

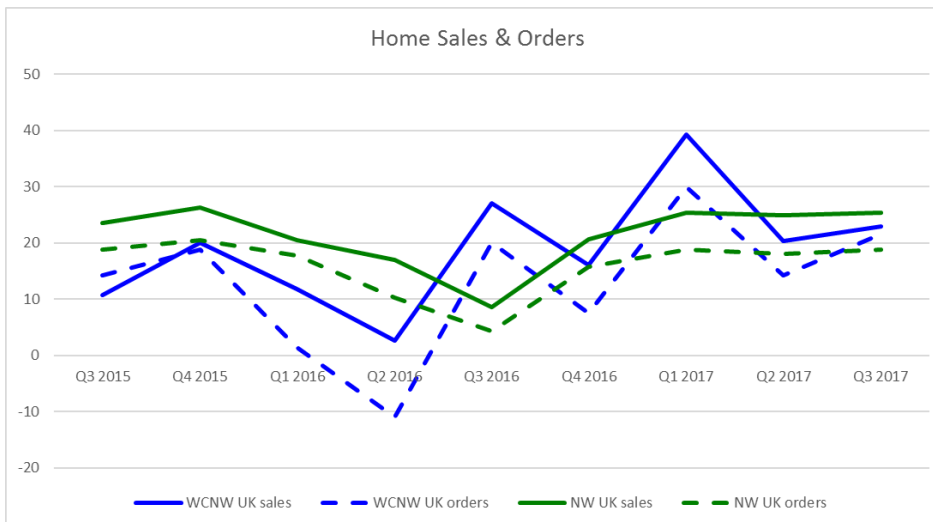
Background

UK GDP growth remained sluggish at 0.3% in Q2 of 2017 meaning that economic growth in the first half of the year was the weakest seen since 2012. The slowdown in growth since 2016 has been mainly accounted for by slower growth in service sector output. Declining real wage growth continues to be the key driver behind the slowdown in consumer spending as growth slowed to 0.1% in Q2. Growth in manufacturing output strengthened whilst construction output growth remained modest. The weaker exchange rate and a stronger world economy has led to an increase in export volume growth. Investment intentions remained modestly positive overall with businesses looking to drive efficiency improvements and some exporters investing to increase capacity. CPI Inflation stood at 2.6% in July 2017 as declining fuel prices offset price increases in other goods and services such as clothing and food.

This quarter the survey received 139 responses from businesses in West Cheshire & North Wales representing over 7,500 employees. The split between the number of businesses in the two regions was 60/40 in favour of North Wales. 22% of the businesses that responded were from the manufacturing sector whilst the remaining 78% came from services.

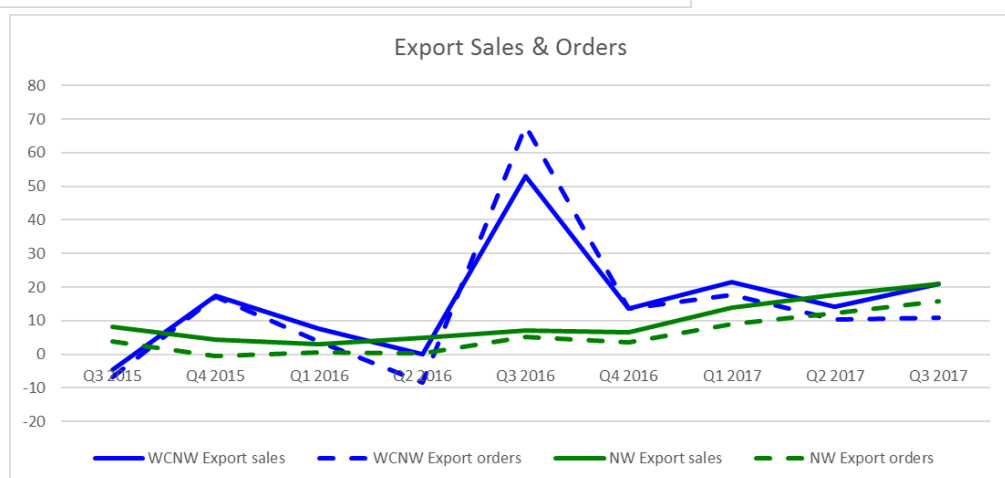
Survey Results for Q3

Sales and Orders

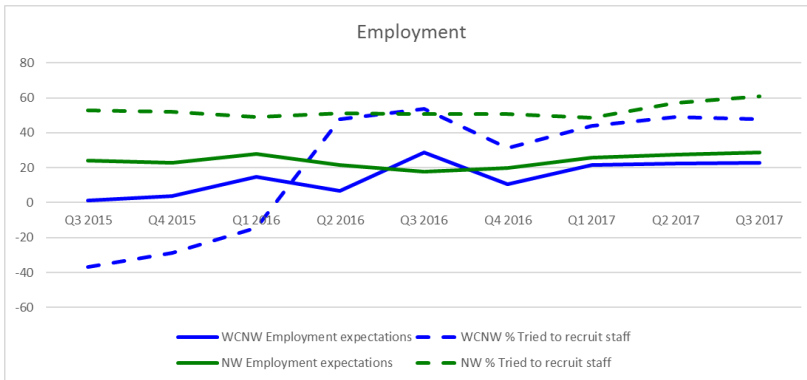


Growth in home sales & orders recovered somewhat during Q3 '17 after a dip in Q2 '17. Balances have now risen to be broadly in line with that of the North West which have remained steady throughout 2017.

After export sales saw a slight decline in growth during Q2 '17, they recovered in Q3 to similar levels seen in Q1. Export orders also stabilised after a slight decline in Q2 but remain marginally below the average for the North West.



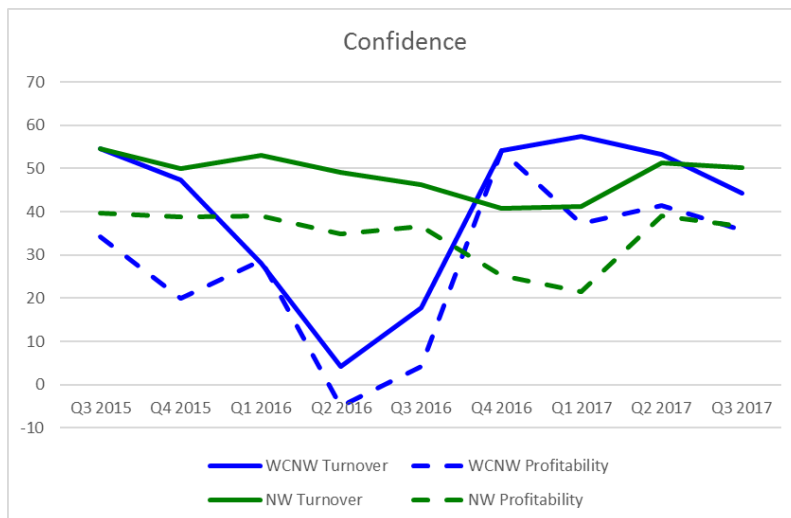
Employment



Employment intentions in Q3 '17 remained steady with only a very slight decline in the percentage of businesses that tried to recruit staff. Employment expectations have also remained stable and have continued at the same level throughout 2017.

Both balances remain marginally below the rest of the North West.

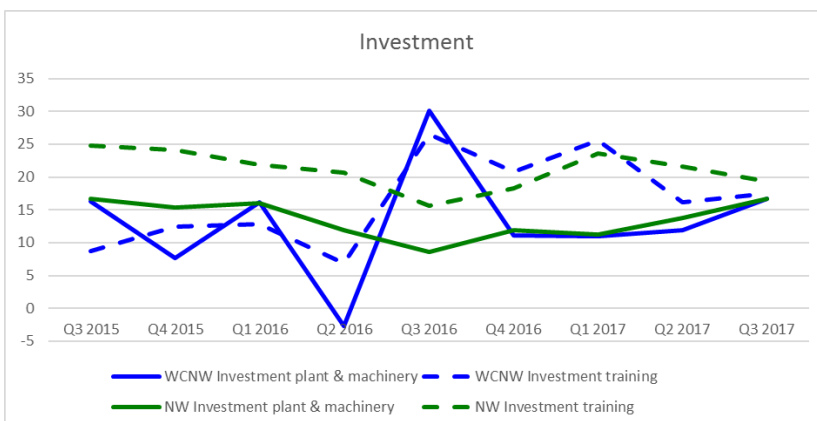
Confidence



Despite the increase in home sales & orders and export sales recorded above, confidence in terms of turnover has continued its downward trend since Q1 '17. This has now fallen below the average for the North West which has flattened after strong growth in Q2 '17.

Confidence, in terms of profitability, has also fallen back after a small rise in Q2 '17. This is in line with the North West.

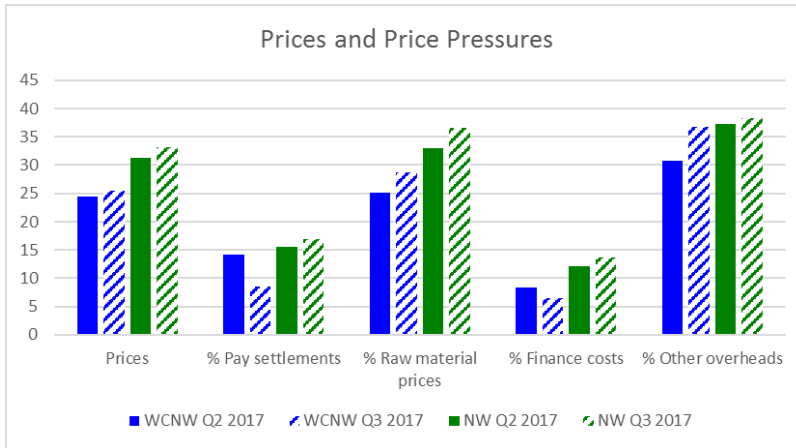
Investment



Investment intentions for training in West Cheshire and North Wales for Q3 '17 have risen slightly after a sharp decline in Q2 '17. This is in contrast to the North West, which recorded declines for the second consecutive quarter.

Investment in plant & machinery which had been flat for the last three quarters, recorded a solid upturn in Q3 bringing the balance in line with the rest of the North West.

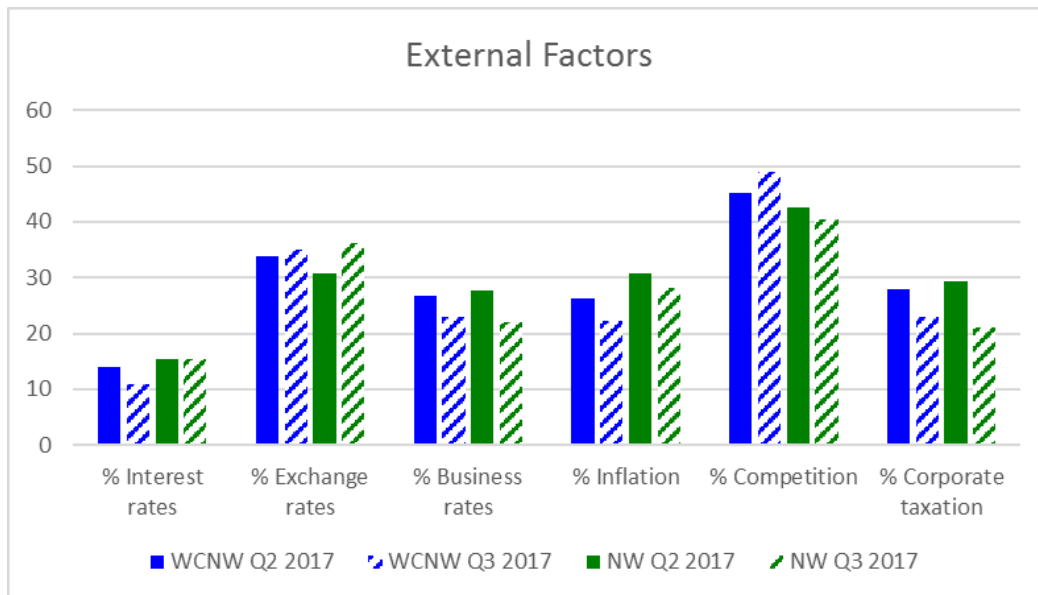
Prices Pressures



Price pressures for West Cheshire and North Wales remain below the average for the North West, despite increased concerns over the cost of raw materials and other overheads.

Concerns over pay settlements and finance costs have fallen throughout the West Cheshire & North Wales region, which is in marked contrast to the North West where concerns rose further in Q3 '17.

External Factors



Summary

The results for Q3 2017 for West Cheshire & North Wales indicate that growth is beginning to rebound after a dip during Q2 with home sales & orders and export sales showing signs of growth. Despite this growth, business confidence has fallen on the quarter. Price pressures have a mixed picture but there has been a slight increase in businesses thinking about raising their prices in the next three months. Apprehension around external factors has eased overall but there were increased concerns over exchange rates and competition.

Now is the time to take bold action, and create the conditions to help the economy rebound from a period of anaemic growth. Government must demonstrate competence, coherence, and above all a clear plan to support the economy through a period of change.