

## **NORTH STAFFORDSHIRE CHAMBER OF COMMERCE & INDUSTRY**

### **QUARTERLY ECONOMIC SURVEY**

**Quarter Ended March 2009**

#### **Introduction**

This survey examines the economic climate in North Staffordshire and provides an insight into how local businesses are performing at home and abroad. As well as a summary of the key findings, we have also provided a guide to what the survey results might mean for you and your business. The survey is divided into 4 key sections:

- Marketplace – sales and capacity
- People – employment trends
- Financial Information – cashflow, investment and price indicators
- The Future – local views on business confidence

#### **Background and methodology**

The Chamber's membership was surveyed by postal questionnaire during the period 23 February to 18 March 2009. The questionnaire covered ten broad sections: activity levels; the workforce; cashflow; investment; business confidence; capacity; prices; costs, external factors and the Euro. Detailed below is an analysis of the target market surveyed.

Except where stated, all graphs have been compiled using percentage balances. These figures are determined by subtracting the percentage of companies reporting decreases in a factor from those reporting increases. The results have not been weighted and all other respondents reported no change to their businesses or expectations. All figures are rounded to the nearest whole number.

#### **Speaking For Business – Influencing Government**

This Quarter's results indicate that the recession is impacting on both the manufacturing and the service sectors, with sales and orders plummeting in domestic and export markets. Firms are reducing workforce levels and shelving investment plans. Critically, we see a steep fall in balances for both cashflow and business confidence, signalling further problems ahead for the local economy.

The Chamber movement is lobbying Government to resolve the banking crisis and to kick-start the economy. Our North Staffordshire Chamber submission to the Chancellor this month calls for greater access to fair finance for businesses, for a reduction in the tax and regulatory burden and for government investment in local infrastructure projects that can be delivered within the next 2 years.

For over 23 years, the Chamber's Quarterly Economic survey has provided a valuable snapshot of the North Staffordshire economy and we have used the results to lobby government and ministers on a wide range of issues. Each quarter, the results are combined with those of other chambers, regionally and nationally, to produce economic data which is highly respected by a wide range of organisations, including the Bank of England and the Treasury, our MPs, government departments and other agencies whose activities impact on the prosperity of North Staffordshire.

## 1 Market Place

### The UK Market

For businesses involved in the UK market, excluding seasonal variations, over the past 3 months have your sales, orders, advanced bookings increased, remained constant or decreased?

#### Home Market Sales

% Balance	March 09	Dec 08	Sep 08	Jun 08	Mar 08
<b>Manufacturing</b>	-53	-38	-33	-15	+38
<b>Services</b>	-36	-15	-16	+18	+11

#### Home Market Orders

% Balance	March 09	Dec 08	Sep 08	Jun 08	Mar 08
<b>Manufacturing</b>	-53	-36	-40	0	+25
<b>Services</b>	-34	-35	-22	-8	0

### The Export Market

For businesses involved in overseas markets, excluding seasonal variations, over the past 3 months have your sales, orders, custom, bookings increased, remained the same or decreased?

#### Export Sales

% Balance	March 09	Dec 08	Sep 08	Jun 08	Mar 08
<b>Manufacturing</b>	-39	-24	-6	0	+16
<b>Services</b>	-20	-16	+20	0	+40

#### Export Orders

% Balance	March 09	Dec 08	Sep 08	Jun 08	Mar 08
<b>Manufacturing</b>	-33	-30	-9	-16	+1
<b>Services</b>	-15	-24	+15	+44	+40

### Capacity utilisation

Percentage of Businesses Operating at Full Capacity

%	March 09	Dec 08	Sep 08	Jun 08	Mar 08
<b>Manufacturing</b>	8	32	21	34	68
<b>Services</b>	25	24	35	32	34

## 2 People

### Workforce trends

Over the past 3 months, has your workforce increased, remained the same or decreased?

% Balance	March 09	Dec 08	Sep 08	Jun 08	Mar 08
<b>Manufacturing</b>	-26	-5	+4	-5	+1
<b>Services</b>	-14	-5	+3	0	+15

Over the next 3 months, do you expect your workforce to increase, remain the same or decrease?

% Balance	March 09	Dec 08	Sep 08	Jun 08	Mar 08
<b>Manufacturing</b>	-11	-14	0	+10	+13
<b>Services</b>	-14	-19	+4	+8	+38

### Recruitment trends

Percentage of Businesses Attempting to Recruit Staff

%	March 09	Dec 08	Sep 08	Jun 08	Mar 08
<b>Manufacturing</b>	22	32	25	62	63
<b>Services</b>	28	28	54	50	53

Percentage of Businesses Experiencing Recruitment Difficulties

%	March 09	Dec 08	Sep 08	Jun 08	Mar 08
<b>Manufacturing</b>	78	68	31	48	37
<b>Services</b>	72	72	44	47	47

Percentage of Businesses Reporting Skills Shortages This Quarter

%	Skilled Manual/Technical	Professional Managerial	Clerical	Un/Semi-skilled	Graduates	Skilled Admin
<b>Manufacturing</b>	50	26	14	7	0	3
<b>Services</b>	10	50	20	5	5	10

Percentage Type Of Vacancy/Contract This Quarter

%	Part-Time	Full-Time	%	Temporary	Permanent
<b>Manufacturing</b>	15	85		50	50
<b>Services</b>	55	45		100	0

### 3 Financial Information

#### Investment

Over the past 3 months, what changes have you made to your investment plans?

#### Plant and Machinery

% Balance	March 09	Dec 08	Sep 08	Jun 08	Mar 08
<b>Manufacturing</b>	-19	-18	-14	+5	+13
<b>Services</b>	-28	-10	-4	+11	+12

#### Training

% Balance	March 09	Dec 08	Sep 08	Jun 08	Mar 08
<b>Manufacturing</b>	-2	-6	0	-9	+43
<b>Services</b>	+4	+4	0	-11	+24

#### Cashflow

Compared with 3 months ago, has the situation improved, remained the same, or worsened?

% Balance	March 09	Dec 08	Sep 08	Jun 08	Mar 08
<b>Manufacturing</b>	-40	-30	-39	-10	0
<b>Services</b>	-21	-11	-13	+2	+15

#### Prices and price pressures

Over the next 3 months, do you expect the price of your goods/services to increase, remain the same or decrease?

% Balance	March 09	Dec 08	Sep 08	Jun 08	Mar 08
<b>Manufacturing</b>	+19	+21	+55	+52	+12
<b>Services</b>	0	+15	+32	+35	+48

Is your business currently experiencing pressure to raise its prices from any of the following?

%	Pay Settlements	Raw Materials	Finance	Other Overheads
<b>Manufacturing</b>	6	50	18	26
<b>Services</b>	15	24	15	46

## 4 The Future

### Business confidence

Do you believe that over the next 12 months turnover will improve, remain the same or worsen?

% Balance	March 09	Dec 08	Sep 08	Jun 08	Mar 08
<b>Manufacturing</b>	-28	-33	-28	+9	+25
<b>Services</b>	-59	-24	6	+18	+43

Do you believe that over the next 12 months profitability will improve, remain the same or worsen?

% Balance	March 09	Dec 08	Sep 08	Jun 08	Mar 08
<b>Manufacturing</b>	-33	-33	-42	-9	+37
<b>Services</b>	-26	-25	-6	+5	+50

### External factors

What factors concern you most in this quarter?

Concerns	Manufacturing %	Services %
Interest rates	12	13
Exchange rates	29	13
Business rates	12	15
Inflation	3	10
Competition	27	28
Corporate taxation	12	16
Industrial relations	5	5
Cash availability	0	0

## Sample

### Percentage of Respondents by Size and Sector

No of Employees	Manufacturing (%)	Service (%)
1-19	4	12
20-199	17	39
200-499	16	27
500+	63	22

Manufacturing (%)	Service (%)
Mineral/ Chemical 6	Distribution/ Catering/Repair 5
Metal Goods/ Engineering 19	Transport/ Communication 11
Other Manufacturing 55	Financial/ Business Services 24
Energy and Water Supply 0	Other 60
Construction 20	Agriculture 0
Don't Know 0	Don't Know 0

## Contact Us

For more information about the Quarterly Economic Survey, please contact:

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