

NORTH STAFFORDSHIRE CHAMBER OF COMMERCE & INDUSTRY

QUARTERLY ECONOMIC SURVEY

Quarter Ended March 2010

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 26 February to 17 March 2010. 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

This Quarter's results show an improvement in trading conditions although the recovery remains fragile. The level of domestic sales and orders for both the manufacturing and services sectors has risen significantly. Manufacturing export sales and orders, although down on the previous quarter, are at a higher level than in March 2009.

Although the job cuts predicted last quarter by the manufacturing sector have taken place, the overall trend for workforce levels has improved for both sectors compared to Quarter 1 2009. Cashflow has eased slightly and business confidence has risen, with firms now more optimistic that turnover and profitability will improve in the year ahead.

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	Mar 10	Dec 09	Sept 09	June 09	March 09
Manufacturing	+1	-22	0	-52	-53
Services	+14	-9	+1	-5	-36

Home Market Orders

% Balance	Mar 10	Dec 09	Sept 09	June 09	March 09
Manufacturing	-3	-30	-7	-58	-53
Services	+2	-15	0	-29	-34

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	Mar 10	Dec 09	Sept 09	June 09	March 09
Manufacturing	+4	+20	-14	-18	-39
Services	+60	-19	+19	+14	-20

Export Orders

% Balance	Mar 10	Dec 09	Sept 09	June 09	March 09
Manufacturing	+7	+22	-9	-32	-33
Services	+32	-52	-8	-8	-15

Capacity utilisation

Percentage of Businesses Operating at Full Capacity

%	Mar 10	Dec 09	Sept 09	June 09	March 09
Manufacturing	31	2	26	18	8
Services	18	24	37	20	25

2 People

Workforce trends

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

% Balance	Mar 10	Dec 09	Sept 09	June 09	March 09
Manufacturing	-4	+17	-21	-33	-26
Services	+10	-5	+4	-6	-14

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

% Balance	Mar 10	Dec 09	Sept 09	June 09	March 09
Manufacturing	-1	-29	3	-19	-11
Services	-2	+3	+12	0	-14

Recruitment trends

Percentage of Businesses Attempting to Recruit Staff

%	Mar 10	Dec 09	Sept 09	June 09	March 09
Manufacturing	18	31	33	26	22
Services	52	41	29	33	28

Percentage of Businesses Experiencing Recruitment Difficulties

%	Mar 10	Dec 09	Sept 09	June 09	March 09
Manufacturing	44	41	80	74	78
Services	67	50	40	67	72

Percentage of Businesses Reporting Skills Shortages This Quarter

%	Skilled Manual/Technical	Professional Managerial	Clerical	Un/Semi- skilled	Graduates	Skilled Admin
Manufacturing	38	22	6	22	6	0
Services	30	30	21	13	6	0

Percentage Type Of Vacancy/Contract This Quarter

%	Part-Time	Full-Time
Manufacturing	4	96
Services	18	82

3 Financial Information

Investment

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

Plant and Machinery

% Balance	Mar 10	Dec 09	Sept 09	June 09	March 09
Manufacturing	+4	+2	-3	-31	-19
Services	-6	-13	-9	-10	-28

Training

% Balance	Mar 10	Dec 09	Sept 09	June 09	March 09
Manufacturing	+3	+82	-5	-5	-2
Services	+4	+86	+18	+62	+4

Cashflow

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

% Balance	Mar 10	Dec 09	Sept 09	June 09	March 09
Manufacturing	-15	-21	-12	-37	-40
Services	0	-20	-21	+25	-21

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	Mar 10	Dec 09	Sept 09	June 09	March 09
Manufacturing	+16	+28	-15	0	+19
Services	+20	+28	+14	+13	0

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

%	Pay Settlements	Raw Materials	Finance	Other Overheads
Manufacturing	3	57	10	30
Services	13	25	16	46

4 The Future

Business confidence

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

% Balance	Mar 10	Dec 09	Sept 09	June 09	March 09
Manufacturing	+36	+12	+12	-10	-28
Services	+38	+16	+49	+25	-59

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

% Balance	Mar 10	Dec 09	Sept 09	June 09	March 09
Manufacturing	+7	+3	+19	-29	-33
Services	+18	+4	+30	+13	-26

External factors

What factors concern you most in this quarter?

Concerns	Manufacturing %	Services %
Interest rates	14	14
Exchange rates	15	20
Business rates	14	10
Inflation	15	16
Competition	26	26
Corporate taxation	14	14
Industrial relations	2	0
Cash availability	0	0

Sample

Percentage of Respondents by Size and Sector

No of Employees	Manufacturing (%)	Service (%)
1-19	8.2	7.5
20-199	59.3	37.8
200-499	32.5	20.3
500+	0	34.4

Manufacturing (%)	Service (%)
Mineral/ Chemical 4.3	Distribution/ Catering/Repair 6
Metal Goods/ Engineering 24	Transport/ Communication 6
Other Manufacturing 63	Financial/ Business Services 26
Electronics and IT 2.2	Other 62
Construction 6.5	Culture/Creative 0
Don't know 0	Don't know 0

Speaking For Business – Influencing Government

For over 25 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:

Jane Gratton, Policy Manager
North Staffordshire Chamber of Commerce & Industry
Commerce House,
Festival Park,
Stoke on Trent,
Staffordshire ST1 5BE
Tel: 01782-202222
E-mail: janegratton@nscci.co.uk
www.nsccl.co.uk