

***SME Market Monitor* points way to SME sector recovery**

- **Construction SMEs can play key role in driving economic recovery**
- **Stronger consumer spending and domestic demand needed to spur SME appetite for investment credit**

The *DKM/IBF SME Market Monitor July 2014*, prepared by DKM Economic Consultants (DKM) and published today by the Irish Banking Federation (IBF), points to construction SMEs as having a key role to play in driving economic recovery. This is because SMEs account for 95% of persons employed in construction, generating 88% of total turnover and 96% of total value added in the sector.

As DKM's Annette Hughes, the report's author, states:

"There is real opportunity to grow turnover in the construction sector and deliver much needed jobs, housing and other infrastructure.....Then, through the various output and employment multipliers, the activities of other SMEs can receive a boost as Irish firms supply these firms back through the supply chain and the additional wages generated are spent on Irish goods and services in the wider economy."

At the same time as profiling the better performing indicators of an improving economic environment for SMEs – including increasing employment and a rebound in the volume of certain categories of retail sales - the *DKM/IBF SME Market Monitor* points to the ongoing relative weakness of all-important domestic demand. Linked to this is the demand for funding from SMEs which, despite some positive news on the economic environment, is not increasing to any noticeable extent. For Annette Hughes the explanation is clear cut:

"As previously highlighted, SMEs require substantial and sustained increases in disposable incomes, consumer spending and domestic demand if there is to be a significant change in their attitudes towards seeking funds for investment and expansion as opposed to working capital purposes."

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

Note: The Irish Banking Federation (IBF) is the principal voice of the banking and financial services sector 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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