

Dorset Chamber of Commerce and Industry Quarterly Economic Survey: Quarter 2 2017

The British Chambers of Commerce (BCC) Quarterly Economic Survey, with more than 7,700 respondents nationwide in Quarter 2 of 2017, showed more subdued growth with the service sector in particular seeing a weakening in domestic markets, employment and investment over the quarter. Over the coming year, forward looking indicators look positive with growing confidence in profitability and turnover, but investment intentions remain low. Employment expectations are up, but recruitment difficulties remain high.

In Dorset, employers are positive about the economy with the domestic market performing well but showing signs of slowing. Employment grew, but slowed, and recruitment difficulties rose. The employment outlook for the coming quarter is good. Cashflow improved but investment intentions are subdued, other than training. The outlook for turnover and profitability over the next 12 months improved.

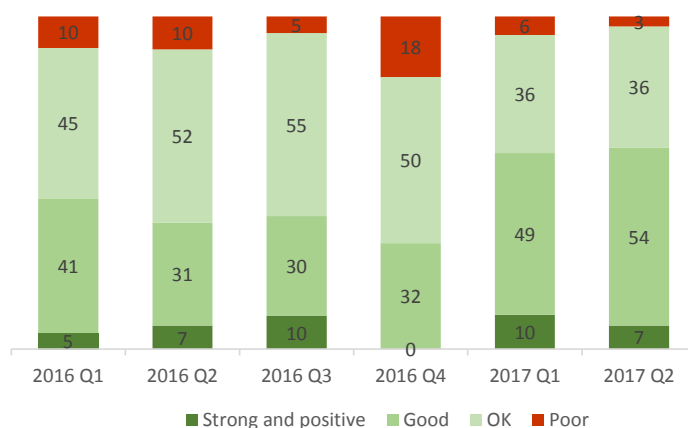
- The survey took place from 22nd May to 12th June 2017.
- There were 100 respondents to the Dorset survey, down slightly from 108 in quarter 1.
- 34 respondents were exporters.

Opinion

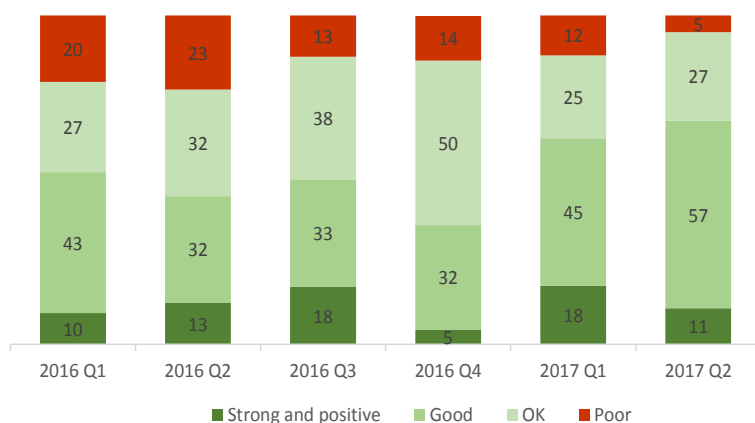
Dorset respondents were positive about the **economic climate** with 61% describing it as good or strong and positive.

Just over a third said the economic climate was okay.

Economic climate is



Economic climate in their sector is



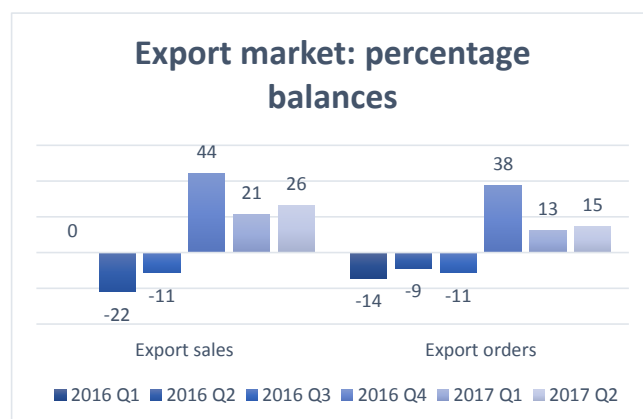
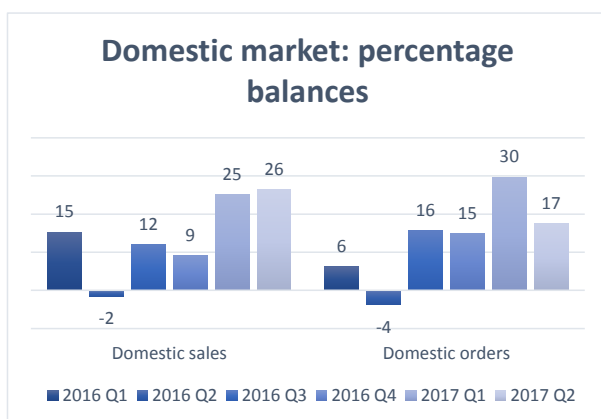
More than two-thirds of the respondents said the **economic climate in their sector** was strong/positive or good.

Both indicators were more positive than in the previous quarter.

Performance

Domestic sales improved over the quarter with more respondents reporting improved sales than worsening¹, though about half remained static. Nationally, domestic sales continued positive, but slowed in the service sector and were static for manufacturers.

Domestic orders remained positive in Dorset with more respondents reporting improved orders than worsening, but over the quarter there was a considerable fall in the percentage balance. Again, more than half remained static.



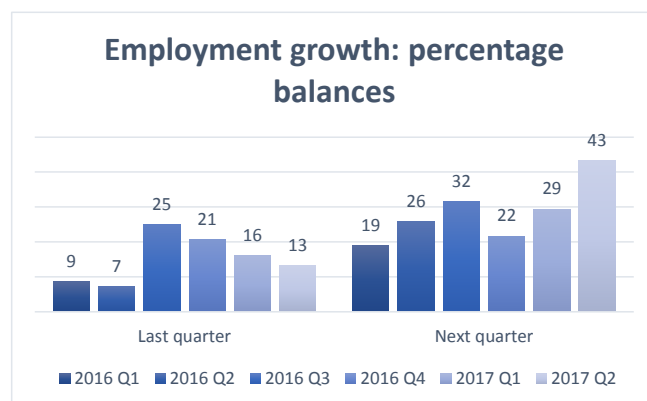
Export sales remained positive in Dorset with more respondents reporting improving export sales than worsening. Nationally, export sales improved in both the manufacturing and service sectors.

Export orders were also positive in Dorset.

71% of Dorset employers **attempted to recruit** over the last quarter, up from 62% in Q1. Recruitment was largely for permanent and full time posts. Firms continued to experience recruitment difficulties and this was up over the quarter. Recruitment difficulties in Dorset firms were largely for professional/managerial positions.

Employment remained positive with more Dorset employers reporting **employment growth** than shrinkage, although the percentage balance dropped over the quarter. Nationally, more employers reported increased employment than decreased, but this slowed over the quarter.

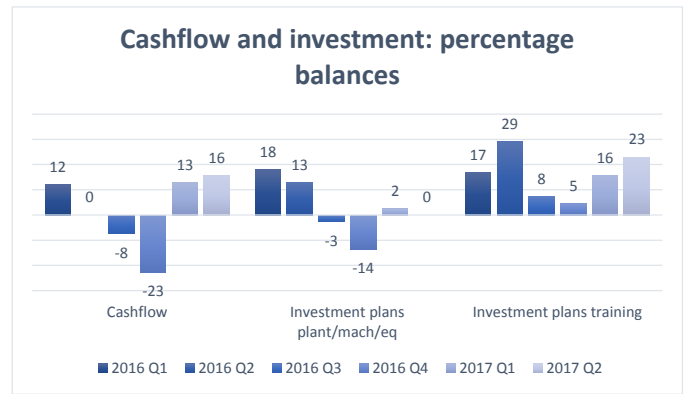
There was a positive outlook locally for employment growth in the coming quarter and this rose considerably over the quarter. Employment expectations also grew nationally, particularly in the manufacturing sector.



¹ QES results are mostly presented as balance figures – the percentage of firms reporting an increase minus the percentage reporting a decrease. If the balance is a plus figure then it indicates expansion of activity or improvement. A negative balance indicates contraction or worsening. Eg: 30% said sales improved but 50% said sales worsened gives percentage balance of -20.

Cashflow improved in Dorset with a higher percentage of respondents saying it had improved over the last quarter than worsened, although more than half of the respondents remained stable.

There was caution locally around **investment plans for plant/machinery/equipment**. The percentage balance fell over the quarter, with quarter 2 showing the same number of respondents saying they had revised their plans upwards as downwards, although the majority remained static. Nationally, investment intentions remain low.

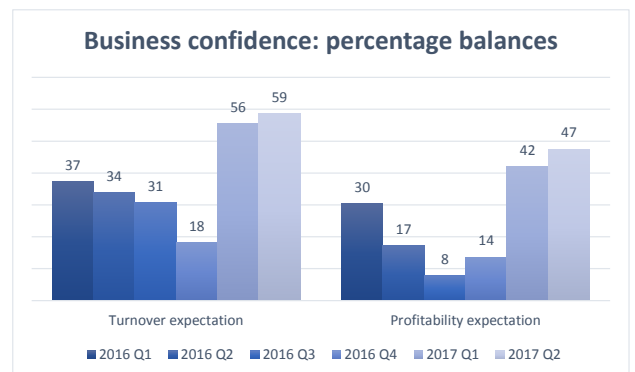


However, **investment plans for training** over the quarter continued positive in Dorset and rose over the quarter. Nationally, investment intentions remained positive, rising in the manufacturing sector but dropping back in the service sector.

Two-fifths of Dorset respondents were operating at **full capacity**, much in line with the previous two quarters.

Business confidence

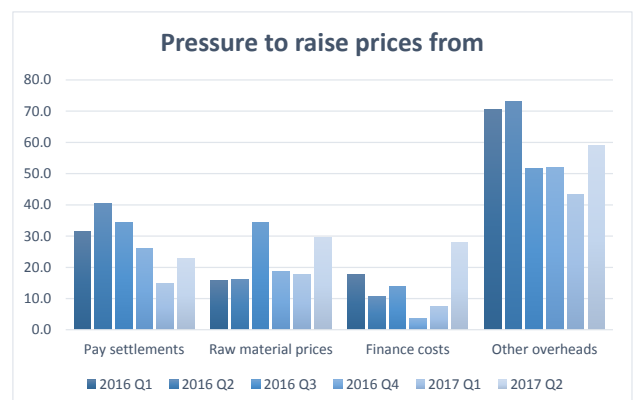
Employment expectations for the next quarter improved locally with almost half of respondents expecting positive employment growth and four per cent expecting worsening. Almost half of the respondents expected employment to remain unchanged. Nationally, employment expectations continued to be positive but fell back slightly in the service sector compared with growth in the manufacturing sector.



Dorset businesses had a positive outlook for the year ahead with more respondents expecting **turnover** and **profitability** to improve than decline. Nationally, confidence in turnover and profitability remained positive and grew over the quarter.

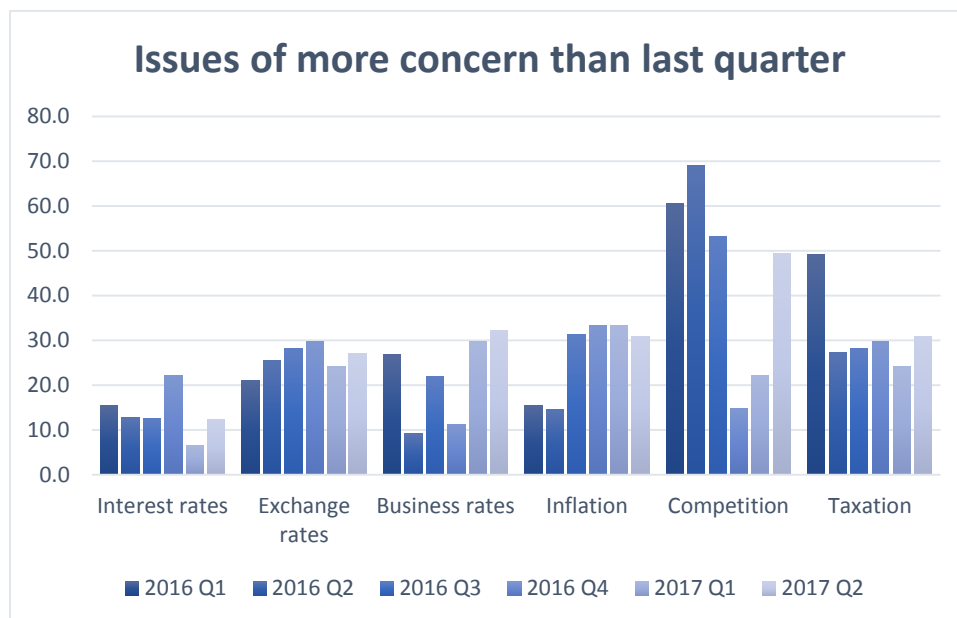
In the coming year, more Dorset respondents expect that the **price of goods and services** will rise than fall. Pressure is largely from 'other overheads'.

Nationally, the percentage balance of firms expecting prices to go up remained positive but dropped back over the quarter. The cost of raw materials continued to be the main price pressure for manufacturers, and other overheads were significant across the economy.



Issues and priorities

Almost half of Dorset respondents said that competition was of more concern than in the previous quarter. Concerns about inflation continued to affect around a third of respondents. Growing proportions expressed concern about interest rates, exchange rates, taxation and business rates.



Top priorities for Dorset businesses were: gaining more customers, growing the business, recruiting good staff, raising business profile and developing skills. There are some links between these priorities and top local issues and concerns, as shown in the table below.

Top priorities (Dorset):	Gaining more customers	Growing my business	Recruiting good staff	Raising my profile	Developing skills in my business
Local issues:	Competition	Funding	Development on a local level		Skills gaps
Local concerns:	The threat from competitors	Leaving the European Union	Legislation and regulation		Recruitment