**Business Monitor reveals strong economy facing potentially challenging times**

The latest quarterly (September - December 2016) InterTradeIreland Business Monitor Report issued today shows businesses are moving into challenging times from a position of relative strength.

Aidan Gough, Strategy and Policy Director at InterTradeIreland said: “We are seeing a resilient, sustained recovery and notable symmetry in challenges faced by firms both North and South. The number of companies across the island reporting stability or growth in the last quarter has remained fairly constant at 84 per cent; however exporters continue to fare better than non-exporters with 51 per experiencing growth compared to 36 per cent.”

“There is an emerging trend in the number of construction businesses reporting difficulties in recruiting skilled staff. Over a third of companies in the sector (37 per cent) are reporting difficulties recruiting skilled labour, with 33 per cent citing a lack of appropriate skills in their current workforce.

“The construction sector was hit harder than others during the downturn but is reporting robust signs of resurgence with 82 per cent reporting they are stable or in growth. Over 75 per cent of businesses in the sector say they are profitable or very profitable. However an emerging skills shortage in the construction sector is obviously an obstacle to continued growth. This may lead to building firms beginning to feel the pinch in terms of the acquisition of new contracts and servicing the needs of fuller order books.”

This echoes January’s statements from the Construction Employers Federation in Northern Ireland with regard to skill shortages and also that of the Construction Industry Federation in Ireland, outlined in its ’Skills in Construction to 2020’ report.

Further signs of buoyancy are evident in the employment figures reported in the survey, which shows a large increase in the number of firms in the Ireland reporting an increase in employment levels (14 per cent) – the highest number of firms reporting an increase in recent years, with larger firms experiencing a higher rate of growth at 54 per cent.

“The Business Monitor results also reveal that companies across the island are experiencing similar challenges, although many are signs of a healthy economy and include increased competition, discounting by competitors and difficulties in finding skilled labour as companies grow. However the greatest challenge facing businesses is rising costs, particularly energy costs.

“With almost a third of firms reporting that they are running at break-even and 78% already running close to or at capacity, there is a vulnerable tier of the economy that could be exposed to inflationary pressures. Nevertheless, the overall message is that of a robust economy, with companies going into potentially challenging times from a position of relative strength,” Aidan added.

Other key insights revealed by the InterTradeIreland Business Monitor include:

* 98 per cent have no plan in place to deal with the consequences of Brexit
* 51 per cent of businesses in cross-border sales concerned about currency/exchange rate
* More than a quarter of growing businesses (28 per cent) have indicated they are experiencing difficulties recruiting appropriate skills for their businesses.
* 45 per cent of all businesses surveyed noted rising energy costs as a current issue for their business.
* 49 per cent of businesses surveyed noted rising overheads (apart from energy) as a current concern.

A copy of the 2016 Q4 InterTradeIreland Business Monitor Executive Summary can be viewed at: <http://www.intertradeireland.com/researchandpublications/business_monitor/>

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