

# Optimism rises as Irish firms shrug off Brexit fears, for now

By Donal O'Donovan

April 18 2017



*The top five countries for visa applications by Irish people*

Irish business sentiment improved in the spring - the latest evidence that Brexit is being shrugged off by most firms here, or at least that the fallout has so far failed to dampen the economic recovery.

The latest KBC Bank/Chartered Accountants Ireland business sentiment survey shows Irish business volumes are still growing but at a slightly more modest pace. Sentiment has bounced back, the survey shows.

That tallies with the latest data from the Department of Finance, which last week updated growth forecasts for 2017 and 2018 because the expected negative impacts from Brexit had failed to hit the economy.

"Although Brexit concerns are felt widely, both the expected impact and the level of preparedness for Brexit vary widely between companies even in the same sector," said Austin Hughes, chief economist, KBC Bank Ireland, who carried out the analysis.

"Only 21pc of firms say they have a strong sense of the likely impact of Brexit on their business, but it is concerning that 27pc have little sense of the potential effects," he added.

The results do show that 40pc of companies say they have taken action to respond to Brexit, including dealing with the plunge in the value of the pound.

The weakness in sterling since last June's vote in the UK is the clearest Brexit impact being felt by businesses here, but with a widely differing impact across Irish businesses - hurting 31pc of firms but helping 13pc.

The survey found that business activity in Ireland grew in the first three months of 2017, though at a slightly slower pace than last year. Hiring is becoming slower, but that may reflect skill shortages in some sectors, as well as caution in others.

Brexit and weak demand remain the key concerns for many businesses, but some firms now see staffing and building constraints as big issues.

Strikingly, companies' assessments of the broader Irish economy has become increasingly upbeat - though well off the level of optimism seen in 2015.

According to Austin Hughes, the absence - so far - of the kind of "apocalyptic outcomes" predicted before the Brexit vote and the election of Donald Trump in the US has caused Irish firms to tone down their own level of concern, especially in domestic-focused sectors such as construction, consumer business but also in business services.

In contrast, manufacturing companies were a little less confident than three months ago.

Meanwhile, visa data from Irish Exporters Association (IEA) highlights the post-Brexit move by Irish business to open new markets, with China, India, Russia, Saudi Arabia and Nigeria the top five countries for visa applications. The IEA said it has also seen growing interest by companies in Algeria, Iran and Sudan.