

BRITISH CHAMBERS OF COMMERCE

QUARTERLY ECONOMIC SURVEY Q4 2018

The British Chambers of Commerce (BCC) Quarterly Economic Survey – Britain’s largest and most authoritative private sector business survey – based on more than 6,000 responses from firms across the UK – finds that the UK economy ended 2018 stuck in a holding pattern, with stagnating levels of growth and business confidence as a result of Brexit uncertainty and other economic pressures.

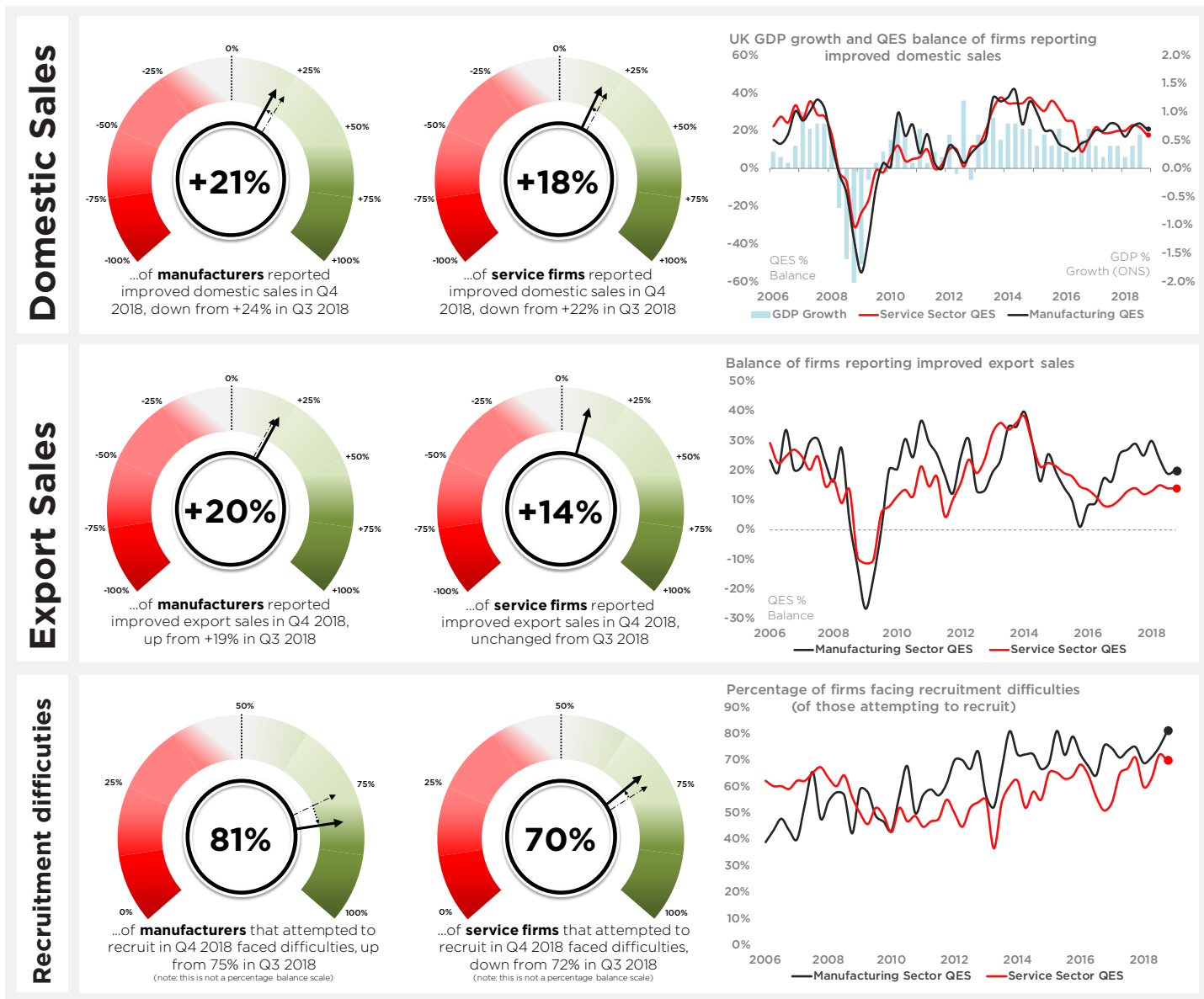
“The UK economy is in stasis. While it’s not contracting, it’s not growing robustly either. Throughout much of 2018, UK businesses were subjected to a barrage of political noise and drama, so it’s no surprise to see firms report muted domestic demand and investment. In this new year, the government must demonstrate that it is ready to act to turbo-charge business confidence.

Brexit is hoovering up all of government’s attention and resources, but it’s far from the only cause of uncertainty. Given the magnitude of the recruitment difficulties faced by firms clear across the UK, business concerns about the government’s recent blueprint for future immigration rules must be taken seriously – and companies must be able to access skills at all levels without heavy costs or bureaucracy.”

Dr Adam Marshall Director General, British Chambers of Commerce

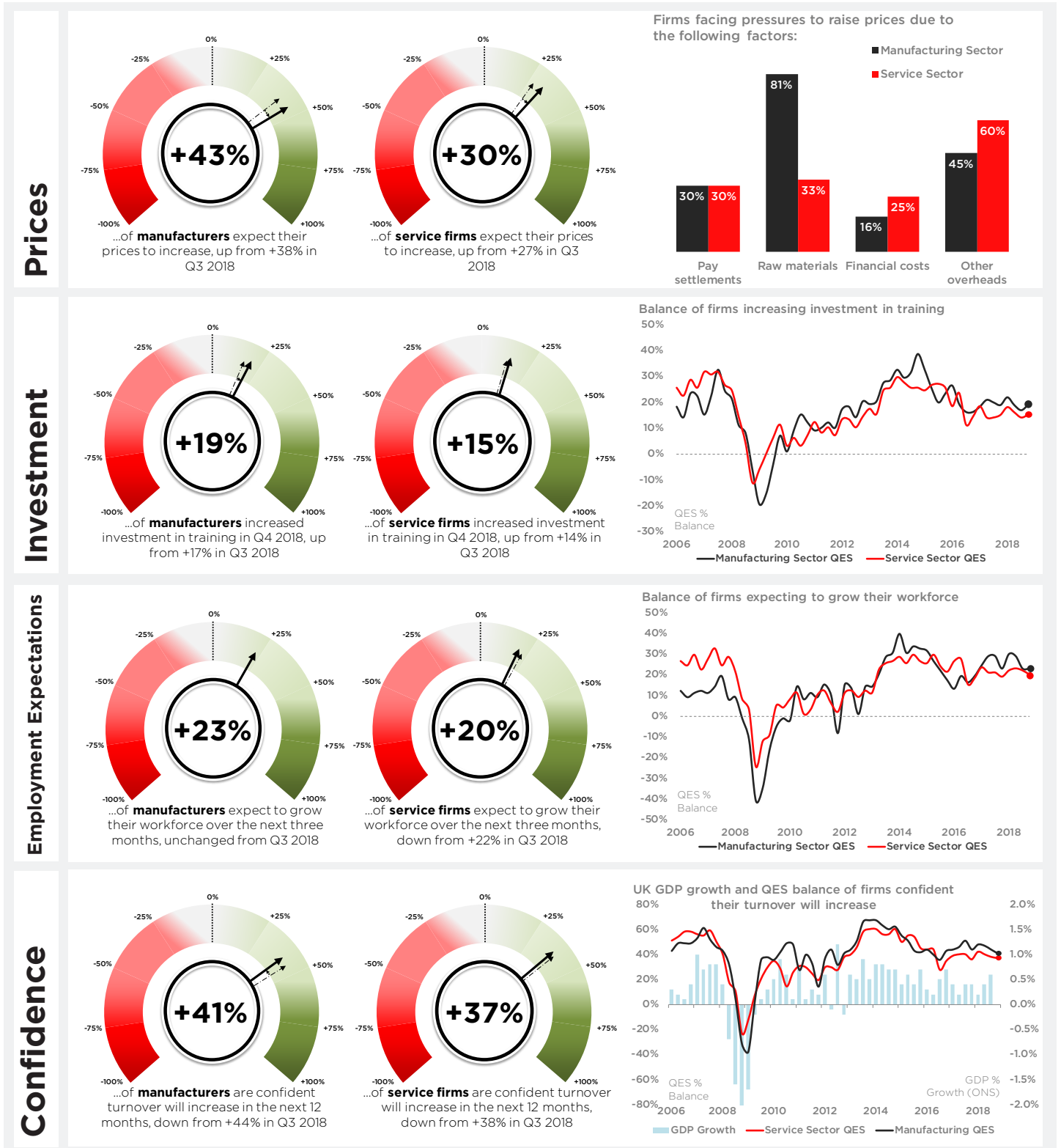
AT A GLANCE

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



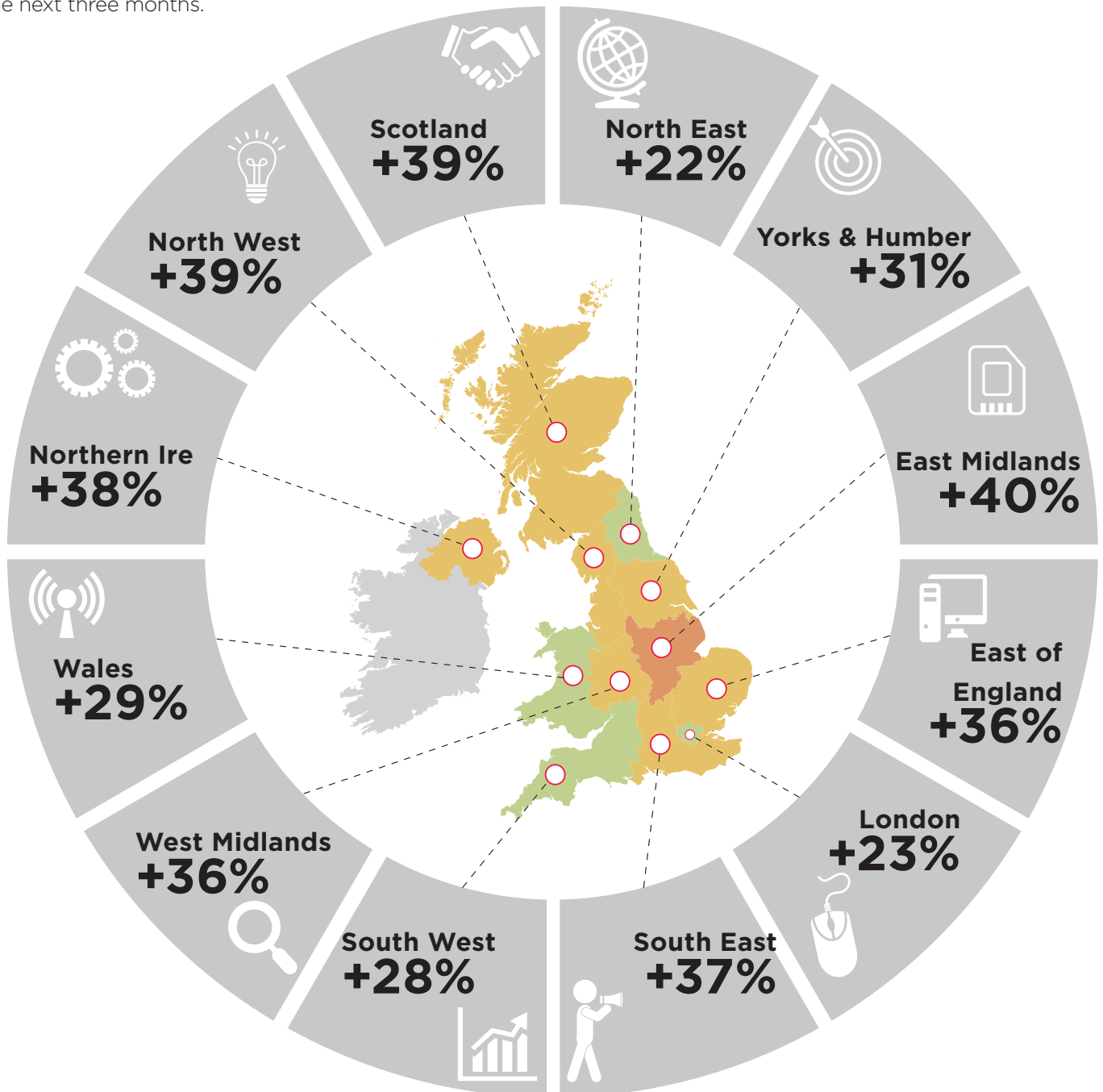
BRITISH CHAMBERS OF COMMERCE LOOKING AHEAD

The Quarterly Economic Survey (QES) examines business sentiment on a range of forward looking indicators, including investment intentions, turnover confidence, and prices. In Q4 2018, the survey results indicate an increase in price pressures facing firms, as well as weakened investment levels, and fewer firms expecting turnover and profitability to increase over the next twelve months.



BRITISH CHAMBERS OF COMMERCE PRICE EXPECTATIONS

In Q4 2018, the proportion of firms expecting their prices to rise increased. In the service sector, +30% expected their prices to rise over the next three months, and in the manufacturing sector, the figure stood at +43%, among the highest on record. Manufacturers overwhelmingly cited the cost of raw materials as the driver of price rises. The below chart shows the geographical breakdown of the balance of firms expecting prices to increase over the next three months.



“ The ongoing impact of rising input costs continues to put pressure on our region’s manufacturers to raise their prices and pass these costs on to their clients. We hear from companies that some sectors are facing rising costs not only due to currency fluctuations but also from shortage of supply as companies look to build up stock in advance of Brexit. ”

Mark Goldstone Head of Business Representation & Policy, West & North Yorkshire Chamber of Commerce

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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 Q4 2018 QES is made up of responses from more than 6,000 businesses across the UK. Firms were questioned between 5 and 27 November 2018. In the manufacturing sector, 1,382 firms responded, employing approximately 160,000 people. 68% (933) of manufacturing respondents were exporters. In the services sector, 4,696 businesses responded, employing approximately 910,000 people. Of the services sector participants, 38% (1,772) were exporters.

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).

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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