Sector Developments & Insights

May 2022

Bank of Ireland

Classification: Green

Contents

Introduction– Jillian Clarkin – Head of Customer Journeys & SME Markets

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Welcome to the latest edition of our Sectors Developments and Insights update.

As Irish businesses navigate a trading environment impacted by inflation/rising costs, supply-chain constraints and fluctuating consumer sentiment/confidence, our Sectors team continue to proactively engage with our customers and their advisors nationwide to support the development of sustainable business models.

In Bank of Ireland we have supported the investment plans of Irish SMEs across a range of sectors and regions in 2022 to date reflecting our strong partnership with this key element of the Irish economy.

Delta Partners Fund for early-stage companies

Bank of Ireland are cornerstone investors in a new €70m fund from venture capital firm Delta Partners. This fund will invest into seed and early-stage technology businesses in Ireland. Bank of Ireland is committed to supporting this type of innovation that is integral to Ireland's future economic success.

Supporting your business

Our Sectors team are recognised leaders within their respective areas and passionate about the development of a vibrant Irish business eco-system.

Please feel free to contact any member of the Sectors team in respect of this month's update or any specific element within an individual sector - all of our contact details are contained herein.

Agriculture Sector Update

Agriculture Sector Update
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Glanbia remove restrictions and penalties on milk supplies in 2022

Dairy farmers supplying Glanbia will not be hit with any penalties that exceed their peak milk allocations in May or June this year following a review of milk supply forecasts for 2022. It has also decided not to deduct any penalties from the small number of suppliers that exceeded their individual peak allocation for April. The lifting of restrictions is as a result of lower milk supply to Glanbia which is running 2.3% behind the same period last year.

That means that there is available milk processing capacity over peak. The delay in the planning approval process for a new cheese plant at Belview necessitated the introduction of a Peak Management Policy for the months of April, May and June in 2022, 2023 and 2024. The changes announced apply to 2022 only, with the Peak Management Policy continuing to apply for 2023 and 2024 as previously announced. Milk suppliers should continue to use Glanbia Connect to track their peak supply versus their allocation.

Milk supply down 3.3% in March

Milk supply to Irish processors from Irish dairy farmers fell 3.3% in March compared to the same month last year. Once the increases for January and February are taken into account, milk supply for the year to date is similar to 2021. It is expected that April supply will also be lower than 2021 levels. Higher feed prices, coupled with fertiliser price and availability issues are part of the reason behind the change in supply.

Grain prices continue to surge

Continued tightness in supply with weather issues globally continue to drive grain prices to record levels. Harvest prices continue to increase with prices offered by the trade this week for green grain at harvest of between €315 and €320 per tonne for Barley and €5-10/t higher for Wheat.

While the harvest is still at least two months away, and there continues to be a high level of volatility in grain markets globally, it would appear that the market is quite firm in the short term to sustain this level of prices. That should mean the additional costs deriving from fertiliser and other crops inputs will be absorbed by the increased farm gate prices. Crops yields look promising given the ideal growing conditions of the past few weeks.

Beef quotes jumping past €5/kg

Prices for beef continue to rise with quotes of between €4.90/kg and €5.10/kg readily available in the market. The price rise comes as numbers of cattle fit for slaughter are expected to remain extremely tight over the next couple of months. Prices are also up across the EU and UK but Irish prices are overall c/20c/kg lower than the EU composite price which means there is scope for Irish prices to increase further.

Farmers to get up to €1,000 to grow silage

As a result of the tripling of fertiliser prices, beef and sheep farmers will receive up to €1,000 each to grow silage this year as part of a multimillion euro package from the Government. Farmers will be paid €100/ha up to a maximum of 10ha of hay and silage this year under the scheme. Dairy farmers are excluded from applying. If a farmer had 5ha of silage ground and has two cuts off it, they will qualify for the maximum payment.

Food & Drink Sector Update

Food & Drink Sector Update
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Commodity Prices and Inflation

Managing swings in commodity prices continues to be the main focus for food companies. While recent futures prices on key food commodities indicate a fall back from the post Ukraine invasion peak, they continue to remain at a significantly elevated level to last year. With the exception of sunflower oil, availability has not been an issue, albeit with delays continuing due to ongoing supply chain issues. As developing countries struggle with the impact of food inflation, increasingly we are seeing protectionist actions to retain supply for domestic populations. The number of countries with export restrictions has climbed from 3 to 16[1]. Indonesia, the largest producer of palm oil recently imposed an export ban on palm oil[2]. While this is only likely to be temporary in nature, it increases volatility and price and causes further delays to supply chains.

While futures prices are yet to make their way to bills of material, they indicate the direction of travel. From industry discussions, it looks like the main focus of price increases from business to retail and foodservice customers will be September 2022 on, whereas consumers are still seeing 2021's and Q1 2022 price increases filter through to shopping bills now. While wholesale industrial producer prices of food were up by 6% in March year on year[3], consumer inflation on food and drink in Ireland was 3% in March[4], significantly lower than the 6.7% registered in the EU 27 for the same period, suggesting a lag in passing price increases to consumers

Table 1: Futures Prices on key agricultural commodities impacted by the invasion of Ukraine

	Range Mar - May 2021	Peak Post Ukraine Invasion	Date of Peak	Close 9th May	% vs peak
Wheat €/ Tonne	215-236	423	7th March 2022	398	-6%
Rapeseed Oil €/Tonne	525-539	1081	22nd April 2022	849	-21%
Palm Oil Myr/Tonne	3900-4230	8163	1st March 2022	7055	-14%

Source: https://markets.businessinsider.com/commodities/

However, despite the challenges on commodity pricing, the industry is performing strongly. Recently released CSO figures on industrial production suggest a 22% volume increase in industrial production of food in Q1 2022[5]. Much of this is due to ongoing import substitution due to Brexit, as well as the continued opening up of global markets.

Brexit

Food exporters to Britain welcomed the well anticipated announcement from the UK government that border checks would once again be delayed for EU food and drink arriving into Britain[6]. However, it leaves UK food exporters at a disadvantage to manufacturers in the EU. This is reflected in the recently published report from the UK Food & Drink Federation showing that exports of food and drink from the UK fell by 9% in 2021 versus the previous year, with exports to Ireland, the UK's largest export market falling by 25%[7]. Focus continues on the impact of the elections in Northern Ireland and the UK's overall political climate, on the implementation of the Northern Irish protocol. For now, UK retailers continue to move products from Britain to Northern Ireland under an extended grace period implemented by the UK last September.

[1] From bad to worse: How Russia-Ukraine war-related export restrictions exacerbate global food insecurity | IFPRI : International Food Policy Research Institute
[2] Indonesia stuns markets as it widens ban to include CPO, refined palm oil | Reuters
[3] Wholesale Price Index March 2022 - CSO - Central Statistics Office
[4] Source - Eurostat Harmonised Index of Consumer Prices – Food & Non Alcoholic Beverages -March 22 vs March 21
[5] Industrial Production and Turnover March 2022 - CSO - Central Statistics Office
[6] Brexit import checks delayed for fourth time - BBC News
[7] UK food and drink exports driving economic growth | The Food & Drink Federation (fdf.org.uk)

Hospitality Sector Update

Hospitality Sector Update
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The upswing

Irish hotels continue to report encouraging levels of demand in regional Ireland with a softer recovery trend reported on average by properties in Dublin. Business on the books for the months ahead continues to build up in line with the recovery of Airline capacity; Irish airlines planning to operate capacity at close to 80% of summer 2019 levels[8]. A total of 1.1 million passengers arrived in Ireland in March 2022, up from 61,000 in March 2021 when just essential travel occurred. Arrivals in March 2022 were down 25% on March 2019 pre-pandemic and are up by 40% on February 2022 arrivals.

The Employment Wage Support Scheme (EWSS) which has been in place since 2020 was fully removed on April 30th in line with the improved performance. Over the last few months more and more businesses had been taking themselves off the scheme as they were no longer meeting the required threshold; since the beginning of the pandemic total supports for the Accommodation and Food Sector have come to €1.85bn or 28% of total payroll supports[9].

Profit Squeeze

Pressure continues to mount on profits in the sector due to inflation. Prices on average, as measured by the Consumer Price Index, were 6.7% higher in March compared with March 2021[10]. Businesses have reacted by reviewing/adjusting their prices as evidenced by CSO, CPI details for March 2022: Alcoholic Beverages & Tobacco (+7.0%) and Restaurants & Hotels (+3.6%). Businesses have also reported significant increases to their insurance premiums; the IHF indicates a hotel sector average year on year increase of 20% [11].

Sector Activity

- Texas Pacific Group (TPG) has agreed to purchase the Hendrick Hotel in Dublin 7 for €35m.
- The Fattal group has announced that all 35 Jurys Inns in Ireland and the UK are to be rebranded as Leonardo hotels later this year.
- Dalata's 'The Samuel Hotel' opened its doors this month offering 204 bedrooms in the immediacy of Dublin's Convention Centre.
- Carnegie Court hotel in Swords in North Dublin exchanged hands for around €6.5m[12].

Accommodation sales KPIs[13]

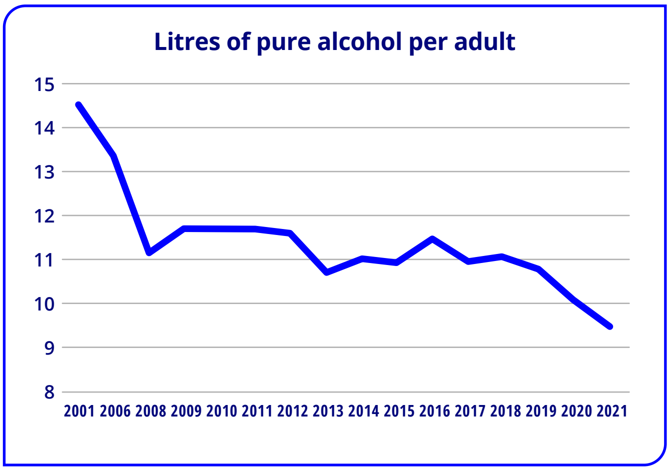
Accommodation KPIs 2019-2021	March 2022												YTD March 2022 (Q1)													
	Occupancy %				Average Rate €				RevPAR €				Occupancy %				Average Rate €				RevPAR €				2022 vs	
Location	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020
Dublin All (STR)	83	32	16	73	135	117	75	142	112	37	12	104	74	55	15	56	123	116	77	128	91	64	11	71	-21%	12%
Dublin city centre (STR)	84	28	8	69	158	141	95	164	133	40	7	113	75	54	7	50	143	136	93	147	107	74	6	73	-32%	-1%
Galway (Trending)	67	36	24	61	95	76	63	109	64	27	15	66	58	51	22	51	88	73	44	105	51	37	10	54	6%	45%
Cork (Trending)	73	40	25	61	97	95	87	129	71	38	22	79	68	58	24	51	93	99	84	124	63	58	20	63	-1%	9%
Cork (STR)	73	27	23	60	103	99	84	131	75	27	19	78	66	53	22	51	99	102	79	126	65	53	17	64	-3%	19%
Limerick (Trending)	68	44	16	69	81	75	63	97	55	33	10	66	59	58	15	57	80	80	65	94	47	46	10	53	12%	15%
Kilkenny (STR)		26	9	59		105	57	144		28	5	85		48	8	48		108	59	150		51	5	71		39%
Regional (Trending)	71	41	26	65	90	78	71	111	64	32	19	72	63	57	25	54	85	81	66	106	53	46	16	57	8%	24%

8 https://www.itic.ie/postcard/irish-tourism-postcard-february-2022/
9 Fáilte Ireland Hotel Sector Review Spring 2022
10 https://www.cso.ie/en/releasesandpublications/er/cpi/consumerpriceindexmarch2022/
11 https://www.ihf.ie/content/hoteliers-say-government-must-urgently-tackle-excessive-and-escalating-cost-insurance
12 CoStar STR & Trending.ie February 2022 data
13 CBRE bi-monthly report May 2022 research

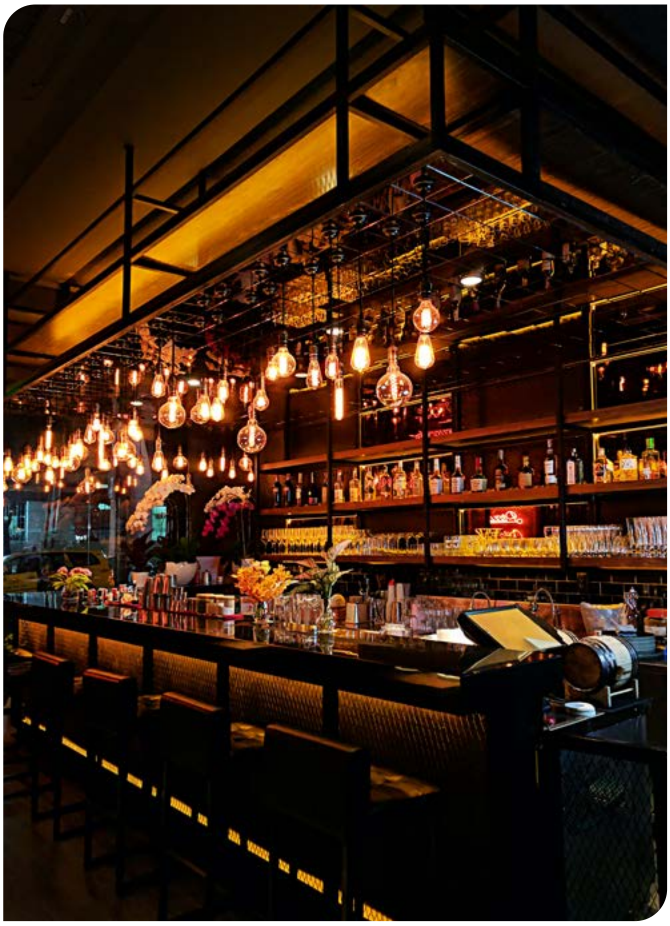
Alcohol consumption

Alcohol consumption is now at its lowest level in 20 years, falling about 30% since 2001. Data released by Revenue[14] in April shows that alcohol consumption fell by 4.7% between 2020 and 2021. The trend could impact on the recovery path for the wider hospitality sector particularly when combined with the impact of inflation on discretionary spend.

Table 1
ROI Alcohol consumption per adult 15 years and over



Source: Revenue Returns and CSO population estimates



Ukraine war impact on the sector

The Invasion of Ukraine is first and foremost a humanitarian crisis that has forced 4.9m people to leave their home country while an estimated 7.1m have been displaced within the country.

- An estimated 4,000 Irish hotel bedrooms are currently being used to house Ukrainian refugees[15], which represent just under 5% of the total hotel bedroom stock in Ireland. The drop in capacity could impact performance of hotels bars and restaurants whose profitability is linked to the heightened summer trade.
- Increase in utility expenses, the March 2022 CPI index from the CSO indicates a change of +17.4% for Water, Electricity, Gas & Other Fuels.
- No material level of cancelations from US visitors reported by hotel properties relating to the war in Ukraine.

[14] https://www.revenue.ie/en/corporate/documents/statistics/excise/quarterly-alcohol-breakdown.pdf
[15] https://www.irishexaminer.com/news/arid-40845863.html

Manufacturing Sector Update

Manufacturing Sector Update
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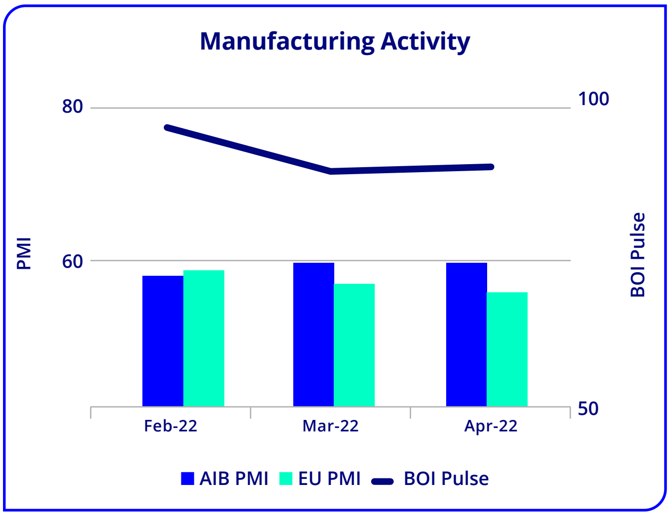
Irish Manufacturing outperforms its European peers despite stronger Headwinds



Irish Manufacturing indicators for April 2022 remained resilient despite the headwinds of inflation, Russia - Ukraine conflict, the associated sanctions and China lockdowns. Bank of Ireland Industry Pulse[16] for April was 90.1 up from 89.5 in March. AIB Irish Manufacturing Purchasing Manager's index (PMI)[17] for the manufacturing sector eased downwards to 59.1 from 59.4 in March. While both indicators underline continued robust growth in the sector on the back of strong order books and output levels, signs are that given the current global volatility in supply chains, enterprises are moderating their growth ambitions for the remainder of the year. With business confidence waning, more businesses are likely to adopt a wait and see approach before embarking on significant expansion plans. The overall outlook for the Irish economy remains strong, with GDP forecasted at a healthy 6% down from a bumper 2021 of 13.5%.[18]

In contrast EU PMI data for April paints a less optimistic picture. EU PMI fell to a 15 month low in April to 55.5 down from 56.5 in March[19]. While above 50 and therefore still in expansion mode, it signalled a sustained loss in growth momentum with the headline PMI number falling for the third month running. Of particular concern and noteworthy is that Germany slipped into contraction territory for both new orders and output for first time since June 2020. This is likely driven by the automotive sector which dominates German manufacturing at 24% of industry revenue[20] and continues to be hampered by factory shutdowns resulting from chip and wire harness shortages. While output sentiment recovered slightly from a 15 month low in March, the overall sense is that Eurozone manufacturing is bracing itself for a challenging period of supply chain disruptions, declining production outputs and continued inputs price inflation. Irish manufacturing exports to EU accounted for 38% of total in 2021 or €56bn[21].

[16] https://www.bankofirelandeconomicpulse.com/
[17] https://aib.ie/fxcentre/resource-centre/aib-ireland-pmis
[18] https://corporate-economy.bankofireland.com/ireland-outlook-april-2022/
[19] https://www.markiteconomics.com/Public/Home/PressRelease/d1e6b09a9eea4993bb787845fb55233f
[20] https://www.gtai.de/en/invest/industries/mobility/automotive-industry
[21] https://www.cso.ie/en/releasesandpublications/er/gei/goodsexportsandimportsdecember2021/

The Commodity Challenge

The conflict in Ukraine has brought into sharp focus how reliant manufacturing is on secure commodity supplies to safeguard their tier one supply chains. It takes only one weak, and sometimes a hidden link to disrupt a supply chain. According to Dun and Bradstreet, there are 14,745 tier 1 and 7.6 million tier 2 relationships with Russian entities with 374k and 241k global business relying in some way on Russian suppliers and Ukrainian suppliers respectively[22].

HS Code	Product	Potential Alternate Supplier Countries
7403	Copper	Chile, Dem. Rep of the Congo, Japan
1005	Com	U.S., Argentina, Brazil
2709	Crude Petroleum oil	Saudi Arabia, Iraq, U.S.
7108	Gold	Switzerland, Australia, UK
7207	Iron and steel	Brazil, India, Vietnam
2601	Iron ore	Australia, Brazil, South Africa
8544	Insulated wire, and other electric conductors	China, Mexico, U.S.
7110	Platinum	UK, South Africa, U.S.
1512	Sunflower seed, safflower or cotton-seed oil	Turkey, Netherlands, Hungary
8411	Turbo-jets, turbo-propellers	UK, Singapore, France
1001	Wheat	U.S., Canada, France

From neon gas for semiconductors, to palladium for automotive, to nickel for stainless steel and batteries, the fault lines are varied and complex. No longer is it enough to identify a shortage of packaging- manufacturing must look beyond to the paper and timber suppliers to secure that input. The good news is that Irish players are active in this area with a recent online supply chain forum suggesting that about 60% are actively reviewing risks to tier 2 and tier 3 suppliers. There are of course alternative sources for many commodities as shown in the table to the left. That being said, the next commodity challenge coming down the tracks relates to China's dominance in key minerals. China has been quietly and strategically growing its presence in the refining of key minerals many of which are critical to the green economy and electrification. They currently process 68% of global nickel, 73% of cobalt, 59% of lithium, 93% of manganese and 100% of Graphite[23].

Perhaps the most effective way to de-risk these exposures is with input substitution. A recent ingenious example of same is one Irish SME who has substituted box steel sections with in-house rolled galvanised profiles.

[22] https://www.dnb.com/perspectives/russia-ukraine-impacts-global-supply-chain.html
[23] https://www.thetimes.co.uk/article/who-owns-the-earth-the-scramble-for-minerals-turns-critical-jbglsgm02

Retail Sector Update

Retail Sector Update
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Normalisation of Grocery spend patterns

Irish retailers are reporting a normalisation of grocery spend patterns with sales levels c7% behind the same period in 2021 (when COVID-19 restrictions were in place). Grocery inflation has hit 4.7% in April reflecting the supply-chain issues and uncertain geo-political landscape – this represents the highest level of inflation since 2013. The large supermarket operators have been proactive in addressing cost of living concerns with targeted ad campaigns and voucher offers being strongly promoted in recent weeks.[24] Given the prevailing inflation position across Europe, it is expected that we have not reached peak inflation and further increases are being forecast across the sector in the immediate future. Whilst starting from a low-base, online grocery sales are now running at a level 3% higher than 2019 demonstrating that shopping patterns developed during the pandemic are now mainstream.

Showcasing the brand through investment

As the ever more discerning Irish consumer seeks excellence in store standards, Irish grocery and convenience retailers/brands recognise that investment is required to retain and attract footfall to their business. This investment includes the delivery of new and revamped best in class stores that showcase new initiatives and offerings from individual brands. In the past six months, BWG has expanded its Spar Ireland network by thirty new sites and the completion of twenty existing store revamps in conjunction with its independent retail partners.[25] Given the well documented increase in build and fit-out costs – independent retailers undertaking this type of investment need a robust business plan underpinning same.

Changing retail landscape

The wider retail sector delivered a promising start to 2022 with sales volumes (excluding motor sales) c7.5% better than the equivalent period in 2020. There were strong performances in the electrical, fashion and furniture/home improvements sub-sectors in particular.[26] Retailers are now assessing the impact that current inflationary trends may have on discretionary spend in upcoming months and tailoring their business plans accordingly.

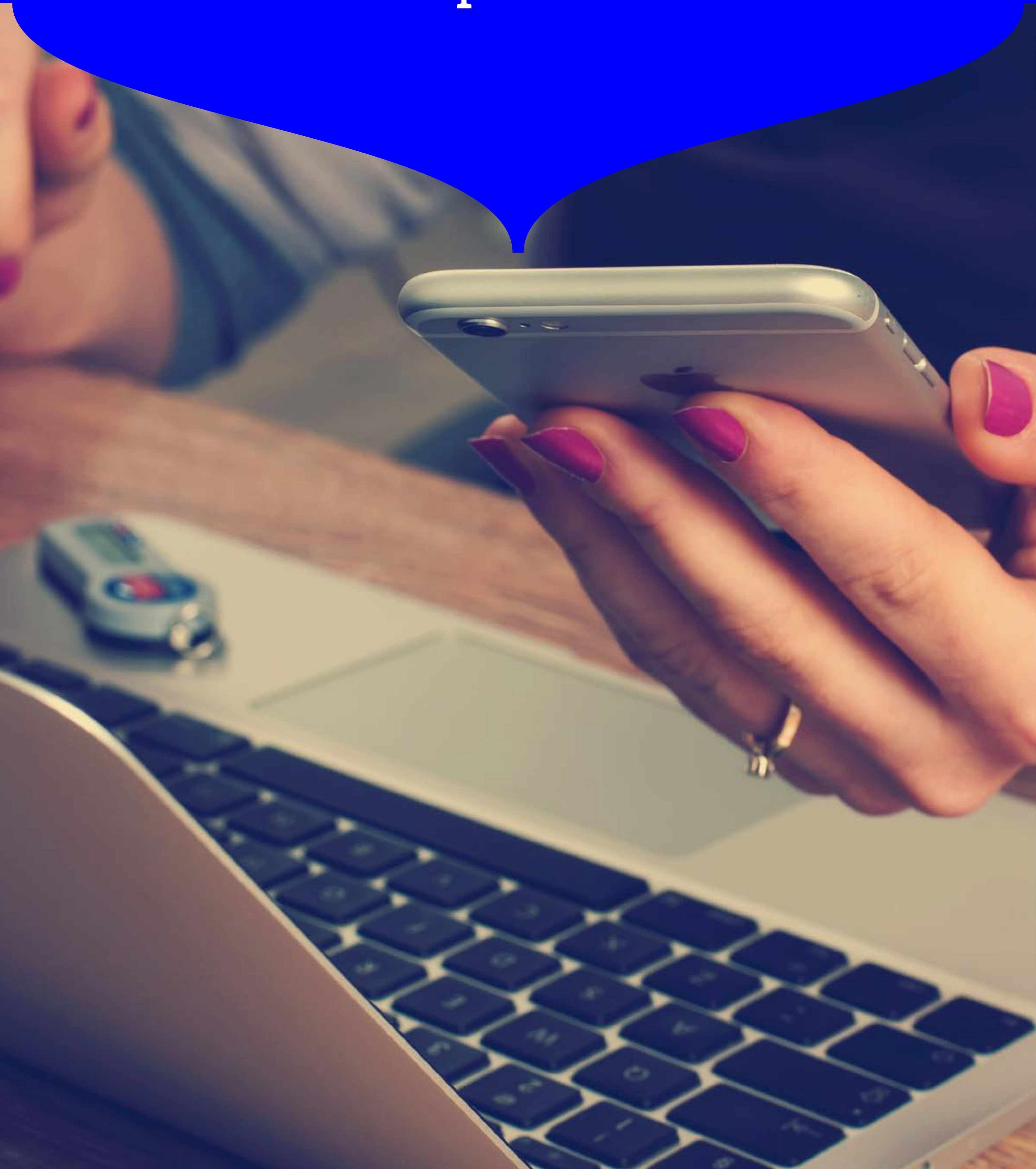
The "value" message

During an inflationary cycle, retailers need to clearly communicate their "value" bona-fides both in-store, online and in their marketing material. What is the current consumer view of their store/brand – sometimes a market perception of being "too expensive" can be based on the lay-out/look & feel of the store, tone of advertising material etc and not align with the reality of the proposition. Independent, family-owned retailers in particular need to demonstrate that "value" has many constituent parts – quality, provenance, accessibility, after-sales service and price. The adoption of a price-only led offer can lead to a discount spiral and is unsustainable in the long-term. An appropriate "own-brand" offering can be used to meet the price element of a "value" message whilst also bolstering range and preserving margin during inflationary times. Some further practical tips to sustainable retailing during an inflationary cycle are contained within an opinion piece that I penned for the Irish Independent in recent weeks.[27]

Irish retailers must strike a balance between absorbing cost hikes and maintaining true value for money for customers - Independent.ie

[24] Kantar monthly Grocery update – 03/05/2022
[25] Shelflife – May 2022
[26] CSO Retail index 28/04/2022
[27] Irish Independent 02/05/2022

Technology, Media and Telecoms (TMT) Sector Update



Technology, Media and Telecoms (TMT) Sector Update
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Sustainability Plan published for Ireland's screen industry

We are seeing increased efforts across the TMT sector to amplify awareness and adoption of sustainable, 'green' practices to meet the challenges presented by climate change. Screen Ireland (Ireland's state development agency for the film, television, and animation industry) have recently published a plan outlining its ambitions to place sustainability at the heart of Ireland's creative sector. Recognising the industry is poised for significant growth over the coming years, Screen Ireland are taking this step to ensure commitment to the highest standards of sustainability are implemented over the next five years and beyond.

Some of the key commitments made in the plan include:

- Provide funding for an in-depth assessment on the environmental impact of Ireland's screen industry along with a transformation plan that will act as a roadmap for sustainable production into the future
- A commitment by Screen Ireland organisation to lead by example, to decarbonise its own operations with the aim of being carbon neutral by 2025
- The mandatory use of a carbon calculator as a minimum requirement for Screen Ireland funded productions
- A pilot programme to assess/review energy consumption on productions with an objective that it will lead to recommendations on how to reduce energy consumption and the carbon footprint.

The plan also offers an incentive of up to €25,000 for productions to take further steps to reduce their carbon footprint. Diversity, equality and inclusion initiatives also form part of this new plan, with new funding streams being provided to support more diversity in the creation of productions and the establishment of new talent academies to support more diversity of talent and representation on screen. All of these actions are to be welcomed and form part of the priorities of the wider Building for a Creative Future 2024 published by Screen Ireland last autumn.

Agreement reached on Digital Services Act (DSA)

The European Parliament and EU Member States recently agreed a deal on new legislation, which will make sure that what is illegal offline is also now seen as being illegal online. The purpose of this new legislation is to regulate online platforms and intermediaries (such as online marketplaces, social networks, content-sharing platforms, app stores, and online travel and accommodation platforms). To put this in context, while there is broad consensus as to the benefits and advantages provided by the digital economy, there has been some concern too at an EU level regarding trade and exchange of illegal goods, services, and content online. There is increasing evidence of online services being misused through the deployment of unethical practices to either spread disinformation or negatively impact on citizens' fundamental rights relating to how profiling of citizens has been undertaken, which has formed the backdrop to this new legislation.

While the new provisions are still subject to formal approval by MEPs and the Council, nonetheless, this agreement sets out an unprecedented new standard for the accountability of online platforms regarding illegal and harmful content. It provides for a new 'notice and action' procedure for reporting and the subsequent potential removal/blocking of access to content. For 'Big Tech' (Google, Facebook, Apple, Amazon, and Microsoft) it requires them to undertake an annual assessment to identify potential risks with their services, with a view to putting a plan in place to address those risks, such as the dissemination of harmful or illegal content. Agreement has also been reached in relation to implementing measures that will curb targeted advertising that had previously been based on the use of citizens personal data; targeted advertising at children, that uses their personal data, will also now be prohibited.

Transparency is at the core of the DSA; rather than content being recommended based on an individual's search history/preferences, larger platforms will be obliged to present/recommend content that is not based on profiling, is transformational in itself, compared to what we have been used to over recent years. Those operators of search engines or online platforms that fail to comply with the new Digital Services Act face fines of up to 6% of their global revenue. In welcoming the agreement being reached, European Commission President Ursula von der Leyen stated, "the greater the size, the greater the responsibilities of online platforms" which appeared to be aimed at Big Tech to ensure their compliance. With so much 'fake news' circulating recently, and false information being spread about the crisis in Ukraine, the DSA provides the framework to ensure the biggest digital companies will better control their systems to curtail spread of disinformation or face hefty fines.

Electricity usage by Data Centres in the news

Over recent weeks there has been lots of commentary in the media following the CSO's publication, for the first time, of a breakdown of total metered electricity consumption by data centres, by quarter from 2015 to 2021. The data shows that total consumption almost trebled from 5% in 2015 to 14% in 2021. According to the CSO, the increase was driven by both expansion in demand from existing data centres and the addition of new centres onto the electricity grid. These statistics will inevitably add to the debate around the impact that data centres are having on the environment and demands placed on the country's energy supply. Based on data from EirGrid, demand from data centres could account for 23% of all demand in Ireland by 2030.

But the issue here is really about how the incremental growth in connectivity and the demands of consumers are accelerating need for data centre services. Every time we WhatsApp a message or make playlists choices on Spotify or check-in on Instagram, we generate traffic in data centres. According to the International Energy Agency (IEA) for every bit (smallest unit of data) of data that travels from data centres to end users, another five bits of data are transmitted within and among data centres, by way of updating in one form or another. According to IEA, there have been some rapid improvements in energy efficiency to help limit energy demand growth from data centres and data transmission networks. Data centre operators are now implementing sustainable practices to try and offset or reduce demands for energy and electricity. Sustainable efficiency improvements for servers, storage devices, network switches and data centre infrastructure are being implemented. Ultimately advancements in software and technology will bring about the tools to optimise the management of data centres in the optimising energy usage in parallel with the integration of solar and renewable energy sources.

Spike in invoice redirection fraud

There has been a marked increase of incidence of businesses falling victim to fraudsters in recent weeks. It typically happens when a business receives an email claiming to be from an existing supplier, advising of their new bank details for payment. In many cases the fraudsters may not request a specific payment at the time of the notification, which to some extent can make the request more believable. However, the person responsible for paying creditors that now thinks the request is believable may then update the 'new' bank details and the next legitimate payment gets paid to the fraudsters account. The important thing to remember here is that the business not only runs the risk of the loss of the funds, but they still have the outstanding invoice to pay to their supplier. For larger firms, the financial loss may not be catastrophic, but for a smaller firm, it could prove to be an existential threat to their business. Tips to avoid becoming a victim:

- **ALWAYS** check requests with your supplier when asked to change payment details, either by phone or direct email to the relevant person.
- Paying a new supplier: transfer **A SMALL AMOUNT FIRST** and confirm with supplier that payment is received and complete the remainder of the transaction.
- Be **MINDFUL OF INFORMATION POSTED ON SOCIAL MEDIA** relating to new contracts with suppliers.
- Ensure there is **HEIGHTENED AWARENESS** among staff that manage payments to suppliers/bank transfers in relation TO WARNING SIGNS from fraudsters such as requests to change payment details, urgent requests for payment, threats/ aggressive requests.
- **EMAILS WITH INVOICE ATTACHMENTS**, which could be phishing scams, likewise if invoices looked different to previous requests for payments.

Blockchain Ireland Week 2022:

A schedule of seminars will take place from May 30th to June 1st inclusive. The theme for this year is Building a Web3 Future - Ireland as a Global Blockchain, Crypto and Web3 Hub. The aim of this year's events is to bring entrepreneurs, developers, and corporates together to build and create opportunities in blockchain technology, Crypto and Web3 across the island of Ireland. A hybrid programme will explore the developing role of Blockchain and Crypto technologies in Ireland and globally. The blockchain market size is projected to grow from USD $4.9 billion in 2021, to USD $67.4 billion by 2026, at a Compound Annual Growth Rate (CAGR) of 68.4% during the forecast period. The value of the crypto market is now estimated to be worth in excess of $2 trillion. Over the course of three days, Blockchain Ireland will examine the value of Blockchain and Crypto, understanding their impact and asking how Ireland can take full advantage of opportunities presented by these emerging technologies. For more information on the schedule for the week click: **https://www.blockchainireland.ie/blockchain-ireland-week-schedule/**

Sources: Screen Ireland, Blockchain Ireland, European Commission (https://digital-strategy.ec.europa.eu/en/policies), CSO, Pinsent Masons, BPFI

Motor Sector Update

Motor Sector Update
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April lookback

In the month of April, new passenger car (PC) sales increased 10.3% year-on-year (y-o-y) to 7,886 units, Light Commercial Vehicle (LCV) sales declined 31.8% y-o-y to 1,626 units and used imports declined 25.6% y-o-y to 4,223 units.

PC Registrations

In the first four months, new passenger car registrations increased 4.7% year on year to 57,776 units. Toyota holds the #1 position with 17.9% market share, followed by Hyundai with 14.0% in #2, Kia with 7.9% in #3, Volkswagen with 7.6% in #4 and Skoda with 7.0% in #5.

LCV Registrations

In the first four months, new light commercial vehicle registrations declined 19.9% year on year to 10,992 units. Ford holds the #1 position with 28.2% market share, followed by Volkswagen with 14.7% in #2, Toyota with 11.1% in #3, Opel with 10.3% in #4 and Peugeot with 8.2% in #5.

Used Imports YTD

Registrations of used imports declined 34.2% year on year to 15,864 units in the first four months.

Provincial Developments

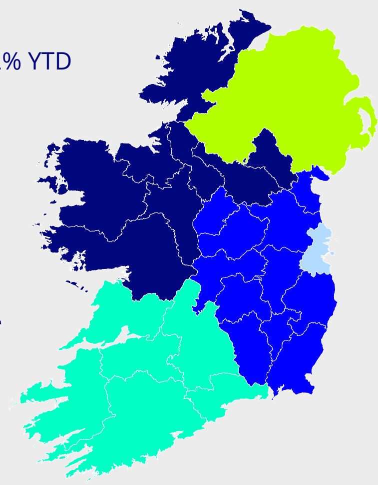
National Position
New (N) +4.7% YTD
Used Imports (UI) -34.2% YTD

Dublin
N +2.5% YTD
UI -6.7% YTD

Rest of Leinster
N +8.6% YTD
UI -48.3% YTD

Connacht/Ulster*
N +6.9% YTD
UI -49.8% YTD

Munster
N +3.5% YTD
UI -49.2% YTD



*Ulster Border counties
SIMI Stats Apr 2022 YTD

Market News

The European Automobile Manufacturers' Association (ACEA) recently released sales statistics for new vehicles in quarter one. Sales of new cars declined 12.3% across the EU in Q1 2022, however Ireland compared favourably increasing by 4.0% in the same period. New car sales in April also continued to be strong here.

The ACEA cite continuing supply constraints, largely due to semi-conductor supply shortages, as holding back the EU market. Irish motor dealers are also impacted by supply shortages with some popular models "sold out" for 2022.

Market seasonalisation will be different this year as a result of these supply chain disruptions. In 2021, more new cars were sold in July than in January for the first time ever. Ireland exited 4.5 months of L5 restrictions in May 2021 and there was clear pent up demand.

Bank of Ireland's Business Pulse survey shows sentiment fell back in April but the index at 88.7 is still ahead of the January reading of 87.1. Nonetheless, 55% of firms surveyed indicated that they plan to expand their business over the next 1-3 years. Notably, the share of businesses planning to scale down has not increased.

The Consumer Pulse survey also fell in April and the index at 51.3 is now well down on the January reading of 74.1. Cost of living increases is starting to bite households.

The war in Ukraine is likely generating additional uncertainty and has the potential to soften overall buying sentiment, however macro fundamentals remain robust.

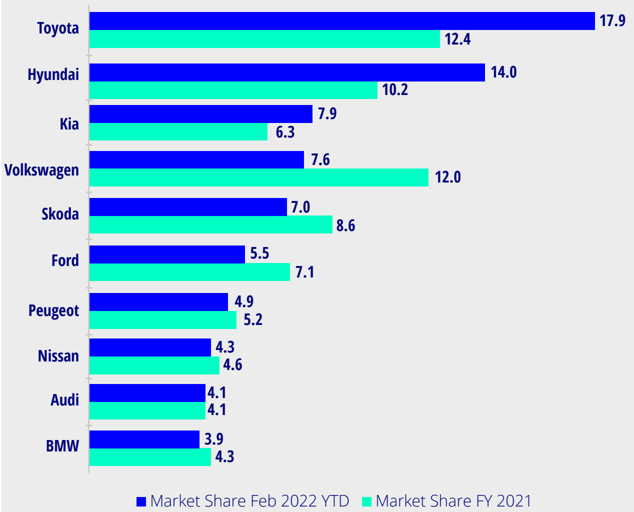
The labour market is strong with c.2.5m people in employment. Deposit balances increased materially during the pandemic some of which will be released over the course of the year. GDP forecasts are also very healthy.

Pent up demand carried over into 2022 and motor franchises and dealers here continue to report busy order books.

It is likely we will see higher than average vehicle sales in July this year as more supply arrives to Irish shores. So, although there are challenges on the horizon the motor outlook for 2022 remains positive.

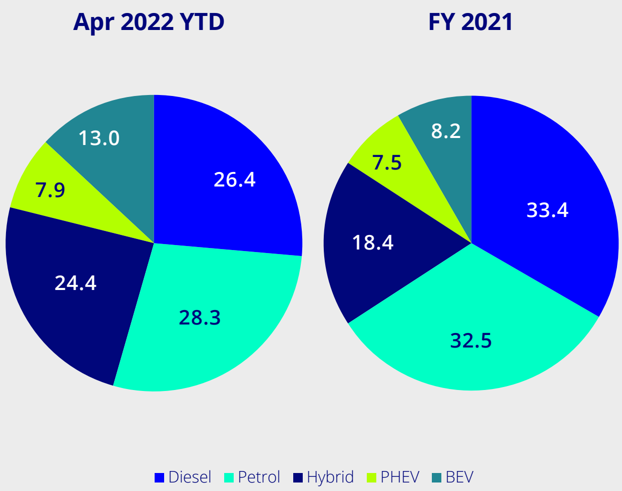
Top Selling Brands

New Passenger Cars



Fuel Type Developments

New Passenger Cars



YTD = Year to Date; FY = Full Year

BEV: Battery Electric Vehicle. PHEV: Plug-in Hybrid Electric. Petrol includes LPG

Supporting our Customers

Bank of Ireland Finance (BIF) supports 15 motor franchises representing c.45% of annual new car sales and we remain committed to our customers. Bank of Ireland and the Irish motor sector is open for business.

Data Source: European Automobile Manufacturers' Association (ACEA), Bank of Ireland Economic Pulse, Society of Irish Motor Industry (SIMI). Data as at 30/04/2022