

BRITISH CHAMBERS OF COMMERCE

QUARTERLY ECONOMIC SURVEY Q1 2024

Most firms continue to report no improvement to investment. The BCC's Quarterly Economic Survey (QES) for Q1 2024 – the UK's largest independent survey of business sentiment, made up of 92% SMEs – shows that while business confidence remains buoyant, there has been no overall improvement to business conditions, as measured by investment, sales, and cash flow.

More than half (56%) expect their turnover to grow over the next twelve months

Only 24% report an increase to plant and machinery investment

Almost half (46%) now expect their prices to rise in the next three months

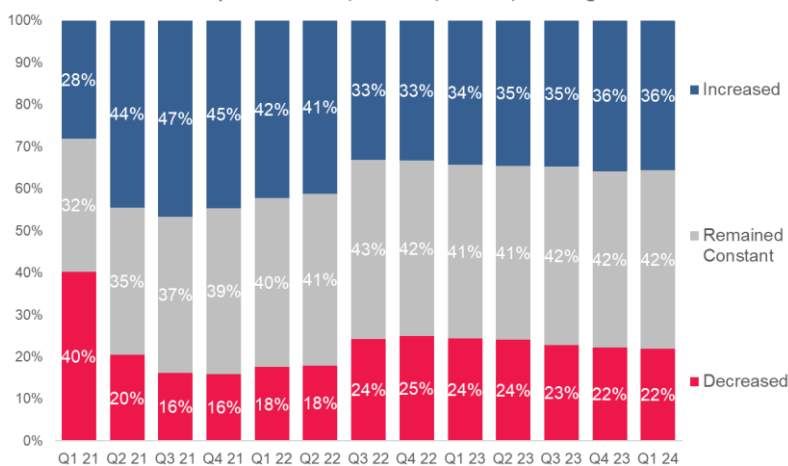


Domestic Sales

Overall, 36% of respondents reported an increase to domestic sales in the last three months, while 22% reported a decrease, unchanged from the previous quarter.

44% of professional service firms reported an increase in sales, compared to only 29% of retailers.

Over the past 3 months, UK sales/custom/bookings have...

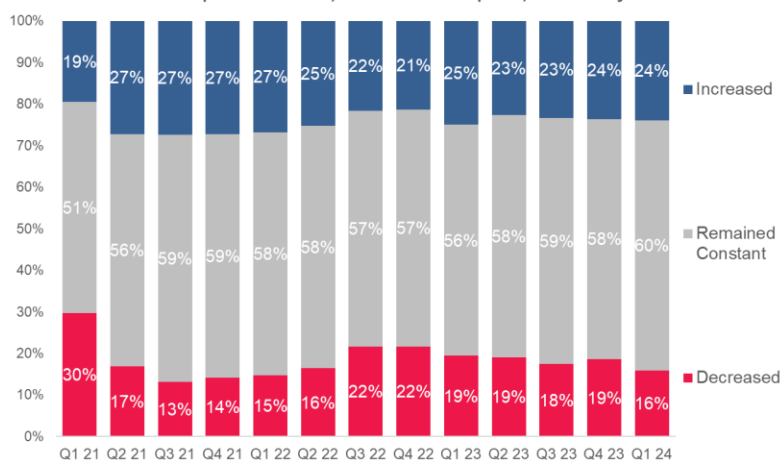


Investment

Overall, 24% of respondents reported an increase to plant/equipment investment in the past three months, while 60% reported no change, and 16% reported a decrease.

There are wide sectoral disparities; 28% of hospitality firms report a decrease in investment, while 30% of manufacturers have seen an increase.

Over the past 3 months, investment for plant/machinery has...



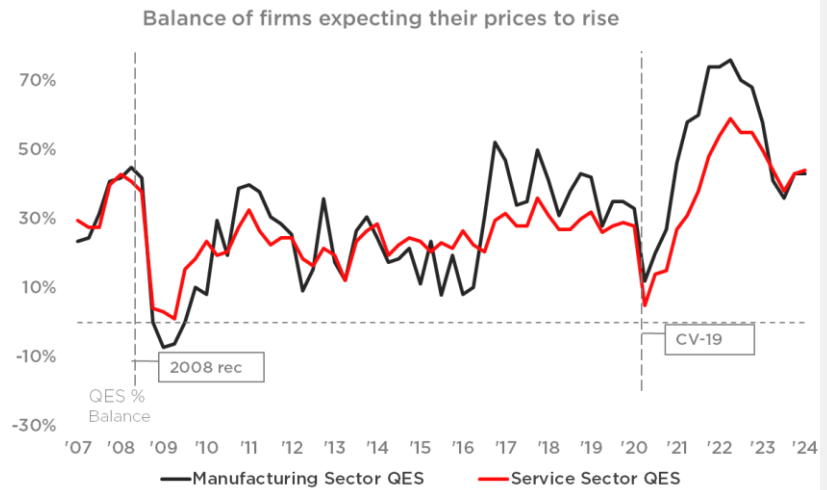
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Prices

The percentage of firms expecting their prices to rise stands at 46%, halting the downward trend seen since Q2 2022.

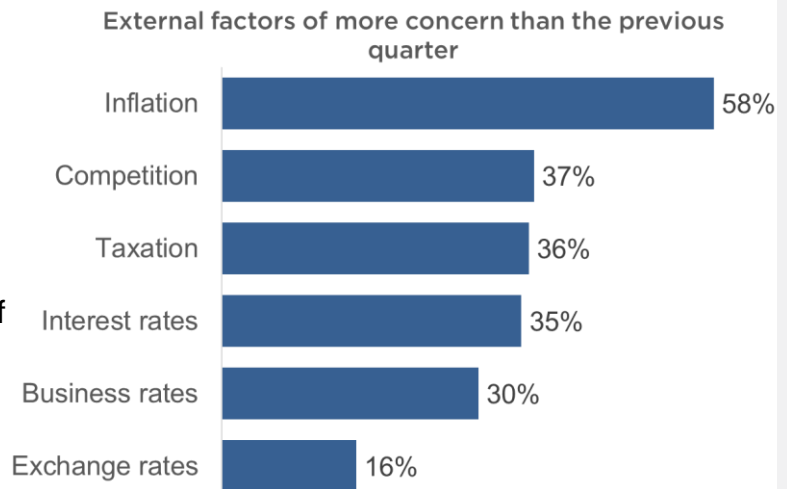
As measured as a percentage balance, the services sector stands at +44% while the manufacturing sector stands at +43%.



External factors

While inflation remains the concern most reported by businesses (58%), fewer are reporting interest rates as a concern.

35% of businesses say they are concerned about the cost of borrowing, compared with 39% in Q4. These figures remain high compared with the pre-Covid trend.



The view from businesses

“Over the last couple of year, so many new trade deals and regulations have been established. It is challenging to keep up with all the changes, but they can bring good business opportunities”

Micro manufacturer in Thames Valley

“The increase in the NMW has an impact on all staff who also need an increase to maintain the gap between skilled and unskilled workers”

Micro retailer in Greater Manchester

“The University sector is under increasing pressures from static home student fees, rising costs, government policy changes (e.g. on limiting international students & dependents). This is affecting all Universities... which in turn will affect local businesses and communities”

Large education provider in the East Midlands

“Our local suppliers are supplying poorer quality parts, with frequent delays, due to a lack of welding expertise in particular”

Large manufacturer in Northern Ireland

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“The latest results from the QES provide further evidence that the UK economy is trapped in a low-to-no growth state.

“Although business confidence remains buoyant at the start of the year, most SMEs are still not reporting any tangible improvement to business conditions.

“The lack of investment among most SMEs is a real concern. Inflation, skills shortages, and an almost endless list of new trade barriers with the EU, coupled with a lack of clear direction on infrastructure and technology investment at the government level, have led to paralysis for many businesses.”

David Bharier, Head of Research at the British Chambers of Commerce

ABOUT QES Q1 2024

4,816 business respondents from across the UK

Responding businesses employ around 861k people

75% are in the service sector, 25% in the manufacturing sector

Around 44% are exporters

92% are SMEs

Fieldwork took place between 12 February – 12 March 2024

Methodology

QES asks businesses if they have seen an increase, decrease, or no change in a range of metrics such as domestic sales, cash flow, and investment.

QES results are often presented as balance figures – the percentage of firms that reported an increase minus the percentage that reported a decrease. If the figure is above 0, it indicates overall expansion of activity and if the figure is below 0, it indicates overall contraction of activity.

For example, if 50% of firms told us their sales increased and 18% said their sales decreased, the balance for the quarter would be +32% (an overall expansion). If 32% told us their sales increased and 33% said their sales decreased, the balance would be -1% (an overall contraction).

For more information:

Contact David Bharier, Head of Research at the British Chambers of Commerce for any queries or to understand how your organisation may benefit from the BCC Insights Unit

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If you would like to enquire about local data, you can find your local Chamber of Commerce here

<https://www.britishchambers.org.uk/page/join-a-chamber>