



## DKM issues second *Economy Watch*

Today (26<sup>th</sup> June 2008), *DKM Economic Consultants* released the second issue of its quarterly *Economy Watch*. On average, GNP growth forecasts in the unique *Snapshot of Irish Economic Forecasts* have fallen a full percentage point since the Spring Issue.

This issue of *Economy Watch* focuses on the private construction downturn and the impact of the continuing oil price shock on the Irish economy.

**DKM Chairman Brendan Dowling** commented, "2008 growth forecasts have come tumbling down, as we suggested was likely in our last *Economy Watch*. Just this week, the ESRI slashed its GNP forecast to a 0.4% contraction this year.

"Looking forward to 2009, the *Snapshot* GNP growth forecast is 2.6% [the 2.8% figure in *Economy Watch* went to press before the latest ESRI and AIB forecasts were released]. I suspect that most forecasts will be further revised downward, in the face of continued weak consumer spending, private investment and a dour external environment – the full deflationary impact of \$140 oil has yet to be factored in.

"The role of government is now key - any cutback in sensible, properly evaluated, public investments, will run the risk of prolonging this difficult period."

*Economy Watch* is produced on a quarterly basis. For further information, please call 01-667 0372 or e-mail [info@dkm.ie](mailto:info@dkm.ie).

*DKM is one of the longest-established economic research firms in Ireland, and has been providing decision-makers with quality advice on economic issues since 1981. Visit [www.dkm.ie](http://www.dkm.ie) for further information about us.*

### **STOP PRESS!**

Since the current issue of *Economy Watch* went to the printers, the ESRI (in its Quarterly Economic Commentary) and AIB have published new, more downbeat, forecasts for the economy in 2008 and 2009. We have worked through the impact of these on our *Snapshot* GNP forecasts. The effect is that the **2008 GNP** forecast falls from **1.6%** to **1.2%**, while the **2009 GNP** forecast falls from **2.8%** to **2.6%**.