

Lancashire Quarterly Economic Survey – Q1 -2024

The Chamber of Commerce Quarterly Economic Survey (QES) is the largest and most representative independent business survey of its kind in the UK. The QES is closely watched by policymakers such as the Treasury, the Bank of England and the Office of Budget Responsibility.

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.

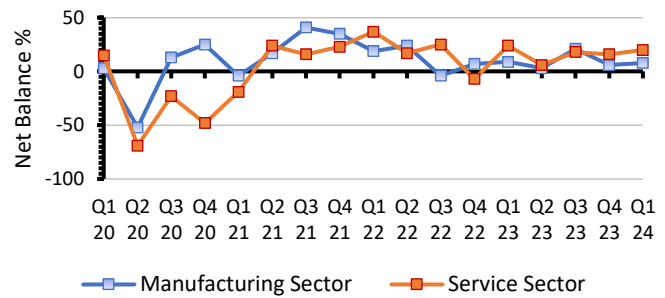
Trade

Domestic Trade

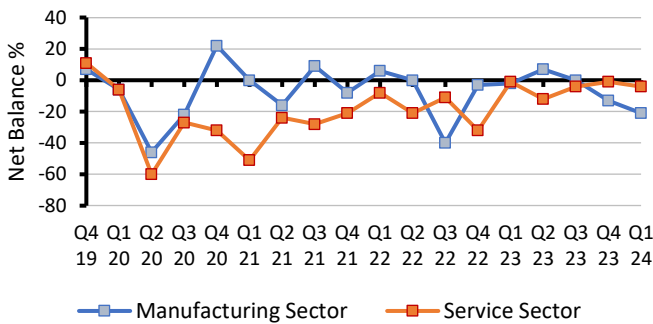
Reasons for optimism? It might only be the slightest of rises but both sectors have continued their growth since Q3 of 2023. As with the previous quarter, just over a third of respondents saw an increase in domestic sales with a fall from a quarter to a fifth showing a decrease.

As measured as a percentage balance, manufacturing has risen, albeit slightly, from 6% in Q4 to 8% this quarter, while services has also risen to 20% (from 16). It may be very slight changes but it's a cautious start from both sectors in Q1. *See graph for more details.*

UK Sales



Export Sales



International Trade

However, domestic trade unfortunately doesn't mirror what is happening on the export front with both manufacturing and service sectors reporting a slump. Less than a fifth of manufacturing showed an increase in sales, while over a third showed a decrease. It's a similar story in the service sector as both make pretty grim reading.

Export sales are on a steady decline in manufacturing while services steadied, then dropped. *See graph on left.*

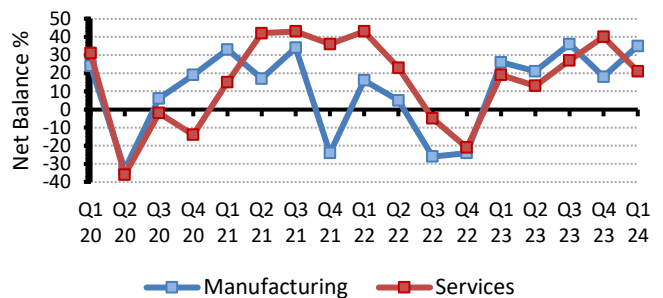
Business Confidence

Profitability

It's a tale of two sectors for business confidence at the start of 2024 with manufacturing seeing a rise with 44% of respondents expecting profits to grow, while under a quarter (23%) saying they will decrease. There is less confidence in the services sector with a slight drop quarter-on-quarter and a rise in the number of companies expecting the situation to worsen.

This continued split between the two sectors could have a bearing on decisions come from the BoE in future months.

Business confidence - Profitability



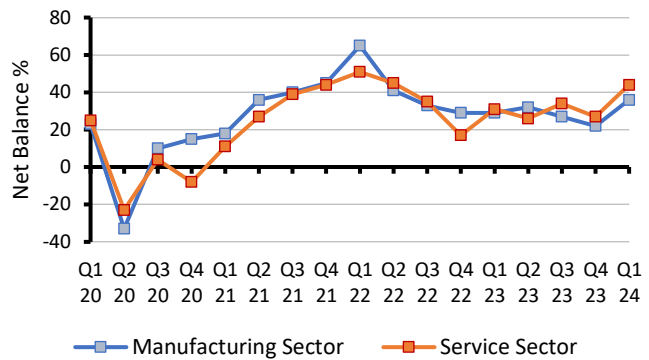
Employment

Manufacturing sector has shown a slight increase in recruitment, with the services sector following suit but both are well down from a few quarters ago.

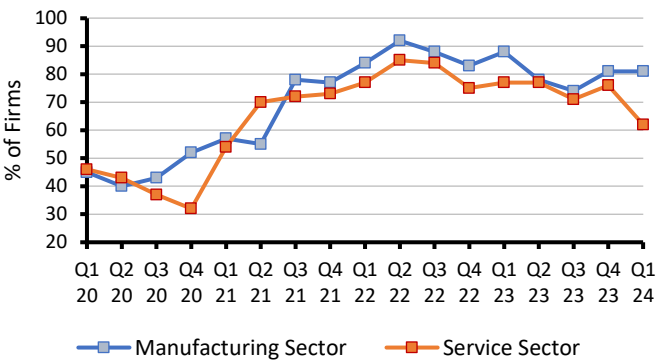
Full-time posts in manufacturing are showing reasons to be confident, though part-time and temporary posts have both been hit by external pressures – most likely inflationary and wage rises.

The labour market remains tough at the start of 2024, a legacy from many quarters of no movement due to inflationary pressures.

Employment in the next 3 months



Recruitment difficulties in the last 3 months?



Recruitment

There's not much room for improvement in the labour market going into the start of the year with manufacturing plateauing and the service sector dipping as companies struggle to recruit.

Managerial roles in the service sector have risen yet dipped in manufacturing, with the same being seen in clerical roles.

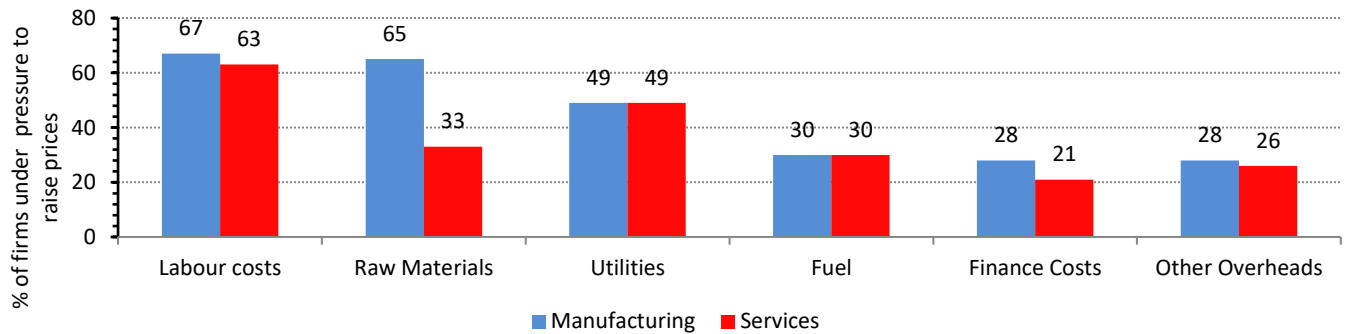
Semi and unskilled roles have fallen in both sectors.

Prices

Inflation

While the rest of Q1 seems similar to Q4 of 2023, there has been a shift in prices with many businesses lowering their expectations across all factors. While the rate of inflation has decreased month-on-month the majority of businesses have acted accordingly. Labour costs remain their biggest outlay and raw materials – as expected, in manufacturing – remain high, the rest have decreased significantly from Q4 2023.

Factors affecting prices



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