

Record trade surplus helps allay fears as euro slumps

Sean Duffy

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Conditions appear set to remain relatively favourable for Irish exporters after the euro hit its lowest level against the dollar in almost 14 years yesterday.

Ireland's trade surplus hit a record high in October as exporters continued to show resilience despite a challenging external environment.

Fears about the impact of Brexit on the export sector have been foremost in the minds of Irish policymakers and businesspeople since the June referendum in the UK, but the latest figures show that Ireland's trade surplus expanded to over €5bn in October.

Conditions appear set to remain relatively favourable for Irish exporters after the euro hit its lowest level against the dollar in almost 14 years yesterday. The single currency plummeted to \$1.0416, a level not seen since January of 2003.

"We need to be cognisant of the fact that it is much easier for Irish companies to do business with the UK than any other country in the world but this current situation does highlight the need for Ireland to diversify its export markets," said Simon McKeever, ceo of the Irish Exporters Association.

"We need to increase our attention on high-growth markets like China, India, Africa, South America and on the emerging opportunities in places like Iran, and become less dependent on our trade relationships with the EU, USA and UK."

There was an increase of €192m in the value of exports sent abroad in October, a rise of 2pc on September's figure. The number of goods being imported into Ireland fell by 18pc, to €5.1bn.

While the level of Irish goods and services being sold abroad has remained robust, pressures brought about from the UK's decision to leave the EU have left a mark on prices.

The figures show that Irish exports to the EU fell by €473m in October compared to the same period in 2015.

Overall, there was a decrease in the value of Irish exports of 6pc compared with the same period in 2015, with the notable collapse in sterling hitting certain businesses particularly hard.

In the 10-month period to October of this year, there was in excess of €96bn worth of goods exported out of Ireland, which represented a rise of 4pc.

The EU was by far the largest market for Irish exports in October, with 48pc of all Irish goods heading to the continent. Goods and services worth €1.3bn were sent to Belgium, while just over €1bn went to the UK. Just over a quarter (26pc) of all Irish imports came from the UK.

The US was the largest non-EU market for Irish goods, with 27pc of all Irish goods heading across the Atlantic.

In the year to date, exports to the US stand at €9.2bn, while there have been €3.3bn worth of goods sent to China.

The latest figures reveal that Irish exports have broken the €10bn mark for each of the last three months - an impressive performance given the challenging environment in the UK and widespread uncertainty in the run-up to the US elections.

Meanwhile, manufacturing in the euro area surged to its highest level in over five years, confounding fears that Brexit would trigger a slowdown in industry across the currency bloc.

The increase in factory activity was buoyed by the depreciation of the euro and an increase in new orders.