



Quarterly Economic Survey

Quarter 1, 2020

www.hull-humber-chamber.co.uk

Overview

Economy holding steady in run-up to virus

THE Humber's economy in the first quarter of 2020 was generally holding steady in most sectors, but that was before the Coronavirus pandemic put the country into lockdown.

The survey was conducted between February 17 and March 9, 2020, and the research by the Hull & Humber Chamber of Commerce, revealed that Home Sales and Orders both improved slightly compared to the last quarter of 2019.

Home Sales were up five points to a balance figure of -13, while Home Orders also showed an improvement over the last quarter, rising to a balance figure of -23.

On the export front, Export Sales and Export Orders both slipped slightly, with Export Sales dropping 15 points, while the balance figure for Export Orders dropped 23 points.

There was brighter news on the employment front in Quarter 1, with around half our respondents telling us they were looking to recruit staff in the last three months.

Looking ahead to the next three months, 2% fewer firms were planning to recruit, with the balance figure dropping from seven points in Quarter 4 of last year to five points in this quarter.

Fewer businesses reported difficulty in recruiting this time around, with the survey results showing an increase in those looking for full-time permanent

employees, while part-time work was also on the up, with fewer companies trying to fill temporary positions.

The most difficult roles to fill in the last quarter were for unskilled/semi-skilled workers, with fewer firms looking to recruit into skilled manual or management positions.

In the last three months, business experienced a drop in their cash flow with the balance figure down by 13 points.

Looking ahead to the next three months, at the time of the survey businesses expected to see a drop in drop in their turnover, with the balance figure dropping 30 points to -7. Similarly, Profit Expectations also tumbled, with the balance figure dropping 21 points.

Only 28 per cent of firms said they were working at full capacity, down 2 per cent on the previous survey.

A substantial 23 percent of firms thought they would see their prices increase this quarter, with the main pressures on prices being overheads, finance and raw materials, while pay settlements were less of a concern.

External concerns this time around focused on issues such as tax, competition and interest rates, while exchange rates and business rates were considered to be less of an issue by our respondents.

Key balances

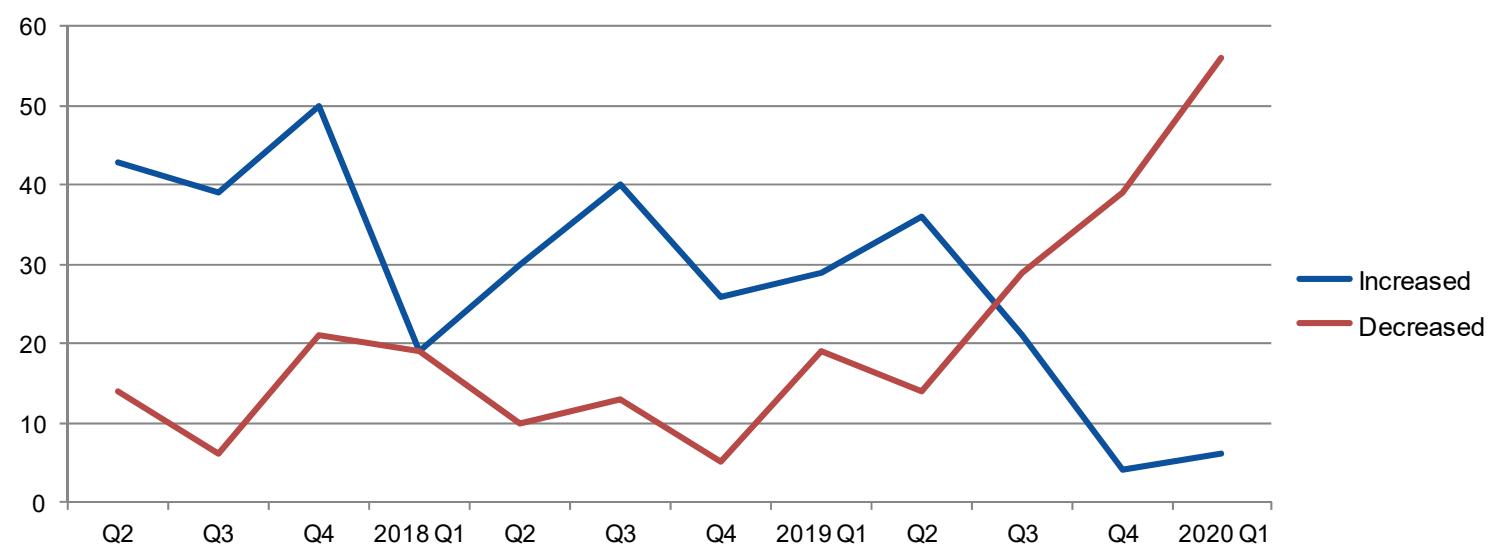
- Home sales up 5 points to a balance figure of -13.
- Home orders up 4 points to a balance figure of -23.
- Export Sales down 15 points to a balance figure of -50.
- Export Orders were down were down 23 points to -50.
- Employment in the last three months was up 12 points with a balance figure of 12.
- Expected employment for the next three months was down w points to 5.
- Cashflow in the last three months was down 13 points to -22.
- Investment in plant and machinery was down 4 points to -22.
- Turnover expectations dropped 30 points to -7.

Key indicators

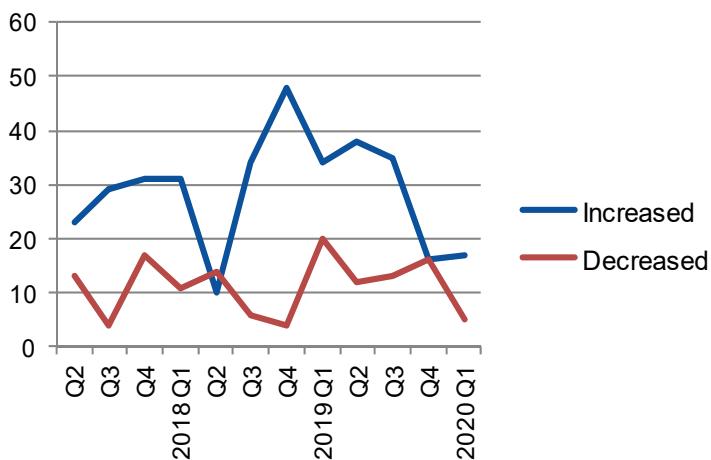
Home sales



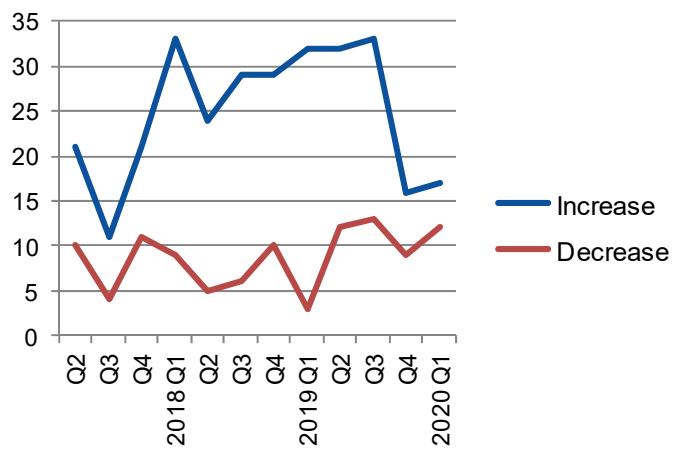
Export sales



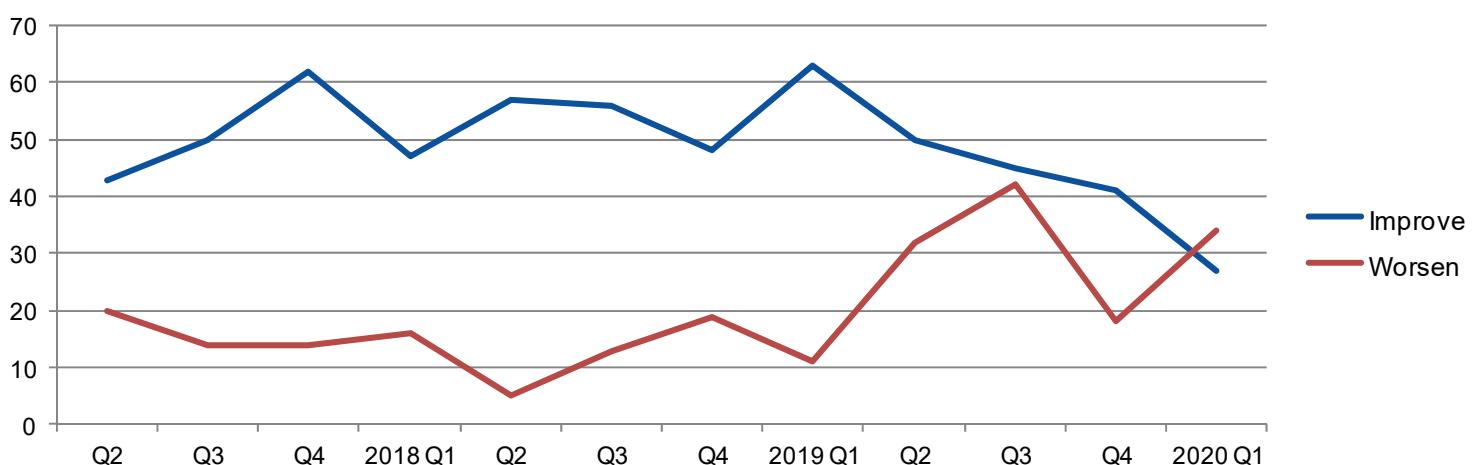
Employment



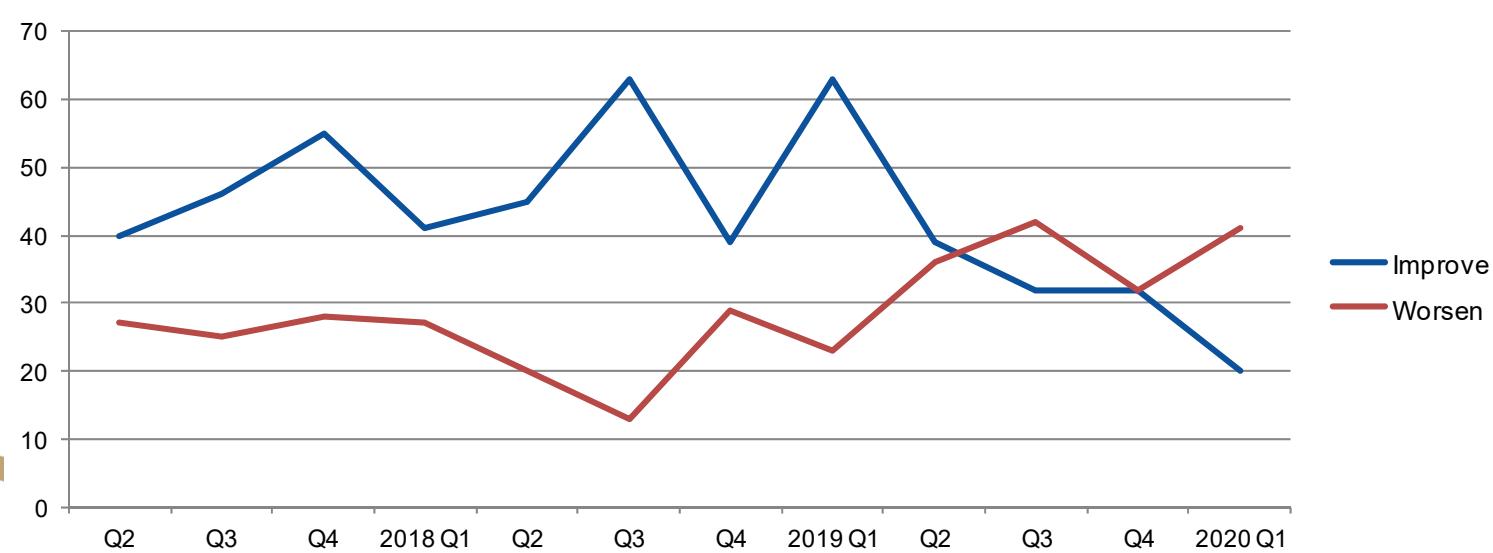
Employment expectations



Turnover expectations

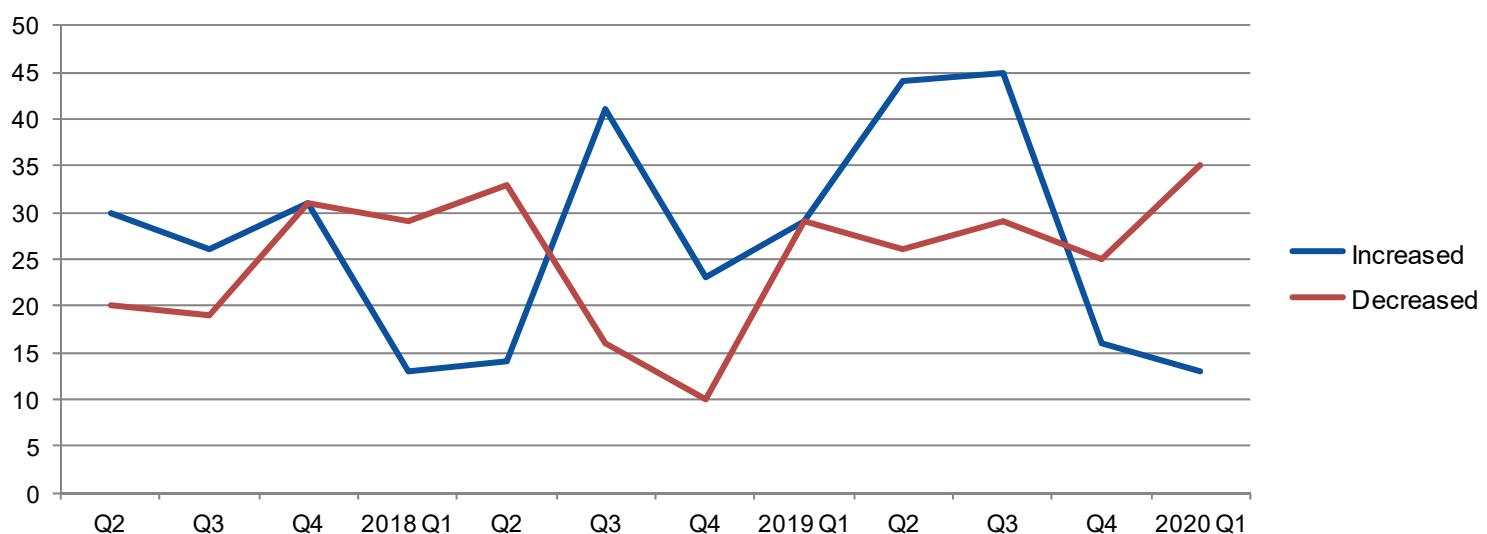


Profit expectations



Key indicators (continued)

Cashflow



About the Quarterly Economic Survey

The Hull & Humber Chamber of Commerce Quarterly Economic Survey is part of the largest and most representative survey of its kind in the UK, forming part of the British Chambers of Commerce QES.

Hull & Humber Chamber of Commerce has over 2,000 member companies and affiliates of all sizes and sectors across the Humber region.

This survey is supported by regular 'state of trade' reports at Chamber Council and Area Council meetings.

The balance figures are determined by subtracting the percentage of companies reporting decreases from those reporting increases.

Separate figures for the service sector and the manufacturing sectors are available with their sum being used as an overall figure for the Humber sub-region.

Example

Excluding seasonal variations during the past three months, have your UK sales:

Increased	24%
Remained constant	57%
Decreased	19%

Possible statements

- The balance for UK sales was +5%
- 24% of companies surveyed

showed a rise in domestic sales in the previous quarter.

- Nearly 1 in 5 companies said that their UK sales had fallen in the last quarter.
- 57% of those surveyed said that their sales in the domestic market had shown no change over previous quarters.

More information

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National picture

UK economy struggles to cope with Covid-19

British Chambers of Commerce

The British Chambers of Commerce co-ordinates the QES on behalf of 53 accredited Chambers across the UK.

The BCC results are closely analysed by the Bank of England's Monetary Policy Committee and HM Treasury, making the QES one of the most influential business surveys in the country.

For further information on the national results go to www.britishchambers.org.uk.

BCC Covid-19 Business Impacts Tracker: Tranche 1

FINANCIAL TIMES

Half of UK companies seek to furlough staff over coronavirus

Take-up of state-backed wage scheme could far exceed the Treasury's expectations
About half of UK companies are planning to furlough many of their staff because of coronavirus, according to surveys that threaten a much higher cost to the Treasury than expected.

sky news

Almost half of firms will furlough most of their staff next week

Government help is welcome but firms can't wait weeks or months for it to arrive, a new report says.

CITYAM

BCC: UK businesses face cash flow crisis in coronavirus fallout

REUTERS

British business to lean heavily on government job retention scheme - survey

THE TIMES

Companies expect to run out of cash within weeks

Plus Content

Thursday April 02 2020 | £1.95 inc. The Times

A large number of companies are in danger of running out of money within weeks, according to a survey tracking the impact of coronavirus.

The British Chambers of Commerce found that a majority of businesses, or 62 per cent, polled late last month said that they had enough cash to keep them going for



Analysis

Dr Ian Kelly

Chief Executive

Hull & Humber Chamber of Commerce

"It was encouraging to see the Humber economy holding its own in the first quarter of 2020.

"However, as the Coronavirus pandemic led to the Government ordering the closure of the majority of businesses across the country, the legacy of this unprecedented action remains to be seen, but it will undoubtedly be profound.

"The virus is having a major and increasing impact on all our businesses, our employees and our daily lives. The Chamber has been doing the best it can while responding to changing Government advice and direction as it emerges.

"These are very challenging times and so you should know we are doing all we can to help, advise, guide and feedback to relevant organisations on your behalf."

The National View

British Chambers of Commerce

"The Coronavirus pandemic has taken a heavy toll on business and economic activity across the UK.

"While businesses have welcomed the unprecedented size and scope of the Government support packages, there is an urgent need for that support to reach businesses on the ground as soon as possible. The majority of firms cannot wait weeks or months for help to arrive.

"There's no escaping the scale of the challenge UK businesses are facing, yet many are already finding ways to contribute to the national effort to tackle Coronavirus.

"Chambers and their members are working together to play their part. We have no doubt we will see many examples of resilience and innovation – the hallmarks of the UK business community – in the coming weeks and months."

Results in full

		2019					2020					
		Q1	Q2	Q3	Q4	Q1		Q1	Q2	Q3	Q4	Q1
Home sales ²	Increased	39	41	42	19	15	Cashflow ²	Increased	29	44	45	16
	Constant	21	26	19	44	58		Constant	43	29	26	59
	Decreased	39	32	38	37	28		Decreased	29	26	29	25
	Balance	0	9	3	-18	-13		Balance	0	18	16	-9
Home orders ²	Increased	39	28	32	17	11	Investment: Plant/ machinery ²	Increased	29	19	30	13
	Constant	30	41	32	39	54		Constant	44	55	37	62
	Decreased	30	31	35	44	34		Decreased	26	26	33	31
	Balance	9	-3	-3	-27	-23		Balance	3	-7	-3	-18
Export sales ²	Increased	29	36	21	4	6	Investment: Training ²	Increased	43	25	35	21
	Constant	52	50	50	57	39		Constant	37	63	35	64
	Decreased	19	14	29	39	56		Decreased	20	13	29	14
	Balance	10	22	-8	-35	-50		Balance	23	12	6	7
Export orders ²	Increased	29	36	8	9	6	Turnover expectations ⁴	Improve	63	50	45	41
	Constant	52	50	62	55	39		Same	26	18	13	41
	Decreased	19	14	31	36	56		Worsen	11	32	42	18
	Balance	10	22	-22	-27	50		Balance	52	18	2	23
Workforce ²	Increased	34	38	35	16	17	Profit expectations ⁴	Improve	63	39	32	32
	Constant	46	50	52	68	78		Same	14	24	26	36
	Decreased	20	12	13	16	5		Worsen	23	36	42	32
	Balance	14	26	22	0	12		Balance	40	3	-10	0
Workforce expectations ³	Increase	32	32	33	16	17	Capacity utilisation ¹	Full capacity	26	45	42	30
	Constant	65	56	53	74	71		Below capacity	74	55	58	70
	Decrease	3	12	13	9	12	Prices ³	Increased	53	21	35	47
	Balance	29	20	20	7	5		Constant	44	68	58	47
Recruited staff ²	Yes	56	62	48	51	44		Decreased	3	12	6	7
	- Part time	26	38	33	19	25		Balance	50	9	29	40
	- Full time	79	81	67	81	88	Price pressures ¹	Pay settlements	42	40	24	34
	- Temporary	26	19	13	14	13		Raw materials	33	40	41	19
	- Permanent	58	38	67	33	50		Finance	25	16	24	19
	No	44	38	52	49	56		Other overheads	71	60	59	88
Recruitment difficulties ²	Yes	90	75	67	73	61	External concerns ¹	Interest rates	13	8	32	14
	- Skilled manual	26	67	40	27	18		Exchange rates	39	31	39	31
	- Management	79	67	40	47	45		Business rates	23	23	32	37
	- Clerical	26	33	30	27	27		Inflation	35	19	39	23
	- Unskilled/semi-skilled	58	22	30	27	45		Competition	61	54	39	37
	No	10	25	33	27	39		Tax	23	31	32	37

Key: 1 = Current; 2 = Past 3 months; 3 = Next 3 months; 4 = Next 12 months

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