

NORTH STAFFORDSHIRE CHAMBER OF COMMERCE & INDUSTRY

QUARTERLY ECONOMIC SURVEY

Quarter Ended September 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 24 August to 16 September 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, there has been a clear improvement in the level of domestic sales and orders for the manufacturing and services sectors. Export markets have also improved slightly. Workforce levels are more stable and, indeed, around a quarter of manufacturing and services firms expect to recruit staff in the next 3 months. Most significantly, business confidence levels have risen sharply, indicating that firms are more optimistic of increased turnover and profitability during the year ahead and perhaps signalling a turning point in this recession.

The Chamber movement continues to lobby Government on several critical issues: that the banks are lending to businesses; that trade credit and export credit insurance is available to firms; that firms are not forced to pay up-front for energy supply, and that there is a moratorium on the introduction of any further regulation and red tape during the economic crisis.

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	Sept 09	June 09	March 09	Dec 08	Sep 08
Manufacturing	0	-52	-53	-38	-33
Services	+1	-5	-36	-15	-16

Home Market Orders

% Balance	Sept 09	June 09	March 09	Dec 08	Sep 08
Manufacturing	-7	-58	-53	-36	-40
Services	0	-29	-34	-35	-22

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	Sept 09	June 09	March 09	Dec 08	Sep 08
Manufacturing	-14	-18	-39	-24	-6
Services	+19	+14	-20	-16	+20

Export Orders

% Balance	Sept 09	June 09	March 09	Dec 08	Sep 08
Manufacturing	-9	-32	-33	-30	-9
Services	-8	-8	-15	-24	+15

Capacity utilisation

Percentage of Businesses Operating at Full Capacity

%	Sept 09	June 09	March 09	Dec 08	Sep 08
Manufacturing	26	18	8	32	21
Services	37	20	25	24	35

2 People

Workforce trends

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

% Balance	Sept 09	June 09	March 09	Dec 08	Sep 08
Manufacturing	-21	-33	-26	-5	+4
Services	+4	-6	-14	-5	+3

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

% Balance	Sept 09	June 09	March 09	Dec 08	Sep 08
Manufacturing	3	-19	-11	-14	0
Services	+12	0	-14	-19	+4

Recruitment trends

Percentage of Businesses Attempting to Recruit Staff

%	Sept 09	June 09	March 09	Dec 08	Sep 08
Manufacturing	33	26	22	32	25
Services	29	33	28	28	54

Percentage of Businesses Experiencing Recruitment Difficulties

%	Sept 09	June 09	March 09	Dec 08	Sep 08
Manufacturing	80	74	78	68	31
Services	40	67	72	72	44

Percentage of Businesses Reporting Skills Shortages This Quarter

%	Skilled Manual/Technical	Professional Managerial	Clerical	Un/Semi- skilled	Graduates	Skilled Admin
Manufacturing	32	32	13	4	13	6
Services	19	35	12	7	7	20

Percentage Type Of Vacancy/Contract This Quarter

%	Part-Time	Full-Time	%	Temporary	Permanent
Manufacturing	22	78		10	90
Services	29	71		33	67

3 Financial Information

Investment

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

Plant and Machinery

% Balance	Sept 09	June 09	March 09	Dec 08	Sep 08
Manufacturing	-3	-31	-19	-18	-14
Services	-9	-10	-28	-10	-4

Training

% Balance	Sept 09	June 09	March 09	Dec 08	Sep 08
Manufacturing	-5	-5	-2	-6	0
Services	+18	+62	+4	+4	0

Cashflow

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

% Balance	Sept 09	June 09	March 09	Dec 08	Sep 08
Manufacturing	-12	-37	-40	-30	-39
Services	-21	+25	-21	-11	-13

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	Sept 09	June 09	March 09	Dec 08	Sep 08
Manufacturing	-15	0	+19	+21	+55
Services	+14	+13	0	+15	+32

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

%	Pay Settlements	Raw Materials	Finance	Other Overheads
Manufacturing	0	57	18	25
Services	14	20	23	43

4 The Future

Business confidence

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

% Balance	Sept 09	June 09	March 09	Dec 08	Sep 08
Manufacturing	+12	-10	-28	-33	-28
Services	+49	+25	-59	-24	6

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

% Balance	Sept 09	June 09	March 09	Dec 08	Sep 08
Manufacturing	+19	-29	-33	-33	-42
Services	+30	+13	-26	-25	-6

External factors

What factors concern you most in this quarter?

Concerns	Manufacturing %	Services %
Interest rates	8	9
Exchange rates	19	14
Business rates	17	12
Inflation	8	7
Competition	28	41
Corporate taxation	20	12
Industrial relations	0	4
Cash availability	0	1

Sample

Percentage of Respondents by Size and Sector

No of Employees	Manufacturing (%)	Service (%)
1-19	2.7	18.2
20-199	15.6	51.8
200-499	9.9	30
500+	71.8	0

Manufacturing (%)	Service (%)
Mineral/ Chemical 4.2	Distribution/ Catering/Repair 4.6
Metal Goods/ Engineering 0	Transport/ Communication 12.3
Other Manufacturing 57.8	Financial/ Business Services 21.5
Electronics and IT 19	Other 53.8
Construction 19	Culture/Creative 7.8

Contact Us

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