

Market Pulse

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

Q2 2024



Summary Q2 2024

Irish Economy

The Irish economy expanded by 5% of GNI according to the Central Statistics Office (CSO). In contrast to the increase in GNI, there was a 5.5% fall in GDP due to reduced exports by multinational companies. GNI strips out the most distorting effects to give a more accurate picture of the real economy. Although the multinational sector contracted by 16.2%, the figures point to a recovering domestic economy with personal spending on goods and services rising by almost 5% in 2023.

Inflation

The euro area annual inflation rate was 2.5% in June 2024, down from 2.6% in May. A year earlier, the rate was 5.5%. In June 2024, the highest contribution to the annual euro area inflation rate came from services, followed by food, alcohol & tobacco, non-energy industrial goods and energy

Global Economy

Global economic recovery continues with easing inflation, improved supply, and strong labour markets boosting income and spending in Q1 2024. Despite a projected global GDP growth of 2.9% in 2024 and 3.1% in 2025, growth remains below pre-pandemic levels amid renewed inflationary pressures and geopolitical tensions.

Labour Market

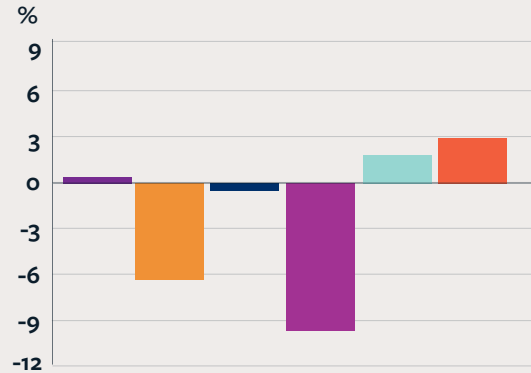
Employment growth in Q2 2024 slowed with a modest year-on-year increase of 1.9%, the lowest since 2021, reaching 2.7 million. Forecasts predict further deceleration to 1.6% in 2024 and 1.5% in 2025 and 2026 due to post-pandemic base effects and reliance on net inward migration. The unemployment rate is forecast to average 4.5% through 2026.

Revenue Pulse

The total value of seasonally adjusted annual sales increased by 0.2% when compared to the same period last year.

Sales Growth

Annual change to June 2024



Sector

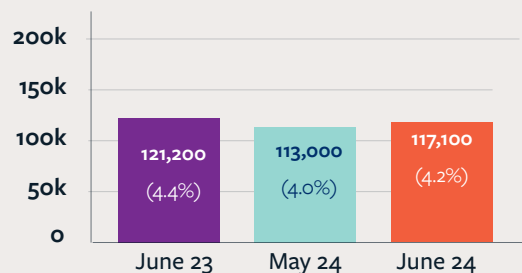
- Motor Trades 0.6%
- Department Stores -6.2%
- Food, Beverage & Tobacco -0.4%
- Clothing, Footwear & Textiles -9.9%
- Hardware, Paints & Glass 2.1%
- Bars 2.9%

SOURCE: CSO

Employment Pulse

The number of people unemployed decreased by 4,100 in June 2024 when compared to the same period in 2023.

Unemployment Rate

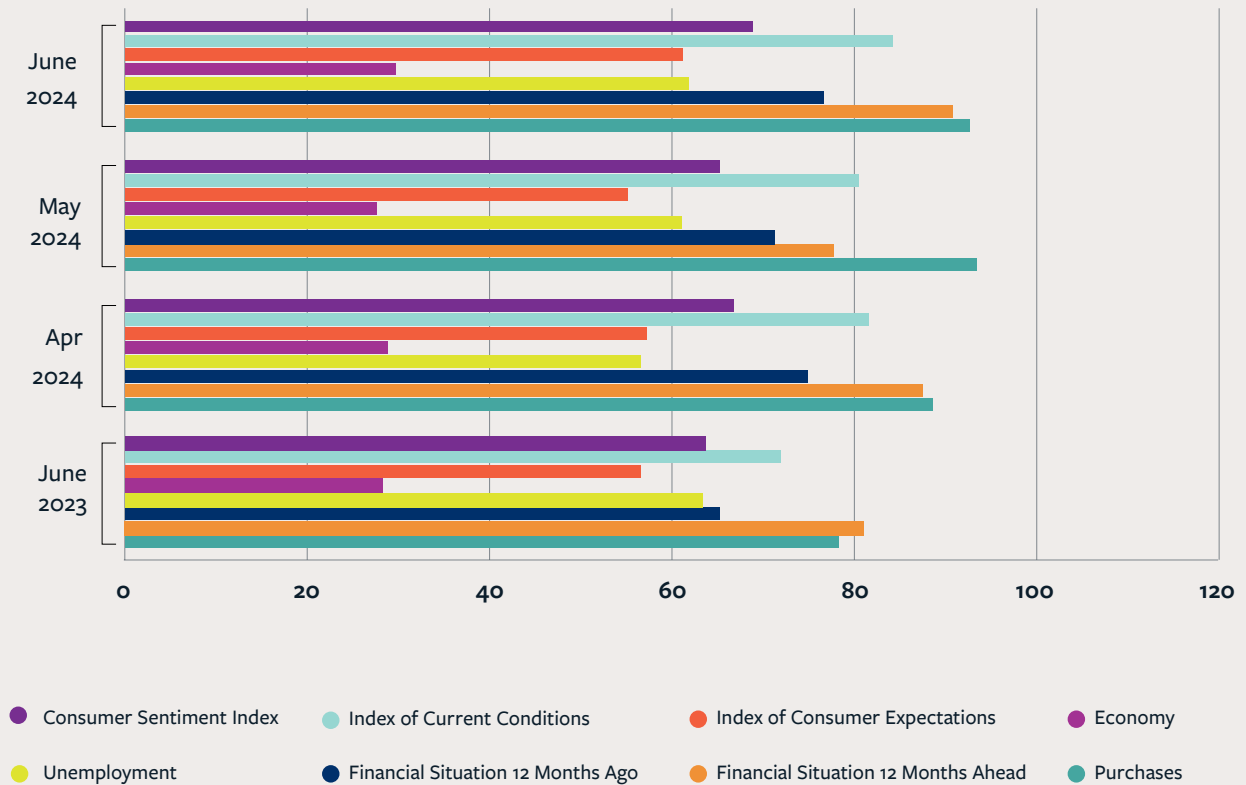


SOURCE: CSO

Consumer Pulse

According to the Credit Union, **the mood of Irish consumers brightened markedly** in June as falling energy costs, lower ECB rates and several encouraging economic releases prompted a more favourable assessment of the outlook for household finances and the broader Irish economy.

Credit Union Consumer Sentiment Index

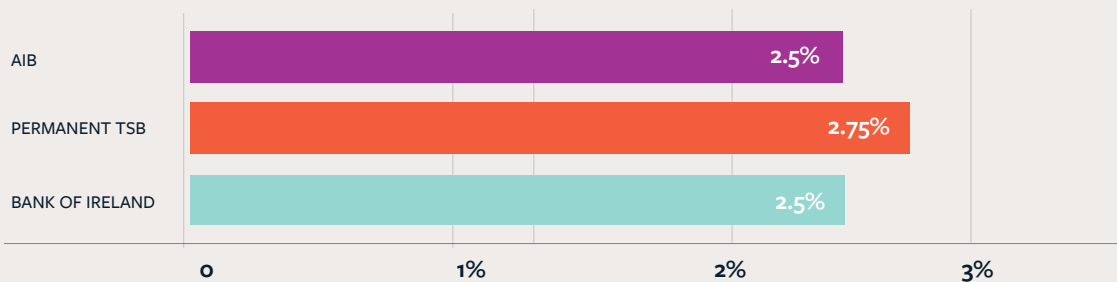


SOURCE: CREDIT UNION

Deposit Rate Pulse

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

Bank Deposit Rates

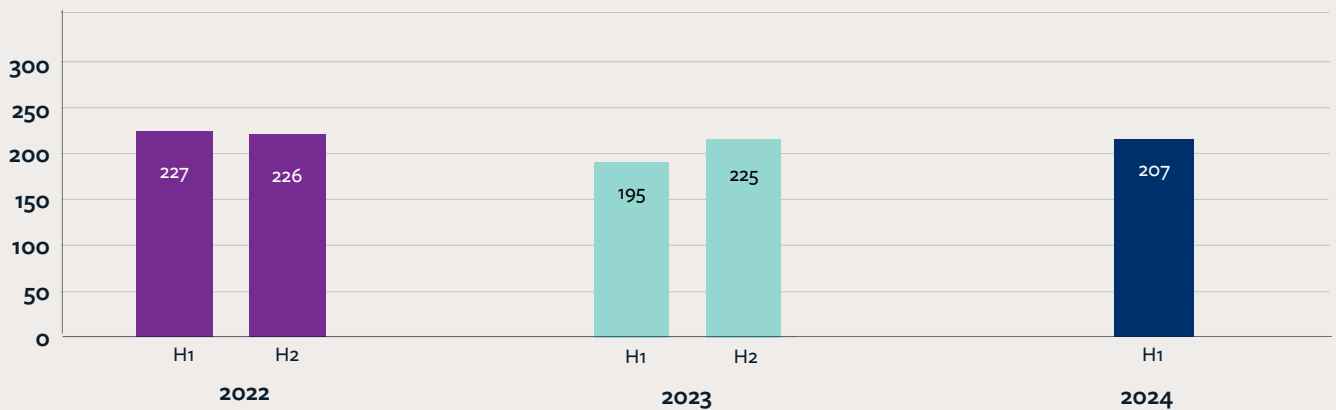


SOURCE: FITZGERALD POWER

Mergers & Acquisitions Pulse

The [Renatus](#) Bi-Annual Report estimates 207 deals were completed in H1 2024, in comparison to 195 in H1 2023. The Irish market remains active, with significant consolidation occurring in the professional services sector which accounted for 31 deals in H1 2024 and 27 deals in H1 2023. The software sector represented the most active sector in 2024 so far with 32 deals compared to 18 in H1 2023.

Mergers & Acquisitions Bi-Annually



SOURCE: RENATUS



Renatus data shows M&A deals in H1'24 (207) is up on H1'23 (195).



Irish-based entities were active in H1'24, completing 69 acquisitions.



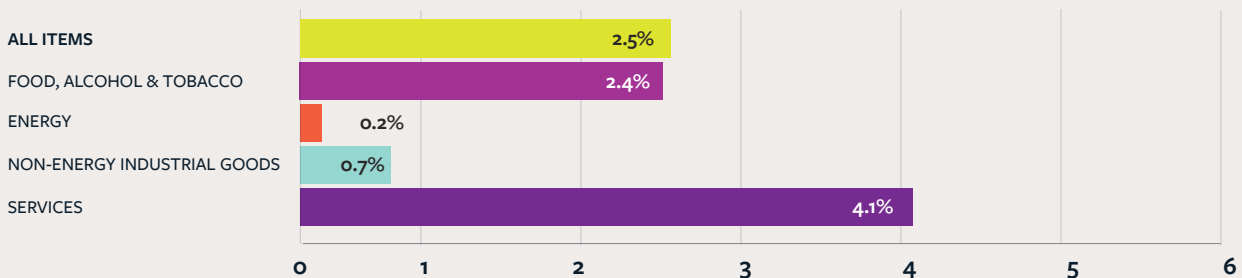
Of the 207 transactions in H1'24, 58 (c. 28%) were conducted by international acquirers compared to 90 in H1'23 (c. 46%).

SOURCE: RENATUS

Inflation Pulse

The Euro Area annual inflation rate was 2.5% in June 2024, down from 2.6% in May. A year earlier, the rate was 5.5%.

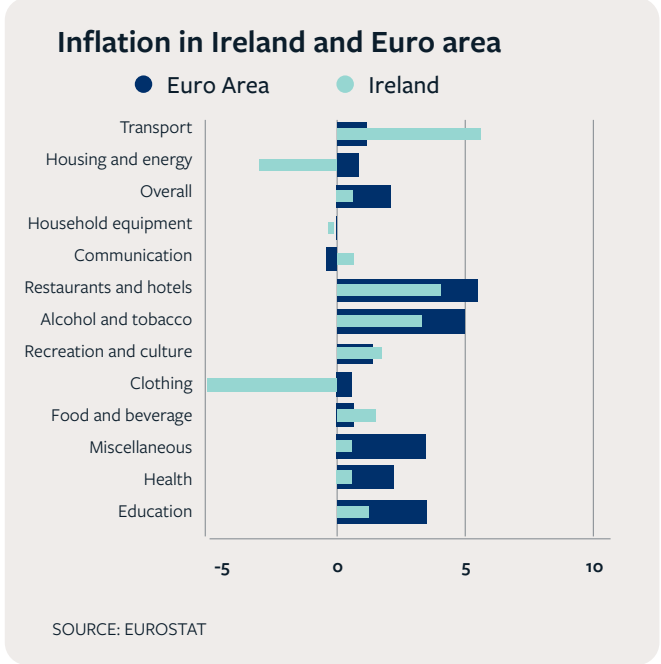
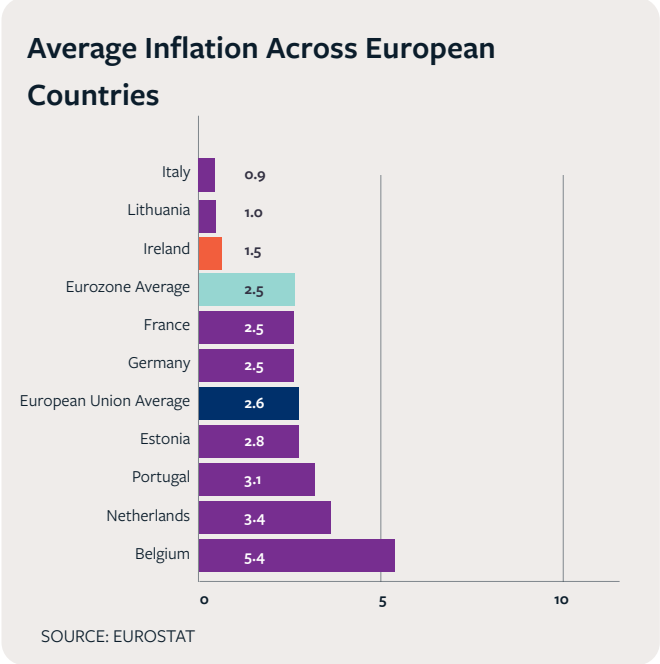
Euro Area Annual Inflation



SOURCE: EUROSTAT

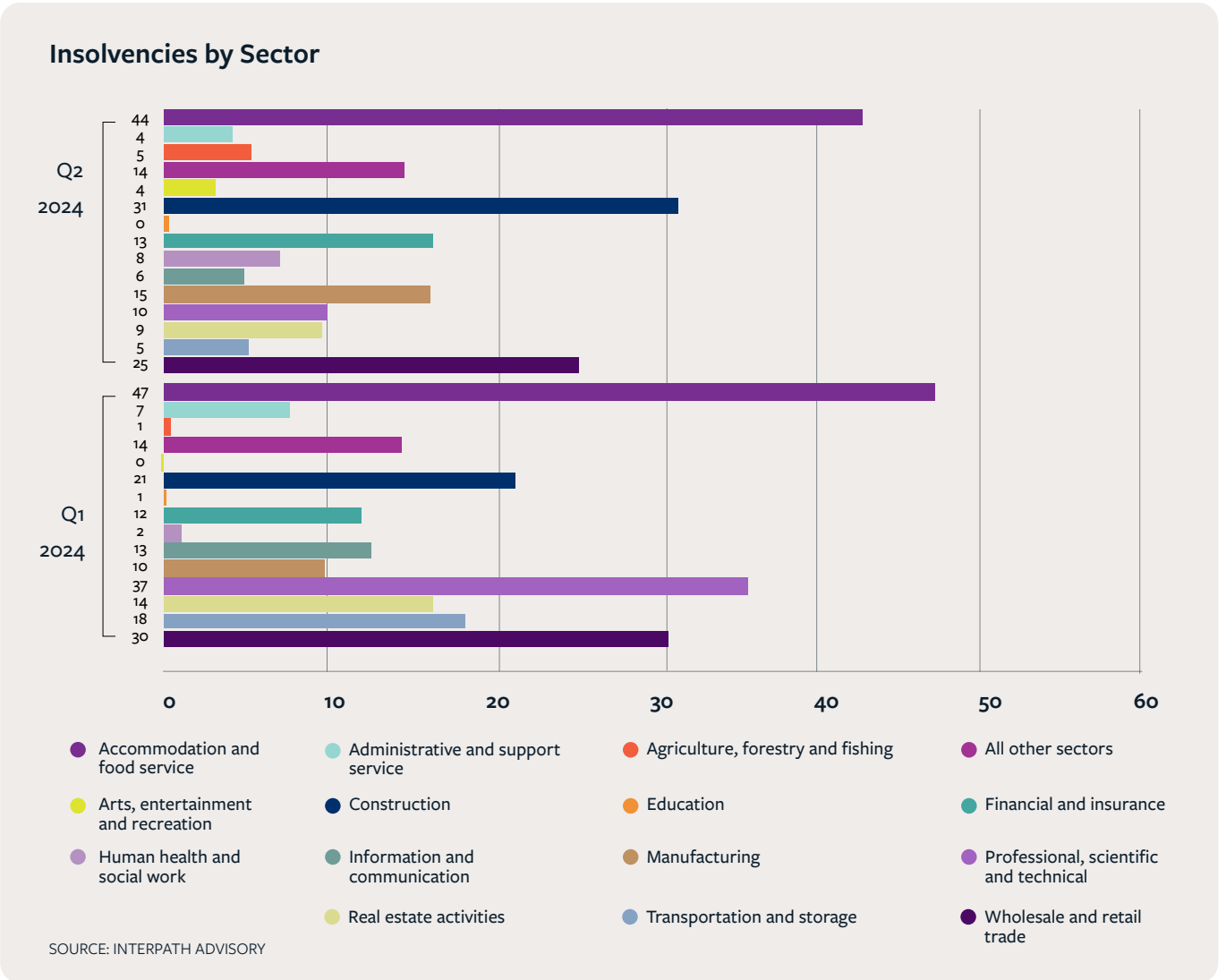
Ireland's level of inflation at 1.5% is below the Euro Area average of 2.5%.

Ireland is well above the Euro Area average for inflation in transport.



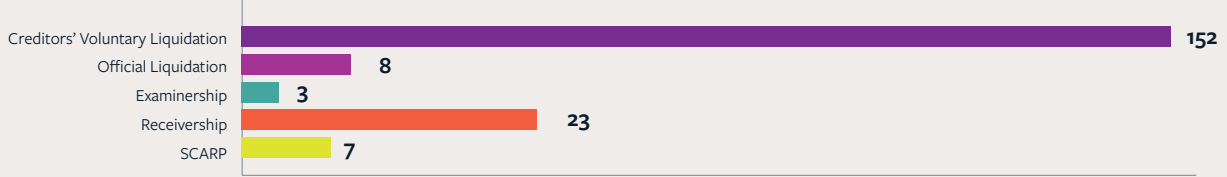
Insolvency Pulse

Data provided by Interpath Advisory shows a total of 193 insolvencies were recorded in Q2 2024.



The majority of insolvencies have been voluntary liquidations.

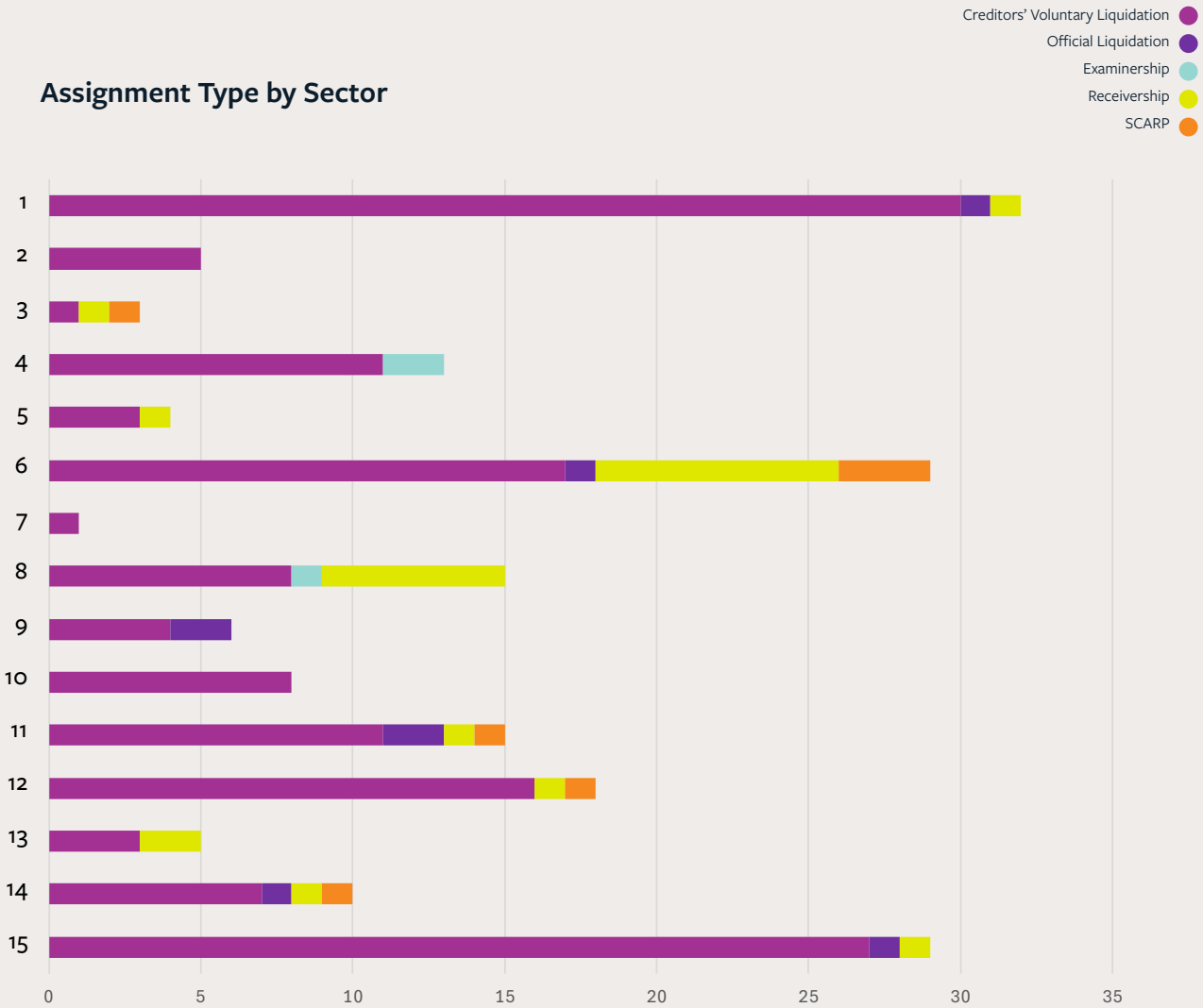
Assignment Type



SOURCE: INTERPATH ADVISORY

There is considerable variation in type of insolvency by sector.

Assignment Type by Sector



- | | | | |
|---------------------------------------|---------------------------------------|--|--------------------------------|
| 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.

Head Office

Greyfriars
Waterford
X91 K2WV

T: (0)51 870152

F: (0)51 871214

Waterford

Saint John's Parish Hall
Catherine Street
Waterford
X91 X827

T: (0)51 870152

F: (0)51 871214

Dublin

50-56
Merrion Road
Dublin
D04 V4K3

T: (0)1 4693739

F: (0)51 871214

