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**InterTradeIreland: Small and domestic firms across the island now reporting recovery**

**Strong business performance across all sectors in Q3 2014**

* 88% of firms across island either stable or in growth mode
* 12% of businesses increased employment levels in Q3
* 43% of firms reported a rise in sales since last quarter

According to the InterTradeIreland Business Monitor for Q3 2014, smaller firms and non-exporters across the island are now also beginning to shows signs of economic recovery and growth. The report, which reflects the position of businesses between July – September 2014, revealed one of the most positive set of results since 2008 and showed that firms of all sizes, across all sectors are now experiencing recovery.

Figures indicated that almost 9 out of 10 businesses are either stable (43%) or growing (45%). This is the highest percentage of firms reporting to be in growth mode since the recession began and is almost double the number of firms in growth mode compared to this time last year (26%). In contrast to last quarter, more southern firms are expanding (47%, up from 29%) than those in Northern Ireland (40%, up from 36%).

This steady recovery is also transferring into employment, with 12% of firms reporting to have increased staffing levels in Q3, up slightly from 11% in Q2. Firms across the island are also reporting an increase in profitability, which has risen from 49% in Q2 to 59% of businesses this quarter.

Commenting on the Q3 Business Monitor, Aidan Gough, Strategy and Policy Director at InterTradeIreland said: “Up until now, the recovery has been driven by exporters and larger firms but significantly, we are beginning to see an upturn in domestic demand, which is now benefiting businesses that rely on the local market. The increase in growth in Q3 reflects a continuing broad-based recovery, which has now translated across every sector surveyed. The growth is also filtering down to smaller firms, most of whom now have a more positive outlook.

“Despite a reserved outlook from businesses last quarter, firms across the island are reporting an increase in sales for Q3. This is more so for southern firms who have experienced a jump in the number of firms reporting a rise in sales from 39% to 46%. The number of NI firms reporting an increase in sales is also at the highest level since the recession began but has grown more modestly, rising from 33% in Q2 to 36% in Q3. The slow but steady improvement in employment is also very encouraging.”

Businesses continue to face a number of challenges with the rising cost of overheads, energy costs and cash flow remaining top of the list. A quarter of firms also stated that the current economic climate is affecting their business, with 18% reporting taxes and rates as having a detrimental impact.

Aidan added: **“**There is still an element of caution in the marketplace in terms of investment intentions. Businesses are 50/50 when asked if they are more or less cautious about future business investment than this time last year. This reflects the uncertainty in wider international markets and in the falling demand in the Eurozone. Prudence is, of course, not necessarily a bad thing if associated good business planning and cash management but firms should ensure that they are not missing opportunities. We would encourage SMEs seeking finance to do so in a strategic manner and to look and explore all finance options available to them as the Q3 Business Monitor showed that firms are still very reliant on short-term solutions such as an overdraft, business credit card or commercial loans.”

InterTradeIreland’s quarterly Business Monitor survey is the largest and most comprehensive business survey on the island and is based on the views of more than 750 business managers across Northern Ireland and Ireland. It differs from other surveys in that it is seen to be the ‘voice of local businesses’ feeding directly from telephone interviews conducted with a robust sample of firms of all sizes across a range of sectors to track all-island economic indicators such as sales, employment, business outlook and other specific topical research areas on a quarter by quarter basis.

For more information on InterTradeIreland and the business support programmes available, please visit [**www.intertradeireland.com**](http://www.intertradeireland.com). A copy of the 2014 Q3 InterTradeIreland Business Monitor Executive Summary can be viewed at: [**www.intertradeireland.com/researchandpublications**](http://www.intertradeireland.com/researchandpublications)**.**

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