



**Quarterly Economic Survey  
results from the June Survey (2nd Quarter)**

# Leicestershire Chamber of Commerce

## Quarterly Economic Survey – results from the June Survey (2nd Quarter)

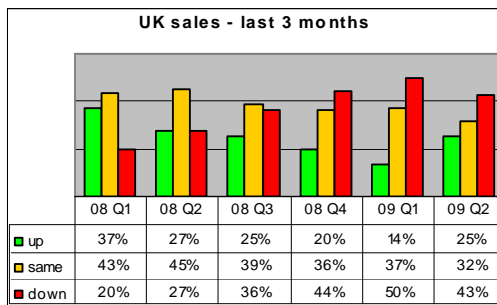
### Introduction

This report sets out the main findings of the survey. Detailed tables showing the overall picture and separate results for the manufacturing and service sectors are available separately.

### UK Sales and Exporters

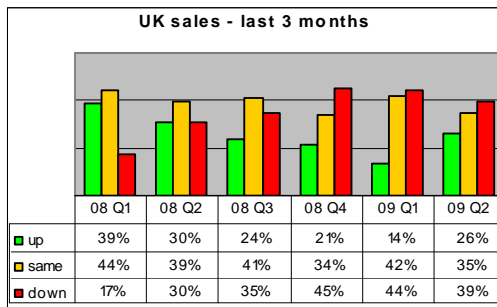
Overall, 25% of members saw increased sales, whereas 43% saw a fall – compared to last year, this is a depressed picture, but better than three months ago.

Overall:

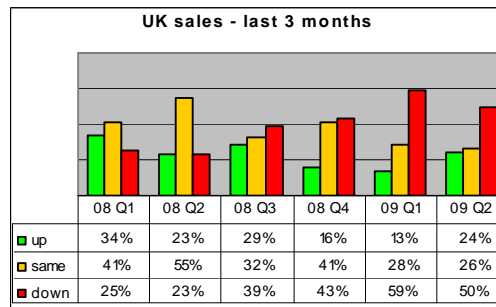


Comparing manufacturing and services, the levels experiencing increased sales were similar, but half of manufacturers saw sales fall as distinct from 39% of services.

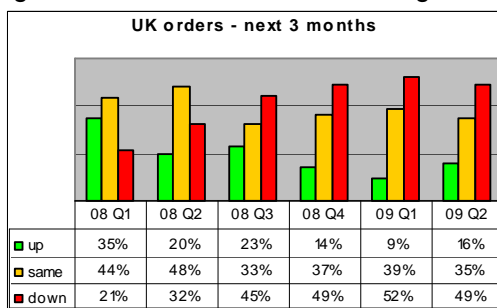
Services:



Manufacturers:



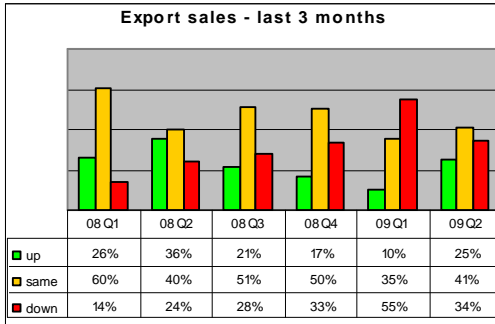
Looking at order books, there were similar patterns, but the pessimistic forecast given 3 months ago was not borne out. Forecasts given remain pessimistic.



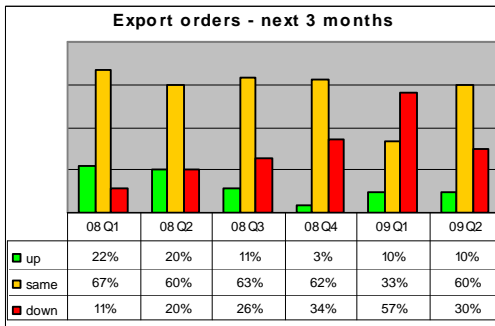
About 60% of manufacturers export, as do a third of service firms. Similar proportions, 24-26%, of both sectors saw increase export sales, although more manufacturers (39%) than services (29%)

had lower export sales. As with UK sales, pessimism about orders in March was not reflected in sales, but the pessimism in forecast sales has been cut – from 57% expecting a fall to 30% (services) and 64% reduced to 42% among manufacturers.

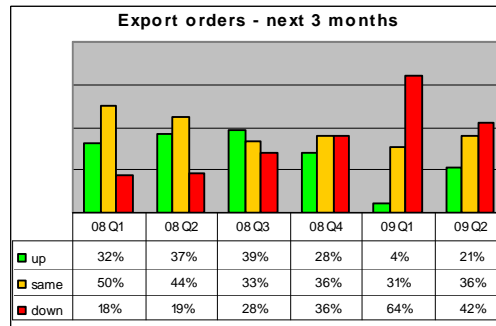
Overall:



Services:

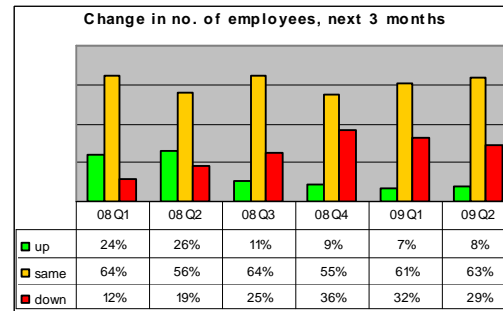
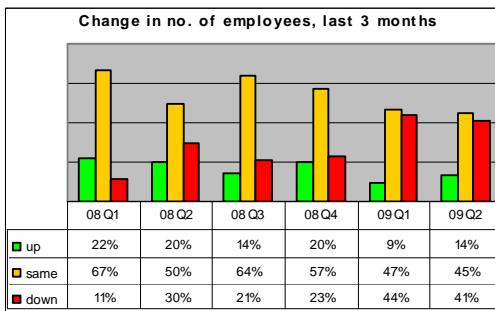


Manufacturers:



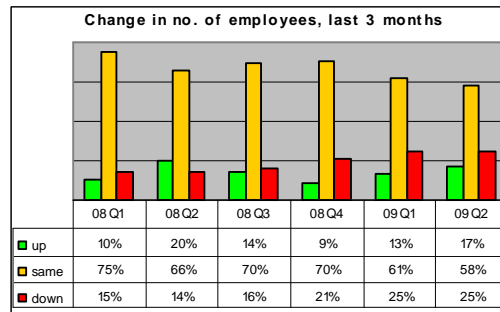
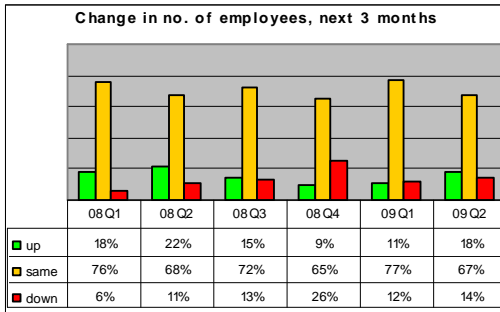
## Jobs

The levels of change have been less pronounced than changes in sales, with 16% increasing staff numbers and 31% decreasing overall. The greatest fall was among manufacturers (41%), which was above forecast.



The overall picture for manufacturing has deteriorated compare to a year ago, when those making no change exceeded 50% until the end of 2008. However 31% of manufacturers are trying to recruit and 15% are having difficulties, particularly in finding skilled workers as well as managers and professionals.

Services have seen a steady increase in businesses losing staff, now standing at 25%. However their forecast is optimistic with 18% expecting to have more staff as opposed to 14% expecting to reduce staff levels. However with 29% trying to recruit, levels of growth are below the pre-crisis level of 36%. Fewer recruitment difficulties are being experienced, mainly for professional and managerial staff.

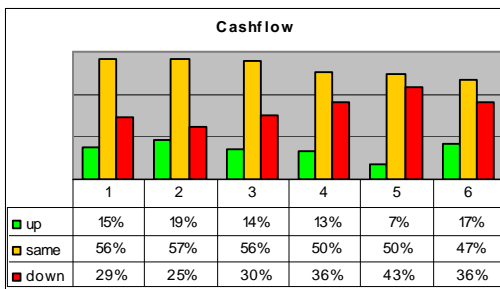


Training spending to growth has been sustained for the more optimistic 10% of members, both in services and manufacturing. However the numbers reducing spending has deepened to 18% in services and 24% in manufacturing.

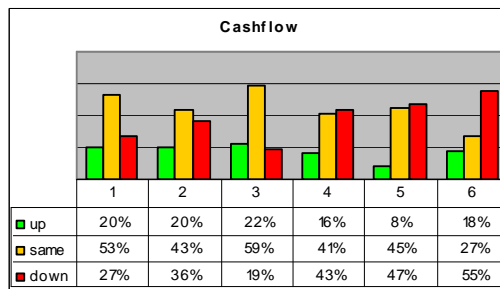
### Business Confidence

Members reported that their cash-flow had only improved for 17% of businesses but worsened for 43%. This is an improvement compared to March, but only the service sector has shown signs of stabilising back towards the pre-credit crunch situation.

Services:

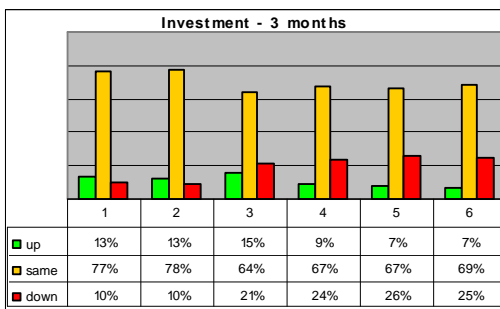


Manufacturers:

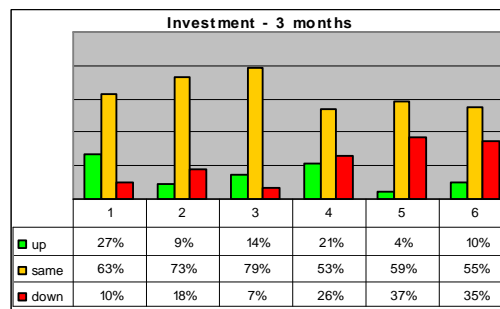


Investment by businesses has been muted since the Autumn, again with the optimistic 10% continuing to invest. The majority are keeping the same level of investment, with 55% of manufacturers and 69% of service businesses.

Services:

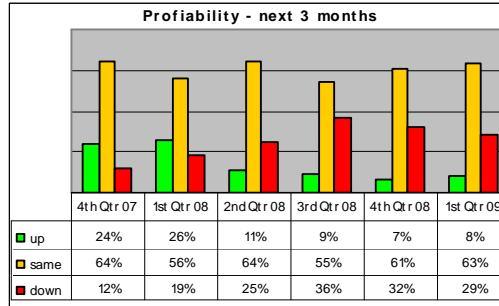
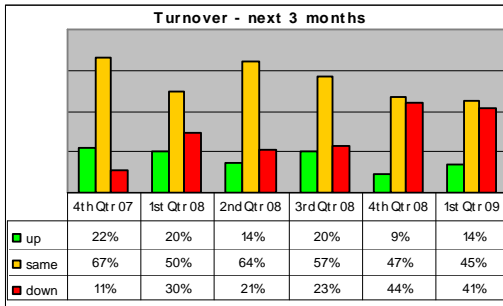


Manufacturers:

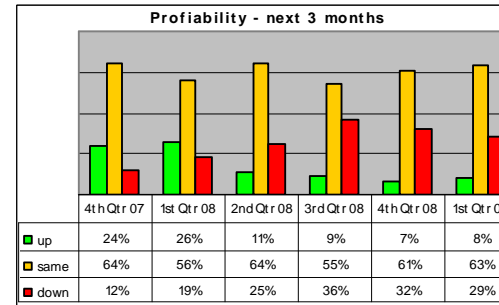
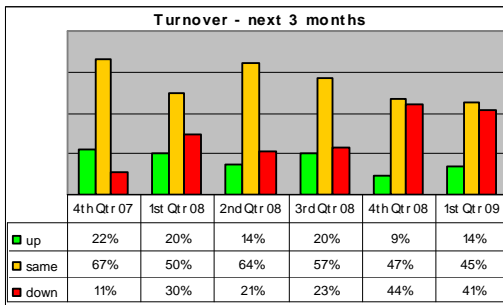


Projected turnover and profitability remain worrying.

Amongst manufacturers, 39% expect turnover to grow, but 11% forecast a fall – this compares well with 42% and 16% at the beginning of 2008. The forecast profitability is 29% expecting growth in profits versus 39% expecting a decline – this is against 41% and 30% at the beginning of 2008. This has forced progressive price decreases after a period of increases, although reducing fuel and raw material costs have helped to maintain profit margins.



In the service sector, 37% expect turnover to grow, but 29% forecast a fall – this contrasts with 51% and 25% at the beginning of 2008. Forecasts of profitability in services are 32% expecting growth against 39% expecting profits to fall compared to 48% and 30% at the start of 2008.



## Summary

Overall the impression is that the shock of the last quarter's situation has abated and members have stabilised their businesses, although their weak cashflow situation makes them vulnerable.

The sharp fall in the level of sales has reduced and pessimistic forecasts of future business have proved to have been exaggerated. This has helped to limit job losses. However there remain significant skills shortages and the reduction in training spending will not help businesses to recover quickly when new opportunities emerge.

Manufacturers continue to feel the pressure but have shown signs of responding to the favourable exchange rate and the reduced cost of raw materials.

Max Boden

25 June 2009

# 2nd Quarter 2009

## Summary report

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## Summary

Given as percentage balances.

	07Q4	08Q1	08Q2	08Q3	08Q4	09Q1	09Q2
<b>Deliveries &amp; Orders</b>							
Home deliveries are:	9%	17%	0%	-11%	-24%	-36%	-18%
Home orders are:	-2%	13%	-12%	-22%	-35%	-42%	-33%
Export deliveries are:	11%	12%	10%	-6%	-17%	-44%	-9%
Export orders are	6%	13%	13%	-4%	-20%	-55%	-21%
Full Capacity	29%	40%	35%	24%	29%	27%	29%
<b>Labour</b>							
Workforce level has moved	8%	1%	1%	-4%	-9%	-20%	-15%
Workforce level trend will be	7%	12%	11%	-3%	-20%	-10%	-4%
Trying to recruit	55%	41%	54%	39%	29%	32%	30%
Had a recruitment difficulty	32%	29%	52%	19%	10%	12%	12%
<b>Cashflow (compared with 3 months ago):</b>	-2%	-11%	-10%	-11%	-24%	-37%	-26%
<b>Investment trends</b>							
Plant and Machinery	16%	8%	-2%	-2%	-11%	-24%	-21%
Training	18%	11%	10%	1%	-3%	-7%	-8%
<b>Business Confidence (Next 12 Months)</b>							
Turnover	28%	26%	12%	0%	-28%	-29%	8%
Profitability	13%	16%	-4%	-24%	-32%	-40%	-8%
Price trend forecast	34%	32%	45%	49%	21%	9%	1%

**Comparisons between manufacturing and service sectors in  
Leicestershire**  
Manufacturing

	08Q1	08Q2	08Q3	08Q4	09Q1	09Q2
Home sales	9%	-2%	-11%	-27%	-45%	-26%
Home orders	11%	-7%	-8%	-38%	-53%	-40%
Export sales	18%	15%	6%	-4%	-51%	-15%
Export orders	14%	16%	11%	-8%	-60%	-21%
Staff trend	11%	-10%	-7%	-2%	-35%	-27%
Staff forecast	12%	7%	-14%	-27%	-26%	-20%
Trying to recruit	53%	62%	38%	33%	32%	31%
Had a recruitment difficulty	45%	39%	19%	8%	11%	15%
Cashflow	-7%	-19%	4%	-27%	-39%	-37%
Investment	17%	-10%	7%	-5%	-33%	-25%
Training budgeted	12%	-2%	-4%	-7%	-15%	-12%
Turnover forecast	27%	10%	7%	-39%	-41%	8%
Profitability forecast	11%	-7%	-15%	-42%	-56%	-10%
Full Capacity	36%	36%	25%	27%	19%	24%
Prices Forecast	33%	58%	79%	36%	7%	-8%
<b>Business concerns:</b>						
Interest rates	33%	29%	32%	20%	16%	20%
Exchange rates	47%	50%	54%	50%	52%	45%
Business rates	38%	24%	32%	27%	31%	25%
Inflation	38%	60%	75%	27%	9%	12%
Competition	44%	26%	n/a	27%	32%	39%
Corporate Taxation	22%	17%	n/a	18%	17%	16%

Services

	08Q1	08Q2	08Q3	08Q4	09Q1	09Q2
Home sales	9%	-2%	-11%	-27%	-45%	-26%
Home orders	11%	-7%	-8%	-38%	-53%	-40%
Export sales	18%	15%	6%	-4%	-51%	-15%
Export orders	14%	16%	11%	-8%	-60%	-21%
Staff trend	11%	-10%	-7%	-2%	-35%	-27%
Staff forecast	12%	7%	-14%	-27%	-26%	-20%
Trying to recruit	53%	62%	38%	33%	32%	31%
Had a recruitment difficulty	45%	39%	19%	8%	11%	15%
Cashflow	-7%	-19%	4%	-27%	-39%	-37%
Investment	17%	-10%	7%	-5%	-33%	-25%
Training budgeted	12%	-2%	-4%	-7%	-15%	-12%
Turnover forecast	27%	10%	7%	-39%	-41%	8%
Profitability forecast	11%	-7%	-15%	-42%	-56%	-10%
Full Capacity	36%	36%	25%	27%	19%	24%
Prices Forecast	33%	58%	79%	36%	7%	-8%
<b>Business concerns:</b>						
Interest rates	33%	29%	32%	20%	16%	20%
Exchange rates	47%	50%	54%	50%	52%	45%
Business rates	38%	24%	32%	27%	31%	25%
Inflation	38%	60%	75%	27%	9%	12%
Competition	44%	26%	n/a	27%	32%	39%
Corporate Taxation	22%	17%	n/a	18%	17%	16%