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**Winners and losers in highly competitive market**

**Embargoed until 00:01, Monday, August 6th**

* Economic landscape remains very competitive and laced with uncertainties
* Number of SMEs putting measures in place to engage with planning process around Brexit goes up and now stands at close to 20%

The latest InterTradeIreland Business Monitor (April-June 2018) shows that the number of firms across the island reporting growth remains high, and in fact, is at the highest level since 2011 (46%.) However, once you dig behind this top-line figure, the economic picture becomes much more complex with significant challenges on the horizon and mixed sentiment across sectors.

As expected in a competitive market there are winners and losers and it’s not surprising to see increases at both ends of the spectrum with more firms reporting they are either growing or declining.

The spread of uncertainty is reflected in the up-tick in issues impacting business, across a wide spectrum of challenges. In particular, the InterTradeIreland Business Monitor shows that energy and overhead costs (likely wages) are the major concerns for firms across the island.

**Smaller SMEs and Sectoral Differences**

Overall, across the business landscape smaller firms are finding the terrain tougher.

On a sectoral level, the number of retail businesses reporting to be in difficulties has increased. This is also true for construction firms. Interestingly in the building sector 53% are reporting that new competitors are entering the market while over half say profit margins remain tight.

Meanwhile in the manufacturing space, 27% of businesses are reporting they have spare capacity. This is a big increase compared to the previous quarter.

Over a quarter of professional services businesses though are reporting they plan to increase their level of staff training and upgrade IT systems; this investing in skills would suggest the sector anticipates more growth.

We do also see a rise in the number of firms struggling to recruit for the appropriate skills. This stands at just over a quarter of businesses across the island.

This sense of mixed signals from the wider economy is compounded by the lack of clarity around Brexit, as the outcome of Britain’s negotiations with the EU remain unclear.

**Brexit Impacts on Business Strategy**

While Brexit continues to dominate the news agenda, SMEs are deferring investment with nearly one in 4 (24%) saying that it will have an influence on this area of decision making, while 30% say they are concerned about the impact on sales.

However, more SMEs are starting to put plans in place for when Britain leaves the EU. Close to 20% of businesses have now put measures in place to engage in planning for Brexit. Aidan Gough InterTradeIreland’s Designated Officer and Director of Strategy and Policy says “The number of firms preparing for Brexit is increasing all the time. We see this in the demand for our supports and services. In particular, our Brexit Advisory Service which offers bespoke help and assistance for SMEs, including a £/€2,000 Brexit Start To Plan Voucher, has seen a big spike in demand. Though businesses can’t afford to be complacent, as 80% of firms still have no plans to deal with Brexit.”

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**A copy of the 2018 Q2 InterTradeIreland Business Monitor Executive Summary can be viewed at: https://intertradeireland.com/insights/business-monitor/**

**Notes to the Editor:**

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 since 2008. The Business Monitor differs from other surveys in that it is seen to be the ‘voice of local businesses’ feeding directly from telephone interviews conducted with firms of all sizes from 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.

**Business Monitor infographic:**

Along with this press release is an infographic highlighting key findings from the Business Monitor report for use and reference where applicable.