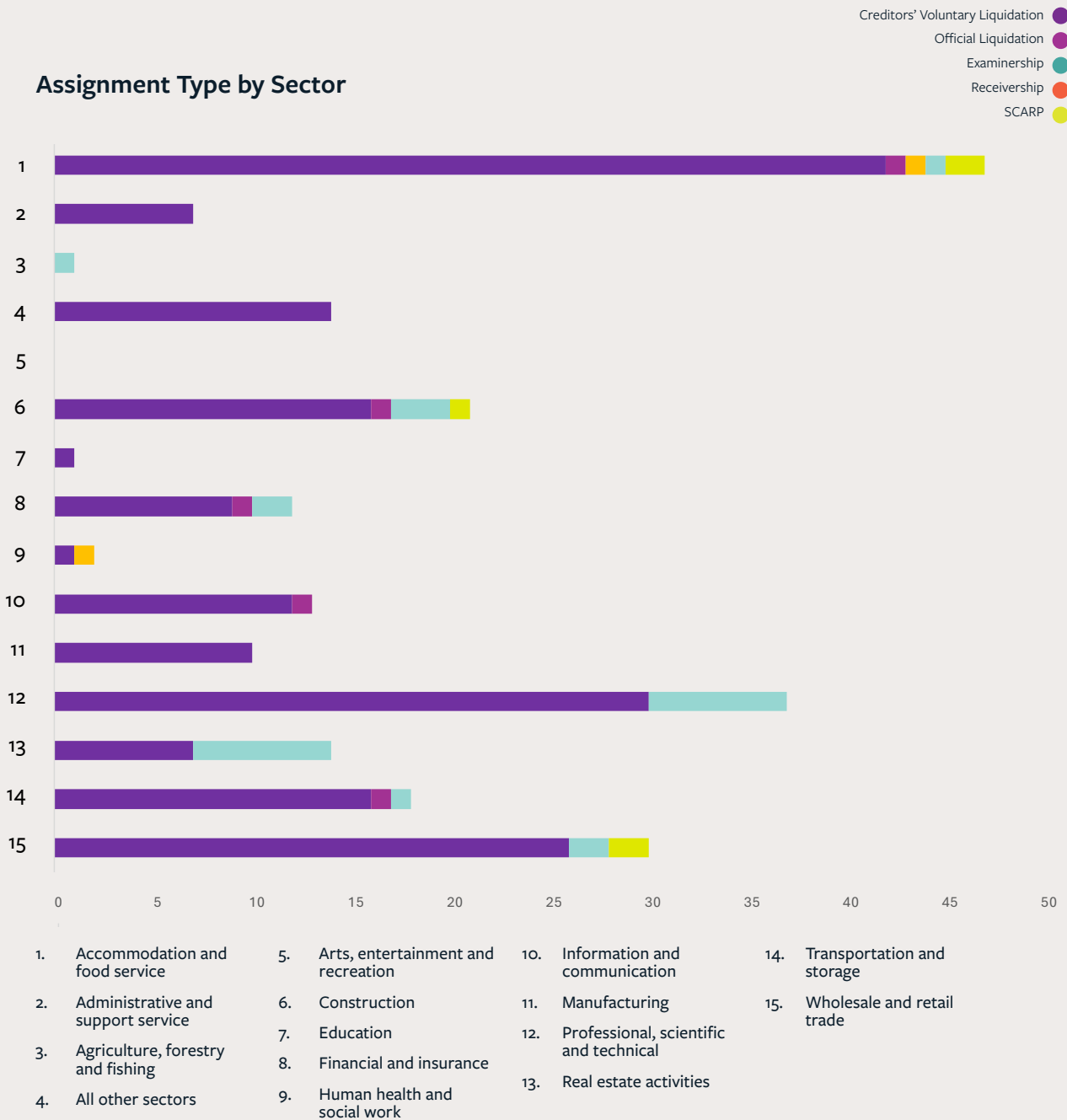
Assignment Type



SOURCE: INTERPATH ADVISORY

There is considerable variation in type of insolvency by sector.

Assignment Type by Sector



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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