

LINCOLNSHIRE QUARTERLY ECONOMIC SURVEY 2019

FULL REPORT AND ECONOMIC BRIEF

Q4

Q4/ 2019 LINCOLNSHIRE ECONOMIC BRIEFING

A lot of the positivity that had been building throughout 2019 has taken a major hit according to the Quarter 4 results. Not only are we seeing significant falls in activity across most indicators, there are also a number of indicators showing that activity has contracted.

UK sales have contracted for the first time in three and a half years, whilst UK orders have fallen. Similarly, overseas sales contracted for the first time in two and a half years, with overseas orders also reducing. Cashflow has worsened further whilst plans for capital and skills investment have been scaled back. The only real positive results are those around workforce levels (which have been maintained), and the easing of price pressures (something that we thought would increase as we head to the end of 2019). We should note that these latest results do bring us more into line with what the British Chambers of Commerce have been reporting at a national level since quarter 3.

The potential for a slump post the 31st October Brexit deadline (dependent on what transpired) was something that we warned about last quarter. As such it would appear that some of the positive results we saw in quarter 3 were once again as a result of the effects of businesses stockpiling and early order completion in the run up to the latest Brexit deadline. This was something that we observed in Quarter 1 results in the run up to the March

31st Brexit deadline. This also ties in with the latest quarterly figures on UK gross domestic product (GDP) from the Office for National Statistics which showed the economy returning to growth (0.4% quarter on quarter, compared to -0.2% in quarter 2 2019).

Looking ahead to quarter 4 GDP figures then there are some causes for concern with the latest quarterly estimate showing that GDP was flat in the three months to October 2019. Beneath this 'no growth' there was growth in the services sector but that this was offset by falls in manufacturing and construction.

Again, as with the previous quarters' results, perhaps the stand-out results in quarter 4 are those of confidence levels around future levels of turnover and profitability which have dropped substantially compared to those seen in quarter 3. Some of this drop-in confidence can be attributed to the build-up to the then approaching General Election, and it will be interesting to see how businesses react to the result in quarter 1 2020.

The Lincolnshire Economic Briefing is produced by Lincolnshire County Council in partnership with Lincolnshire Chamber of Commerce and the University of Lincoln.

The QES is conducted by British Chambers of Commerce.



UK SALES &
ORDERS



OVERSEAS
ORDERS



CURRENT & FUTURE
RECRUITMENT
ACTIVITY



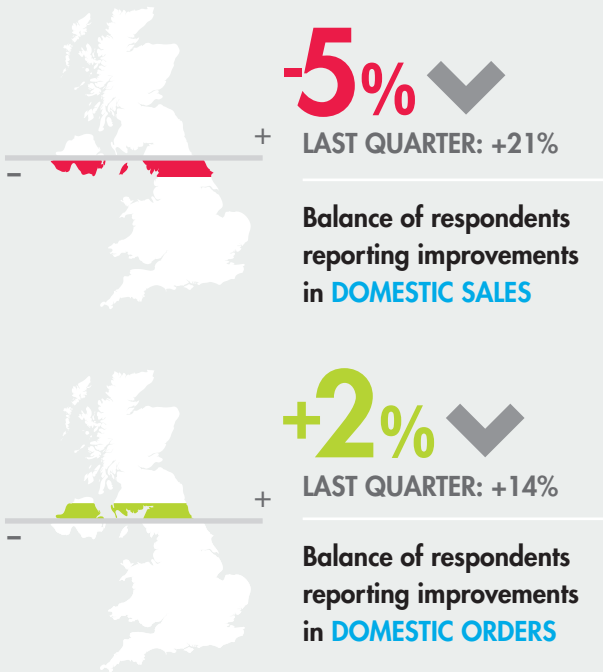
INVESTMENT PLANS
FALL BUT REMAIN
POSITIVE



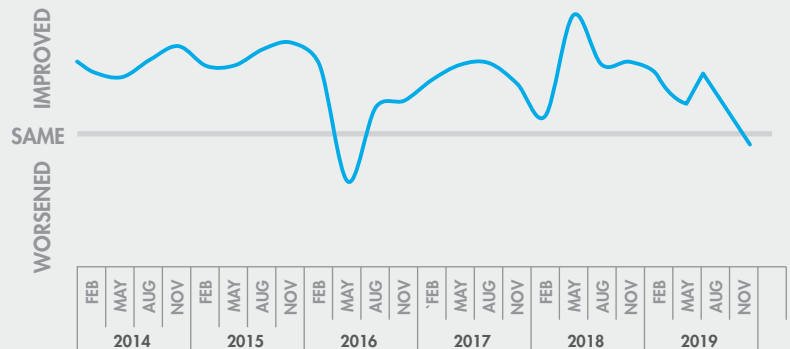
Q4/ 2019 QUESTION ANALYSIS

■ PLUS FIGURE ■ MINUS FIGURE

UK MARKET



Sales performance over time

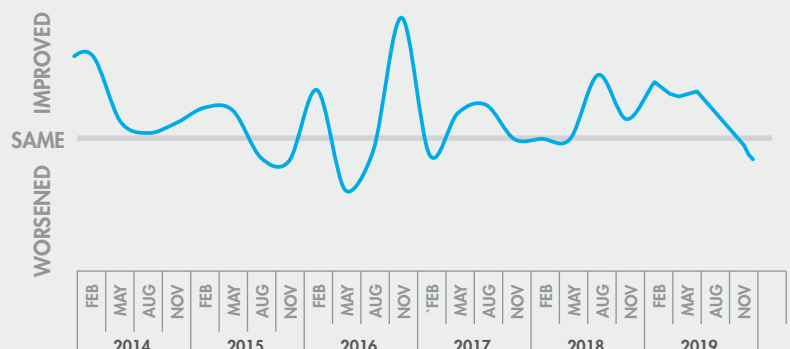


SALES CONTRACT WHILST ORDERS FALL

OVERSEAS MARKETS



Sales performance over time



OVERSEAS SALES CONTRACT AND ORDERS FALL FURTHER

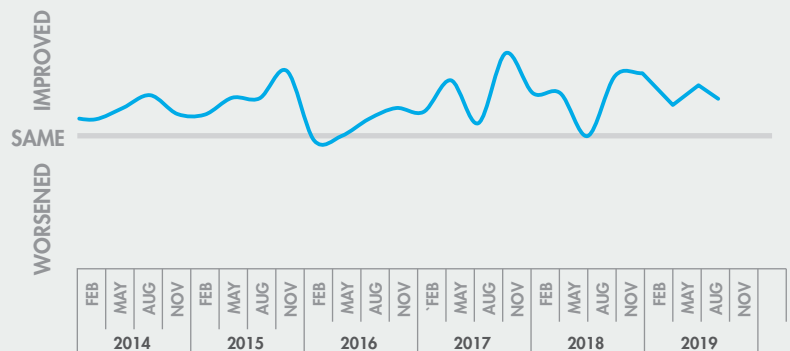
Q4/ 2019 OTHER RESULTS QUESTION ANALYSIS

■ PLUS FIGURE ■ MINUS FIGURE

WORKFORCE



Recruitment plans over time

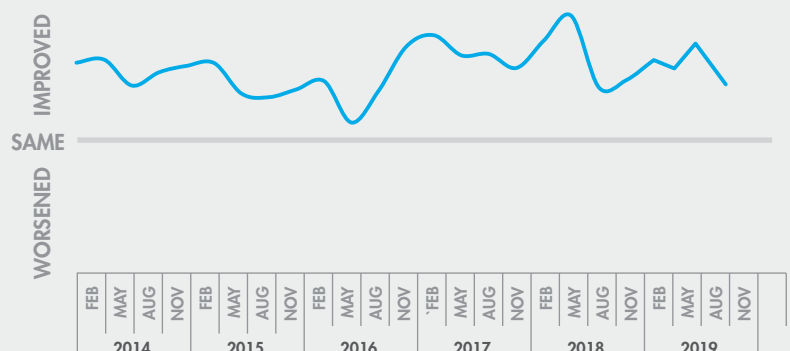


**CURRENT AND FUTURE RECRUITMENT
ACTIVITY BOTH FALL SLIGHTLY**

CASHFLOW & INVESTMENT



Prices over time



**CASHFLOW WORSENS, INVESTMENT PLANS
FALL FURTHER**

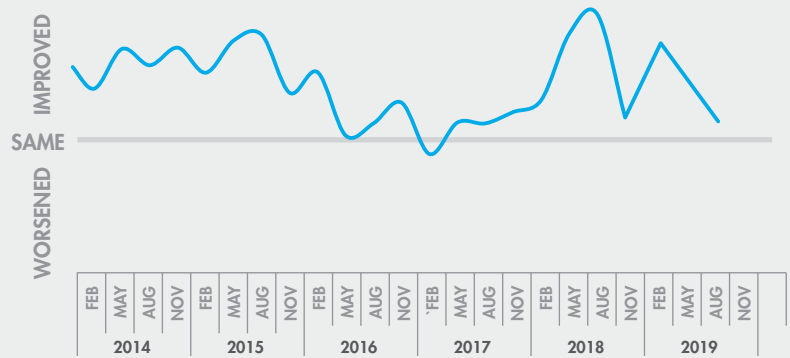
Q4/ 2019 QUESTION ANALYSIS

■ PLUS FIGURE ■ MINUS FIGURE

BUSINESS CONFIDENCE



Profitability next 12 months



CONFIDENCE LEVELS DROP DRAMATICALLY



Lincolnshire
Chamber of
Commerce

The Ultimate Business Network

ABOUT THE QES AND BRIEFING

The Quarterly Economic Survey (QES) is the flagship economic survey of the British Chambers of Commerce and the largest independent business survey in the UK.

It is a prominent tool used to measure the state of business sentiment and is monitored by a range of national and international organisations, such as the Bank of England, HM Treasury, European Commission, and IMF.

All information contained in this briefing is the most up-to-date available at time of publication (1st April 2019).



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