

NORTH STAFFORDSHIRE CHAMBER OF COMMERCE & INDUSTRY

QUARTERLY ECONOMIC SURVEY

Quarter Ended December 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 16 November to 9 December to 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.

Brief Overview

The level of domestic sales and orders for both the manufacturing and services sectors has dropped, reversing the improvement we saw in the 3rd Quarter. Export markets have improved slightly for manufacturers while the service sector has seen further decline. There has been some job creation in the manufacturing sector over the past 3 months, but workforce levels are predicted to fall sharply in the first quarter of 2010 for both manufacturing and services firms. Cashflow has worsened for both sectors and there is some upward pressure on prices, particularly from raw materials and overhead costs. Although business confidence remains weak overall, firms in both sectors are investing more in staff training, the indicator rising 75 percentage points for manufacturers this quarter.

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	Dec 09	Sept 09	June 09	March 09	Dec 08
Manufacturing	-22	0	-52	-53	-38
Services	-9	+1	-5	-36	-15

Home Market Orders

% Balance	Dec 09	Sept 09	June 09	March 09	Dec 08
Manufacturing	-30	-7	-58	-53	-36
Services	-15	0	-29	-34	-35

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

Export Orders

% Balance	Dec 09	Sept 09	June 09	March 09	Dec 08
Manufacturing	+22	-9	-32	-33	-30
Services	-52	-8	-8	-15	-24

Capacity utilisation

Percentage of Businesses Operating at Full Capacity

%	Dec 09	Sept 09	June 09	March 09	Dec 08
Manufacturing	2	26	18	8	32
Services	24	37	20	25	24

2 People

Workforce trends

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

% Balance	Dec 09	Sept 09	June 09	March 09	Dec 08
Manufacturing	+17	-21	-33	-26	-5
Services	-5	+4	-6	-14	-5

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

% Balance	Dec 09	Sept 09	June 09	March 09	Dec 08
Manufacturing	-29	3	-19	-11	-14
Services	+3	+12	0	-14	-19

Recruitment trends

Percentage of Businesses Attempting to Recruit Staff

%	Dec 09	Sept 09	June 09	March 09	Dec 08
Manufacturing	31	33	26	22	32
Services	41	29	33	28	28

Percentage of Businesses Experiencing Recruitment Difficulties

%	Dec 09	Sept 09	June 09	March 09	Dec 08
Manufacturing	41	80	74	78	68
Services	50	40	67	72	72

Percentage of Businesses Reporting Skills Shortages This Quarter

%	Skilled Manual/Technical	Professional Managerial	Clerical	Un/Semi- skilled	Graduates	Skilled Admin
Manufacturing	33	33	17	17	0	0
Services	33	26	4	23	0	14

Percentage Type Of Vacancy/Contract This Quarter

%	Part-Time	Full-Time
Manufacturing	0	100
Services	28	72

3 Financial Information

Investment

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

Plant and Machinery

% Balance	Dec 09	Sept 09	June 09	March 09	Dec 08
Manufacturing	+2	-3	-31	-19	-18
Services	-13	-9	-10	-28	-10

Training

% Balance	Dec 09	Sept 09	June 09	March 09	Dec 08
Manufacturing	+82	-5	-5	-2	-6
Services	+86	+18	+62	+4	+4

Cashflow

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

% Balance	Dec 09	Sept 09	June 09	March 09	Dec 08
Manufacturing	-21	-12	-37	-40	-30
Services	-20	-21	+25	-21	-11

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	Dec 09	Sept 09	June 09	March 09	Dec 08
Manufacturing	+28	-15	0	+19	+21
Services	+28	+14	+13	0	+15

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

%	Pay Settlements	Raw Materials	Finance	Other Overheads
Manufacturing	10	53	17	20
Services	11	23	17	49

4 The Future

Business confidence

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

% Balance	Dec 09	Sept 09	June 09	March 09	Dec 08
Manufacturing	+12	+12	-10	-28	-33
Services	+16	+49	+25	-59	-24

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

% Balance	Dec 09	Sept 09	June 09	March 09	Dec 08
Manufacturing	+3	+19	-29	-33	-33
Services	+4	+30	+13	-26	-25

External factors

What factors concern you most in this quarter?

Concerns	Manufacturing %	Services %
Interest rates	25	21
Exchange rates	21	8
Business rates	13	10
Inflation	5	12
Competition	16	7
Corporate taxation	10	33
Industrial relations	2	9
Cash availability	8	0

Sample

Percentage of Respondents by Size and Sector

No of Employees	Manufacturing (%)	Service (%)
1-19	47.3	52.8
20-199	50.0	43.2
200-499	0.00	2.0
500+	2.7	2.0

Manufacturing (%)	Service (%)
Mineral/ Chemical 3	Distribution/ Catering/Repair 13
Metal Goods/ Engineering 10	Transport/ Communication 8
Other Manufacturing 24	Financial/ Business Services 17
Electronics and IT 55	Other 58
Construction 0	Culture/Creative 2
Don't know 8	Don't know 2

Speaking For Business – Influencing Government

For over 24 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.

Contact Us

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

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