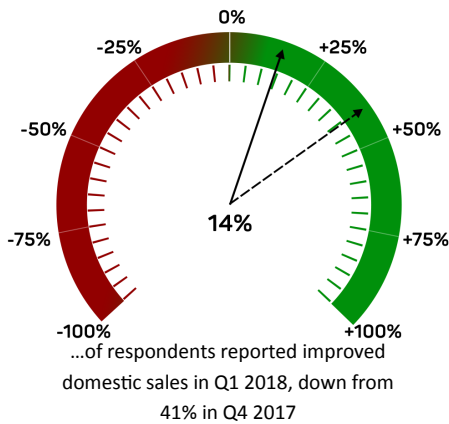


QUARTERLY ECONOMIC SURVEY Q1 2018

Milton Keynes Chamber of Commerce's Quarterly Economic Survey (QES) is a regular independent business survey and forms part of the biggest and most representative survey of its kind in the UK.

DOMESTIC SALES

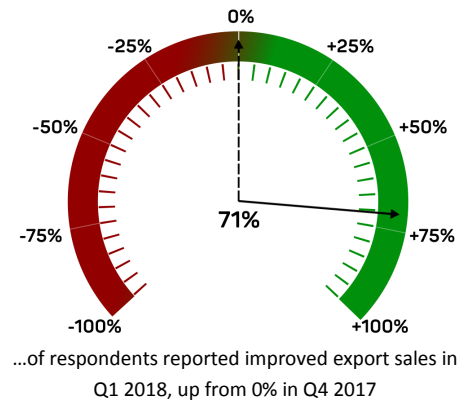
Positive balance (+) = growth | Negative balance (-) = contraction



Domestic sales were down significantly this quarter according to our respondents, with a net balance of just 14% reporting an improvement over the last three months. This compares with 41% in Q4 of 2017. However, far more respondents reported no change to their domestic sales over Q1, with 48% of firms seeing a continuity with sales numbers of the previous quarter.

EXPORT SALES

With sterling weak UK exports are more competitive and are set to perform in a robust way over the coming years. The British Chambers of Commerce (BCC) is forecasting export growth of 3.6% in 2018 and we might be seeing the beginnings of this growth in Milton Keynes. A net balance of 71% of respondents in this sector reported growth in Q1 of 2018, compared with 0% in Q4 of 2017.



British Chambers of Commerce upgrades its UK growth forecast

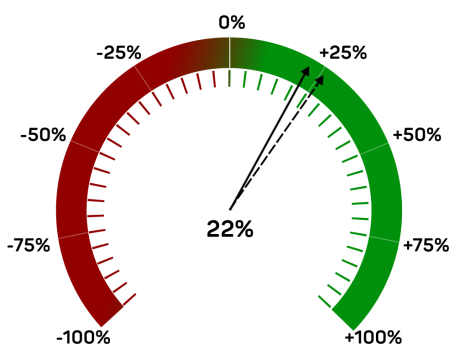
The BCC has upgraded its UK economic growth (GDP) forecast for 2018 from 1.1% to 1.4% (see Table 1). The BCC has also upgraded its UK growth forecast for 2019 from 1.3% to 1.5%, and the BCC's first forecast for 2020 is for 1.6% growth.

The upgrades mainly reflect slightly stronger expected growth in consumer spending amid a moderate pick-up in pay growth. UK export growth is also expected to remain robust, supported by a strong global economy. However, UK GDP growth is still set to remain well below the historical average throughout the forecast period. The latest forecast also implies that the UK will remain among the slowest growing economies in the G7 until 2020 at the earliest.

GDP growth (annual % change)	Q4 17	Q1 18	Change
2018	1.1	1.4	0.3
2019	1.3	1.5	0.2
2020	-	1.6	-

Table 1: BCC UK GDP Growth Forecast Comparisons

EMPLOYMENT GROWTH

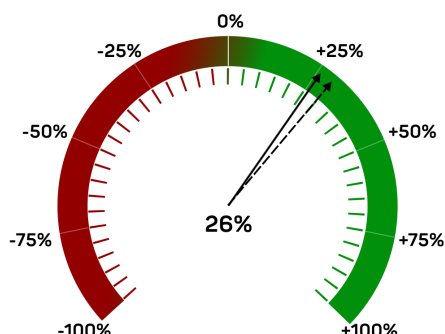


The reported waning momentum of the UK's jobs boom reported nationally doesn't seem to have affected Milton Keynes, with stability in growth and expectations of employment reported in this quarter and the last.

Employment growth was reported by 22% of respondents in Q1, up 4% on Q4 of last year. This stability in workforce growth is supported by the 78% of firms who reported no change in this quarter.

LOOKING AHEAD

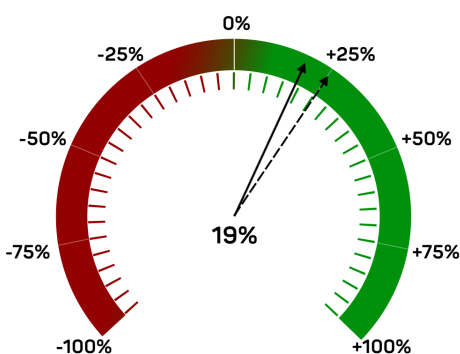
The Quarterly Economic Survey (QES) examines business sentiment on a range of forward looking indicators, including investment intentions, turnover confidence, and prices.



...of respondents expect their prices to increase, down from 30% in Q4 2017

PRICE PRESSURE

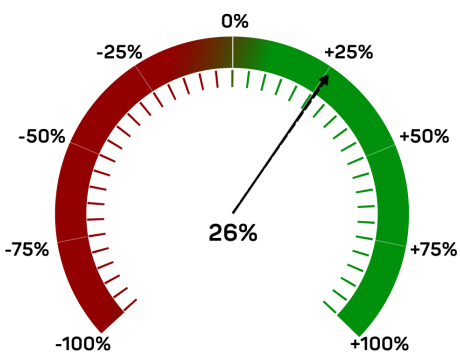
A net balance 26% of businesses responding to the QES in Q1 identified a need to increase prices over the next three months. This represents a continuity in price inflation with Q4 of 2017. A number of factors were reported as the underlying cause for this anticipated price inflation, with respondents identifying competition, over inward and outward taxation, more frequently than any other concern.



...of respondents increased investment in training, down from 25% in Q4 2017

INVESTMENT IN TRAINING

Over Q1 the net number of respondents indicating their intention to increase their investment in training was 19%. The stability in this area, both in comparison with the last quarter and in the number of respondents reporting no change in their level of investment in training (71%), will do little to elevate businesses above the pressure from competition, identified as the factor of greatest and growing concern over the last quarter.

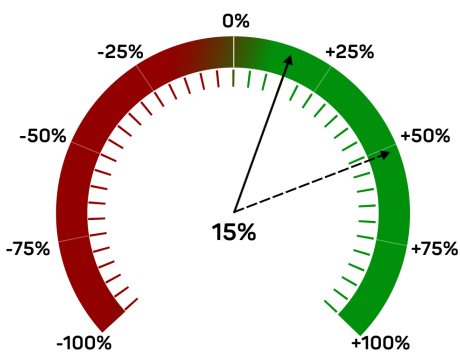


...of respondents expect to grow their workforce in Q1 2018

EMPLOYMENT EXPECTATIONS

A net 26% of respondents expect to grow their workforce over the next three months, demonstrating continuity with Q4 of 2017. The vast majority of respondents (74%) reported that their hiring intentions over the next quarter of 2018 would not change.

Without growth and job creation Milton Keynes could miss out on maximising the forthcoming Government investment of the Oxford-Milton Keynes-Cambridge Expressway.



...of respondents are confident turnover will increase in the next 12 months, down from 52% in Q4 2017

CONFIDENCE

A net 15% of firms expect an improvement in turnover over the next twelve months. This is a considerable drop in business confidence as compared with Q4 2017 and its 52% of respondents who foresaw an improvement in revenue over the next year.

This corresponds with the uncertainty around Brexit and skills shortages reported to be weighing on business leaders' minds. Concerns around these issues are contributing to a softening of business confidence in the attractiveness of the UK labour market. Economists are reporting the expectation that the UK will increasingly become a less attractive place to employ people and invest in

RESPONDENTS

Milton Keynes Chamber of Commerce's Q1 2018 QES is made up of responses from 23 businesses across the county. Firms were questioned between 19 February and 12 March 2018. In the manufacturing sector 50% of respondents were exporters. In the services sector 32% of respondents identified themselves as being exporters.