

BRITISH CHAMBERS OF COMMERCE

# QUARTERLY ECONOMIC SURVEY Q2 2018

The British Chambers of Commerce (BCC) Quarterly Economic Survey – Britain’s largest and most authoritative private sector business survey – based on more than 6,000 responses from firms across the UK – suggests that UK economic conditions remain sluggish, despite a modest improvement in activity in the second quarter of 2018.

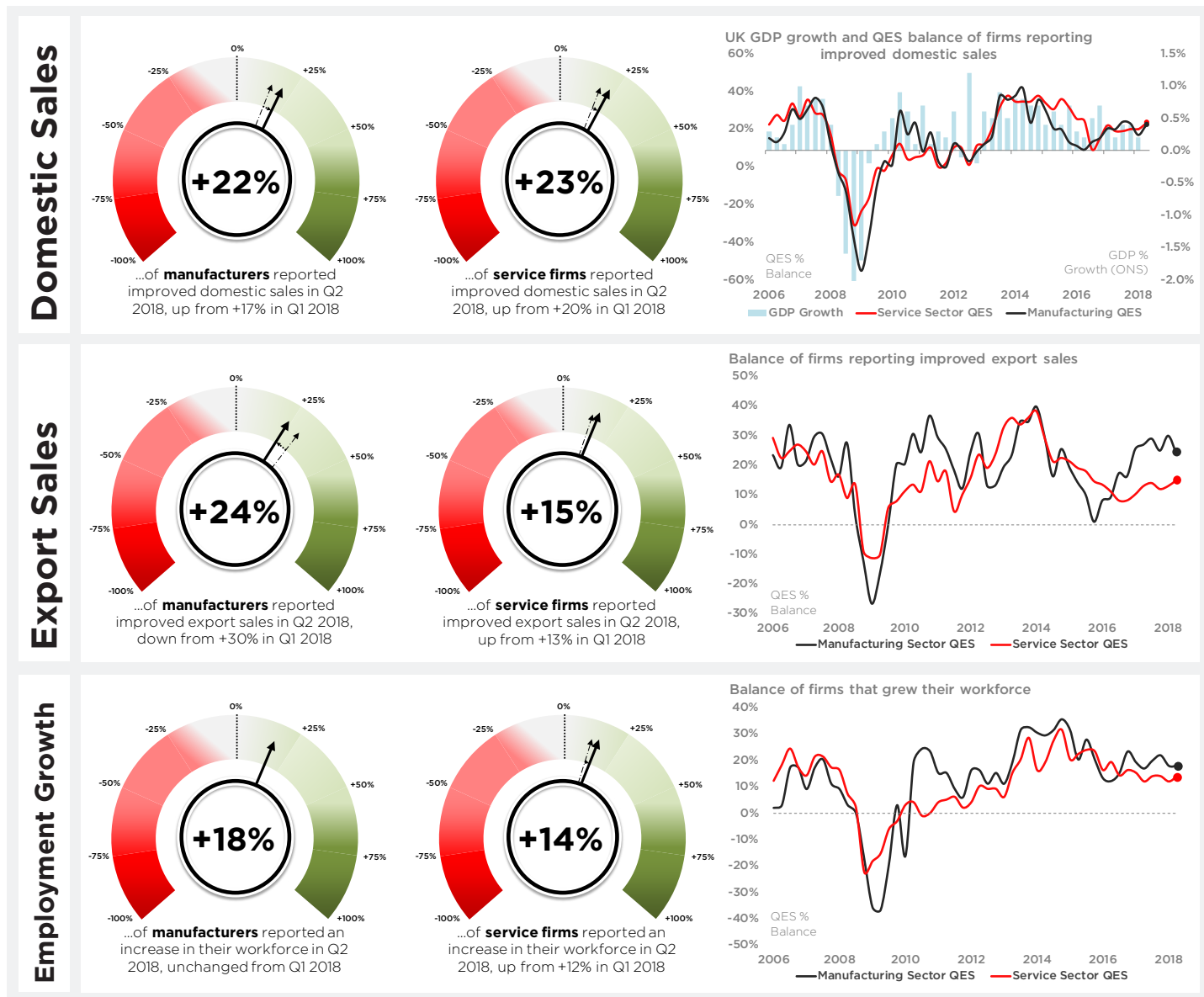
“Amid growing international uncertainty, from escalating trade disputes to oil price rises, the UK economy continues to grow at a sluggish rate. Brexit is a key factor – but long-standing structural issues are also holding companies’ growth back.

Business needs clarity on Brexit, and a strong domestic agenda that creates a ‘Brexit hedge’ as we navigate turbulence over the next few years. Big, bold action is needed for the UK to buck the current slow-growth trend – with major new incentives for business investment, confidence-boosting infrastructure projects, and a concerted effort to slash the up-front cost of doing business, which is putting consumer-facing businesses especially under intense pressure.”

**Dr Adam Marshall** Director General, British Chambers of Commerce

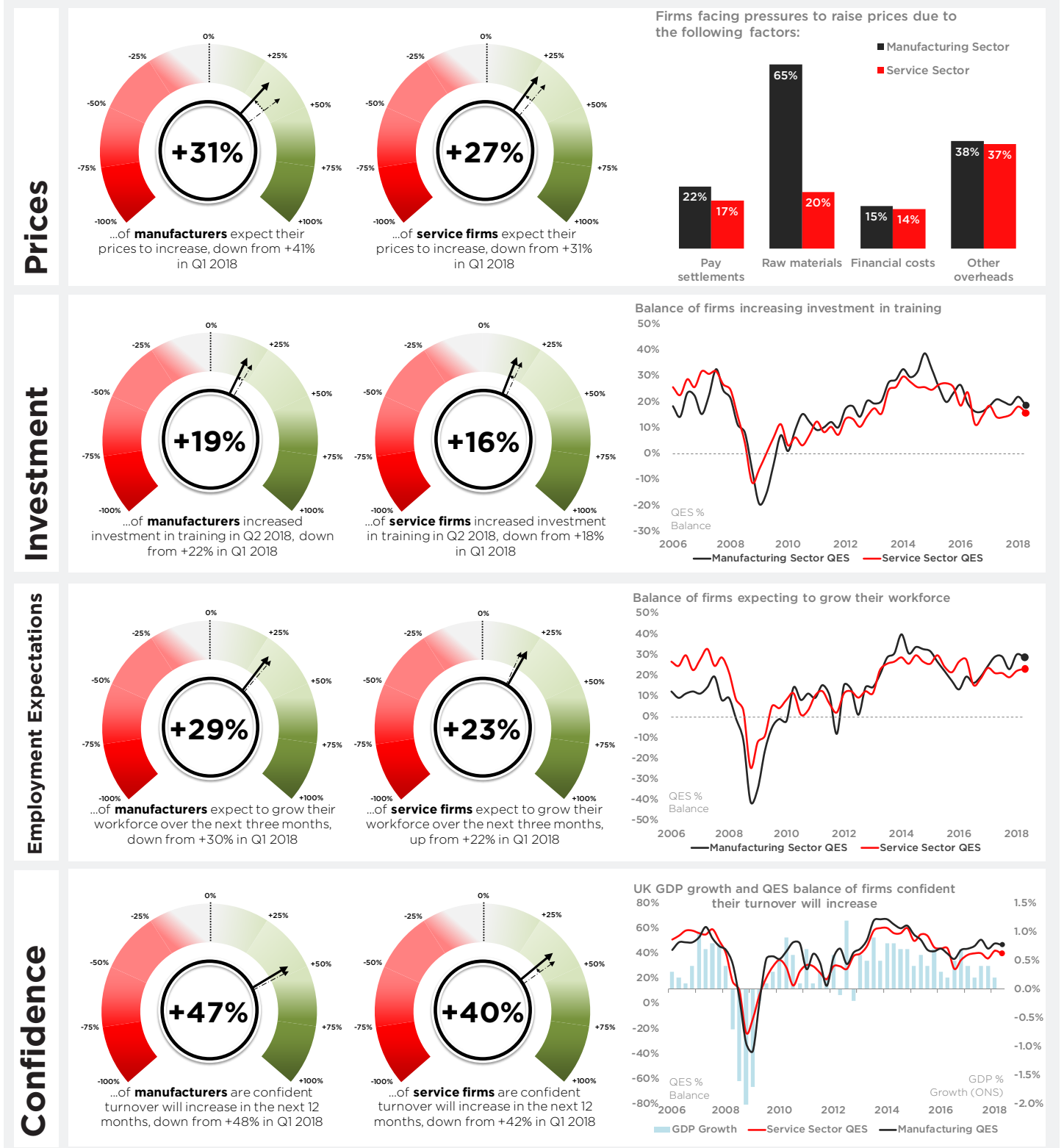
## AT A GLANCE

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



# BRITISH CHAMBERS OF COMMERCE LOOKING AHEAD

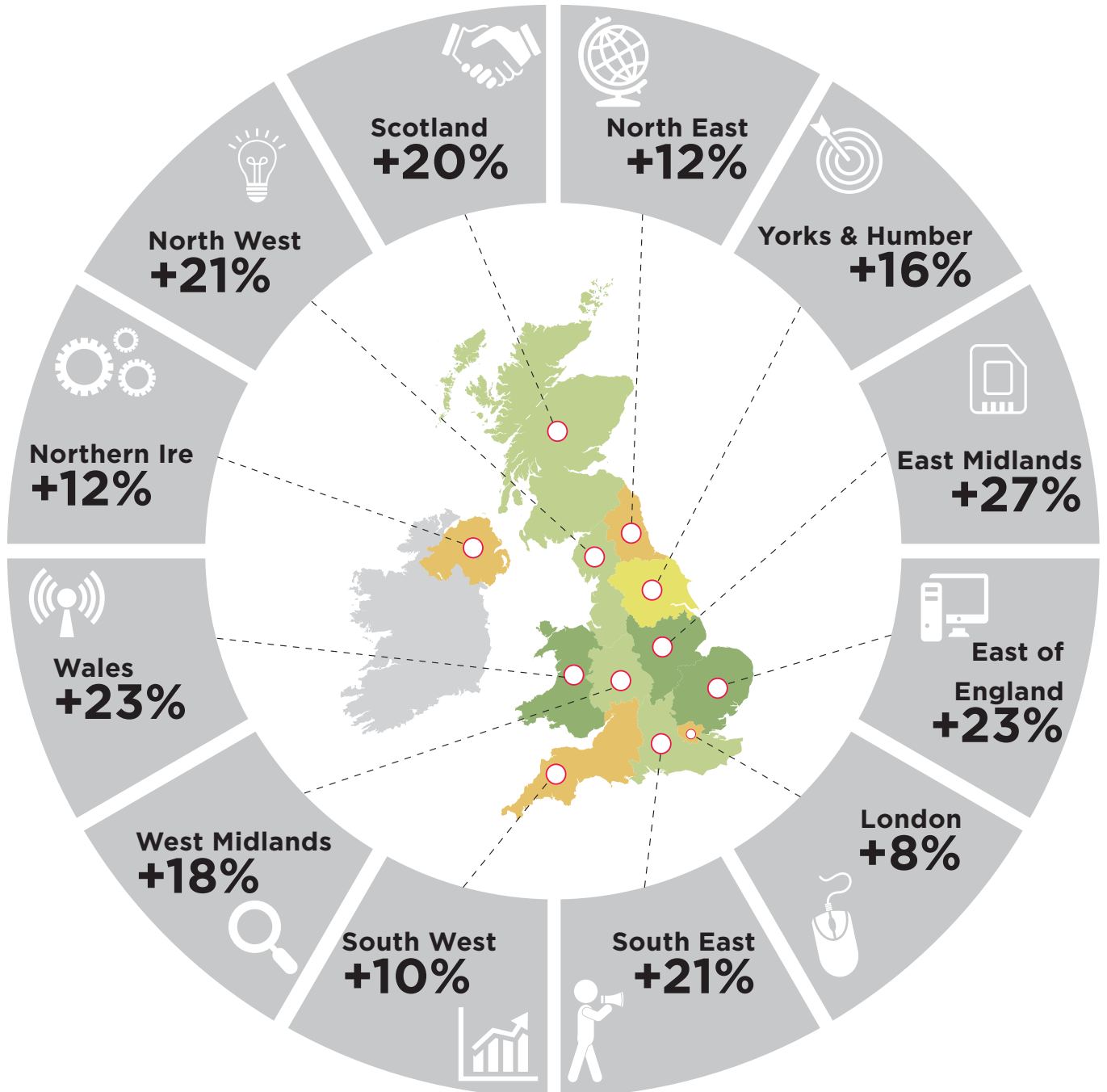
The Quarterly Economic Survey (QES) examines business sentiment on a range of forward looking indicators, including investment intentions, turnover confidence, and prices. In Q2 2018, a number of these indicators point to a subdued outlook. A smaller proportion of firms revised investment upwards compared to Q1, and the proportion of businesses confident that their turnover will increase over the next 12 months also eased. Recruitment difficulties continues to be a concern for businesses, and while the proportion expecting output prices to rise has fallen, it is still high by historical levels.



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# SERVICE SECTOR TRAINING INVESTMENT

In Q2 2018, the balance of service firms planning to increase investment in training stood at +16%, down from +18% in Q1 2018. For B2C service firms, the balance stood at +8%, a fall from +18% in Q1 2018. The heat map below shows the breakdown of this indicator for the service sector as a whole by UK nation and region:



The regions and nations which saw the largest percentage balance of service sector firms reporting increased investment for training were the East Midlands (+27%), and Wales and the East of England (both at +23%). The regions and nations which saw the fewest service firms reporting increased investment intentions were London (+8%), the South West (+10%), and Northern Ireland and the North East (both at +12%).

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## ABOUT THE QES

**The Quarterly Economic Survey is the flagship economic survey from 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, including the Bank of England, HM Treasury, and European Commission.

The BCC Q2 2018 QES is made up of responses from more than 6,000 businesses across the UK. Firms were questioned between 21 May 2018 and 11 June 2018. In the manufacturing sector, 1,605 firms responded, employing approximately 172,000 people. 65% (1,043) of manufacturing respondents were exporters. In the services sector, 4,432 businesses responded, employing approximately 702,000 people. Of the services sector participants, 37% (1,633) were exporters.

## 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).

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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