

Economic SURVEY

Q4 18



“2018 has been an uncertain one for businesses in the Black Country, with a range of sectors affected by key policy issues throughout the year. In particular, the region’s construction supply chain was forced to react to the liquidation of Carillion early in the year, whilst the automotive industry has been affected by a severe drop in diesel sales in the latter stage of the year. Throughout, the haulage industry has been vocal on the need for frictionless trade post-Brexit, with the Hospitality and Care sectors equally vocal on the need for common-sense immigration policy.

In terms of Q4 itself, and as Brexit continues to dominate political headlines and conversations, positive forecasts for profitability and turnover for Black Country businesses are welcome. Across sectors, 93% of respondents suggest that turnover will increase or remain constant in the next three months, with 91% of respondents saying the same for profitability. It is testament to the resilience of businesses in the region, that despite the widespread uncertainty, there remains cautious optimism.

Again, recruitment issues continue to bite Black Country businesses. Manufacturers have found recruiting the right staff particularly difficult, with 76% of respondents outlining recruitment issues. This is compared with 51% of service sector firms. Like previous quarters, 98% of respondents suggest that prices will

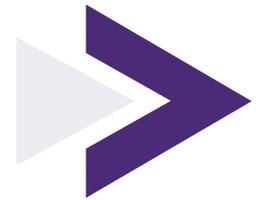
increase over the next twelve months.

Through our daily discussions with members, we know that businesses are growing increasingly frustrated by actions in Westminster. It is now clear that such division exists in the Commons to extend the deadlock ever further.

As a Chamber, we will continue to regularly update our members to ensure that Black Country businesses are fully aware of how the UK leaving the EU will affect their day to day activities. As well as updating our members and sharing valuable information, we will continue to lobby on their behalf and ensure that the Black Country and West Midlands voice is heard at the national level.

Corin Crane
**Chief Executive,
Black Country Chamber**

Key FINDINGS Q418



DOMESTIC SALES



87% of respondents

confirmed that UK sales have either increased or remained constant, the same as **Q3 2018**.



The service sector reported a **2% increase** at **86%** and the manufacturing sector a slight downturn from **90%** to **88%** respectively.

OVERSEAS MARKET



Export sales are up for the service sector, from **67%** in Q3, to **86%** in Q4.



87% of manufacturers

report either increased or constant export sales, up from **78%** in **Q3 2018**.

CASHFLOW



80% of manufacturers

reporting improved or constant cashflow, the same as **Q3 2018**.



The service sector reports marginally improved cashflow, up from **84%** in **Q3 2018** to **87%** in **Q4**.

TRAINING INVESTMENT

91% of respondents

showing that investment in training had increased over the last 3 months. The standout positive figures from **Q4 QES** are those of turnover and profitability, however.

TURNOVER

93% of manufacturers

suggest that turnover will increase in the next 3 months, up from **86%** in **Q3**, whilst there is a slight **2%** in turnover projections for the service sector, this is still high, at **94%**.

PROFITABILITY

93% outlining increased or constant profitability,

up from **82%** in **Q3**. **87%** of manufacturers forecast growth in profit, at **87%**, **2%** up on **Q3's 85%**.

TOP THREE EXTERNAL FACTORS AFFECTING BUSINESS

26% of respondents said Competition.

24% of respondents said Exchange Rates.

15% of respondents said Corporate Taxation.



WHAT'S NEXT?

From a wider policy perspective, it is good to see elevated levels of investment in training for the last 3 months. This proves that businesses are serious about tackling skills and recruitment issues. The next challenge for Black Country business will be to understand and engage with the government's new flagship technical qualification, the T Level.

Moving forward, we will be redoubling our efforts to engage with BEIS on poor payment practices and the overdue payment culture which affects many of our members. We will also be seeking further clarity from various government departments so that our members are fully prepared for Brexit, these departments

will include: The Home Office, HMRC and Department for Exiting the European Union. We will also be ensuring that fundamental domestic policies are not being ignored as Brexit continues to dominate policy conversations.

Daniel Turner
**Policy Officer,
Black Country Chamber**



“A PARTICULAR CONCERN FOR THE REGION AT THE MOMENT IS THE AUTOMOTIVE SUPPLY CHAIN AND HOW WE CAN SUPPORT TIER 2 AND 3 SUPPLIERS IN THE REGION. WE WILL BE UNDERTAKING WORK TO ENSURE THAT THE VOICE OF THESE INTEGRAL SUPPLY CHAIN BUSINESSES IS HEARD LOUDLY AND CLEARLY. HAVING LEARNT SOME DIFFICULT LESSONS RECENTLY WITH CARILLION, WE ARE FAMILIAR WITH HOW DESTABILISING A SUDDEN SHOCK TO INDUSTRY CAN BE THROUGHOUT THE SUPPLY CHAIN. THE BLACK COUNTRY AND WEST MIDLANDS REGION IS PARTICULARLY SUSCEPTIBLE TO AUTOMOTIVE INDUSTRY FLUCTUATIONS.”



About THE SURVEY

Carried out by the Black Country Chamber of Commerce, the Quarterly Economic Survey (QES) is a survey conducted each quarter, the results of which contribute towards and are compiled by the British Chambers of Commerce to form one of the largest independent economic surveys of businesses in the UK.

As the most authoritative national business confidence survey, and the first to be published each quarter, the results of the QES are closely watched by notable policy-making organisations. These organisations include: HM Treasury, the Bank of England's Monetary Policy Committee, BEIS and the European Commission. The survey itself has reliably anticipated the onset of two recessions since the early 1990s before they began and continues to act as a reliable indicator of national and regional economic performance. Moreover, fluctuations in prices or a downturn in demand are important economic indicators that are flagged up first by businesses on the ground, so the QES is an essential mechanism for decision-makers to understand the economy, not just in the City of London, but in the regions too.

The results of the survey are used to inform upon detailed economic performance and trends throughout the local region and beyond. At a national level, the survey covered more than 6,000 businesses employing approximately 874,000 people, therein highlighting that it provides a holistically representative picture of UK commerce and industry.



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