

Economic Outlook June 2005

**Dr. Dan McLaughlin
dan.mclaughlin@boigm.com
+353-1-6093326**

Bank of Ireland



Global Markets

...World growth strongest in 30 years...

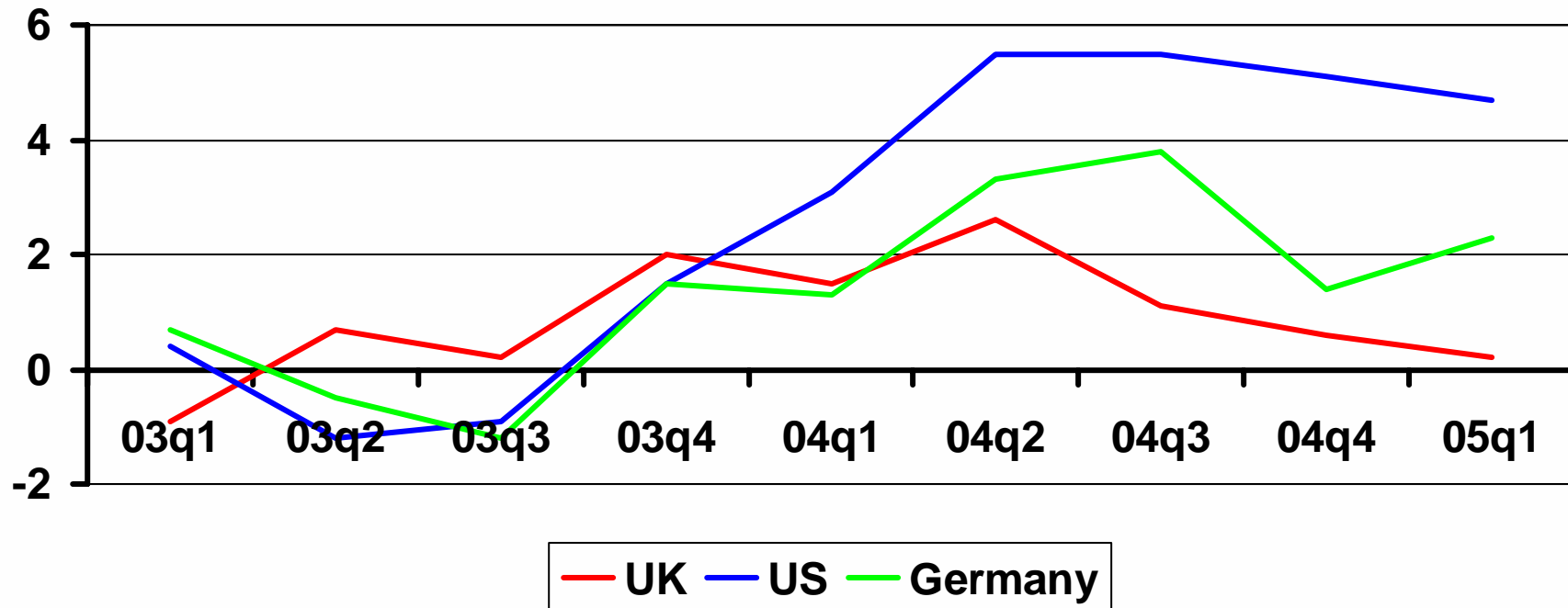
	96-05	2003	2004	2005
US	3.4	3.0	4.4	3.6
UK	2.8	2.2	3.1	2.6
Asia	6.6	8.1	8.2	7.4
Euro Area	2.0	0.5	2.0	1.6
World	3.8	4.0	5.1	4.3

Source:IMF

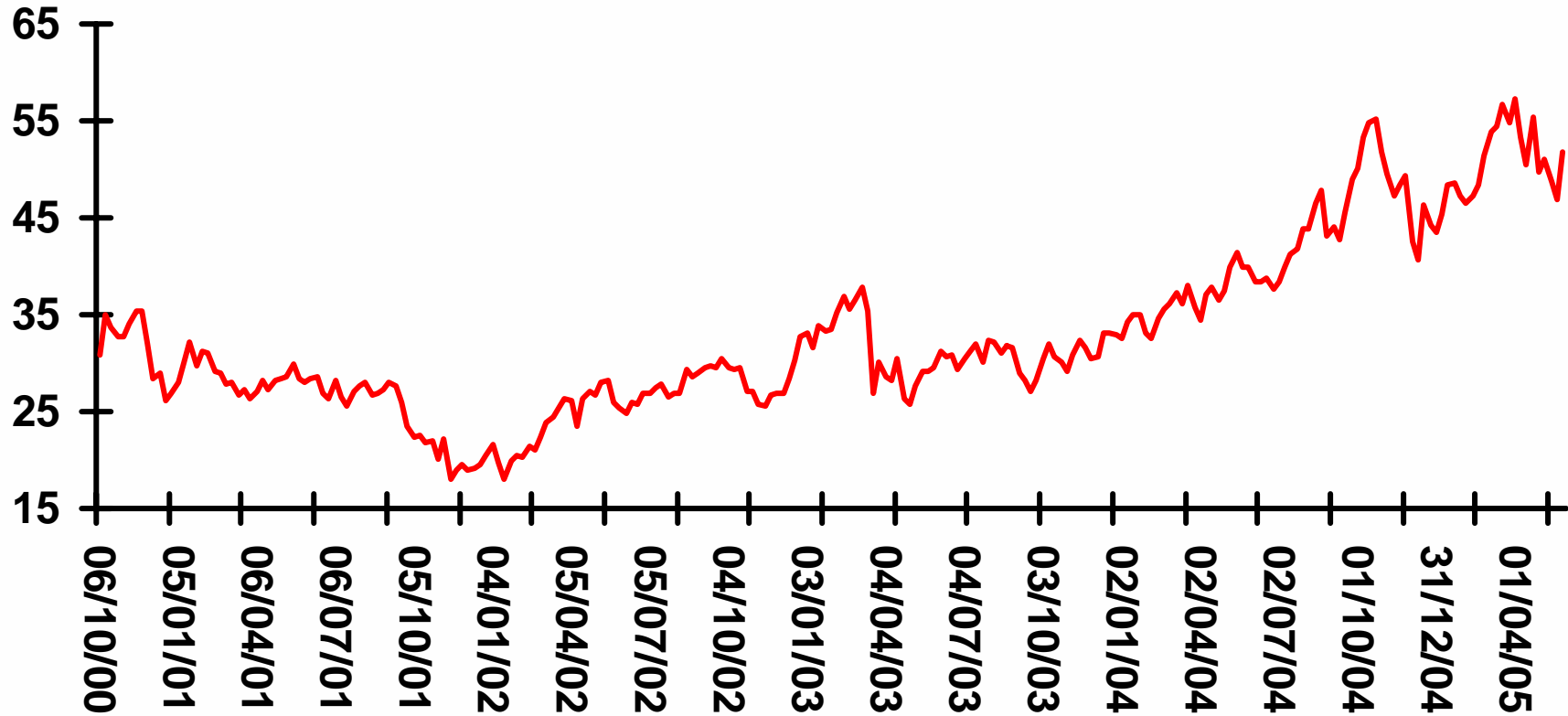


..although Western manufacturing is slowing...

Manufacturing (yoy,%)

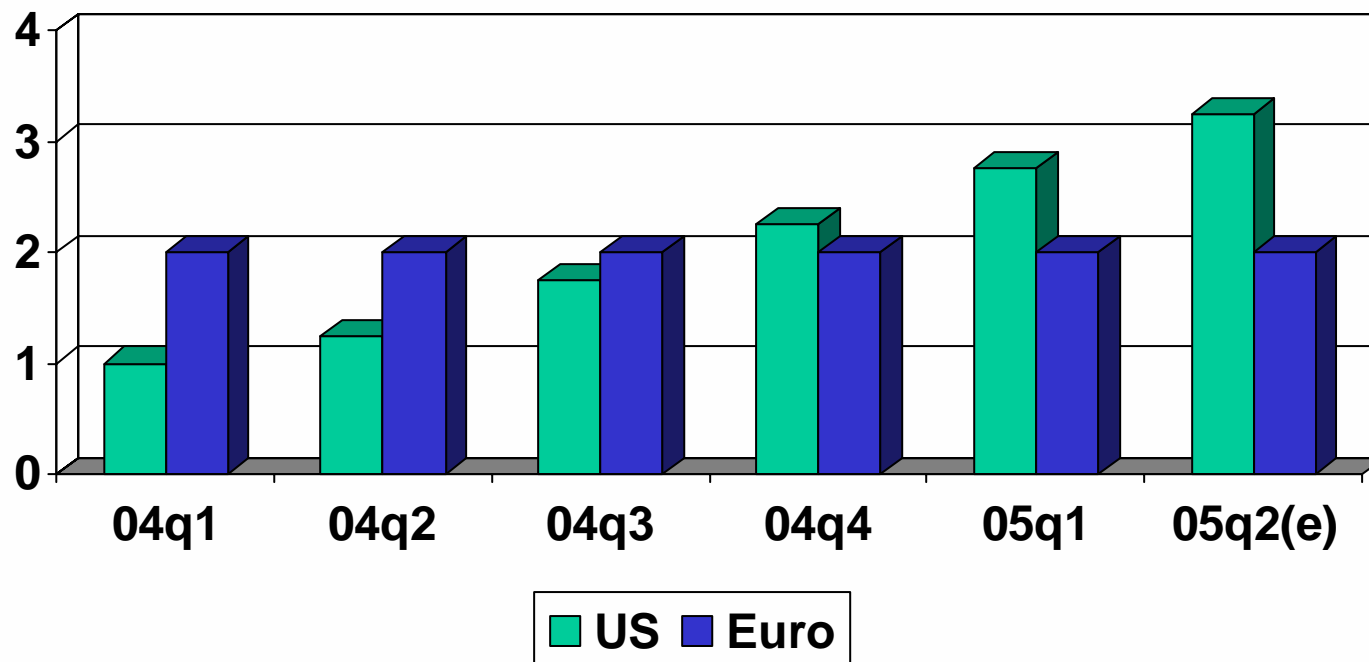


..driving oil to record highs...



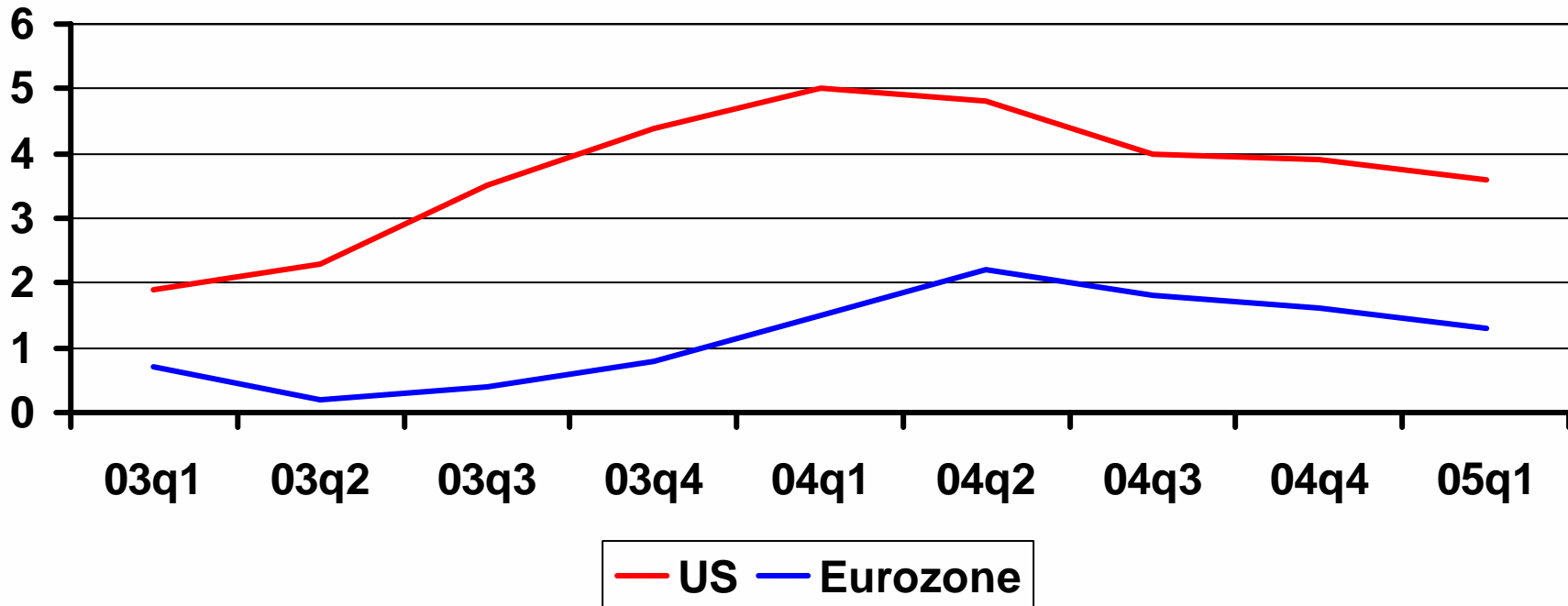
..Interest rate divergence widening...

Central Bank Rates



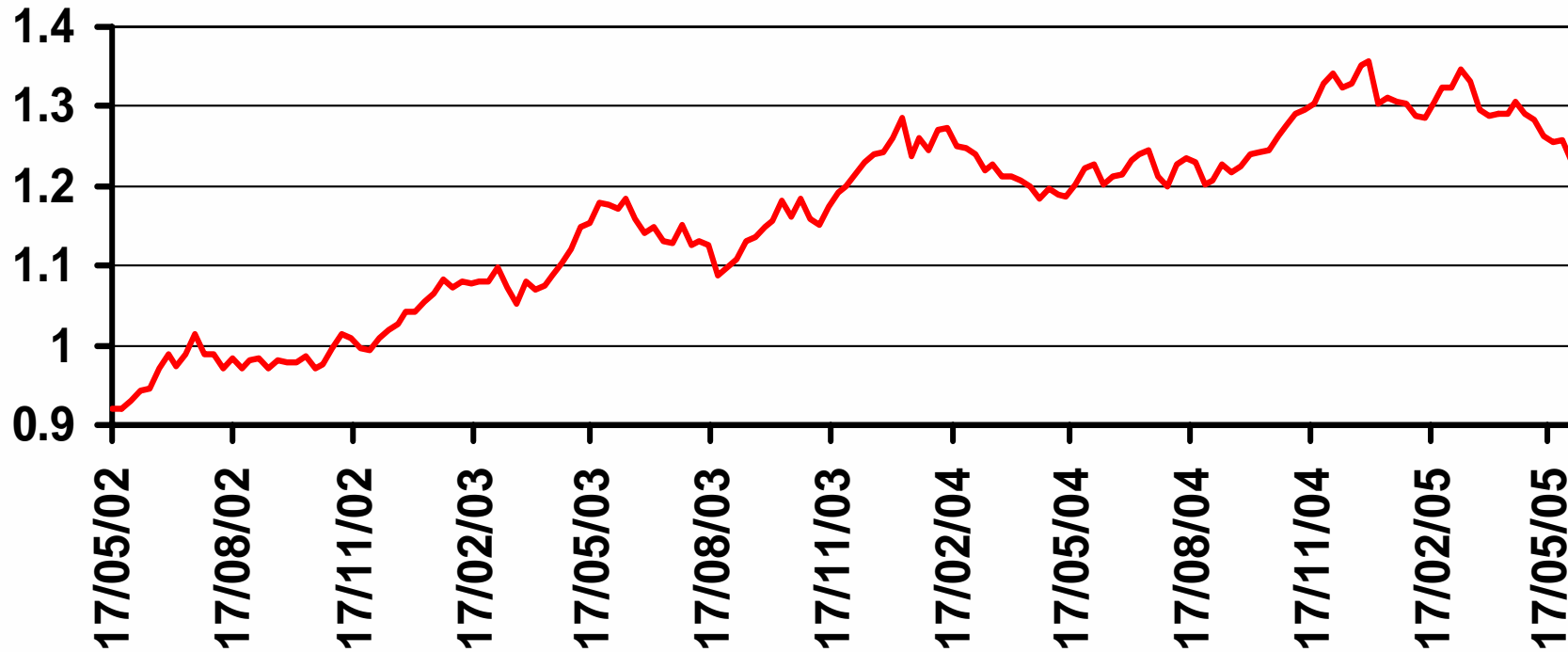
..as euro growth continues to disappoint..

GDP Change (yoy %)



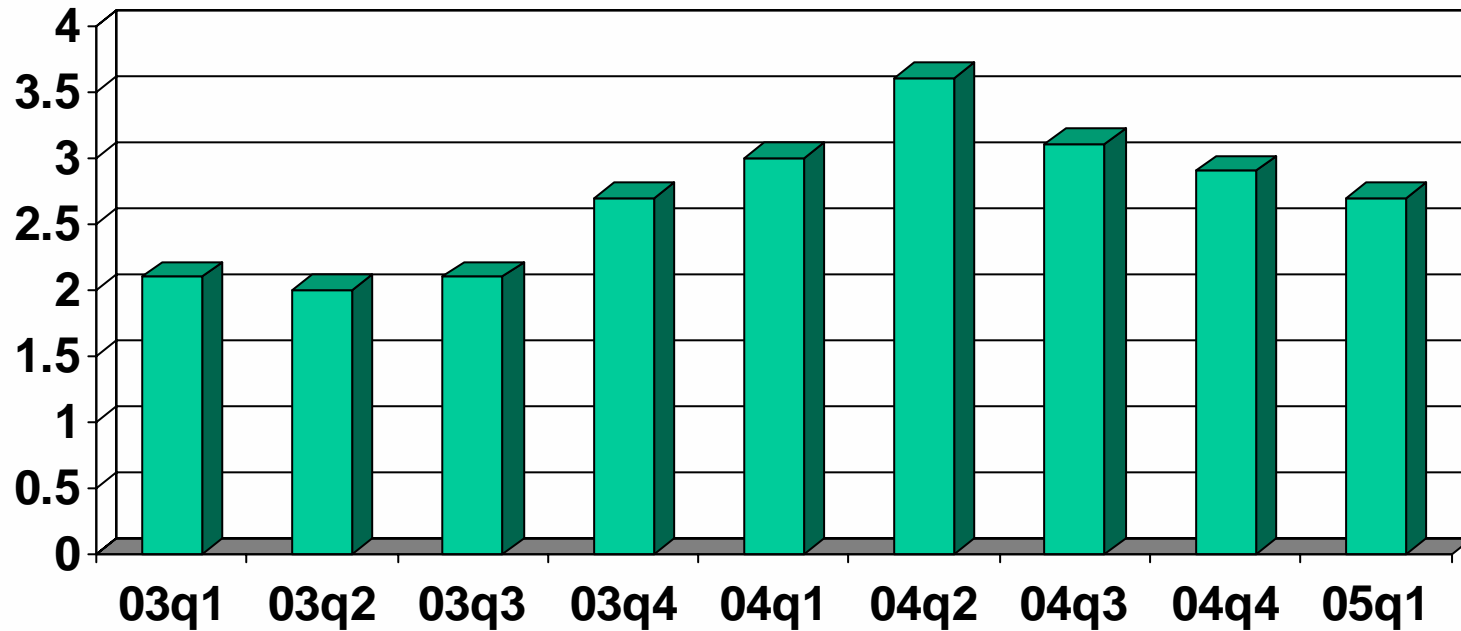
...offering support for dollar...

Dollars per euro



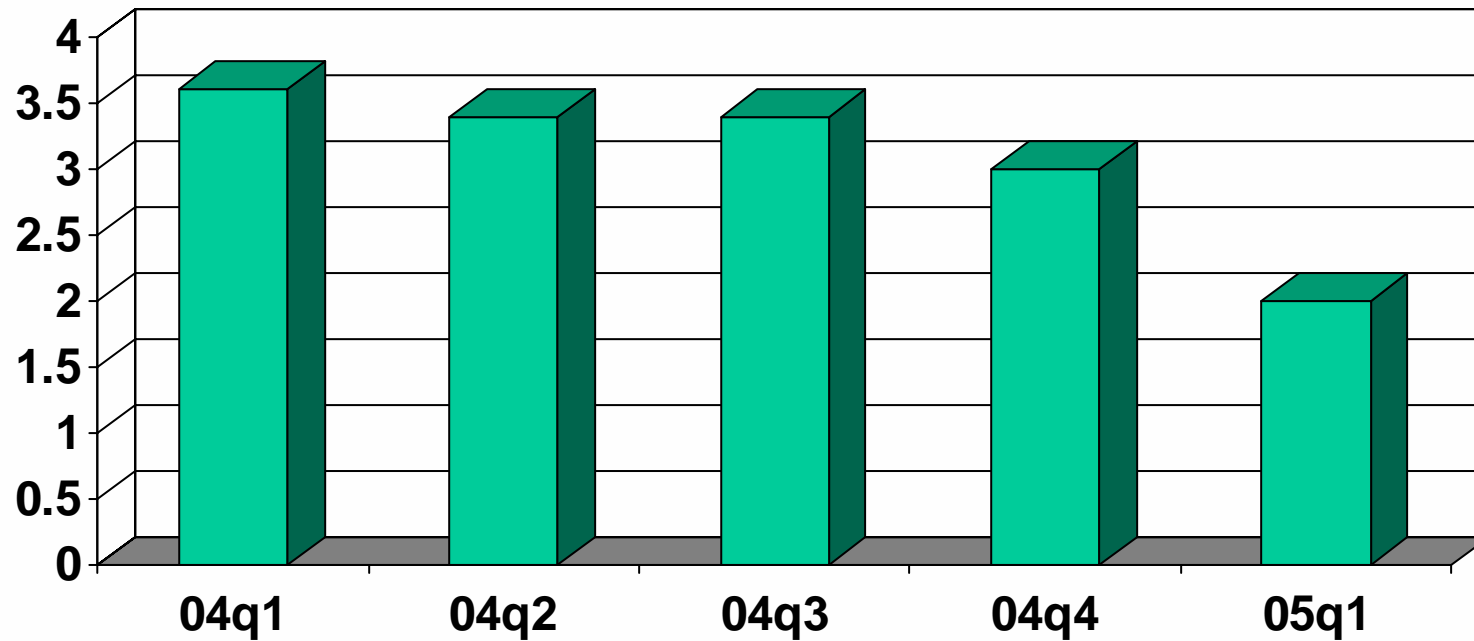
..UK slowing to trend...

UK Growth



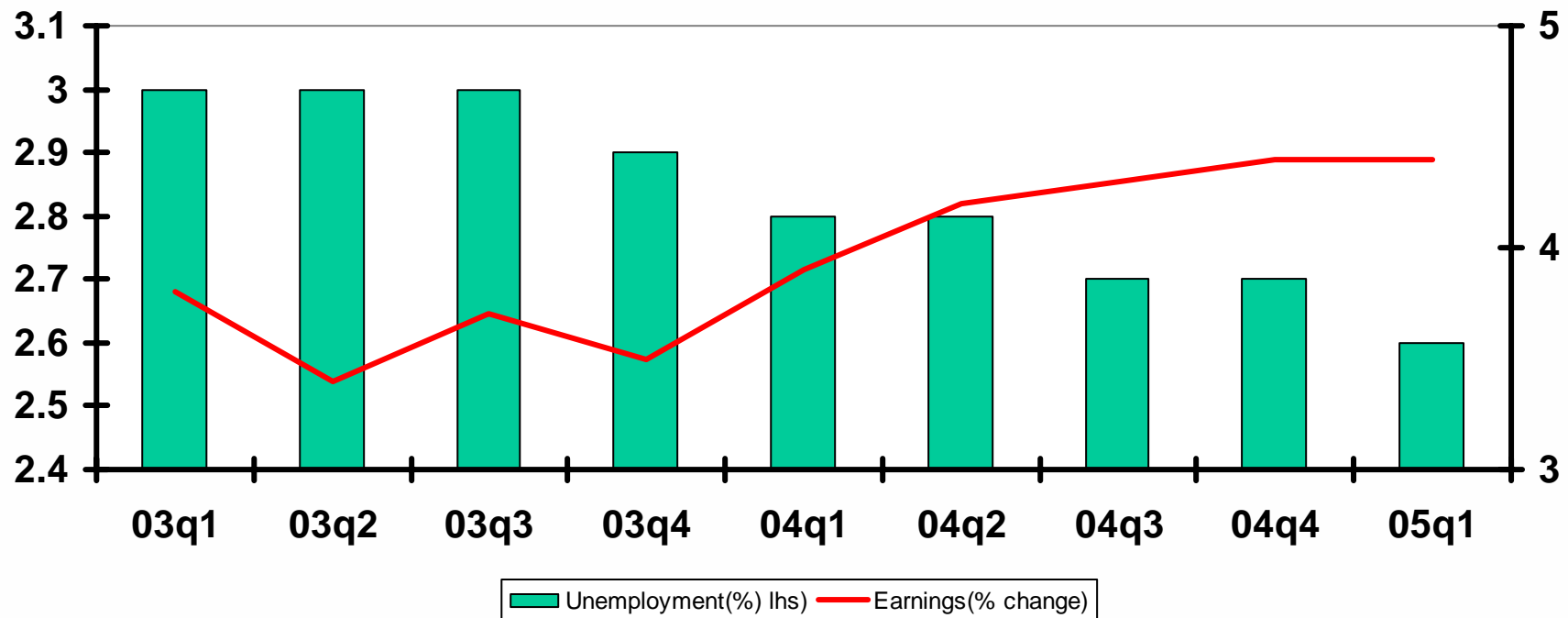
..consumer spending has slowed...

Real personal consumption (% change)



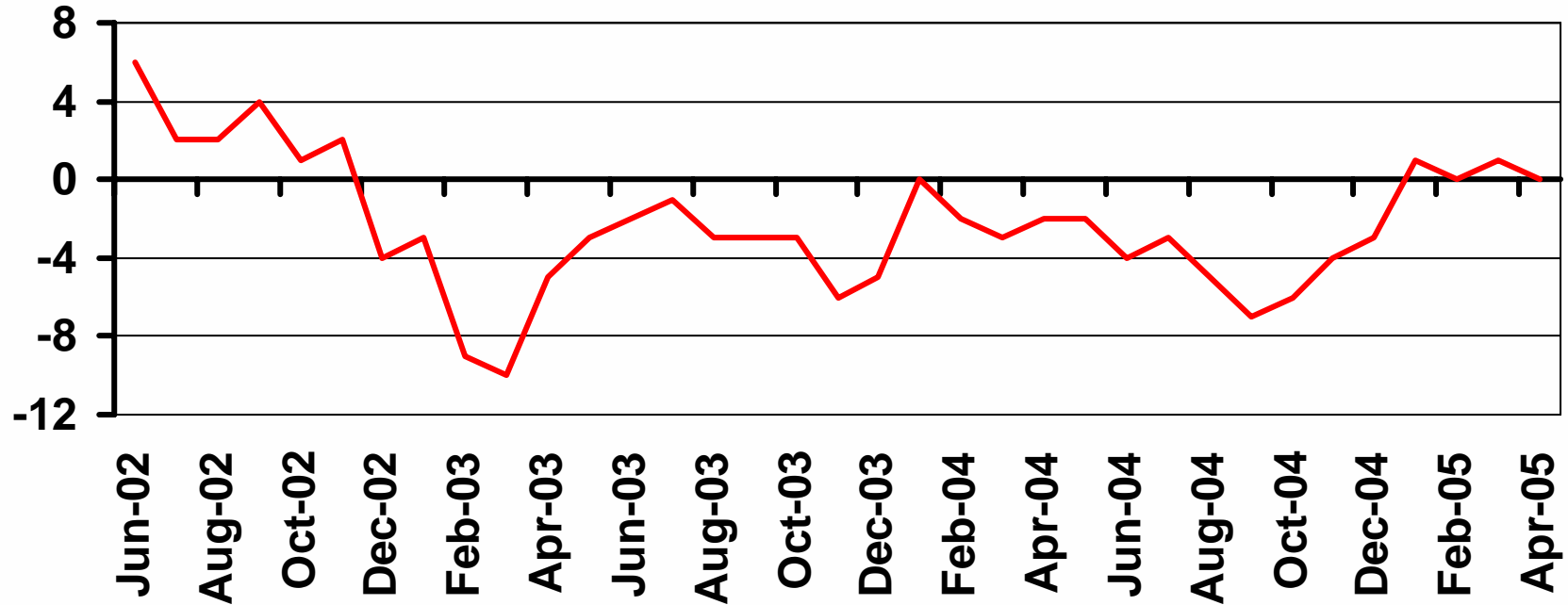
..although labour market still tight

UK Labour Market



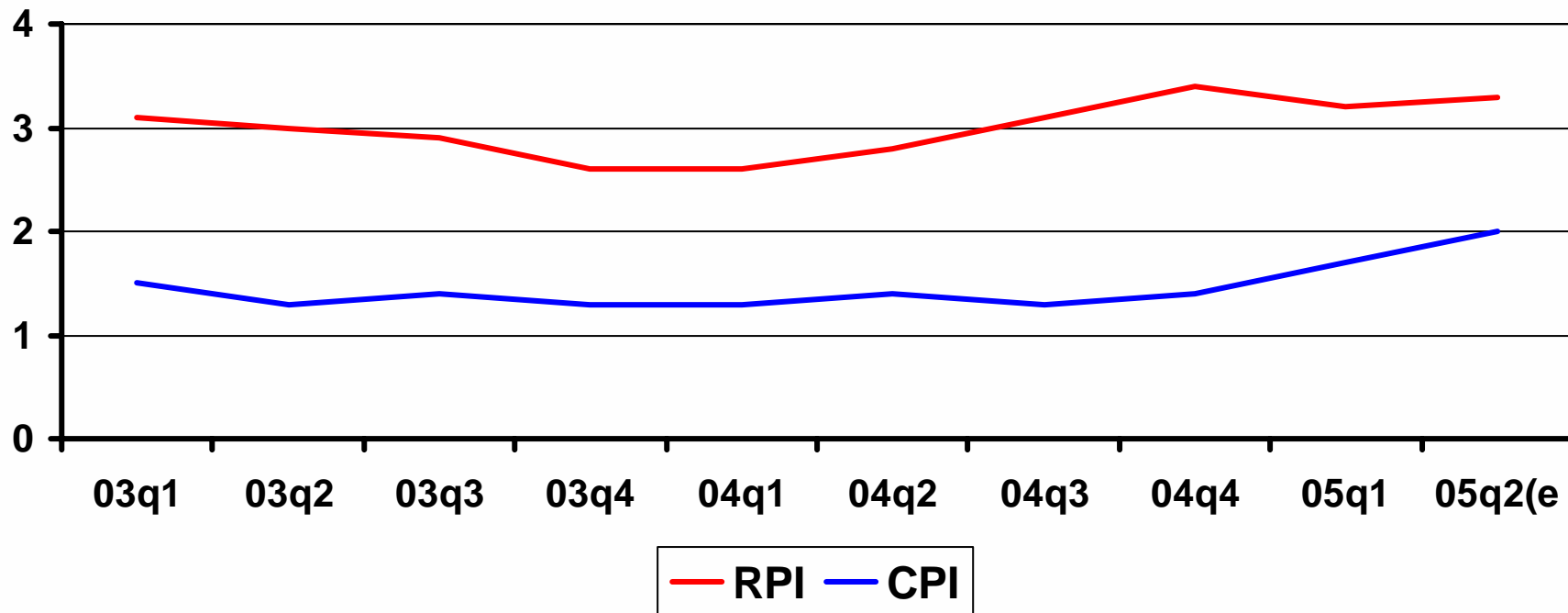
..and confidence has risen..

Consumer Confidence (GfK)



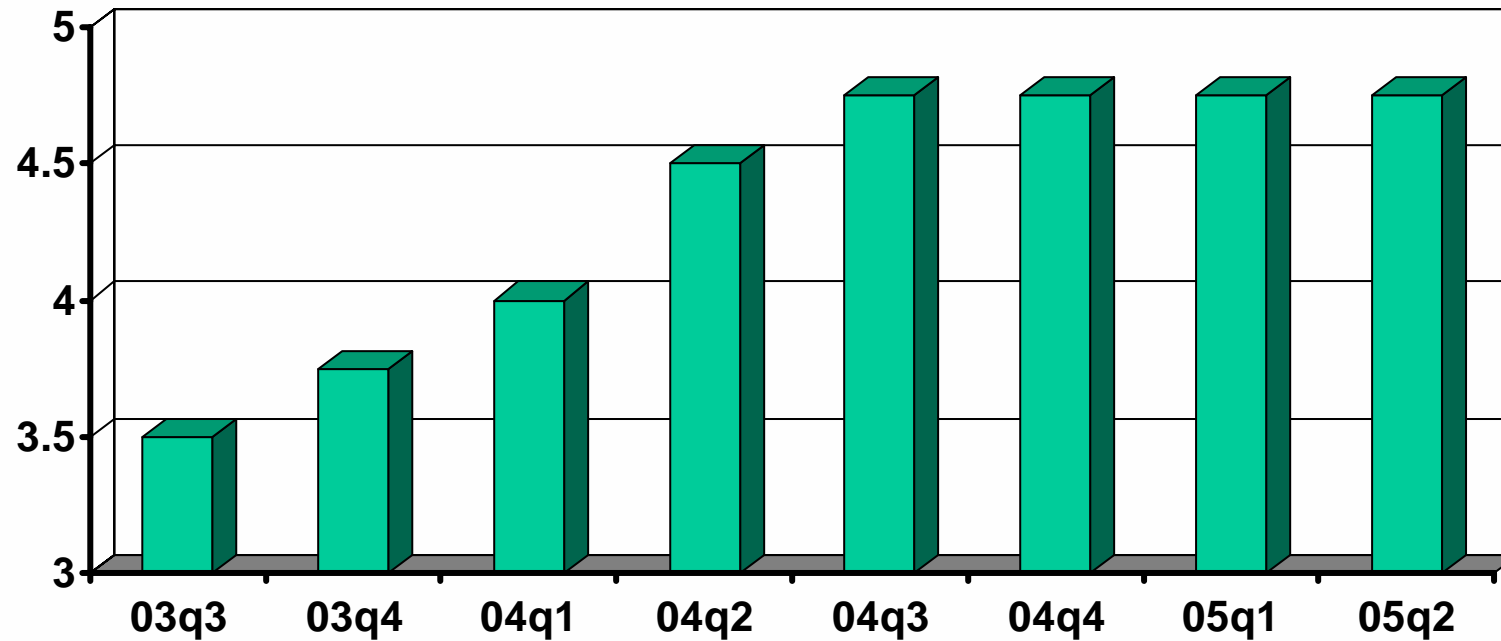
..inflation accelerates and surprises MPC..

UK annual inflation (%)



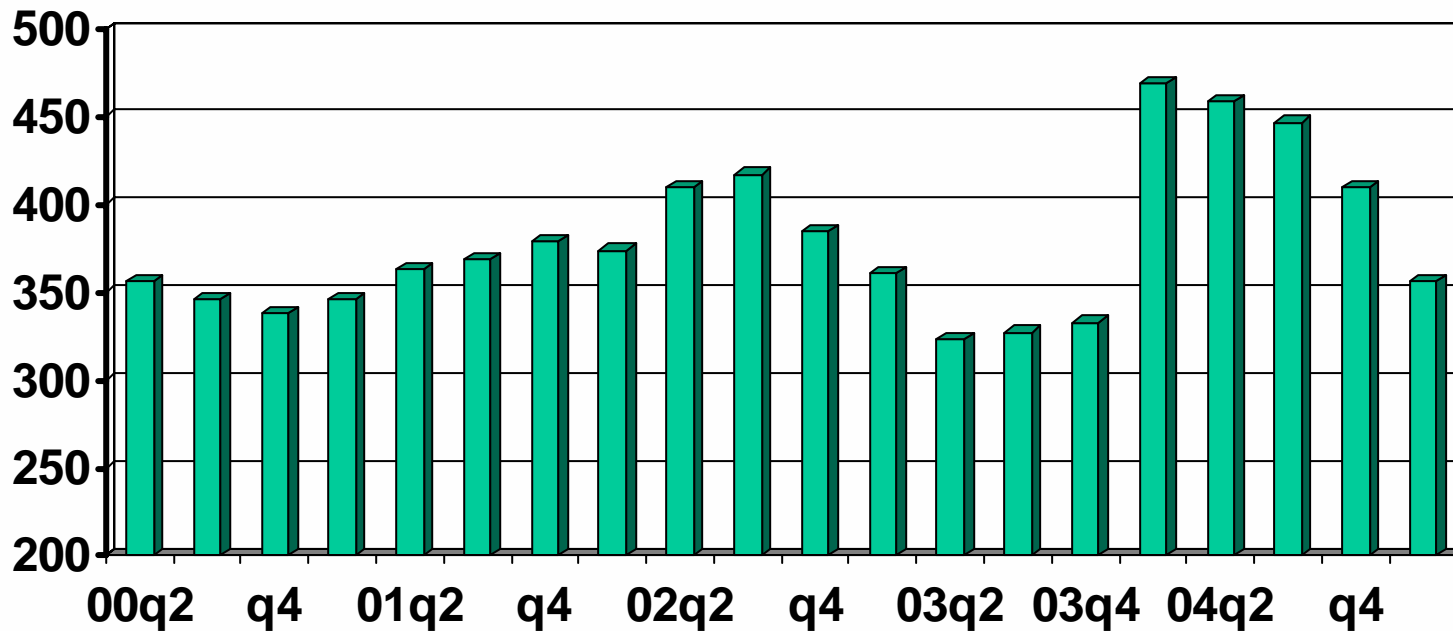
..Though market thinks rates have peaked..

UK Repo Rate



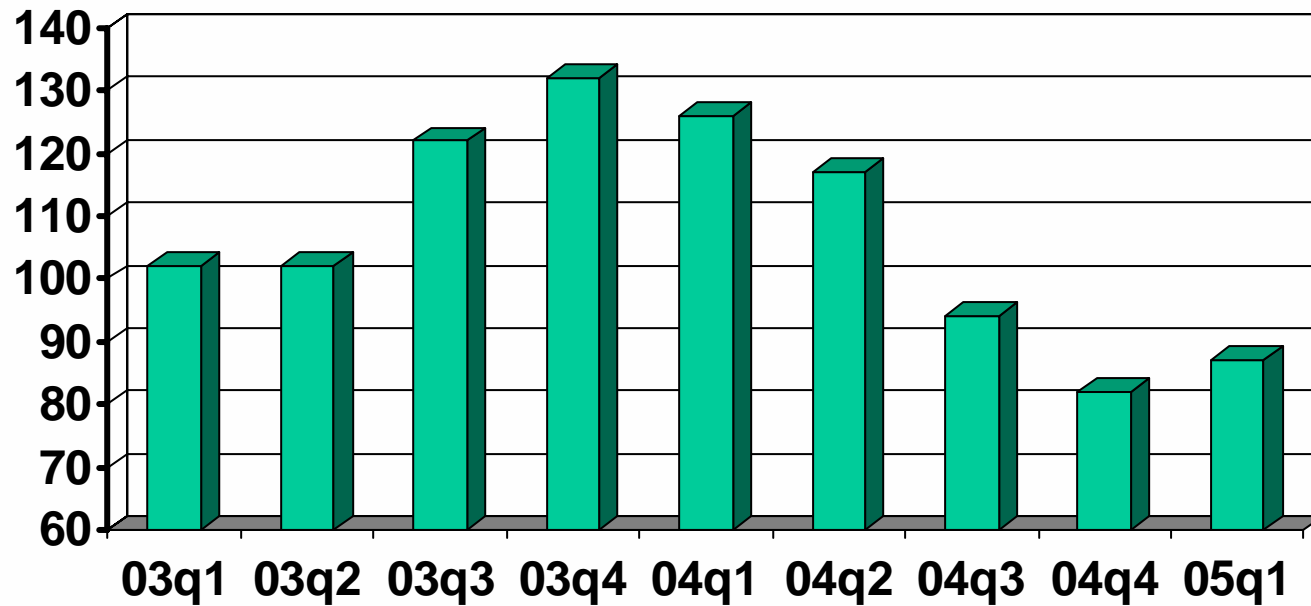
..Housing turnover slows from elevated levels..

Transactions (England, Wales '000)



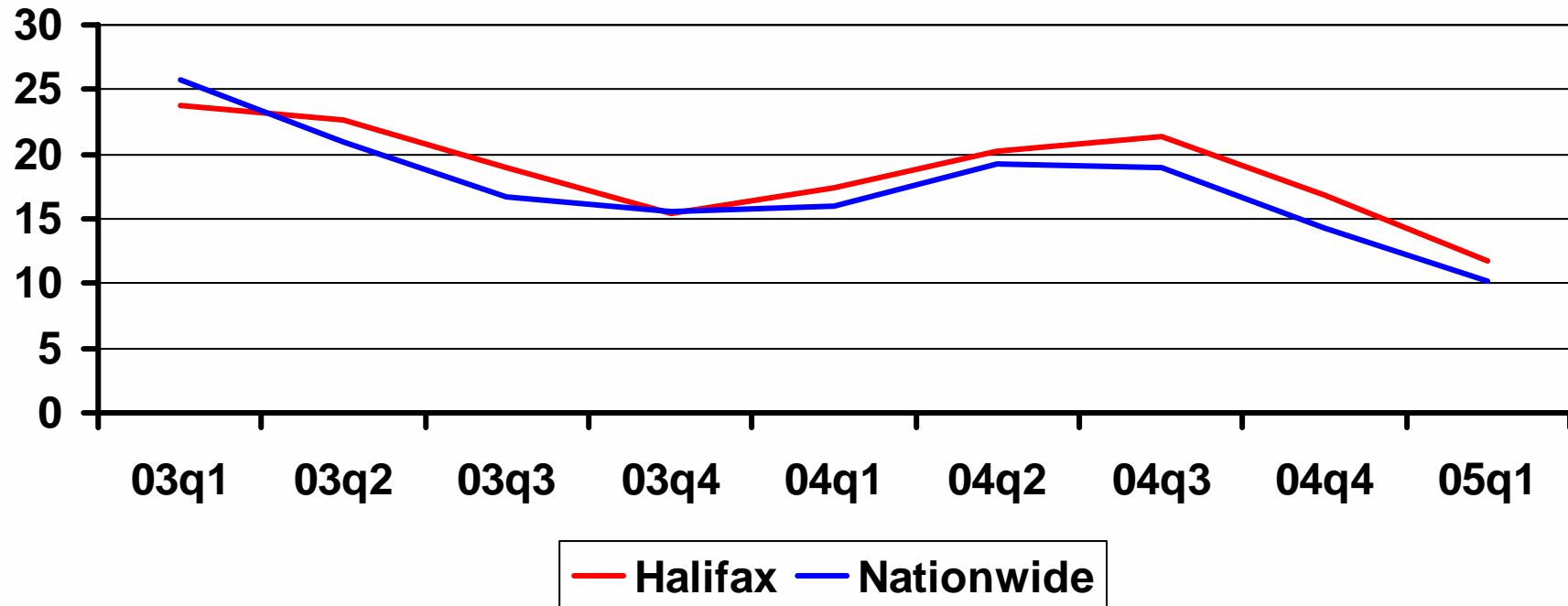
..and mortgage market stabilising....

UK Monthly Mortgage Approvals ('000)



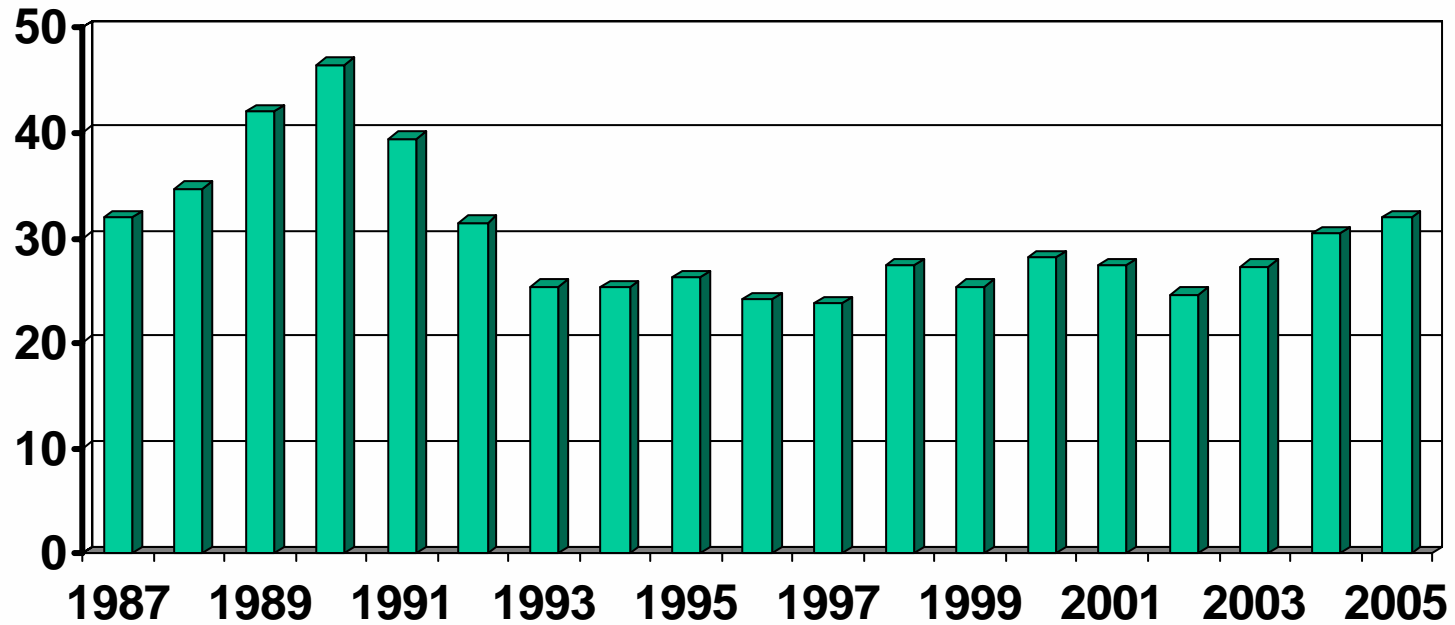
..Price trend consistent with soft landing..

Annual House price Inflation (%)



..Lower rate peak will limit deterioration in affordability..

Affordability (%)



Supply constraints bullish for price trend...

UK Completions ('000)

