

3rd QUARTER 2015



BRITISH CHAMBERS OF COMMERCE
**QUARTERLY
ECONOMIC
SURVEY**



British
Chambers of
Commerce

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About us

The British Chambers of Commerce is the national body for a powerful and influential Network of Accredited Chambers of Commerce across the UK, a network that directly serves not only its member businesses, but the wider business community. Representing thousands of businesses of all sizes and within all sectors, the British Chambers of Commerce is the voice of the 'real economy'. Every Chamber sits at the very heart of its local community working with businesses to grow and develop by sharing opportunities, knowledge and know-how. No other organisation makes such a difference to business as the British Chambers of Commerce.

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The interactive British Chambers of Commerce

Quarterly Economic Survey is available at

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Introduction

This Quarterly Economic Survey (QES) brings together results obtained from surveys carried out within the nations and regions of the United Kingdom by individual Chambers of Commerce.

Those wishing to obtain a more detailed survey of economic conditions in a particular nation or region as perceived by individual businesses are invited to contact the representatives listed on the closing page of this survey report. Historical data for each nation and region is available on the website www.economicsurvey.org.uk.

While the figures conveyed in this summary derive from the Chambers' respective enquiries, the interpretation is the responsibility of the British Chambers of Commerce, and should not be regarded as necessarily representing the view of any contributing Chamber.

NB: Balance figures, referred to throughout this report, are determined by subtracting the percentage of companies reporting decreases in a factor from the percentage of companies reporting increases.

Construction firms are included in the manufacturing total.

Methodology

The British Chambers of Commerce Quarterly Economic Survey for the 3rd Quarter 2015 received almost 7,500 business responses. The respondents cover the entire United Kingdom, and were surveyed by postal and online questionnaires over the period 24 August to 14 September.

In the manufacturing sector, 1,828 firms, employing approximately 747,000 people, responded. 1,220 (67%) of manufacturing respondents were exporters. In the services sector, 5,656 businesses with approximately 532,000 employees responded. Of the services sector participants, 2,423 (43%) were exporters. While the majority of respondents employ fewer than 500 people, the sample included many large businesses.

Total responses are weighted according to the actual distribution of companies by size within each region and nation, and each region and nation is similarly weighted within the national aggregates to ensure that the sample provides a truly representative picture of UK commerce and industry.

The survey is the largest and most representative of its kind in the UK.

Number of responses	7,484
Manufacturing Firms	1,828 (24% of total)
Services Firms	5,656 (76% of total)
Number of Exporters	3,643
Manufacturing Exporters	1,220 (67% of manufacturers)
Services Exporters	2,423 (43% of services firms)



Summary

3rd Quarter 2015

Overall, the results signal moderate economic growth over the next year, but the UK recovery is facing serious challenges. In both manufacturing and services, most key balances were weaker in Q3 2015 than in Q2, but there were a few improvements. In services, there were improvements in the domestic sales balance and employment balance. However, all the other key service balances worsened between Q2 and Q3: for exports, confidence, investment in plant & machinery, employment growth expectations, and cash flow. Even so, the falls in the Q3 service balances are in general smaller than the declines in the manufacturing balances. In the manufacturing sector, the balances for exports, investment, confidence, employment expectations and cashflow all recorded falls between Q2 and Q3. The domestic manufacturing balances for sales and orders were both static in Q3 2015, after weakening markedly in Q2 2015. The main exception to the pattern of weaker manufacturing balances was a Q3 improvement in the balance of manufacturers who expanded their workforce. Intentions to increase prices also fell sharply for manufacturers and the percentage of firms operating at full capacity increased slightly in both sectors.

Domestic Market

The domestic manufacturing balances for sales and orders were both static in Q3 2015, after weakening markedly in Q2. The balance of manufacturers reporting improved domestic sales was +20% in Q3 2015, the same as in Q2 2015 and the joint lowest level since Q2 2013. The balance of manufacturers with improved domestic orders stood at +18% in Q3, unchanged from Q2 and also the joint lowest level since Q2 2013. The service sector's balance for domestic sales rose from +31% in Q2 2015 to +36% in Q3 2015, the highest level since Q4 2014. The service balance for domestic orders stood +29% in Q3, also unchanged from Q2.

Export Market

The national export balances weakened in Q3 2015 for both the manufacturing and services sectors. In the manufacturing sector, the balance of firms reporting improvements in export sales is not only below its pre-recession level in 2007, but is also below its long-term historical average. The manufacturing balance for export sales fell to +10%, the lowest level since Q3 2009. The balance of service sector firms who reported improved export sales fell by one point in Q3 2015 to +18%, the lowest level since Q1 2012. For service sector export orders, the balance fell by four points in Q3, to +16%, the lowest level since Q3 2012.

Employment

The national employment balances recorded mixed movements in Q3 2015. In both manufacturing and services, the balances of firms which grew their work forces in the previous three months strengthened, while the balance of firms anticipating growth over the next three months weakened. The backward-looking manufacturing employment balance rose eight points in Q3 2015 to +28%. The forward-looking manufacturing employment expectations balance fell five points in Q3, to +22%, the lowest level since Q2 2013. The backward-looking service sector employment balance rose two points in Q3 2015 to +24% while the forward-looking service employment expectations balance fell six points in Q3 to +24%, the lowest level since Q2 2013.

Investment

Most national investment balances weakened in Q3 2015. The balance of manufacturing firms that have revised upwards their plans to invest in plant & machinery fell three points in Q3 2015, to +18%, the lowest level since Q1 2013. The balance of manufacturing firms that have revised upwards their plans to invest in training fell six points in Q3 to +20%, the joint lowest level since Q1 2013. The balance of service firms that have revised upwards their plans to invest in plant & machinery fell three points in Q3 2015 to +17%, the joint lowest level since Q2 2013. The balance of service firms that have revised upwards their plans to invest in training stood at +27% in Q3, unchanged from Q2.

The domestic sales balance remained unchanged for manufacturing but rose slightly for services

The QES balance for exports sales fell to +10% in the manufacturing sector and +18% for the service sector.



Business Confidence

The national confidence balances also weakened for both sectors in Q3 2015, but the falls were considerably larger among manufacturers. The balance of manufacturing firms which are confident that turnover will improve in the next 12 months fell from +51% in Q2 to +43% in Q3, the lowest level since Q4 2012. The balance of manufacturing firms who are confident that profitability will improve in the next 12 months fell from +45% in Q2 to +32% in Q3, also the lowest level since Q4 2012. The balance of service sector firms confident that turnover will improve in the next 12 months fell slightly from +55% in Q2 to +54% in Q3. For service sector profitability confidence, the balance fell from +45% in Q2 to +42% in Q3.

Capacity Utilisation

Capacity utilisation rose slightly in both manufacturing and in services. The percentage of manufacturing firms operating at full capacity increased to 36% in Q3 2015. The percentage of service firms operating at full capacity also rose to 48%, a historic high.

Cashflow

The balance of firms reporting improved cash flow weakened slightly in Q3 2015 for both the manufacturing and services sectors. The balance of manufacturers reporting improved cash flow fell to +9% from +11% in Q2, the lowest level since Q2 2013, and lower than its average 2007 pre recession level. The balance of service sector firms reporting improved cash flow fell to +16%, but this is still higher than in 2007.

Prices

Intentions to increase prices fell sharply in the manufacturing sector and increased slightly for service firms. The balance of manufacturing firms reporting that they intend to raise prices fell significantly to +8% from +23% in Q3, the joint lowest level since Q4 2009. The balance of service sector firms expecting to raise prices rose three points in Q3 to +23%.

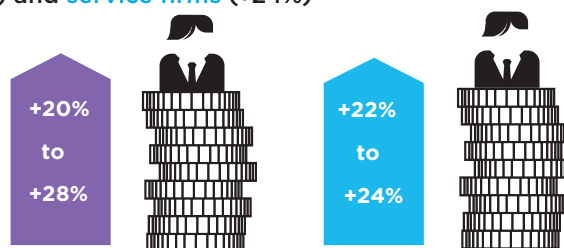
A view from BCC Chief Economist David Kern

The Q3 2015 results point to moderate growth in the UK economy over the next year, driven mostly by services and by domestic demand. But the results are disappointing overall. Most key balances are weaker in Q3 than in Q2, in both manufacturing and services. It is particularly concerning that the exports and confidence balances have weakened in both main sectors. The results suggest that the pace of GDP growth has decelerated slightly in Q3 2015. The manufacturing sector is facing major obstacles, while the service sector is more resilient overall. The Q3 falls in the manufacturing balances are in general larger than the declines in the service balances. In absolute terms, the manufacturing balances are weaker overall than the service balances. The exceptionally feeble manufacturing export balances are a stark reminder that rebalancing the economy and promoting exports in services must be national priorities. While we must not forget the strengths of the UK economy, with higher growth than in most G-7 economies and with a dynamic and flexible labour market, the recovery is still fragile. Given the uncertain global situation, it is important to avoid unnecessary risks. The MPC should keep interest rates at their current low levels until well into 2016.

The balance of **manufacturers** expecting prices to rise fell sharply to +8%



The balance of firms who increased their workforce in Q3 increased for both **manufacturers** (+28%) and **service firms** (+24%)

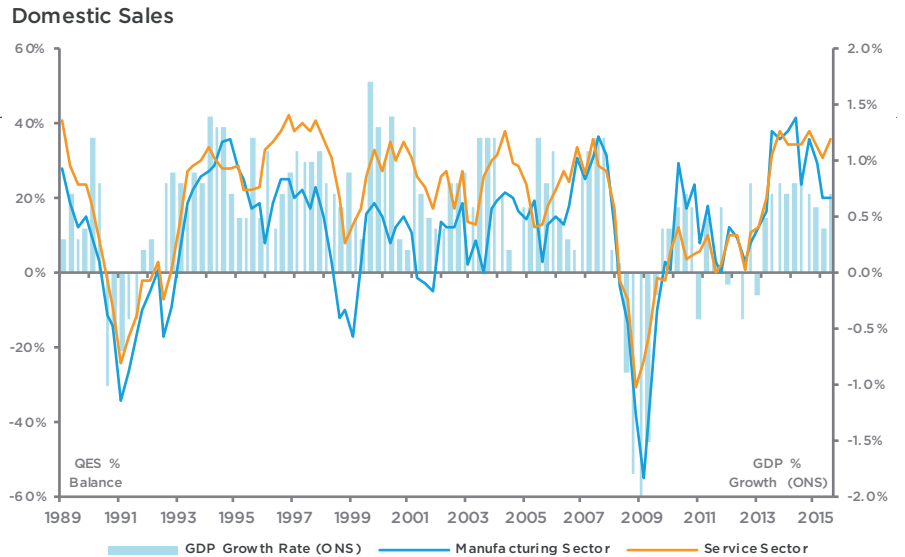


Domestic sales and orders

Q. Excluding seasonal variation, domestic sales over the past 3 months are:
Up/Same/Down

Q. Excluding seasonal variation, domestic orders over the past 3 months are:
Up/Same/Down

In each section, the above indicates the questions asked to businesses in the survey



Manufacturers' domestic performance remains unchanged from last quarter

The National Perspective

The domestic manufacturing balances for sales and orders were both static in Q3 2015, after weakening markedly in Q2. The balance of manufacturing firms which reported improvements in domestic sales remained unchanged at +20% in Q3 2015, the joint lowest level since Q2 2013. The balance of manufacturers which reported improvements in domestic orders also remained unchanged on the previous quarter, at +18%.

In the service sector, the domestic picture was more optimistic. The balance of service firms reporting improvements in domestic sales for domestic sales rose to +36% in Q3, up from +31% in Q2. The balance of service firms reporting improved domestic orders remained unchanged at +29%.

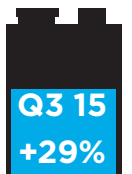
The balance of manufacturers' who reported improved domestic orders remained unchanged at +18%



The Regions and Nations Perspective

The Q3 2015 manufacturing balances for domestic sales were in positive territory in all twelve regions and nations. Comparing the manufacturing sector's domestic performance across the various regions and nations, the strongest Q3 domestic manufacturing balances were in Wales, at +36% for domestic sales, and at +35% for domestic orders. By contrast, the weakest Q3 balances were in the South West, at +5% for domestic sales and at 0% for domestic orders.

Services sector domestic orders balance remained unchanged at +29%



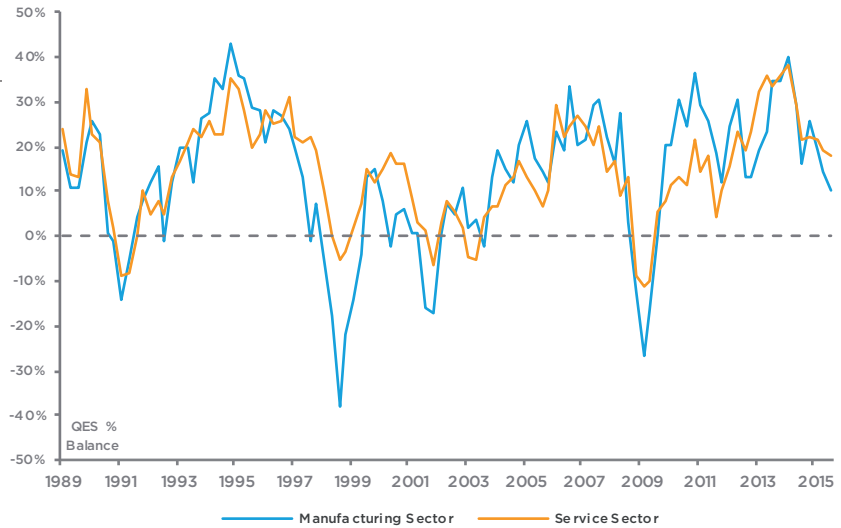
The Q3 2015 service sector's balances for domestic sales were also in positive territory in all twelve regions and nations. Comparing the service sector's domestic performance across the various regions and nations, the strongest Q3 2015 balances were in the East Midlands for domestic sales at +50% and domestic orders at +42%. Conversely, the weakest Q3 service sector balances were in Northern Ireland at +4% for domestic sales and at -4% for domestic orders.

Export sales and orders

Q. Excluding seasonal variation, export sales over the past 3 months are:
Up/Same/Down

Q. Excluding seasonal variation, export orders over the past 3 months are:
Up/Same/Down

Export Sales



Fewer firms from both sectors report growth in export sales

The National Perspective

The national export balances continued to weaken in Q3 2015 for both manufacturing and services. In the manufacturing sector, the export balances are now at historic lows; they are not only below their pre-recession levels in 2007, but also below their long term historical averages. The balance of manufacturers reporting improvements in export sales fell to +10%, the lowest since Q3 2009. The manufacturing balance for export orders fell by 5 points in Q3 2015, to +10%.

The service sector balance for export deliveries fell by one point in Q3 2015 to +18%, the lowest level since Q1 2012. The service sector balance for export orders fell by four points in Q3, to +16%, the lowest level since Q3 2012. However, both service balances are still higher than their long term historical averages.

The Regions and Nations Perspective

The Q3 2015 net manufacturing balances for export sales were in positive territory in nine regions and nations, while three balances were negative. Comparing the manufacturing export balances across the various regions and nations, the strongest Q3 2015 balances were in the South East for export sales at +21%, and in Scotland for export orders at +40%. By contrast, the weakest Q3 manufacturing net balances were in Yorkshire & Humber for export sales at -4%, and in the South West for export orders at -31%.

Manufacturers' export sales balance decreased by four points to +10%



Services sector export sales balance decreased to +18% in Q3 from +19% in Q2 15



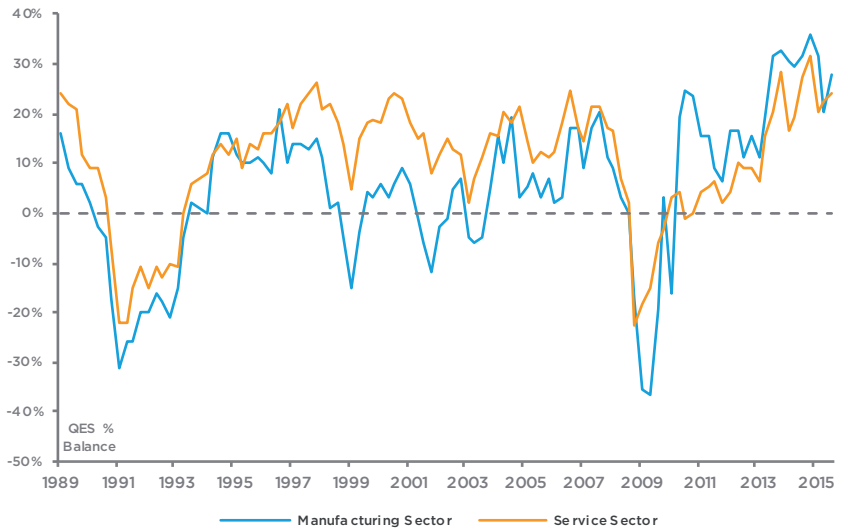
The Q3 2015 service sector balances for export sales were in positive territory for ten of the twelve UK regions and nations. Comparing service sector export performance across the various regions and nations, the strongest Q3 2015 balances were in London, at +40% for export sales and at +46% for export orders. By contrast, the weakest Q3 service balances were in Northern Ireland at -10% for export sales, and at -15% for export orders.

Employment

Q. Over the past 3 months your workforce has: Increased/Remained Constant/Decreased

Q. What changes do you expect to your workforce over the next 3 months: Increase/Remain Constant/Decrease

Employment Growth



Fewer firms expect their workforce to increase in the next three months

The National Perspective

The balance of manufacturing firms which expanded their workforce in the previous three months rose to +28% in Q3 2015, up from +20% in Q2. For the service sector, the balance of firms who expanded their workforce rose to +24% in Q3, compared to +22% in Q2.

In contrast, the balance of firms expecting their workforce to increase over the next three months in the manufacturing sector decreased to +22% in Q3 2015, down from +27% in Q2 2015. The services sector employment expectations balance fell to +24% in Q2 2015 from +20% in Q2. Both balances are at their lowest level since Q2 2013.

The Regions and Nations Perspective

Wales (+72%) recorded the highest manufacturing sector balance of firms who reported that their workforce had increased, followed by the East Midlands (+43%). In contrast, Yorkshire and Humber recorded the only negative balance (-5%). Wales also recorded the strongest employment expectations balance of +38%, followed by Scotland (+36%). By contrast, Yorkshire and Humber (-5%) again recorded the only negative employment expectations balance in the manufacturing sector.

The balance of firms in the service sector who expanded their work force over the previous three months was highest in the South East and the East Midlands (+32), followed by the East of England (+31%). Scotland recorded the smallest balance (+1%). The East Midlands (+29%) also recorded the largest positive employment expectations balance among services firms, while Scotland recorded the only negative balance (-2%).

The balance of manufacturers expecting their workforce to expand in the next three months fell to +22%



The balance of firms in the services sector who expanded their workforce in Q3 rose to +24%



Recruitment difficulties

Q. Have you attempted to recruit staff over the past 3 months: Yes/No

Q. If yes, were they for:

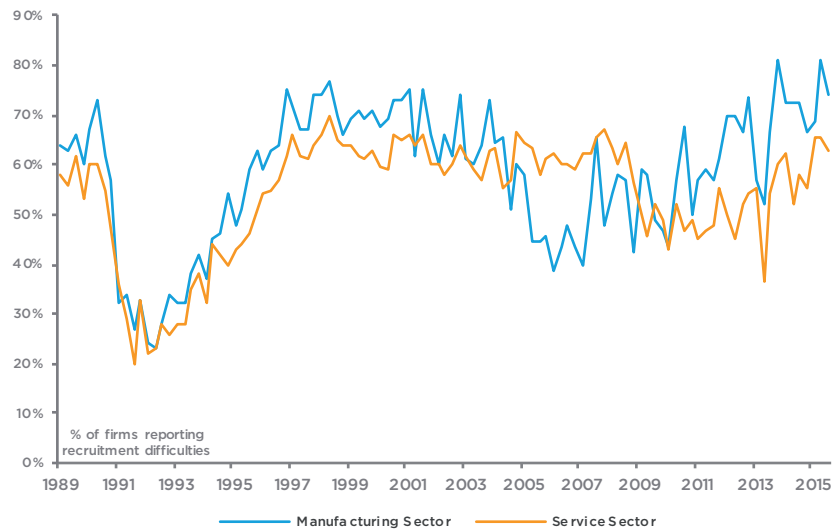
a) Part-time jobs/Full-time jobs

b) Temporary jobs/Permanent Jobs

Q. Did you experience any difficulties finding suitable staff? Yes/No

Q. If yes, for which of the following categories: Skilled manual and technical/Professional and managerial/Clerical/Un- and semi-skilled

Recruitment Difficulties



A greater proportion of firms attempt to recruit for full-time positions in Q3

The National Perspective

The percentage of firms in the manufacturing sector that attempted to hire fell to 78% in Q3 2015 from 80% in Q2. Of these firms, 83% attempted to recruit full-time staff, the highest proportion since Q3 2010. The percentage of manufacturing firms trying to recruit part-time staff fell to 18% in Q3 from 20% in Q2. The percentage of firms in the manufacturing sector that ran into difficulties when trying to hire fell from the record high of 81% in Q2 2015 to 72% in Q3 2015.

In the service sector the percentage of firms that attempted to recruit new staff rose in the third quarter of 2015, from 70% in Q2 2015 to 72% in Q3 2015. The percentage of firms that tried to hire full-time staff rose from 69% to 79%, the highest proportion on record. The percentage of firms trying to recruit part-time staff was unchanged at 31%.

The share of manufacturing firms that experienced recruitment difficulties fell to 72% in Q3

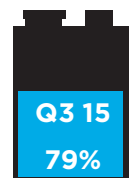


The percentage of service sector firms looking to hire on a permanent basis increased from 56% in Q2 2015 to 73% in Q3 2015, the highest proportion on record. The percentage of firms trying to recruit temporary staff fell from 37% in Q2 2015 to 36% in Q3 2015. Fewer service sector firms experienced difficulties in recruiting, with the percentage falling from 65% in Q2 2015 to 63% in Q3 2015.

The Regions and Nations Perspective

Within the manufacturing sector, Wales had the highest percentage of firms that tried to hire in Q3 2015, with 90% of firms looking to take on new staff, followed by Scotland (85%). London had the lowest percentage with just 27% of manufacturing firms looking to take on new employees. Firms based in the North East (86%) experienced the greatest difficulties when trying to recruit staff. They were followed by the South West (80%). Manufacturing firms in London (25%) experienced the lowest level of difficulty when attempting to hire new staff.

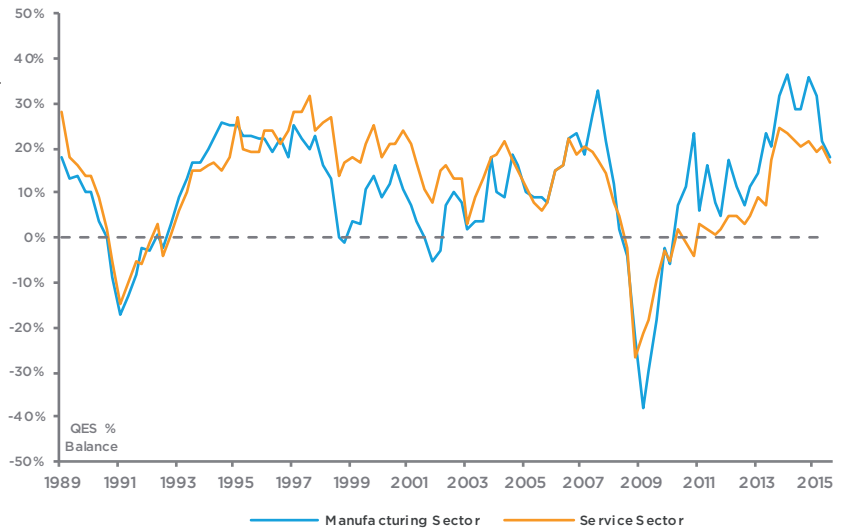
The percentage of firms in the services sector that tried to recruit full-time staff increased to 79%



Within the services sector, the South East had the highest percentage of firms that tried to recruit in Q3 2015, with 83% of firms reporting that they are looking to recruit. They were followed the East of England (80%). Wales recorded the lowest figure with 62% of firms attempting to hire. Service sector firms in Wales also experienced the greatest difficulties in hiring new staff with 89% of companies reporting problems. They were followed by the North West (80%) and the South East (76%). Firms based in London and Scotland (42%) experienced the fewest difficulties in hiring staff.

Investment

Investment in Plant & Machinery



Q. Over the past 3 months, what changes have you made to your investment plans:
a) For Plant & Machinery: Revised upwards/ Revised downwards/No change
b) For Training: Revised upwards/ Revised downwards/No change

Manufacturing firms report slower growth in investment intentions in Q3

The National Perspective

The investment balances in Q3 2015 within the services and manufacturing sectors showed similar trends. The balance of manufacturing firms planning to increase investment in plant & machinery declined to +18% from +21% in the previous quarter. Manufacturers' intentions to invest in training decreased by six points to +20%.

The manufacturing sector balance for plant & machinery investment decreased by three points to +18%



The balance of service firms planning to increase investment in plant & machinery also decreased by three point to +17%, while the service sector's intentions to invest in training remained unchanged at +27%.

The Regions and Nations Perspective

In the manufacturing sector, the percentage balances of firms investing in plants & machinery remained positive across all regions. The strongest results were recorded in West Midlands (+34%) followed by Scotland (+24%) and East Midlands (+23%). For investment in training, the highest results were recorded in Wales (+51%) followed by the North East (+35%).

In the service sector, all regions recorded a positive balance for investment in plant & machinery apart from Scotland (-3%). The strongest positive balance was recorded in Wales at +32%. The percentage balance for investment in training was also positive for all regions. The strongest result at +39% was recorded for London followed by Yorkshire and Humber (+34%).

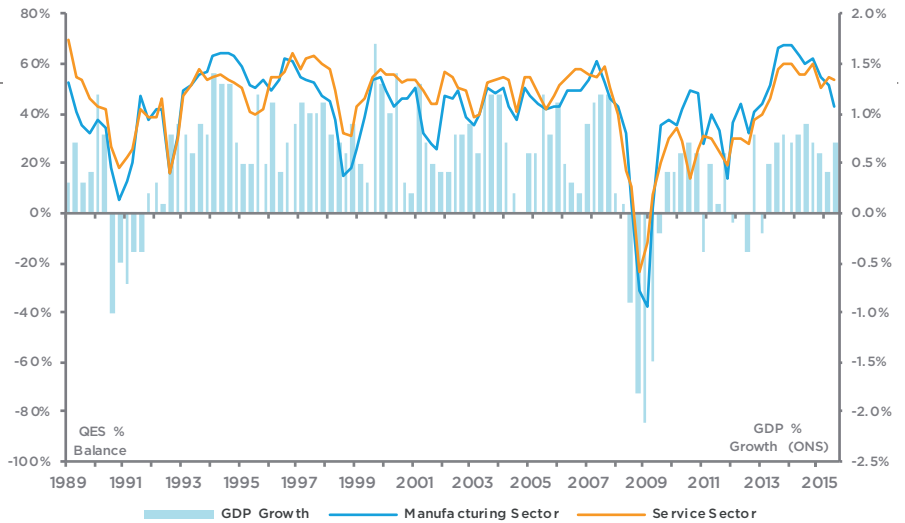
The services sector balance for training investment remained unchanged at +27%



Business confidence

- Q. Do you believe that over the next 12 months:**
- a) Turnover will: Improve/Remain the same/ Worsen
 - b) Profitability will: Improve/Remain the same/Worsen

Turnover Confidence



Turnover and profitability confidence falls for both sectors

The National Perspective

The balance of firms expressing confidence that turnover and profitability will increase over the next 12 months fell for both the manufacturing and service sectors in Q3 2015.

The balance of manufacturers confident that turnover will improve in the next 12 months fell from +51% in Q2 to +43% in Q3, the lowest level since Q4 2012. The balance of manufacturers confident that profitability will improve in the next 12 months fell to +32% from +45% in the previous quarter, the lowest level since Q4 2012.

The balance of service sector firms confident that turnover will improve in the next 12 months fell slightly from +55% in Q2 to +54% in Q3. The balance of firms confident that profitability will improve in the next 12 months fell from +45% in Q2 to +42% in Q3.

Manufacturers' confidence that profitability will improve fell sharply to +32% for Q3 2015



The Regions and Nations Perspective

The Q3 2015 manufacturing balances for turnover confidence were in positive territory in all UK regions and nations. Comparing confidence levels across the various UK regions and nations, the strongest Q3 2015 manufacturing balances were in Wales for turnover confidence at 67%, and in the North East and the South East for profitability confidence, both at +42%. By contrast, the weakest Q3 2015 manufacturing balances were in Northern Ireland at +23% for turnover confidence, and in Wales for profitability confidence, at +10%.

Services sector confidence that profitability will improve fell to +42% in Q3 2015



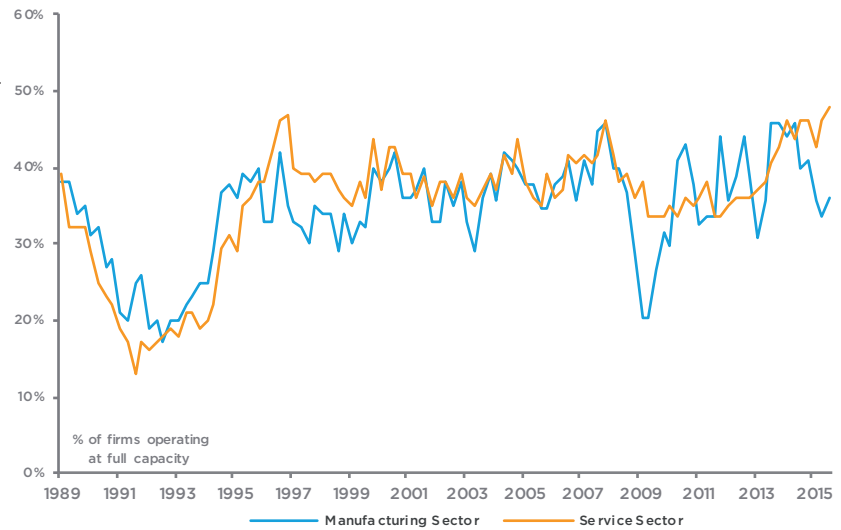
In the service sector, the Q3 2015 balances for turnover confidence were also in positive territory across all twelve regions and nations. Comparing service sector confidence across the various UK regions and nations, the strongest Q3 service sector balances were in the East Midlands for turnover confidence at +65%, and in London for profitability confidence at +57%. The weakest Q3 2015 service balances were in Northern Ireland, at +30% for turnover confidence, and at +8% for profitability confidence.

Capacity utilisation and cashflow

Q. Are you currently operating:
At full capacity/Below full capacity

Q. During the last 3 months how
has your cashflow changed:
Improved/Same/Worsened

Percentage of firms operating at full capacity



Capacity utilisation increases slightly among firms in both sectors

Fewer firms report improvements in cashflow

CAPACITY UTILISATION

The National Perspective

In the manufacturing sector, the percentage of firms operating at full capacity stood at 36%, up from 34% in the previous quarter.

In the services sector, the percentage of firms stating that they were operating at full capacity increased to 48% in Q3 2015 from 46% in Q2. The percentage of firms stating that they were operating at full capacity has averaged 45% in 2015 so far.

The Regions and Nations Perspective

In the manufacturing sector the highest proportion of firms reporting that they were operating at full capacity was recorded in Wales (71%), well above the national average of 36%, followed the South West (47%) and Northern Ireland (46%). The region with the lowest capacity utilisation figure was Scotland (5%).

In the services sector, the region reporting the highest capacity utilisation figures was London (61%), followed by the South East and Yorkshire and Humber (both at 45%). The lowest figure was recorded in Scotland (11%).

The percentage of manufacturers operating at full capacity rose two points to 36%

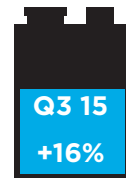


CASHFLOW

The National Perspective

In the manufacturing sector the percentage balance of firms reporting improvements in cashflow declined to +9% from +11% in the previous quarter. Similarly, in the service sector the balance of firms reporting improved cashflow decreased to +16%.

The service sector cashflow balance decreased by one point to +16% in Q3 2015



The Regions and Nations Perspective

In the manufacturing sector, the highest balances for improvements in cashflow were recorded in the West Midlands (+27%) and the South West (+24%) followed East Midlands (+18%). Negative balances were recorded in Yorkshire and Humber (-13%), Scotland (-6%), Northern Ireland (-2%) and London (-1%).

In the services sector, the highest balance was recorded in Wales (+31%). The lowest balance was recorded in Scotland (0%).

Prices

Expectation that Prices will Increase



Q. Over the next 3 months, do you expect the price of your goods/services to: Increase/Remain the same/Decrease

Q. Is your business currently suffering pressures to raise prices from any of the following:

Pay settlements/Raw material prices/
Finance costs/Other overheads

The proportion of manufacturers expecting to raise prices falls to a five-year low

The National Perspective

For the manufacturing sector, the balance of firms expecting prices to rise decreased to +8% in Q3 2015 from +23% in the previous quarter. Of the factors contributing to price pressures, there was an increase in the share of manufacturing firms which identified pay settlements (28%) as the key driver. Other factors included raw material prices (down three percentage points to 36%) other overheads (down eight percentage points to 26%), and finance costs (which remained unchanged at 9%).

For service firms, the percentage balance of firms expecting prices to rise increased by three points to +23%. Of the factors identified as contributing to price pressures 11% identified raw materials costs, down 5 percentage points. There was a fall in the share of firms which identified financial costs (from 14% to 12%). There was also a fall in the share of service firms which identified other overheads (down three percentage points to 32%) and pay settlements (down one percentage point to 22%).

The Regions and Nations Perspective

In the manufacturing sector, regions with the largest number of firms expecting prices to increase included the East Midlands (+22%), East of England (+21%) and Wales (+20%). Negative balances were recorded in Yorkshire and Humber (-11%) the North East (-8%) and Northern Ireland (-3%).

In the services sector, the percentage balance of firms expecting prices to rise was positive across all the regions. The highest balance was recorded for London (+42%). This was followed by the East Midlands (+30%), Wales and South East (both at +27%). The lowest balance was recorded in Scotland at +2%.

For the services sector the price balance increased by three points to +23%



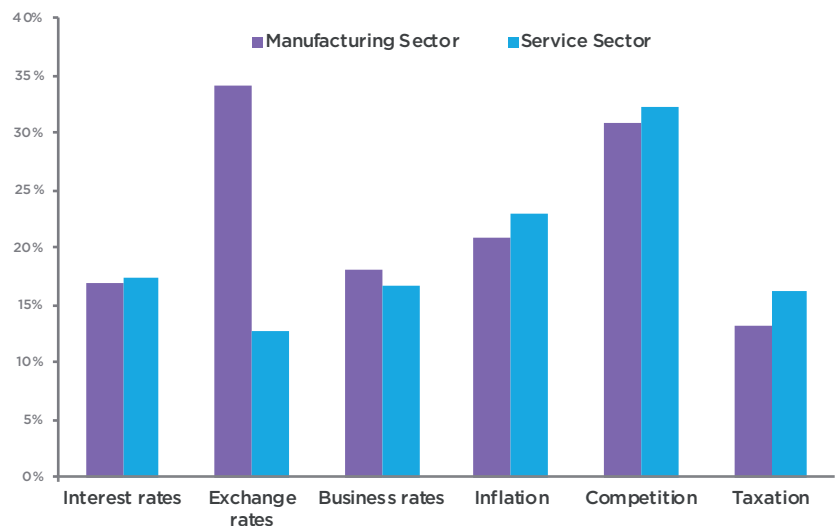
For the manufacturing sector, the balance of firms expecting prices to rise decreased to +8% from +23% in Q2



External factors

Q. Please indicate which of the following factors are more of a concern to your business than 3 months ago:
**Interest Rates/Exchange Rates/
 Business Rates/Inflation/Competition/Tax**

External factors of greater concern to businesses



Manufacturers see exchange rates as the external factor of most concern to their business

Manufacturing

Among the external factors affecting their business, the majority of manufacturers, 34%, reported that exchange rates were their biggest concern, up from 29% in the previous quarter. This was followed by competition, with 31% reporting this as a concern, down from 35% in Q2 2015. A further 21% of manufacturers reported that inflation was the biggest concern, down from 22% in the previous quarter.

The region which saw exchange rates as the biggest external factor was the South East, with 47% of firms citing this as the biggest concern. This was followed by the East of England (44%) and the North East (43%). The regions citing competition as the biggest concern was the North West and London (both 49%), followed by Northern Ireland and the North East (both 45%).

Services

Service sector firms at the national level reported competition as the key external factor, with 32% reporting this as the biggest concern, down from 33% in the previous quarter. This was followed by inflation (23%), business rates and interest rates (both 17%).

Service sector firms in the North West cited competition as the biggest concern (48%). This was followed by Northern Ireland (44%) and the West Midlands (35%). Inflation was the biggest concern for service sector firms in Yorkshire & Humber (43%). This was followed the East of England (39%) and the South East and Wales (both at 36%).

	Manufacturing		Services	
	Unweighted		Unweighted	
	Q2 15	Q3 15	Q2 15	Q3 15
% Interest rates	12	17	12	17
% Exchange rates	29	34	13	13
% Business rates	20	18	20	17
% Inflation	22	21	24	23
% Competition	35	31	33	32
% Tax	19	13	18	16

National Totals

	Manufacturing											
	1-19		20-199		200-499		500+		All (Unweighted)		All (weighted)	
	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15
Domestic sales	11	21	27	19	15	12	19	20	20	22	20	20
Domestic orders	2	16	20	10	27	14	17	24	14	17	18	18
Export sales	11	2	26	5	6	11	-1	17	19	6	14	10
Export orders	15	1	20	3	6	17	9	14	20	5	15	10
Employment last 3 months	18	15	24	27	31	30	11	26	20	27	20	28
Employment next 3 months	27	22	39	23	31	21	13	14	28	28	27	22
% Tried to recruit	49	47	74	79	83	86	88	72	66	69	80	78
% Part-time	26	25	25	15	23	21	13	16	21	20	21	18
% Full-time	73	99	85	95	75	82	80	64	90	91	82	83
% Temporary	29	42	34	33	37	22	37	39	38	53	37	32
% Permanent	66	75	70	71	53	57	54	39	73	58	62	61
% Recruitment difficulties	59	57	80	78	66	63	84	62	74	77	81	72
% Skilled manual	65	44	49	47	49	50	61	54	53	48	51	48
% Professional/managerial	11	24	41	31	39	36	42	36	28	27	39	35
% Clerical	8	16	13	12	15	11	18	14	12	14	15	13
% Semi and unskilled	35	20	15	22	30	13	20	16	14	15	19	17
Cashflow	11	9	12	9	17	12	7	8	11	10	11	9
Investment - plant/machinery	13	20	26	28	36	22	5	8	23	22	21	18
Investment - training	19	15	24	21	44	22	11	16	27	22	26	20
Confidence - turnover	44	34	55	47	64	46	32	23	51	44	51	43
Confidence - profitability	32	27	48	40	62	39	33	27	45	33	45	32
% Full capacity	42	36	43	37	26	27	21	31	36	36	34	36
Prices	29	14	21	16	17	4	19	-3	32	15	23	8
% Pay settlements	24	21	30	24	16	37	23	24	22	23	22	28
% Raw materials	51	46	41	39	29	32	29	26	45	39	39	36
% Financial costs	13	15	14	12	8	6	9	9	11	10	9	9
% Other overheads	40	28	34	22	24	23	32	19	37	31	34	26
Number of companies	935	824	881	831	120	113	59	60	1995	1828		
Number of employees	6032	5605	46224	43354	31193	28011	127376	670648	210825	747618		
Number of exporters	555	476	649	606	87	93	52	45	1343	1220		

National Totals

	Services											
	1-19		20-199		200-499		500+		All (Unweighted)		All (weighted)	
	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15
Domestic sales	24	22	26	32	39	45	37	57	28	24	31	36
Domestic orders	20	15	28	23	37	37	28	56	24	18	29	29
Export sales	15	12	18	16	33	-1	14	38	17	17	19	18
Export orders	13	4	24	14	26	9	20	39	18	10	20	16
Employment last 3 months	12	10	25	28	37	47	15	21	16	13	22	24
Employment next 3 months	22	18	31	27	32	41	24	19	28	18	30	24
% Tried to recruit	36	37	76	77	76	86	86	87	45	46	70	72
% Part-time	46	43	37	33	37	44	37	31	43	39	35	31
% Full-time	67	70	79	83	70	62	70	76	67	72	74	79
% Temporary	45	45	40	39	58	49	37	30	44	45	39	36
% Permanent	61	62	74	76	47	56	40	77	66	65	63	73
% Recruitment difficulties	63	67	65	64	80	72	59	52	63	66	65	63
% Skilled manual	26	23	27	30	42	36	37	24	26	23	29	27
% Professional/managerial	28	29	38	34	59	49	46	38	33	32	40	35
% Clerical	15	16	18	15	17	14	16	20	18	21	17	17
% Semi and unskilled	14	14	15	12	15	17	22	15	15	14	16	14
Cashflow	13	10	13	16	27	20	22	19	14	15	17	16
Investment - plant/machinery	14	10	24	20	30	28	10	15	19	14	20	17
Investment - training	19	15	30	24	30	18	24	54	23	18	27	27
Confidence - turnover	51	45	54	54	53	50	65	70	50	46	55	54
Confidence - profitability	42	37	41	39	45	41	54	55	41	37	45	42
% Full capacity	40	38	46	47	66	53	39	61	42	42	46	48
Prices	18	19	18	21	18	21	32	41	18	18	20	23
% Pay settlements	12	14	27	26	23	32	31	18	18	17	23	22
% Raw materials	12	11	19	15	22	8	18	8	13	11	16	11
% Financial costs	12	11	15	13	10	12	22	12	13	12	14	12
% Other overheads	33	28	38	30	39	24	31	44	34	29	35	32
Number of companies	3859	3954	1287	1381	185	192	156	129	5487	5656		
Number of employees	17432	18228	68128	64871	47828	48433	488499	400317	621887	531849		
Number of exporters	1434	1417	625	812	80	75	67	71	2272	2423		

Regions and Nations Disaggregation

	Manufacturing												
	SC	NE	NW	YH	EM	WM	W	NI	EA	SE	SW	L	Nat
Domestic sales	12	7	28	15	24	24	36	17	22	9	5	26	20
Domestic orders	29	13	21	10	32	22	35	10	11	6	0	15	18
Export sales	11	-3	13	-4	-2	14	5	19	5	21	4	11	10
Export orders	40	-5	8	3	1	15	6	17	-8	20	-31	17	10
Employment last 3 months	30	16	34	-5	43	26	72	15	28	21	38	13	28
Employment next 3 months	36	25	32	-5	32	6	38	4	32	33	3	15	22
% Tried to recruit	85	71	72	79	82	79	90	68	82	59	79	27	78
% Part-time	15	4	15	19	20	20	12	6	24	12	14	27	18
% Full-time	85	96	85	81	80	80	88	94	76	58	86	30	83
% Temporary	32	37	31	29	34	39	19	31	39	12	38	23	32
% Permanent	47	56	69	71	66	61	81	42	61	39	62	8	61
% Recruitment difficulties	38	86	74	57	55	79	68	60	79	51	80	25	72
% Skilled manual	31	93	55	38	53	75	37	38	64	29	65	0	48
% Professional/managerial	4	73	15	19	77	37	48	11	45	29	55	18	35
% Clerical	2	10	39	3	18	16	8	4	17	6	20	0	13
% Semi and unskilled	1	34	18	10	22	19	30	14	17	11	7	22	17
Cashflow	-6	0	10	-13	18	27	3	-2	4	16	24	-1	9
Investment - plant/machinery	24	17	20	5	4	34	21	2	23	22	7	21	18
Investment - training	32	35	28	8	13	24	51	19	23	7	9	1	20
Confidence - turnover	-	58	50	46	56	37	67	23	49	41	32	28	43
Confidence - profitability	-	42	34	28	41	36	10	12	39	42	21	20	32
% Full capacity	5	37	36	42	35	26	71	46	24	24	47	16	36
Prices	10	-8	19	-11	22	2	20	-3	21	6	9	13	8
% Pay settlements	47	8	24	31	19	34	30	26	38	12	44	3	28
% Raw materials	34	44	34	19	41	38	28	41	39	25	25	32	36
% Financial costs	-	18	7	9	10	15	7	15	9	3	3	3	9
% Other overheads	-	43	39	17	39	29	31	0	38	28	4	7	26

Key

SC	Scotland
NE	North East
NW	North West
YH	Yorkshire and the Humber
EM	East Midlands
WM	West Midlands
W	Wales
NI	Northern Ireland
EA	East of England
SE	South East
SW	South West
L	London
Nat	National

Regions and Nations Disaggregation

	Services												
	SC	NE	NW	YH	EM	WM	W	NI	EA	SE	SW	L	Nat
Domestic sales	10	34	31	39	50	38	42	4	38	37	33	46	36
Domestic orders	-	26	26	32	42	24	39	-4	34	29	30	39	29
Export sales	2	13	17	30	27	7	9	-10	9	0	12	40	18
Export orders	-	10	13	23	19	8	-5	-15	13	-6	14	46	16
Employment last 3 months	1	17	24	25	32	26	19	22	31	32	30	24	24
Employment next 3 months	-2	26	28	28	29	27	26	25	28	25	27	28	24
% Tried to recruit	66	77	72	70	74	74	62	65	80	83	71	66	72
% Part-time	21	35	30	35	37	34	23	24	30	30	31	21	31
% Full-time	79	65	70	65	63	66	47	76	70	70	69	79	79
% Temporary	20	40	31	32	35	37	8	41	31	34	29	37	36
% Permanent	80	60	69	68	65	63	31	59	69	66	71	63	73
% Recruitment difficulties	42	61	80	65	64	64	89	49	71	76	70	42	63
% Skilled manual	15	30	29	21	28	29	46	19	27	21	27	30	27
% Professional/managerial	10	47	27	39	52	35	50	25	43	47	46	20	35
% Clerical	1	9	46	11	17	20	40	12	18	24	20	2	17
% Semi and unskilled	4	13	21	14	9	15	20	7	21	24	21	2	14
Cashflow	0	2	22	21	18	17	31	5	13	17	26	17	16
Investment - plant/machinery	-3	9	18	26	16	22	32	14	15	20	26	14	17
Investment - training	7	15	32	34	19	23	27	16	19	24	23	39	27
Confidence - turnover	-	54	62	53	65	54	49	30	58	63	54	64	54
Confidence - profitability	-	49	47	43	43	44	27	8	40	46	40	57	42
% Full capacity	11	39	44	45	42	41	33	38	42	45	44	61	48
Prices	2	9	20	18	30	16	27	12	25	27	19	42	23
% Pay settlements	42	21	19	21	11	23	26	31	19	23	25	15	22
% Raw materials	18	17	10	13	10	10	19	16	6	9	9	10	11
% Financial costs	-	17	11	7	11	10	19	15	10	16	8	19	12
% Other overheads	-	36	35	23	22	35	23	0	40	42	14	48	32

Key

SC	Scotland
NE	North East
NW	North West
YH	Yorkshire and the Humber
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SE	South East
SW	South West
L	London
Nat	National

Scotland

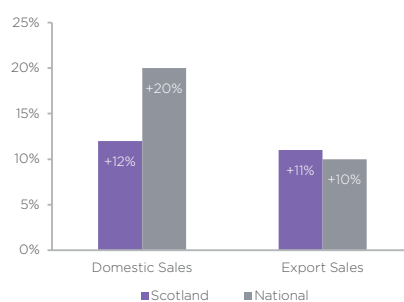
	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15
Domestic sales	19	17	21	12	6	20	-3	10
Domestic orders	26	11	16	29	-	-	-	-
Export sales	32	17	27	11	-13	10	-22	2
Export orders	44	24	46	40	-	-	-	-
Employment last 3 months	29	21	35	30	6	5	-2	1
Employment next 3 months	27	32	28	36	17	3	3	-2
% Tried to recruit	65	76	80	85	53	55	61	66
% Part-time	23	13	20	15	30	26	35	21
% Full-time	77	87	80	85	70	74	65	79
% Temporary	27	18	18	32	22	19	23	20
% Permanent	73	82	61	47	78	81	77	80
% Recruitment difficulties	41	42	54	38	36	41	39	42
% Skilled manual	18	34	31	31	5	12	4	15
% Professional/managerial	6	4	3	4	7	7	9	10
% Clerical	8	1	15	2	6	1	6	1
% Semi and unskilled	10	3	9	1	19	5	19	4
Cashflow	13	6	27	-6	5	7	-6	0
Investment - plant/machinery	23	22	32	24	13	8	3	-3
Investment - training	21	29	21	32	22	12	14	7
Confidence - turnover	-	-	-	-	-	-	-	-
Confidence - profitability	-	-	-	-	-	-	-	-
% Full capacity	20	11	9	5	11	10	13	11
Prices	34	23	23	10	15	14	8	2
% Pay settlements	47	49	44	47	36	40	40	42
% Raw materials	52	40	46	34	23	20	22	18
% Financial costs	-	-	-	-	-	-	-	-
% Other overheads	47	-	44	-	29	-	30	-
Number of companies	138	105			409	367		
Number of employees	-	-			-	-		
Number of exporters	58	47			144	126		

“Scotland has enjoyed 11 consecutive quarters of economic growth and the encouraging results for the third quarter of 2015 suggest that this trend is very likely to continue. There are positive sales trends for the domestic and export markets, which is very good news at a time when there is continued uncertainty across a number of global marketplaces.

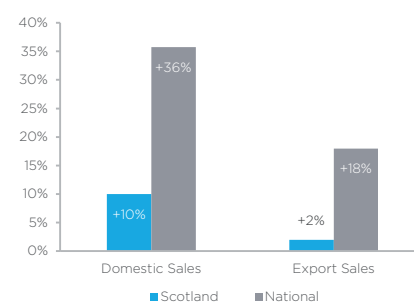
There is also good news in terms of positive recruitment trends, though many businesses are now reporting difficulties in recruiting for certain roles. A combination of relatively low unemployment levels and a rising demand for skills among businesses highlights the need for Governments in both Edinburgh and London to do more to ensure that training, education and migration policies are delivering the skills that business needs if we are to continue to grow the Scottish economy.

Liz Cameron, Chief Executive, Scottish Chambers of Commerce

Manufacturing



Services



North East

	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15
Domestic sales	13	-3	19	7	31	28	28	34
Domestic orders	12	5	19	13	31	22	34	26
Export sales	4	5	9	-3	9	12	15	13
Export orders	0	0	7	-5	10	10	14	10
Employment last 3 months	26	18	32	16	31	16	36	17
Employment next 3 months	30	20	44	25	32	25	35	26
% Tried to recruit	70	70	84	71	65	61	73	77
% Part-time	14	12	16	4	30	35	39	35
% Full-time	86	88	103	96	70	65	77	65
% Temporary	30	100	37	37	34	40	42	40
% Permanent	70	0	63	56	66	60	74	60
% Recruitment difficulties	69	75	82	86	72	64	75	61
% Skilled manual	60	57	73	93	35	29	30	30
% Professional/managerial	40	39	64	73	41	49	43	47
% Clerical	9	11	4	10	19	10	20	9
% Semi and unskilled	6	21	7	34	17	13	19	13
Cashflow	-4	-5	11	0	21	3	21	2
Investment - plant/machinery	12	21	13	17	23	11	24	9
Investment - training	19	26	29	35	29	12	34	15
Confidence - turnover	48	54	51	58	52	58	52	54
Confidence - profitability	37	46	60	42	48	50	47	49
% Full capacity	28	20	25	37	38	39	41	39
Prices	10	-18	14	-8	16	11	17	9
% Pay settlements	19	14	18	8	16	16	19	21
% Raw materials	30	34	23	44	18	14	18	17
% Financial costs	9	11	5	18	13	16	13	17
% Other overheads	30	39	31	43	31	36	29	36
Number of companies	53	44			214	225		
Number of employees	19571	6400			15549	26001		
Number of exporters	44	37			45	57		

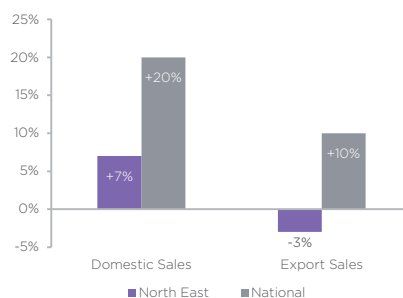
“North East economic performance has been hit by falling oil prices, turbulence in a number of export markets and continuing public sector cuts.

The mothballing of steelmaking operations on Teesside is also a significant blow. However, recent good news including investments by NECC members Hitachi, Nissan, Reece Group and York Potash shows the level of confidence in the private sector and the underlying prospects remain positive

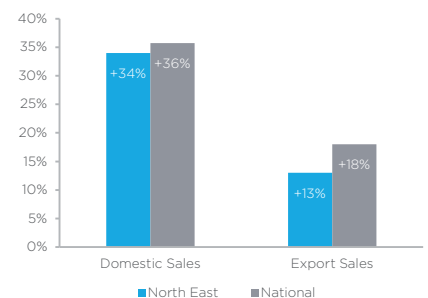
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**Ross Smith, Director of Policy,
North East Chamber of Commerce**

Manufacturing



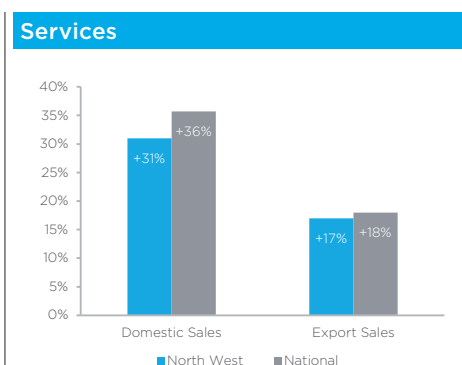
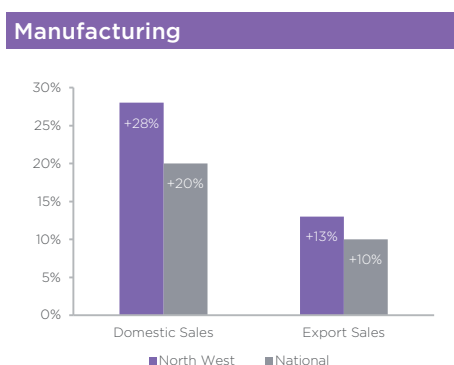
Services



North West

	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15
Domestic sales	23	16	23	28	29	25	36	31
Domestic orders	20	11	16	21	24	21	32	26
Export sales	7	5	16	13	14	9	20	17
Export orders	3	2	15	8	10	5	17	13
Employment last 3 months	21	18	12	34	21	18	27	24
Employment next 3 months	33	19	19	32	30	25	40	28
% Tried to recruit	62	58	67	72	53	51	73	72
% Part-time	13	11	10	15	31	29	32	30
% Full-time	87	89	90	85	69	71	68	70
% Temporary	27	36	30	31	35	30	36	31
% Permanent	73	64	70	69	65	70	64	69
% Recruitment difficulties	71	70	68	74	71	77	71	80
% Skilled manual	49	47	41	55	33	31	32	29
% Professional/managerial	15	16	11	15	23	27	23	27
% Clerical	31	33	32	39	35	39	39	46
% Semi and unskilled	22	24	14	18	22	20	22	21
Cashflow	15	4	22	10	11	11	17	22
Investment - plant/machinery	19	21	22	20	17	15	23	18
Investment - training	27	21	39	28	26	26	31	32
Confidence - turnover	53	47	45	50	58	56	60	62
Confidence - profitability	36	36	50	34	49	44	49	47
% Full capacity	38	34	34	36	35	37	39	44
Prices	16	14	27	19	21	20	24	20
% Pay settlements	19	21	20	24	12	15	18	19
% Raw materials	43	33	48	34	13	11	12	10
% Financial costs	9	9	5	7	14	11	13	11
% Other overheads	35	32	35	39	37	33	39	35
Number of companies	308	299			681	749		
Number of employees	23548	106853			184202	167260		
Number of exporters	196	203			279	287		

“The North West results continue to indicate overall growth for the region with domestic demand employment measures showing strength. Again, our primary area of concern is the weaker exporting balances that show access to international markets remains difficult. Whilst global trade remains weak we would expect some moderation in this data, but not enough is being done to support the region’s businesses to access international trade support. Even within Europe there are many opportunities for North West companies to engage in growing sectors and develop relationships with strong businesses and our partners at UKTI are doing excellent work to facilitate more of this, but government must move more quickly on its promises to support businesses further in reaching out to overseas customers.

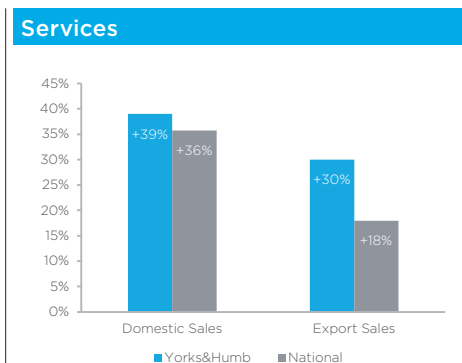
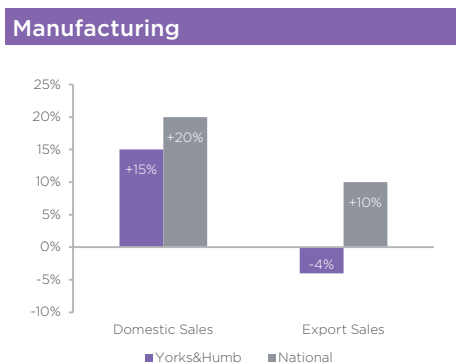


Christian Spence, Head of Research and Business Intelligence, Greater Manchester Chamber of Commerce

Yorkshire & the Humber

	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15
Domestic sales	16	10	6	15	36	29	38	39
Domestic orders	13	2	8	10	28	24	29	32
Export sales	-3	0	15	-4	17	25	27	30
Export orders	-4	-6	11	3	14	19	25	23
Employment last 3 months	20	16	20	-5	18	18	30	25
Employment next 3 months	31	14	24	-5	24	22	26	28
% Tried to recruit	58	58	70	79	43	47	66	70
% Part-time	38	17	34	19	45	33	44	35
% Full-time	62	83	66	81	55	67	56	65
% Temporary	22	32	25	29	30	33	30	32
% Permanent	78	68	75	71	70	67	70	68
% Recruitment difficulties	65	57	64	57	60	64	60	65
% Skilled manual	49	43	48	38	25	21	24	21
% Professional/managerial	34	15	46	19	35	35	39	39
% Clerical	11	5	11	3	13	12	14	11
% Semi and unskilled	17	9	21	10	11	15	11	14
Cashflow	2	-6	2	-13	15	12	19	21
Investment - plant/machinery	24	14	30	5	26	20	19	26
Investment - training	22	18	30	8	25	24	27	34
Confidence - turnover	57	46	64	46	59	54	54	53
Confidence - profitability	38	27	44	28	45	44	39	43
% Full capacity	33	36	36	42	40	40	42	45
Prices	7	10	8	-11	16	17	14	18
% Pay settlements	18	22	20	31	15	17	17	21
% Raw materials	41	33	37	19	10	11	12	13
% Financial costs	8	12	9	9	11	8	12	7
% Other overheads	20	17	20	17	21	23	23	23
Number of companies	184	202			479	571		
Number of employees	56799	521827			108677	110397		
Number of exporters	114	122			134	169		

“ In our region we see a two speed economy. The service sector continues to grow at pace, reporting increasing headcounts and solid domestic and export sales, although the pace of growth has slowed in parts of our region. Our manufacturing base, with more reliance on global markets, is definitely feeling the impact of international economic challenges. On exports, there is no doubt that the appreciation of sterling has squeezed margins with little opportunity to increase prices against a backdrop of slowing trade. Companies are taking a long term view, recruiting and investing for future growth, but as reported elsewhere there is absolutely no room for complacency



”

East Midlands

	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15
Domestic sales	17	18	34	24	-5	41	-5	50
Domestic orders	-10	18	13	32	35	32	37	42
Export sales	11	2	10	-2	27	12	40	27
Export orders	13	2	16	1	26	6	38	19
Employment last 3 months	21	22	24	43	23	24	26	32
Employment next 3 months	29	23	34	32	25	24	21	29
% Tried to recruit	59	67	82	82	51	53	75	74
% Part-time	14	12	21	20	37	37	39	37
% Full-time	86	88	79	80	63	63	61	63
% Temporary	32	36	37	34	32	36	36	35
% Permanent	68	64	63	66	68	64	64	65
% Recruitment difficulties	59	66	58	55	72	64	69	64
% Skilled manual	45	51	49	53	28	24	28	28
% Professional/managerial	33	28	44	77	48	46	49	52
% Clerical	13	16	17	18	16	18	14	17
% Semi and unskilled	14	15	26	22	8	10	8	9
Cashflow	0	5	2	18	17	14	17	18
Investment - plant/machinery	23	12	28	4	23	13	22	16
Investment - training	16	17	26	13	28	16	29	19
Confidence - turnover	56	52	72	56	62	61	68	65
Confidence - profitability	46	36	53	41	49	44	53	43
% Full capacity	33	35	33	35	38	37	38	42
Prices	39	16	51	22	25	21	28	30
% Pay settlements	4	20	2	19	14	10	19	11
% Raw materials	34	38	32	41	16	10	17	10
% Financial costs	12	15	7	10	13	9	13	11
% Other overheads	29	33	34	39	35	24	35	22
Number of companies	153	178			276	466		
Number of employees	28060	33689			5353	19575		
Number of exporters	96	106			98	391		



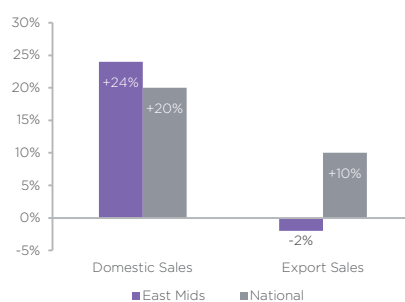
Overall the outlook remains positive with growth continuing in the East Midlands. For firms reporting that they had recruited in the previous three months, many of them commented that this was driven by growth. Smaller manufacturers reported a greater range of increases and decreases in their cashflow in the last three months, although the balances were similar compared to the previous quarter.

Confidence for small and medium services is steady and although growth remained steady the balance has improved for UK and overseas business. The pressure from competition dominated concerns, but concerns about the living wage have also been raised.

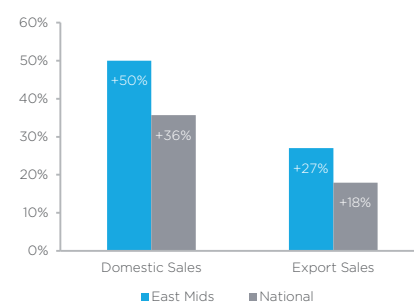


Max Boden, Policy and Representation Manager, East Midlands Chamber (Derbyshire, Nottinghamshire, Leicestershire)

Manufacturing



Services



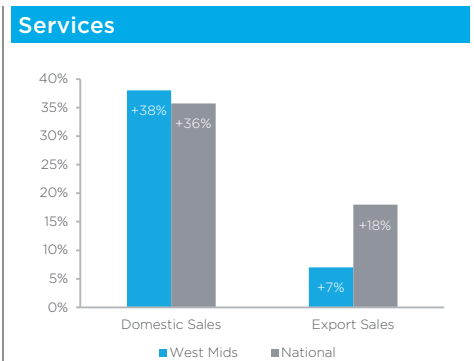
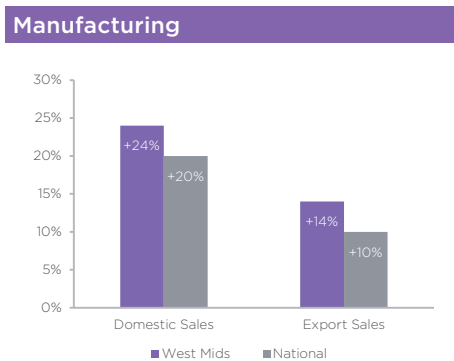
West Midlands

	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15
Domestic sales	25	23	38	24	36	33	38	38
Domestic orders	25	16	37	22	28	21	29	24
Export sales	28	1	19	14	16	11	20	7
Export orders	29	4	44	15	47	9	50	8
Employment last 3 months	30	20	15	26	14	24	20	26
Employment next 3 months	39	22	24	6	26	28	28	27
% Tried to recruit	63	60	73	79	48	53	65	74
% Part-time	21	18	13	20	35	36	36	34
% Full-time	79	82	87	80	65	64	64	66
% Temporary	29	100	39	39	39	38	40	37
% Permanent	71	0	61	61	61	62	60	63
% Recruitment difficulties	56	76	78	79	62	62	64	64
% Skilled manual	48	61	46	75	23	26	25	29
% Professional/managerial	24	30	33	37	31	31	34	35
% Clerical	3	9	2	16	16	18	17	20
% Semi and unskilled	16	16	28	19	18	14	20	15
Cashflow	13	19	14	27	19	18	21	17
Investment - plant/machinery	23	29	17	34	19	18	23	22
Investment - training	16	20	20	24	25	24	27	23
Confidence - turnover	58	41	58	37	64	60	62	54
Confidence - profitability	36	33	46	36	55	49	51	44
% Full capacity	35	25	38	26	27	40	31	41
Prices	58	14	58	2	14	20	12	16
% Pay settlements	14	22	16	34	11	14	18	23
% Raw materials	47	35	31	38	13	12	12	10
% Financial costs	22	12	9	15	12	11	14	10
% Other overheads	33	36	25	29	35	34	35	35
Number of companies	528	430			994	962		
Number of employees	42985	25226			186927	90094		
Number of exporters	436	339			562	504		

“It’s a mixed bag for the West Midlands this quarter; it is extremely promising to see businesses continuing to show confidence in turnover and profitability among both the manufacturing and services sectors.

However the issue of recruiting skilled staff has been made sharply evident this quarter among both sectors, with over three quarters of businesses from the manufacturing sector and almost two thirds from the service sector having serious trouble recruiting. These figures highlight how the national skills shortage is affecting the region

**Mike Ashton, Chief Executive,
Herefordshire and Worcestershire
Chamber of Commerce**



Wales

	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15
Domestic sales	18	35	14	36	21	21	30	42
Domestic orders	10	32	12	35	18	16	45	39
Export sales	16	6	9	5	31	10	31	9
Export orders	23	9	13	6	24	-3	29	-5
Employment last 3 months	33	48	19	72	21	11	30	19
Employment next 3 months	13	15	-3	38	28	12	51	26
% Tried to recruit	56	72	74	90	56	49	76	62
% Part-time	0	16	0	12	0	33	9	23
% Full-time	100	84	36	88	100	67	79	47
% Temporary	50	26	18	19	0	32	7	8
% Permanent	50	74	18	81	100	68	46	31
% Recruitment difficulties	94	76	68	68	97	87	99	89
% Skilled manual	61	45	54	37	41	35	55	46
% Professional/managerial	56	45	44	48	49	40	59	50
% Clerical	22	16	29	8	37	28	32	40
% Semi and unskilled	56	27	51	30	35	24	50	20
Cashflow	7	9	5	3	17	11	8	31
Investment - plant/machinery	56	35	39	21	32	18	57	32
Investment - training	45	35	35	51	39	18	41	27
Confidence - turnover	59	45	42	67	57	41	72	49
Confidence - profitability	48	21	27	10	38	25	60	27
% Full capacity	39	49	29	71	49	36	40	33
Prices	14	19	8	20	21	24	42	27
% Pay settlements	24	28	14	30	20	22	20	26
% Raw materials	46	45	28	28	18	21	18	19
% Financial costs	11	11	10	7	20	15	16	19
% Other overheads	35	24	20	31	31	29	36	23
Number of companies	37	71			152	278		
Number of employees	3577	4579			5915	11505		
Number of exporters	25	47			42	72		



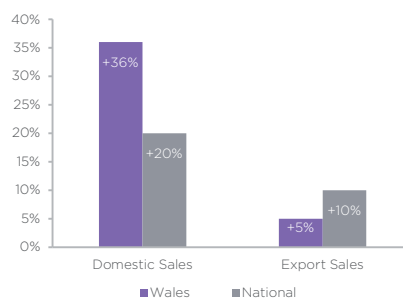
The economy in Wales is still doing pretty well but confidence seems to have taken a downturn with a deceleration in growth and all indicators showing that Welsh business are less hopeful of the future than they have been over the last few quarters.

There's concern about Welsh exports caused mainly by changes to the global economy over the last quarter. We need to see more Welsh businesses looking to new markets across the globe.

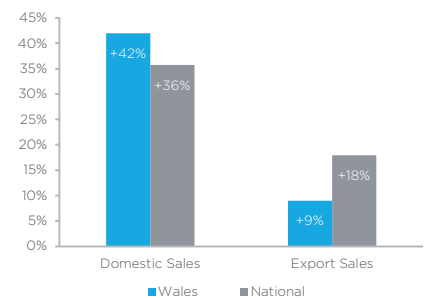


Elgan Morgan, International & Representation Manager, South Wales Chamber of Commerce

Manufacturing



Services



East of England

	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15
Domestic sales	16	17	22	22	35	30	40	38
Domestic orders	3	7	15	11	29	24	32	34
Export sales	27	0	31	5	15	9	20	9
Export orders	19	-4	23	-8	14	10	22	13
Employment last 3 months	25	20	36	28	21	17	19	31
Employment next 3 months	29	25	43	32	24	24	26	28
% Tried to recruit	68	76	80	82	58	61	76	80
% Part-time	18	16	18	24	29	28	27	30
% Full-time	82	84	82	76	71	72	73	70
% Temporary	39	37	38	39	39	31	36	31
% Permanent	61	63	62	61	61	69	64	69
% Recruitment difficulties	97	74	93	79	71	75	70	71
% Skilled manual	48	61	44	64	25	31	27	27
% Professional/managerial	36	32	40	45	39	41	42	43
% Clerical	15	15	14	17	13	19	13	18
% Semi and unskilled	21	15	17	17	11	18	12	21
Cashflow	14	6	23	4	19	6	18	13
Investment - plant/machinery	19	27	26	23	15	10	21	15
Investment - training	14	24	11	23	22	16	24	19
Confidence - turnover	50	45	63	49	59	56	60	58
Confidence - profitability	38	31	67	39	45	41	40	40
% Full capacity	34	30	23	24	39	38	42	42
Prices	17	22	10	21	16	21	17	25
% Pay settlements	24	23	15	38	20	15	30	19
% Raw materials	43	41	42	39	8	8	10	6
% Financial costs	11	12	5	9	9	10	11	10
% Other overheads	40	40	40	38	38	39	36	40
Number of companies	101	102			346	401		
Number of employees	28707	27526			36704	18648		
Number of exporters	77	71			140	149		

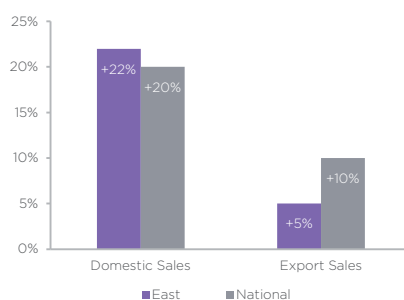


Following recent trends, growth in both the service sector and the manufacturing sector in Norfolk has slowed over the last quarter. Businesses report a limited increase in employment over the last 3 months, despite the reduction in Norfolk's official unemployment figures. Both sectors reported difficulties in recruiting skilled staff.

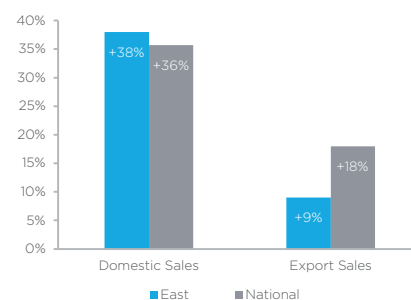
Locally, the oil and gas industry sector advise that whilst contracts are not being cancelled, they are being delayed. The challenge facing businesses at the start of the supply chain is to find ways to sustain their businesses to ensure they are around to take advantage when the upturn comes



Manufacturing



Services



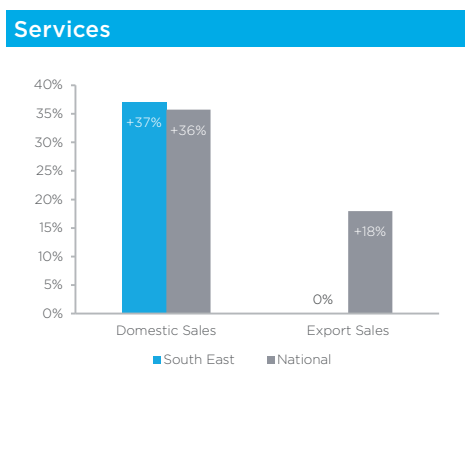
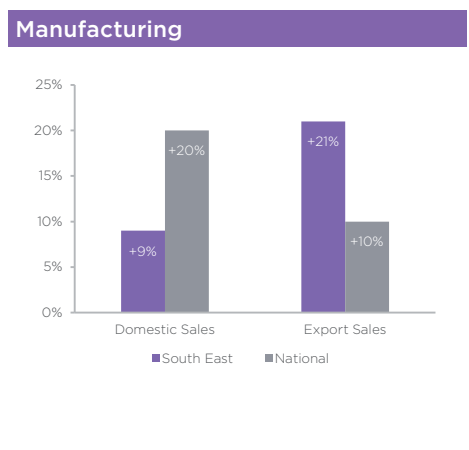
Caroline Williams, Chief Executive, Norfolk Chamber of Commerce

South East

	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15
Domestic sales	21	18	-3	9	42	33	47	37
Domestic orders	24	14	3	6	33	26	41	29
Export sales	13	3	-13	21	18	13	18	0
Export orders	11	3	-14	20	13	3	14	-6
Employment last 3 months	30	19	15	21	27	17	36	32
Employment next 3 months	45	27	19	33	32	24	35	25
% Tried to recruit	78	72	90	59	57	63	79	83
% Part-time	19	13	14	12	33	31	32	30
% Full-time	81	87	86	58	68	69	68	70
% Temporary	36	24	40	12	32	34	33	34
% Permanent	64	76	60	39	68	66	67	66
% Recruitment difficulties	80	82	85	51	69	79	69	76
% Skilled manual	72	39	84	29	31	24	30	21
% Professional/managerial	46	39	49	29	47	40	54	47
% Clerical	9	11	19	6	18	22	21	24
% Semi and unskilled	17	20	14	11	21	20	23	24
Cashflow	14	12	0	16	24	17	25	17
Investment - plant/machinery	25	21	7	22	17	10	25	20
Investment - training	15	10	4	7	23	18	23	24
Confidence - turnover	69	40	36	41	68	58	66	63
Confidence - profitability	59	38	35	42	53	46	49	46
% Full capacity	31	48	20	24	42	39	44	45
Prices	27	14	6	6	27	24	29	27
% Pay settlements	24	19	31	12	15	19	20	23
% Raw materials	40	33	40	25	10	9	9	9
% Financial costs	10	7	23	3	10	14	11	16
% Other overheads	39	35	42	28	41	39	46	42
Number of companies	67	88			353	359		
Number of employees	8932	4113			18286	16441		
Number of exporters	45	61			136	134		

As the UK struggles to regain its pre-crunch productivity level, throughout 2015 we've seen a record number of Kent businesses struggle to find suitably skilled job applicants. In the past three quarters, the percentage of firms reporting recruitment difficulties has continued to rise. Among these would-be-hirers the greatest difficulty has been in sourcing the right skilled manual/technical and the right professional/managerial applicants.

More broadly however, manufacturers in the South East outperformed the UK average for export sales and orders in Q3, and more firms anticipate growth in their work forces over the next three months. Elsewhere, service sector firms in the South East echoed the performance of the UK, and while service firms fell behind the national average on exports, business confidence remains high.



South West

	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15
Domestic sales	28	14	31	5	41	29	51	33
Domestic orders	24	6	29	0	36	25	43	30
Export sales	29	-3	16	4	23	11	20	12
Export orders	29	-11	3	-31	16	8	15	14
Employment last 3 months	25	14	19	38	26	21	38	30
Employment next 3 months	33	18	37	3	29	24	39	27
% Tried to recruit	50	55	73	79	44	47	72	71
% Part-time	33	15	32	14	54	32	54	31
% Full-time	67	85	68	86	46	68	46	69
% Temporary	57	35	52	38	56	29	55	29
% Permanent	43	65	48	62	44	71	45	71
% Recruitment difficulties	72	72	79	80	68	68	68	70
% Skilled manual	53	49	53	65	26	25	28	27
% Professional/managerial	32	33	39	55	39	41	41	46
% Clerical	17	10	17	20	15	19	14	20
% Semi and unskilled	16	13	33	7	16	19	18	21
Cashflow	13	4	30	24	21	24	29	26
Investment - plant/machinery	22	7	27	7	24	19	34	26
Investment - training	18	9	30	9	23	19	33	23
Confidence - turnover	65	50	80	32	68	56	70	54
Confidence - profitability	56	40	78	21	56	46	55	40
% Full capacity	43	34	34	47	39	38	44	44
Prices	17	19	4	9	17	21	16	19
% Pay settlements	17	26	21	44	12	16	24	25
% Raw materials	29	33	22	25	10	9	9	9
% Financial costs	10	10	4	3	7	8	10	8
% Other overheads	35	7	26	4	30	10	32	14
Number of companies	243	183			914	639		
Number of employees	16081	11056			36802	47525		
Number of exporters	136	100			284	181		

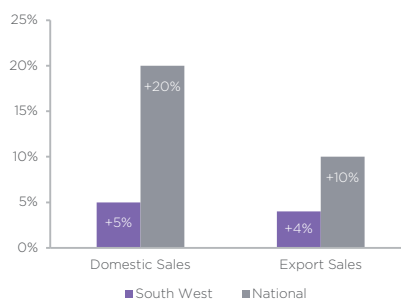
“ This quarter’s results for the South West make for tough reading, with a decrease in all major indicators both on the quarter and the year. Last quarter we saw signs of a bounce back after a slow start to the year, but the last three months have brought us back to the ground.

Drops in domestic and international sales, recruitment, cash flow and confidence raise alarm bells in the midst of growing global uncertainty.

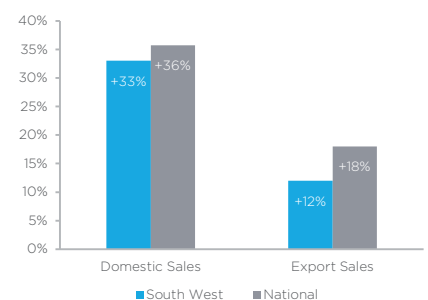
”

**Phil Smith, Managing Director,
Business West**

Manufacturing



Services



London

	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15
Domestic sales	3	14	9	26	3	2	24	46
Domestic orders	3	15	9	15	-2	-1	13	39
Export sales	25	0	41	11	2	10	18	40
Export orders	28	0	23	17	-1	6	10	46
Employment last 3 months	-3	5	-9	13	-5	0	4	24
Employment next 3 months	14	15	12	15	11	9	26	28
% Tried to recruit	31	20	16	27	18	15	58	66
% Part-time	32	44	42	27	40	32	20	21
% Full-time	68	56	15	30	60	68	80	79
% Temporary	29	50	17	23	48	52	44	37
% Permanent	71	50	15	8	52	48	32	63
% Recruitment difficulties	80	38	53	25	51	50	59	42
% Skilled manual	75	0	17	0	23	24	38	30
% Professional/managerial	5	13	36	18	22	19	44	20
% Clerical	0	0	0	0	6	7	8	2
% Semi and unskilled	0	25	0	22	5	9	1	2
Cashflow	-11	-2	6	-1	-5	1	18	17
Investment - plant/machinery	3	15	1	21	3	4	5	14
Investment - training	8	2	2	1	5	3	24	39
Confidence - turnover	25	22	17	28	30	25	50	64
Confidence - profitability	22	10	14	20	24	19	47	57
% Full capacity	53	21	47	16	43	37	56	61
Prices	30	7	15	13	11	16	20	42
% Pay settlements	25	12	14	3	10	9	25	15
% Raw materials	27	41	15	32	12	10	30	10
% Financial costs	9	12	2	3	22	17	29	19
% Other overheads	36	32	17	7	35	34	31	48
Number of companies	64	41			447	473		
Number of employees	514	308			4369	4524		
Number of exporters	24	21			186	187		



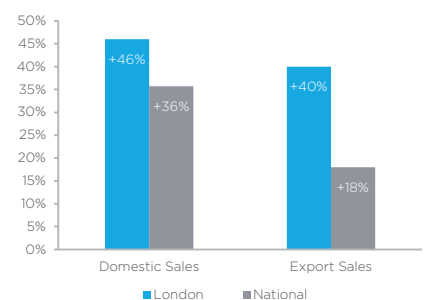
Our latest Capital 500 results saw positive gains across several indicators, with continued appetite to invest in plant and equipment, and easing of business cost pressures all welcome developments. Yet, there were worrying declines in business confidence levels compared to previous quarters. With growing uncertainty over the health of the global economy potentially affecting business sentiment in the short to medium term, decisive UK Government action on key long term infrastructure projects like Heathrow, as well as committing adequate capital for infrastructure investment at the forthcoming Spending Review, would provide some reassurance to London businesses about the path that lays ahead



Manufacturing



Services

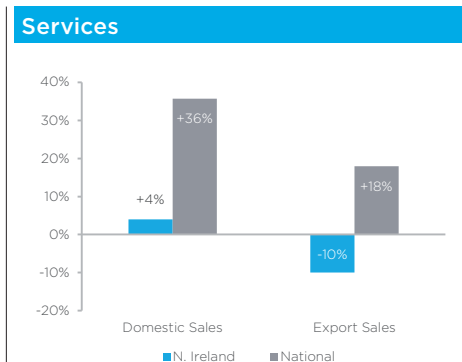
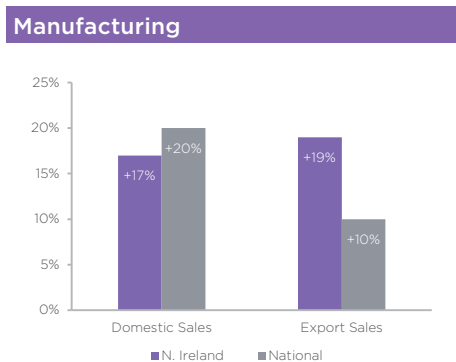


Colin Stanbridge, Chief Executive, London Chamber of Commerce and Industry

Northern Ireland

	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15	Q2 15	Q3 15
Domestic sales	24	11	25	17	26	-4	26	4
Domestic orders	17	12	32	10	23	-11	18	-4
Export Sales	13	5	-3	19	17	-13	8	-10
Export orders	6	5	-9	17	19	-19	9	-15
Employment last 3 months	19	18	32	15	20	12	15	22
Employment next 3 months	23	10	24	4	25	20	20	25
% Tried to recruit	81	51	87	68	86	57	91	65
% Part-time	21	8	19	6	22	22	22	24
% Full-time	79	92	81	94	78	78	78	76
% Temporary	50	50	38	31	38	35	30	41
% Permanent	50	50	35	42	63	65	53	59
% Recruitment difficulties	46	63	42	60	37	56	36	49
% Skilled manual	23	34	32	38	11	21	12	19
% Professional/managerial	10	16	15	11	19	29	20	25
% Clerical	2	5	2	4	5	14	4	12
% Semi and unskilled	11	18	8	14	6	7	10	7
Cashflow	7	9	-1	-2	6	-8	7	5
Investment - plant/machinery	13	14	19	2	21	4	23	14
Investment - training	28	19	46	19	23	10	28	16
Confidence - turnover	51	36	44	23	36	17	47	30
Confidence - profitability	34	23	37	12	25	2	35	8
% Full capacity	40	37	33	46	49	40	44	38
Prices	11	5	10	-3	13	6	16	12
% Pay settlements	24	19	27	26	18	20	26	31
% Raw materials	53	46	48	41	15	16	18	16
% Financial costs	14	13	11	15	14	16	13	15
% Other overheads	35	-	32	-	37	-	36	-
Number of companies	119	85			222	166		
Number of employees	7305	6041			19103	19879		
Number of exporters	92	66			103	85		

“ This quarter’s QES has not been particularly strong for Northern Ireland. There has been deterioration in most of the key balances across both manufacturing and services. It was good to see the manufacturing export balances return to positive territory this quarter but the sector remains under pressure, a good indicator of which is the fact that its cash flow balance is still negative, where Northern Ireland is one of only four regions in the UK where this is the case. We had been seeing a particularly strong improvement in business performance within the domestic economy for Northern Ireland businesses but this appears to have stalled this quarter. Business confidence has also fallen back and concerns around profitability are particularly apparent in both sectors. While most key balances remain positive this quarter, it appears that the momentum in Northern Ireland’s recovery has slowed



Further Enquiries

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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Coordinator: Roisin Milligan,
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North East Chamber of Commerce
(0191 3861133)

North West

Coordinator: Christian Spence,
Greater Manchester Chamber
of Commerce (0161 237 4045);
Contributing Chambers: St Helens,
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South West

Coordinator: David Bharier (BCC);
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Business West, Dorset, Cornwall,
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London

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Northern Ireland

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