

BRITISH CHAMBERS OF COMMERCE

QUARTERLY ECONOMIC SURVEY Q1 2018

The British Chambers of Commerce (BCC) Quarterly Economic Survey – Britain’s largest and most authoritative private sector business survey – based on more than 7,100 responses from firms across the UK – shows that UK economic growth remained subdued in the first quarter of 2018, despite a strong export performance.

“What growth we see in the UK economy is due principally to strong global trading conditions, rather than domestic demand, which remains muted. Uncertainty, recruitment difficulties and price pressures remain persistent concerns for businesses of every shape and size, even if short-term confidence levels remain resilient.

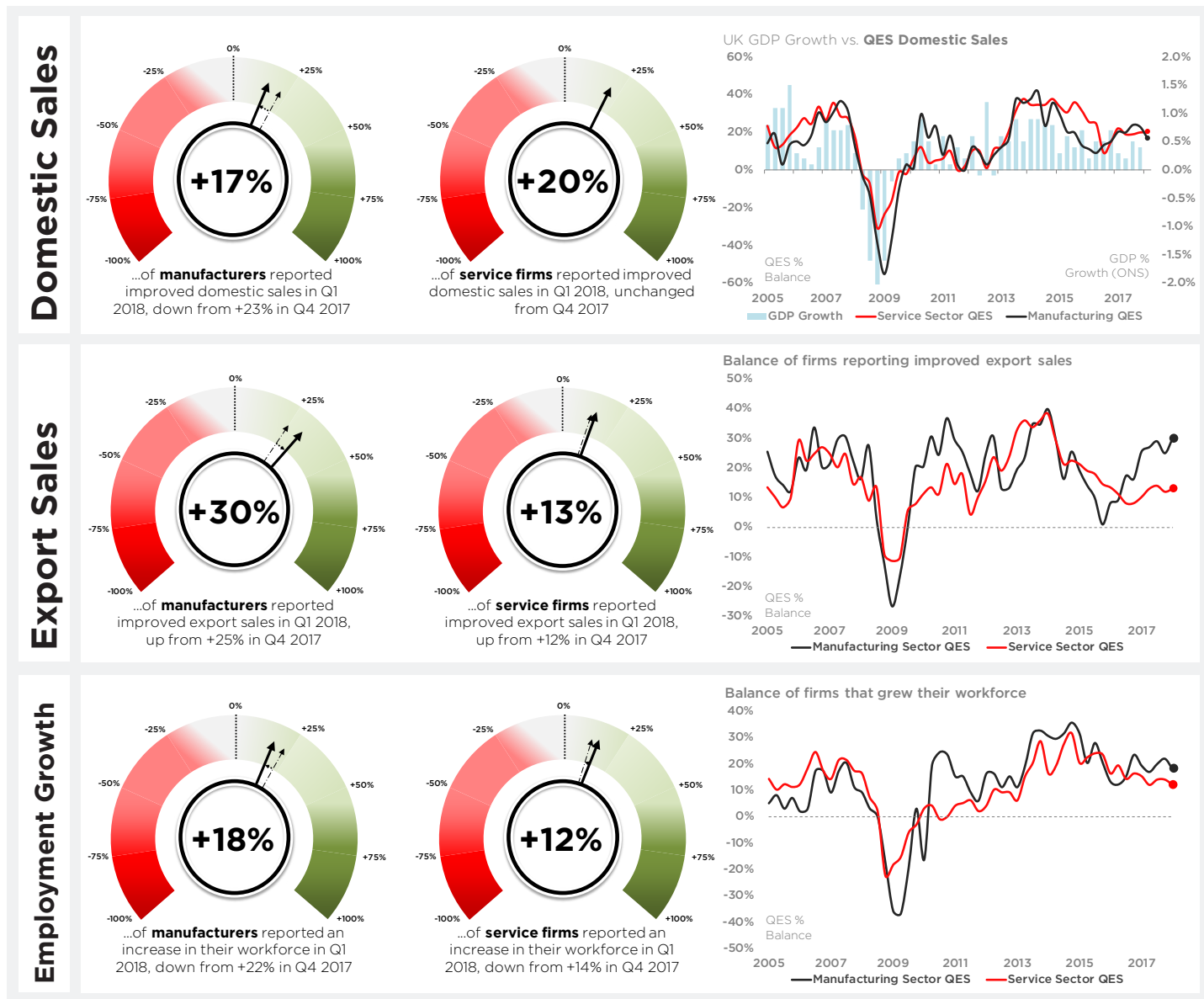
Even with a standout performance from manufacturing exporters able to reap the benefits of lower Sterling, the UK economy as a whole is treading water, rather than powering ahead.

It’s time for the UK government to multitask and demonstrate that it can do more than negotiate Brexit. A far stronger domestic economic agenda is needed to fix the fundamentals needed for business to thrive here at home. ”

Dr Adam Marshall Director General, British Chambers of Commerce

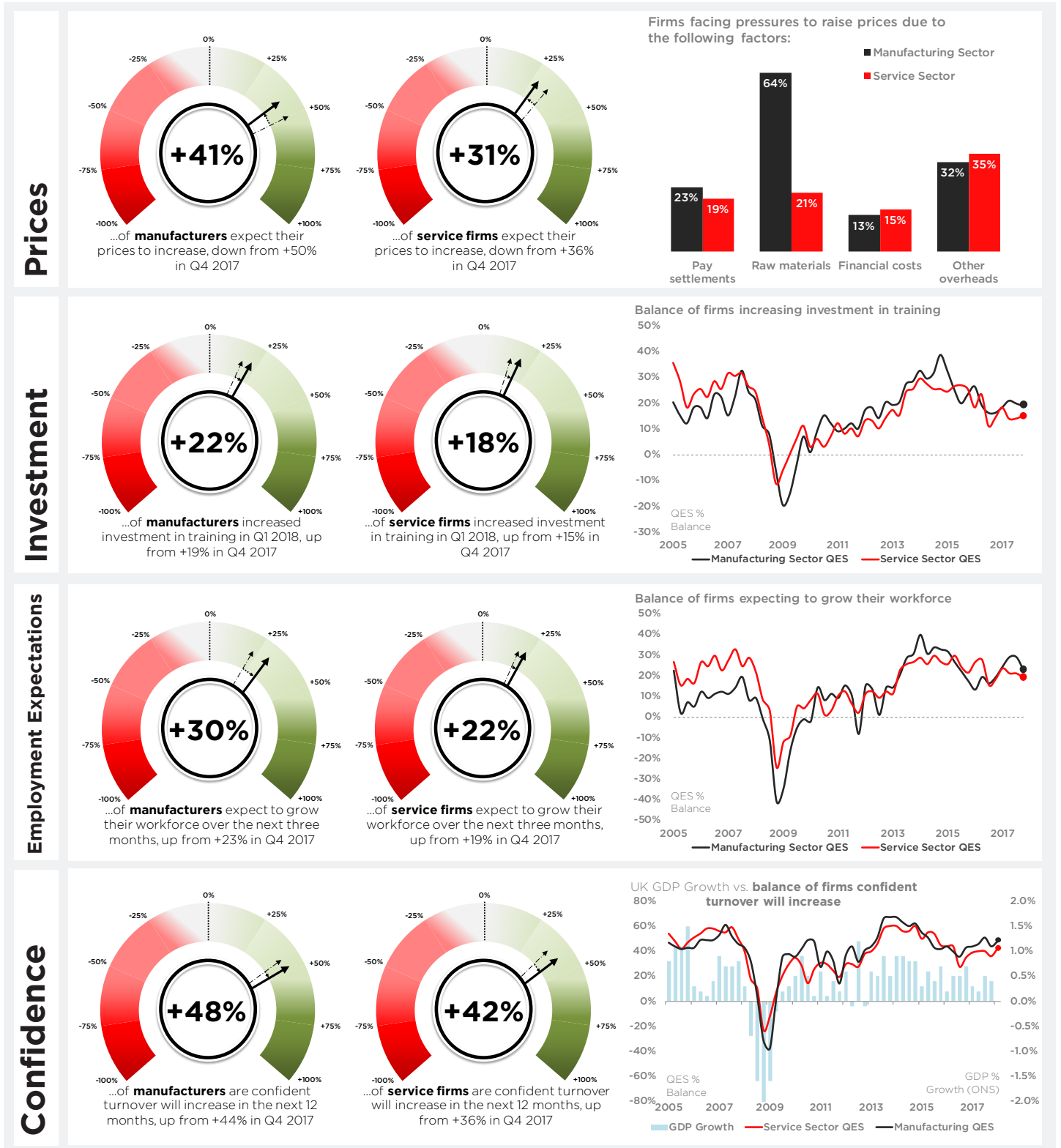
AT A GLANCE

Positive balance (+) = growth | Negative balance (-) = contraction



BRITISH CHAMBERS OF COMMERCE LOOKING AHEAD

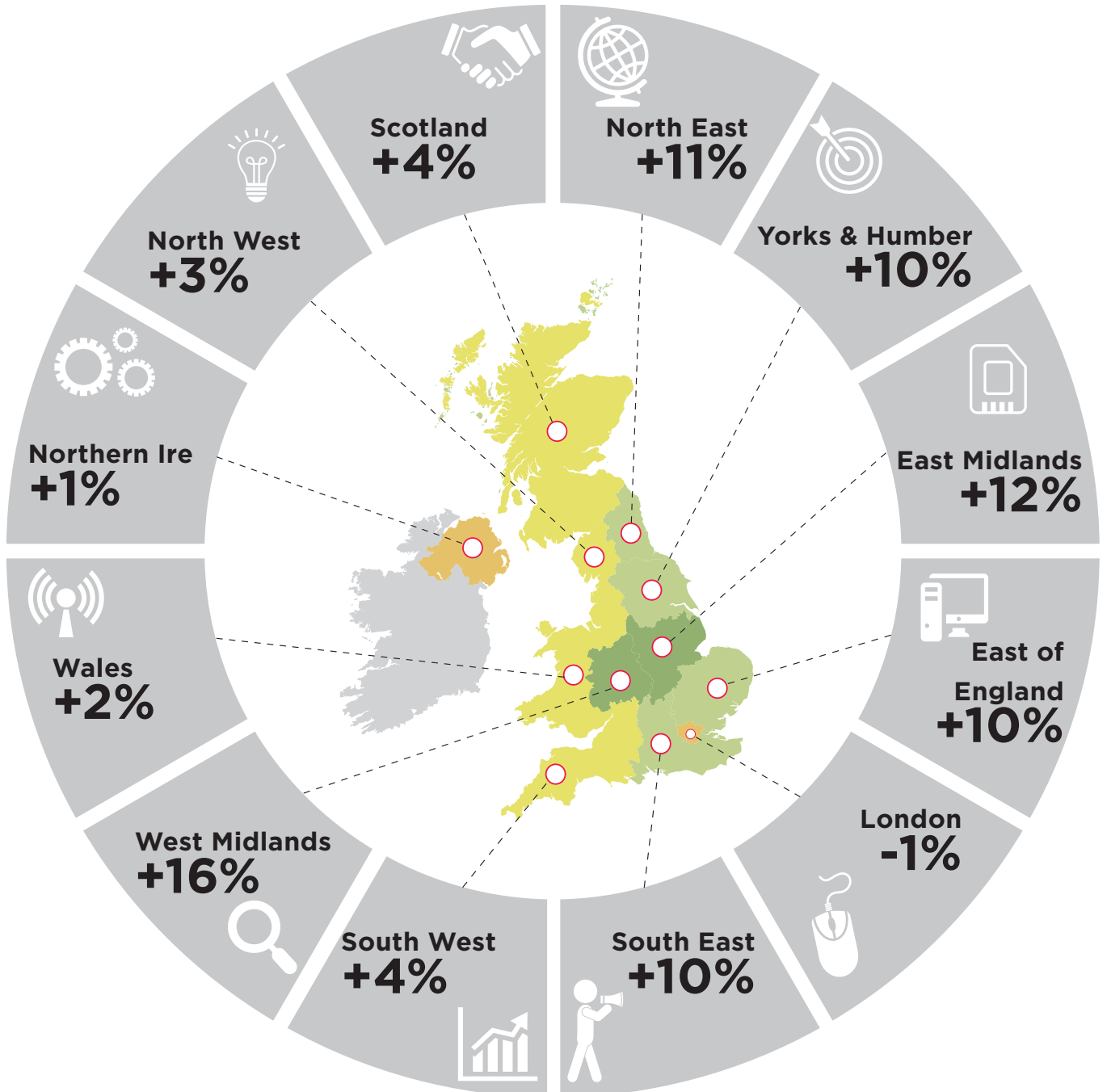
The Quarterly Economic Survey (QES) examines business sentiment on a range of forward looking indicators, including investment intentions, turnover confidence, and prices. In Q1 2018, a greater proportion of firms in both sectors are optimistic that they will expand their workforce over the next three months, and increase their turnover over the next twelve months. However, the balance of firms expecting prices to increase still remains historically high.



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SERVICE SECTOR CASH FLOW

In Q1 2018, the balance of service firms reporting improved cash flow stood at +6%. The service sector cash flow balance has been a downward trend since 2014. For B2C service firms, the balance is even lower at -1%, now in negative territory. The heat map below shows the breakdown of this indicator for the service sector as a whole by UK nation and region:



The regions and nations which saw the largest percentage balance of service sector firms reporting improved cash flow were the West Midlands (+16%), the East Midlands (+12%), and the North East (+11%). The regions and nations which saw the fewest service firms report improved cash flow were London (-1%), Northern Ireland (+1%), and Wales (+2%).

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ABOUT THE QES

The Quarterly Economic Survey is the flagship economic survey from the British Chambers of Commerce. It is a prominent tool used to measure the state of business sentiment and is monitored by a range of national and international organisations, including the Bank of England, HM Treasury, and European Commission.

The BCC Q1 2018 QES is made up of responses from more than 7,100 businesses across the UK. Firms were questioned between 19 February 2018 and 12 March 2018. In the manufacturing sector, 1,873 firms responded, employing approximately 199,000 people. 68% (1,279) of manufacturing respondents were exporters. In the services sector, 5,286 businesses responded, employing approximately 685,000 people. Of the services sector participants, 39% (2,087) were exporters.

This report has been prepared by the British Chambers of Commerce. Further information about any of the region and nation surveys may be obtained from the following:

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Methodology

QES results are generally presented as balance figures - the percentage of firms that reported an increase minus the percentage that reported a decrease. If the figure is a plus it indicates expansion of activity and if the figure is a minus it indicates contraction of activity. A figure above 0 indicates growth, while a figure below 0 indicates contraction.

For example, if 50% of firms told us their sales grew and 18% said they decreased the balance for the quarter would be +32% (an expansion).

If 32% told us their sales grew and 33% said they fell the balance would be -1% (a contraction).

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