

## ***SME Market Monitor confirms recovery is gathering momentum***

- **Time for modest optimism around the prospects for SME sector**

The *DKM/BPFI SME Market Monitor November 2014*, prepared by DKM Economic Consultants (DKM) and published today by Banking & Payments Federation Ireland (BPFI), strikes a note of modest optimism around the prospects for the SME sector.

Tracking trends across a range of indicators which are important for the performance of the SME sector, this latest *DKM/BPFI SME Market Monitor* is associated with the best set of indicators for almost six years. As its author, DKM's Annette Hughes, states:

*“The performance of virtually every indicator in the Monitor has improved, with the possible exception of earnings and disposable income, which have yet to display signs of recovery.....The sustained increases in employment appear to be finally feeding through to consumption as all components of domestic demand increased in Q2 2014.”*

Other notable positive trends identified in the *DKM/BPFI SME Market Monitor* include:

- Construction is bouncing back on foot of the renewed focus on the sector and should see substantial gains arising from the social housing measures in Budget 2015
- All components of Domestic Demand increased quarter on quarter in Q2 2014. Personal consumption increased by 0.3%, government consumption increased by 3.8% and investment increased by 9.1%.
- Overseas tourist numbers were up strongly and reached the highest number in any quarter since Q4 2008 in Q3 2014. The retention of the 9 per cent VAT rate in Budget 2015 will continue to support the sector, where many SMEs are active in the form of hotels, B&Bs, restaurants, bars and retail outlets.
- New lending to SMEs was up strongly in Q2 2014 (+55.7% year on year), albeit from a low base; while outstanding SME debt continues to fall.

The *DKM/IBF SME Market Monitor* can be viewed on the web at [www.bpfi.ie](http://www.bpfi.ie) and [www.dkm.ie](http://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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