

## Export recovery pushes trade surplus higher in February

### DAVY VIEW

Today's data show a recovery in Irish goods exports in the first quarter. The negative impact of the pharma patent cliff has subsided for now with nominal exports up 2.2% in the three months to February and 6.6% on the year. Exports should add to GDP growth in Q1 following the sharp dip at the end of 2013.

### Trade surplus rises to €3.2bn in February

Today's data provide evidence that the export sector is bouncing back and that the impact of the pharma patent cliff has subsided for now. Over the month, the trade surplus rose to €3.2bn from €3.1bn.

In the three months to February, nominal goods exports were up 6.6% year-on-year (yoy) – the fastest pace of growth since September 2012. This was split between a 7.3% rise in pharma exports and a 6% increase ex-pharma. Exports are not only benefitting from less of a drag from the pharma sector but also from improved demand in Ireland's main export markets in Europe. Nominal exports to the eurozone were up 1.2% yoy to end-February. Indeed, recent PMI surveys have cited improved demand in Europe and the US as a key driver of new orders for Irish manufacturing firms, boosting output and employment expectations for the coming year. Aside from pharmaceuticals, food was the best performing sector over the year – with nominal exports up 15% yoy in February.

The recovery in exports should also boost GDP in Q1. Total exports rose by just 0.3% in 2013, dragged down by a sharp 5.2% fall in nominal exports largely attributable to the pharma patent cliff but also by weak demand for non-pharma goods. Today's data provide tentative evidence that a broader range of sectors is now adding to a tentative recovery in exports.

### David McNamara

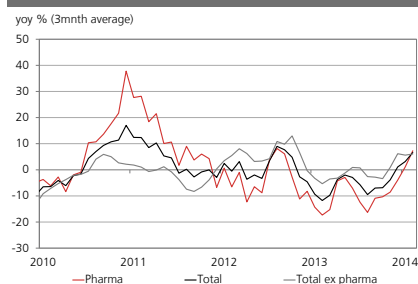
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### Nominal exports growth



Source: Central Statistics Office

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