

## Morning business news with Adam Maguire - February 4

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Exporters have been at the heart of Ireland's economic growth in recent years, but the year ahead appears to pose a number of significant risks, with the Brexit debate on the horizon, fears over the resilience of China's economy and general worries about the fragility of the global recovery.

Simon McKeever, CEO of the Irish Exporters Association, says that companies will be watching a number of matters quite closely - not least the upcoming general election in Ireland - to see what they might mean for their businesses. On the external front, however, the Brexit debate - and the impact it would have on Irish-British trade - is the issue that is causing the most concern. "Brexit is sitting out there - it is a big, big issue for the Irish economy," he said. "Sterling has weakened by 10% since the start of November, it's called a 'risk premium', and going into the meeting at the end of February there's a risk to the downside on sterling. That affects our exporters, it makes our exports less competitive in the UK."

Of similar concern is the creeping weakness in the US dollar, which slipped close to \$1.11 against the euro overnight on the back of a poor Purchasing Managers' Index from the country. Any such moves makes Irish goods less attractive to buyers in those markets, which makes it harder to sustain or grow export volumes further. The question now is whether the US is facing a slip back into recession, and whether the latest data will impact on the Federal Reserve's plan for rate rises, all of which will have big knock-on effects on these shores.

"Were the dollar to weaken further that would have an effect on our exports, but I think we're a fair bit away from that at the moment," Mr McKeever said. "I see that threat more into the

latter part of this year and going in to next year... the biggest threat is probably Brexit and what happens to the rate of sterling."

Exporters will also be feeling uneasy about clear signs of slowing growth in the US, Britain and China - which could have a knock-on impact on demand down the line. Coupled with poorer exchange rates, there is the potential for a fairly toxic mix of negative conditions. "We're not isolated with what's going on the world economy," Mr McKeever said, saying that a potential devaluation of China's currency and the migrant crisis are also issues for exporters. "I think the feedback we're getting from our members is that they're looking at a very strong year, but beyond that and certainly into the second half of the year we have to be more cautious," he said.