NORTH STAFFORDSHIRE CHAMBER OF COMMERCE & INDUSTRY

QUARTERLY ECONOMIC SURVEY

Quarter Ended June 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 24 May to 16 June 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 a further improvement in trading conditions and levels of job creation. The level of home market sales and orders for both the manufacturing and services sectors has risen significantly. Manufacturing export sales and orders levels have improved, but export performance has been much weaker in the service sector.

There has been job creation in both the manufacturing and service sectors this quarter and there are indications that workforce levels will increase further over the next 3 months. Cashflow has improved but there is upward pressure from the increasing cost of raw materials. Businesses are more confident that turnover and profitability will improve during the year ahead and investment plans for plant, machinery and training are being revised upwards.

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	June 10	Mar 10	Dec 09	Sept 09	June 09
Manufacturing	+20	+1	-22	0	-52
Services	+31	+14	-9	+1	-5

Home Market Orders

% Balance	June 10	Mar 10	Dec 09	Sept 09	June 09
Manufacturing	+11	-3	-30	-7	-58
Services	+19	+2	-15	0	-29

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	June 10	Mar 10	Dec 09	Sept 09	June 09
Manufacturing	+29	+4	+20	-14	-18
Services	-50	+60	-19	+19	+14

Export Orders

% Balance	June 10	Mar 10	Dec 09	Sept 09	June 09
Manufacturing	+13	+7	+22	-9	-32
Services	-52	+32	-52	-8	-8

Capacity utilisation

Percentage of Businesses Operating at Full Capacity

%	June 10	Mar 10	Dec 09	*Sept 09*	*June 09*
Manufacturing	23	*31*	2	26	*18*
Services	35	18	24	37	20

2 People

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

% Balance	June 10	Mar 10	Dec 09	Sept 09	June 09
Manufacturing	+13	-4	+17	-21	-33
Services	+27	+10	-5	+4	-6

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

% Balance	June 10	Mar 10	Dec 09	Sept 09	June 09
Manufacturing	+49	-1	-29	3	-19
Services	+20	-2	+3	+12	0

Recruitment trends

Percentage of Businesses Attempting to Recruit Staff

%	June 10	Mar 10	Dec 09	Sept 09	June 09
Manufacturing	68	18	31	33	26
Services	53	52	41	29	33

Percentage of Businesses Experiencing Recruitment Difficulties

%	June 10	Mar 10	Dec 09	Sept 09	June 09
Manufacturing	83	44	41	80	74
Services	61	67	50	40	67

Percentage of Businesses Reporting Skills Shortages This Quarter

%	Skilled Manual/Technical	Professional Managerial	Clerical	Un/Semi-skilled	Graduates	Skilled Admin
Manufacturing	37	31	7	0	18	7
Services	17	43	8	12	15	5

Percentage Type Of Vacancy/Contract This Quarter

%	Part-Time	Full-Time
Manufacturing	19	81
Services	36	64

3 Financial Information

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

Plant and Machinery

% Balance	June 10	Mar 10	Dec 09	Sept 09	June 09
Manufacturing	+16	+4	+2	-3	-31
Services	+6	-6	-13	-9	-10

Training

% Balance	June 10	Mar 10	Dec 09	Sept 09	June 09
Manufacturing	+14	+3	+82	-5	-5
Services	+20	+4	+86	+18	+62

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

% Balance	June 10	Mar 10	Dec 09	Sept 09	June 09
Manufacturing	+16	-15	-21	-12	-37
Services	+27	0	-20	-21	+25

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	June 10	Mar 10	Dec 09	Sept 09	June 09
Manufacturing	+38	+16	+28	-15	0
Services	+23	+20	+28	+14	+13

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

%	Pay Settlements	Raw Materials	Finance	Other Overheads
Manufacturing	8	61	11	20
Services	21	26	21	32

4 The Future

Business confidence

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

% Balance	June 10	Mar 10	Dec 09	Sept 09	June 09
Manufacturing	+39	+36	+12	+12	-10
Services	+47	+38	+16	+49	+25

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

% Balance	June 10	Mar 10	Dec 09	Sept 09	June 09
Manufacturing	+11	+7	+3	+19	-29
Services	+36	+18	+4	+30	+13

External factors

What factors concern you most in this quarter?

Concerns	Manufacturing %	Services %
Interest rates	14	30
Exchange rates	24	8
Business rates	2	5
Inflation	18	17
Competition	21	29
Corporate taxation	12	0
Industrial relations	9	11
Cash availability	0	0

Sample

Percentage of Respondents by Size and Sector

No of Employees	Manufacturing (%)	Service (%)
1-19	38	65
20-199	48	29
200-499	5	4
500+	9	0

Manufacturing (%)	Service (%)
Mineral/ Chemical 9	Distribution/ Catering/Repair 6
Metal Goods/ Engineering 13	Transport/ Communication 8
Other Manufacturing 56	Financial/ Business Services 31
Energy & Water Supplies	Other 53
Construction 17	Culture/Creative 2
Don't know 45	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:

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