

Thursday 15th December

ADVANTAGE

Danske Bank

The Outlook for 2023



Hosted by

Julie Skelly

Head of Belfast Business
Centre



The Outlook for the Northern Ireland Economy

Conor Lambe is the Chief Economist at Danske Bank, acting as the Bank's spokesperson and a trusted subject matter expert on all UK and Northern Ireland economic and related matters.

Conor is responsible for Danske Bank's Quarterly Sectoral Forecasts and Consumer Confidence Index

Conor Lambe, Danske Bank Chief Economist

Danske Advantage Event

15 December 2022

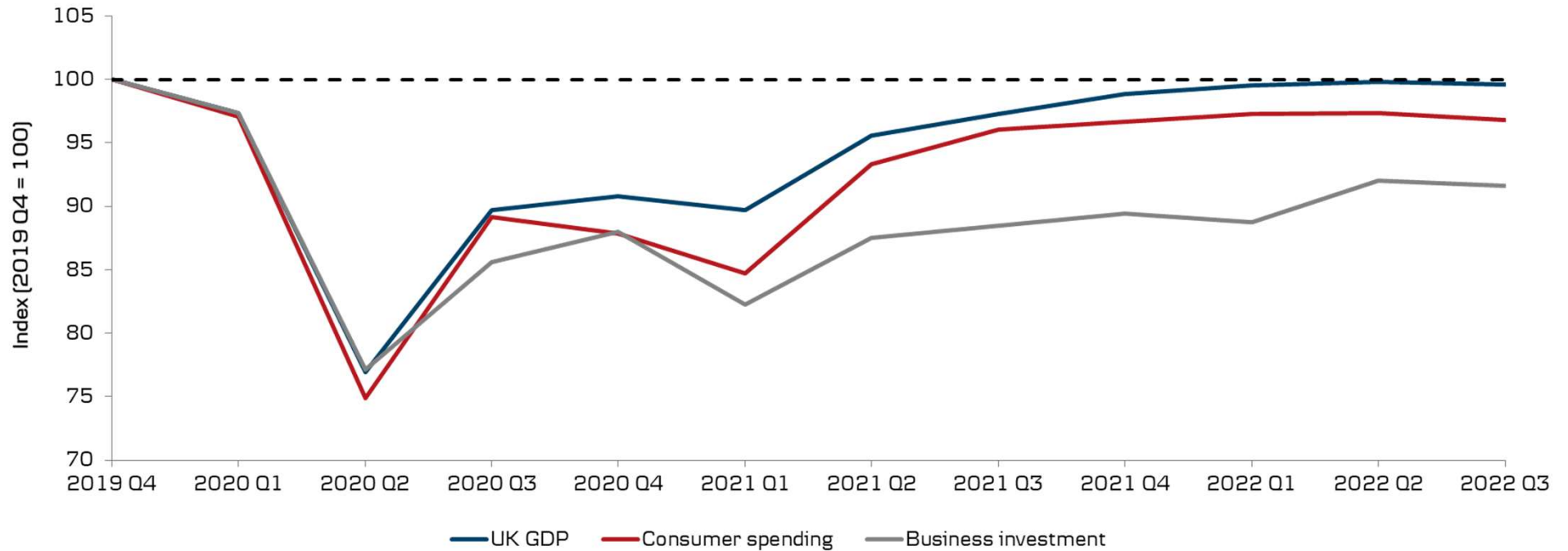
 @ConorLambe

ADVANTAGE

Danske Bank

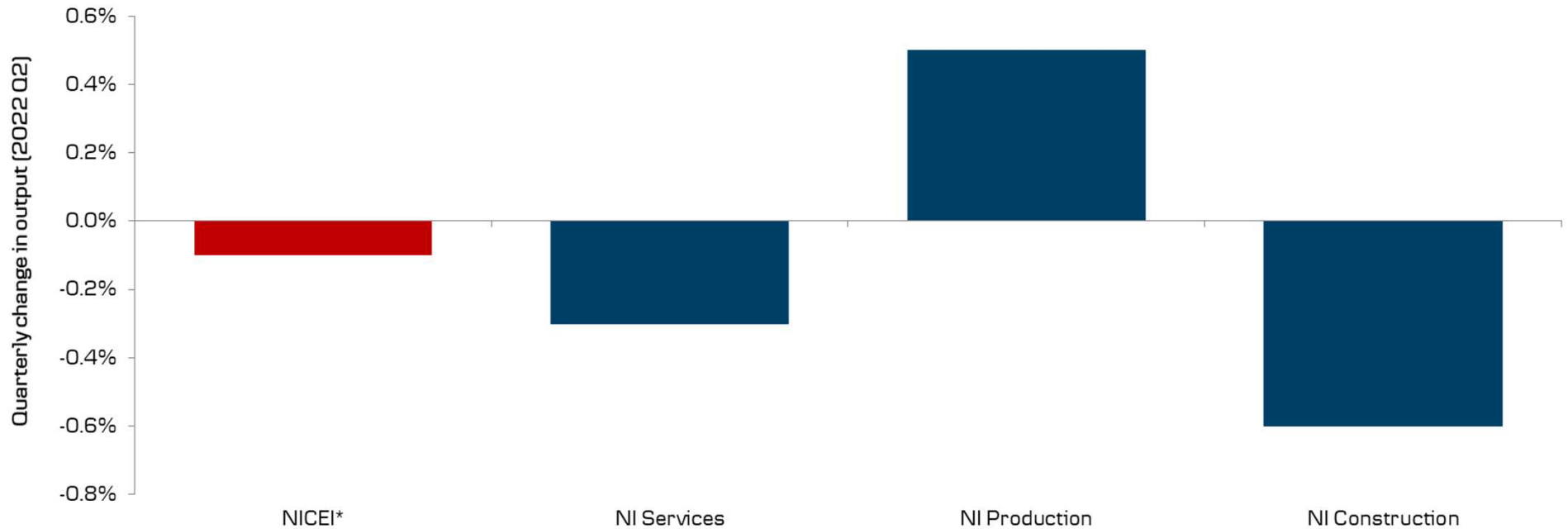


The UK economy grew in the first two quarters of 2022 but economic activity contracted in the third quarter of the year



Sources: Danske Bank analysis, ONS

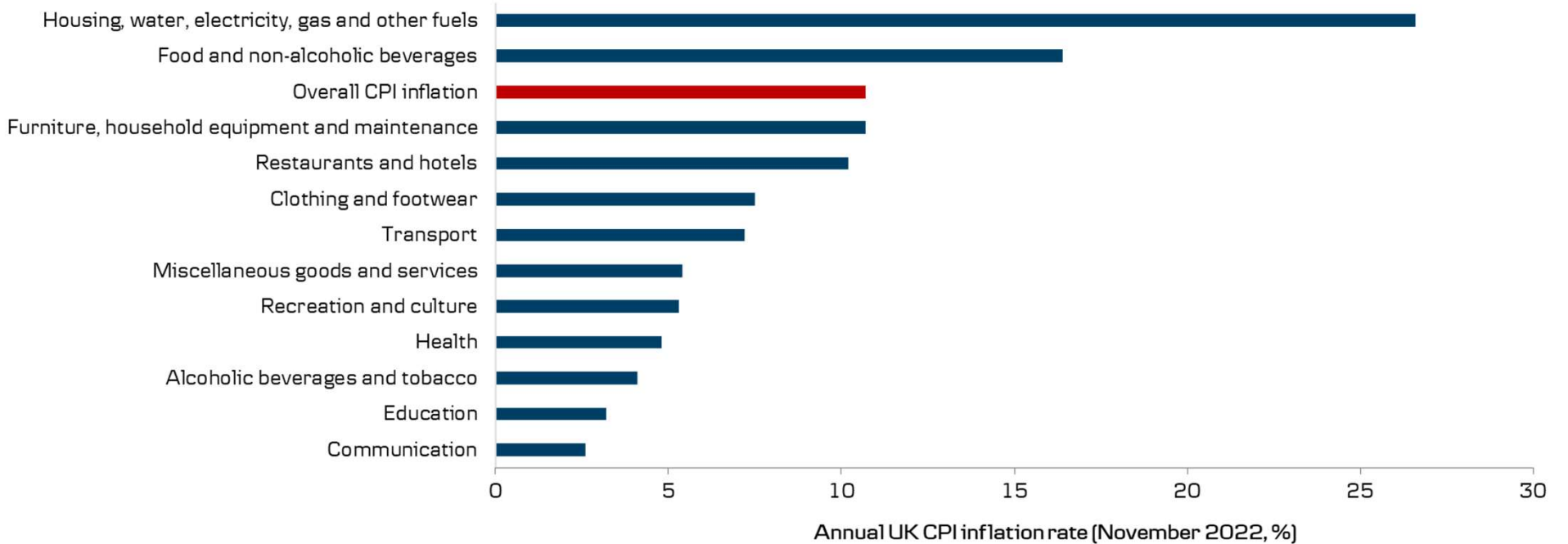
The NI Composite Economic Index contracted slightly in 2022 Q2 with the services and construction sectors posting declines



Source: NISRA

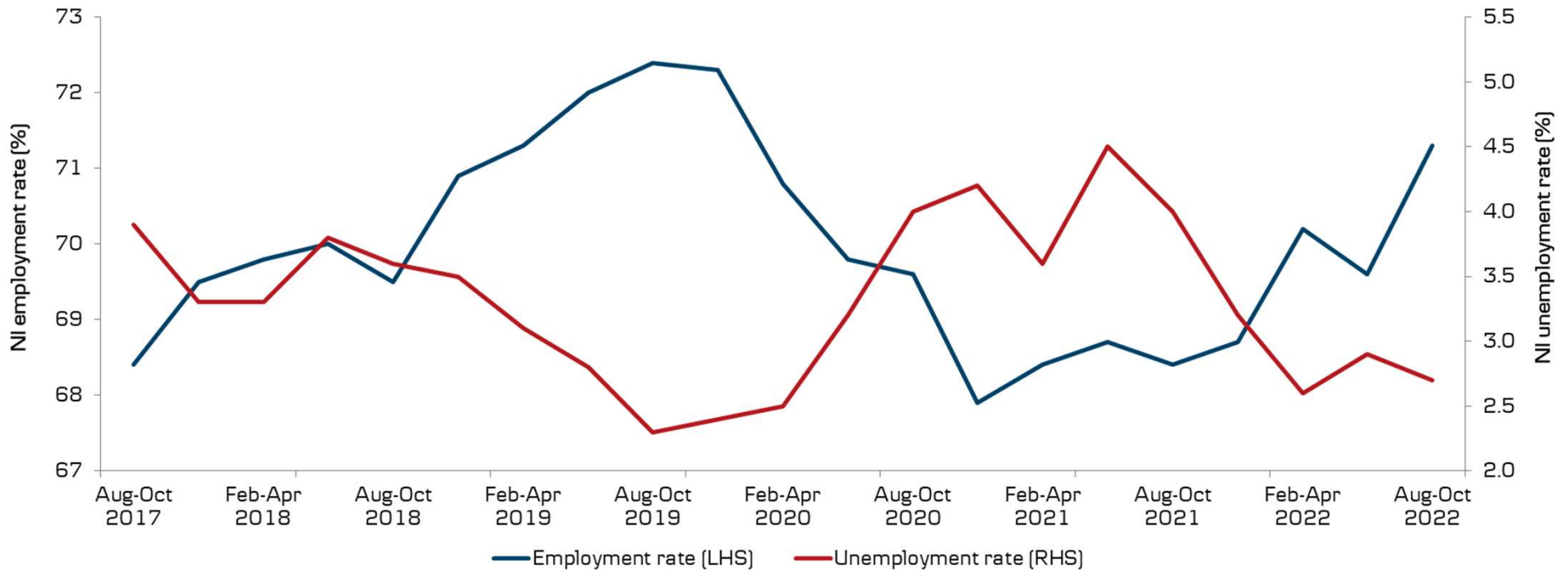
*Northern Ireland Composite Economic Index - a quarterly measure of how the NI economy is performing

Inflation in the UK was 10.7% in November 2022, significantly higher than its 2% target rate



Source: ONS

In Northern Ireland, the labour market is in a relatively robust position with the unemployment rate in Aug–Oct 2022 below 3%



Source: NISRA

Consumer confidence in Northern Ireland fell sharply over both the quarter and the year in 2022 Q3



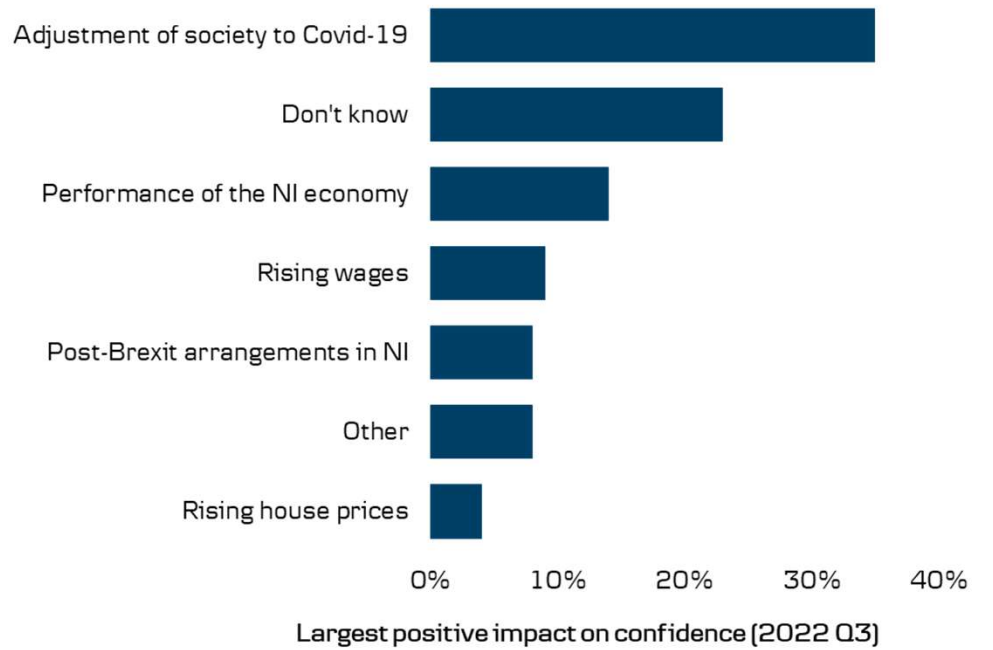
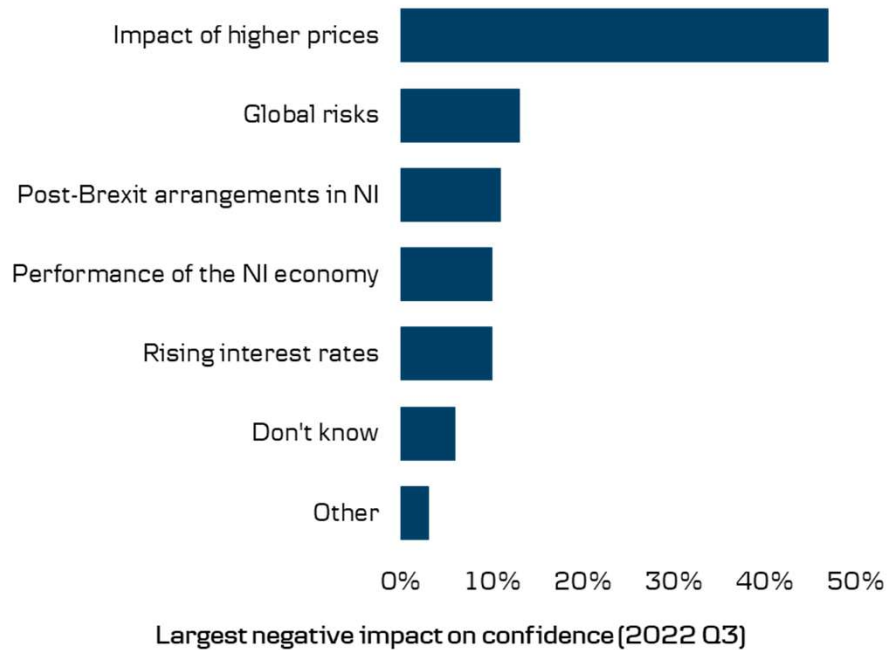
Source: Danske Bank Northern Ireland Consumer Confidence Index 2022 Q3

People were less confident about their current finances, future finances, job security and expected spending on expensive items



Source: Danske Bank Northern Ireland Consumer Confidence Index 2022 Q3

The fall in confidence can mainly be attributed to the impact of higher inflation on household finances



Source: Danske Bank Northern Ireland Consumer Confidence Index 2022 Q3

The outlook is particularly uncertain but there are several factors which are likely to impact the performance of the economy



High inflation squeezing consumer spending power



Changes to fiscal policy



Tighter monetary policy with further Bank Rate rises expected

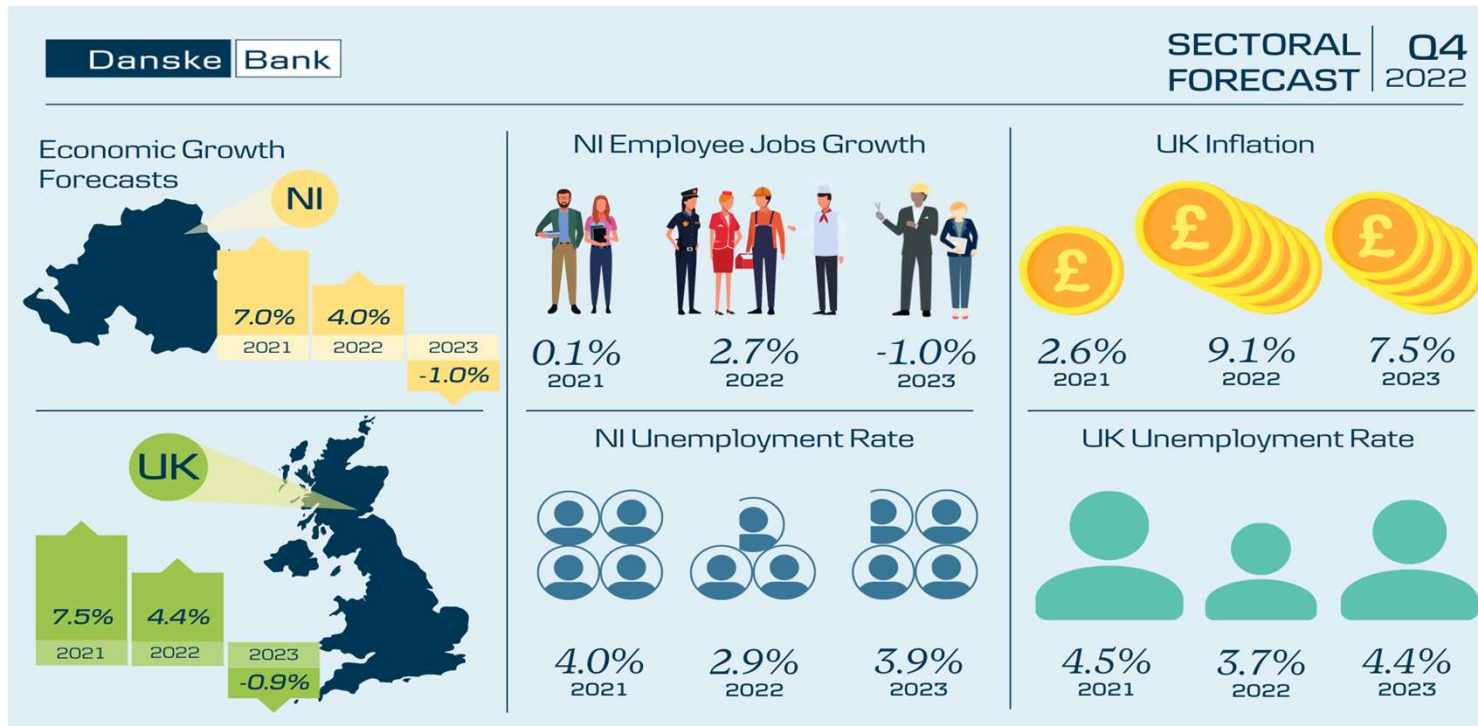


Resilient labour market providing some support to consumer spending



Extra trade frictions due to Brexit

We are forecasting that the Northern Ireland economy will grow by around 4.0% in 2022 but contract by about 1.0% in 2023



Source: Danske Bank Northern Ireland Quarterly Sectoral Forecasts 2022 Q4

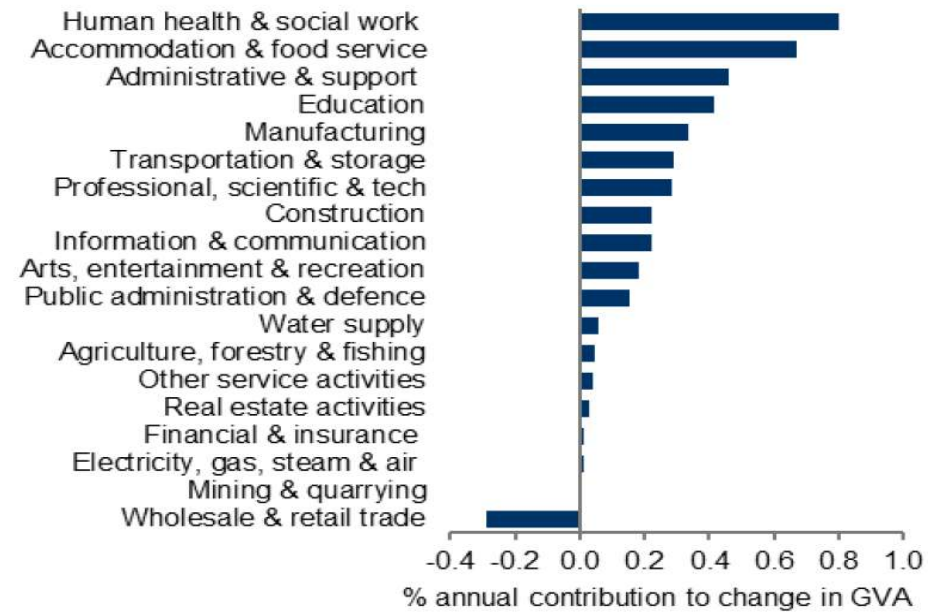
Consumer-focused sectors are expected to experience the sharpest falls in output in 2023 as household spending is squeezed

GVA (%)	2022	2023
Accommodation & food service	27.8	-3.9
Arts, entertainment & recreation	20.8	-3.8
Administrative & support	14.6	0.2
Transportation & storage	9.0	0.0
Human health & social work	8.0	0.0
Education	7.6	0.3
Professional, scientific & tech	6.9	0.1
Information & communication	5.8	0.1
Water supply	3.6	0.0
Construction	3.0	-1.0
Mining & quarrying	2.9	-0.6
Other service activities	2.6	-0.4
Agriculture, forestry & fishing	2.4	0.1
Manufacturing	2.1	-1.1
Public administration & defence	2.1	0.0
Electricity, gas, steam & air	0.5	0.0
Financial & insurance	0.3	-0.2
Real estate activities	0.2	-0.5
Wholesale & retail trade	-2.2	-4.5
Total	4.0	-1.0

Sources: Oxford Economics, Danske Bank Analysis

Source: Danske Bank Northern Ireland Quarterly Sectoral Forecasts 2022 Q4

Sector contributions to GVA growth in 2022



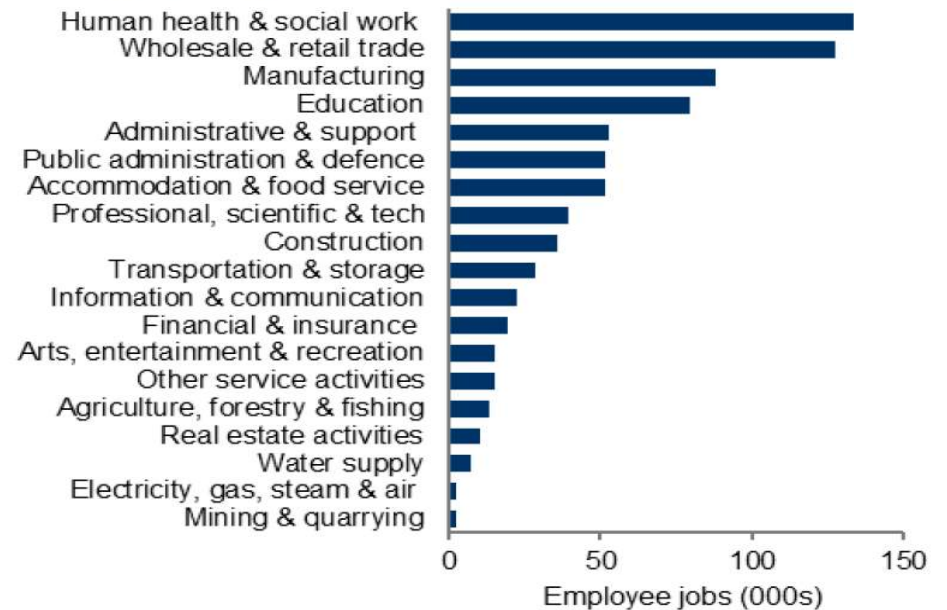
Sources: Oxford Economics, Danske Bank Analysis

We are projecting that the average number of employee jobs will increase by about 2.7% in 2022 but fall by 1.0% in 2023

Employee jobs (%)	2022	2023
Accommodation & food service	6.1	-1.7
Professional, scientific & tech	5.4	1.0
Construction	4.7	-0.6
Education	4.3	-0.2
Electricity, gas, steam & air	4.1	-0.9
Financial & insurance	3.7	-0.5
Wholesale & retail trade	3.5	-2.6
Transportation & storage	3.2	-0.5
Administrative & support	2.4	-1.7
Arts, entertainment & recreation	2.4	-2.0
Water supply	2.4	-0.3
Public administration & defence	2.1	-0.5
Manufacturing	1.9	-2.2
Other service activities	1.2	-0.4
Information & communication	0.6	1.3
Human health & social work	0.1	-0.3
Real estate activities	0.0	-0.5
Agriculture, forestry & fishing	-0.9	0.1
Mining & quarrying	-1.9	-0.4
Total	2.7	-1.0

Sources: Oxford Economics, Danske Bank Analysis

Employee jobs per sector in 2022



Sources: Oxford Economics, Danske Bank Analysis

There are several risks and uncertainties which could impact economic performance going forward

Persistent inflation

The war in Ukraine

Political uncertainty, including around the post-Brexit trading arrangements

Skills shortages and recruitment challenges

ADVANTAGE


Danske Bank


Thank you

Conor Lambe

Chief Economist at Danske Bank

conor.lambe@danskebank.co.uk

 @ConorLambe

 Conor Lambe

Reports available at
www.danskebank.co.uk/economy



This presentation is for information purposes only, is not intended as an offer or solicitation, nor is it the intention of the Bank to create legal relations on the basis of the information contained in it. So far as the law or regulation allow, we disclaim any warranty or representation as to the accuracy or reliability of the information and statements in this presentation. We will not be liable for any loss or damage suffered from relying on this content. This presentation does not purport to contain all relevant information. Recipients should not rely on its contents but should make their own assessment and seek professional advice relevant to their circumstances.

Danske Bank is a trading name of Northern Bank Limited which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered in Northern Ireland (registered number R568). Registered Office: Donegall Square West Belfast BT1 6JS. Northern Bank Limited is a member of the Danske Bank Group.

© Copyright Danske Bank. 2022. All rights reserved. The contents of this presentation, either in whole or in part, may not be reproduced, stored or transmitted without prior written permission from Danske Bank.

Market Update

John-Paul Coleman is Head of Treasury & Markets, managing the Bank's funding, liquidity, Foreign Exchange (FX) and interest rate risk and leading a team of specialists in hedging (FX) and interest rate risk. John-Paul is a Chartered Financial Analyst with over 20 years' experience in national and international banks working in Dublin, London and Belfast.

John-Paul Coleman, Danske Bank
Head of Treasury & Markets

 @PaulcolemanJohn



Not one global story, but many

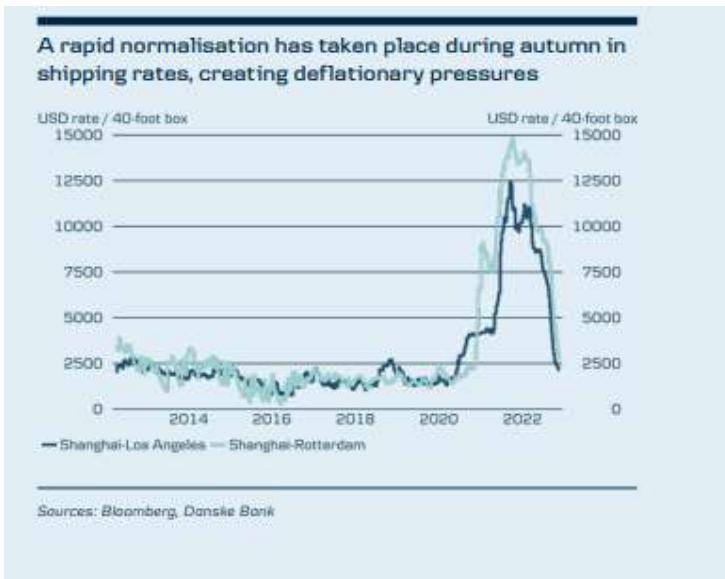
*Energy,
material and
labour
shortages*

*The war in
Ukraine*

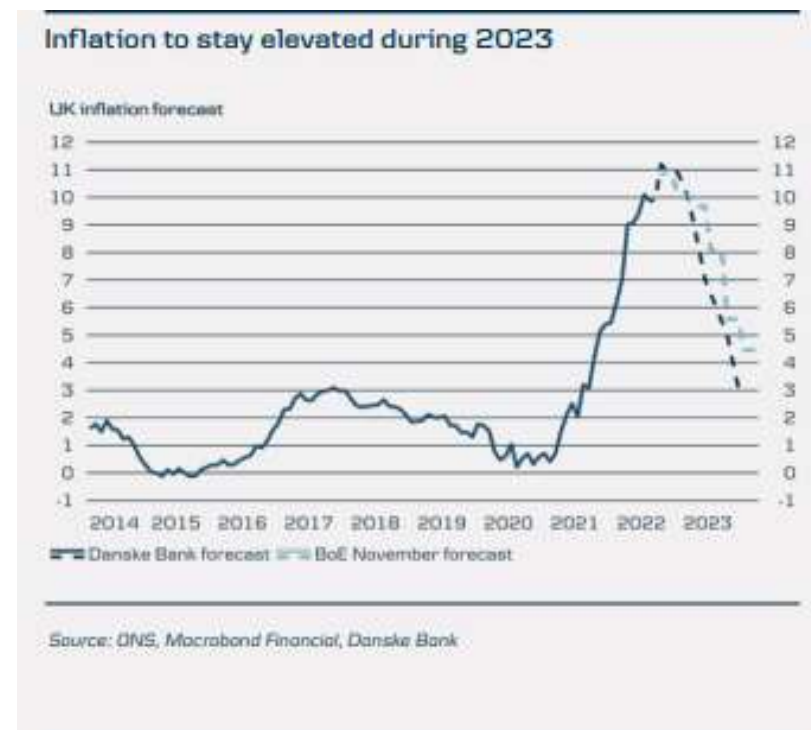
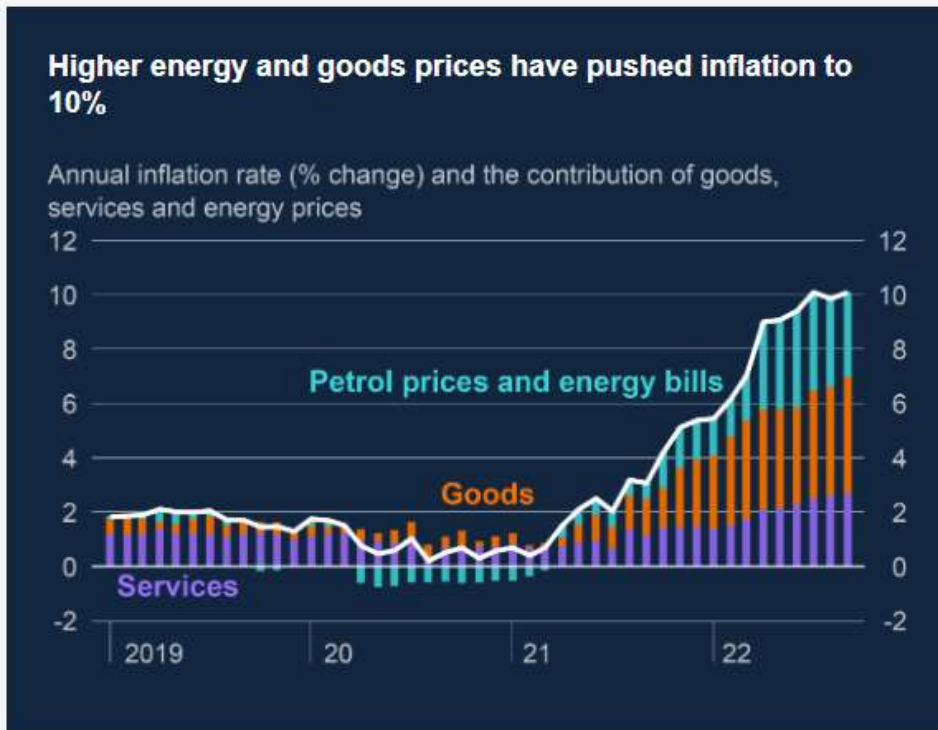
*Rapidly
increasing
interest rates*

*Changing
zero-Covid
policy in
China*

Some of the initial drivers of inflation normalising



UK Inflation, expect to fall from next year.

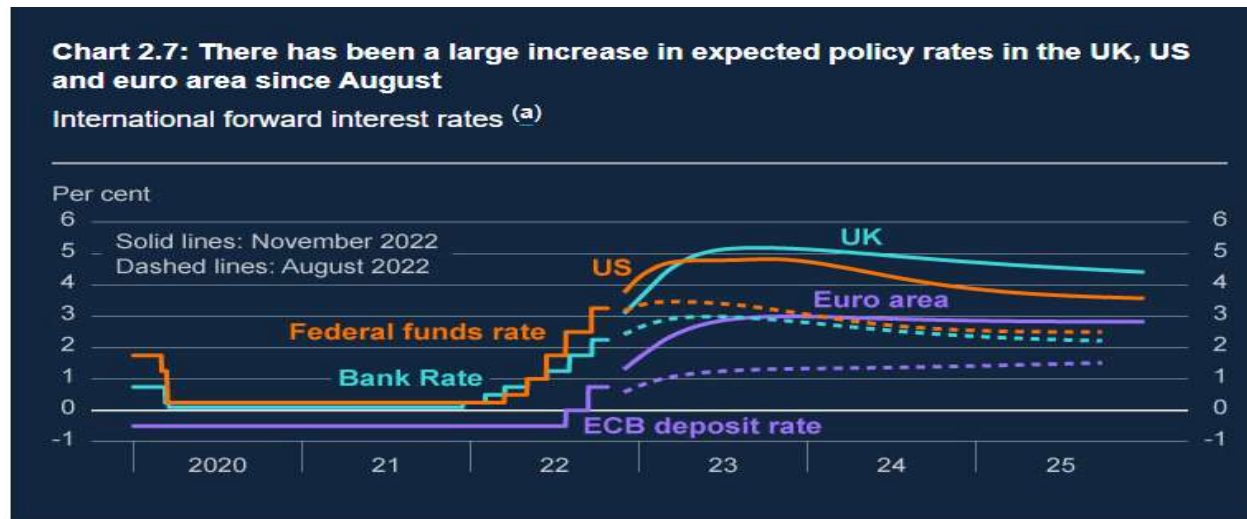


Central Banks Reaction- Playing Catch-up

BoE increases Bank Base rate to 3%, 75bps

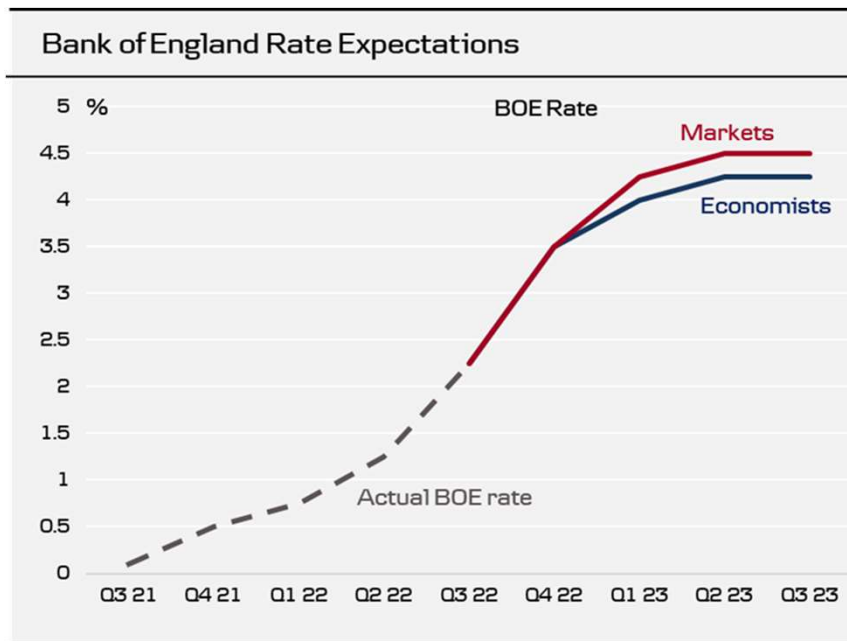
- The MPC voted, 7 for 75bps hike and 1 for 50bps and 1 for 25bps hike
- Commencing QT of £80bn reduction in first year, mixture of GILT maturing and active sales

75bps has been the norm for other central banks, Fed moved 75bps, ECB 75bps, SNB 75bps.....



Sources: Bloomberg Finance L.P. and Bank calculations.

Base Rate Expectations- Market vs Economist

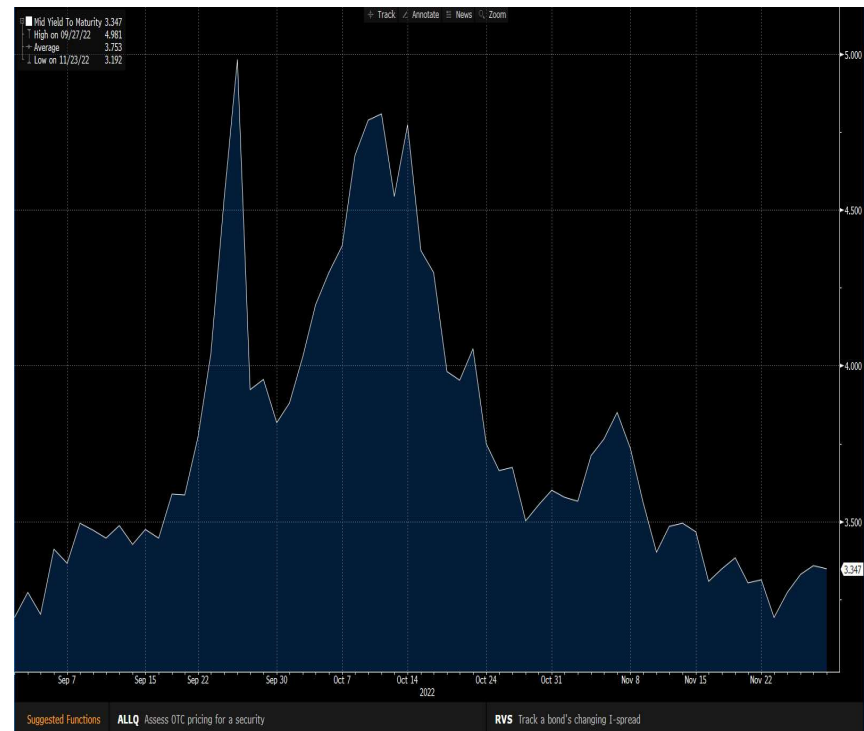


Longer Term Interest Rates

5 year UK Swap Rates- Movement last 12 months



30 year Gilt yields since start of September



Source: Bloomberg

GBP/USD



Source: Bloomberg

GBP/EUR



Source: Bloomberg

Managing your FX and Interest Rate Risk...hope for the best, plan for the worst.

Markets can move quickly and not always in your favour.

What is my exposure to currency and interest rate risk and over how long?

What is the impact to my business if the moves against me?


That's all


Thank you

John-Paul Coleman

Head of Treasury & Markets at Danske
Bank

jco@danskebank.co.uk

 @PaulcolemanJohn

 John Paul Coleman



ADVANTAGE

Danske Bank

The content of this presentation is for information purposes only and is not specifically designed to help you decide whether or not it is appropriate for your business to hedge any potential foreign exchange exposure. This information does not contain any form of investment, tax or legal advice. It does not amount to investment advice or make any recommendation in any financial instruments, investments or products. It is not intended as an offer or solicitation. Before deciding whether or not to enter into a foreign exchange risk management solution, we recommend that you take independent financial advice. Spot transactions and forward transactions when used to cover a commercial position are not "designated investments" as defined in the Financial Services and Markets Act 2000 (the Act) and therefore do not benefit from the protections of the Act or the rules of the Financial Conduct Authority. Currency options, even when used to cover a commercial position, are "designated investments" under the Act.



**Attracting,
recruiting and
retaining talent**

November 2022



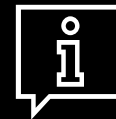
Intro & Welcome - Stephanie Gowdy



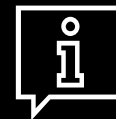
2007 - 2019: Joined PwC as a Graduate (a returning Placement Student). Various roles in HC and as Head of Student Recruitment.



2019 - 2021: Seconded to Operate as Head of Staff Engagement and Comms.



2021 - 2022: Moved to Industry (Manufacturing/Construction) as Chief People Officer.



2022 - current: Senior People Consultant for Consulting (Government and Health/Tech).

Agenda



During today's session, we will focus on how we recruit, attract and retain talent. Like many businesses we face challenges, some challenges escalated as a result of covid but there are many other factors to consider. To shape the conversation today, the session will cover:

- ✓ A brief introduction to PwC
- ✓ Our approach to recruitment
- ✓ The challenges we face now
- ✓ Understanding workforce trends
- ✓ What we are doing to recruit, attract and retain

Who are we?

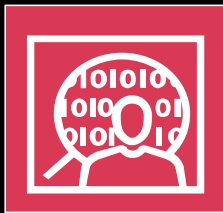


PwC UK

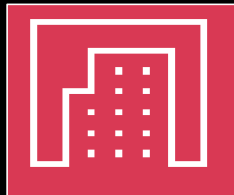

We have **22,000** employees in the UK and **295,000** around the world in over **156** countries.



We work with over **25,000** clients helping them to create the value that they're looking for.



19 offices in the UK.



Over **8,000** people have been recruited into the UK firm across the last 12 months




One of the UK's **largest** **recruiters** of school leavers, undergraduates and graduates.


How do we recruit?





 Experienced Hire Recruitment

 Third Party Arrangements

 Multi-faceted referral & military networks

Assured Skills Academies 

Early Career Options 

Affiliate Network 



Challenges: Our experience



Competitive
Global Market

Competitive Global Market

Attractive opportunities in other industries increasing; global jobs offered to local talent



Skills
shortages

Skills Shortages

Personal expectations and changing business needs resulting in skills mismatch in the market



New ways of
working

New ways of working

Candidates want work-life 'harmony'. To feel connected to a community but also demand hybrid and full flexible



Compensation
& Reward

Compensation & Reward

We are increasingly losing people to new competitors with increasing compensation expectations



Purpose

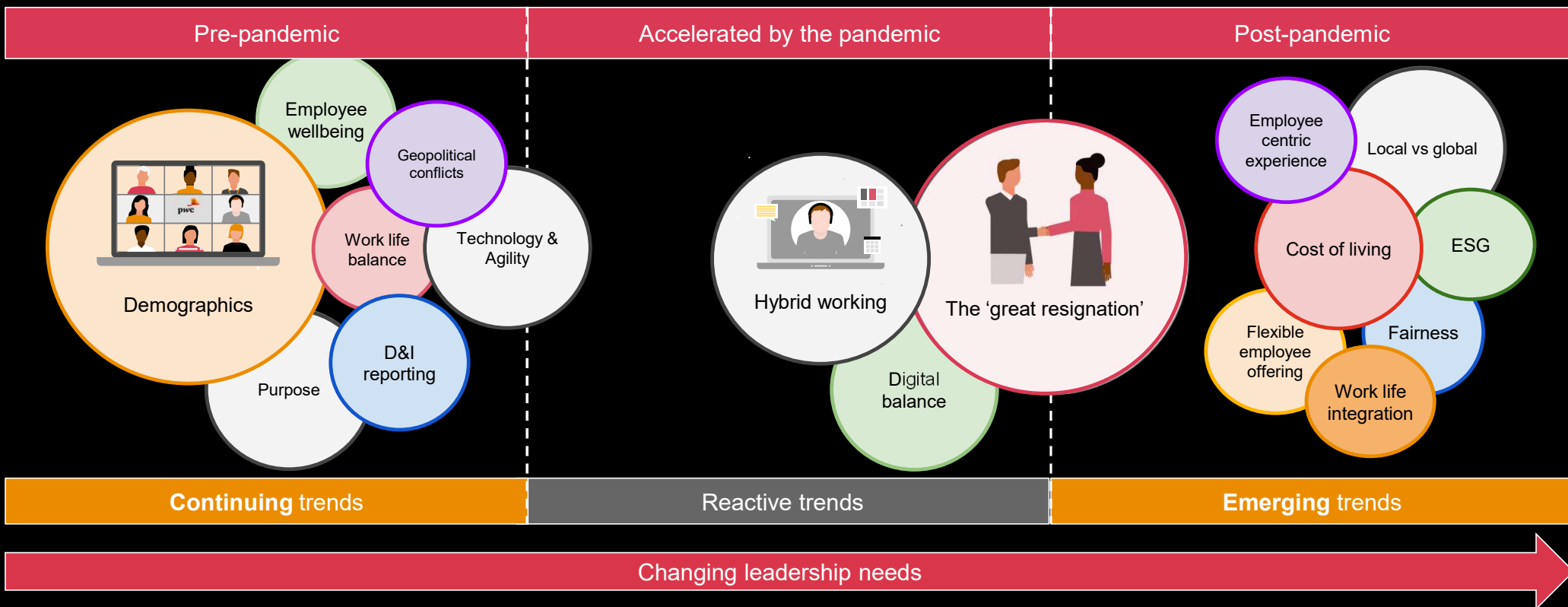
Purpose

Our current and potential talent expect us to build trust and transparency into our ways of working

Understanding workforce trends



We now live in a world where working patterns are shifting and we need to change as a result.



Millennials, Gen Z and the next generation



Multi- staged careers- returners, career breaks, part time roles, diverse talent pool (gender neutral roles, inclusive language)



Shared parenthood, maternity, flexible roles, role models, policies



Flexible working - culture that allows it, hybrid working, empowerment trust



Passion for development - sponsorship, mentoring, visibility of pathways

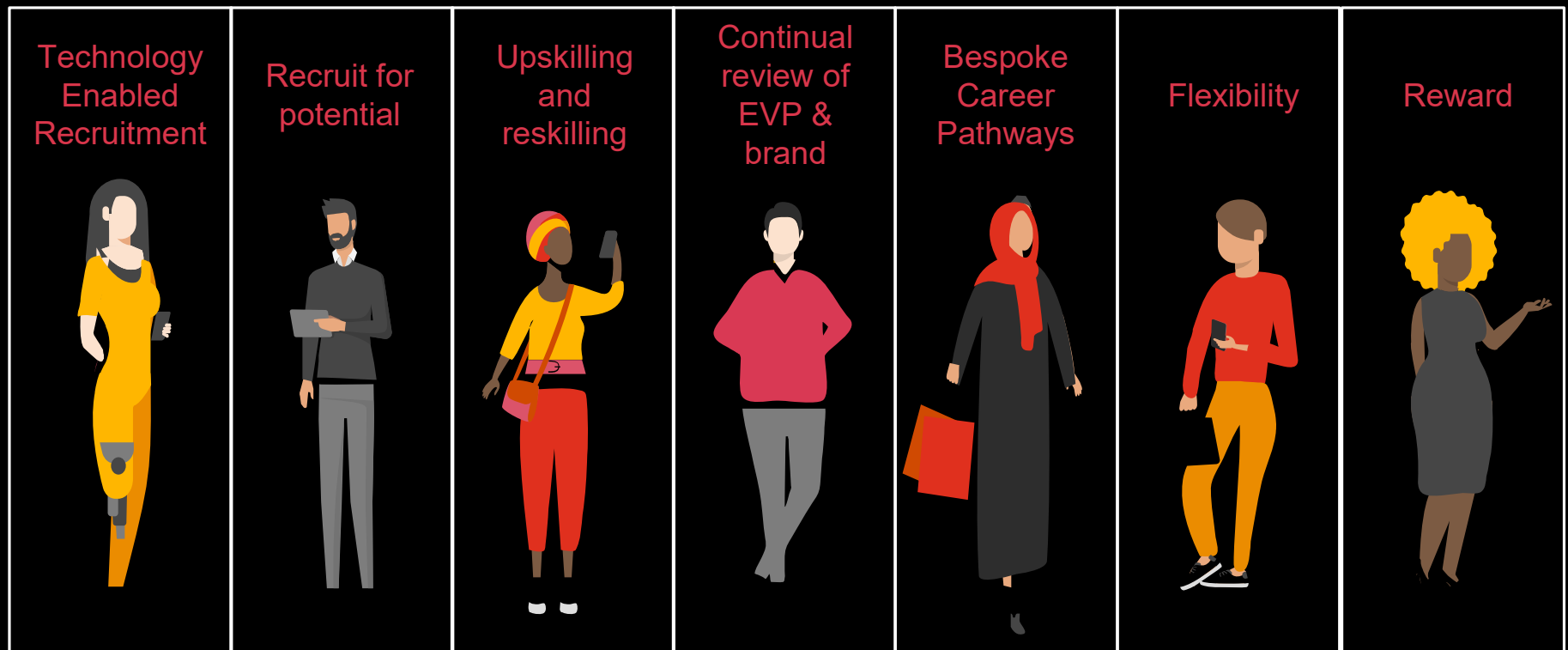


Desire to make an impact - giving people a voice

‘Let’s not obsess about what young people supposedly want but understand the generational shifts in the consumer and workplace and understand how we can cater for all in the post-pandemic age’

Dr Eliza Filby, Historian of contemporary values and generations

What else are we thinking about to attract and retain?



Rethinking what we offer employees, through their eyes

- ✓ Listen to the Employee Voice: Employee Engagement Surveys
- ✓ Review current offerings
- ✓ Redefine and redesign offering
- ✓ Launch, embed , feedback and refresh





Thank you

[pwc.com](https://www.pwc.com)

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

© 2022 PricewaterhouseCoopers LLP. All rights reserved. PwC refers to the UK member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

RITM4188498



Q&A