

BRITISH CHAMBERS OF COMMERCE

# QUARTERLY ECONOMIC SURVEY Q1 2019

The British Chambers of Commerce (BCC) Quarterly Economic Survey - Britain's largest and most authoritative private sector business survey - based on more than 7,000 responses from firms across the UK - finds that key indicators of UK economic health weakened considerably in the first quarter of 2019.

“Our findings should serve as a clear warning that the ongoing impasse at Westminster is contributing to a sharp slowdown in the real economy across the UK. Business is hitting the brakes - hard.

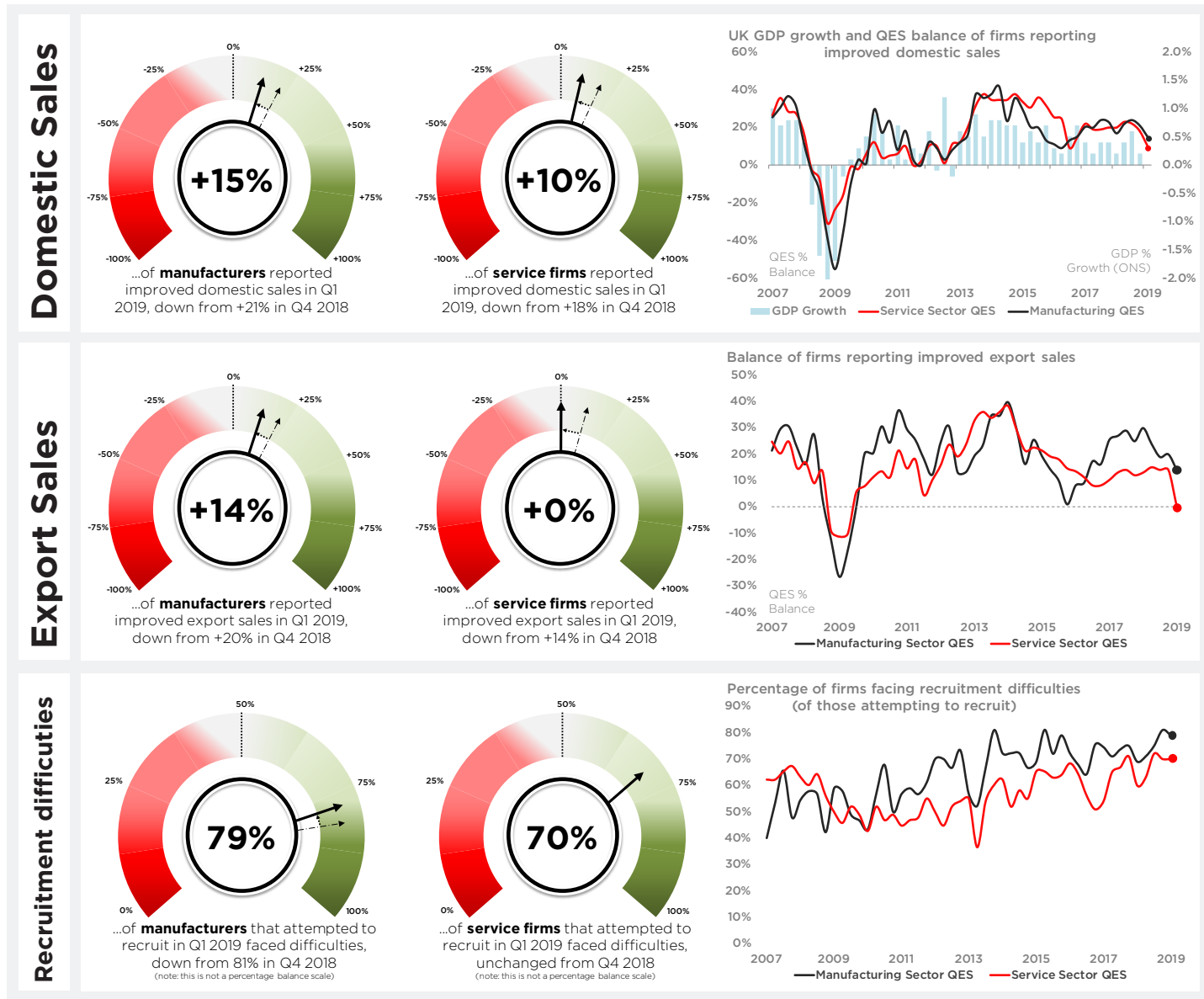
These are some of the weakest figures we've seen in nearly a decade, and that's no coincidence. The prospect of a messy and disorderly exit from the EU is weighing heavily on the UK economy, and must still be avoided. The unwanted prospect of a disorderly 'no deal' exit, and the serious damage and dislocation it would bring, is still just days away unless Parliament acts to avoid it.

At the same time that firms are having to enact costly contingency plans, the cost of doing business here in the UK continues to rise. This week sees a new tax year with a number of changes adding to the upfront cost of doing business in the UK, including the introduction of Making Tax Digital and changes to auto-enrolment, leaving many firms facing more bureaucracy and new expenses. It beggars belief that ministers are piling on more and more costly obligations at a time that businesses are already having to cope with Brexit and uncertainty.”

**Dr Adam Marshall** Director General, British Chambers of Commerce

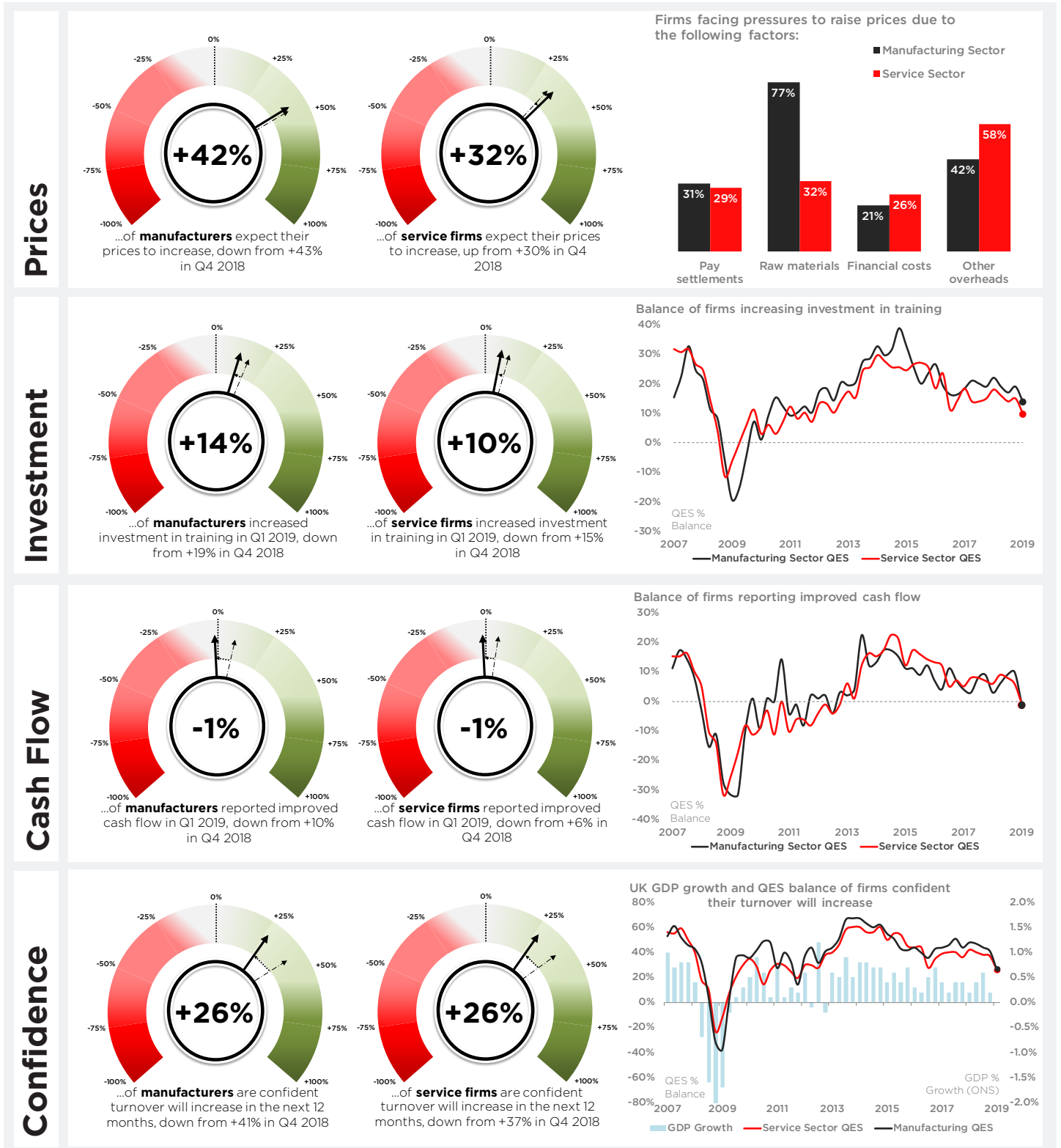
## AT A GLANCE

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



# BRITISH CHAMBERS OF COMMERCE LOOKING AHEAD

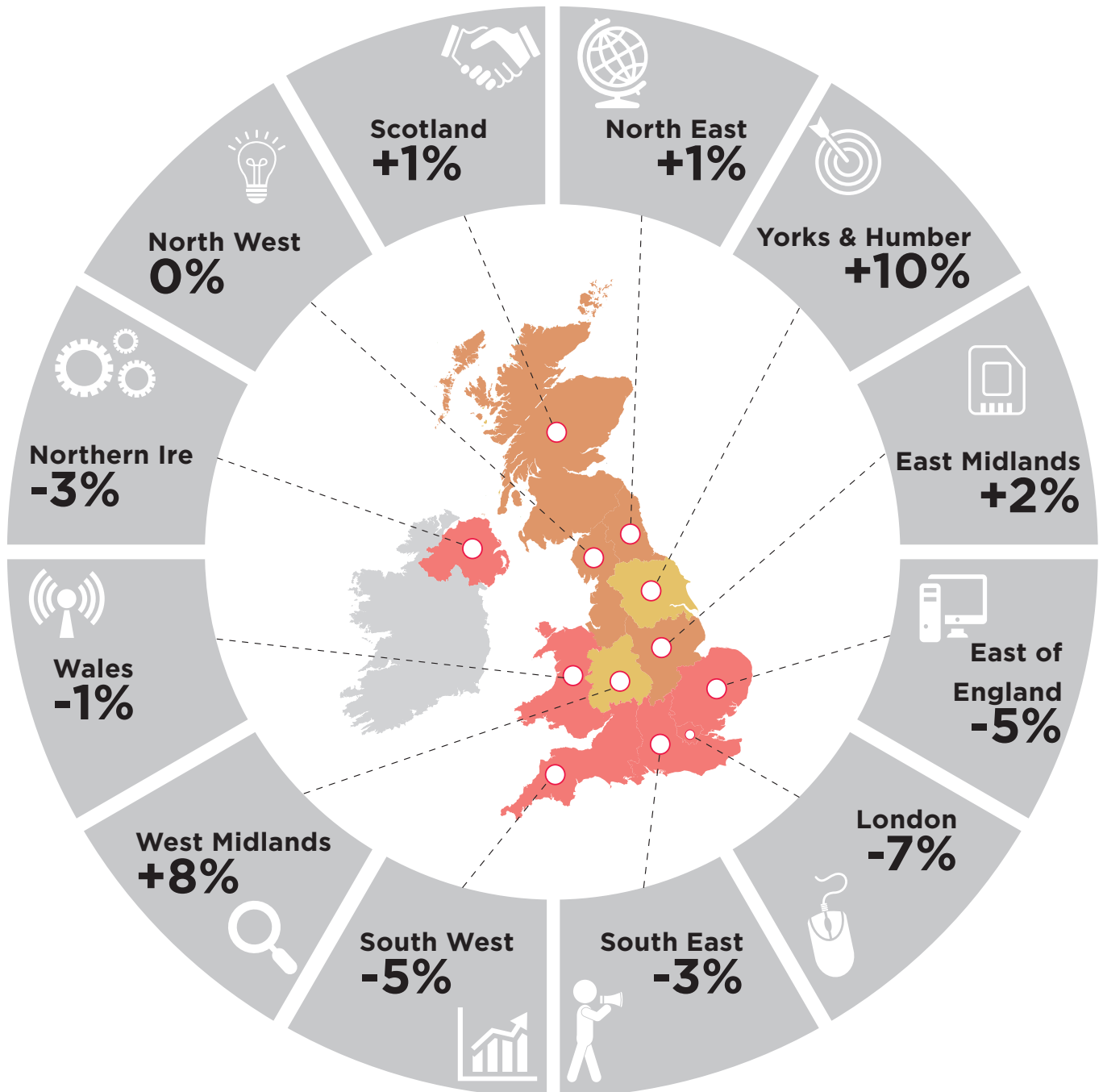
The Quarterly Economic Survey (QES) examines business sentiment on a range of forward looking indicators, including investment intentions, turnover confidence, and prices. In Q1 2019, these indicators are downbeat with weakening orders, confidence and investment intentions pointing to tepid growth over the coming quarters. In particular, cash flow - a key indicator of business health - has now fallen into negative territory for the first time since 2012.



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## CASH FLOW

In Q1 2019, the percentage balance of firms reporting improved cash flow fell into negative territory for both sectors. This means that more firms reported worsening cash flow over an improvement. In both the manufacturing and services sectors, the balance stood at -1%. This is the lowest since 2012. The below chart shows the geographical breakdown of the balance of firms reporting improved cash flow.



“ Our latest survey suggests that UK growth nearly ground to a halt in the first quarter of 2019, with increasing anxiety over Brexit and weakening global economic conditions driving a significant deterioration in almost all the key indicators in the quarter.

The deterioration in cash flow is particularly concerning as it can leave firms more vulnerable to external shocks, including disruptions to supply chains. ”

**Suren Thiru** Head of Economics, British Chambers of Commerce

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## ABOUT THE QES

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

The BCC Q1 2019 QES is made up of responses from more than 7,000 businesses across the UK. Firms were questioned between 18 February and 11 March 2019. In the manufacturing sector, 1,744 firms responded, employing approximately 230,000 people. 69% (1,209) of manufacturing respondents were exporters. In the services sector, 5,340 businesses responded, employing approximately 757,000 people. Of the services sector participants, 42% (2,265) 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 would be +32% (an expansion).

If 32% told us their sales grew and 33% said they fell the balance would be -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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