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SME Market Monitor sees economic indicators as boding well for SMEs

- **Strengthening domestic demand in 2015 vital for SMEs**
- **Euro's weakness creates advantages for many SMEs**

The *DKM/BPFI SME Market Monitor, March 2015*, prepared by DKM Economic Consultants (DKM) and published today by Banking & Payments Federation Ireland (BPFI), sees a reasonably healthy set of economic indicators as boding well for SMEs in 2015.

Tracking trends across 15 different indicators which are important for the performance of the SME sector, this latest *DKM/BPFI SME Market Monitor* points in particular to the upturn in domestic demand in 2014 – making its first real contribution to GDP growth since 2007. This is evident in both consumer and government expenditure which were marginally higher in 2014 over 2013 and in total investment which expanded by 11.3%. As its author, DKM's Annette Hughes, states:

"This development is very encouraging for all SMEs, but especially for those SMEs which rely solely on the domestic economy – some 92% of micro SMEs (employing less than 10 persons) are dependent on the domestic economy for their customer base. The continued strengthening of domestic demand and a confident consumer in 2015 will be vital for their sustainability."

The *DKM/BPFI SME Market Monitor* also points to the declining value of the euro as presenting real opportunities for many of our SMEs: those operating in the tourism sector here at home as well as those engaged in international trade. With just 17% of visitors to Ireland coming from the USA in 2014, the weak euro could well deliver sizeable benefits for tourism-related businesses in the form of more jobs, increased turnover and improved financial health. Though a small proportion of the total SME population, our internationally-trading SMEs account for 33% of total SME employment and 52% of the total Gross Value Added. Courtesy of a weaker euro, they can expect to generate increased export sales, particularly in the UK and Asia. On this point Annette Hughes concludes:

"Increases in export and tourism activity will contribute to economic activity. Then through various output and employment multipliers, the activities of other Irish firms supplying SMEs back through the supply chain and the additional wages generated and spent on goods and services in the wider economy can generate an even greater contribution to the economic recovery."

The *DKM/IBF SME Market Monitor* can be viewed on the web at www.bpfi.ie and www.dkm.ie

Note: Banking & Payments Federation Ireland is the voice of banking and payments in Ireland, representing over 70 member institutions and associates, including licensed domestic and foreign banks and institutions operating in the financial marketplace here.

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