

The British Chambers of Commerce is the national body for a powerful and influential Network of Accredited Chambers of Commerce across the UK; a Network that directly serves not only its member businesses, but the wider business community.

Representing 100,000 businesses who together employ more than 5 million employees, the British Chambers of Commerce is The Ultimate Business Network. Every Chamber sits at the very heart of its local community working with businesses to grow and develop by sharing opportunities, knowledge and know-how.

No other organisation makes such a difference to business as the British Chambers of Commerce.

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Designed and printed by EVC Graphic Design and Print, Pangbourne, Berkshire, UK, a registered 14001 environmental printer. Printed on 75% recycled paper from a managed sustainable source, using pulp that is TCF & ECF, and printed with vegetable soya based inks.

Subscription:

£70 per copy, £225 per year

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This Quarterly Economic Survey brings together, for the purposes of region-by-region comparison, results obtained from surveys carried out within the nations and regions of Britain by individual Chambers of Commerce and their associations.

Those wishing to obtain a more detailed survey of economic conditions in a particular nation or region as perceived by individual businesses are invited to contact the representatives listed on the closing page of this survey.

While the figures conveyed in this summary derive from the Chambers' respective enquiries, the interpretation is the responsibility of the British Chambers of Commerce, and should not be regarded as necessarily representing the view of any contributing Chamber.

**NB:** Balance figures, referred to throughout this report, are determined by subtracting the percentage of companies reporting decreases in a factor from the percentage of companies reporting increases.

The British Chambers of Commerce Quarterly Economic Survey for the second quarter 2009 covers over 5,600 businesses, employing over 700,000 people. The respondents cover the entire United Kingdom. Businesses were surveyed by postal and online questionnaires over the period 25 May to 15 June.

In the manufacturing sector 1,555 firms employing 127,000 people responded. 933 (60%) of manufacturing respondents are exporters. In the service sector 4,051 businesses with 580,000 employees responded. Of the service sector participants, 1,073 (26%) are exporters. While the majority of respondents employ fewer than 500 people, the sample included 127 large businesses.

Total responses are weighted according to the actual distribution of companies by size within each region, and each region is similarly weighted within the national aggregates to ensure that the sample provides a truly representative picture of UK commerce and industry.

The survey is the largest and most representative of its kind in the UK.

## INTRODUCTION

The Q2 2009 results show welcome progress but also highlight serious risks. Most critical national balances improved in Q2, for both manufacturing and services, but almost all the key balances remain in negative territory, and most balances are still weak by historical standards. The manufacturing balances recorded stronger improvements in Q2 than those of the service sector, but, in absolute terms, the manufacturing balances are still weaker overall. The most positive feature of the Q2 survey is the marked strengthening of all the confidence balances, albeit after exceptionally sharp declines in the previous two quarters. Confidence levels are still weak by historical standards, and the recent improvement can only be sustained if the economy continues to stabilise and the recession ends. With cashflow, capacity utilisation, and price pressures remaining weak, it is important that the short-term policy stance continues to be expansionary.

## DOMESTIC MARKET

The manufacturing sector's balances improved markedly in Q2. The net balance for home sales rose 18 points, to -37%. The balance for manufacturers' home orders rose 15 points, to -37%. Both Q2 domestic manufacturing balances are still historically weak, and remain much worse than those of the service sector.

The service sector's domestic balances also improved in Q2, but they remain weak by historical standards. The net balance for home sales moved up seven points, to -16%. The net balance for service home orders rose five points, to -24%. The Q1 service balances are much stronger than those of manufacturing.

## EXPORT MARKET

The export position is stronger for manufacturing and broadly stable for services. The manufacturing export sales balance rose 11 points in Q2, to -16%. The manufacturing export orders balance improved 20 points, to -8%. The service export sales balance rose one point in Q2, to -10%. The service export orders balance fell two points, to -12%. The Q2 service export balances remain very weak by historical standards.

## EMPLOYMENT

All the employment balances remain in negative territory, and all remain weak by historical standards. The manufacturing sector's employment balance fell one point in Q2, to -37%, the lowest since records are available in Q1 1989. But the manufacturing employment expectations balance improved 19 points, to -16%. The service sector's employment balance rose three points in Q2, to -15%. The service employment expectations balance also improved three points, to -9%.

## INVESTMENT

The investment balances improved in Q2, but they remain weak by historical standards, and most are still in negative territory. The balance of manufacturing firms planning to increase investment in plant and machinery rose eight points to -30%. Manufacturers' intentions to invest in training rose four points to -15%. In services, the balance of firms planning to increase investment in plant and machinery improved three points, to -18%. Service intentions to invest in training rose six points, to 0%.

## BUSINESS CONFIDENCE

All the Q2 confidence balances show a significant improvement, but they are still very weak by historical standards. The manufacturing sector's Q2 turnover confidence balance rose 40 points to +2%. Manufacturers' profitability confidence also rose 40 points, to -8%. The service sector's turnover confidence balance rose 19 points, to +7%. Service profitability confidence rose 24 points to +1%.

## CAPACITY UTILISATION AND CASHFLOW

Capacity utilisation remains weak. The Q2 figure of manufacturing firms operating at full capacity was unchanged, at 20%. In services, 34% of firms worked at full capacity, down four points. Cashflow balances are very weak by historical standards and remain in negative territory. The manufacturing cashflow balance was unchanged in Q2, at -32%, lowest level since records are available. Services cashflow improved nine points to -17%.

## PRICES

Pressures to raise prices remained very weak in Q2. The balance of manufacturing firms reporting pressure to raise prices rose one point to -6%. In services, the balance of firms expecting to increase prices fell two points in Q2 to +1%.

## ECONOMIC CLIMATE

The Q2 results confirm that the pace of decline in the UK economy is clearly easing. The worst phase of the recession is over, but serious downward pressures persist across all sectors and regions. In spite of marked Q2 improvements, almost all the key balances are still in negative territory, and most balances remain weak by historical standards. Talk of recovery is premature. Further corrective measures are needed to support the economy. The marked improvement in confidence, albeit from exceptionally low levels, is welcome. Confidence levels are still historically weak, and recent improvements can only be sustained if the economy continues to stabilise and the recession ends. With cashflow, capacity utilisation, and price pressures remaining weak, it is important that the short-term policy stance continues to be expansionary. Sustaining the recovery, and preserving Britain's international credit rating, depends critically on the adoption of a credible medium-term strategy for improving our public finances and nurturing wealth-creating businesses.

## Q Excluding seasonal variation, domestic sales (domestic orders) over the past 3 months are: *Up/Same/Down*

### THE NATIONAL PERSPECTIVE

All the domestic national balances, sales as well as orders, have improved in Q2 2009, for both manufacturing and services. However, all the domestic balances remain in negative territory. The results confirm that the pace of decline in the UK economy is clearly moderating. However, serious downward pressures persist across all sectors and regions. Talk of recovery is premature. Further corrective measures to support the economy are needed.

The manufacturing net balance for home sales improved to -37% in Q2, from -55% in Q1. But the Q2 sales balance is still worse than in Q4 2008, and worse than the earlier lows recorded in the early 1990's recession. The balance for manufacturers' home orders rose to -37% in Q2, from -52% in Q1. In the early 1990s recession, the weakest domestic manufacturing balances were -34% for home sales and -37% for home orders. Though the domestic manufacturing balances improved significantly in Q2, they remain much worse than those of the service sector.

The service sector's net domestic balances also improved in Q2 but the improvement was less pronounced than for manufacturing, and service balances remain weak by historical standards. The balance for service sector home sales improved to -16% in Q2, from -23% in Q1. The balance for service sector home orders moved up to -24% in Q2, from -29% in Q1. In the early 1990s recession, the weakest service domestic balances were -24% for home sales and -26% for home orders.

### THE MANUFACTURING SECTOR

Different size manufacturing firms recorded divergent movements in their Q2 net domestic balances, but all the Q2 home balances remained in negative territory. The balance of micro manufacturers was unchanged in Q2, but all other firm sizes recorded Q2 improvements in their net domestic balances for home sales. In the case of home orders, the net balances of large and micro firms worsened in Q2, while the net balances of small and medium-sized manufacturers recorded Q2 improvements. In absolute terms, large

manufacturers recorded the weakest absolute Q2 net balances, at -55% for home sales, and at -53% for home orders. At the other extreme, medium-sized manufacturing firms recorded the strongest Q2 net balances, at -27% for home sales, and at -20% for home orders.

### THE SERVICE SECTOR

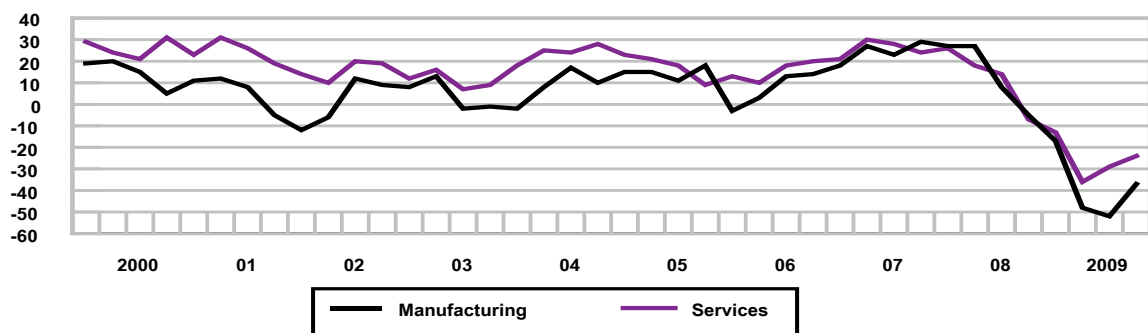
As with manufacturing, different size service sector firms recorded divergent movements in their Q2 net domestic balances; and the home balances remained in negative territory. The home sales balance of large service firms worsened in Q2, but all other firm sizes recorded Q2 improvements in their net domestic balances for home sales. In the case of home orders, the balance of large service firms was unchanged in Q2, but all other firm sizes recorded Q2 improvements. In absolute terms, small-sized service firms recorded the worst Q2 net balance for home sales, at -21%, while small and medium-sized service firms recorded the weakest Q2 net balances for home orders, both at -31%. At the other extreme, medium-sized service firms recorded the strongest Q2 balances for home sales, at -10%, and large service firms recorded the strongest Q2 balances for home orders, at -14%.

### THE REGIONAL PERSPECTIVE

The Q2 manufacturing balances for home sales remain in negative territory in 11 regions, while the Q2 manufacturing balances for home orders are still in negative territory in all 12 regions. The weakest Q2 net balances were in the West Midlands for home sales, at -51%, and in the East Midlands for home orders, at -52%. At the other extreme, the strongest Q2 manufacturing balances were in the Eastern region, at 0% for home sales, and at -6% for home orders.

The domestic balances of the service sector remain in negative territory in most regions. Comparing the service sector's domestic performance across the various regions, the worst net balances in Q2 were in Scotland, at -35% for home sales, and at -49% for home orders. At the other extreme, the least weak Q2 net service sector balances were in Wales, at +1% for home sales, and at -11% for home orders.

Home orders- national percentage balance



## Q Excluding seasonal variation, export sales (export orders) over the past 3 months are: Up/Same/Down

### THE NATIONAL PERSPECTIVE

The manufacturing sector's export balances, sales as well as orders, improved in Q2 2009, but the export balances remain in negative territory. The net balance for manufacturing export sales rose to -16% in Q2, from -27% in Q1. The net balance for export orders strengthened to -8% in Q2, from -28% in Q1. The manufacturing export balances are less negative than the sector's home balances.

The service sector's export balances recorded small divergent movements in Q2. The overall service exports position is broadly stable, with sales as well as orders still in negative territory. The service sector's net balance for export sales edged up by one point in Q2, to -10%. The service sector's balance for export orders worsened by two points in Q2, to -12%. Both export balances remain very weak by historical standards, and are only marginally above their lowest levels since records began in Q1 1989.

### THE MANUFACTURING SECTOR

Different size manufacturing firms recorded divergent movements in their export balances in Q2. The net balances of micro manufacturers worsened in Q2, for both export sales and export orders, but all other firm sizes recorded Q2 improvements in their export balances, for both sales and orders. The manufacturing export balances of almost all firm sizes were negative in Q2. The only exception was that large manufacturing firms recorded a positive net balance for export orders. In absolute terms, large manufacturers registered the worst Q2 balance for export sales, at -31%, while medium-sized manufacturing firms recorded the weakest absolute net balance for export orders in Q2, at -28%. At the other extreme, small manufacturers recorded the least weak Q2 net balance for export sales, at -4%; while large manufacturing firms recorded the best Q2 net balance for export orders, at +12%.

### THE SERVICE SECTOR

Different sizes of service sector firms recorded divergent movements in their net export balances in Q2; but all service balances are still in negative

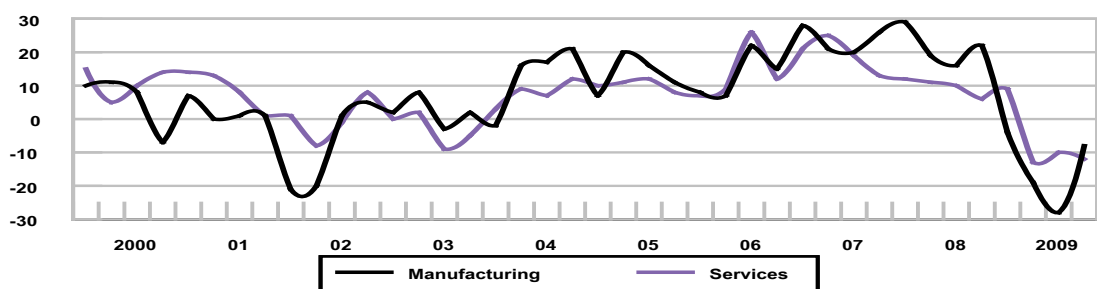
territory. The exports sales balances of medium-sized and micro firms rose in Q2; small firms recorded a decline, while the Q2 balance of large service firms remained unchanged. In the case of export orders, the Q2 balance of medium service firms worsened, while all other firm sizes recorded increases in their Q2 net balances. In absolute terms, small service firms recorded the weakest Q2 net balance for export sales, at -15%; while medium firms recorded the weakest Q2 net balance for export orders, at -21%. At the other extreme, micro service firms recorded the strongest absolute Q2 net balance for export sales, at -2%; while large service sector firms recorded the strongest absolute Q2 net balance for export orders, at -6%.

### THE REGIONAL PERSPECTIVE

The Q2 net manufacturing balances for export sales were still negative in nine regions, while three regions moved into positive territory. In the case of export orders, eight regional balances were negative in Q2, one region was at 0%, while three regions moved into positive territory. Comparing export performance across the various regions, the weakest Q2 manufacturing balances were in the West Midlands, at -43% for export sale, and at -51% for export orders. At the other extreme, the best Q2 net manufacturing balances were in London, at +46% for export sales, and at +34% for export orders.

In the service sector, the Q2 net balances for export sales were in positive territory in one region; ten regions were in negative territory, while one region was at 0%. In the case of export orders, the Q2 net balance for export sales was in positive territory in one region; nine regions were in negative territory, while two regions were at 0%. Comparing service sector export performance across the various regions, the weakest Q2 net balances were in the East Midlands, at -26% for export sales, and at -32% for export orders. At the other extreme, the least weak Q1 service balances were in Wales, at +12% for export sales, and at +3% for export orders.

Export orders - national percentage balance



**Q Over the past 3 months your workforce has:** *Increased/Remained Constant/Decreased*  
**Q What changes do you expect to your workforce over the next 3 months:**  
*Increase/Remain Constant/Decrease*

**THE NATIONAL PERSPECTIVE**

The employment expectations balance at a national level improved in both sectors, but remained negative. While improvement in the service sector was small, the manufacturing balance witnessed a large rise.

Changes in the backwards looking employment balances in both sectors were negligible and remain deeply negative, reflecting the large job losses incurred as a result of the recession.

In the manufacturing sector the employment balance over the last three months dropped one percentage point to -37%, overtaking 2009 Q1's result as the lowest figure since the series began in 1989. The expectations balance rose from -35% in Q1 to -16% in the present quarter. This is the equal largest rise for the balance in the series history (equivalent to the rise between Q4 2001 and Q1 2002).

Employment balances in the services sector showed equivalent small increases. Employment over the previous three months and employment expectations increased by three points, to reach -15% and -9% respectively. Despite the improvement, these figures are still very low by historical standards: the employment balance over the last three months is the equal fourth lowest on record, the expectations balance is the equal third lowest on record.

**THE MANUFACTURING SECTOR**

Both micro and medium firms witnessed large drops in their employment over the last three months balances, by 23 percentage points and 27 percentage points respectively, to reach -27% and -60%. Small and large firms saw the balance increase, but figures remained largely negative. Medium firms had by far the worst balance (-60%), whereas small firms had the highest (-21%).

The employment expectations balance across all firm sizes within the manufacturing sector improved. The largest increase was seen with small firms (from -27% to -8%) and the smallest with micro firms (from -13% to -9%). Small firms had the highest balance at -8% and large firms the largest at -24%.

**THE SERVICE SECTOR**

Balances on the backward looking employment balance remained negative across all firm sizes. Medium firms saw the only deterioration with a small decrease of two percentage points to record a balance of -20%. All other firm sizes saw moderate increases in their figures. Micro firms had the highest result (-7%) and medium sized firms the worst (-20%).

On the expectations balance, micro and small firms both improved, with micro firms recording the only positive balance (+5%). Large firms experienced the largest decrease, by 14 percentage points to reach -34% (also the lowest balance across firm sizes).

**THE REGIONAL PERSPECTIVE**

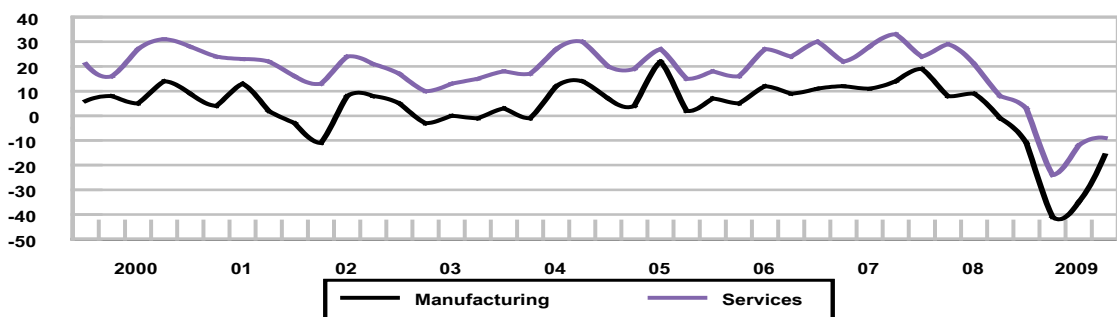
In the manufacturing sector there were no positive balances for the factor of employment over the last three months. Northern Ireland and the East Midlands had the worst results (both -55%) and Scotland (-7%) and the South East (-6%) had the highest figures.

Employment expectations for manufacturing recorded three positive balances out of the twelve regions, in the East of England (+2%), Scotland (+3%) and the South East (+17%). Out of the negative balances, the East Midlands (-35%) and the North East (-31%) recorded the worst.

The service sector recorded a similar picture for both balances, albeit at higher absolute levels. On the employment balance over the last three months only Wales recorded a positive balance (21%). The worst results were recorded by Scotland (-30%) and the East Midlands and Northern Ireland (both -22%).

On the expectations balance, five regions recorded very small positive balances (East Midlands, West Midlands, Wales, East of England and the South East). London (-31%) and Scotland (-22%) recorded the worst balances.

**Employment Expectations**



**Q Have you attempted to recruit staff over the past 3 months:** Yes/No

**Q If yes, were they for:** a) Part-time jobs/Full time jobs

b) Temporary jobs/Permanent Jobs

**Q Did you experience any difficulties finding suitable staff?** Yes/No

**Q If yes, for which of the following categories:**

Skilled manual and technical/Professional and managerial/Clerical/Un and semi-skilled

**THE NATIONAL PERSPECTIVE**

46% of manufacturing firms tried to recruit over the last three months, continuing the decline for this factor, which has fallen steadily quarter on quarter from 76% in Q2 2008. This is the equal lowest figure on record. The percentages representing whether these were part-time, full-time, temporary or permanent all fell by small amounts.

The figure showing the number of firms representing recruitment difficulties did not move significantly on the quarter (moving from 59% to 58%). The movements around the categories of worker for difficulty of recruitment all showed negligible change.

The service sector percentage for “tried to recruit” also fell, to 49%, a low figure by historical standards. All types of worker where difficulty was experienced fell by small amounts except in the “temporary” category, which saw a minor increase.

Recruitment difficulties within the service sector also fell, continuing the steady rate of decline from Q3 2008.

**THE MANUFACTURING SECTOR**

While micro firms and large firms witnessed a drop in the proportion of firms trying to recruit, small and medium manufacturing firms had slight increases, from 40% to 49% and 45% to 51% respectively.

The picture of the type of worker firms tried to recruit differs across company sizes. One interesting set of figures is that attempts to recruit full-time staff reduced across all firm sizes, except for micro businesses that saw a marginal increase.

Recruitment difficulties increased significantly in medium firms (from 51% to 82%), and dropped significantly within small firms (from 73% to 57%). The equivalent figure for small and large firms moved only slightly on the quarter.

**THE SERVICE SECTOR**

The “tried to recruit” results for the service sector differed from manufacturing. Micro and small firms saw very small increases quarter on quarter and medium and large firms saw falls, most notably for large firms from 85% to 54%. The largest movement within the categories was for large firms in the permanent category, falling 33 percentage points, to 33%.

There were small movements in the “tried to recruit” category, all moving downwards by very small amounts. This was largely reflected in the breakdown of categories, with no significant movements.

**THE REGIONAL PERSPECTIVE**

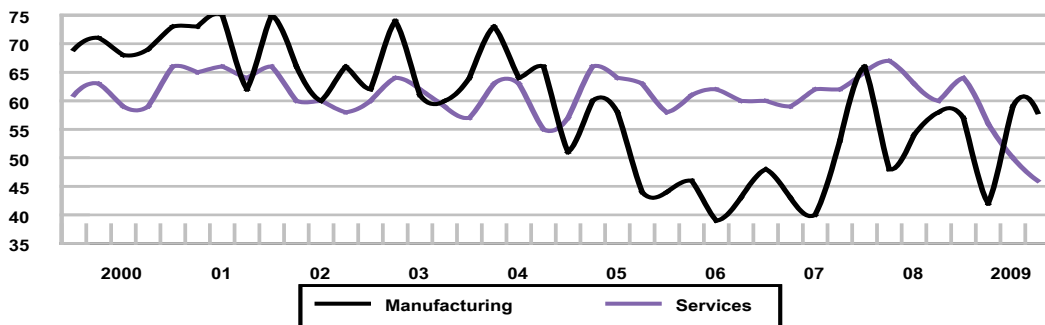
There were five regions in the manufacturing sector that had results above the national average for “tried to recruit”. These regions were the South West, East of England, Wales, West Midlands and the North East. The North East (65%) recorded the highest result. The lowest figure recorded was the North West (26%).

For the recruitment difficulties factor, Scotland (68%), the North East (61%), and Yorkshire and the Humber (66%) all recorded figures above the national average for manufacturing. Wales recorded the lowest result (23%).

In the service sector there were five regions above the national average for “tried to recruit”: Yorkshire and the Humber, Wales, East of England, South East and the South West. Wales recorded the highest figure (76%). The lowest result was recorded in the East Midlands (35%).

On the recruitment difficulties factor, the South West, South East, East of England, Wales, and Yorkshire and the Humber had results above the national average of 46%. The lowest result was seen in London (23%).

**Recruitment Difficulties**



**Q Over the past 3 months, what changes have you made to your investment plans:**  
**a) For Plant and Machinery:** Revised upwards/Revised downwards/No change  
**b) For Training:** Revised upwards/Revised downwards/No change

**THE NATIONAL PERSPECTIVE**

Investment plans on both measures and in both sectors improved. The results mirrored the general picture from the rest of the survey in that, in absolute terms, the service sector had better results, even recording a positive balance on the investment in training factor.

Within the manufacturing sector, the balance for plant and machinery improved by eight percentage points to reach -30%. Despite the improvement, this is still the second lowest figure on record (being slightly above 2009 Q1's record low). The balance for investment in training improved by four percentage points to reach -15%.

Plans to invest in training were level (0%) in the services sector. This is still the third lowest result in the survey's history. However, steady improvement has been witnessed since the lowest result on record in Q4 2008. The plant and machinery balance was still very low by historical standards and showed marginal improvement, reaching (-18%).

**THE MANUFACTURING SECTOR**

Small, medium and large firms all showed marginal improvements in their plant and machinery investment balances, with small firms recording the biggest jump of 16 percentage points. Micro firms witnessed a deterioration in the balance, from -19% to -28% quarter on quarter.

The training investment balance saw a slightly different pattern, with micro, small and medium firms witnessing small increases, and large firms showing a small three percentage point deterioration to reach (-23%).

**THE SERVICE SECTOR**

Within the services sector the picture was different. For the plant and machinery balance micro, small and medium firms all saw increases from the negative twenties to the negative teens, and large firms recorded a large drop (from -7% to -28%).

The results for the training balance were particularly positive for medium and large firms, with large increases from -26% to -2% and from +10% to +27% respectively. Micro firms witnessed an improvement and small firms a deterioration, but both remained only mildly negative.

**THE REGIONAL PERSPECTIVE**

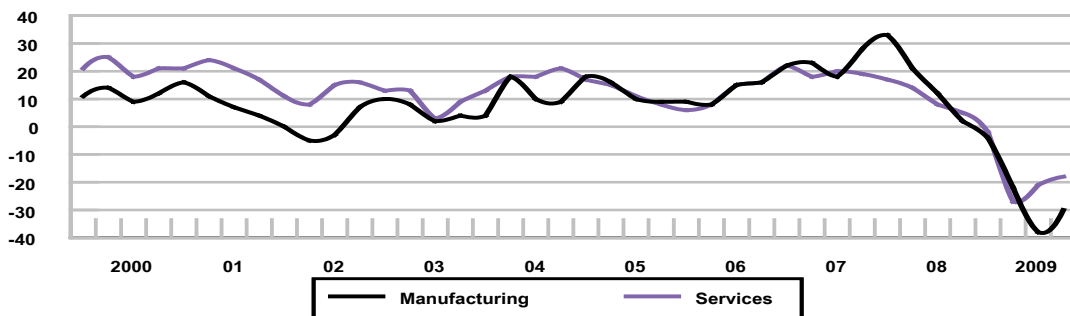
The six regions that recorded a balance below that of the national average (-30%) in the manufacturing sector for plant and machinery were the North East (-58%), North West (-37%), East Midlands (-41%), Northern Ireland (-31%), the South West (-33%) and London (-40%). No positive balances were recorded, but the highest was witnessed in the South East (-2%).

Within the manufacturing sector for training investment the worst figure was recorded in the North East (-54%). The only positive balance was recorded in the West Midlands (+10%).

The picture in the services sector was slightly different. For the plant and machinery balance, both the North East (+4%) and Wales (+7%) saw positive balances. Scotland had the worst balance of -32%.

The training balance witnessed half of all regions recording a positive balance: Scotland (+1%), West Midlands (+9%), Wales (+7%), Northern Ireland (+5%), the East of England (+3%) and London (+15%). The lowest balance was recorded in the North East (-13%).

Investment in Plant Machinery



**Q Do you believe that over the next 12 months:**

- a) **Turnover will:** *Improve/Remain the same/Worsen*
- b) **Profitability will:** *Improve/Remain the same/Worsen*

**THE NATIONAL PERSPECTIVE**

The Q2 2009 results show a significant improvement in all the confidence balances, particularly for manufacturing. The confidence balance of manufacturing turnover improving in the next 12 months rose sharply, to +2% in Q2 from -38% in Q1. The confidence balance of manufacturing profitability improving in the next 12 months also rose significantly, to -8% in Q2 from -48% in Q1. Both Q2 manufacturing confidence balances, though better than in recent quarters, are still very weak by historical standards.

The service sector's confidence balances also strengthened markedly in Q2, but the improvement was less pronounced than in manufacturing. The service confidence balance of turnover improving in the next 12 months rose to +7% in Q2, from -12% in Q1. The service sector's confidence balance of profitability improving in the next 12 months climbed to +1% in Q2, from -23% in Q1. As with manufacturing, though the Q2 service confidence balances are better than in recent quarters, they are still very weak by historical standards.

**THE MANUFACTURING SECTOR**

Manufacturing firms of almost all firm sizes recorded improvements in their net confidence balances in Q2, for both turnover and profitability. The only exception was that the profitability confidence balance of micro manufacturing firms worsened in Q2. In spite of the Q2 improvement, all profitability balances, and some turnover balances, are still in negative territory. In absolute terms, large manufacturers recorded the weakest Q2 net balance for turnover confidence, at -14%; and micro firms recorded the weakest Q2 net balance for profitability confidence, at -19%. At the other extreme, medium-sized manufacturers recorded the best net balance for turnover confidence, at +20%; and large manufacturing firms recorded the least weak Q2 net balance for profitability confidence at -2%.

**THE SERVICE SECTOR**

As with manufacturing, service sector firms of all sizes recorded improvements in their net confidence balances in Q2 2009, for both turnover and profitability, but some profitability balances are still in negative territory. In absolute terms, small service firms recorded the weakest Q2 balances, at +2% for turnover confidence, and at -11% for profitability confidence. At the other extreme, micro service firms recorded the best Q2 balance for turnover confidence, at +16%; and large service firms recorded the best Q2 balance for profitability confidence, at +28%.

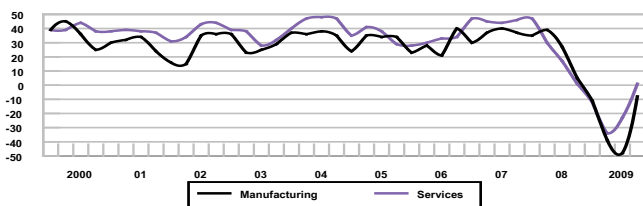
**THE REGIONAL PERSPECTIVE**

The manufacturing sector's turnover confidence balances were in negative territory in seven regions in Q2 2009, while five regions were in positive territory. In the case of Q2 profitability confidence, nine regions were in negative territory, while three regions were in positive territory. Comparing manufacturing confidence across the regions, the weakest Q1 confidence balances were in the North East, at -29% for turnover confidence, and at -44 for profitability confidence. At the other extreme, the manufacturing sector's strongest balances were in the South East, at +42 for turnover confidence, and at +32% for profitability confidence.

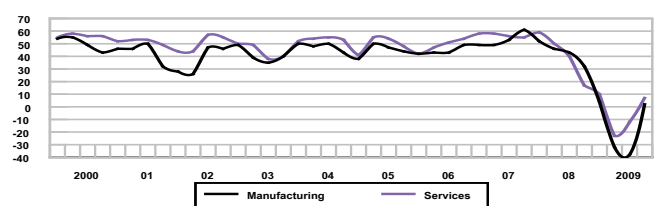
In the service sector, the confidence turnover balances were in negative territory in four regions in Q2 2009, while eight regions were in positive territory. In the case of Q2 profitability confidence, we find five negative balances and seven positive balances.

Comparing service sector confidence across the regions, the weakest Q2 service balances were in Scotland, at -17% for turnover confidence, and at -23% for profitability confidence. At the other extreme, the best Q2 service confidence balances were in the West Midlands, at +22% for turnover, and at +22% for profitability.

**Confident of Improving Profitability**



**Confident of Improving Turnover**



**Q Are you Currently operating:** *At full capacity/Below full capacity*

**THE NATIONAL PERSPECTIVE**

The capacity utilisation figure in manufacturing remained unchanged on the quarter at 20%, the joint lowest result since Q1 1993 and very low by historical standards. Micro firms witnessed a drop-off in the result (from 39% to 21%), which was offset by increases in the other firm sizes.

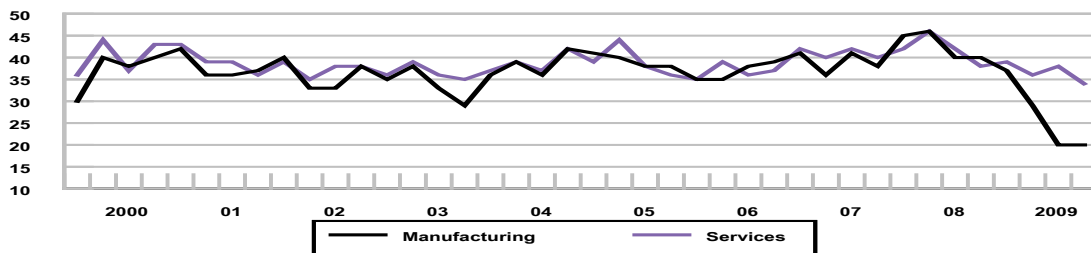
Within the service sector, the capacity utilisation figure continued the marginal declines witnessed from Q3 2008. This is the lowest proportion since Q1 1995. However, the figure is nowhere near reaching the lows experienced in the recession of the early 1990s. There were only marginal movements in the breakdown of micro, small and medium firms. Large firms saw a drop from 51% to 29%.

**THE REGIONAL PERSPECTIVE**

In the regional breakdown, Scotland (48%) was the only region that recorded a result that was significantly above the national total (20%) in the manufacturing sector. The lowest results recorded were in the North East (3%) and Wales (7%).

In the services sector, Scotland again had the highest capacity result (47%). The lowest figure was recorded in the South West (18%). All other regions recorded values that varied only slightly around the national result (34%).

**CAPACITY UTILISATION**



**CASHFLOW**

**Q During the last 3 months how has your cashflow changed:** *Improved/Same/Worsened*

**THE NATIONAL PERSPECTIVE**

Difficulties with cash flow remain a big concern for the business community, and have been a consistent issue for the duration of the downturn.

In the manufacturing sector, the cash flow balance remained at the record low that was set in the first quarter of 2009 (-32%). Both micro and large firms moved deeper into negative territory at -44% and -43% (large firms falling 20 percentage points). Small and medium firms witnessed improvements but remained negative.

The service sector cash flow balance improved to reach -17%. However, this is still the third lowest result on record, behind Q1 2009 and Q4 2008. Balances didn't deteriorate across any firm size (although, the balance representing small firms remained unchanged). Medium firms moved from negative (-13%) to positive (+7%).

**THE REGIONAL PERSPECTIVE**

At the regional breakdown, the regions in the manufacturing sector that deviated the most from the national total were London (-51%) and the South West (-4%). Not one region recorded a positive balance.

In the service sector Wales was the only region to record a positive balance (+3%). Scotland (-5%) also achieved a high balance in comparison to the national total. Yorkshire and the Humber (-26%), West Midlands (-28%), Northern Ireland (-37%) and London (-25%) all recorded balances more negative than the national total.

**Q Over the next 3 months, do you expect the price of your goods/services to:***Increase/Remain the same/Decrease***Q Is your business currently suffering pressures to raise prices from any of the following:***Pay settlements/Raw material prices/Finance costs/Other overheads***THE NATIONAL PERSPECTIVE**

In the manufacturing sector there was barely any movement on the price balance, moving from -7% to -6%. This is the joint fifth lowest on record. In terms of the firm size break down, the one notable movement was the deterioration representing large firms, which moved from 0% to -15%.

Within the breakdown of which factors are contributing to pressure to raise prices there was little movement for the raw materials and other overheads categories, both falling slightly on the quarter. Pay settlements were left unchanged. Financial costs, however, saw a notable jump, from 18% to 30%. This large jump was mainly as a result of the large firms category increase, which changed from 9% to 40%.

In the service sector, the price balance was the lowest ever recorded, falling two percentage points to reach +1%. In the breakdown of firm sizes, micro and small businesses saw very slight increase, whereas medium and large firms both deteriorated into negative territory.

The only figure representing price pressures that recorded an increase was raw material prices, increasing from 24% to 29%. All other factors fell slightly. The significant rise in the raw materials figure was driven by large firms (going from 15% to 41% on the quarter). The five percentage points fall in the other overheads category was also driven by large firms, dropping from 45% to 20%.

**THE REGIONAL PERSPECTIVE**

For the manufacturing sector, the numbers that deviated from the national balance the most were seen in the North East (+22%) and Yorkshire and the Humber (+8%) above, and Northern Ireland (-31%) and Scotland (-23%) below. Notable figures on the percentages representing financial costs as a price pressure were seen in the West Midlands (66%) and Northern Ireland (48%).

For the services sector, four regions recorded a negative balance for the price factor. These regions were the North East (-9%), North West (-2%), East Midlands (-1%) and London (-14%). The highest balance was recorded in Wales (+19%).

**Q Please indicate which of the following factors are more of a concern to your business than 3 months ago: Interest Rates/Exchange Rates/Business Rates/Inflation/Competition/Corporation Tax**

### MANUFACTURING

Exchange rate concerns fell to 56% in Q2, from 58%, but remained manufacturers' biggest worry; medium firms (at 66%) expressed the biggest concern. Competition worries rose sharply from 30% to 40%; micro firms (47%) expressed the biggest concern. Inflation worries eased to 31% in Q2, from 35%; micros and small firms (both at 35%) signalled the highest concern. Interest rates concerns rose to 19%, from 12%; small firms (23%) signalled the highest level. Corporate taxation concerns rose from 17% to 20%; micro firms (30%) signalled the highest level. Business rate worries eased, from 24% to 21%; micro firms, at 37%, signalled the highest level.

### SERVICES

Competition concerns were unchanged in Q2, at 40%, and remain the service sector's biggest worry; medium firms (46%) signalled the highest level. Inflation concerns edged up from 30% in Q1 to 32% in Q2; large firms (36%) signalled the highest level. Interest rates concerns fell from 26% to 21%; large and small firms, both at 22%, signalled the highest level. Exchange rate worries eased from 29% to 24%, well below the 56% level for manufacturers; small-sized firms (29%) signalled the highest concern. Corporate taxation worries rose from 19% to 23%; micros and large firms (both at 26%) signalled the highest concern. Business rate worries fell from 30% to 26%; small firms, at 32%, signalled the highest level.

Manufacturing	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q08	2Q09
% Interest Rates	20	18	12	23	16	13	4	16	17	21	12	19
% Exchange Rates	60	49	60	48	56	66	55	58	57	48	58	56
% Business Rates	35	37	33	28	26	11	8	12	35	31	24	21
% Inflation	29	35	33	35	39	17	35	33	33	33	35	31
% Competition	40	47	35	40	33	38	16	35	38	44	30	40
% Corporation Tax	27	30	18	22	11	16	16	15	24	26	17	20

Services	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
% Interest Rates	22	21	28	22	31	20	22	22	23	21	26	21
% Exchange Rates	29	24	28	29	38	14	27	22	29	27	29	24
% Business Rates	30	26	34	32	27	24	24	14	31	27	30	26
% Inflation	30	33	29	32	22	24	31	36	29	31	30	32
% Competition	39	39	38	36	40	46	45	43	39	39	40	40
% Corporation Tax	24	26	19	22	21	22	13	26	22	24	19	23

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KEY

1 = 1-19 Employees  
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Manufacturing	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-37	-37	-50	-29	-62	-27	-61	-55	-52	-33	-55	-37
Home orders	-38	-46	-53	-32	-69	-20	-42	-53	-51	-35	-52	-37
Export sales	0	-8	-23	-4	-40	-24	-35	-31	-16	-8	-27	-16
Export orders	-5	-22	-28	-11	-46	-28	-34	12	-17	-12	-28	-8
Employment last 3 months	-4	-27	-33	-21	-33	-60	-45	-41	-33	-24	-36	-37
Employment next 3 months	-13	-9	-27	-8	-40	-23	-39	-24	-31	-8	-35	-16
% Tried to recruit	48	35	40	49	45	51	58	43	42	38	49	46
% Part-time	25	23	10	15	14	15	25	9	16	14	18	13
% Full-time	92	95	92	87	77	70	47	36	88	88	76	70
% Temporary	40	45	30	44	38	30	28	14	54	60	33	32
% Permanent	42	51	70	57	53	62	45	31	46	42	56	51
% Skilled manual	59	43	43	35	30	44	21	20	43	36	32	32
% Professional/managerial	23	22	28	33	26	28	22	22	34	34	28	27
% Clerical	10	15	16	11	10	17	0	2	10	9	8	10
% Semi & unskilled	12	16	12	16	5	23	2	2	15	14	9	14
% Recruitment difficulties	52	53	73	57	51	82	32	25	72	63	59	58
Cashflow	-40	-44	-36	-23	-36	-14	-23	-43	-29	-34	-32	-32
Investment - plant/machinery	-19	-28	-31	-15	-41	-33	-41	-38	-39	-29	-38	-30
Investment - training	-21	-19	-14	-2	-24	-10	-20	-23	-20	-16	-19	-15
Confidence - turnover	-10	-3	-29	4	-46	20	-53	-14	-30	-1	-38	2
Confidence - profitability	-16	-19	-46	-8	-55	-3	-60	-2	-36	-14	-48	-8
% Full capacity	39	21	13	22	16	18	15	17	22	20	20	20
Prices	1	-1	-3	0	-9	-3	0	-15	-9	-2	-7	-6
% Pay settlements	13	12	12	7	12	12	4	12	15	12	11	11
% Raw materials	73	66	55	48	55	62	33	25	61	55	53	48
% Financial costs	26	33	28	29	17	20	9	40	23	26	18	30
% Other overheads	45	51	41	38	39	34	27	24	47	41	39	35
Number of companies	901	778	823	679	133	60	36	38	1893	1555		
Number of employees	7778	6655	47817	37796	22412	17096	76583	65341	154590	126888		
Number of exporters	396	388	449	466	87	51	22	28	954	933		

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Service	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-26	-13	-27	-21	-30	-10	-10	-20	-22	-14	-23	-16
Home orders	-30	-20	-34	-31	-34	-31	-14	-14	-30	-23	-29	-24
Export sales	-17	-2	-14	-15	-16	-11	7	-7	-16	-7	-11	-10
Export orders	-20	-10	-16	-15	-7	-21	7	-6	-19	-12	-10	-12
Employment last 3 months	-13	-7	-20	-18	-18	-20	-26	-15	-16	-10	-18	-15
Employment next 3 months	-2	5	-11	-1	-17	-21	-20	-34	-7	1	-12	-9
% Tried to recruit	29	32	53	55	74	67	85	54	37	39	55	49
% Part-time	40	47	37	36	44	28	42	29	40	42	36	35
% Full-time	62	54	63	68	56	61	61	40	61	61	64	60
% Temporary	45	52	32	41	52	25	33	30	42	44	35	36
% Permanent	54	48	66	60	44	44	66	33	58	53	65	54
% Skilled manual	20	21	21	19	8	14	13	22	19	18	17	19
% Professional/managerial	31	23	33	28	37	29	39	32	35	26	34	27
% Clerical	15	13	13	13	9	4	7	7	14	13	12	11
% Semi & unskilled	12	14	12	10	7	14	3	9	9	11	9	12
% Recruitment difficulties	55	54	54	46	46	44	42	37	54	45	50	46
Cashflow	-30	-26	-26	-26	-13	7	-32	-11	-24	-22	-26	-17
Investment - plant/machinery	-23	-17	-25	-12	-27	-17	-7	-28	-22	-19	-21	-18
Investment - training	-9	-1	-5	-7	-26	-2	10	27	-8	-3	-6	0
Confidence - turnover	-11	16	-14	2	-2	9	-15	6	-12	11	-12	7
Confidence - profitability	-21	3	-26	-11	-24	-1	-18	28	-21	-1	-23	1
% Full capacity	33	34	36	36	45	47	51	29	33	35	38	34
Prices	6	8	2	5	0	-7	7	-6	2	8	3	1
% Pay settlements	10	11	19	18	35	10	15	26	15	14	18	16
% Raw materials	27	24	28	28	27	27	15	41	26	24	24	29
% Financial costs	22	19	23	23	20	15	30	29	23	19	23	21
% Other overheads	40	38	41	39	42	46	45	20	39	37	41	36
Number of companies	3237	2728	1047	898	253	336	83	89	4620	4051		
Number of employees	18806	16125	57343	52331	34327	42033	626638	469861	737114	580350		
Number of exporters	701	668	260	265	34	92	24	18	1028	1073		

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Manufacturing	SC	NE	NW	YH	EM	WM	W	NI	EA	SE	SW	L	NAT
Home deliveries	-19	-9	-40	-39	-48	-51	-19	-31	0	-44	-3	-40	-37
Home orders	-9	-8	-40	-35	-52	-41	-21	-10	-6	-42	-36	-45	-37
Export deliveries	-26	-29	-14	-20	-21	-43	16	-1	-1	-36	2	46	-16
Export orders	-19	-28	-15	0	-15	-51	-10	-14	-1	19	11	34	-8
Employment last 3 months	-7	-54	-33	-43	-55	-43	-30	-55	-15	-6	-31	-42	-37
Employment expectations	3	-31	-12	-12	-35	-22	-28	-29	2	17	-23	-29	-16
% Tried to recruit	43	65	26	42	34	51	58	31	64	39	49	34	46
% Part-time	0	6	13	9	6	38	4	7	12	12	10	5	13
% Full-time	0	52	87	91	70	62	42	50	88	58	66	69	70
% Temporary	0	32	37	38	37	36	44	0	26	24	32	21	32
% Permanent	0	26	63	62	39	64	24	36	74	46	44	39	51
% Skilled manual	52	21	19	39	13	51	21	18	26	23	47	33	32
% Professional/managerial	47	13	34	32	21	39	12	35	24	15	25	13	27
% Clerical	23	4	15	9	3	5	6	17	4	11	7	5	10
% Semi & unskilled	55	8	9	13	3	7	37	12	10	8	13	0	14
% Recruitment difficulties	68	61	43	66	48	51	23	51	49	41	44	38	58
Cashflow	-39	-33	-31	-33	-15	-23	-14	-35	-11	-34	-4	-52	-32
Investment - plant/machinery	-26	-58	-37	-29	-41	-21	-7	-31	-10	-2	-33	-40	-30
Investment - training	-7	-54	-17	-16	-18	10	-16	-22	-9	-5	-13	-29	-15
Confidence - turnover	-13	-29	3	18	-15	-12	-4	-8	30	42	4	-24	2
Confidence - profitability	-41	-44	-14	-9	-15	5	-11	-25	24	32	-7	-20	-8
% Full capacity	48	3	11	16	10	20	7	17	25	21	24	22	20
Prices	-23	22	-3	8	-9	-19	2	-31	-10	2	-8	5	-6
% Pay settlements	25	16	8	19	15	10	9	2	5	4	14	0	11
% Raw materials	44	33	47	58	53	37	52	29	50	36	66	40	48
% Financial costs	16	45	20	24	15	66	11	48	14	9	14	29	30
% Other overheads	14	50	31	28	22	28	48	24	30	23	41	70	35

**KEY****SC** - Scotland**NE** - North East**NW** - North West**YH** - Yorkshire & The Humber**EM** - East Midlands**WM** - West Midlands**W** - Wales**NI** - Northern Ireland**EA** - Eastern**SE** - South East**SW** - South West**L** - London**NAT** - National

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Services	SC	NE	NW	YH	EM	WM	W	NI	EA	SE	SW	L	NAT
Home deliveries	-35	-16	-15	-8	-10	-23	1	-15	-2	-11	-21	-21	-16
Home orders	-49	-16	-27	-19	-20	-28	-11	-22	-13	-19	-28	-24	-24
Export deliveries	0	-7	-22	-10	-26	-13	12	-16	-16	-8	-9	-1	-10
Export orders	0	-7	-26	-20	-32	-14	7	-24	-19	-8	0	-4	-12
Employment last 3 months	-30	-11	-18	-15	-22	-19	21	-22	-14	-12	-21	-10	-15
Employment expectations	-22	-4	-11	-2	2	2	5	-4	9	3	-3	-31	-9
% Tried to recruit	47	39	41	51	35	42	76	43	57	64	60	39	49
% Part-time	0	30	43	35	37	37	32	21	36	40	33	24	35
% Full-time	0	54	57	65	63	63	68	69	64	60	56	52	60
% Temporary	0	25	35	36	53	29	26	51	36	41	46	28	36
% Permanent	0	59	65	64	47	71	57	39	64	59	43	34	54
% Skilled manual	30	25	24	12	11	19	31	8	15	20	34	9	19
% Professional/managerial	33	26	15	31	25	30	44	20	34	30	37	14	27
% Clerical	10	3	23	10	11	11	13	28	12	16	11	2	11
% Semi & unskilled	7	11	25	10	11	10	31	0	10	20	8	2	12
% Recruitment difficulties	45	42	47	53	38	38	63	45	51	64	63	23	46
Cashflow	-5	-18	-13	-26	-16	-28	3	-37	-8	-17	-11	-25	-17
Investment - plant/machinery	-32	4	-24	-20	-21	-9	7	-27	-15	-18	-25	-17	-18
Investment - training	1	-13	-9	-11	-9	9	7	5	3	0	-9	-15	0
Confidence - turnover	-17	-1	11	14	14	22	16	-7	19	18	-2	1	7
Confidence - profitability	-23	-5	-2	11	1	22	14	3	13	-7	-11	11	1
% Full capacity	47	31	23	32	28	28	30	33	38	33	18	29	34
Prices	10	-9	-2	0	-1	4	19	16	4	8	13	-14	1
% Pay settlements	22	21	13	11	11	10	15	17	10	20	8	20	16
% Raw materials	41	38	17	17	25	20	20	12	17	27	32	38	29
% Financial costs	18	36	24	20	16	15	12	21	20	21	17	28	21
% Other overheads	28	42	46	28	26	26	38	18	33	43	33	37	36

**KEY****SC** - Scotland**NE** - North East**NW** - North West**YH** - Yorkshire & The Humber**EM** - East Midlands**WM** - West Midlands**W** - Wales**NI** - Northern Ireland**EA** - Eastern**SE** - South East**SW** - South West**L** - London**NAT** - National

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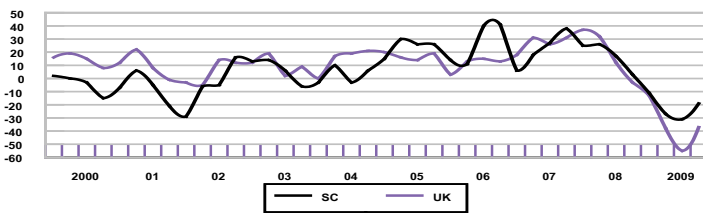
**For contact details on each region's survey please see page 42**

KEY

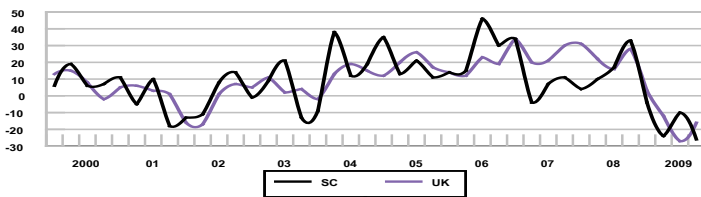
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Manufacturing	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-53	-38	-29	-21	-29	0	-29	-25	-39	-25	-31	-19
Home orders	-60	-44	-41	-22	-43	0	-29	-25	-48	-28	-39	-20
Export sales	-18	-27	-11	-23	-20	-17	0	-33	-13	-24	-10	-26
Export orders	-24	-29	-26	-13	-25	0	0	-33	-22	-16	-16	-19
Employment last 3 months	-24	-15	-34	-11	-22	-50	-38	25	-30	-14	-32	-7
Employment next 3 months	-11	-6	-24	-15	-11	43	-50	0	-20	-7	-29	3
% Tried to recruit	19	6	33	40	57	13	57	75	30	27	45	43
% Part-time												
% Full-time												
% Temporary												
% Permanent												
% Skilled manual	13	50	57	14	25	100	50	0	40	22	44	52
% Professional/managerial	25	0	29	14	25	100	25	0	27	19	26	47
% Clerical	38	0	14	5	0	100	0	0	17	7	8	23
% Semi & unskilled	0	50	29	24	0	100	25	0	17	30	19	55
% Recruitment difficulties	88	100	86	48	50	100	50	0	77	52	66	68
Cashflow	-49	-31	-47	-23	-29	-50	14	-50	-43	-29	-22	-39
Investment - plant/machinery	-37	-36	-29	-41	-57	-38	-14	0	-33	-38	-31	-26
Investment - training	-18	-20	-9	-14	29	0	14	0	-8	-14	6	-7
Confidence - turnover	-43	-23	-22	2	14	-13	-14	-25	-27	-9	-13	-13
Confidence - profitability	-43	-37	-42	-19	-57	-63	-43	-50	-43	-30	-46	-41
% Full capacity	34	35	39	45	57	25	67	67	40	41	52	48
Prices	-2	0	-12	-9	-29	-50	17	-25	-7	-10	-4	-23
% Pay settlements	19	29	14	17	29	38	14	25	17	23	17	25
% Raw materials	44	57	57	55	14	13	71	50	50	52	52	44
% Financial costs	16	23	29	17	43	38	0	0	23	20	21	16
% Other overheads	33	26	29	25	0	13	29	0	29	23	23	14
Number of companies	43	35	51	53	7	8	7	4	108	100		
Number of employees	431	341	3699	3543	2307	2643	6827	3000	13264	9527		
Number of exporters	22	15	35	39	7	6	7	3	71	63		

Home Sales



Export Sales



MANUFACTURING SECTOR

Scottish manufacturers saw their fourth challenging quarter. While domestic deliveries and orders improved, they were still in negative territory. Furthermore, export deliveries and orders both deteriorated. Despite this, employment expectations improved greatly and entered positive territory. While Confidence measures were relatively stable cashflow deteriorated further.

- -20% reported an increase in home orders up 19 points from the previous quarter and 17 points above the national aggregate.
- -26% reported an increase in export sales down 16 points from the previous quarter and 10 points below the national aggregate.
- -26% have revised their plans for investment in plant and machinery upwards since last quarter, up 5 points from the previous quarter and 4 points above the national aggregate
- -13% are confident of improving turnover over the next 12 months, the same as the previous quarter and 15 points below the national aggregate.

All figures expressed as a percentage balance, except where title is preceded by %, in which case figures are a pure percentage of companies.

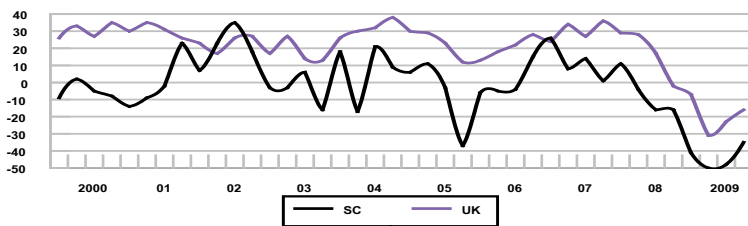
For contact details on each region's survey please see page 42

KEY

- 1 = 1-19 Employees
- 2 = 20-199 Employees
- 3 = 200-499 Employees
- 4 = 500+ Employees
- 5 = All (unweighted)
- 6 = All (weighted)

Service	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-40	-33	-41	-38	-86	-33	-50	-33	-43	-34	-48	-35
Home orders	-47	-48	-41	-38	-67	-67	-38	-67	-46	-46	-45	-49
Export sales												
Export orders												
Employment last 3 months	-23	-18	-41	-39	-43	0	-50	-50	-30	-25	-37	-30
Employment next 3 months	-14	-5	-37	-23	-29	-25	-50	-50	-23	-13	-31	-22
% Tried to recruit	18	13	44	42	75	100	75	83	29	28	45	47
% Part-time												
% Full-time												
% Temporary												
% Permanent												
% Skilled manual	17	38	17	38	0	0	0	20	12	32	12	30
% Professional/managerial	33	25	50	23	33	50	33	60	38	32	40	33
% Clerical	22	13	17	8	17	0	0	20	17	11	16	10
% Semi & unskilled	28	13	33	8	0	0	0	0	21	7	22	7
% Recruitment difficulties	67	75	67	31	17	50	17	20	52	43	52	45
Cashflow	-6	-24	-3	-12	0	33	0	20	-5	-17	-3	-5
Investment - plant/machinery	-26	-52	-22	-23	-43	-33	0	-17	-24	-41	-22	-32
Investment - training	-17	-15	-8	0	-43	50	0	0	-15	-7	-14	1
Confidence - turnover	-19	-15	-44	-47	-43	25	-50	20	-29	-21	-37	-17
Confidence - profitability	-38	-34	-56	-53	-43	50	-50	17	-44	-34	-48	-23
% Full capacity	29	42	31	38	29	100	29	40	29	43	30	47
Prices	31	33	15	6	-20	25	-50	-33	18	20	5	10
% Pay settlements	12	15	17	28	14	0	25	33	14	19	17	22
% Raw materials	48	42	41	41	29	50	13	33	43	41	37	41
% Financial costs	25	12	30	28	14	25	38	0	27	17	28	18
% Other overheads	29	27	24	41	57	0	38	17	29	29	32	28
Number of companies	101	67	46	32	7	4	8	6	162	109		
Number of employees	739	501	2940	2130	2795	1280	12650	11137	19124	15048		
Number of exporters	10	0	8	0	1	0	4	0	23	0		

Home Sales



SERVICE SECTOR

The Scottish service industry witnessed a second quarter of mild improvements, although that vast majority of results were still in negative territory. Domestic deliveries showed a mild improvement, although domestic orders slightly worsened. Both employment measures improved, although were still negative.

- -35% reported an increase in home sales, up 13 points from the previous quarter and 19 points below the national aggregate.
- 0% have expanded their workforce in the last three months, the same as the previous quarter and 12 points above the national aggregate.
- -23% are confident of improving profitability over the next 12 months, up 25 points from the previous quarter and 24 points below the national aggregate.

All figures expressed as a percentage balance, except where title is preceded by %, in which case figures are a pure percentage of companies.

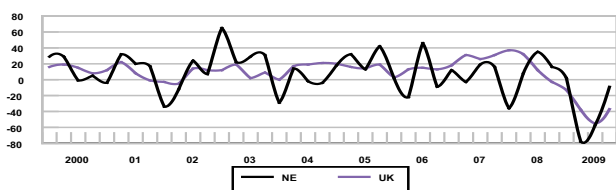
For contact details on each region's survey please see page 42

**KEY**

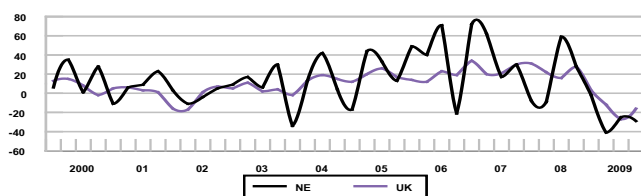
- 1 = 1-19 Employees
- 2 = 20-199 Employees
- 3 = 200-499 Employees
- 4 = 500+ Employees
- 5 = All (unweighted)
- 6 = All (weighted)

Manufacturing	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-29	-31	-67	-26	-67	0	-50	0	-50	-25	-57	-9
Home orders	-13	-38	-56	-19	-67	0	-50	0	-38	-23	-53	-8
Export sales	5	-20	-35	-22	-67	0	0	-50	-20	-21	-25	-29
Export orders	10	-31	-35	-19	-67	0	0	-50	-17	-23	-24	-28
Employment last 3 months	0	-6	-44	-15	-33	-33	-100	-100	-27	-16	-62	-54
Employment next 3 months	-22	-13	-56	15	33	33	-50	-100	-36	2	-30	-31
% Tried to recruit	19	48	37	30	67	50	100	100	32	41	69	65
% Part-time	20	0	25	20	0	0	0	0	19	16	17	6
% Full-time	80	100	75	80	100	100	100	0	81	84	101	52
% Temporary	60	50	33	47	50	67	0	0	100	100	25	32
% Permanent	40	50	67	53	50	33	100	0	0	0	75	26
% Skilled manual	100	18	70	71	50	0	0	0	70	35	38	21
% Professional/managerial	50	18	70	43	100	0	0	0	60	25	46	13
% Clerical	33	0	10	14	0	0	0	0	15	5	5	4
% Semi & unskilled	33	0	10	29	0	0	0	0	15	10	5	8
% Recruitment difficulties	100	45	100	43	100	100	0	0	90	50	58	61
Cashflow	-39	-47	-41	-30	-100	0	0	-50	-42	-34	-37	-33
Investment - plant/machinery	-54	-31	-59	33	-67	-100	-100	-100	-59	-2	-78	-58
Investment - training	-33	-20	-48	-11	-67	-33	-50	-100	-43	-19	-52	-54
Confidence - turnover	-20	-18	-44	22	-33	33	-50	-100	-33	4	-43	-29
Confidence - profitability	-32	-18	-30	23	-33	-33	-50	-100	-32	0	-39	-44
% Full capacity	20	18	11	7	0	0	50	0	16	10	26	3
Prices	13	-6	-26	4	0	0	0	50	-7	2	-6	22
% Pay settlements	13	19	33	21	0	40	0	0	21	21	10	16
% Raw materials	58	33	63	76	33	40	0	0	57	54	29	33
% Financial costs	48	24	52	48	33	40	0	50	48	39	26	45
% Other overheads	55	38	67	62	67	40	50	50	60	51	59	50
Number of companies	31	21	27	29	3	5	2	2	63	57		
Number of employees	284	198	1431	1798	718	1522	3700	6000	6133	9518		
Number of exporters	20	14	16	24	3	5	1	2	40	45		

Home Sales



Export Sales



MANUFACTURING SECTOR

Manufacturing in the North East witnessed a mixed month. Home orders and deliveries both improved greatly, nearing positive territory. However, after a good showing the previous quarter, export deliveries and orders both deteriorated mildly. Employment measures were both relatively stable, but firmly negative.

- -8% reported an increase in home orders, up 45 points from the previous quarter and 29 points above the national aggregate.
- -29% reported an increase in export sales down 4 points from the previous quarter and 13 points below the national aggregate.
- -58% have revised their plans for investment in plant and machinery upwards since last quarter, up 20 points from the previous quarter and 28 points below the national aggregate.
- +29% are confident of improving turnover over the next 12 months, up 14 points from the previous quarter and 31 points below the national aggregate.

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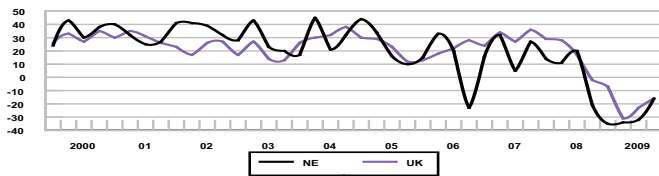
For contact details on each region's survey please see page 42

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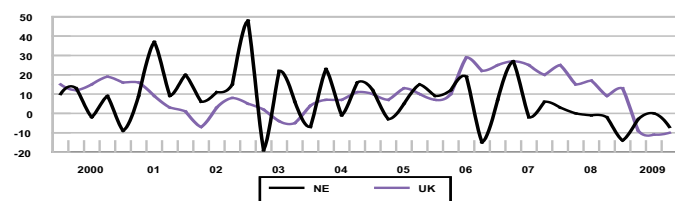
- 1 = 1-19 Employees
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- 3 = 200-499 Employees
- 4 = 500+ Employees
- 5 = All (unweighted)
- 6 = All (weighted)

Service	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-16	-20	-38	-27	-20	17	-50	0	-23	-20	-32	-16
Home orders	-16	-23	-33	-29	-40	33	-50	0	-22	-22	-31	-16
Export sales	-11	-8	8	-11	0	0	0	0	-6	-8	0	-7
Export orders	-12	-8	0	-11	0	0	0	0	-9	-8	-4	-7
Employment last 3 months	-6	-8	-20	-14	-60	-17	-33	0	-12	-10	-22	-11
Employment next 3 months	1	7	-13	-20	20	33	-67	0	-4	-1	-14	-4
% Tried to recruit	32	34	46	50	100	67	100	0	39	40	56	39
% Part-time	43	37	38	33	43	43	50	0	42	36	50	30
% Full-time	57	63	62	67	57	57	50	0	58	64	66	54
% Temporary	34	24	28	32	20	40	50	0	32	28	40	25
% Permanent	66	76	72	68	80	60	50	0	68	72	76	59
% Skilled manual	49	32	16	28	20	25	0	0	33	30	23	25
% Professional/managerial	38	30	22	32	20	25	67	0	32	30	33	26
% Clerical	13	5	9	4	0	0	0	0	11	5	8	3
% Semi & unskilled	11	19	13	12	0	0	0	0	11	15	9	11
% Recruitment difficulties	71	57	34	52	20	25	67	0	54	53	49	42
Cashflow	-32	-35	-28	-29	20	50	-33	0	-30	-30	-25	-18
Investment - plant/machinery	-25	-17	-44	28	0	-40	-50	0	-30	-5	-35	4
Investment - training	-13	-4	-28	-13	-40	-60	-50	0	-19	-8	-29	-13
Confidence - turnover	-13	11	-14	-12	20	17	-33	0	-13	4	-13	-1
Confidence - profitability	-21	7	-17	-20	20	17	-67	0	-19	-1	-22	-5
% Full capacity	32	27	33	30	60	100	100	0	34	30	46	31
Prices	-7	4	-31	-19	0	-17	0	0	-14	-4	-16	-9
% Pay settlements	28	21	43	26	20	33	33	0	33	23	35	21
% Raw materials	36	37	45	45	20	67	33	0	38	40	38	38
% Financial costs	46	40	49	43	20	50	67	0	47	41	48	36
% Other overheads	59	55	64	43	20	67	33	0	59	52	53	42
Number of companies	142	123	69	53	5	6	3	0	219	182		
Number of employees	996	805	3382	2758	1450	2184	2119	0	7947	5747		
Number of exporters	35	18	9	9	0	0	0	0	44	27		

Home Sales



Export Sales



SERVICE SECTOR

The service sector in the North East witnessed a second quarter of mild improvements, although many key measures still remain in negative territory. While domestic deliveries and orders both improved, they were still negative. Furthermore, export orders and deliveries both deteriorated further. Despite this, both employment measures improved to draw nearer to positive territory.

- -16% reported an increase in home sales, up 16 points from the previous quarter and the same as the national aggregate.
- -7% reported an increase in export orders, down 3 points from the previous quarter and 5 points above the national aggregate.
- -11% expanded their workforce in the last three months up 11 points from the previous quarter and 4 points above the national aggregate.
- -5% are confident of improving profitability over the next 12 months, up 17 points from the previous quarter and 6 points below the national aggregate.

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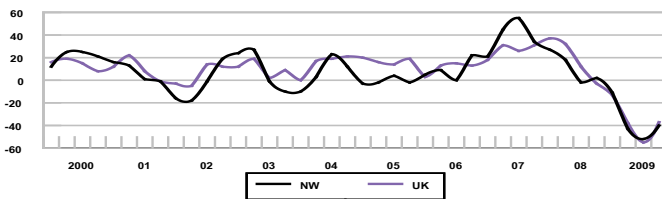
For contact details on each region's survey please see page 42

**KEY**

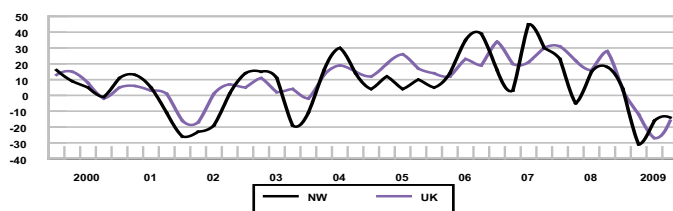
- 1 = 1-19 Employees
- 2 = 20-199 Employees
- 3 = 200-499 Employees
- 4 = 500+ Employees
- 5 = All (unweighted)
- 6 = All (weighted)

Manufacturing	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-48	-32	-53	-47	-71	-55	-40	-25	-51	-39	-52	-40
Home orders	-49	-41	-51	-45	-57	-55	-40	-25	-50	-43	-49	-40
Export sales	-16	-15	-23	-26	-83	-18	33	0	-21	-20	-16	-14
Export orders	-31	-23	-24	-30	-50	-9	33	0	-27	-25	-11	-15
Employment last 3 months	-17	-11	-37	-38	-71	-45	-60	-29	-28	-24	-50	-33
Employment next 3 months	-13	-8	-30	-21	-29	-18	-60	0	-22	-13	-38	-12
% Tried to recruit	17	22	31	28	43	27	60	25	26	25	42	26
% Part-time	14	28	14	10	33	33	0	0	14	21	13	13
% Full-time	86	72	86	90	67	67	100	100	86	79	87	87
% Temporary	30	50	48	40	33	33	40	33	41	42	40	37
% Permanent	70	50	52	60	67	67	60	67	59	58	60	63
% Skilled manual	52	32	24	26	67	33	0	0	33	28	27	19
% Professional/managerial	20	19	7	23	67	33	67	50	15	22	41	34
% Clerical	20	10	11	19	0	33	0	0	13	15	6	15
% Semi & unskilled	8	6	11	3	0	33	33	0	10	6	16	9
% Recruitment difficulties	64	52	36	39	67	33	67	50	47	45	56	43
Cashflow	-43	-38	-40	-30	-57	-18	25	-38	-41	-34	-22	-31
Investment - plant/machinery	-16	-8	-33	-22	-14	-36	-80	-63	-25	-16	-43	-37
Investment - training	-4	7	-10	-7	-29	-10	-20	-38	-8	-1	-17	-17
Confidence - turnover	-25	4	-38	8	0	18	0	-13	-30	6	-16	3
Confidence - profitability	-40	-24	-57	-13	-33	9	20	-25	-47	-18	-24	-14
% Full capacity	18	22	17	15	14	18	20	0	18	18	17	11
Prices	11	5	3	-4	-29	-9	-40	0	5	1	-17	-3
% Pay settlements	13	8	14	10	14	0	17	11	14	9	15	8
% Raw materials	62	62	61	53	71	36	50	44	61	57	59	47
% Financial costs	20	23	22	18	29	18	17	22	21	21	21	20
% Other overheads	36	42	49	43	43	18	50	22	43	41	47	31
Number of companies	147	143	140	112	7	11	6	9	300	275		
Number of employees	1343	1257	7500	6234	2130	3094	3849	25125	14822	35710		
Number of exporters	0	80	0	85	0	11	0	7	0	183		

Home Sales



Export Sales



MANUFACTURING SECTOR

Manufacturing in the North West failed to expand over the previous quarter but has displayed signs of improvement. Domestic orders and deliveries improved somewhat but remain negative as did export deliveries. Export orders failed to improve.

- -40% reported an increase in home orders, up 9 points from the previous quarter and 3 points below the national aggregate.
- -14% reported an increase in export sales, up 2 points from the previous quarter and 2 points above the national aggregate.
- -37% have revised their plans for investment in plant and machinery upwards since last quarter, up 6 points from the previous quarter and 7 points below the national aggregate.
- 3% are confident of improving turnover over the next 12 months up 19 points from the previous quarter and 1 point above the national aggregate.

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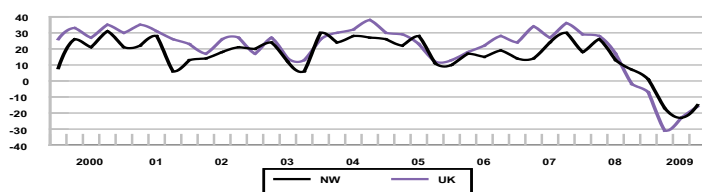
For contact details on each region's survey please see page 42

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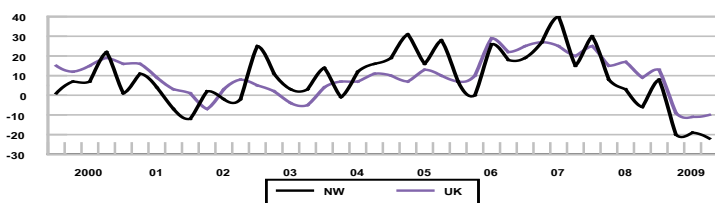
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- 3 = 200-499 Employees
- 4 = 500+ Employees
- 5 = All (unweighted)
- 6 = All (weighted)

Service	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-31	-21	-30	-8	-27	-26	0	-13	-30	-22	-23	-15
Home orders	-35	-27	-34	-27	-34	-35	-38	-21	-35	-29	-35	-27
Export sales	-17	-21	-22	-20	0	-21	-25	-25	-15	-21	-19	-22
Export orders	-24	-26	-25	-20	0	-29	-25	-33	-20	-27	-22	-26
Employment last 3 months	-10	-9	-18	-29	-23	-24	-19	-8	-14	-14	-17	-18
Employment next 3 months	-2	3	-14	-29	-11	-4	-25	-4	-6	0	-13	-11
% Tried to recruit	23	20	49	36	53	44	75	75	32	29	48	41
% Part-time	41	48	28	43	34	34	33	40	36	40	34	43
% Full-time	59	52	72	57	66	66	67	60	64	60	66	57
% Temporary	37	43	37	25	43	25	29	48	38	35	36	35
% Permanent	63	57	63	75	57	75	71	52	62	65	64	65
% Skilled manual	17	19	5	40	15	11	17	11	14	15	13	24
% Professional/managerial	19	27	20	0	18	17	50	22	21	22	27	15
% Clerical	21	26	7	20	28	16	33	28	20	22	20	23
% Semi & unskilled	11	19	11	40	15	21	0	11	12	20	9	25
% Recruitment difficulties	50	54	31	60	37	40	67	22	43	46	45	47
Cashflow	-38	-29	-28	0	-29	-23	-6	-8	-35	-27	-26	-13
Investment - plant/machinery	-16	-12	-29	-25	-24	-17	-19	-41	-19	-14	-22	-24
Investment - training	-1	1	-6	-23	-9	2	-6	-5	-3	1	-5	-9
Confidence - turnover	-8	12	-25	15	-14	3	-6	8	-11	9	-15	11
Confidence - profitability	-20	-2	-42	8	-30	-16	-19	-10	-25	-6	-29	-2
% Full capacity	26	23	30	15	22	26	20	35	26	24	26	23
Prices	11	14	2	-31	-2	-3	-6	26	7	9	2	-2
% Pay settlements	10	11	14	7	16	16	35	24	12	13	18	13
% Raw materials	27	24	27	7	28	30	20	16	27	25	25	17
% Financial costs	18	22	17	36	21	20	30	8	18	22	21	24
% Other overheads	40	44	33	57	39	43	30	32	38	44	35	46
Number of companies	666	494	150	14	141	243	20	25	977	776		
Number of employees	3344	3327	7929	4086	9379	14902	16614	192565	37266	214880		
Number of exporters	0	134	0	5	0	61	0	4	0	204		

Home Sales



Export Sales



SERVICE SECTOR

The service sector in the North East recorded a fairly mixed quarter. Home deliveries and orders failed to improve while the export market contracted further over the quarter. Employment levels and expectations remain depressed. Cashflow recovered although remains negative. Confidence in turnover rebounded strongly moving into positive territory while confidence in profitability reversed its decline but only just failed to show signs of expansion.

- -15% reported an increase in home sales, up 8 points from the previous quarter and 1 point above the national aggregate.
- -26% reported an increase in export orders, down 4 points from the previous quarter and 14 points below the national aggregate.
- -18% expanded their workforce in the last three months, down 1 point from the previous quarter and 3 points below the national aggregate.
- -2% are confident of improving profitability over the next 12 months, up 27 points from the previous quarter and 3 points below the national aggregate.

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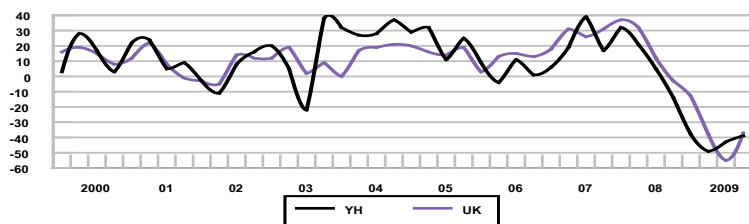
For contact details on each region's survey please see page 42

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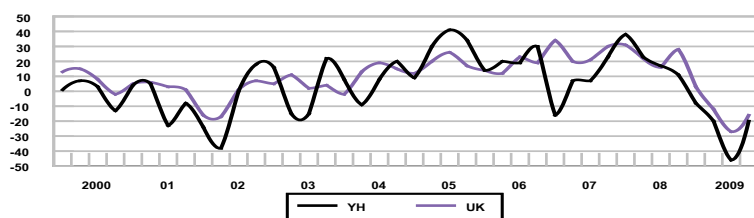
- 1 = 1-19 Employees
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- 4 = 500+ Employees
- 5 = All (unweighted)
- 6 = All (weighted)

Manufacturing	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-43	-39	-51	-39	-31	-20	-43	-57	-46	-39	-43	-39
Home orders	-50	-45	-52	-40	-46	0	-43	-57	-50	-43	-48	-35
Export sales	-12	-28	-25	-22	-67	50	-71	-80	-24	-25	-46	-20
Export orders	-11	-26	-41	-28	-67	75	-86	-20	-32	-22	-56	0
Employment last 3 months	-20	-15	-35	-31	-31	-60	-88	-57	-29	-23	-46	-43
Employment next 3 months	-9	-12	-25	-19	-38	40	-63	-50	-18	-14	-37	-12
% Tried to recruit	24	11	28	38	58	60	43	43	27	22	39	42
% Part-time	23	30	16	15	22	0	25	0	20	17	21	9
% Full-time	77	70	84	85	78	100	75	100	80	83	79	91
% Temporary	40	75	29	40	44	33	50	25	37	43	39	38
% Permanent	60	25	71	60	56	67	50	75	63	57	61	62
% Skilled manual	42	23	24	27	29	33	0	67	31	29	20	39
% Professional/managerial	14	8	26	36	0	0	67	67	20	27	29	32
% Clerical	6	8	15	0	29	33	0	0	11	5	13	9
% Semi & unskilled	6	15	9	9	14	33	0	0	8	12	8	13
% Recruitment difficulties	50	38	56	50	57	67	67	100	54	51	58	66
Cashflow	-38	-51	-40	-26	-17	-40	-50	-29	-38	-42	-36	-33
Investment - plant/machinery	-29	-40	-32	-36	-23	0	-38	-43	-30	-38	-31	-29
Investment - training	-20	-32	-22	-14	-17	0	-13	-29	-21	-25	-18	-16
Confidence - turnover	-25	-1	-37	2	-15	40	-50	29	-30	2	-34	18
Confidence - profitability	-29	-14	-41	0	-42	0	-75	-29	-36	-10	-49	-9
% Full capacity	26	22	18	16	38	0	13	29	23	19	22	16
Prices	-8	-20	-18	-7	-31	50	-38	0	-14	-13	-25	8
% Pay settlements	16	19	16	8	0	40	25	14	16	16	14	19
% Raw materials	50	54	45	47	54	60	50	71	48	53	49	58
% Financial costs	18	14	18	22	0	40	25	14	17	17	15	24
% Other overheads	42	41	39	20	38	20	13	43	40	34	32	28
Number of companies	157	116	125	59	13	5	8	7	303	187		
Number of employees	1339	892	7342	3846	3171	1395	30880	5890	42732	12023		
Number of exporters	75	43	83	32	9	4	7	5	174	84		

Home Sales



Export Sales



MANUFACTURING SECTOR

Manufacturing in the Yorkshire and Humber remains depressed although signs of a partial recovery are becoming evident. Home deliveries and orders improved but remain negative as did export deliveries. Export orders, however, recorded a reversal in decline although have yet to expand.

- -35% reported an increase in home orders, up 13 points from the previous quarter and 2 points above the national aggregate.
- -20% reported an increase in export sales up 26 points from the previous quarter and 4 points below the national aggregate.
- -29% revised their plans for investment in plant and machinery upwards since last quarter, up 2 points from the previous quarter and 1 point above the national aggregate.
- 18% are confident of improving turnover over the next 12 months, up 52 points from the previous quarter and 16 points above the national aggregate.

All figures expressed as a percentage balance, except where title is preceded by %, in which case figures are a pure percentage of companies.

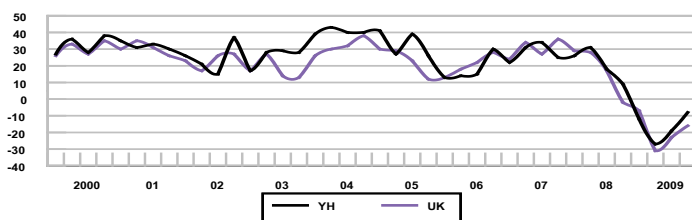
For contact details on each region's survey please see page 42

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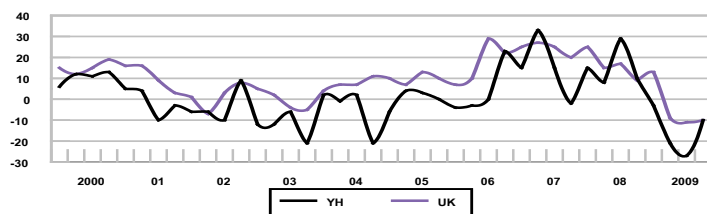
- 1 = 1-19 Employees
- 2 = 20-199 Employees
- 3 = 200-499 Employees
- 4 = 500+ Employees
- 5 = All (unweighted)
- 6 = All (weighted)

Service	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-23	-13	-31	-7	0	-6	13	0	-24	-11	-19	-8
Home orders	-27	-16	-43	-24	-60	-7	17	-17	-31	-18	-32	-19
Export sales	-15	-5	-24	-24	-100	20	0	0	-18	-9	-27	-10
Export orders	-19	-14	-22	-30	0	-20	0	0	-20	-19	-15	-20
Employment last 3 months	-12	0	-30	-17	17	-24	-14	-38	-16	-5	-16	-15
Employment next 3 months	-5	6	-24	4	-29	0	0	-38	-10	5	-16	-2
% Tried to recruit	22	20	48	52	83	67	100	100	30	30	52	51
% Part-time	36	46	30	28	60	31	47	38	36	36	38	35
% Full-time	64	54	70	72	40	69	53	62	64	64	62	65
% Temporary	43	53	33	26	100	20	45	43	43	38	46	36
% Permanent	57	47	67	74	0	80	55	57	57	62	54	64
% Skilled manual	16	15	18	14	0	10	0	0	16	14	13	12
% Professional/managerial	37	19	32	40	80	50	57	13	37	29	43	31
% Clerical	11	10	15	11	0	0	0	13	12	10	10	10
% Semi & unskilled	7	11	13	9	20	10	0	13	9	10	10	10
% Recruitment difficulties	58	46	53	60	80	60	43	38	56	52	57	53
Cashflow	-37	-31	-36	-22	-43	-24	-25	-29	-37	-29	-35	-26
Investment - plant/machinery	-33	-18	-34	-14	-20	-36	-13	-33	-33	-18	-29	-20
Investment - training	-12	-2	-9	-9	14	-33	25	-14	-11	-5	-3	-11
Confidence - turnover	2	35	-23	22	-14	-18	0	-25	-4	29	-11	14
Confidence - profitability	-17	28	-37	14	-29	6	25	-25	-21	23	-21	11
% Full capacity	26	25	27	34	57	35	63	38	27	27	36	32
Prices	3	2	-9	-7	29	7	43	13	1	0	6	0
% Pay settlements	11	9	20	14	43	6	0	13	13	10	17	11
% Raw materials	22	14	32	17	14	12	13	25	24	15	24	17
% Financial costs	22	13	23	19	29	18	13	38	22	15	22	20
% Other overheads	42	26	44	36	57	24	50	13	43	28	46	28
Number of companies	417	416	131	139	7	17	8	8	563	580		
Number of employees	2428	1941	7462	7106	2364	4529	11814	15017	24068	28593		
Number of exporters	121	76	45	34	1	5	2	1	169	116		

Home Sales



Export Sales



SERVICE SECTOR

The service sector in the Yorkshire and Humber region throughout Q2 recorded a strong recovery although results largely remain negative. Home deliveries and orders as well as export deliveries reversed their decline. Export orders on the other hand continued to worsen.

- 8% reported an increase in home sales up 11 points from the previous quarter and 8 points above the national aggregate.
- 20% reported an increase in export orders down 5 points from the previous quarter and 8 points below the national aggregate.
- 15% expanded their workforce in the last three months, up 1 point from the previous quarter and the same as the national aggregate.
- 11% are confident of improving profitability over the next 12 months up 32 points from the previous quarter and 10 points above the national aggregate.

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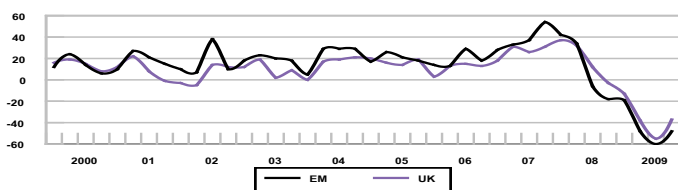
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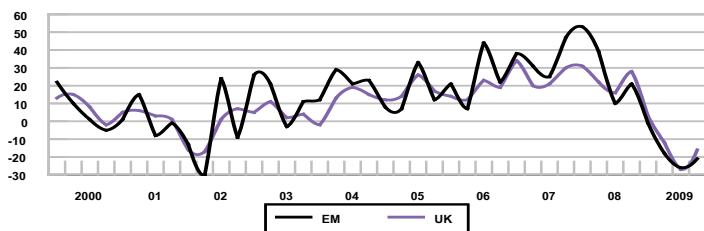
- 1 = 1-19 Employees
- 2 = 20-199 Employees
- 3 = 200-499 Employees
- 4 = 500+ Employees
- 5 = All (unweighted)
- 6 = All (weighted)

Manufacturing	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-41	-28	-46	-26	-55	-44	-100	-100	-44	-28	-60	-48
Home orders	-43	-33	-53	-33	-64	-44	-100	-100	-49	-34	-66	-52
Export sales	-15	-9	-27	-20	-57	-50	0	0	-24	-16	-26	-21
Export orders	-22	-14	-41	-22	-57	-20	0	0	-34	-18	-33	-15
Employment last 3 months	-33	-28	-30	-31	-27	-67	-100	-100	-32	-32	-46	-55
Employment next 3 months	-13	-12	-27	-11	-18	-22	-100	-100	-20	-13	-41	-35
% Tried to recruit	17	15	33	40	27	67	0	0	25	29	22	34
% Part-time	24	40	14	3	0	0	0	0	17	13	9	6
% Full-time	76	60	86	97	100	100	0	0	83	87	67	70
% Temporary	71	71	45	69	50	0	0	0	100	100	38	37
% Permanent	29	29	55	31	50	100	0	0	0	0	38	39
% Skilled manual	24	35	31	22	0	0	0	0	28	25	16	13
% Professional/managerial	24	29	27	16	0	50	0	0	26	22	14	21
% Clerical	10	6	2	4	33	0	0	0	6	4	10	3
% Semi & unskilled	10	6	4	4	0	0	0	0	6	6	3	3
% Recruitment difficulties	43	53	42	27	33	133	0	0	42	43	30	48
Cashflow	-38	-36	-40	-27	-36	0	-100	0	-39	-30	-53	-15
Investment - plant/machinery	-33	-30	-38	-32	-36	-56	-100	-50	-36	-32	-52	-41
Investment - training	-17	-29	-18	-16	-36	-33	-100	0	-19	-23	-42	-18
Confidence - turnover	-22	0	-31	3	-27	33	-100	-100	-27	2	-46	-15
Confidence - profitability	-39	-13	-50	-16	-18	22	-100	-50	-44	-13	-53	-15
% Full capacity	20	19	21	20	9	0	0	0	20	18	13	10
Prices	8	0	-5	-4	-9	-33	0	0	1	-3	-3	-9
% Pay settlements	12	14	9	8	9	11	0	33	10	11	7	15
% Raw materials	63	54	46	49	36	44	100	67	54	51	59	53
% Financial costs	19	19	15	11	0	0	0	33	16	15	8	15
% Other overheads	36	33	38	33	18	22	0	0	36	32	24	22
Number of companies	129	119	137	116	11	9	1	3	278	247		
Number of employees	1091	967	8299	6018	2969	2163	900	8001	13259	17149		
Number of exporters	85	67	95	75	9	6	0	1	189	149		

Home Sales



Export Sales



MANUFACTURING SECTOR

Home and export deliveries and orders have recovered partially this quarter; however, all indicators remain in negative territory. Firms report further shedding of jobs but employment expectations have improved; however, they remain well below the national average. Firms' confidence in their turnover and profitability has improved.

- 52% reported an increase in home orders up 14 points from the previous quarter and 15 points below the national aggregate.
- 21% reported an increase in export sales, up 5 points from the previous quarter and 5 points below the national aggregate.
- 41% revised their plans for investment in plant and machinery upwards since last quarter, up 11 points from the previous quarter and 11 points below the national aggregate.
- 15% are confident of improving turnover over the next 12 months, up 31 points from the previous quarter and 17 points below the national aggregate.

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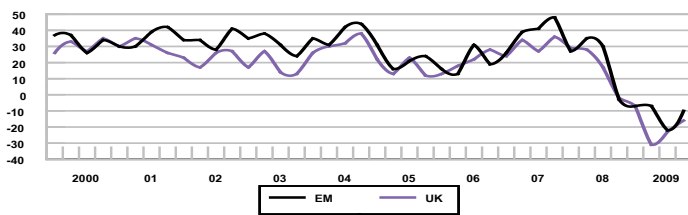
For contact details on each region's survey please see page 42

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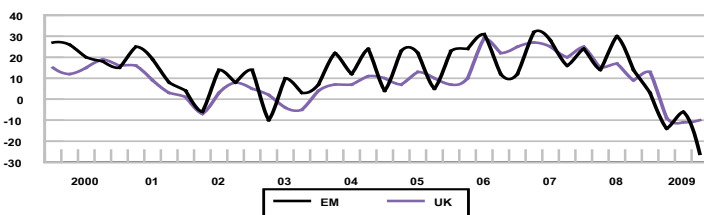
- 1 = 1-19 Employees
- 2 = 20-199 Employees
- 3 = 200-499 Employees
- 4 = 500+ Employees
- 5 = All (unweighted)
- 6 = All (weighted)

Service	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-26	-4	-36	-25	-22	7	13	0	-28	-10	-22	-10
Home orders	-29	-10	-41	-37	-22	0	-14	-13	-33	-18	-30	-20
Export sales	-14	-6	-45	-20	25	29	67	-100	-21	-10	-6	-26
Export orders	-16	-3	-52	-32	25	14	67	-100	-24	-13	-9	-32
Employment last 3 months	-5	-2	-27	-26	-44	-53	-25	-25	-12	-11	-22	-22
Employment next 3 months	8	8	-5	-2	-44	-13	-22	13	3	4	-9	2
% Tried to recruit	22	23	43	37	56	33	75	50	30	28	45	35
% Part-time	42	48	33	29	29	38	45	38	37	40	37	37
% Full-time	58	52	67	71	71	63	55	63	63	60	63	63
% Temporary	58	54	54	73	40	40	43	20	54	58	51	53
% Permanent	42	46	46	27	60	60	57	80	46	42	49	47
% Skilled manual	12	17	14	17	0	0	0	0	12	16	9	11
% Professional/managerial	28	23	25	17	40	20	17	50	27	21	26	25
% Clerical	15	4	9	13	0	0	0	25	11	8	8	11
% Semi & unskilled	0	6	13	10	0	0	0	25	5	8	5	11
% Recruitment difficulties	42	37	41	38	40	20	17	50	40	37	36	38
Cashflow	-34	-19	-34	-27	-22	0	-25	0	-34	-21	-31	-16
Investment - plant/machinery	-17	-14	-31	-27	-33	-8	-38	-25	-22	-18	-28	-21
Investment - training	-10	-5	-14	-14	-44	-15	-11	0	-11	-8	-16	-9
Confidence - turnover	-8	19	-16	2	0	2	33	36	-10	12	-2	14
Confidence - profitability	-16	11	-23	-10	-33	14	-38	0	-18	5	-25	1
% Full capacity	30	30	26	23	50	50	25	25	29	28	30	28
Prices	4	6	5	-1	0	7	0	-14	4	4	3	-1
% Pay settlements	6	10	9	9	22	0	22	25	7	9	12	11
% Raw materials	17	18	23	20	22	33	44	38	20	19	25	25
% Financial costs	14	15	16	17	22	20	11	13	14	16	15	16
% Other overheads	30	31	36	31	33	20	22	13	32	31	31	26
Number of companies	321	312	137	143	9	15	9	8	476	478		
Number of employees	2024	1999	7411	7734	2385	4060	9680	8451	21500	22244		
Number of exporters	115	97	51	61	4	7	4	3	174	168		

Home Sales



Export Sales



SERVICE SECTOR

Home orders and deliveries have partially recovered but exports have declined. The Labour market has remained depressed; however, employment expectations have improved. Confidence in both turnover and profitability has recovered and in the case of turnover now exceeds the national average.

- -10% reported an increase in home sales up 12 points from the previous quarter and 6 points above the national aggregate.
- -32% reported an increase in export orders, down 23 points from the previous quarter and 20 points below the national aggregate.
- -22% expanded their workforce in the last three months, the same as the previous quarter and 7 points below the national aggregate.
- 1% are confident of improving profitability over the next 12 months up 26 points from the previous quarter and the same as the national aggregate.

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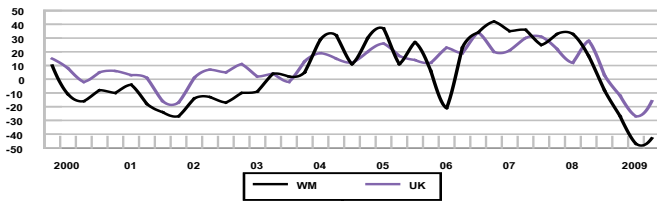
For contact details on each region's survey please see page 42

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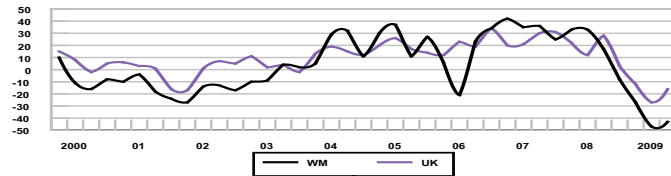
- 1 = 1-19 Employees
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- 3 = 200-499 Employees
- 4 = 500+ Employees
- 5 = All (unweighted)
- 6 = All (weighted)

Manufacturing	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-59	-37	-44	-42	-73	-60	-67	-60	-57	-41	-59	-51
Home orders	-60	-33	-48	-37	-68	-40	-63	-50	-58	-35	-58	-41
Export sales	-45	-31	-17	-8	-50	-80	-80	-67	-37	-21	-47	-43
Export orders	-48	-31	-17	-12	-50	-100	-80	-75	-37	-23	-47	-51
Employment last 3 months	-22	-25	-37	-40	-46	-100	-63	-20	-33	-34	-45	-43
Employment next 3 months	-15	-9	-29	-8	-48	-60	-50	-20	-28	-10	-38	-22
% Tried to recruit	19	22	29	37	32	50	75	80	26	31	43	51
% Part-time	22	20	6	10	6	100	0	40	11	16	6	38
% Full-time	78	80	94	90	94	0	100	60	89	84	94	62
% Temporary	47	33	33	39	38	50	0	25	100	100	25	36
% Permanent	53	67	67	61	62	50	100	75	0	0	75	64
% Skilled manual	47	52	59	52	43	50	33	50	49	52	47	51
% Professional/managerial	33	24	22	33	13	0	67	75	27	31	36	39
% Clerical	10	8	22	11	4	0	0	0	12	9	10	5
% Semi & unskilled	13	8	11	15	4	0	0	0	9	12	7	7
% Recruitment difficulties	63	64	63	48	52	50	50	50	59	53	57	51
Cashflow	-4	-43	8	-28	7	0	-29	-25	2	-34	-5	-23
Investment - plant/machinery	-23	-17	-24	-19	-38	-20	-17	-25	-26	-18	-24	-21
Investment - training	-14	-4	-1	0	-14	20	14	20	-9	-1	0	10
Confidence - turnover	-36	-3	-23	4	-51	0	-50	-40	-35	0	-38	-12
Confidence - profitability	-47	-7	-33	-14	-43	17	-50	25	-42	-10	-42	5
% Full capacity	22	22	14	10	18	40	0	20	18	17	11	20
Prices	-3	1	-10	-7	-7	-20	0	-40	-6	-4	-5	-19
% Pay settlements	6	11	9	5	4	0	0	20	7	8	5	10
% Raw materials	51	53	54	53	54	60	63	0	53	52	56	37
% Financial costs	22	23	16	23	18	20	13	160	19	25	16	66
% Other overheads	35	39	35	45	40	0	38	20	36	41	37	28
Number of companies	140	120	113	128	72	5	8	5	333	258		
Number of employees	1353	1220	6787	5984	5188	1208	26350	5503	39678	13915		
Number of exporters	73	71	75	96	44	5	5	3	197	175		

Home Sales



Export Sales



MANUFACTURING SECTOR

Home deliveries and orders recovered slightly this quarter but are still deep in negative territory and below the national average. Export deliveries underwent a partial recovery but export orders continue to decline, both figures are well below the national average. Firms are reporting increased pressure on cashflow but confidence in turnover and profitability has improved, and in the case of the latter moving into positive territory above the national average.

- -41% reported an increase in home orders, up 17 points from the previous quarter and 4 points below the national aggregate.
- -43% reported an increase in export sales, up 4 points from the previous quarter and 27 points below the national aggregate.
- -21% have revised their plans for investment in plant and machinery upwards since last quarter, up 3 points from the previous quarter and 9 points above the national aggregate.
- -12% are confident of improving turnover over the next 12 months, up 26 points from the previous quarter and 14 points below the national aggregate.

All figures expressed as a percentage balance, except where title is preceded by %, in which case figures are a pure percentage of companies.

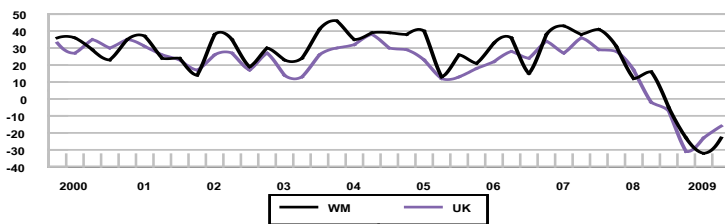
For contact details on each region's survey please see page 42

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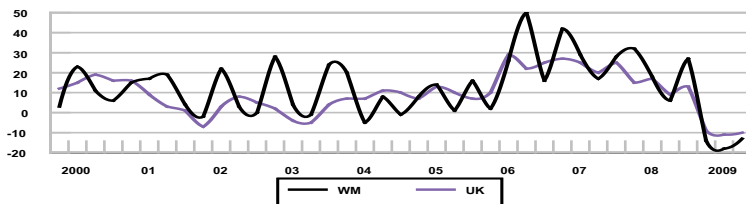
- 1 = 1-19 Employees
- 2 = 20-199 Employees
- 3 = 200-499 Employees
- 4 = 500+ Employees
- 5 = All (unweighted)
- 6 = All (weighted)

Service	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-30	-12	-31	-12	-50	-44	-25	-50	-32	-13	-32	-23
Home orders	-37	-18	-34	-25	-40	-38	-29	-43	-36	-21	-35	-28
Export sales	-20	-11	-20	-23	6	0	-25	0	-17	-15	-18	-13
Export orders	-32	-17	-20	-21	6	0	-25	0	-25	-18	-22	-14
Employment last 3 months	-19	-3	-19	-10	-33	-30	0	-56	-20	-6	-18	-19
Employment next 3 months	-11	9	-9	6	-46	-22	-38	0	-13	7	-19	2
% Tried to recruit	21	24	40	42	47	40	67	70	29	31	40	42
% Part-time	30	47	34	35	36	20	50	38	33	40	36	37
% Full-time	70	53	66	65	64	80	50	63	67	60	64	63
% Temporary	28	28	21	23	38	43	50	33	28	27	30	29
% Permanent	72	72	79	77	62	57	50	67	72	73	70	71
% Skilled manual	22	26	19	15	17	25	33	14	20	21	22	19
% Professional/managerial	35	20	22	40	26	25	33	29	30	29	29	30
% Clerical	14	14	12	18	9	0	17	0	13	15	13	11
% Semi & unskilled	14	19	16	13	0	0	17	0	13	15	13	10
% Recruitment difficulties	47	41	45	50	39	25	33	14	45	43	43	38
Cashflow	-35	-24	-18	-19	-39	13	-38	-83	-31	-23	-29	-28
Investment - plant/machinery	-13	-12	-21	-13	-27	-22	-11	11	-16	-12	-18	-9
Investment - training	0	10	-5	7	-15	-10	11	22	-2	9	-2	9
Confidence - turnover	-5	25	-5	27	-24	-11	-38	30	-7	25	-13	22
Confidence - profitability	-10	13	-18	27	-34	-11	0	50	-14	18	-15	22
% Full capacity	31	36	46	32	31	0	13	25	35	34	34	28
Prices	6	0	-2	6	13	0	0	11	5	2	3	4
% Pay settlements	8	9	10	12	6	8	22	11	9	10	11	10
% Raw materials	19	19	19	18	24	25	0	22	19	19	16	20
% Financial costs	16	20	9	16	27	8	0	11	15	18	12	15
% Other overheads	34	28	25	28	29	17	22	22	31	28	27	26
Number of companies	394	341	150	176	49	12	9	9	602	538		
Number of employees	2516	2189	8961	9545	4930	3024	27294	10957	43701	25715		
Number of exporters	91	98	35	48	18	2	4	2	148	150		

Home Sales



Export Sales



SERVICE SECTOR

Home and export orders and deliveries have recovered this quarter but remain in negative territory. Companies were shedding marginally more jobs compared to the last quarter but employers' employment expectations appear to have recovered. Confidence has recovered strongly moving deep into positive territory.

- -23% reported an increase in home sales, up 9 points from the previous quarter and 7 points below the national aggregate.
- -14% reported an increase in export orders, up 8 points from the previous quarter and 2 points below the national aggregate.
- -19% expanded their workforce in the last three months, down 1 point from the previous quarter and 4 points below the national aggregate.
- 22% are confident of improving profitability over the next 12 months, up 37 points from the previous quarter and 21 points above the national aggregate.

All figures expressed as a percentage balance, except where title is preceded by %, in which case figures are a pure percentage of companies.

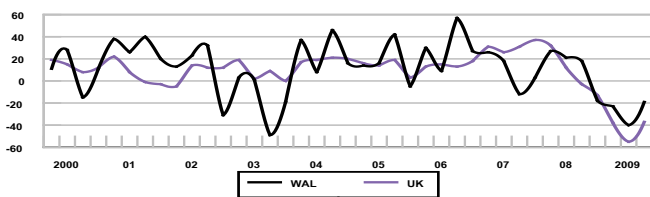
For contact details on each region's survey please see page 42

**KEY**

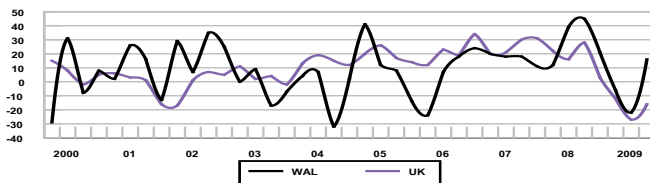
- 1 = 1-19 Employees
- 2 = 20-199 Employees
- 3 = 200-499 Employees
- 4 = 500+ Employees
- 5 = All (unweighted)
- 6 = All (weighted)

Manufacturing	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-31	-40	-41	-41	-100	0	0	0	-67	-67	-40	-19
Home orders	-35	-50	-49	-44	-100	0	0	0	-44	-46	-43	-21
Export sales	-5	6	0	-18	-100	100	0	0	-5	-7	-22	16
Export orders	-17	-7	-16	-25	-100	0	0	0	-20	-19	-29	-10
Employment last 3 months	-23	-29	-19	-15	-100	-100	0	0	-23	-23	-31	-30
Employment next 3 months	-13	-10	-28	-13	-67	-100	0	0	-22	-13	-26	-28
% Tried to recruit	62	65	86	83	100	100	0	0	75	74	59	58
% Part-time	24	26	5	4	0	0	0	0	13	15	4	4
% Full-time	76	74	95	96	100	0	0	0	87	85	64	42
% Temporary	44	40	35	50	50	100	0	0	39	50	28	44
% Permanent	56	60	65	50	50	0	0	0	61	50	40	24
% Skilled manual	71	58	57	43	67	0	0	0	63	49	42	21
% Professional/managerial	18	17	43	30	67	0	0	0	34	24	32	12
% Clerical	11	13	11	13	33	0	0	0	12	13	12	6
% Semi & unskilled	25	29	30	33	33	100	0	0	28	33	21	37
% Recruitment difficulties	61	42	57	53	0	0	0	0	56	47	27	23
Cashflow	-45	-33	-40	-29	-33	0	0	0	-42	-31	-26	-14
Investment - plant/machinery	-14	-3	-16	-18	-33	0	0	0	-16	-10	-15	-7
Investment - training	-5	3	12	17	-67	-100	0	0	2	8	-11	-16
Confidence - turnover	-31	-19	-23	-5	-100	0	0	0	-29	-12	-33	-4
Confidence - profitability	-38	-28	-43	-24	-50	0	0	0	-41	-26	-30	-11
% Full capacity	12	10	19	18	0	0	0	0	15	14	8	7
Prices	-2	9	6	3	33	0	0	0	3	6	9	2
% Pay settlements	15	7	24	23	33	0	0	0	20	14	17	9
% Raw materials	69	77	63	62	67	100	0	0	66	70	44	52
% Financial costs	35	26	28	23	0	0	0	0	30	24	13	11
% Other overheads	55	60	50	56	67	100	0	0	53	59	38	48
Number of companies	55	43	54	39	3	1	0	0	112	83		
Number of employees	461	339	2970	2097	695	201	0	0	4126	2637		
Number of exporters	21	16	34	28	2	1	0	0	57	45		

Home Sales



Export Sales



MANUFACTURING SECTOR

The picture for welsh manufacturing is mixed, although broadly in line with the national results. Employment indicators remained deeply negative and investment in training fell even lower. However, confidence in both turnover and profitability improved. Export deliveries entered positive territory but the national results showed less of an improvement.

- -21% reported an increase in homes orders up 22 points from the previous quarter and 16 points above the national aggregate.
- -16% reported an increase in export sales, up 38 points from the previous quarter and 32 points above the national aggregate.
- -7% revised their plans for investment in plant and machinery upwards since last quarter, up 8 points from the previous quarter and 23 points above the national aggregate.
- -4% are confident of improving turnover over the next 12 months, up 29 points from the previous quarter and 6 points below the national aggregate.

All figures expressed as a percentage balance, except where title is preceded by %, in which case figures are a pure percentage of companies.

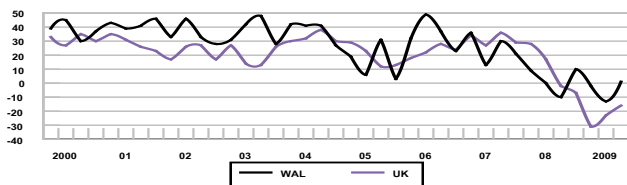
For contact details on each region's survey please see page 42

**KEY**

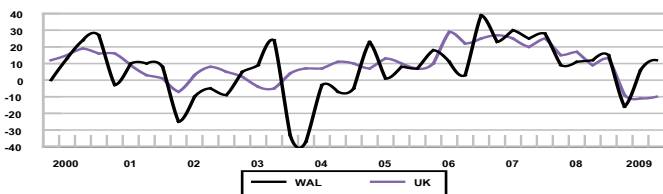
- 1 = 1-19 Employees
- 2 = 20-199 Employees
- 3 = 200-499 Employees
- 4 = 500+ Employees
- 5 = All (unweighted)
- 6 = All (weighted)

Service	1		1		2		2		3		3		4		4		5		5		6		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-16	-8	-38	-9	50	50	0	0	-20	-7	-13	1												
Home orders	-19	-16	-54	-14	0	0	0	0	-25	-16	-27	-11												
Export sales	3	14	14	20	0	0	0	0	5	15	6	12												
Export orders	-3	4	0	14	0	0	0	0	-3	6	-1	7												
Employment last 3 months	-3	-6	-13	15	-50	0	0	100	-6	-1	-12	21												
Employment next 3 months	0	1	-26	13	-50	0	-50	0	-7	4	-25	5												
% Tried to recruit	58	57	74	90	100	50	100	100	62	65	77	76												
% Part-time	45	44	33	30	0	50	33	0	40	38	41	32												
% Full-time	55	56	68	70	100	50	67	100	60	62	77	68												
% Temporary	43	34	45	38	33	0	50	0	44	35	51	26												
% Permanent	57	66	55	62	67	100	50	0	56	65	63	57												
% Skilled manual	32	29	29	24	50	100	0	0	31	27	28	31												
% Professional/managerial	34	37	45	39	0	0	100	100	38	38	45	44												
% Clerical	28	19	23	18	0	0	0	0	25	19	17	13												
% Semi & unskilled	18	26	26	26	50	100	0	0	20	27	22	31												
% Recruitment difficulties	66	64	74	76	50	100	50	0	68	68	64	63												
Cashflow	-22	-15	-18	2	-50	50	-100	0	-21	-11	-37	3												
Investment - plant/machinery	-5	-2	-24	19	-50	0	0	0	-11	3	-17	7												
Investment - training	-3	12	-13	9	-50	0	0	0	-6	11	-13	7												
Confidence - turnover	0	8	-34	19	-50	50	0	0	-8	11	-20	16												
Confidence - profitability	-9	0	-33	2	-100	100	-100	0	-15	1	-45	14												
% Full capacity	35	28	37	39	50	50	100	0	36	31	49	30												
Prices	15	13	5	21	50	50	100	0	14	15	30	19												
% Pay settlements	9	10	34	30	100	0	50	0	15	14	38	15												
% Raw materials	20	26	30	32	50	0	50	0	23	27	33	20												
% Financial costs	21	24	13	13	50	0	0	0	19	21	18	12												
% Other overheads	56	52	45	40	0	50	50	0	53	49	43	38												
Number of companies	176	166	47	47	2	2	2	1	227	216														
Number of employees	869	840	2255	2481	630	550	11000	2000	14754	5871														
Number of exporters	34	29	7	10	1	2	0	0	42	41														

Home Sales



Export Sales



SERVICE SECTOR

The service sector in Wales showed clear signs of recovery with many key indicators re-entering positive territory such as export orders, home deliveries, employment expectations and investment in machinery, whilst the same national indicators are negative.

- 1% reported an increase in home sales, up 14 points from the previous quarter and 17 points above the national aggregate.
- 7% reported an increase in export orders, up 8 points from the previous quarter and 19 points above the national aggregate.
- 21% expanded their workforce in the last three months, up 33 points from the previous quarter and 36 points above the national aggregate.
- 14% are confident of improving profitability over the next 12 months, up 59 points from the previous quarter and 13 points above the national aggregate.

All figures expressed as a percentage balance, except where title is preceded by %, in which case figures are a pure percentage of companies.

For contact details on each region's survey please see page 42

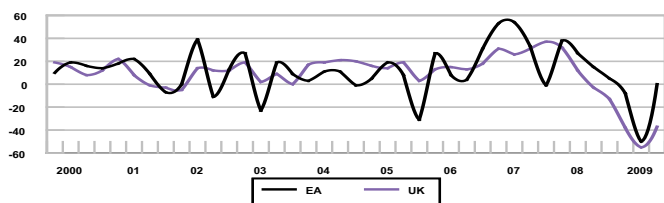
**KEY**

- 1 = 1-19 Employees
- 2 = 20-199 Employees
- 3 = 200-499 Employees
- 4 = 500+ Employees
- 5 = All (unweighted)
- 6 = All (weighted)

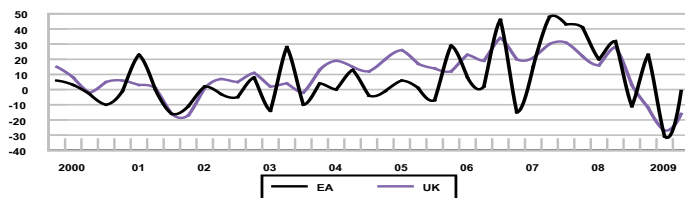
## Manufacturing

	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-45	-51	-42	-39	0	25	-100	50	-42	-39	-50	0
Home orders	-54	-49	-48	-41	-50	0	-100	50	-51	-40	-64	-6
Export sales	-29	-42	-20	-29	40	67	-100	0	-20	-27	-31	-1
Export orders	-38	-29	-26	-32	0	67	-100	0	-29	-25	-43	-1
Employment last 3 months	-23	-27	-18	-16	40	-25	-100	0	-18	-20	-29	-15
Employment next 3 months	-18	-21	-24	-11	-20	-25	0	50	-21	-14	-15	2
% Tried to recruit	20	11	42	47	80	75	100	100	35	34	65	64
% Part-time	33	33	11	7	25	25	50	0	19	13	28	12
% Full-time	67	67	89	93	75	75	50	100	81	88	72	88
% Temporary	50	0	36	30	25	0	50	50	37	29	39	26
% Permanent	50	100	64	70	75	100	50	50	63	71	61	74
% Skilled manual	63	25	43	24	25	67	0	0	44	27	29	26
% Professional/managerial	25	25	29	38	0	33	0	0	24	33	14	24
% Clerical	0	0	5	10	0	0	0	0	3	7	2	4
% Semi & unskilled	0	25	0	19	0	0	0	0	0	17	0	10
% Recruitment difficulties	75	50	57	76	25	67	0	0	56	67	36	49
Cashflow	-35	-66	-32	-47	-20	0	-100	50	-33	-50	-49	-11
Investment - plant/machinery	-25	-44	-19	-22	-20	-50	0	50	-22	-31	-14	-10
Investment - training	-23	-26	-23	-17	-40	0	0	0	-23	-19	-20	-9
Confidence - turnover	-46	-22	-35	-4	-20	25	-100	100	-40	-8	-52	30
Confidence - profitability	-56	-49	-46	-27	-40	50	-100	100	-51	-29	-62	24
% Full capacity	18	22	22	22	20	0	100	50	21	22	44	25
Prices	5	-19	-10	-7	0	-25	-100	0	-4	-13	-32	-10
% Pay settlements	17	6	14	11	20	0	0	0	15	8	12	5
% Raw materials	54	53	67	64	60	25	0	50	60	57	44	50
% Financial costs	34	39	25	24	20	0	100	0	30	29	47	14
% Other overheads	51	61	39	47	20	25	100	0	44	51	54	30
Number of companies	41	36	51	45	5	4	1	2	98	87		
Number of employees	351	350	2675	2332	1559	1231	1897	2500	6482	6413		
Number of exporters	24	19	35	31	5	3	1	2	65	55		

## Home Sales



## Export Sales



## MANUFACTURING SECTOR

Home deliveries and orders have recovered strongly above the national figures. Export deliveries and orders have also recovered yet remain in negative territory, whilst confidence in turnover and profitability have both rebounded strongly above the national trend.

- -6% reported an increase in home orders, up 58 points from the previous quarter and 31 points above the national aggregate.
- -1% reported an increase in export sales, up 30 points from the previous quarter and 15 points above the national aggregate.
- -10% revised their plans for investment in plant and machinery upwards since last quarter, up 4 points from the previous quarter and 20 points above the national aggregate.
- +30% are confident of improving turnover over the next 12 months, up 82 points from the previous quarter and 28 points above the national aggregate.

All figures expressed as a percentage balance, except where title is preceded by %, in which case figures are a pure percentage of companies.

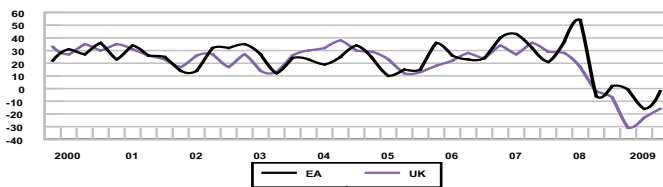
**For contact details on each region's survey please see page 40**

KEY

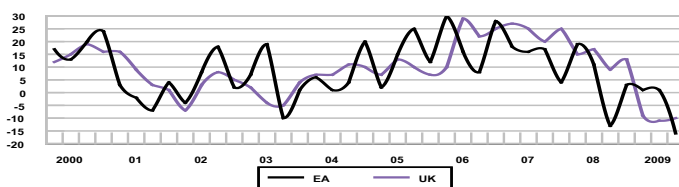
1 = 1-19 Employees  
 2 = 20-199 Employees  
 3 = 200-499 Employees  
 4 = 500+ Employees  
 5 = All (unweighted)  
 6 = All (weighted)

Service	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-14	0	-14	-2	-20	-6	-20	0	-14	-1	-16	-2
Home orders	-21	-10	-21	-16	0	-27	-60	0	-21	-12	-25	-13
Export sales	12	-3	6	-9	-50	-29	0	-50	9	-7	1	-16
Export orders	-5	-5	3	-4	-50	-71	0	-50	-4	-10	-6	-19
Employment last 3 months	-1	-1	-22	-19	-50	-28	0	-15	-8	-7	-16	-14
Employment next 3 months	3	12	-13	9	-10	-5	0	15	-1	10	-6	9
% Tried to recruit	31	35	58	62	80	79	80	69	40	45	56	57
% Part-time	34	42	40	32	45	31	33	38	37	37	38	36
% Full-time	66	58	60	68	55	69	67	62	63	63	62	64
% Temporary	35	50	22	29	33	9	25	45	29	38	27	36
% Permanent	65	50	78	71	67	91	75	55	71	63	73	64
% Skilled manual	21	20	24	13	0	13	25	11	21	16	20	15
% Professional/managerial	33	24	24	27	63	53	75	56	32	30	38	34
% Clerical	15	10	18	16	13	13	0	0	16	12	14	12
% Semi & unskilled	6	16	9	9	25	13	0	0	8	12	9	10
% Recruitment difficulties	60	61	53	47	63	67	75	33	58	55	59	51
Cashflow	-25	-10	-28	-5	-20	-17	-60	-8	-26	-9	-31	-8
Investment - plant/machinery	-11	-7	-19	-10	-10	-11	-80	-45	-14	-10	-25	-15
Investment - training	-2	5	2	1	-10	-5	40	8	-1	4	5	3
Confidence - turnover	3	36	-3	16	-30	21	20	-8	1	29	-1	19
Confidence - profitability	-11	18	-15	5	-10	11	-40	25	-12	15	-17	13
% Full capacity	31	31	31	39	60	53	20	38	32	35	32	38
Prices	1	4	12	3	0	-5	20	15	4	4	9	4
% Pay settlements	9	8	11	10	20	21	20	7	10	9	13	10
% Raw materials	23	22	22	11	30	21	40	21	23	19	26	17
% Financial costs	15	13	21	20	10	21	20	29	17	16	18	20
% Other overheads	38	33	33	37	50	47	40	14	37	34	38	33
Number of companies	270	251	96	93	10	19	5	14	381	377		
Number of employees	1540	1310	5018	5678	2802	5546	8620	61313	17980	73847		
Number of exporters	82	74	32	22	2	7	1	2	117	105		

### Home Sales



### Export Sales



### SERVICE SECTOR

Home orders and deliveries have all improved above the national average but remain negative. Export deliveries and orders have both deteriorated against the national trend. Confidence in both turnover and profitability has improved and remain slightly above the national average.

- -2% reported an increase in home sales, up 14 points from the previous quarter and 14 points above the national aggregate.
- -19% reported an increase in export orders, down 13 points from the previous quarter and 7 points below the national aggregate.
- -14% expanded their workforce in the last three months, up 2 points from the previous quarter and 1 point above the national aggregate.
- +13% are confident of improving profitability over the next 12 months up 30 points from the previous quarter and 12 points above the national aggregate.

All figures expressed as a percentage balance, except where title is preceded by %, in which case figures are a pure percentage of companies.

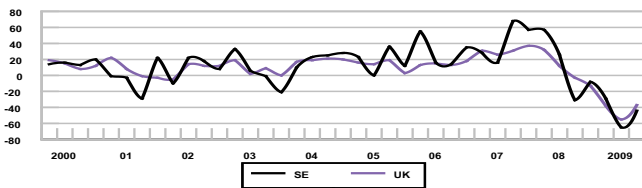
**For contact details on each region's survey please see page 42**

KEY

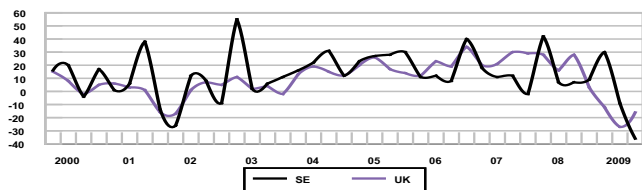
1 = 1-19 Employees  
 2 = 20-199 Employees  
 3 = 200-499 Employees  
 4 = 500+ Employees  
 5 = All (unweighted)  
 6 = All (weighted)

Manufacturing	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-49	-27	-40	-17	-71	-20	-100	-100	-46	-23	-65	-44
Home orders	-48	-32	-50	-22	-86	0	0	-100	-50	-27	-41	-42
Export sales	0	17	-13	3	-25	-50	0	-100	-7	5	-9	-36
Export orders	8	14	-11	0	-50	-67	0	100	-4	5	-12	19
Employment last 3 months	-17	-14	-34	0	-43	-20	0	0	-25	-8	-23	-6
Employment next 3 months	-15	3	-15	-23	-29	-25	0	100	-16	-8	-13	17
% Tried to recruit	26	25	51	54	43	80	100	0	38	39	61	39
% Part-time	46	20	7	24	50	0	100	0	23	21	49	12
% Full-time	54	80	93	76	50	100	0	0	77	79	51	58
% Temporary	70	64	28	42	50	0	100	0	45	47	60	24
% Permanent	30	36	72	58	50	100	0	0	55	53	40	46
% Skilled manual	35	35	32	24	33	50	0	0	32	30	23	23
% Professional/managerial	17	40	29	24	33	0	0	0	25	28	19	15
% Clerical	13	10	8	12	0	25	0	0	9	12	5	11
% Semi & unskilled	13	15	11	15	0	0	0	0	11	14	6	8
% Recruitment difficulties	65	90	66	52	67	50	0	0	65	65	46	41
Cashflow	-50	-23	-45	-3	-57	0	0	-100	-48	-14	-35	-34
Investment - plant/machinery	-23	-14	-30	0	-43	0	-100	0	-27	-8	-52	-2
Investment - training	-21	-14	-19	3	-71	-25	0	0	-22	-6	-24	-5
Confidence - turnover	-26	-1	-19	11	-57	40	-100	100	-25	6	-51	42
Confidence - profitability	-48	-20	-44	2	-71	20	-100	100	-48	-8	-67	32
% Full capacity	19	21	15	36	0	25	0	0	17	27	8	21
Prices	-6	6	7	-6	-29	20	0	0	-1	1	-4	2
% Pay settlements	9	13	16	6	29	0	0	0	13	10	13	4
% Raw materials	70	48	53	48	71	60	0	0	62	48	43	36
% Financial costs	24	15	24	18	29	0	0	0	24	16	18	9
% Other overheads	48	42	45	37	29	20	0	0	45	39	29	23
Number of companies	88	79	76	62	7	5	1	1	172	147		
Number of employees	636	577	4030	3644	2040	1577	800	800	7506	6598		
Number of exporters	39	29	39	32	4	4	0	1	82	66		

Home Sales



Export Sales



MANUFACTURING SECTOR

Manufacturing in the South East shows signs of partial recovery in the home market, export orders, employment levels and investment in plant and machinery and training. However, while export deliveries have deteriorated and cash flow levels remain depressed, recruitment expectations and confidence have rebounded strongly.

- -42% reported an increase in home orders, down 1 point from the previous quarter and 5 points below the national aggregate.
- -36% reported an increase in export sales, down 27 points from the previous quarter and 20 points below the national aggregate.
- -2% revised their plans for investment in plant and machinery upwards since last quarter, up 50 points from the previous quarter and 28 points above the national aggregate.
- +42% are confident of improving turnover over the next 12 months, up 93 points from the previous quarter and 40 points above the national aggregate.

All figures expressed as a percentage balance, except where title is preceded by %, in which case figures are a pure percentage of companies.

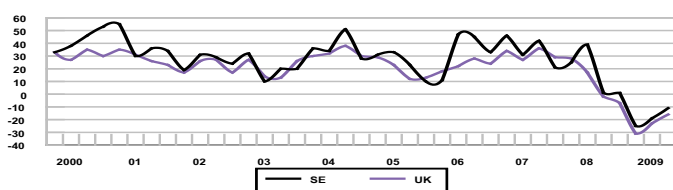
For contact details on each region's survey please see page 40

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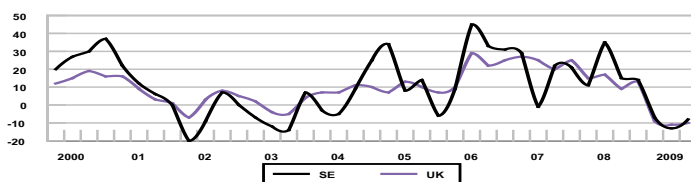
- 1 = 1-19 Employees
- 2 = 20-199 Employees
- 3 = 200-499 Employees
- 4 = 500+ Employees
- 5 = All (unweighted)
- 6 = All (weighted)

Service	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-19	-8	-29	-20	-38	-20	18	17	-21	-11	-19	-11
Home orders	-26	-17	-34	-25	-30	-36	10	9	-27	-19	-24	-19
Export sales	-10	-1	-6	-14	-100	-50	25	25	-9	-6	-13	-8
Export orders	-6	-10	-12	-6	-100	-75	25	40	-8	-9	-15	-8
Employment last 3 months	-9	-2	-11	-19	-8	-36	18	8	-9	-7	-6	-12
Employment next 3 months	2	9	-16	5	-23	-13	0	0	-3	7	-9	3
% Tried to recruit	27	36	52	66	85	87	91	92	36	47	55	64
% Part-time	41	41	34	37	31	47	40	42	38	40	37	40
% Full-time	59	59	66	63	69	53	60	58	63	60	63	60
% Temporary	40	51	32	36	44	33	33	40	36	42	36	41
% Permanent	60	49	68	64	56	67	67	60	64	58	64	59
% Skilled manual	19	23	20	13	18	8	30	45	20	20	21	20
% Professional/managerial	30	19	28	33	36	23	30	45	29	26	30	30
% Clerical	17	18	14	20	36	8	10	9	17	18	17	16
% Semi & unskilled	14	15	7	19	9	23	0	27	11	18	8	20
% Recruitment difficulties	64	66	58	65	73	38	50	73	62	64	60	64
Cashflow	-31	-21	-35	-27	-17	20	-36	-8	-32	-21	-32	-17
Investment - plant/machinery	-21	-12	-23	-20	-31	-15	-9	-25	-21	-14	-21	-18
Investment - training	-8	-2	-5	-8	-25	31	0	0	-7	-3	-7	0
Confidence - turnover	4	22	-9	9	15	33	0	25	1	19	-1	18
Confidence - profitability	-5	0	-25	-11	-42	0	-36	-17	-12	-3	-23	-7
% Full capacity	24	24	30	24	54	43	60	67	27	26	36	33
Prices	7	4	-1	4	-17	0	45	33	6	5	7	8
% Pay settlements	10	12	24	21	31	27	27	25	14	15	21	20
% Raw materials	22	20	25	24	15	13	9	58	22	22	20	27
% Financial costs	21	18	26	21	38	7	45	33	23	19	29	21
% Other overheads	39	43	43	43	46	47	36	42	40	43	41	43
Number of companies	369	287	134	107	13	15	11	12	527	421		
Number of employees	2319	1736	7141	5783	4200	4638	513785	59015	527445	71172		
Number of exporters	88	75	35	37	1	4	4	4	128	120		

Home Sales



Export Sales



SERVICE SECTOR

Within the service sector, home and export markets, cash flow and investment budgets have also all partially recovered. While firms have been laying off staff, expectations of future job growth have recovered, confidence in profitability improved (while remaining negative) and confidence in turnover accelerated strongly.

- -11% reported an increase in home sales up 8 points from the previous quarter and 5 points above the national aggregate.
- -8% reported an increase in export orders, up 7 points from the previous quarter and 4 points above the national aggregate.
- -12% expanded their workforce in the last three months, down 6 points from the previous quarter and 3 points above the national aggregate.
- -7% are confident of improving profitability over the next 12 months up 16 points from the previous quarter and 8 points below the national aggregate.

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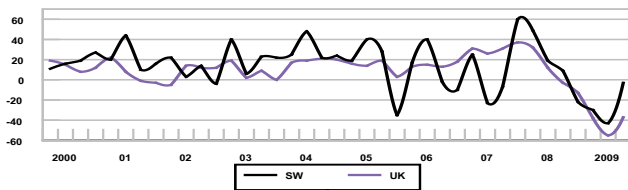
For contact details on each region's survey please see page 42

**KEY**

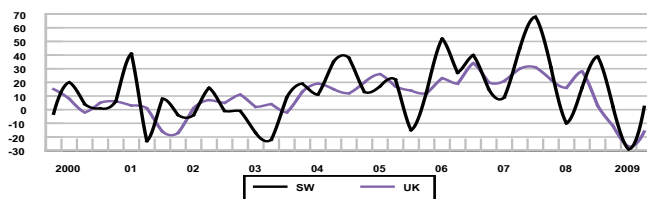
- 1 = 1-19 Employees
- 2 = 20-199 Employees
- 3 = 200-499 Employees
- 4 = 500+ Employees
- 5 = All (unweighted)
- 6 = All (weighted)

Manufacturing	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-34	-43	-44	-36	-100	0	0	50	-38	-36	-43	-3
Home orders	-35	-42	-48	-47	-100	0	0	-50	-40	-42	-45	-36
Export sales	-4	-67	-12	-13	-100	0	0	50	-10	-33	-29	2
Export orders	-15	-70	-6	-29	-100	0	0	100	-13	-33	-28	11
Employment last 3 months	-20	-13	-25	-50	0	-50	100	0	-20	-23	18	-31
Employment next 3 months	-17	-10	-4	0	-100	-50	0	-33	-13	-10	-27	-23
% Tried to recruit	38	43	46	44	0	0	100	100	41	45	50	49
% Part-time	33	40	13	14	0	0	0	0	21	28	9	10
% Full-time	67	60	87	86	0	0	100	100	79	72	67	66
% Temporary	44	40	22	50	0	0	0	33	32	40	13	32
% Permanent	56	60	78	50	0	0	100	67	68	60	63	44
% Skilled manual	67	67	62	57	0	0	100	67	66	64	59	47
% Professional/managerial	17	7	46	43	0	0	0	33	28	20	18	25
% Clerical	11	13	23	14	0	0	0	0	16	12	9	7
% Semi & unskilled	22	27	23	29	0	0	0	0	22	24	11	13
% Recruitment difficulties	83	80	54	43	0	0	100	67	72	68	58	44
Cashflow	-44	-33	-33	-27	0	0	0	33	-40	-27	-17	-4
Investment - plant/machinery	-23	-19	-22	-27	0	-50	0	-33	-22	-23	-11	-33
Investment - training	-16	-12	-7	0	0	-50	0	0	-12	-9	-4	-13
Confidence - turnover	-17	-5	-37	-13	-100	0	0	33	-24	-5	-39	4
Confidence - profitability	-26	-23	-46	-13	-100	0	0	0	-33	-18	-43	-7
% Full capacity	30	20	30	0	0	50	0	33	29	17	14	24
Prices	19	18	-15	0	100	0	0	-33	8	10	21	-8
% Pay settlements	9	22	4	6	0	0	0	33	7	18	2	14
% Raw materials	56	59	57	44	100	100	0	67	56	56	51	66
% Financial costs	16	29	29	31	0	0	0	0	20	27	12	14
% Other overheads	51	51	36	44	0	0	100	67	46	48	48	41
Number of companies	55	41	28	16	1	2	1	3	85	62		
Number of employees	394	301	1587	1041	310	512	810	6502	3101	8356		
Number of exporters	23	12	17	8	1	2	0	2	41	24		

Home Sales



Export Sales



MANUFACTURING SECTOR

The manufacturing sector shows positive signs with home markets improving within negative territory and exports reversing a previous decline. Employment levels and investment budgets have deteriorated but this is in contrast to improvement in negative job expectations, cash flow and profit confidence and a reversal in the decline of turnover confidence.

- -36% reported an increase in home orders, up 9 points from the previous quarter and 1 point above the national aggregate.
- 2% reported an increase in export sales, up 31 points from the previous quarter and 18 points above the national aggregate.
- -33% revised their plans for investment in plant and machinery upwards since last quarter, down 22 points from the previous quarter and 3 points below the national aggregate.
- +4% are confident of improving turnover over the next 12 months, up 43 points from the previous quarter and 2 points above the national aggregate.

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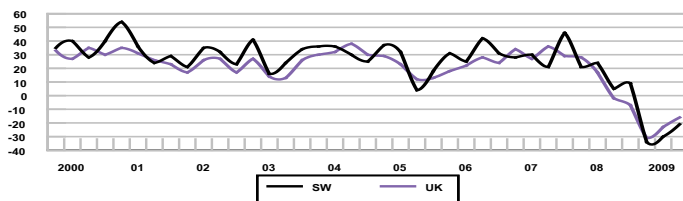
For contact details on each region's survey please see page 40

KEY

- 1 = 1-19 Employees
- 2 = 20-199 Employees
- 3 = 200-499 Employees
- 4 = 500+ Employees
- 5 = All (unweighted)
- 6 = All (weighted)

Service	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-31	-2	-25	-32	-83	0	0	-50	-31	-8	-30	-21
Home orders	-35	-12	-30	-41	-83	0	0	-50	-35	-18	-34	-28
Export sales	-28	6	5	-25	-100	0	0	0	-23	0	-18	-9
Export orders	-30	-13	-5	0	-100	0	0	0	-26	-10	-23	0
Employment last 3 months	-13	-3	-15	-18	-83	0	25	-100	-14	-7	-17	-21
Employment next 3 months	0	10	-21	0	-50	0	50	-50	-4	8	-9	-3
% Tried to recruit	32	41	62	77	50	0	100	100	39	49	56	60
% Part-time	42	40	29	35	50	0	43	33	38	38	37	33
% Full-time	58	60	71	65	50	0	57	67	62	62	63	56
% Temporary	52	42	38	59	100	0	40	50	46	52	50	46
% Permanent	48	58	62	41	0	0	60	50	54	48	50	43
% Skilled manual	17	14	8	13	0	0	50	100	15	16	15	34
% Professional/managerial	33	41	34	27	67	0	75	100	36	37	42	37
% Clerical	15	10	32	17	0	0	0	0	19	12	19	11
% Semi & unskilled	14	10	18	10	0	0	0	0	14	10	13	8
% Recruitment difficulties	62	57	63	47	67	0	100	100	64	55	68	63
Cashflow	-46	-23	-34	-8	-33	0	0	0	-43	-20	-34	-11
Investment - plant/machinery	-25	-17	-30	-29	-60	0	0	-50	-26	-20	-28	-25
Investment - training	-12	7	-13	-13	0	0	0	-50	-12	3	-10	-9
Confidence - turnover	-12	14	-11	0	-67	0	-25	-50	-13	10	-19	-2
Confidence - profitability	-20	2	-42	-26	-33	0	50	0	-23	-3	-23	-11
% Full capacity	29	30	25	18	33	0	0	0	28	28	24	18
Prices	14	5	5	13	-17	0	-25	50	12	7	2	13
% Pay settlements	8	8	15	13	17	0	0	0	9	8	11	8
% Raw materials	26	20	24	30	33	0	25	100	26	23	26	32
% Financial costs	18	12	23	15	17	0	50	50	19	13	24	17
% Other overheads	45	43	50	30	67	0	25	50	46	41	47	33
Number of companies	319	171	62	40	6	0	4	2	391	213		
Number of employees	1669	875	3584	2145	1912	0	7150	1702	14315	4722		
Number of exporters	81	34	20	8	2	0	2	0	105	42		

Home Sales

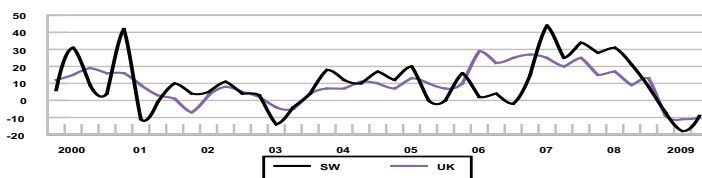


SERVICE SECTOR

In services, a partial recovery is evident in home markets, export markets, employment expectations and confidence levels. Current job levels and investment budgets do however remain depressed.

- -21% reported an increase in home sales, up 9 points from the previous quarter and 5 points below the national aggregate.
- 0% reported an increase in export orders, up 23 points from the previous quarter and 12 points above the national aggregate.
- -21% expanded their workforce in the last three months, down 4 points from the previous quarter and 6 points below the national aggregate.
- -11% are confident of improving profitability over the next 12 months, up 12 points from the previous quarter and 12 points below the national aggregate.

Export Sales



All figures expressed as a percentage balance, except where title is preceded by %, in which case figures are a pure percentage of companies.

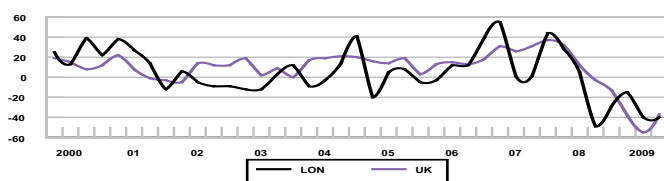
For contact details on each region's survey please see page 42

**KEY**

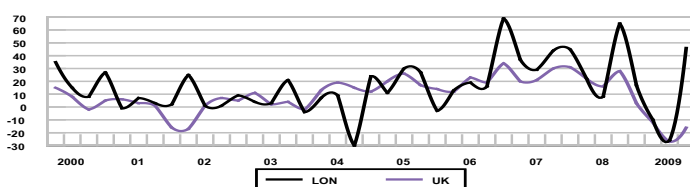
- 1 = 1-19 Employees
- 2 = 20-199 Employees
- 3 = 200-499 Employees
- 4 = 500+ Employees
- 5 = All (unweighted)
- 6 = All (weighted)

Manufacturing	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q08	2Q09	1Q09	2Q09
Sales - Home sales	-8	-9	-31	0	0	-67	-100	-100	-20	-15	-40	-40
Home orders	0	-18	-18	-9	0	-67	-100	-100	-12	-23	-34	-45
Export sales	-15	46	-17	56	67	-67	-100	100	-10	38	-26	46
Export orders	-17	25	-18	33	67	-67	-100	100	-11	20	-26	34
Employment last 3 months	-8	-8	-31	-8	-33	-67	-100	-100	-24	-18	-45	-42
Employment next 3 months	-7	8	-46	33	-33	-100	-100	-100	-29	0	-50	-29
% Tried to recruit	21	23	23	58	67	50	0	0	26	40	23	34
% Part-time	33	0	0	13	0	0	0	0	13	8	7	5
% Full-time	67	100	100	88	100	100	0	0	88	92	66	69
% Temporary	0	40	0	13	0	50	0	0	0	50	0	21
% Permanent	0	33	100	67	100	50	0	0	100	50	52	39
% Skilled manual	0	33	0	29	50	100	0	0	13	42	8	33
% Professional/managerial	33	0	0	14	100	50	0	0	38	17	23	13
% Clerical	0	0	33	14	0	0	0	0	13	8	12	5
% Semi & unskilled	0	0	0	0	0	0	0	0	0	0	0	0
% Recruitment difficulties	33	33	33	43	100	100	0	0	50	50	35	38
Cashflow	0	-58	-8	-17	-100	-33	0	-100	-13	-39	-19	-51
Investment - plant/machinery	-7	-31	-15	-8	0	-25	0	-100	-10	-23	-7	-40
Investment - training	-29	-15	-23	-8	67	25	-100	-100	-19	-10	-31	-29
Confidence - turnover	0	23	-23	17	-33	-50	-100	-100	-16	7	-41	-24
Confidence - profitability	-7	-23	-31	-8	-33	-75	-100	0	-23	-23	-45	-20
% Full capacity	36	31	8	33	0	25	0	0	19	30	10	22
Prices	-7	8	-8	8	-33	0	100	0	-6	7	17	5
% Pay settlements	14	0	8	0	0	0	0	0	10	0	6	0
% Raw materials	50	54	62	58	33	50	0	0	52	53	38	40
% Financial costs	29	54	8	50	33	0	0	0	19	43	14	29
% Other overheads	43	62	31	50	33	75	0	100	35	60	25	70
Number of companies	14	13	13	12	3	4	1	1	31	30		
Number of employees	80	123	935	888	925	1250	570	1100	2510	3361		
Number of exporters	13	13	12	9	3	3	1	1	29	26		

### Home Sales



### Export Sales



## MANUFACTURING SECTOR

Export deliveries and orders have all rebounded strongly above the national trend. Confidence in turnover and profitability have both rebounded on the previous quarter, yet remain negative and lower than the national trend. Cash flow has deteriorated dramatically against the national trend.

- -45% reported an increase in home orders, down 11 points from the previous quarter and 8 points below the national aggregate.
- 46% reported an increase in export sales up 72 points from the previous quarter and 62 points above the national aggregate.
- -40% revised their plans for investment in plant and machinery upwards since last quarter, down 33 points from the previous quarter and 10 points below the national aggregate.
- -24% are confident of improving turnover over the next 12 months, up 17 points from the previous quarter and 26 points below the national aggregate.

All figures expressed as a percentage balance, except where title is preceded by %, in which case figures are a pure percentage of companies.

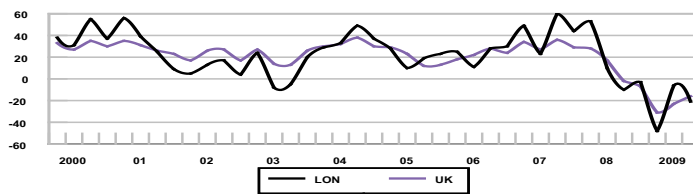
**For contact details on each region's survey please see page 40**

KEY

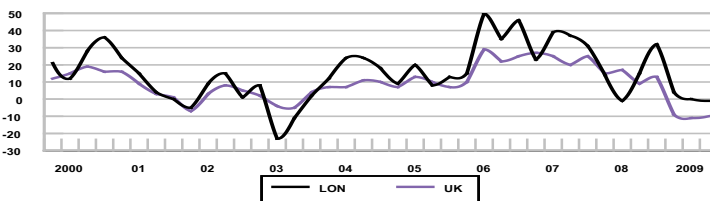
1 = 1-19 Employees  
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 3 = 200-499 Employees  
 4 = 500+ Employees  
 5 = All (unweighted)  
 6 = All (weighted)

Service	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-25	-12	0	-17	0	0	0	-50	-16	-14	-6	-21
Home orders	-18	-14	-15	-34	0	-50	0	0	-16	-24	-10	-24
Export sales	-34	9	-17	-8	100	0	0	0	-20	2	0	-1
Export orders	-36	3	-9	-13	100	0	0	0	-21	-3	3	-4
Employment last 3 months	-20	-16	-5	-16	33	0	-67	0	-15	-15	-18	-10
Employment next 3 months	2	2	11	0	33	-50	-33	-100	5	-2	1	-31
% Tried to recruit	24	22	63	50	100	100	100	0	42	34	69	39
% Part-time	25	54	33	30	50	0	25	0	31	37	32	24
% Full-time	75	46	67	70	50	100	75	0	69	63	68	52
% Temporary	50	67	14	33	40	0	0	0	30	47	22	28
% Permanent	50	33	86	67	60	0	100	0	70	53	78	34
% Skilled manual	20	18	33	13	0	0	0	0	21	14	18	9
% Professional/managerial	20	9	42	13	33	50	33	0	32	14	34	14
% Clerical	0	9	0	0	0	0	0	0	0	3	0	2
% Semi & unskilled	10	9	0	0	0	0	0	0	4	3	2	2
% Recruitment difficulties	30	36	50	19	33	50	33	0	39	28	39	23
Cashflow	-15	-32	-16	-45	33	0	-33	0	-14	-36	-13	-25
Investment - plant/machinery	-31	-13	-12	-6	0	0	33	-50	-21	-11	-3	-17
Investment - training	-13	-6	16	-19	-33	0	33	100	-3	-9	7	15
Confidence - turnover	-39	16	0	-6	67	0	-33	0	-23	7	-7	1
Confidence - profitability	-39	8	-11	-19	33	-50	0	100	-26	-2	-8	11
% Full capacity	34	31	32	38	33	50	67	0	35	33	41	29
Prices	-10	10	5	6	0	-50	0	-50	-5	6	0	-14
% Pay settlements	7	10	16	16	67	0	0	50	12	13	17	20
% Raw materials	24	28	21	31	33	50	0	50	23	30	18	38
% Financial costs	27	28	16	25	0	0	33	50	23	27	20	28
% Other overheads	34	32	47	41	33	100	67	0	39	36	47	37
Number of companies	41	50	19	32	3	2	3	2	66	86		
Number of employees	253	298	990	1931	1030	870	5312	106400	7585	109499		
Number of exporters	32	13	12	9	3	3	2	1	49	26		

Home Sales



Export Sales



SERVICE SECTOR

Home deliveries and orders have contracted further on last quarter. Confidence in turnover and profitability have both rebounded into positive territory in line with the national trend. However, employment expectations have contracted dramatically against the national trend.

- 21% reported an increase in home sales, down 15 points from the previous quarter and 5 points below the national aggregate.
- 4% reported an increase in export orders, down 7 points from the previous quarter and 8 points above the national aggregate.
- 10% have expanded their workforce in the last three months, up 8 points from the previous quarter and 5 points above the national aggregate.
- +11% are confident of improving profitability over the next 12 months, up 19 points from the previous quarter and 10 points above the national aggregate.

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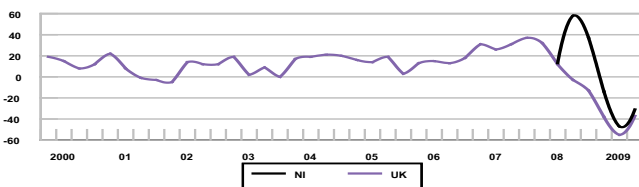
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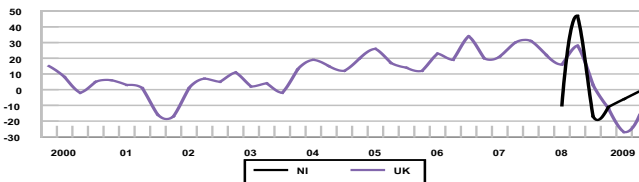
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- 4 = 500+ Employees
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- 6 = All (weighted)

Manufacturing	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	0	-17	-86	0	-100	0	0	-100	-88	-15	-47	-31
Home orders	0	-45	-71	0	-100	0	0	0	-75	-26	-42	-10
Export sales	100	0	-75	43	0	-100	0	0	-56	11	-6	-1
Export orders	100	-38	-50	29	0	-100	0	0	-33	-12	3	-14
Employment last 3 months	100	-33	-25	-13	0	-100	0	-100	-10	-32	12	-55
Employment next 3 months	0	-8	-38	0	-100	0	0	-100	-40	-9	-30	-29
% Tried to recruit	100	17	50	75	0	0	0	0	50	38	39	31
% Part-time	0	0	0	20	0	0	0	0	0	17	0	7
% Full-time	100	100	100	80	0	0	0	0	100	83	57	50
% Temporary	0	0	0	0	0	0	0	0	0	0	0	0
% Permanent	0	0	0	100	0	0	0	0	0	100	0	36
% Skilled manual	100	0	75	50	0	0	0	0	80	38	48	18
% Professional/managerial	0	50	0	67	0	0	0	0	0	63	0	35
% Clerical	0	50	0	17	0	0	0	0	0	25	0	17
% Semi & unskilled	0	0	25	33	0	0	0	0	20	25	9	12
% Recruitment difficulties	100	100	100	83	0	0	0	0	100	88	57	51
Cashflow	-100	-58	-50	13	0	0	0	-100	-50	-33	-39	-35
Investment - plant/machinery	0	-45	-50	14	-100	0	0	-100	-50	-25	-34	-31
Investment - training	0	-20	-13	25	0	0	0	-100	-10	-5	-5	-22
Confidence - turnover	100	17	-63	0	-100	100	0	-100	-50	9	-18	-8
Confidence - profitability	100	8	-88	0	-100	0	0	-100	-70	0	-27	-25
% Full capacity	100	8	13	43	0	0	0	0	20	19	26	17
Prices	0	-17	-13	0	-100	0	0	-100	-20	-14	-21	-31
% Pay settlements	0	8	25	0	0	0	0	0	20	5	9	2
% Raw materials	100	42	75	13	0	100	0	0	70	32	48	29
% Financial costs	0	25	13	0	0	100	0	100	10	23	5	48
% Other overheads	0	17	50	13	100	100	0	0	50	18	34	24
Number of companies	1	12	8	8	1	1	0	1	10	22		
Number of employees	15	90	562	371	400	300	0	920	977	1681		
Number of exporters	1	9	8	7	0	1	0	1	9	18		

Home Sales



Export Sales



MANUFACTURING SECTOR

Although many balances remained negative, there were strong signs of recovery in the manufacturing sector. Home orders saw a particularly steep rise, outstripping the pace of improvement at the national level. However, employment expectations remain deeply negative, in line with the national picture.

- -10% reported an increase in home orders, up 32 points from the previous quarter and 27 points above the national aggregate.
- -1% reported an increase in export sales up 5 points from the previous quarter and 15 points above the national aggregate.
- -31% revised their plans for investment in plant and machinery upwards since last quarter, up 3 points from the previous quarter and 1 point below the national aggregate.
- -8% are confident of improving turnover over the next 12 months, up 10 points from the previous quarter and 10 points below the national aggregate.

All figures expressed as a percentage balance, except where title is preceded by %, in which case figures are a pure percentage of companies.

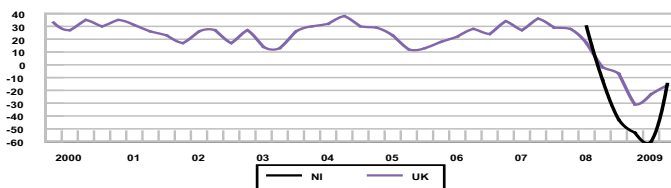
For contact details on each region's survey please see page 40

**KEY**

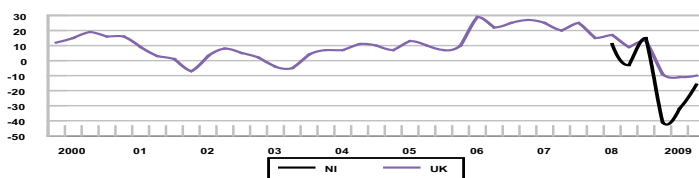
- 1 = 1-19 Employees
- 2 = 20-199 Employees
- 3 = 200-499 Employees
- 4 = 500+ Employees
- 5 = All (unweighted)
- 6 = All (weighted)

Service	1		2		3		4		5		6	
	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09	1Q09	2Q09
Sales - Home sales	-14	-31	-67	-29	-100	-100	-100	100	-31	-29	-60	-15
Home orders	-30	-48	-67	-33	-100	-100	-100	100	-43	-42	-65	-22
Export sales	-25	-20	-33	0	-100	-100	0	0	-31	-16	-32	-16
Export orders	-45	-28	-33	-14	-100	-100	0	0	-47	-27	-38	-24
Employment last 3 months	-29	-9	-67	-23	-100	-100	-100	0	-41	-14	-64	-22
Employment next 3 months	-5	8	-17	9	-100	-100	0	0	-10	7	-19	-4
% Tried to recruit	19	33	0	38	0	0	100	100	17	35	23	43
% Part-time	33	33	0	25	0	0	50	0	40	29	0	21
% Full-time	67	67	0	75	0	0	50	100	60	71	0	69
% Temporary	0	71	0	50	0	0	50	50	33	64	0	51
% Permanent	100	29	0	50	0	0	50	50	67	36	0	39
% Skilled manual	0	8	0	13	0	0	0	0	0	9	0	8
% Professional/managerial	50	31	0	25	0	0	0	0	40	27	15	20
% Clerical	25	23	0	50	0	0	0	0	20	32	8	28
% Semi & unskilled	0	0	0	0	0	0	0	0	0	0	0	0
% Recruitment difficulties	50	62	0	63	0	0	0	0	40	59	15	45
Cashflow	-50	-33	-17	-41	-100	-100	0	0	-43	-36	-32	-37
Investment - plant/machinery	-48	-26	-67	-22	-100	-100	-100	0	-55	-26	-70	-27
Investment - training	-29	3	-50	-6	-100	-100	100	100	-31	0	-23	5
Confidence - turnover	-33	4	-33	5	-100	-100	100	0	-31	3	-17	-7
Confidence - profitability	-52	0	-17	-10	-100	-100	100	100	-41	-3	-16	3
% Full capacity	15	31	33	15	0	0	0	100	18	27	19	33
Prices	-24	-2	-17	14	0	100	-100	0	-24	4	-31	16
% Pay settlements	10	10	17	9	0	100	0	0	10	11	10	17
% Raw materials	19	14	33	18	0	0	0	0	21	15	20	12
% Financial costs	19	18	33	14	0	100	0	0	21	18	20	21
% Other overheads	38	20	17	27	100	0	100	0	38	22	46	18
Number of companies	21	50	6	22	1	1	1	1	29	74		
Number of employees	109	304	270	954	450	450	600	504	1429	2212		
Number of exporters	12	20	3	11	1	1	0	0	16	32		

Home Sales



Export Sales



SERVICE SECTOR

Although still some way behind the national average, Northern Ireland's service sector showed signs of revival this quarter with all key indicators improving, although most remained negative. Home sales and exports both improved. Confidence also rose significantly in profits and turnover and this was reflected in the more positive employment statistics.

- -15% reported an increase in home sales, up 45 points from the previous quarter and 1 point above the national aggregate.
- -24% reported an increase in export orders, up 14 points from the previous quarter and 12 points below the national aggregate.
- -22% have expanded their workforce in the last three months, up 42 points from the previous quarter and 7 points below the national aggregate.
- 3% are confident of improving profitability over the next 12 months, up 19 points from the previous quarter and 2 points above the national aggregate.

All figures expressed as a percentage balance, except where title is preceded by %, in which case figures are a pure percentage of companies.

For contact details on each region's survey please see page 42

KEY

- 1 = 1-19 Employees
- 2 = 20-199 Employees
- 3 = 200-499 Employees
- 4 = 500+ Employees
- 5 = All (unweighted)
- 6 = All (weighted)

This report has been prepared by the British Chambers of Commerce. Further information about any of the Regional surveys may be obtained from the following:

<b>Scotland</b>	Co-ordination	Cliff Lockyer and Eleanor Malloy, Fraser of Allander Institute (0141 552 4400)
<b>North East</b>	Co-ordination	Andrew Sugden, North East Chamber and ERS (0191 386 1133)
<b>North West</b>	Co-ordination	Holly Keogh, Greater Manchester Chamber (0161 237 4106)
<b>Yorkshire &amp; Humber</b>	Co-ordination Contributing Chambers	Steve Hughes (BCC) Barnsley & Rotherham, Bradford, Doncaster, Sheffield, Hull & Humber, Leeds, York & North Yorkshire and Mid Yorkshire Chambers
<b>East Midlands</b>	Co-ordination	Salina Gendoo-Smith, Northamptonshire Chamber (01604 490490)
<b>West Midlands</b>	Co-ordination	William Rogers, Birmingham Chamber (0121 607 1781)
<b>Wales</b>	Co-ordination Contributing Chambers	Steve Hughes (BCC) Newport & Gwent, North Wales and West Wales Chambers
<b>Eastern</b>	Co-ordination Contributing Chambers	Steve Hughes (BCC) Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk Chambers
<b>South East</b>	Co-ordination Contributing Chambers	Steve Hughes (BCC) Kent Invicta, Portsmouth, Surrey, Thames Gateway (Kent), Sussex, Isle of Wight, Channel, Milton Keynes and Thames Valley Chambers
<b>South West</b>	Co-ordination Contributing Chambers	Steve Hughes (BCC) Cornwall and Dorset Chambers
<b>London</b>	Co-ordination	Gillian Econopouly and Peter Campbell, London Chamber (020 7248 4444)
<b>Northern Ireland</b>	Co-ordination Contributing Chambers	Oonagh O'Reilly (NICC) and Steve Hughes (BCC) Northern Ireland
<b>National</b>	Co-ordination	Steve Hughes, The British Chambers of Commerce, 65 Petty France, London SW1H 9EU (020 7654 5800)