

## **BUSINESS CONFIDENCE**

### **Chamber Quarterly Survey**

The Chamber of Commerce Herefordshire & Worcestershire carries out a quarterly survey amongst its members as part of a wider national survey. Whilst it must be remembered that information for Herefordshire is based on a small number of businesses, it does provide some indication of business confidence and behaviour, in particular the effects of the economic downturn. Four quarter moving averages are used here to remove some of the uncertainty resulting from the small sample size. When a date is shown on a chart (e.g. Dec 09) it refers to the four quarters leading up to that date, i.e. Jan-Dec 09.

#### **Key points**

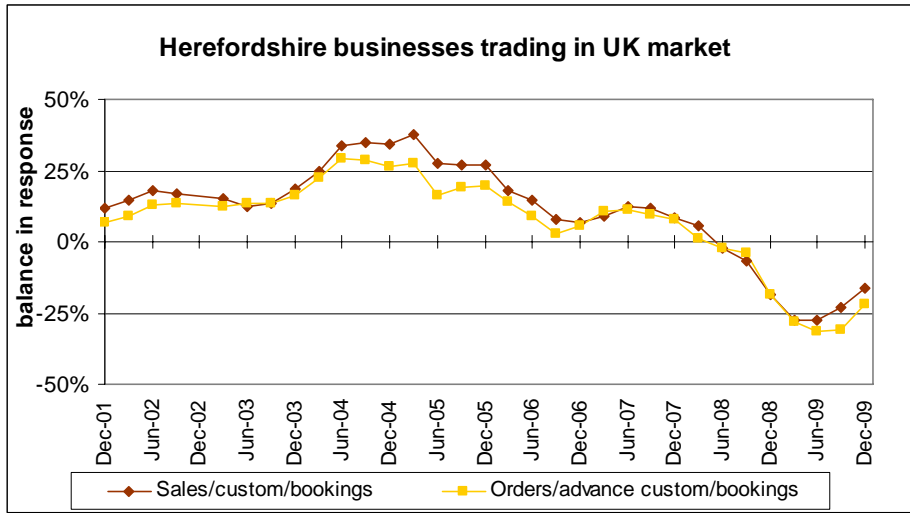
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- The balance<sup>1</sup> for trading in the UK market was still in negative territory, but with steady improvement over the last three quarters.
  - The proportion of businesses experiencing a decrease in their workforce over the past three months was high, resulting in a negative balance, similar to the previous quarter.
  - Cashflow has steadily improved since April 08 – March 09, but is still in negative territory.
  - Business confidence in turnover has steadily increased over the last four quarters, coming into positive territory. Business confidence in profitability has shown a similar improvement over the same time period, but remains in negative territory.
  - The balance for prices is positive, meaning more businesses expect to increase prices than expect to lower them.
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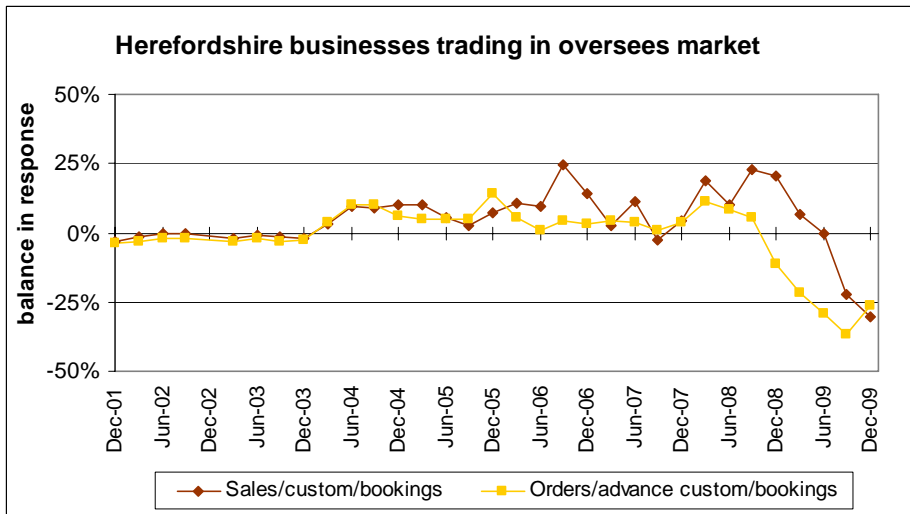
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<sup>1</sup> References to balance or positive or negative territory refers to the difference in the percentages of businesses who reported an increase / improvement / revision upwards and the percentage who reported a decrease / worsening / revisions downwards. For example if more businesses reported a decrease in sales than reported an increase this would leave the balance in negative territory.

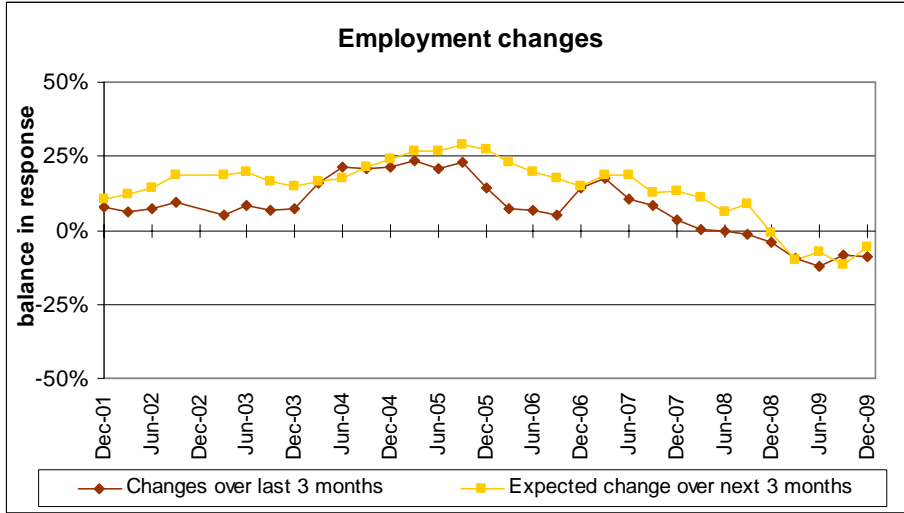
In the period January – December 2009, the balance for trading in the UK market was still in negative territory, which means more businesses reported a decrease than reported an increase. However, there has been steady improvement over the last three quarters (see chart below).



For businesses operating in overseas markets, the picture is more mixed. Sales, custom and bookings have continued their downward trend seen since the period Oct 07 – Sept 08; orders, advance custom and bookings, while still deep in negative territory, have shown an improvement since the last quarter.

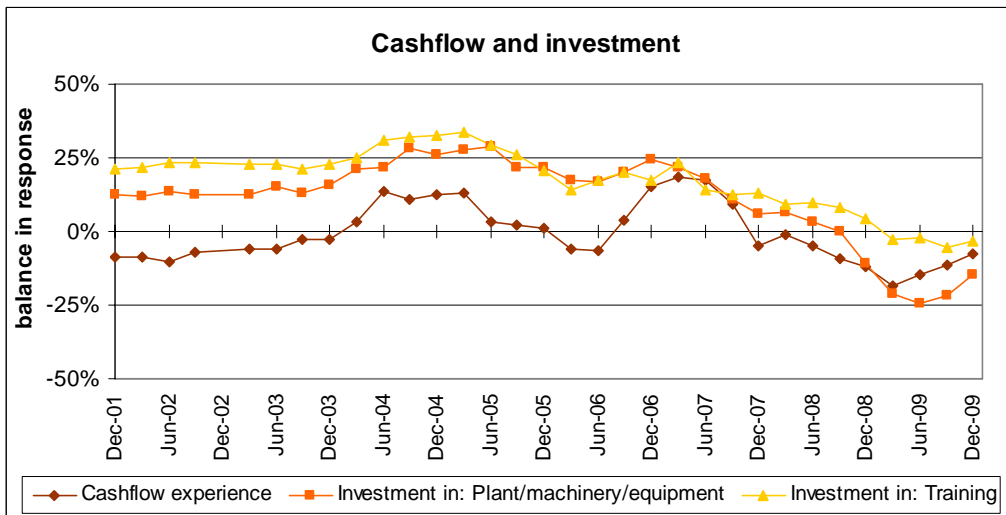


The proportion of businesses experiencing a decrease in their workforce over the past three months was high, resulting in a negative balance, similar to the previous quarter. With regard to changes in workforce expected over the next three months, this has climbed slightly, although it is still just in negative territory.

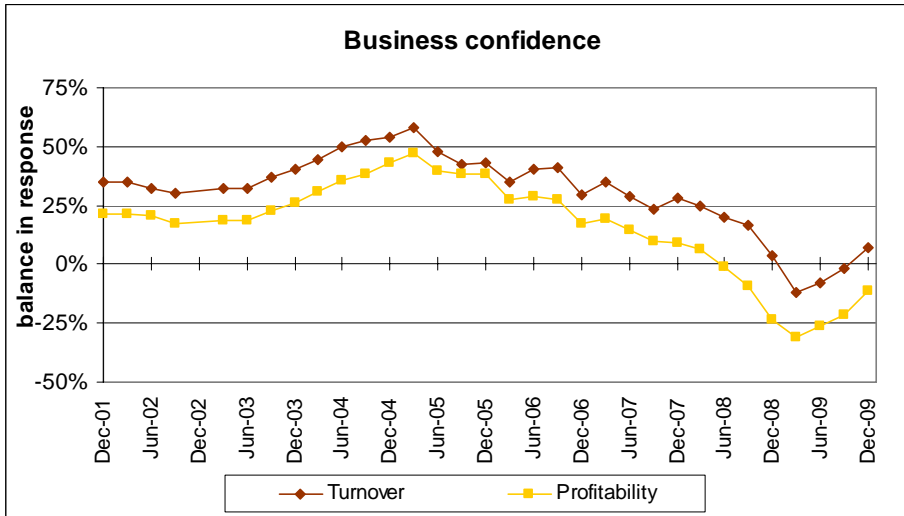


37% of businesses had attempted to recruit staff over the last quarter, which is similar to the last four quarters. 39% had trouble recruiting, which is similar to the previous quarter, but lower than the period July 08 – June 09.

Cashflow has steadily improved since the period April 08 – March 09, but is still in negative territory. The balance for prospects of investment in training has remained steady just below zero, whilst for investment in plant, machinery and equipment this has improved since the period July 08 – June 09.

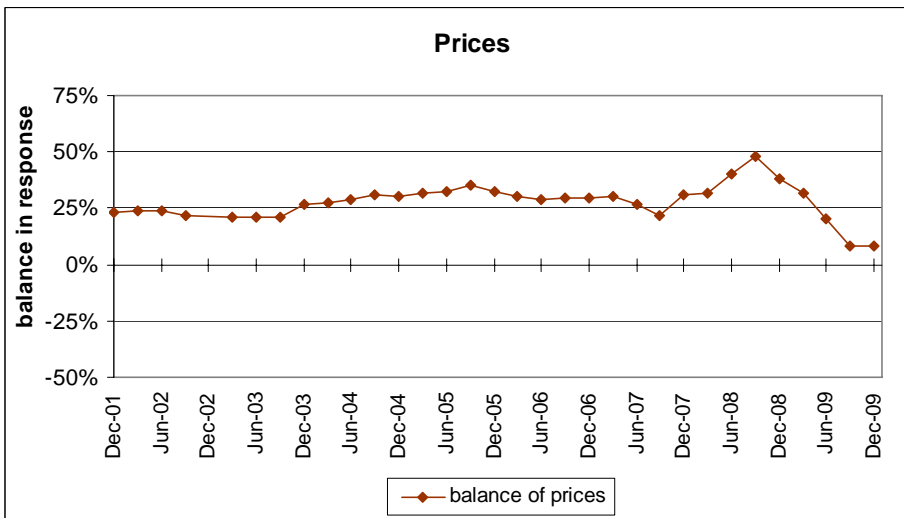


Business confidence in turnover has steadily increased over the last four quarters, coming into positive territory for the first time since the period Jan – Dec 08. This means more businesses are expecting it to increase than expect it to decrease over the next 12 months. Business confidence in profitability has shown a similar improvement over the same time period, but remains in negative territory.



77% of firms reported operating below capacity, the same as in the previous quarter.

The balance for prices is positive, meaning more businesses expect to increase prices than expect to lower them. This has remained steady since the previous quarter. 42% of businesses said that the cost of raw materials was a cause of pressure to raise prices.



Information from this survey for Herefordshire and Worcestershire can be found here: <http://www.hwchamber.co.uk/PolicyAndLobbying/Local.htm>

National results can be found here: <http://www.britishchambers.org.uk/zones/policy/reports/quarterly-economic-survey.html>

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