

BRITISH CHAMBERS OF COMMERCE

# QUARTERLY ECONOMIC SURVEY Q4 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. The results for Q4 2019 reveal that the UK economy ended 2019 in stagnation amid continued uncertainty, rising business costs and a slowing global economy.

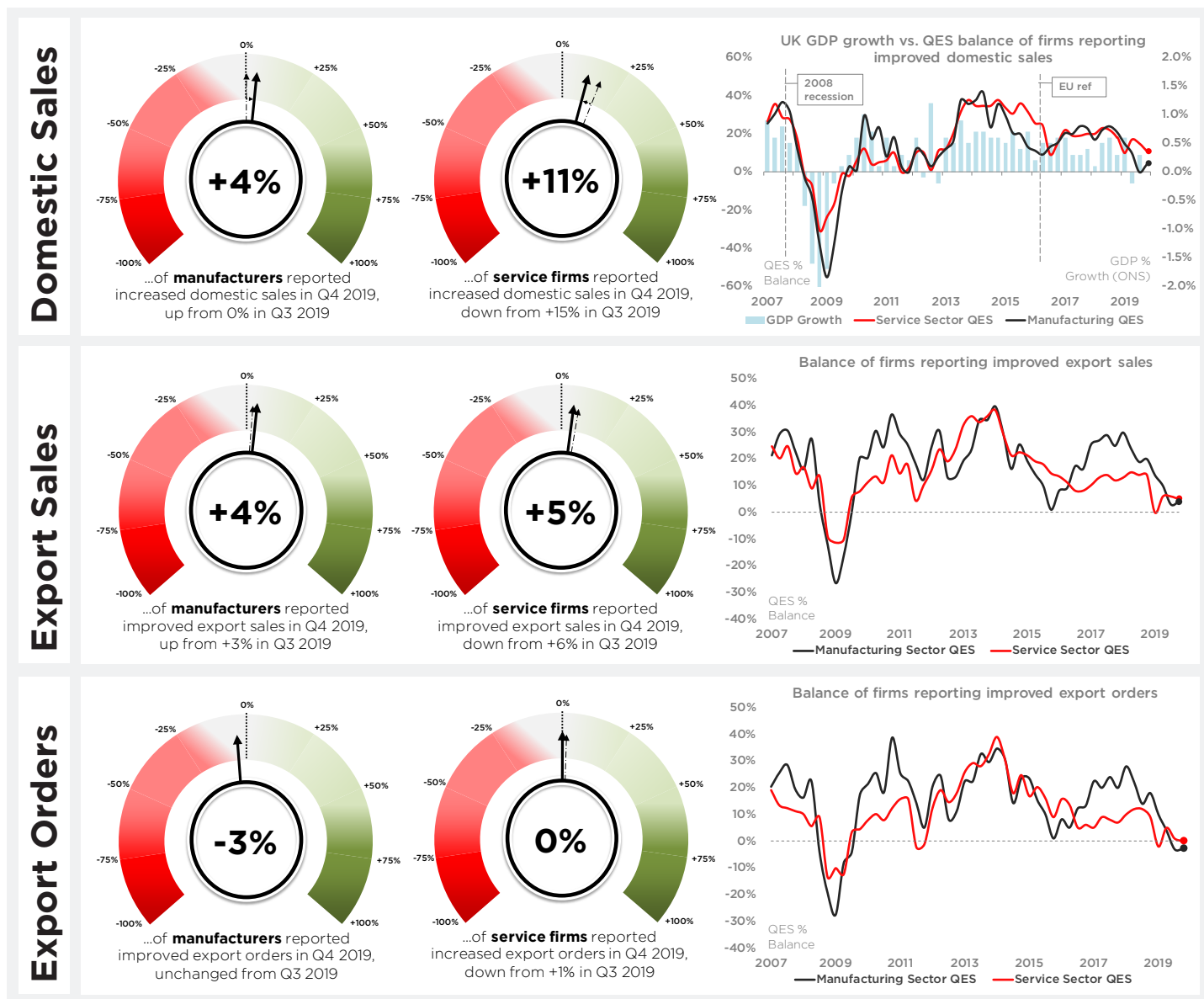
“The results indicate that the UK economy limped through the final quarter of 2019. The fourth quarter was characterised by a broad-based slowdown in the dominant services sector with all key indicators weakening in the quarter, amid sluggish household expenditure and crippling cost pressures.

Despite some improvements, indicators in the manufacturing sector remain very weak by historic standards, and with indicators for domestic and export orders continuing to contract, the near-term outlook for the sector remains challenging. A faltering service sector, together with listless manufacturing activity, points to a downbeat out-turn for UK GDP growth in the fourth quarter of 2019.”

**Suren Thiru** Head of Economics, British Chambers of Commerce

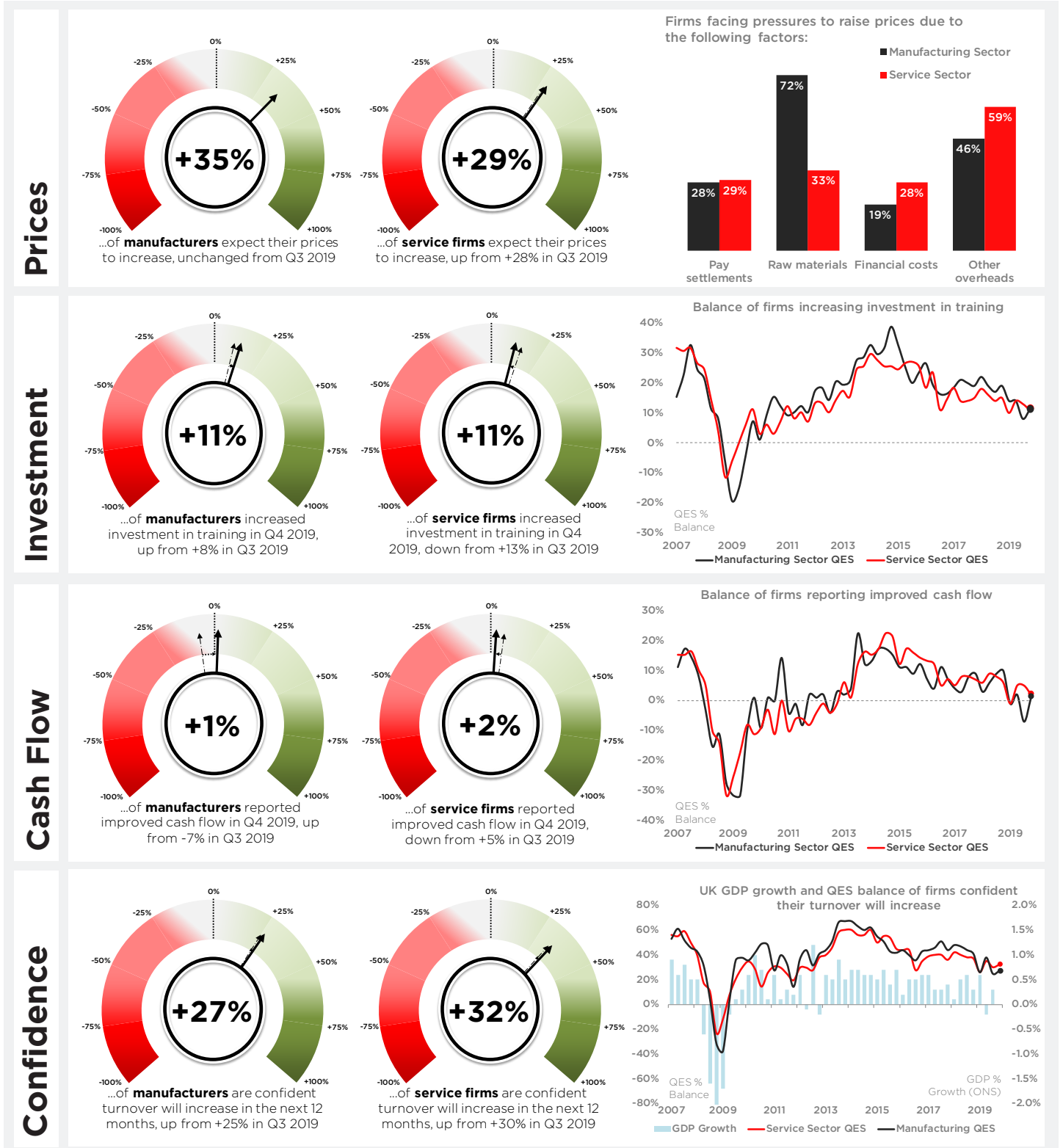
## AT A GLANCE

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



# BRITISH CHAMBERS OF COMMERCE LOOKING AHEAD

The survey of over 6,400 firms, employing more than 800,000 people, points to continued stagnation amid rising business costs and a slowing global economy. The balance of firms reporting improved cash flow – a key indicator of the health of businesses – remains very weak across both manufacturing and service sectors. Indicators for improvements across investment and business confidence also show continuing downward trends.



# BRITISH CHAMBERS OF COMMERCE

## EXPORT ORDERS

In Q4 2019, the balance of manufacturers reporting increased export orders remained in negative territory, standing at -3%, unchanged from Q3 2019. This is the first time the indicator has remained negative for two consecutive quarters since 2009. In the services sector, the balance stood at 0%, down from +1% in Q3 2019.

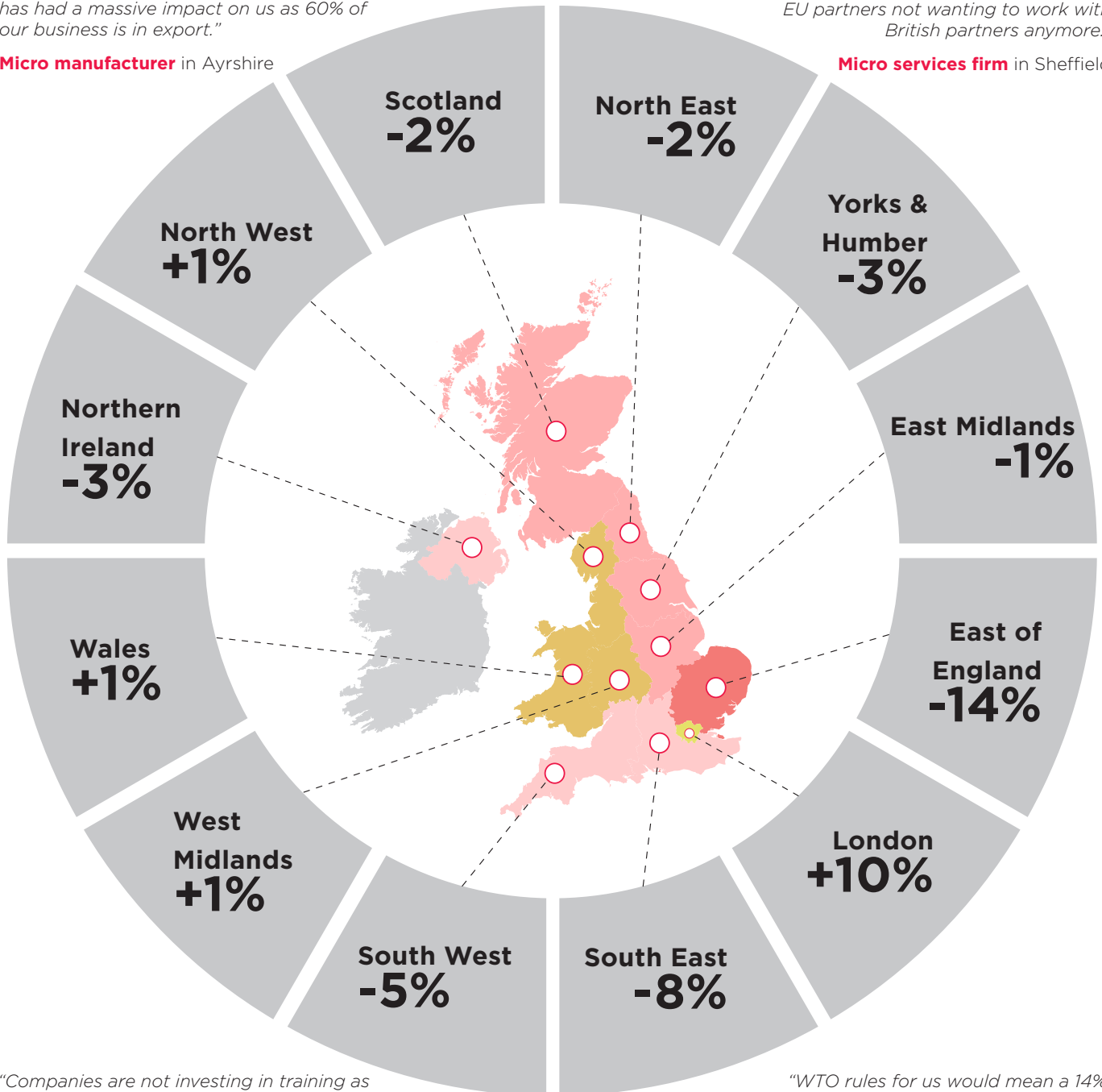
The below chart shows the geographical breakdown of the balance of firms reporting increased export orders.

*"The uncertainty has left those in the EU pushing back decisions on trade which has had a massive impact on us as 60% of our business is in export."*

**Micro manufacturer** in Ayrshire

*"We have already been cut out of tendering work since March 2019 due to EU partners not wanting to work with British partners anymore."*

**Micro services firm** in Sheffield



*"Companies are not investing in training as many can't plan due to uncertainty. At least three of our French clients are closing their site and running operations from France now."*

**Micro training provider** in Kent

*"WTO rules for us would mean a 14% increase in import duty which we would have to pass on to our UK customers."*

**Micro manufacturer** in Cambridgeshire

# 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 the European Commission.

The BCC Q4 2019 QES is made up of responses from 6,478 businesses across the UK. Firms were questioned between 4 and 25 November 2019. In the manufacturing sector, 1,758 firms responded, employing approximately 190,000 people. 71% (1,247) of manufacturing respondents were exporters. In the services sector, 4,720 businesses responded, employing approximately 618,000 people. Of the services sector participants, 44% (2,055) 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](mailto:d.bharier@britishchambers.org.uk)  
British Chambers of Commerce,  
65 Petty France, London SW1H 9EU  
(020 7654 5800)

## Scotland

Coordinator: Colin Campbell  
[ccampbell@scottishchambers.org.uk](mailto:ccampbell@scottishchambers.org.uk)  
Scottish Chambers of Commerce  
(0141 444 7508)

## North East

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

## North West

Coordinator: Subrah Krishnan-Harihara  
[Subrahmaniam.KrishnanHarihara@gmchamber.co.uk](mailto: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](mailto: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](mailto:danielturner@blackcountrychamber.co.uk)  
Black Country Chamber of Commerce  
(01902 912334)  
Contributing Chambers: Coventry &  
Warwickshire, Birmingham, Black  
Country, Staffordshire, Shropshire,  
Herefordshire & Worcestershire

## Wales

Coordinator: Katrina Thomas  
[Katrina.Thomas@southwaleschamber.co.uk](mailto:Katrina.Thomas@southwaleschamber.co.uk)  
South Wales Chamber of Commerce  
(01633 242730)  
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).