

Some Wavering of Business Confidence amidst Brexit Uncertainty

The results of the Quarterly Economic Review for the Sheffield City Region, in the fourth quarter of 2018, show that these remain challenging times for businesses across the city region, with some wavering of business confidence amidst ongoing uncertainty surrounding Brexit.

In terms of key results, over the last three months sales balances whilst remaining positive overall have declined for both sectors compared to the previous quarter. Looking forward, balances in relation to firms' order books whilst also still in positive territory, are down from the previous quarter for manufacturers with only a slight improvement for service sector firms. Confidence balances for firms in both sectors have declined from the previous quarter, with the fall particularly pronounced amongst manufacturers where we see historically low levels of confidence for this survey. In general, the picture for manufacturers and service sector firms is somewhat divergent, with some more encouraging indicators for the latter but fewer positive results for the former. Firms in both sectors, on balance, expect prices to rise over the next three months; meanwhile, there is little change from the previous quarter in terms of investment plans.

Businesses in both sectors, on balance, expanded their workforces during this quarter, albeit there was a sharp decline in this result for manufacturers from the previous quarter. Firms in both sectors expect, on balance, to hire next quarter, although this result was also less strong amongst manufacturers compared to the previous quarter. The picture amongst exporters largely mirrors that for all businesses in the city region, including more depressed confidence figures amongst exporting manufacturers.

With around three months to go until the UK is scheduled to leave the EU, the hot topic for this quarter was Brexit and the perceptions and preparations of businesses in the Sheffield City Region for it. The results indicate that so far only a minority of firms in both sectors have made any special arrangements for Brexit, with such efforts more likely amongst manufacturers. Whilst some firms feel prepared for Brexit, whatever eventuality, the largest proportion feel neither prepared nor unprepared reflecting the ongoing uncertainty surrounding it. Finally, and again reflecting this uncertainty, few firms in either sector felt informed about the likely implications of Brexit for them, with most identifying as either uninformed, or neither informed nor uninformed.

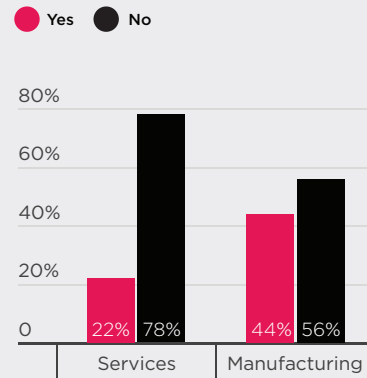
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The Sheffield City Region Quarterly Economic Review (QER) brings together results completed by regional businesses.

The results are used to influence local, regional and national governments and decision-makers and help shape the support structures available to the regional business community.

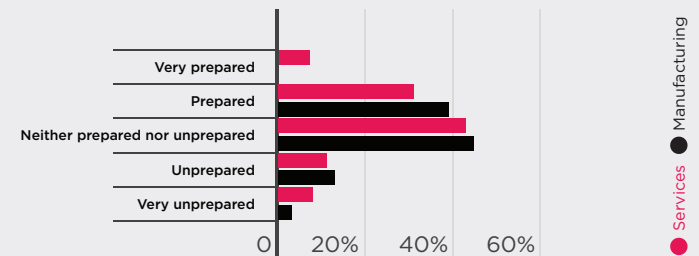
Hot Topic Results: Brexit

Has your business made any special arrangements for Brexit?



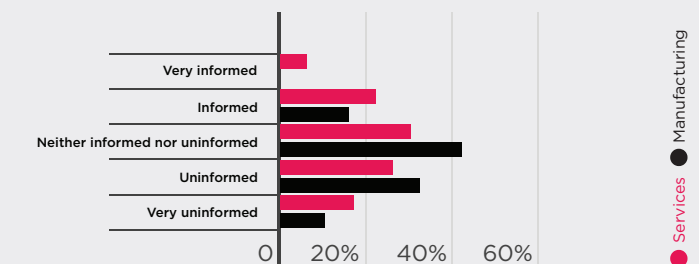
Results show: Overall, across both sectors, around a quarter of firms had made some kind of special arrangements for Brexit. Comparing across the different sectors, a greater proportion of manufacturing firms have made special arrangements (44%) than service sector firms (22%).

How prepared do you feel your business is with or without a deal?



Results show: Relatively few businesses feel unprepared for Brexit, whatever form it takes, with a good proportion feeling prepared. Nevertheless, the largest proportion - over 40% of both service and manufacturing sector firms - indicate that they feel neither prepared or unprepared, reflecting ongoing uncertainties.

How knowledgeable/ informed do you feel about the consequences of Brexit for your business?

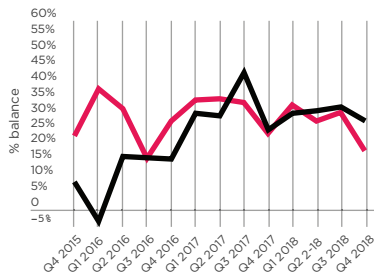
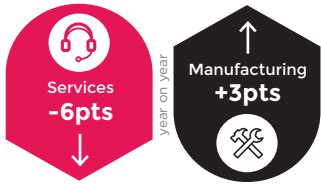


Results show: Reflecting the ongoing uncertainty surrounding Brexit, few firms consider themselves informed about its likely consequences for their business. A significant proportion identify as either uninformed or very uninformed.



Domestic sales

Has your UK activity/sales/custom: **increased, remained constant or decreased?**

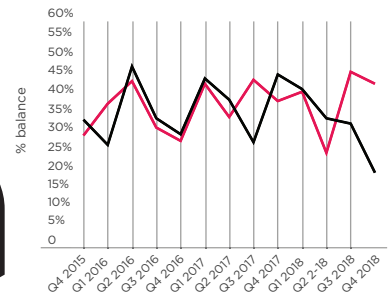


This quarter: Balances for both sectors remain positive, suggesting increased sales overall. However, this is at a lower rate than the previous quarter.

Year on year: The service sector reports a worse position than for the same period last year whereas manufacturing firms are reporting a slight improvement.

Profitability

During the next 12 months how do you think profitability will fare: **improve, remain the same or decrease?**

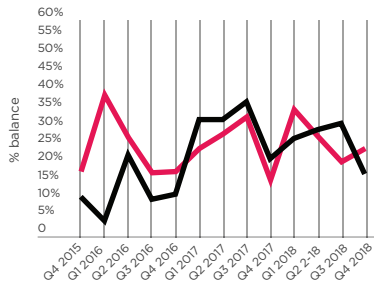
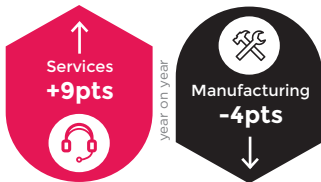


This quarter: Confidence balances relating to expectations of future profitability are down for both sectors from the previous quarter, but particularly so amongst manufacturers, for whom they are at historically low levels.

Year on year: Balances relating to confidence in future profitability are down from this time last year for manufacturers but up for service sector firms.

Orders

Have orders/advanced custom/bookings: **increased, remained constant or decreased?**

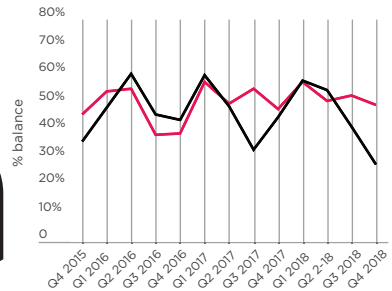
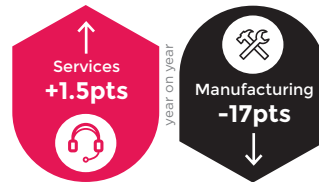


This quarter: Orders balances for both sectors are positive. But, whilst for service sector firms they have slightly improved from the previous quarter, amongst manufacturers a significant reduction of 13% from the previous quarter is reported.

Year on year: Orders balances for service sector firms are improved compared to this quarter last year. However, order balances for manufacturing firms are slightly down.

Turnover

During the next 12 months how do you think Turnover will fare: **improve, remain the same or decrease?**

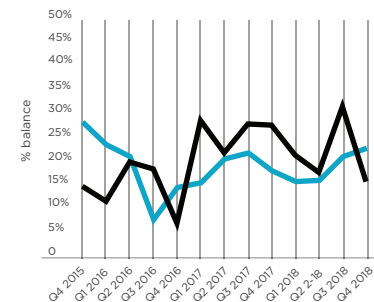


This quarter: Confidence balances relating to expectations of future turnover are down from the previous quarter for both sectors, but particularly so for manufacturers where they are at historically low levels.

Year on year: Balances for manufacturers are significantly lower than for the same period last year. For service sector firms they are slightly higher.

Workforce

Has your workforce: **increased, remained constant or decreased?**

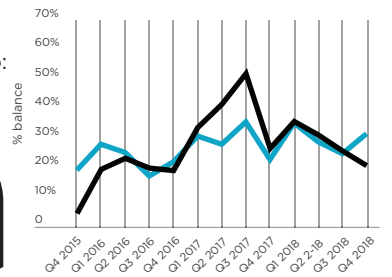


This quarter: Firms in both sectors report, on balance, that their workforces have increased over the last three months. Balances are up from the previous quarter for service sector firms, but down for manufacturers.

Year on year: Compared to this quarter last year balances for manufacturers are substantially lower, but there has been a small increase amongst service sector firms.

Future Workforce

Over the next 3 months, do you expect your workforce to: **increase, remain constant or decrease?**



This quarter: On balance, firms in both sectors expected their workforces to increase over the next three months. However whilst this sentiment was up from the previous quarter for service sector firms, it continued to decline amongst manufacturers.

Year on year: Compared to this quarter last year, balances relating to expectations of future workforce change are down amongst manufacturers but up for service sector firms.

QER Dates for your Diary 2019

Take the survey every quarter during the following periods:

- Q1** 18 February to 11 March
- Q2** 20 May to 10 June
- Q3** 26 August to 16 September
- Q4** 4 November to 25 November