

BRITISH CHAMBERS OF COMMERCE **QUARTERLY ECONOMIC SURVEY** **KEY FINDINGS** Q4 2016

The British Chambers of Commerce (BCC) Quarterly Economic Survey – Britain’s largest and most authoritative private sector business survey, based on more than 7,200 responses from firms across the UK in Q4 2016 – shows that the uptick in Q3 in the manufacturing sector has been sustained in the final quarter, and more service sector firms are expecting growth than they were just after the EU referendum.

“As we start 2017, businesses are continuing to trade through the uncertainty, and are looking to seize opportunities as they arise. Our findings suggest that business communities across the UK remain resilient, and many firms are expecting continued growth in the months ahead.

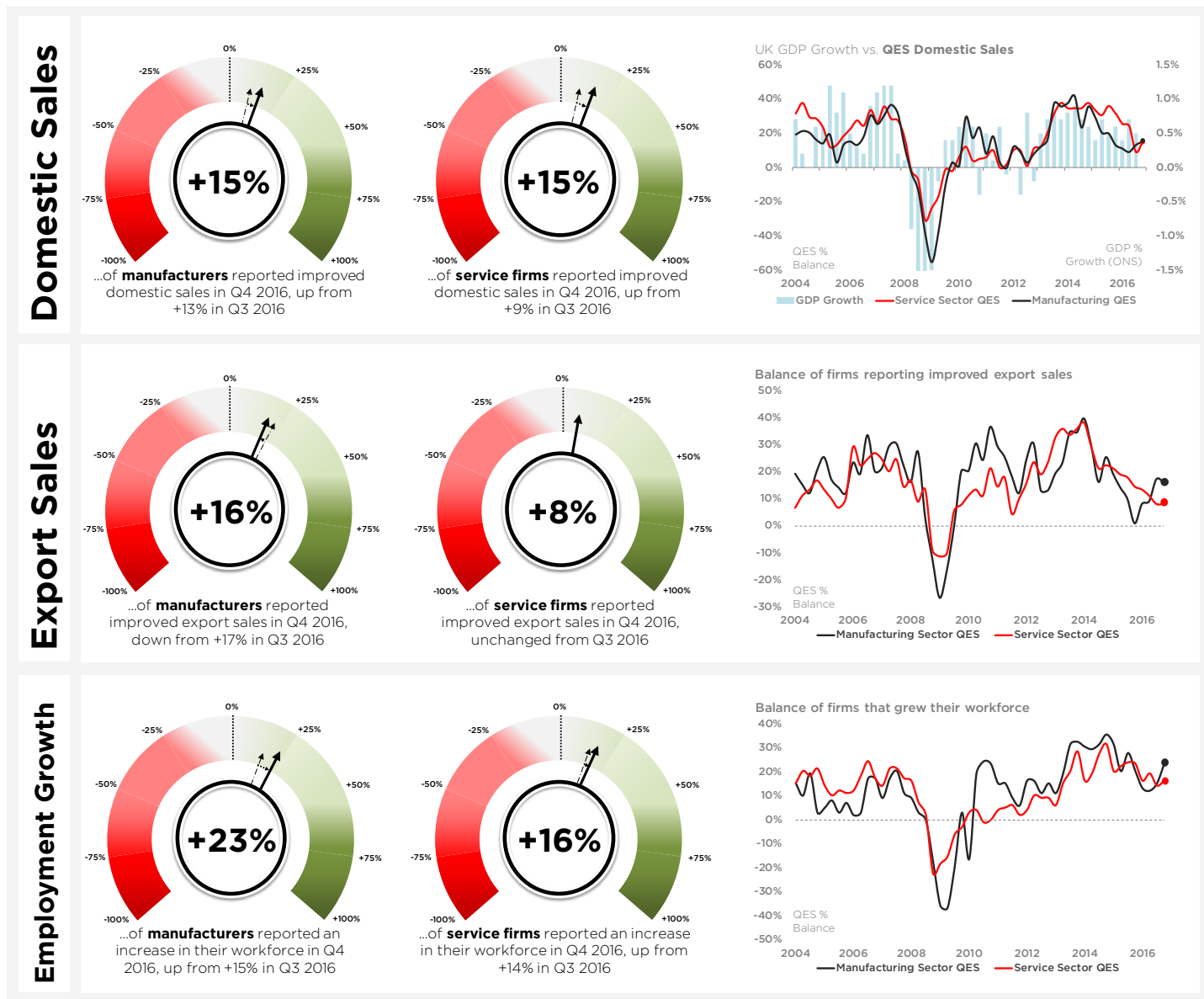
Inflation has emerged in our survey as a rising concern for many businesses. Both manufacturing and services firms say they are under pressure, particularly from the rising cost of inputs, which is squeezing margins and may weaken future investment.

Overall, our findings suggest growth will continue in 2017, albeit at a more modest pace. The government must act strongly this year to support investment and improve the business environment – both of which are crucial to boosting business confidence, and therefore further growth. ”

Dr Adam Marshall Director General, British Chambers of Commerce

AT A GLANCE

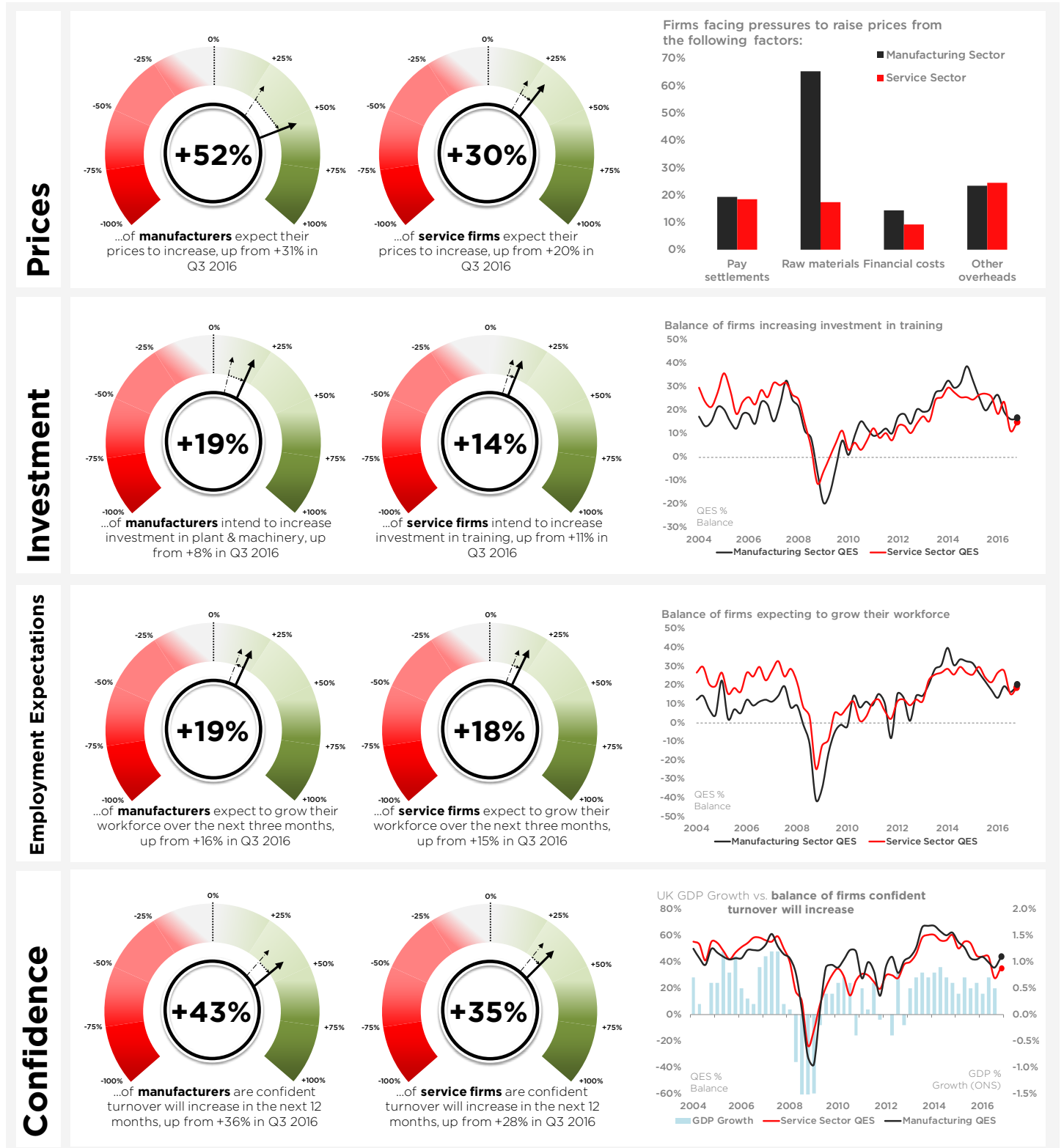
Positive balance (+) = **growth** | Negative balance (-) = **contraction**



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LOOKING AHEAD

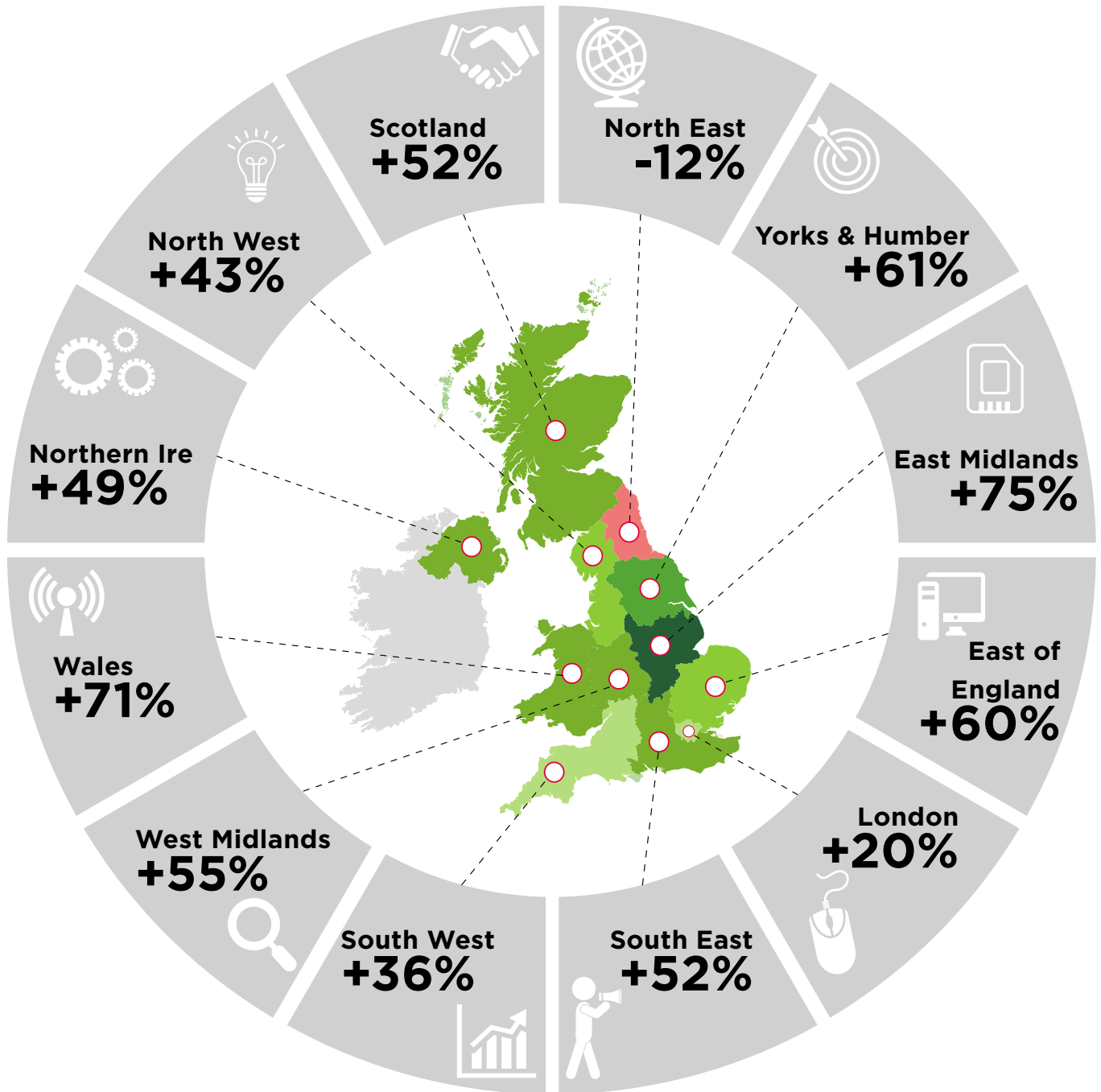
The Quarterly Economic Survey (QES) examines business sentiment on a range of forward looking indicators, including investment intentions, turnover confidence, and prices. In Q4 2016, the forward looking indicators saw a gradual return to similar levels seen prior to the EU referendum, with confidence and investment improving for both sectors. A record number of firms are also expecting prices to increase in the next three months.



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IN FOCUS PRICE RISES

The percentage balance of manufacturers expecting the prices of their goods/products to increase over the next three months stood at it's highest level on record in Q4 2016. This heat map shows the breakdown of this indicator by UK region:



In the manufacturing sector, the regions which saw the highest percentage of firms expecting their prices to increase were the East Midlands at +75%, followed by Wales at +71%, and Yorkshire & the Humber at +61%. The regions and nations which saw the lowest percentage balance of manufacturers expecting price rises included the North East at -12%, London at +20%, and the South West at +36%.

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ABOUT THE **QES**

The Quarterly Economic Survey is the flagship economic survey of the British Chambers of Commerce. It is a prominent tool used to measure the state of business sentiment and is monitored by a range of national and international organisations, such as the Bank of England, HM Treasury, and European Commission.

The BCC Q4 2016 QES is made up of responses from more than 7,000 businesses across the UK. Firms were questioned between 7 and 28 November 2016. In the manufacturing sector, 1,828 firms responded, employing approximately 217,000 people. 68% (1,239) of manufacturing respondents were exporters. In the services sector, 5,422 businesses responded, employing approximately 750,000 people. Of the services sector participants, 38% (2,057) were exporters.

This report has been prepared by the British Chambers of Commerce. Further information about any of the region and nation surveys may be obtained from the following:

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Methodology

QES results are generally presented as balance figures - the percentage of firms that reported an increase minus the percentage that reported a decrease. If the figure is a plus it indicates expansion of activity and if the figure is a minus it indicates contraction of activity. A figure above 0 indicates growth, while a figure below 0 indicates contraction.

For example if 50% of firms told us their sales grew and 18% said they decreased the balance for the quarter would be +32% (an expansion).

If 32% told us their sales grew and 33% said they fell the balance would be -1% (a contraction).

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