

# Ireland

## Irish exporters outperform domestically-focussed firms

- **Solid growth at exporting companies...**
- **...while non-exporters stagnate**
- **Irish firms' propensity to export improves**

A new analysis of PMI data indicates that Irish exporters have consistently outperformed their non-exporting counterparts since the financial crisis, and continue to record strong growth in output, new orders and employment at the start of 2013. (This outperformance among exporting companies has also been seen across manufacturers in the Eurozone, as we [noted last week](#).)

Evidence also suggests that firms in Ireland have increasingly sought new opportunities in export markets to counteract austerity and fragile economic conditions at home.

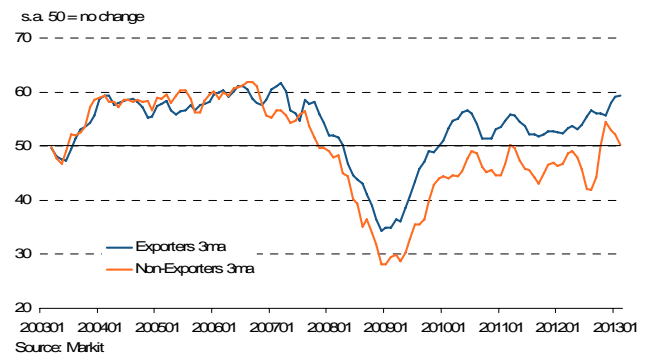
### Irish exporters record strong growth in new business

The start of 2013 has seen exporting companies<sup>1</sup> across the Irish manufacturing and service sectors record strong growth in new business, with the current performance the best since the financial crisis hit in 2007. These businesses have seen sustained growth in new business since early 2010. In contrast, those companies that are solely domestically-focussed have barely recorded any growth over this period, and are currently seeing new orders stagnate following a brief period of expansion at the end of 2012.

This outperformance of exporting companies is a new development since the financial crisis took hold. Between 2003 and 2007, the two types of companies recorded similar performance with, if anything, non-exporting firms registering slightly stronger growth than exporters.

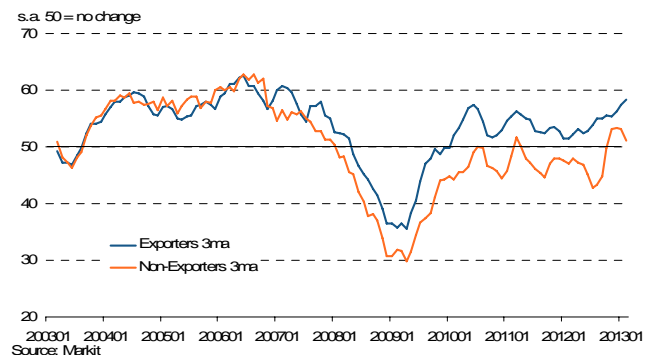
<sup>1</sup> A company is classed as an exporter if they answer the new export orders question in the relevant month

### Ireland PMI New Orders Index

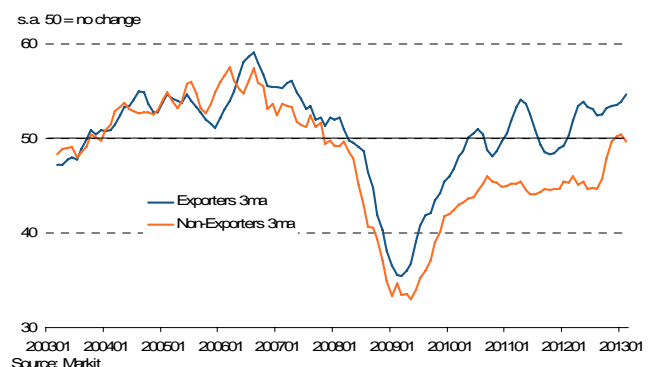


This divergence is also evident when looking at output and employment, with exporting companies having outperformed their non-exporting counterparts in recent years.

### Ireland PMI Output Index



### Ireland PMI Employment Index



## Firms seek export opportunities

Evidence from PMI responses suggests that companies in Ireland have actively sought new export opportunities, given the greater likelihood of securing new business abroad compared with the struggling domestic market. The propensity of Irish manufacturers and services companies to export has improved consistently since the financial crisis. There is still some way to go, however. When compared with other Eurozone economies, Ireland’s manufacturers<sup>2</sup> sit low in the national rankings of propensity to export. That said, consistent improvements in this regard contrast with deteriorations in other countries such as France, Italy and Spain.

Should the trends seen over recent years continue and Irish exporters continue to outperform their domestic-orientated counterparts, it is likely that we will see more companies looking abroad and searching out export opportunities. Meanwhile, any signs of a meaningful recovery among those companies that serve domestic clients only would provide a boost to those hoping to see sustained growth in the Irish economy.

## Ranking of PMI manufacturing exporters (higher rank = greater proportion)

	Mid-2007 - 2012	Change in proportion since financial crisis
Germany	1	(up)
Austria	2	(up)
Italy	3	(down)
Netherlands	4	(up)
Spain	5	(down)
France	6	(down)
Ireland	7	(up)
Greece	8	(down)

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## Andrew Harker

### Economist

Markit

Tel: +44 1491 461 016

Email: [andrew.harker@markit.com](mailto:andrew.harker@markit.com)

<http://twitter.com/MarkitEconomics>

For further information, please visit [www.markit.com](http://www.markit.com)

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<sup>2</sup> Services PMI new export orders data are not currently available for other Eurozone economies