

# BRITISH CHAMBERS OF COMMERCE QUARTERLY ECONOMIC SURVEY

## KEY FINDINGS Q1 2016

The British Chambers of Commerce (BCC) Quarterly Economic Survey – Britain’s largest and most authoritative private sector business survey, based on more than 8,500 responses from firms in Q1 2016 – suggests that growth in the UK economy continued to soften in the first quarter, with most key survey indicators either static or decreasing.



Our latest survey results suggest that the UK economy is in a holding pattern. While the picture is static overall, there are clear indications that economic growth is continuing to soften. From sales and orders to confidence and investment intentions, many of the business indicators we track are at a low ebb.

**Dr Adam Marshall**

Acting Director General, British Chambers of Commerce



Although GDP growth for the previous quarter was upgraded slightly, our survey points to a slowdown in Q1 2016. This is the inevitable consequence of mounting global and domestic uncertainties, but it is nevertheless concerning that the vibrant and dominant services sector is likely to face mounting challenges in the next few years.

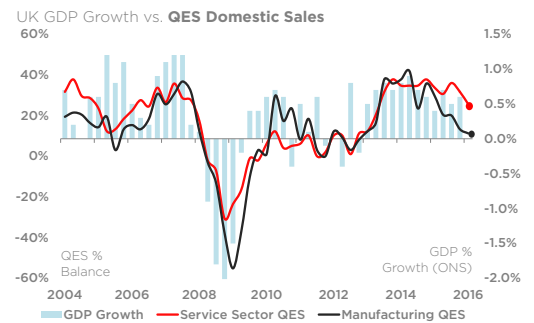
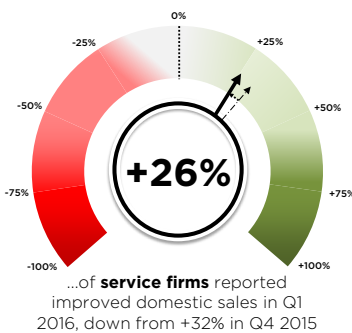
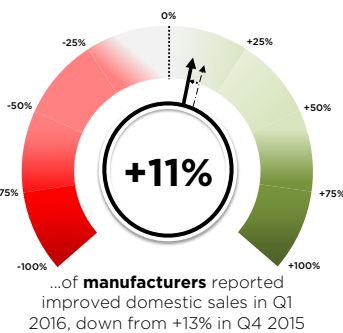
**David Kern**

Chief Economist, British Chambers of Commerce

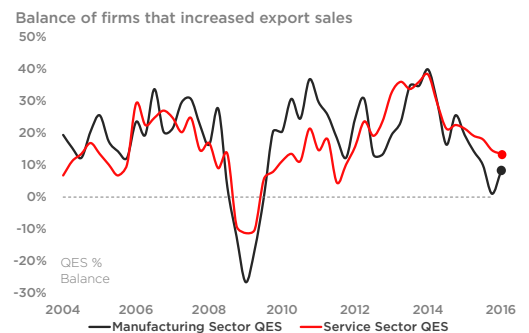
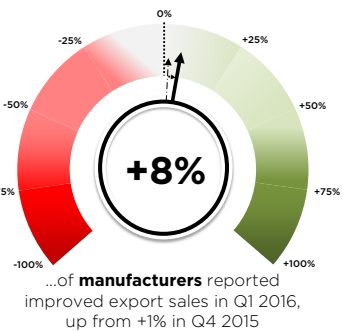
### AT A GLANCE

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

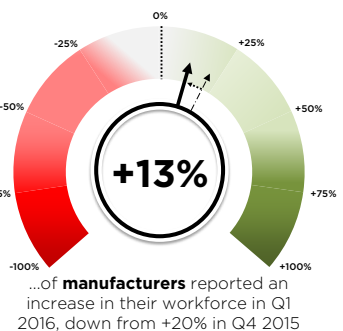
#### Domestic Sales



#### Export Sales



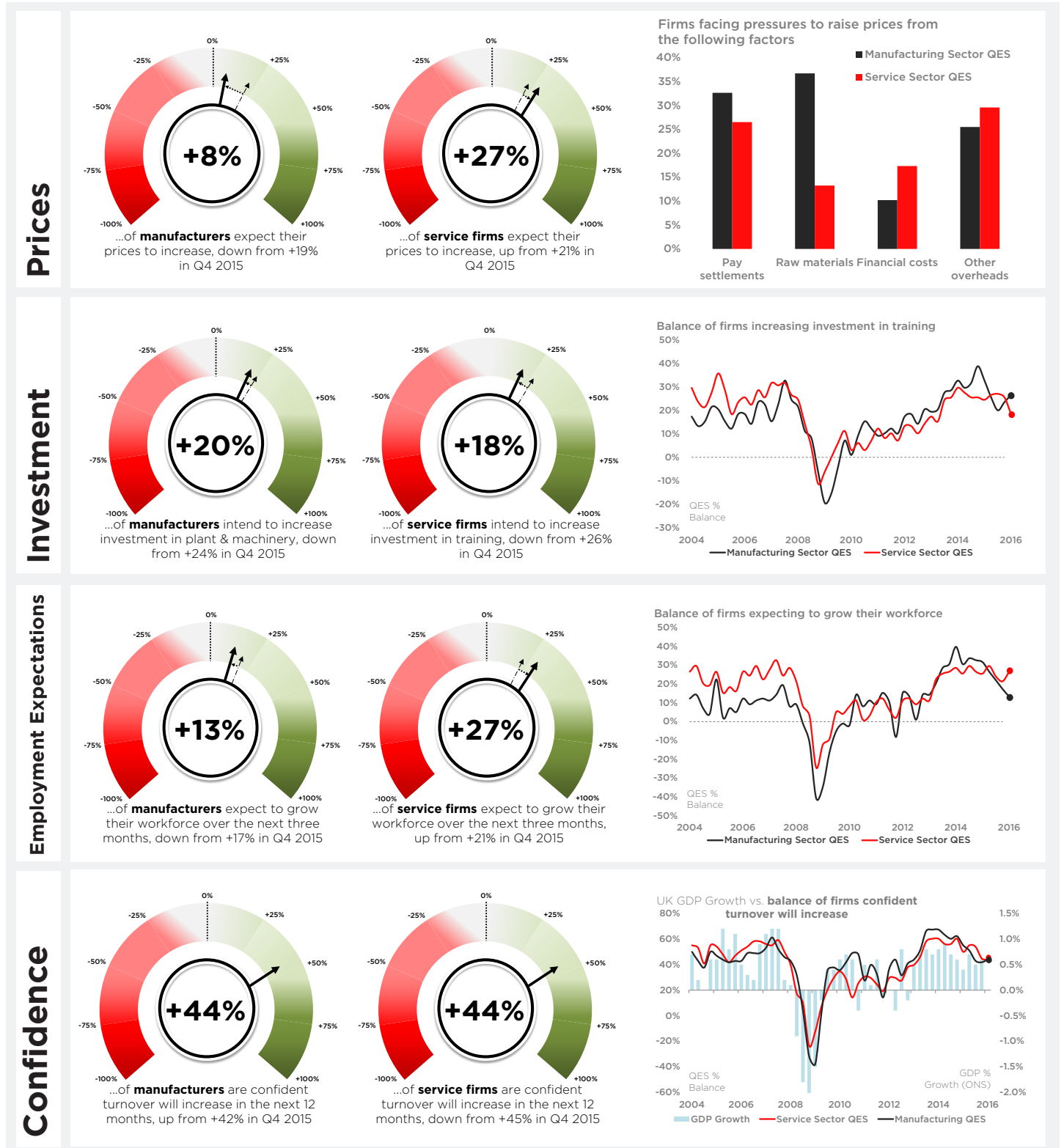
#### Employment Growth



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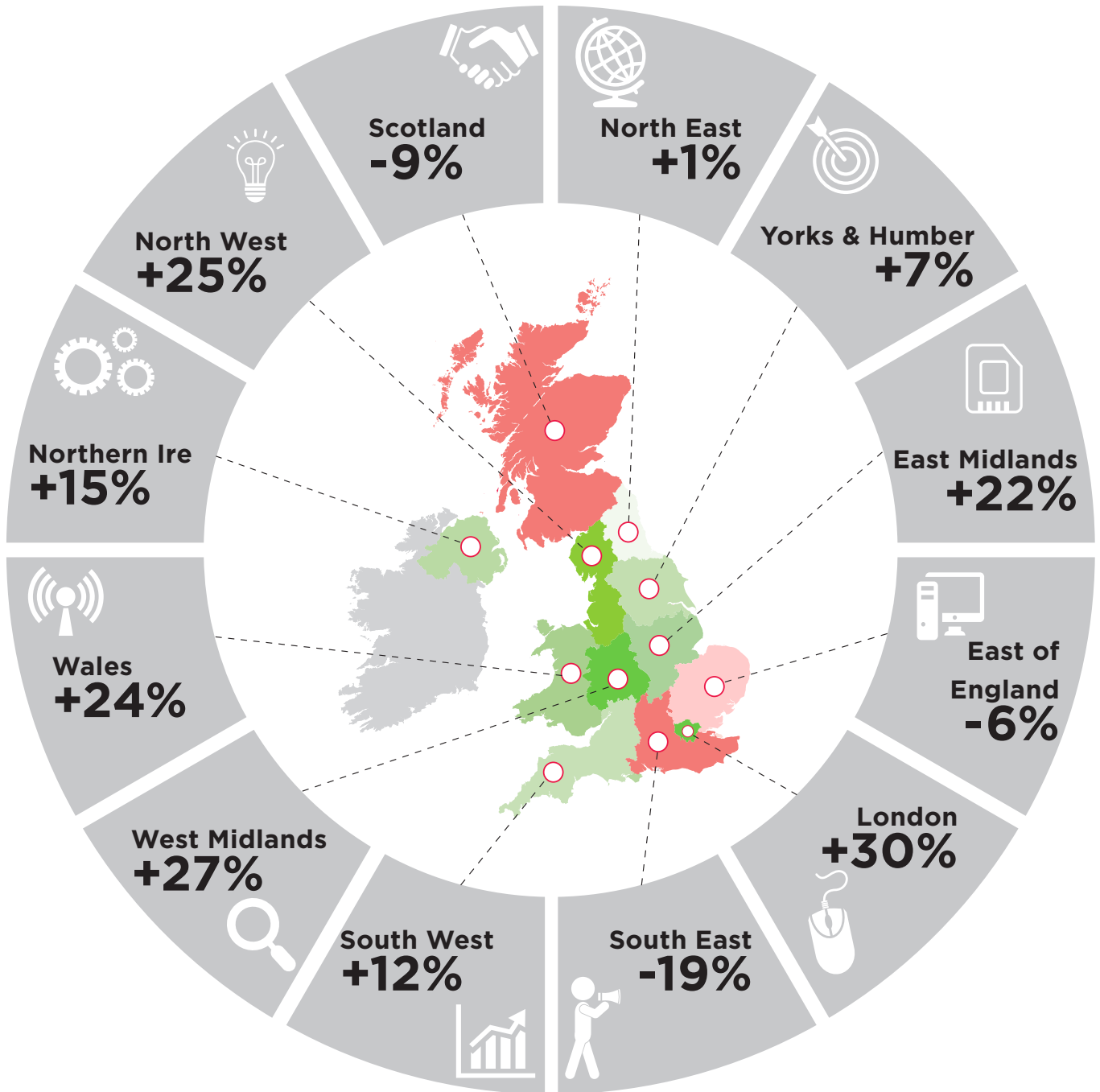
## LOOKING AHEAD

The Quarterly Economic Survey (QES) examines business sentiment on a range of forward looking indicators, including investment intentions, turnover confidence, and prices. In Q1 2016, the forward looking indicators point to a dampening of investment intentions and business confidence, while expectations over prices begin to diverge between the services and manufacturing sectors.



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**IN FOCUS MANUFACTURING**

This heat map shows the percentage balance of **manufacturers** reporting improved domestic sales in Q1 2016 by region:



The Q1 2016 manufacturing balances for domestic sales were in positive territory in nine regions and nations, while three balances were negative. Comparing the manufacturing sector's performance across the various regions and nations, the strongest Q4 2015 domestic sales balances were in London at +30%, followed by the West Midlands at +27%, and the North West at +25%. By contrast, the weakest manufacturing domestic sales balances were in the South East at -19%, Scotland at -9%, and East of England at -6%.

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# ABOUT THE **QES**

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

The BCC Q1 2016 QES is made up of responses from 8,542 businesses across the UK. Firms were questioned between February 22 and March 14. In the manufacturing sector, 2,112 firms, employing approximately 317,000 people, responded. 1,451 (68%) of manufacturing respondents were exporters. In the services sector, 6,430 businesses with approximately 889,000 employees responded. Of the services sector participants, 2,556 (40%) 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 is +32% (an expansion).

If 32% told us their sales grew and 33% said they fell the balance is -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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### South East

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