

Economics in uncertain times

Northern Ireland Hotels Federation Business Outlook Seminar

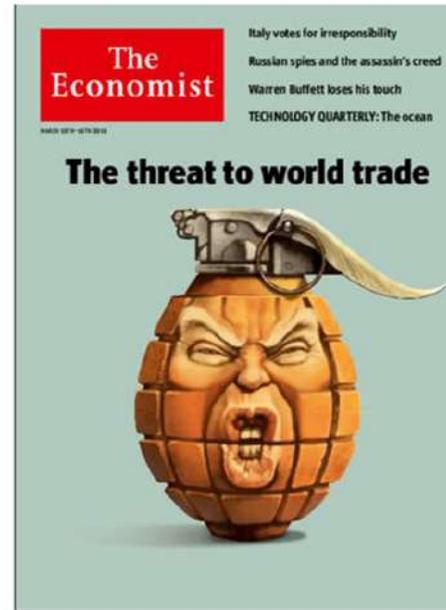
8th April 2025

Richard Ramsey Insight Ltd

Worth remembering Trump 1.0...



MAR 17TH 2018
The battle for digital



MAR 10TH 2018
The threat to world trade



OCT 18TH 2018
China v America

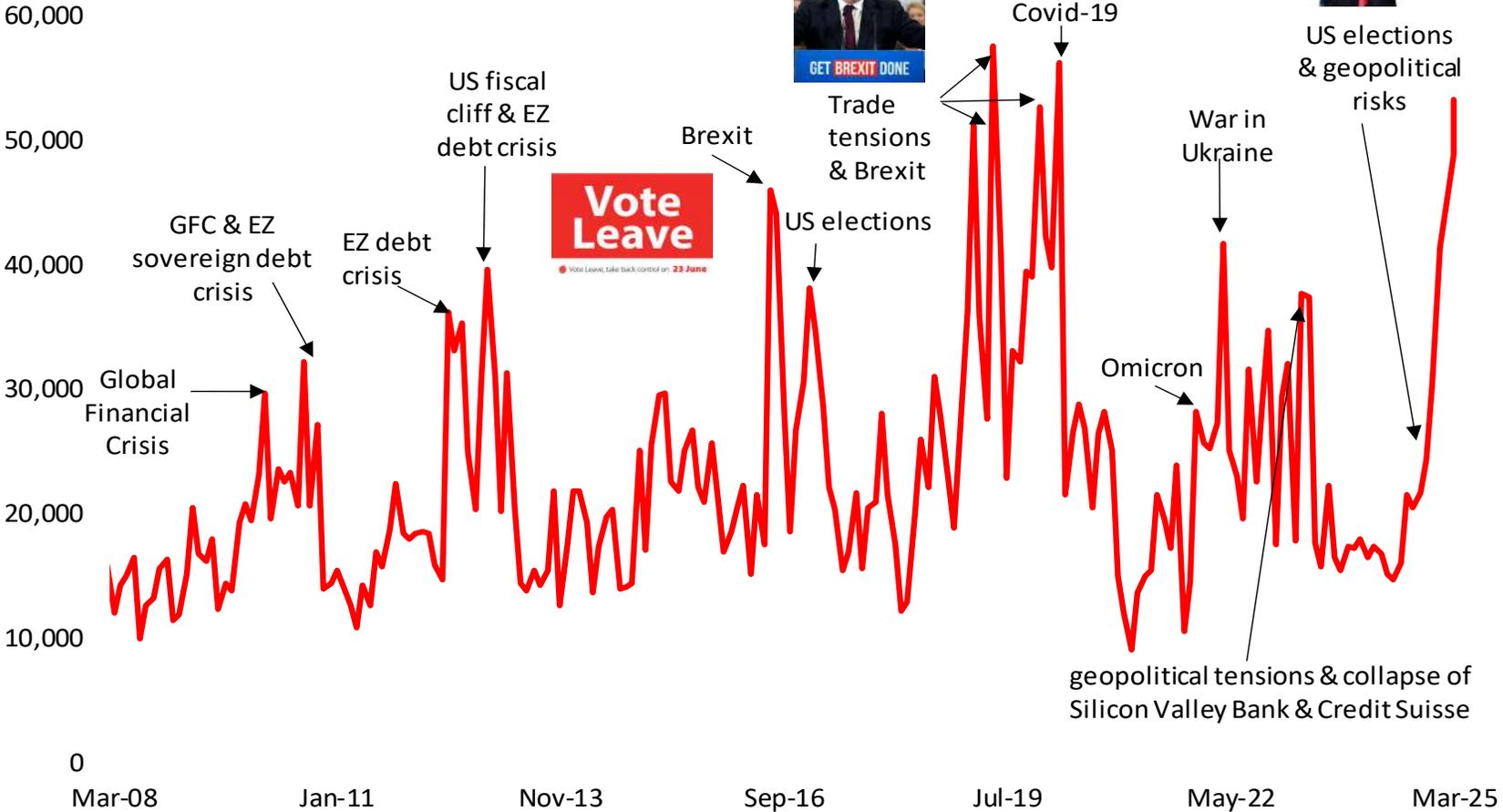


December 2018

Uncertainty on the rise again

World Uncertainty Index, GDP weighted average

January 2008 to March 2025



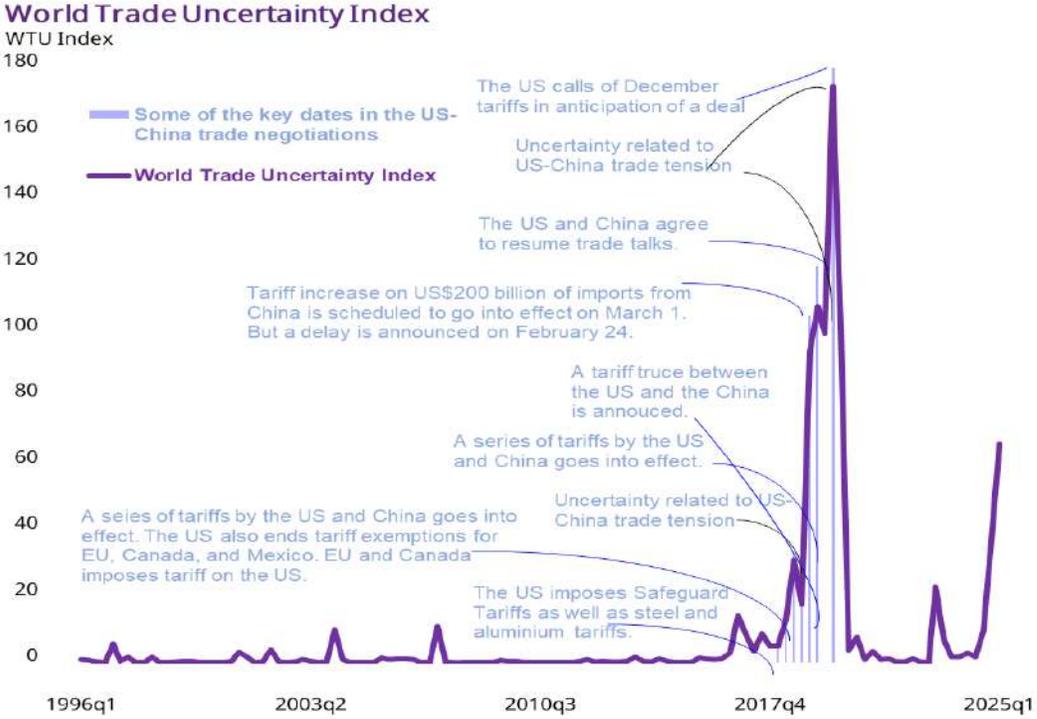
Global economy adapting to Trump 2.0



Source: Kal Cartoons 14th November 2024

- T** – Trade, Tariffs, Tax cuts, Taiwan
- R** - Regulation / De-regulation, Russia
- U** – Uncertainty, Unpredictability, Ukraine, UK?
- M** – Mass deportations, Middle-East, Mexico, Musk
- P** – Protectionism, Price Rises, Public Finances

Trade Wars – The Donald has form!



Source: Ahir, H, N Bloom and D Furceri (2022), "World Trade Uncertainty Index", Stanford mimeo

Trump 2.0 – The Donald is spoiling for a Global Trade War



Jan 30th 2025

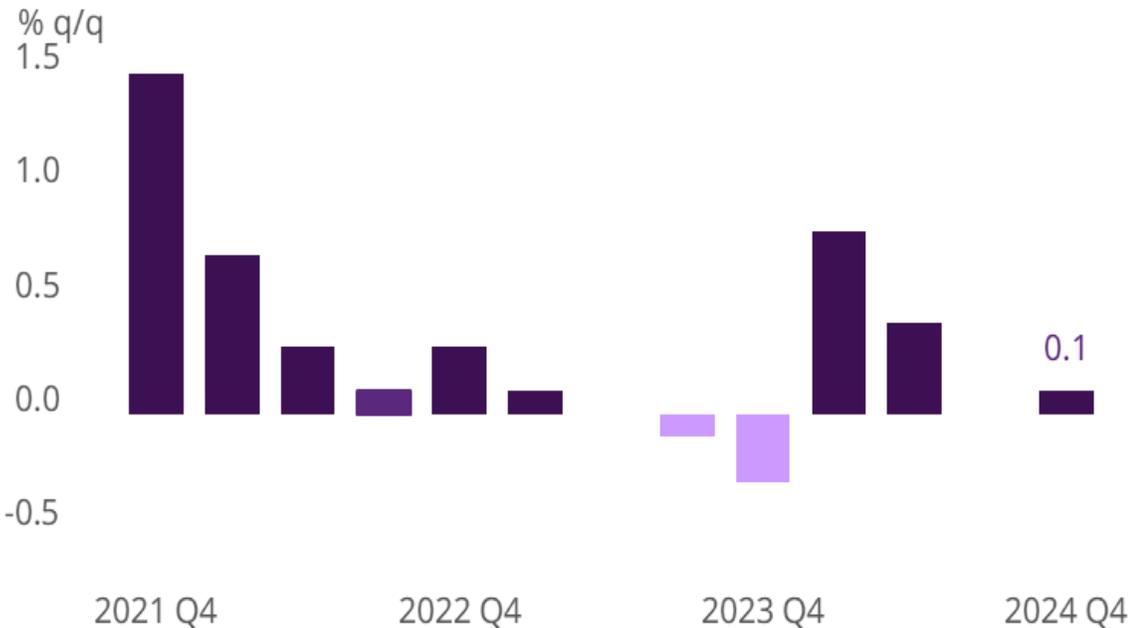
New era of global change

“Since autumn, **the world has changed**. Europe is now facing a generational challenge to its collective security. **Global economic uncertainty** has increased sharply, growth has slowed in many of Britain’s major trading partners, and borrowing costs have risen across most advanced economies. As an open trading economy, the **UK is not immune** to these challenges.”

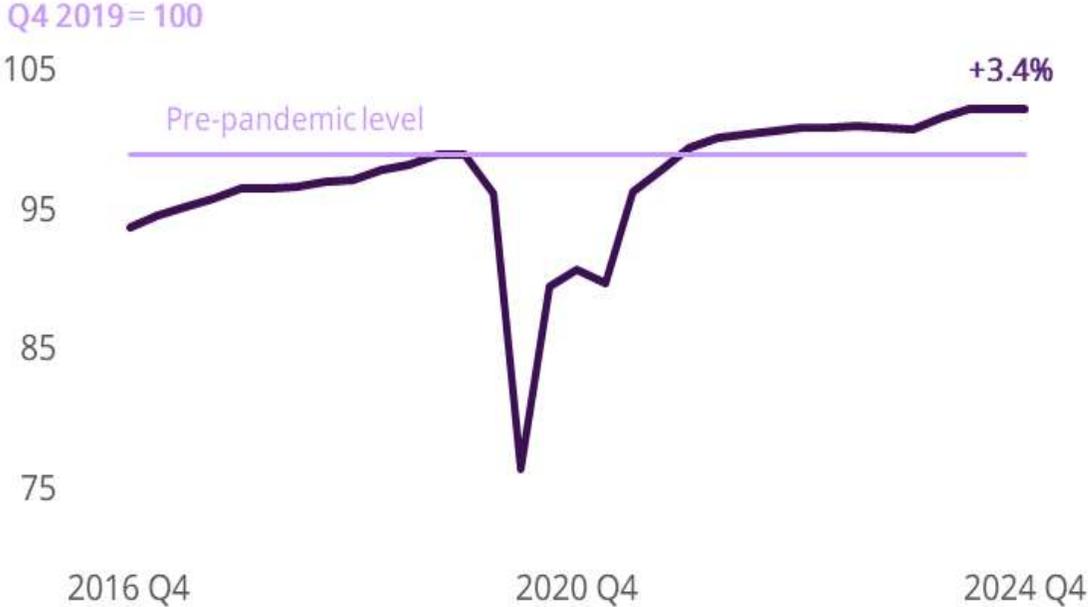
HM Treasury, Spring Statement 2025

UK economic growth has been uninspiring

UK Quarterly GDP Growth



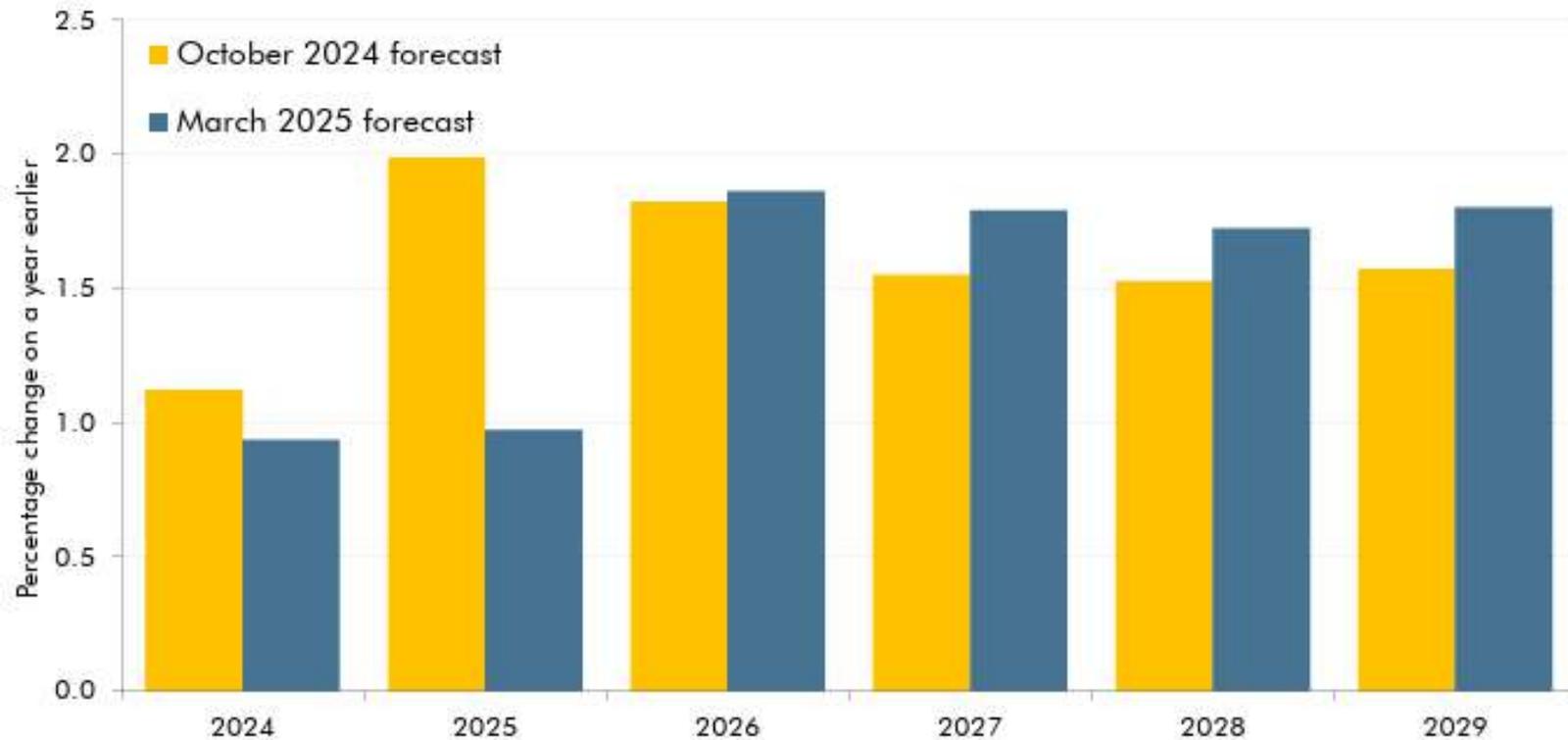
UK GDP Levels



Source: ONS

OBR slashes UK growth rate for 2025 (*pre-Trump Tariff announcement*)

Real GDP growth

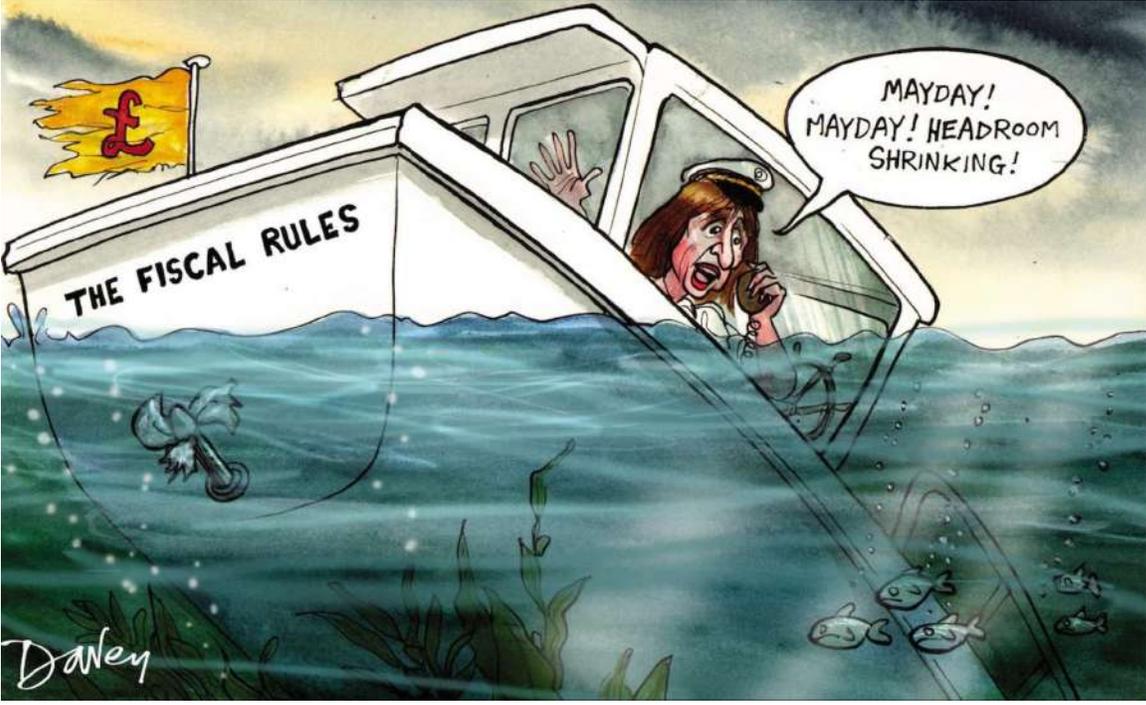


Source: ONS

Budget Statement 2025



Source: X @DaveBrownToons @Independent 5th March 2025



Source: X @DaveyCartoons 6th March 2025

NI economy records growth for four successive quarters

N.Ireland Composite Economic Index

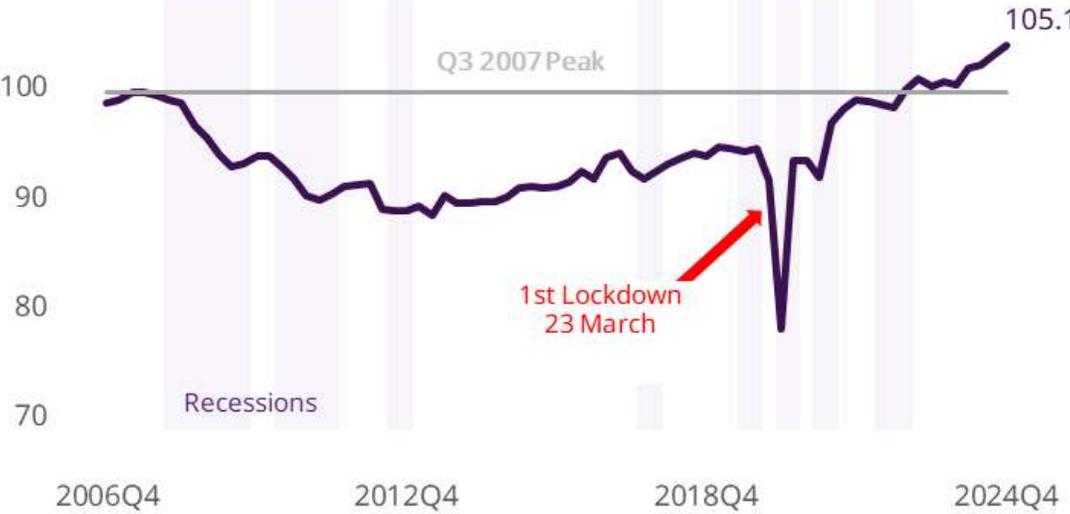
Quarter-on-Quarter
2.0%



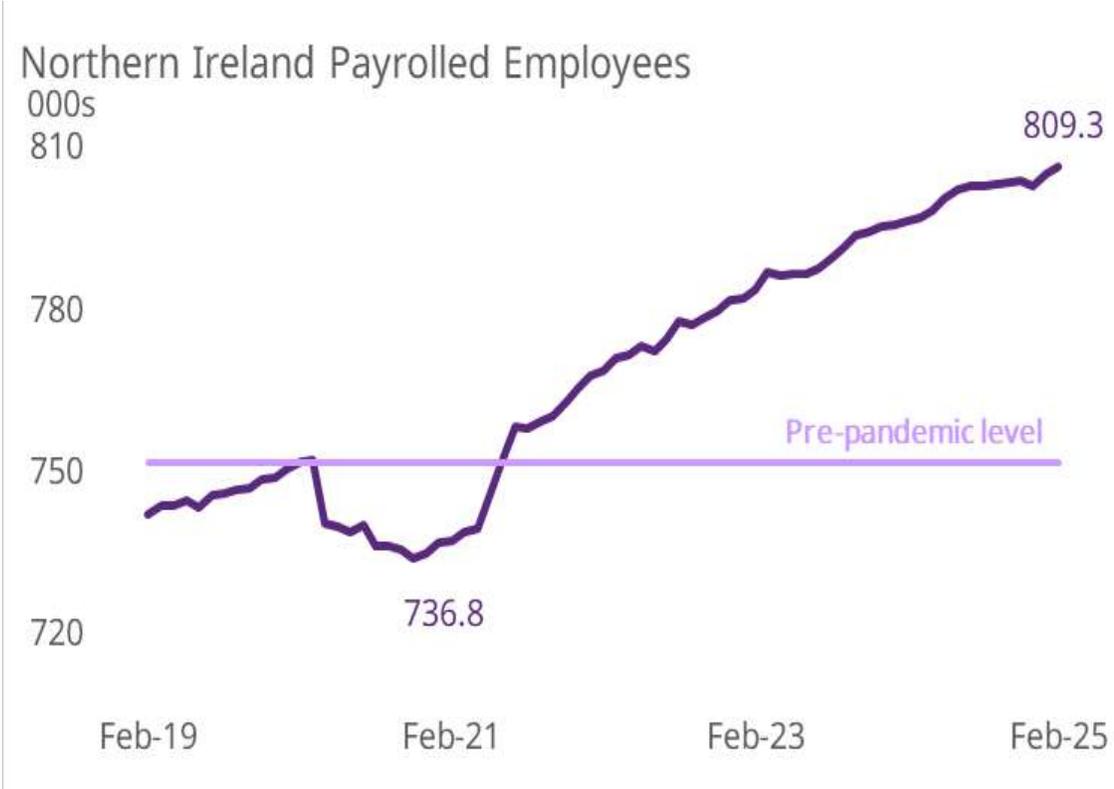
Source: NISRA

NICEI - Output Levels

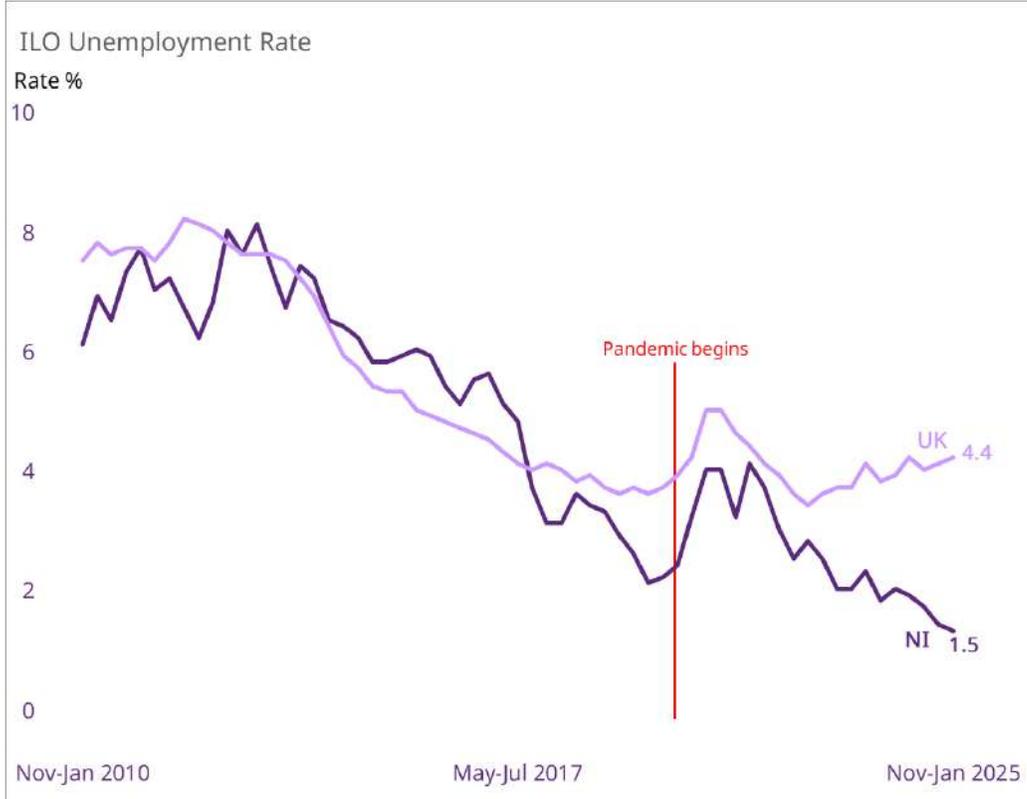
Index 2022 = 100
110
100
90
80
70



Labour market looks healthy

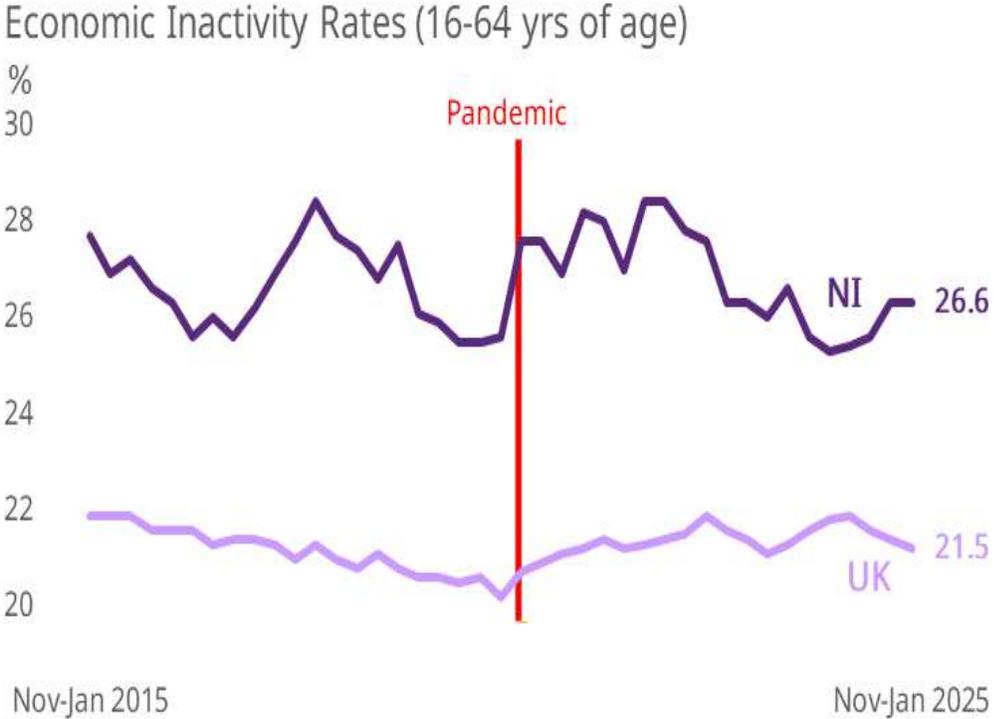


Source: HMRC & NISRA

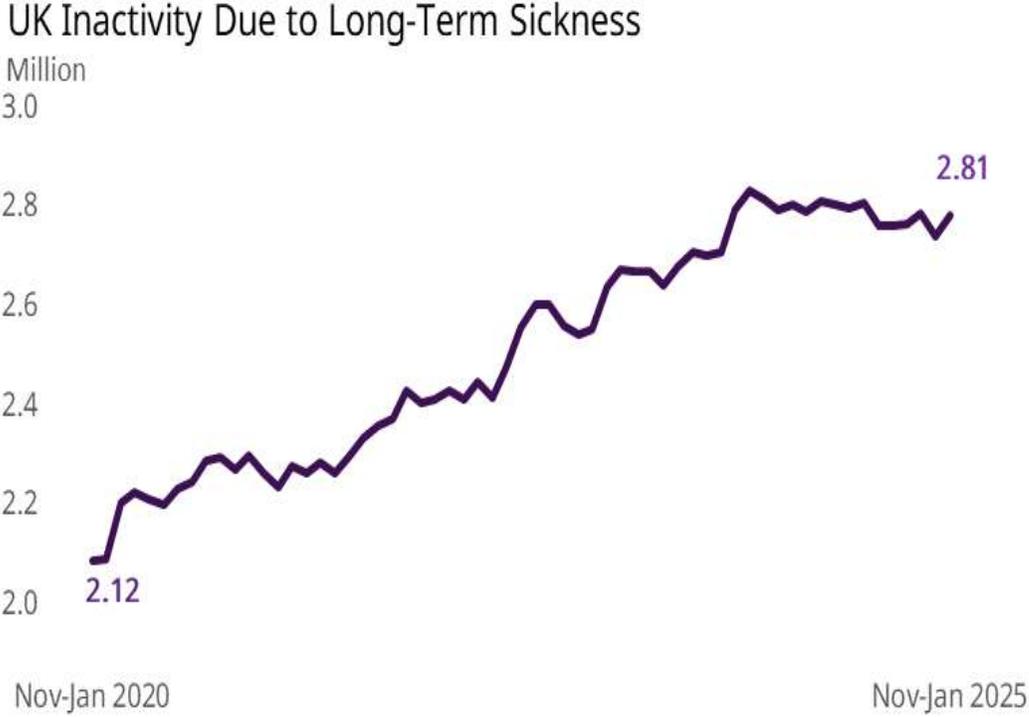


Source: ONS & NISRA

Sick note Britain...

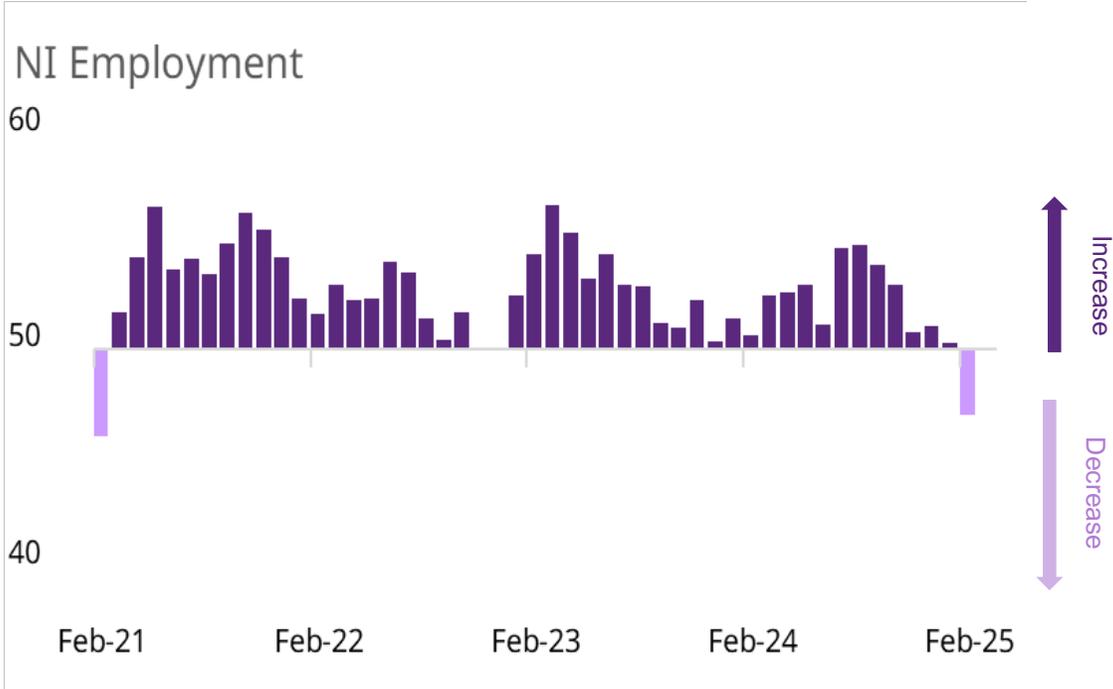
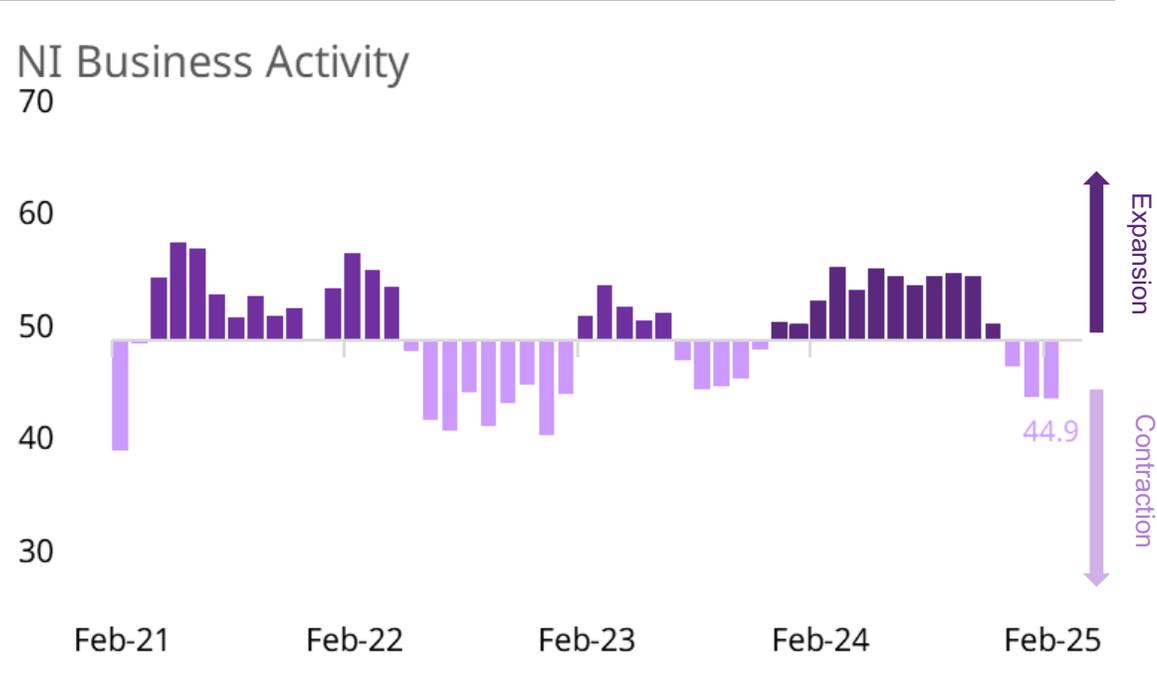


Source: ONS & NISRA



Source: ONS

NI's private sector turning a corner in 2025



Source: S&P Global & Ulster Bank NI PMI (50.0 = expansion/contraction threshold)

April's economic showers



**National Living
Wage**



**Tariff
"Liberation Day"**

ETAs



**Employer
NICs**

Irish eyes aren't smiling



Dan O'Brien, Chief Economist IIEA – Dublin-based think-tank says Trump's "*liberation day*" could hit Ireland harder in the long run than its 2010 bailout following the debt crisis



Up to half of pharma exports are "***purely accounting based***" Professor Aidan Regan UCD estimates. "***I do think the game is up for Ireland.***"



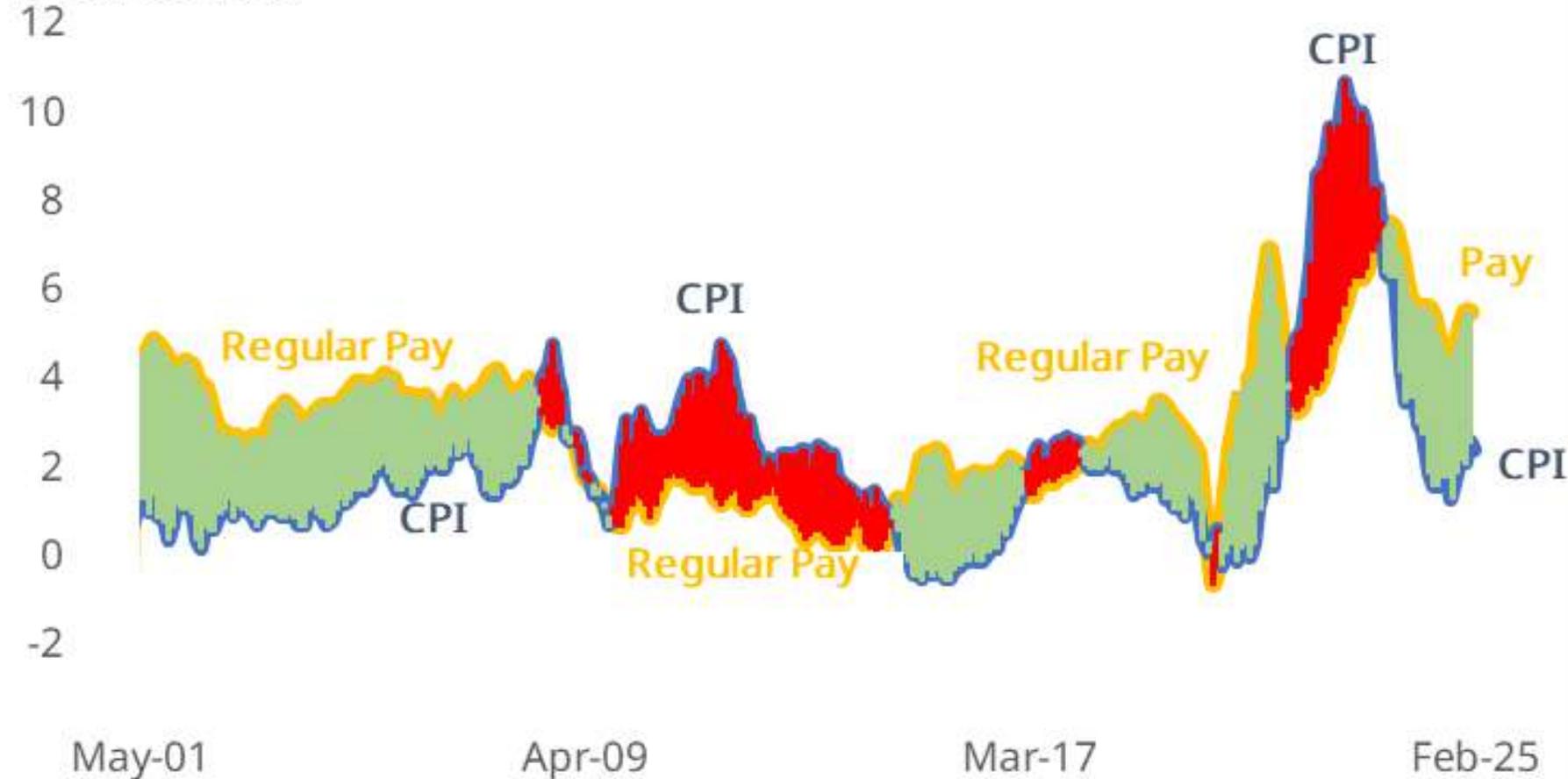
Irish Finance Minister Paschal Donohoe said the US measures spelled "***a complex and significant challenge***"

Source: Quoted by Jude Webber, Financial Times 31 March 2025

Cost of living squeeze ended in July 2023

UK Regular Pay versus CPI

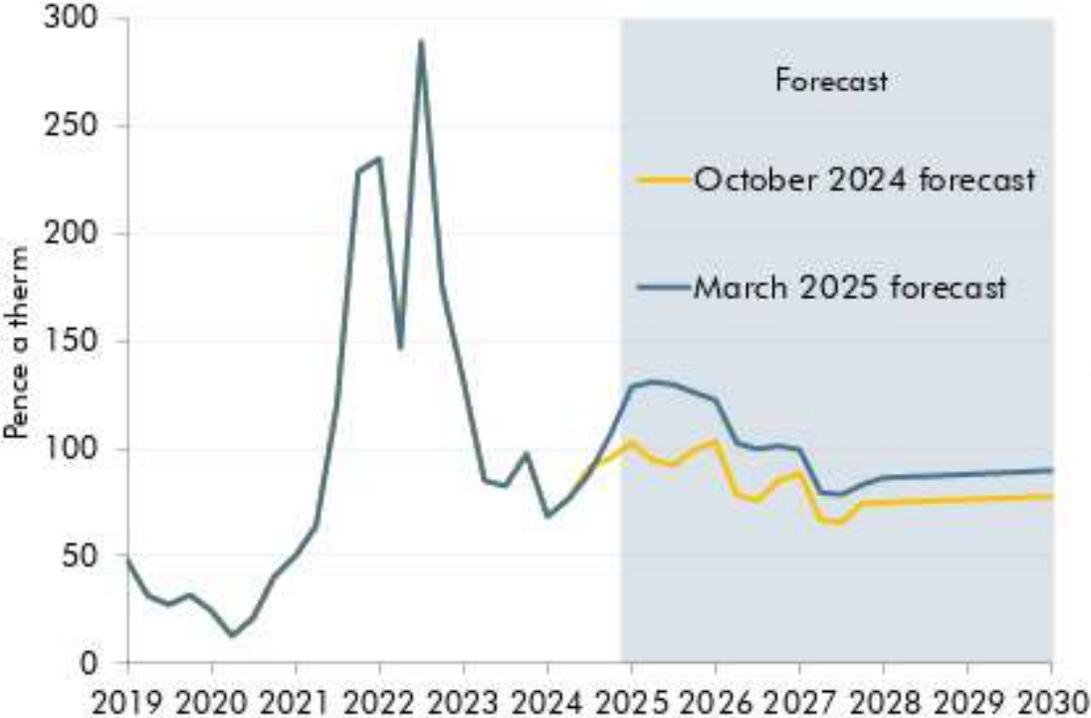
% Year-on-Year



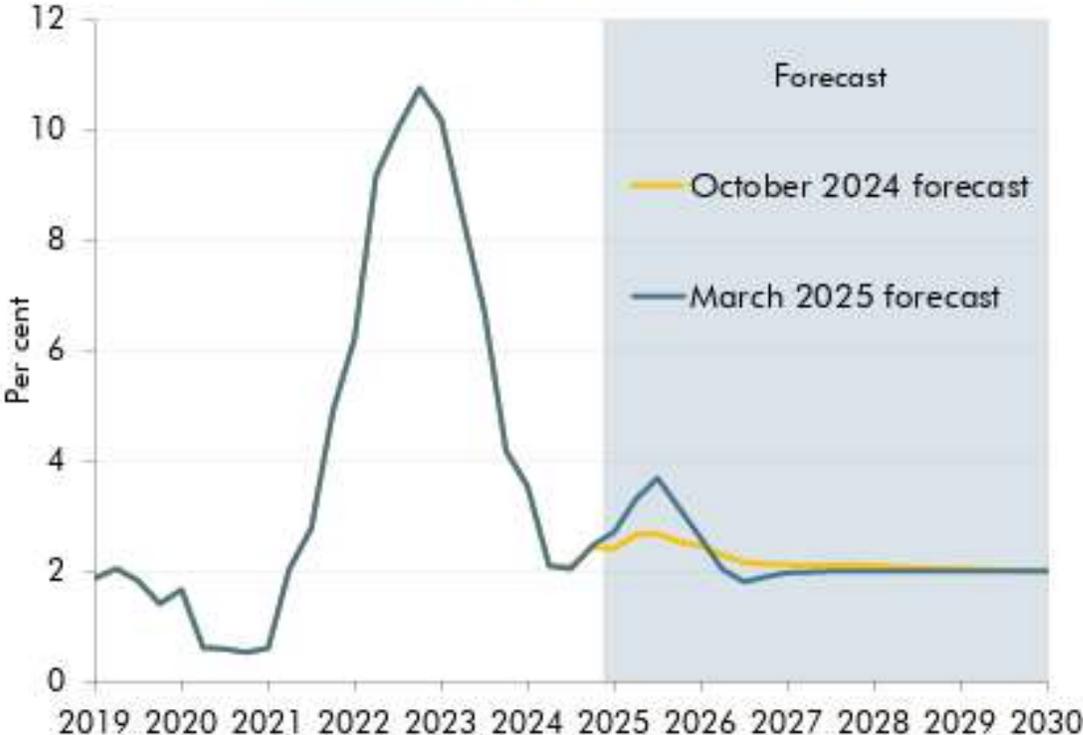
Source: ONS

Higher energy prices & inflation expected (*pre-Trump Tariff announcement*)

Wholesale gas prices

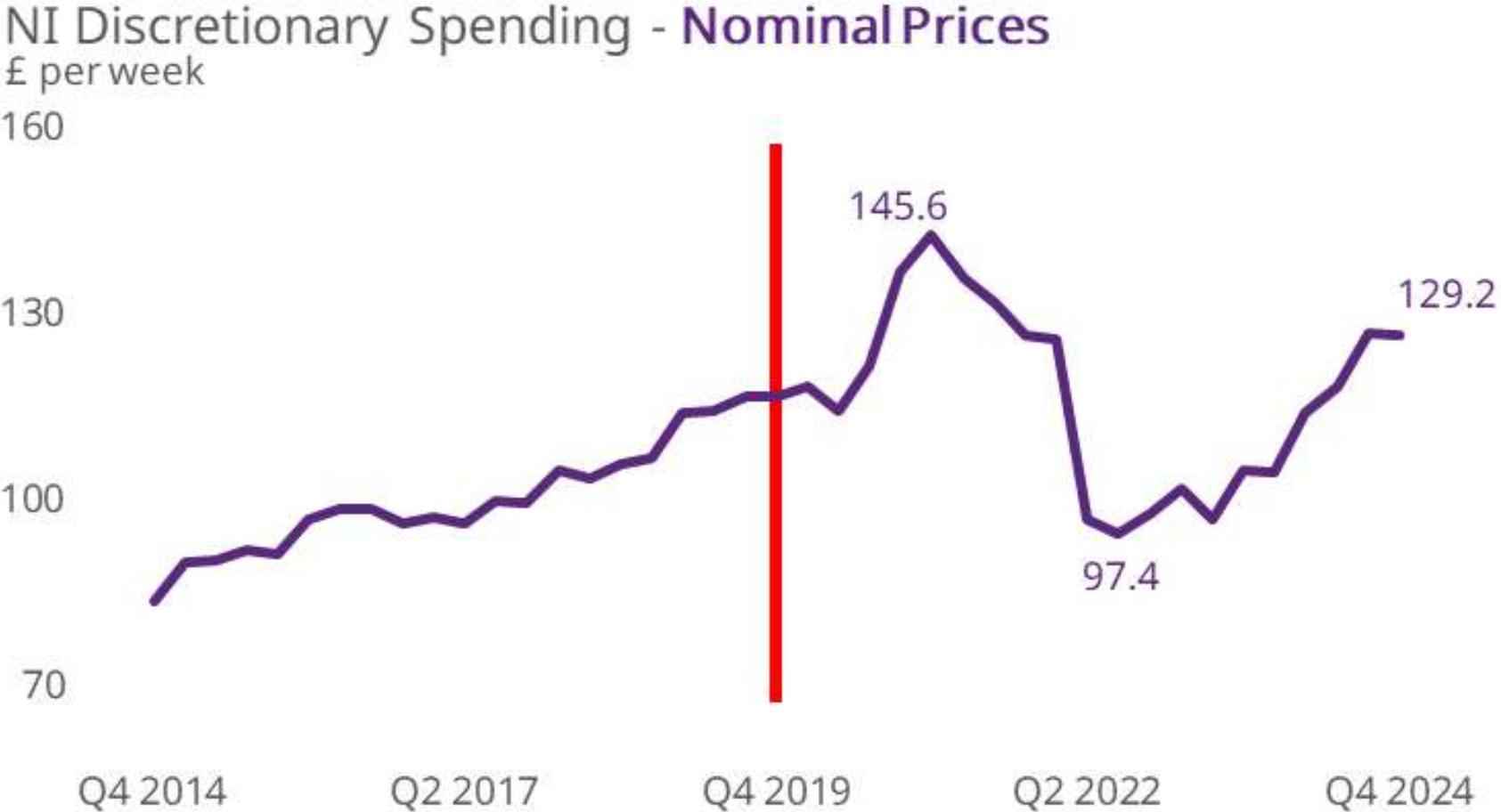


Consumer prices inflation



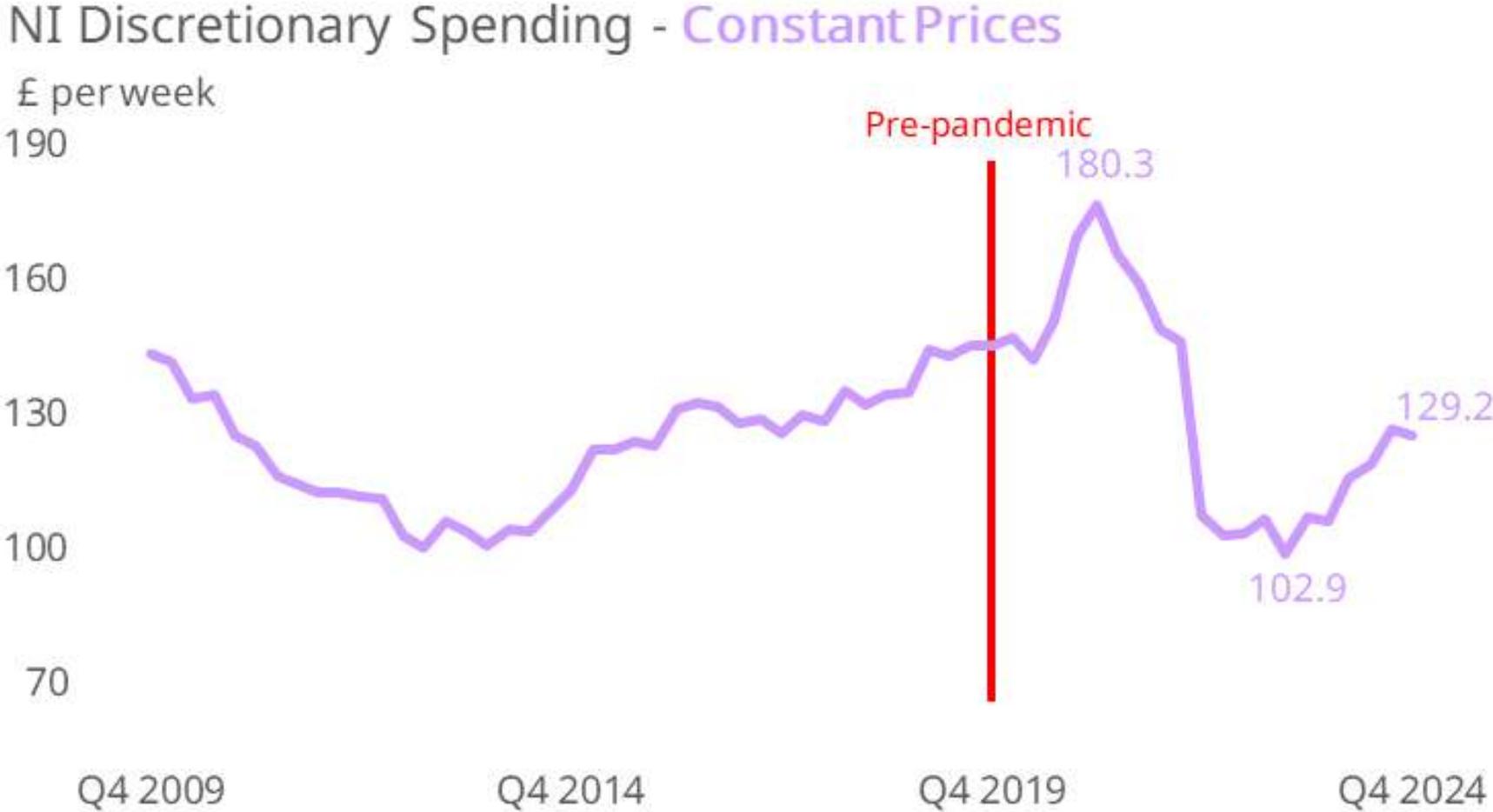
Source: Datastream, Ofgem, ONS OBR

NI household spending recovery stalls in Q4 2024



Source: ASDA Income Tracker, Median Households & Richard Ramsey Insight Ltd calculations

NI spending power £20 per week below Q4 2019 levels



Source: ASDA Income Tracker, Median Households & Richard Ramsey Insight Ltd calculations

UK consumer confidence “fragile” in March

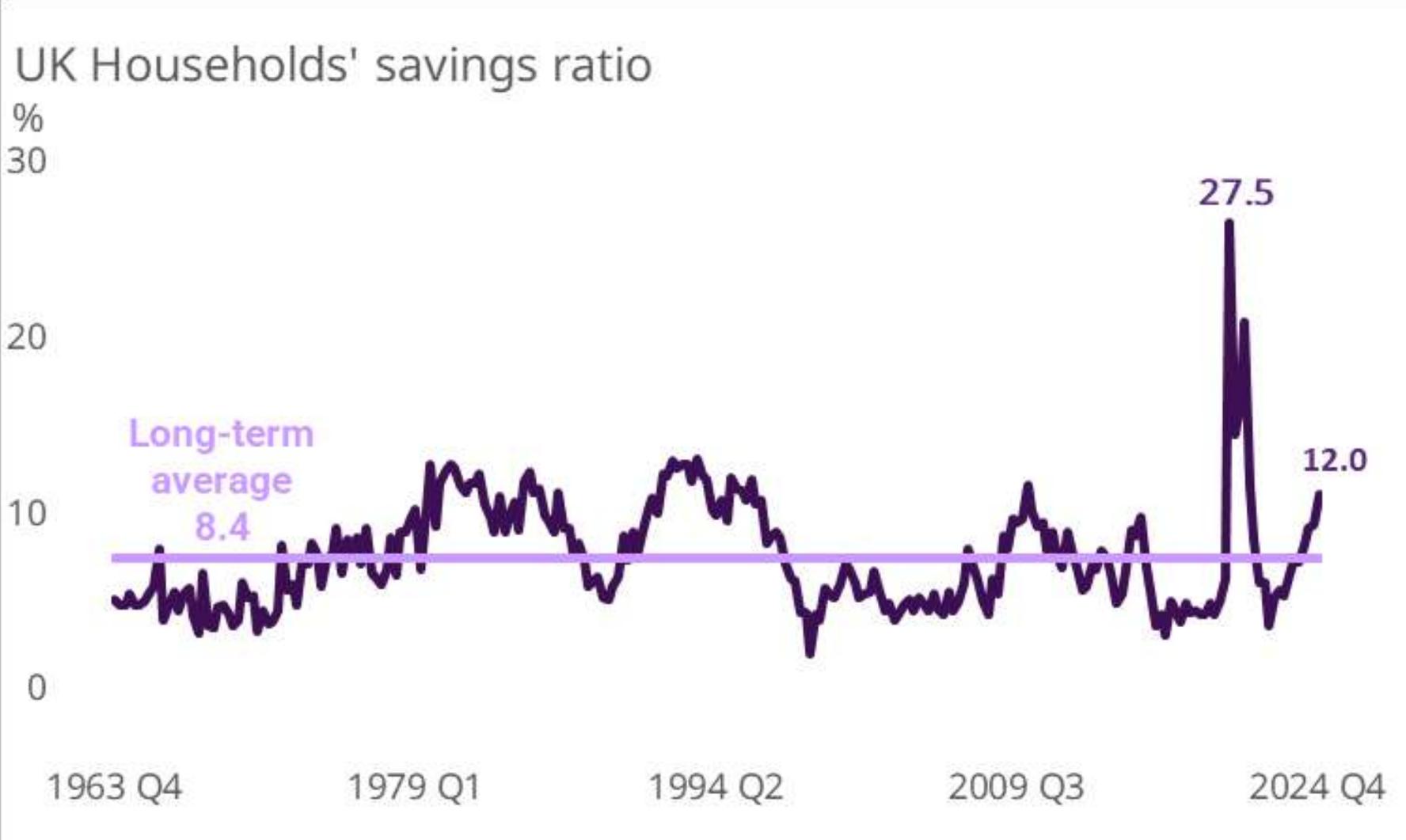


“If UK consumer confidence were a patient languishing in a hospital bed, a doctor would say there is little evidence of a new recovery as yet.”

Neil Bellamy, consumer insights director at NIQ GfK March 2025

Source: Political Cartoons @Cartoon4sale 28th August 2024

UK households (*in aggregate*) still have plenty of firepower



Source: ONS

‘Coalition of the (un)willing’ – faces uncertain fiscal outlook



- 11th year of single year budgets
- Support package for 2024/25 & 25/26
- *“there are significant potential pressures to contend with in 2025/26”* (NI Fiscal Council March 2025)
- Funding cliff from April 2026?
 - Spending Review June 2025
- What’s next?
 - Regional public sector pay?
 - Funding water?
 - More Defence = less ‘Barnett consequentials’

New era of global change

“The world is changing before our eyes, reshaped by **global instability**, including Russian aggression in Ukraine. Europe is facing a **once-in-a-generation moment** for its collective security, with conflicts overseas undermining security and prosperity at home.”

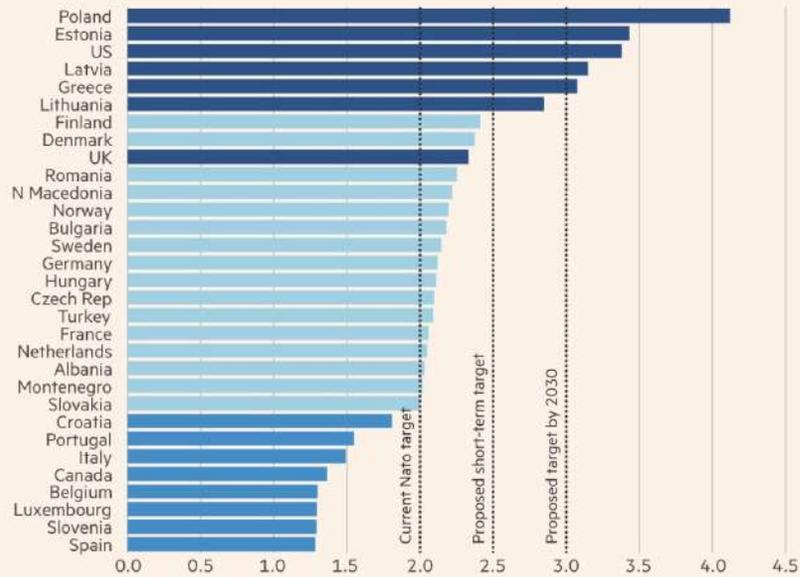
HM Treasury, Spring Statement 2025 Press Release

Trump wants NATO members to increase defence spending

Most Nato members are expected to spend 2% of GDP on defence in 2024 — but some remain below that target

Nato countries' defence expenditure, by % of GDP*

■ Consistently 2% or over 2017-2024
 ■ Expected to reach 2% in 2023-2024
■ Not expected to hit 2% by 2024



FINANCIAL TIMES

Source: Nato • *2024 figures are estimates

UK health & defence spending as a % of GDP



Source: IFS

Future outlook?

- 1. 'Flood the zone' with uncertainty – hits confidence & growth***
- 2. Global Trade War > Stagflation***
- 3. Geopolitics centre-stage – Taiwan, Ukraine, Iran***
- 4. UK Budget Autumn 2025 – 'Taxation, Taxation, Taxation'***
- 5. Hotels / tourism sector better placed than elsewhere***
- local opportunities & threats?

Churchill spirit for tough times ahead



"Difficulties mastered are opportunities won"

"The pessimist sees difficulty in every opportunity. The optimist sees the opportunity in every difficulty."

Winston Churchill