

BRITISH CHAMBERS OF COMMERCE

QUARTERLY ECONOMIC SURVEY Q3 2019

The British Chambers of Commerce's Quarterly Economic Survey - now in its thirtieth year - is the UK's largest private sector survey of business sentiment and a leading indicator of UK GDP growth. In Q3 2019, the results found that UK economic conditions weakened in the quarter amid a significant deterioration in manufacturing sector activity.

“Our findings point to a worrying drop-off in UK economic activity, with unrelenting uncertainty over Brexit and a notable slowing in global growth prospects dragging down almost all the key indicators in the quarter.

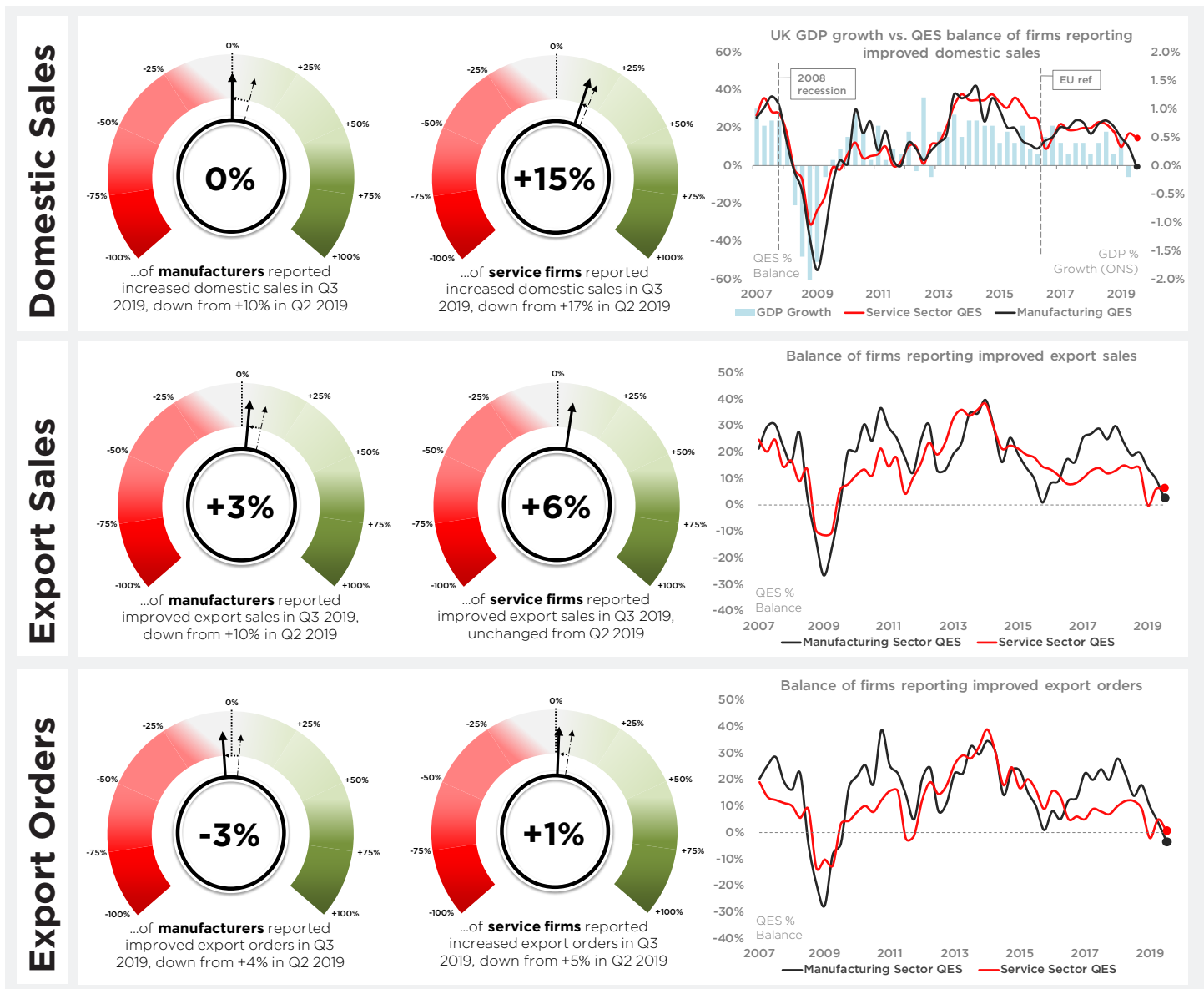
The manufacturing sector continues to toil under the weight of diminishing cashflow, weakening global demand and disrupted supply chains. Although the slowdown in a number of the key service sector indicators was relatively modest, slowing activity in the sector is a concern given its dominant share of overall UK economic output.

Looking forward, weakening orders, confidence and investment intentions suggest that unless action is taken the UK's current weak growth trajectory could drift markedly lower over the near term.”

Suren Thiru Head of Economics, British Chambers of Commerce

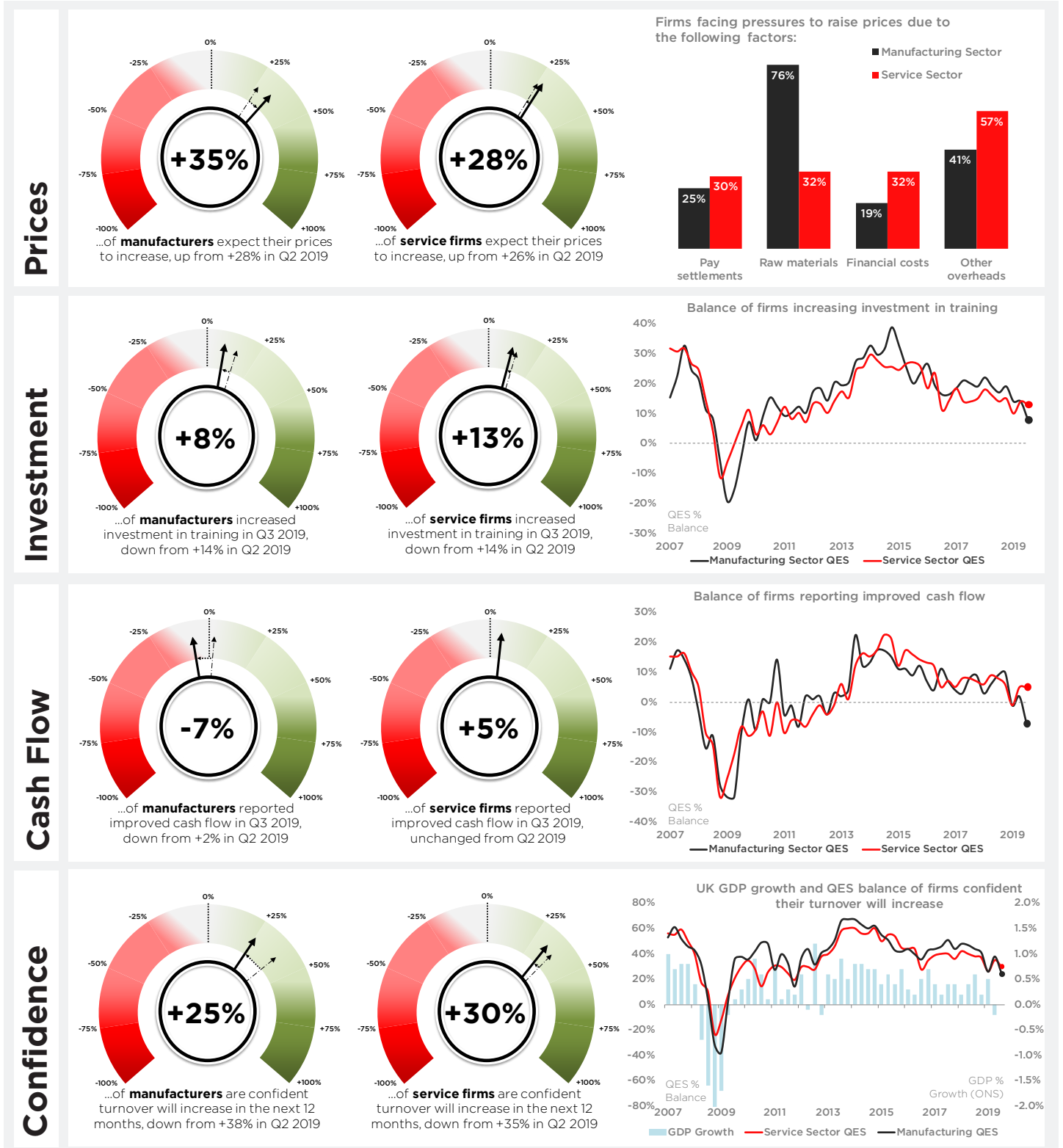
AT A GLANCE

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



BRITISH CHAMBERS OF COMMERCE LOOKING AHEAD

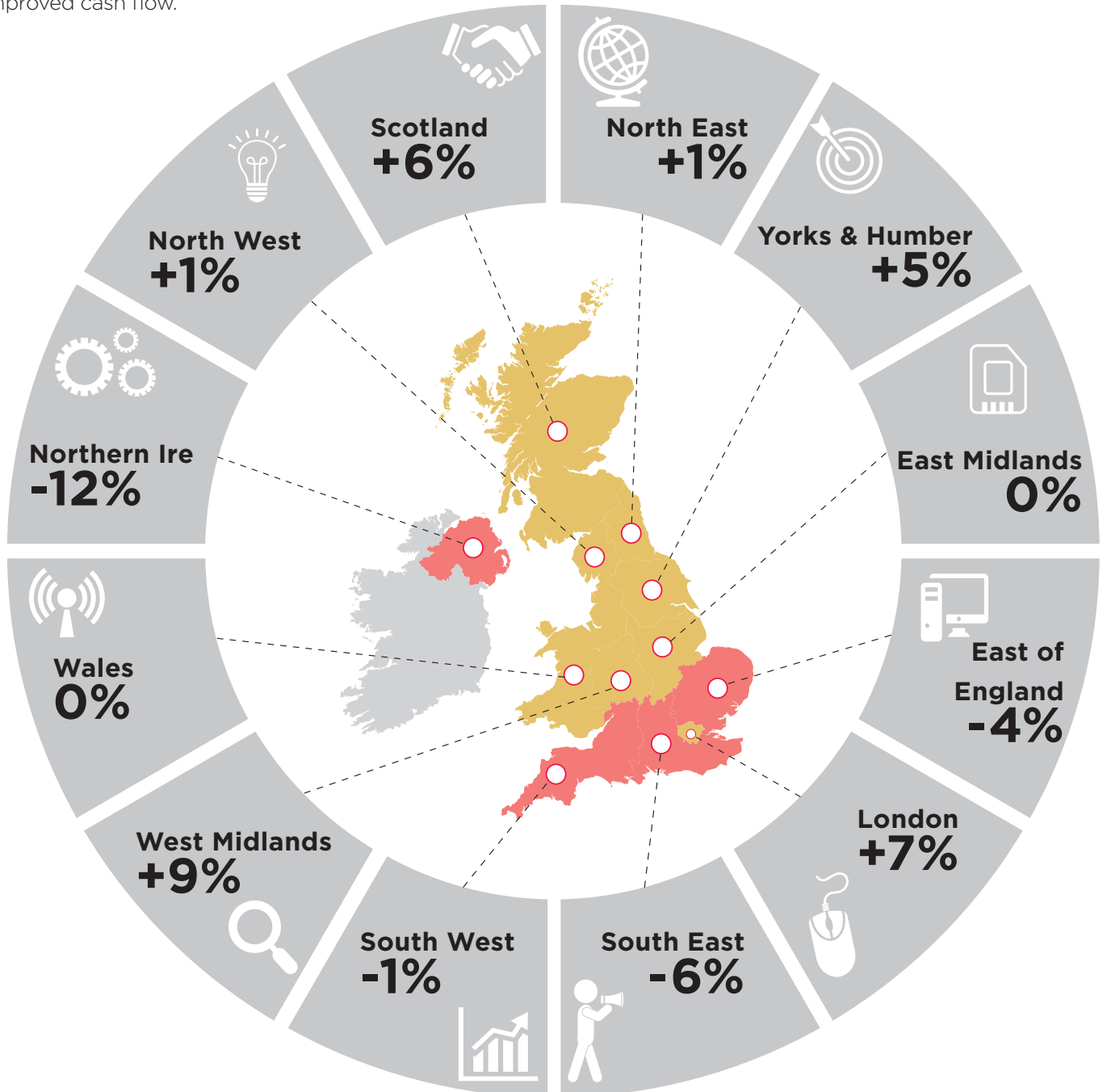
The survey of 6,600 firms, employing roughly 1.2 million people, points to a UK economy sagging under the weight of relentless uncertainty, another looming Brexit deadline, and deteriorating global economic conditions amid heightened trade tensions. The balance of firms in the manufacturing sector that increased investment in training dipped to its lowest level since Q1 2010. Indicators for cash flow, business confidence in turnover and profitability among manufacturers dropped to an eight-year low.



BRITISH CHAMBERS OF COMMERCE

CASH FLOW

In Q3 2019, the percentage balance of manufacturers reporting improved cash flow fell into negative territory for the second time in 2019. This means that more firms reported a worsening in cash flow than an improvement. In the manufacturing sector, the balance stood at -7%, the lowest level since Q4 2011. In the services sector, the balance stood at +5%. The below chart shows the geographical breakdown of the balance of firms reporting improved cash flow.



“ We are not big enough that we can stock pile to help with a contingency, which means that if we have goods stuck at customs essentially we will lose our customers and our business will go down. We don't have the available cash flow to put a contingency in place to cover 3-4 months of stock which includes raw materials coming in from EU and Asia. ”

Micro manufacturer in Scotland

“ We have lost three customers in the last week despite delivering excellent, measurable results for all these customers. They are concerned about cash flow. ”

Micro marketing firm in Birmingham

BRITISH CHAMBERS OF COMMERCE 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 Q3 2019 QES is made up of responses from more than 6,600 businesses across the UK. Firms were questioned between 26 August and 16 September 2019. In the manufacturing sector, 1,673 firms responded, employing approximately 385,000 people. 70% (1,117) of manufacturing respondents were exporters. In the services sector, 4,965 businesses responded, employing approximately 846,000 people. Of the services sector participants, 42% (2,098) 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:

National

Coordinator: David Bharier
d.bharier@britishchambers.org.uk
British Chambers of Commerce,
65 Petty France, London SW1H 9EU
(020 7654 5800)

Scotland

Coordinator: Charandeep Singh
csingh@scottishchambers.org.uk
Scottish Chambers of Commerce
(0141 204 8337)

North East

Coordinator: Jonathan Walker
Jonathan.Walker@neechamber.co.uk
North East England Chamber of
Commerce (0191 3861133)

North West

Coordinator: Subrah Krishnan-Harihara
Subrahmaniam.KrishnanHarihara@gmchamber.co.uk
Greater Manchester Chamber
of Commerce (0161 393 4321);
Contributing Chambers: St Helens,
Liverpool, North & West Lancashire,
East Lancashire, Greater Manchester,
Cumbria, South Cheshire, Wirral

Yorkshire & the Humber

Coordinator: David Bharier (BCC);
Contributing Chambers: Barnsley &
Rotherham, Doncaster, Sheffield, Hull &
Humber, West & North Yorkshire, and
Mid Yorkshire

East Midlands

Coordinator: Chris Hobson
Chris.Hobson@emc-dnl.co.uk
East Midlands Chamber (Derbyshire,
Nottinghamshire & Leicestershire)
(0116 204 6606);
Contributing Chambers: Derbyshire,
Nottinghamshire & Leicestershire,
Northamptonshire, Lincolnshire

West Midlands

Coordinator: Daniel Turner
danielturner@blackcountrychamber.co.uk
Black Country Chamber of Commerce
(01902 912334);
Contributing Chambers: Coventry &
Warwickshire, Birmingham, Black
Country, Staffordshire, Shropshire,
Herefordshire & Worcestershire

Wales

Coordinator: Elgan Morgan
Elgan.Morgan@southwaleschamber.co.uk
South Wales Chamber of
Commerce (01633 242721);
Contributing Chambers: South Wales,
West Cheshire and North Wales

East of England

Coordinator: David Bharier (BCC);
Contributing Chambers: Bedfordshire,
Cambridgeshire, Essex, Hertfordshire,
Norfolk and Suffolk

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).

South East

Coordinator: David Bharier (BCC);
Contributing Chambers:
Kent Invicta, Hampshire, Surrey, Sussex,
Isle of Wight, Milton Keynes, Thames
Valley

South West

Coordinator: David Bharier (BCC);
Contributing Chambers:
Business West, Dorset, Cornwall,
Somerset, Devon

London

Coordinator: David Bharier (BCC);
Contributing Chambers: London

Northern Ireland

Coordinator: Christopher Morrow
Christopher.Morrow@northernirelandchamber.com
Northern Ireland Chamber of
Commerce (028 9024 4113)