ABOUT US

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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CONTENTS

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.

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.

METHODOLOGY

The British Chambers of Commerce Quarterly Economic Survey for the 4th quarter 2009 covers over 5,400 businesses, employing over 560,000 people. The respondents cover the entire United Kingdom. Businesses were surveyed by postal and online questionnaires over the period 16 November to 9 December.

In the manufacturing sector 1,417 firms employing 88,000 people responded. 845 (60%) of manufacturing respondents are exporters. In the service sector 4,065 businesses with 474,000 employees responded. Of the service sector participants, 1,140 (28%) are exporters.

While the majority of respondents employ fewer than 500 people, the sample included 126 large businesses, some of which employ tens of thousands of staff.

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 Q4 2009 results show improvements in most key national balances, particularly for manufacturing. Progress, however, has been generally weaker than in Q3 and, overall, the results are disappointing. Nevertheless, there are positive features, notably strong increases in the manufacturing balances for exports and employment.

The Q4 results support the view that the economy is on the brink of leaving recession, but they do not provide conclusive evidence of recovery. Confidence balances mostly increased, suggesting that businesses are resilient, but there was a worrying fall in manufacturers' profitability confidence.

Some key balances are still negative in both sectors. In manufacturing, home orders, employment expectations, and investment in plant & machinery are in negative territory. The service sector, performing worse than manufacturing, showed balances were negative for home sales and orders, employment, cashflow, and investment in plant and machinery.

DOMESTIC MARKET

The Q4 domestic national balances were disappointing. While there was some improvement, the domestic balances are weak by historical standards, and most remain in negative territory. The manufacturing balance for home sales improved 13 points in Q4, to +3%, the highest level since Q1 2008. The balance for manufacturers' home orders rose 4 points, to -5%, the equal highest level since Q1 2008. The service sector balance for home sales fell 1 point in Q4, to -2%. The service balance for home orders rose 3 points, to -7%, the equal highest level since Q1 2008.

EXPORT MARKET

The export position strengthened in Q4, particularly for manufacturing. Service balances rose very slightly and remain weak. The manufacturing export sales balance rose 20 points, to +20%, the strongest result since Q2 2008. The export orders balance for the sector improved 21 points, to +17%, also the strongest since Q2 2008. The service export sales balance rose 2 points in Q4, to +8%, the highest since Q3 2008; the service export orders balance rose 1 point, to +4%, also the best level since Q3 2008.

EMPLOYMENT

The manufacturing employment balance improved 22 points, to +3%, the equal strongest level since Q1 2008. Manufacturing employment expectations rose 4 points, to -1%, also the strongest since Q1 2008. The service employment balance rose 3 points, to -3%, the highest level since Q3 2008. Employment expectations fell 1 point, to +4%.

INVESTMENT

All the investment balances improved in Q4, but some remain negative. The balance of manufacturing firms planning to increase investment in plant and machinery rose 16 points to -2%, the strongest result since Q2 2008. Manufacturers' intentions to invest in training rose 11 points to +7%, the highest recorded since Q3 2008. The balance of service firms planning to raise investment in plant & machinery improved 6 points, to -3%, the strongest level since Q3 2008. Intentions to invest in training rose 5 points, to +11%, the highest recorded result since Q2 2008.

BUSINESS CONFIDENCE

The Q4 confidence balances saw a mixed picture for manufacturing and positive signs for services, but are all still relatively weak compared with pre-recession levels. The manufacturing turnover confidence balance rose 2 points, to +38%, the highest level since Q1 2008. Manufacturers' profitability confidence fell 4 points, to +17%. The service sector's turnover confidence balance improved 10 points, to +30%, the strongest recorded result since Q1 2008. Service profitability confidence rose 4 points to +13%, also the strongest since Q1 2008.

CAPACITY UTILISATION AND CASHFLOW

Q4 capacity utilisation remains below pre-recession levels. The percentage of manufacturing firms operating at full capacity was up 5 points, at 32%, the highest proportion since Q3 2008. In services, 34% of firms worked at full capacity, unchanged since the last quarter. Q4 cashflow balances remain weak by historical standards. The manufacturing cashflow balance improved 11 points, to +1%, the strongest recorded result since Q4 2007. Services cashflow worsened 3 points, to -11%.

PRICES

Pressures to raise prices strengthened in Q4, but remain relatively weak. The balance of manufacturing firms reporting pressure to increase prices rose 10 points, to +10%. In the service sector, the balance of firms expecting to raise prices increased 3 points, to +18%.

ECONOMIC CLIMATE

With improvements in most key national balances, the Q4 results support the view that we are on the brink of leaving recession. However, with some critical balances still in negative territory, the UK economy is struggling to enter recovery. All the domestic balances are disappointingly feeble. Negative balances for investment in plant and machinery highlight the risks to Britain's productive potential if sharp falls in business capital spending are not reversed. The results reveal disturbing weaknesses facing the service sector; these must be remedied to enable the UK to attain a sustainable recovery. The urgent need to improve business access to bank finance is confirmed by the Q4 cashflow balances, which are barely positive for manufacturing and have moved deeper into negative territory for services. As the UK embarks on the huge task of repairing its public finances, further supportive measures are needed to enable businesses to sustain recovery and avert a dangerous relapse. The welcome improvement in export balances, particularly for manufacturing, must be nurtured in order to strengthen Britain's position in world trade.

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

THE NATIONAL PERSPECTIVE

The domestic national balances recorded a disappointing performance in Q4 2009. While there was some improvement, mainly in manufacturing, progress was inadequate. The domestic balances are weak by historical standards, and most are still in negative territory.

The manufacturing sector's balance for home sales improved to +3% in Q4, from -10% in Q3, and reached its strongest level since Q1 2008. The balance for manufacturers' home orders rose to -5% in Q4, from -9% in Q3, and was at its equal highest level since Q1 2008.

The service domestic balances recorded small divergent movements in Q4, with few significant changes. The sector performed worse than manufacturing in Q4. The balance for service home sales fell marginally, from -1% in Q3 to -2% in Q4, still a stronger level than when the recession was at its worst. The balance for service sector home orders rose from -10% in Q3 to -7% in Q4, equal strongest level since Q1 2008.

THE MANUFACTURING SECTOR

Manufacturing firms of all sizes recorded improvements in their Q4 net home balances, for both sales and orders; but many balances remain in negative territory, particularly for manufacturing home orders. In absolute terms, micro manufacturers recorded the weakest Q4 net balances, at -15% for home sales, and at -18% for home orders. At the other extreme, large manufacturing firms recorded strongest Q4 net balances for home sales, at +15%; while small manufacturing firms recorded the strongest Q4 net balance for home orders, at 0%.

THE SERVICE SECTOR

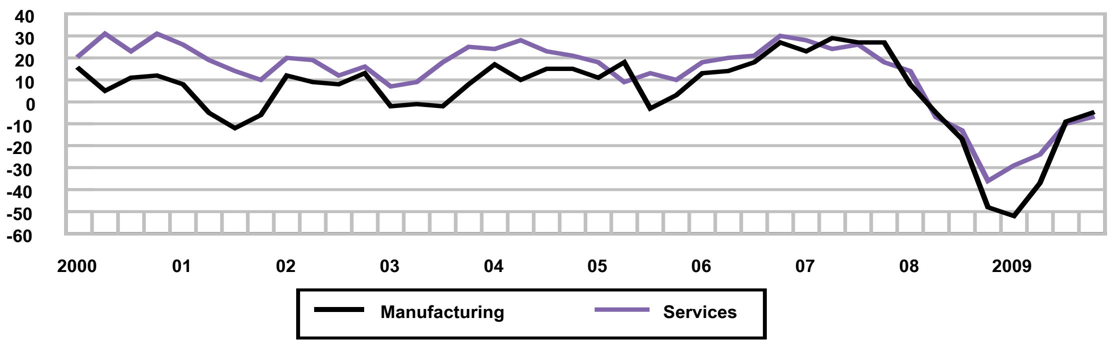
Service sector firms recorded divergent movements in their Q4 net balances for both home sales and orders, but most balances remain in negative territory. In the case of home sales, small service firms recorded an increase in their Q4 balance, while all other firm sizes recorded declines in their net balances. In the case of home orders, the Q4 balance of medium-sized service firms worsened, while all other firm sizes recorded Q4 improvements in their net balances. In absolute terms, large service firms recorded the worst Q4 net balance for home sales, at -10%, and medium firms recorded the worst Q4 net balance for home orders, at -13%. At the other extreme, small service firms recorded the highest Q4 balances, at +6% for home sales and at -4% for home orders.

THE REGIONAL PERSPECTIVE

Most regions recorded increases in their Q4 domestic manufacturing balances, but there are still serious weaknesses. The Q4 manufacturing balances for home sales were in negative territory in five regions; two regions were at 0%, while the Q4 home sales balances were in positive territory in five regions. In the case of home orders, seven regions were in negative territory in Q4, while five regions were in positive territory. Comparing the manufacturing sector's domestic performance across the various regions, the weakest Q4 net balances were in Northern Ireland for home sales, at -23%, and in the West Midlands for home orders, at -23%. At the other extreme, the strongest Q4 domestic manufacturing balances were in the South West, at +51% for home sales, and at +14% for home orders.

The Q4 service sector balances for home sales were negative in three regions, while nine regions were in positive territory. In the case of home orders, the Q4 service balances were in negative territory in six regions, while six regions were in positive territory. Comparing the service sector's domestic performance across the various regions, the worst net balances in Q4 were in Scotland, at -29% for home sales, and at -29% for home orders. At the other extreme, the best Q4 service sector balances were in Eastern region, at +18% for home sales, and at +16% 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 export balances, sales as well as orders, improved significantly in Q4 2009. Both balances are now in positive territory. The net balance for manufacturing export sales rose from 0% in Q3 to +20% in Q4, the highest level since Q2 2008. The balance for export orders strengthened from -4% in Q3 to +17% in Q4, also the highest since Q2 2008. Manufacturing export balances remain stronger than the sector's home balances; they are also stronger than the service sector's export balances.

The service sector's export balances recorded very small improvements in Q4. Both the sales and orders export balances are in positive territory, but they remain weak by historical standards. The service balance for export sales rose by 2 points in Q4, to +8%, the strongest level since Q3 2008. The service balance for export orders improved by 1 point in Q4, to +4%, also the strongest since Q3 2008. Both service export balances remain stronger than the sector's home balances.

THE MANUFACTURING SECTOR

Manufacturing firms of all sizes recorded improvements in their Q4 net export balances, for both sales and orders. Almost all the export balances moved into positive territory in Q4, but the manufacturing export orders balance of micro firms was still negative. In absolute terms, micro manufacturing firms registered the weakest Q4 balances, at +1% for export sales, and at -2% for export orders. At the other extreme, small manufacturers recorded the strongest Q4 net balance for export sales, at +22%, and large manufacturing firms recorded the strongest Q4 balance for export orders, also +22%.

THE SERVICE SECTOR

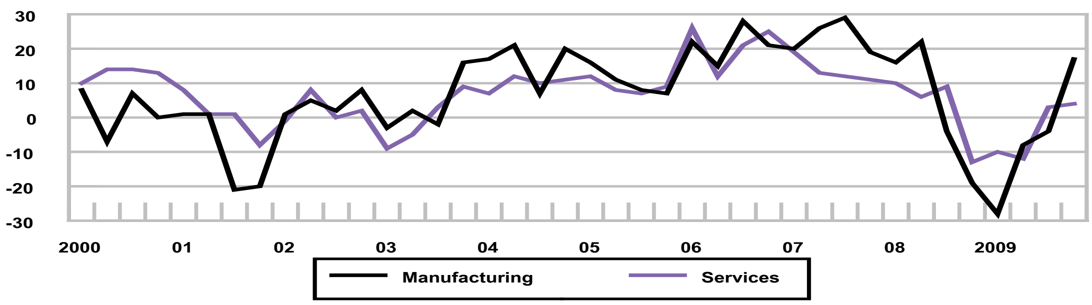
Service sector firms of different sizes recorded divergent movements in their net export balances in Q4. The exports sales balance of medium-sized service firms fell in Q4, but all other firm sizes recorded increases in their balances for export sales. In the case of export orders, the Q4 balances of small and medium-sized service firms declined in Q4, while micro and large firms recorded increases in their Q4 balances. In absolute terms, large service firms recorded the weakest Q4 net balance for export sales, at -2%, while medium-sized firms recorded the weakest Q4 balance for export orders, at -2%. At the other extreme, small service firms recorded the strongest absolute Q4 balance for export sales, at +13%, and large service firms recorded the strongest Q4 balance for export orders, at +7%.

THE REGIONAL PERSPECTIVE

The Q4 manufacturing balances for export sales were in positive territory in all twelve regions. In the case of export orders, one regional balance was negative in Q4, while eleven regions were in positive territory. Comparing export performance across the various regions, the weakest Q4 manufacturing balances were in the East Midlands for export sales, at +3%, and in Scotland for export orders -9%. At the other extreme, the strongest Q4 net manufacturing balances were in the South West, at +56% for export sales, and at +58% for export orders.

In the service sector, the Q4 net balances for export sales were negative in two regions; two regions were at 0%, while eight regions were in positive territory. In the case of export orders, the Q4 net balances were in negative territory in two regions; four regions were at 0%, while six regions were in positive territory. Comparing service sector export performance across the various regions, the weakest Q4 net balances were in Northern Ireland, at -15% for export sales, and at -27% for export orders. At the other extreme, the strongest Q4 service balances were in Yorkshire & Humberside, at +29% for export sales and at +26% 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

Employment balances failed to register significant improvements in either sector, remaining very weak.

On the backward looking employment balance, the manufacturing sector did register a small positive (+3%). This is an improvement, and the first time that a positive result has been recorded since Q2 2008.

The service sector continued on its very steady upward trend from the record low of Q4 2008, showing an improved result, but remaining negative at -3%.

The forward looking balance, which captures expectations of changes in the workforce over the coming quarter, improved mildly in the manufacturing sector, reaching -1%. Again, this was the highest result since Q2 2008, and it is worth noting that both employment balances for manufacturing in Q4 2009 are identical to those in Q2 2008.

The service sector barely moved quarter-on-quarter for future employment expectations: it fell 1 percentage point to +4%, a very weak result. Nevertheless, this marks two consecutive quarters of positive balances following three quarters of contraction. In the early 1990s there was eight quarters where consecutive positive results were not recorded.

THE MANUFACTURING SECTOR

On the measure of employment over the last three months, improvements were witnessed across all firm sizes. The most pronounced change was with firms employing 200-499 employees, moving from -42% to 0% on the quarter.

Equally, on the future expectations factor all firm sizes also improved. It was only the firms in the 200-499 employees category that remained negative (-14%). Micro (+2%), small (+4%) and large (+5%) companies were very weak, though positive.

THE SERVICE SECTOR

In the services sector, the large firm size was notable in the employment over the last three months category, as the balance deteriorated from a positive of +12% to a negative of -7%. The other firm sizes were very slightly negative or positive around zero.

Similarly, on the forward looking balance, large firms had deteriorated, again from positive (+6%) to negative (-11%). On other firm sizes the figures barely moved quarter-on-quarter, remaining in weak positive territory.

THE REGIONAL PERSPECTIVE

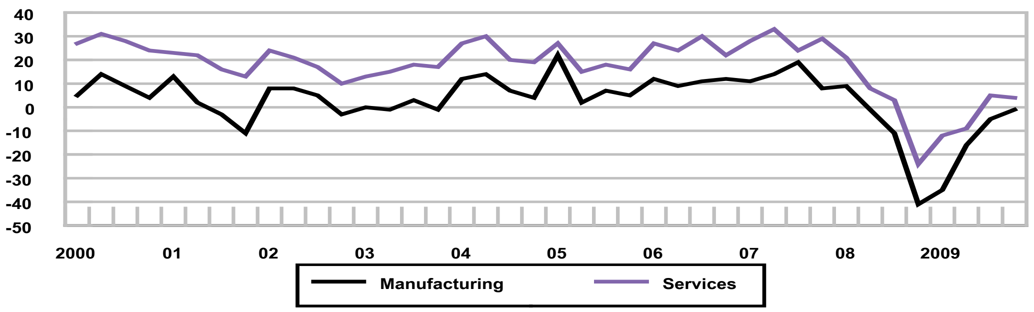
For the backward looking employment balance in the manufacturing sector, half of the regions saw negative balances and half positive. The East Midlands (-31%) and Yorkshire and the Humber (-19%) recorded the worst results, the North West (+39%) and North East (+28%) the best.

Results on this balance in the service sector were also equally split between contraction and expansion. Scotland and London both recorded a result of -19%, the furthest below the national figure of -3%. Wales (+20%) and the South West (+14%) had the best results.

The forward looking balance for the manufacturing sector saw the largest expansionary results in the East of England (+28%) and the South East (+30%). In contrast, Scotland (-27%) and the East Midlands (-20%) saw the largest negative results.

The overall picture in the services sector was very different from that of manufacturing. 11 regions had positive balances, although the majority of these were weak and in single digits. One notable exception was the South West (+22%). London acted as a drag on the national total, with the only negative balance (-15%).

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

65% of manufacturing firms tried to recruit in Q4 2009 (the highest proportion since the third quarter of 2008). The types of jobs that were recruited for changed only slightly on the quarter, particularly for part-time (16%) and full-time (76%) staff. The percentage of firms trying to recruit temporary staff rose 10 percentage points to reach 50%, whereas the percentage of firms trying to recruit permanent staff fell seven percentage points to 44%.

Those manufacturing firms that saw recruitment difficulties saw a negligible change from 49% to 47% quarter-on-quarter. A notable result within the categories of difficulties was the drop in the "skilled manual" category, from 64% to 28% quarter-on-quarter.

56% of firms in the service sector tried to recruit in Q4 2009 (a small drop on the quarter). The types of worker recruited for also saw very minor changes. The part-time category fell two points to 56%, the full-time category fell one point to 37%, the temporary workers category rose one percentage point to 64%, and the permanent workers category rose five percentage points to 62%.

Recruitment difficulties were at 49%. The breakdown of the types of worker where difficulties were experienced showed very small quarterly changes and remained low in comparison to the series history.

THE MANUFACTURING SECTOR

One result of note in the firm size breakdown for the manufacturing sector is that of those employing 200-499 employees, which saw an increase in the 'tried to recruit' factor from 48% to 83%. Micro and small firms saw marginal increases on the quarter. Large firms saw a very small decrease.

The breakdown of the recruitment difficulties factor also saw very small movements on the quarter. Micro, medium and large firms increased, from 43% to 50%, 30% to 34%, and 33% to 36% respectively. Small firms decreased from 55% in Q3 to 54% in Q4.

THE SERVICE SECTOR

The service sector results had similar characteristics to those of manufacturing, in that quarter-on-quarter changes are generally very small, with sporadic movements of note.

For the 'tried to recruit' factor large firms saw a big decrease on the quarter, to 67% from 83%. Across other firm sizes there was no more than a two percentage point change. As would be expected, a much smaller number of micro firms tried to recruit (33%), than small (60%) and medium firms (81%).

Micro and small firms both saw a nine percentage point drop on the quarter for recruitment difficulties, to record a result just below the 50% mark. Medium and large firms were also both close to this proportion.

THE REGIONAL PERSPECTIVE

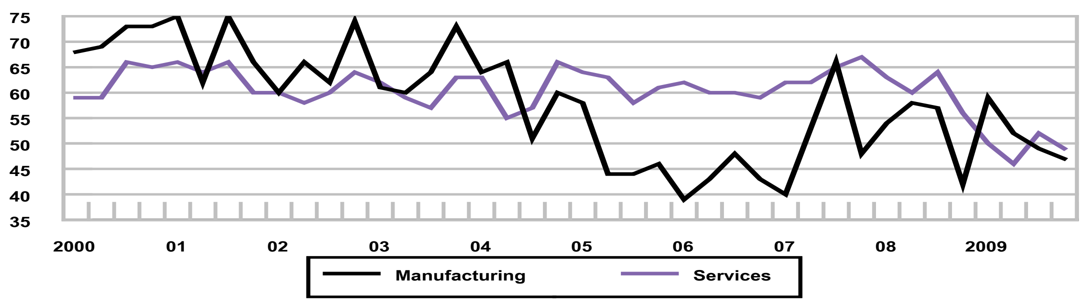
Within the manufacturing sector, the North East (87%), South East (77%), South West (77%) and East of England (75%) all recorded strong results for 'tried to recruit'. Incomparison, the East Midlands (30%) was particularly weak.

The North East (57%), South East (63%) and London (60%) all reported difficulties in recruiting that were above that of the national result. In the East Midlands, Scotland and the North West a quarter or less of firms reported recruitment difficulties.

In the services sector, Wales (79%) and Northern Ireland (65%) had figures showing the highest proportion of firms trying to recruit. Scotland (34%) had by far the lowest result, as all other regions recorded results that were above 50%.

Representative of the regions with the most activity relating to recruitment, Wales and Northern Ireland also reported the greatest difficulty in recruitment, with figures of 64% and 68% respectively. The two Midland regions had the least difficulties, with no more than a third of firms reporting difficulties in either area.

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

As with the last quarter, the manufacturing sector saw a double digit percentage point increase in the plant and machinery factor, rising to -2%. This is still a very weak balance, with only 11 out of the 84 quarters of the series recording a worse result. A positive balance was last reported in Q2 2008. For the training category, the balance is positive (+7%) for the first time since Q3 2008.

The picture for plant and machinery was similar to manufacturing in the service sector, albeit with a smaller quarter-on-quarter increase of six percentage points to reach -3%. This is the sixth consecutive quarter recording a negative balance. Nevertheless, there have been successive improvements in the figure from the record low of -27% in Q4 2008. The service sector training balance continued its steady improvement from the record low of Q4 2008 to reach +11%.

THE MANUFACTURING SECTOR

In the manufacturing sector, improvements were registered across all firm sizes for the plant and machinery category. Micro firms registered the smallest increase, from -10% to -8%. Small and medium firms switched from negative balances to positive balances, reaching +3% and +7% respectively. Large firms saw a 20 percentage point increase, but remained negative at -8%.

For training there were also increases across all firm sizes. As with plant and machinery, micro firms remained in negative territory (-7%). Small and medium firms were both in weak positive territory, and large firms experienced a very small improvement from -1% to +2%.

THE SERVICE SECTOR

The improvements for the plant and machinery factor were much less pronounced in the service sector than in manufacturing. indeed, large firms saw a very minor deterioration. Micro (-7%), small (-1%) and large (-4%) firms all remained in single digit negative territory. Medium sized firms recorded a weak positive balance of +2%.

On the training measure, no firm size recorded a negative balance. Micro firms were the weakest with a balance of 0%. Medium (+21%) and large (+21%) companies were relatively strong by comparison.

THE REGIONAL PERSPECTIVE

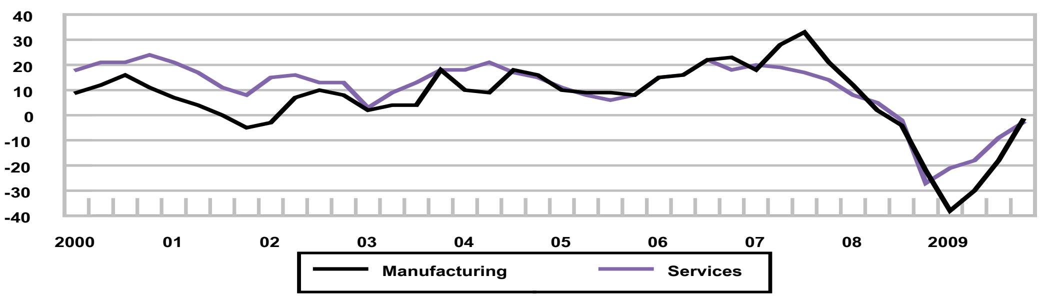
In the manufacturing sector on the plant and machinery balance six regions recorded negative balances: Scotland (-24%), Yorkshire and the Humber (-4%), East Midlands (-12%), West Midlands (-17%), Northern Ireland (-27%), and London (-2%). The South West recorded the strongest balance (+31%).

On the training measure only Scotland (-3%), the East Midlands (-10%) and London (-6%) recorded negative balances. Wales recorded the strongest figure of +32%.

In the service sector, Scotland (-10%), North West (-6%), Northern Ireland (-29%), East of England (-6%), South East (-6%), South West (-7%) and London (-2%) had negative balances for the plant and machinery balance. Wales had the strongest balance, although it was(still very weak at +13%.

Northern Ireland was the only region to record a balance which was negative (-2%) for the training measure. Of the other regions, the West Midlands recorded the strongest balance, at +20%.

Investment in Plant and 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 Q4 2009 results show a disappointing lack of progress in manufacturing confidence. The confidence balance that manufacturing turnover will improve in the next 12 months rose slightly from +36% in Q3 to +38% in Q4, the strongest level since Q1 2008. Confidence that manufacturing profitability will improve in the next 12 months fell from +21% in Q3 to +17% in Q4, still a better level than when the recession was at its worst. The fall in confidence at this stage in the economic cycle is worrying.

The service sector's confidence balances strengthened further in Q4. The confidence balance that turnover will improve in the next 12 months rose from +20% in Q3 to +30% in Q4, the strongest level since Q1 2008. The confidence balance that service profitability will improve in the next 12 months rose from +9% in Q3 to +13% in Q4, also the strongest level since Q1 2008. The Q4 service sector confidence balances are still lower than those of manufacturing. All the confidence balances, both manufacturing and services, are still relatively weak compared with the levels recorded before the 2008-09 recession.

THE MANUFACTURING SECTOR

Manufacturing firms of different sizes recorded divergent movements in their Q4 confidence balances. The turnover confidence balance of large firms declined in Q4, but all other firm sizes recorded increases. In the case of profitability confidence, the Q4 balance of small firms improved, the balance of medium-sized firms was unchanged, while large firms and micros recorded declines in their Q4 profitability confidence balances. In absolute terms, micro manufacturers recorded the weakest Q4 net balances, at +20% for turnover confidence and at -4% for profitability confidence. At the other extreme, large manufacturing firms recorded the strongest Q4 net balance for turnover confidence, at +38%, while medium-sized firms recorded the best Q4 balance for profitability confidence, at +22%.

THE SERVICE SECTOR

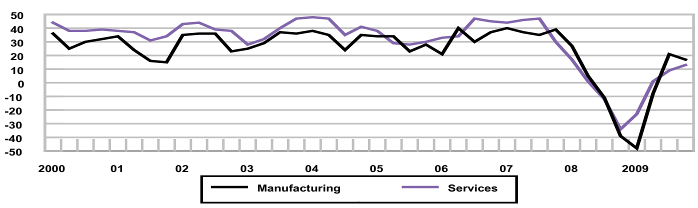
Service sector firms of different sizes also recorded divergent movements in their Q4 confidence balances. Turnover confidence of micros and medium-sized service firms fell in Q4, while the balances of small and large firms recorded increases. Profitability confidence sees the same pattern: worse balances for micros and medium service firms, and better balances for small and large firms. In absolute terms, large service firms recorded the weakest Q4 net balances, at +11% for turnover confidence, and at -1% for profitability confidence. At the other extreme, small service firms recorded the strongest Q4 balances, at +37% for turnover confidence and at +22% for profitability confidence.

THE REGIONAL PERSPECTIVE

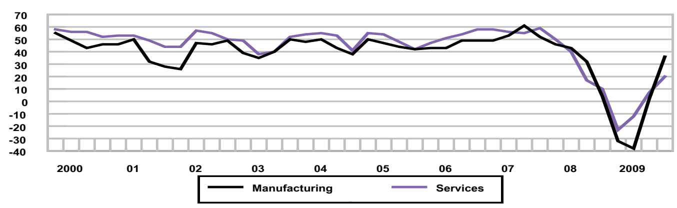
The manufacturing sector's Q4 balance for turnover confidence was in negative territory in one region, while 11 regional balances were positive. In the case of profitability confidence, four regional balances were negative in Q4, while eight regions were in positive territory. Comparing manufacturing confidence across the regions, the weakest Q4 balances were in Wales for turnover confidence, at -7%, and in the South East for profitability confidence, at -20%. At the other extreme, the strongest manufacturing Q4 balances were in the South West for turnover confidence, at +64%, and in the North West for profitability confidence, at +59%.

In the service sector, the Q4 turnover confidence balance of one region was negative, while eleven regions were in positive territory. In the case of Q4 profitability confidence, we find the same pattern: one regional balance was negative, while eleven regions were in positive territory. Comparing service sector confidence across the regions, the weakest Q4 balances were in Scotland, at -4% for turnover confidence, and at -33% for profitability confidence. At the other extreme, the best Q4 service balances for turnover confidence were in Yorkshire & Humberside and in Eastern region, both at +50%; the strongest balance for profitability confidence was in Yorkshire & Humberside, at +38%.

Confident of Improving Profitability



Confident of Improving Turnover



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

THE NATIONAL PERSPECTIVE

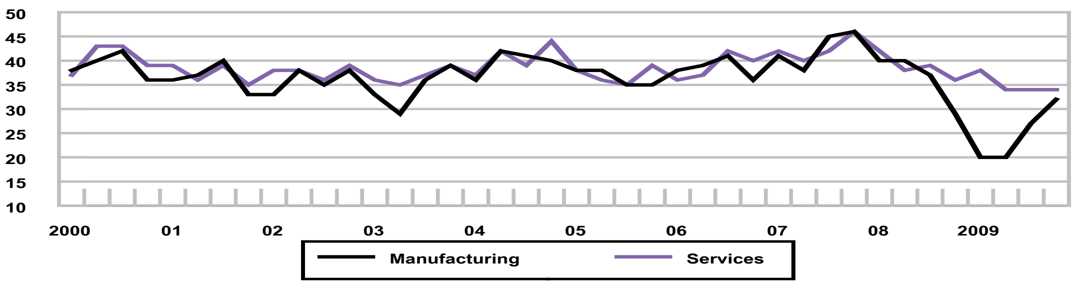
In the manufacturing sector, the capacity utilisation figure was 32%, in comparison to 27% in Q3. This is the highest recorded result since Q3 2008. Micro firms (from 27% to 22%) the only firm category to see a deterioration in the capacity figure. The biggest increase was experienced by large firms, changing from 23% to 39% quarter-on-quarter.
In the service sector, the capacity result remained at 34% for the third consecutive quarter. This is the joint lowest figure since Q1 1995. Micro firms saw no movement on the quarter, small and medium firms witnessed minor increases and large firms decreased from 61% to 49%.

THE REGIONAL PERSPECTIVE

In the manufacturing sector, Wales (7%) and the North East (10%) showed incredibly weak capacity utilisation results. Scotland (56%) and the East of England (63%) were at the opposite end of the scale. Neighbouring regions, the South East and South West, recorded figures of (49%).

In the service sector, the capacity results were much less widely dispersed. Northern Ireland (46%) showed the largest result. Nine regions had a proportion between 30 and 40 per cent.

CAPACITY UTILISATION



CASHFLOW

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

THE NATIONAL PERSPECTIVE

The cashflow balance in the manufacturing sector (+1%) was the highest since Q4 2007, and also the first time that a positive figure had been recorded in this time period. The balances remained weak for micro (-24%) and small firms (-2%). Both medium (+4%) and large (+17%) companies showed improved results on the quarter.

In the service sector the cashflow balance deteriorated slightly, from -8% to -11%. There are only four worse results than this in the series history. Balances across firm sizes were very similar and negative. The fluctuations on the quarter, however, varied in scale. Medium-sized firms saw a huge deterioration from +27% to -9%.

THE REGIONAL PERSPECTIVE

In the manufacturing sector, the North East (-6%), Wales (-27%), South East (-23%) and London (-7%) recorded negative cashflow balances. The strongest balances were seen in Yorkshire and the Humber (+19%) and the East of England (+18%).

Only two regions in the service sector had positive cashflow balances in Q4. These were also very weak in the West Midlands (+2%) and the East of England (+1%). Of the negative results, the size of Northern Ireland (-27%) and London (-31%) were notable.

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

The prices expectation balance in the manufacturing sector rose again in Q4 to reach +10%. While this has risen in three consecutive quarters, it remains very weak. All firm sizes saw a rise in the balance, most significantly small firms, rising from +4% to +21% on the quarter.

Within the sector, there was notable upward pressure on prices from raw materials and financial costs, rising from 47% to 64% and from 17% to 26% respectively. The pay settlements and other overheads categories registered very small changes.

A similar pattern for the national figure can be seen in the service sector, with a small increase to +18%, although this is still weak in the context of the historical series. Micro (+26%) and small (+27%) firms recorded the largest balances. Medium firms actually saw a deterioration in the balance, from +16% to 0%.

The elements of pressure on prices barely registered any change on the quarter. 38% of firms stated that it was other overheads contributing to the pressure. The raw materials element increased from 23% in Q3 to 27% in Q4.

THE REGIONAL PERSPECTIVE

Within manufacturing the West Midlands (-6%), Wales (-14%), Northern Ireland (-6%) and London (-1%) were the regions with negative results. The North West was notably the largest positive balance at +40%. Within the breakdown, the North East had a proportion of 88% stating that raw materials were contributing to price pressures.

In the service sector, there were no negative balances, although the North East (+5%) and Northern Ireland (+8%) showed very weak results. Scotland had the highest balance above the national total at +30%.

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

Concerns increased in most areas in Q4. Exchange rate concerns increased from 47% to 54%, and remained manufacturers' biggest worry; medium and large firms (both at 59%) expressed the biggest concern. Competition worries rose from 36% to 44%; micro firms (56%) expressed the biggest concern. Inflation worries remained unchanged, at 35%; large firms (36%) signalled the highest concern. Interest rate concerns fell to 12%, from 16%; micro firms (30%) signalled the highest level. Corporate taxation concerns edged up from 20% to 22%; micros, at 35%, signalled the highest level. Business rate worries rose from 20% to 23%; micro firms, at 42%, signalled the highest level.

SERVICES

Service sector concerns also increased in most areas in Q4. Competition worries edged up from 40% to 41%, and remain the biggest service sector concern. Inflation concerns increased from 27% in Q3 to 34% in Q4. Interest rates concerns were unchanged, at 23%; large firms, at 32%, signalled the highest level. Exchange rate worries were unchanged, at 26%; small firms (29%) signalled the highest concern. Service firms are less concerned than manufacturers over exchange rates, but more concerned over interest rates. Corporate taxation worries rose from 18% to 23%; small firms (26%) signalled the highest concern. Business rate worries increased from 23% to 30%; small firms (33%) signalled the highest level.

Manufacturing	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3QQ9	6 4Q09
% Interest Rates	23	30	21	18	11	7	10	0	21	21	16	12
% Exchange Rates	47	49	45	47	51	59	42	59	45	46	47	54
% Business Rates	35	42	26	34	24	13	2	11	29	35	20	23
% Inflation	32	33	35	35	47	35	24	36	35	34	35	35
% Competition	48	56	36	42	35	42	30	41	40	47	36	44
% Corporation Tax	27	35	20	22	27	18	12	18	24	29	20	22

Services	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
% Interest Rates	27	22	26	23	17	20	18	32	27	23	23	23
% Exchange Rates	22	21	24	29	24	28	39	28	23	23	26	26
% Business Rates	27	30	33	33	12	22	8	27	28	31	23	30
% Inflation	32	36	26	33	29	40	16	27	30	34	27	34
% Competition	41	43	40	40	38	41	40	38	40	42	40	41
% Corporation Tax	26	24	21	26	10	19	10	23	24	24	18	23

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Manufacturing	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	-16	-15	-11	1	-11	7	-13	15	-10	-11	-10	3
Home orders	-19	-18	-12	0	-9	-5	-9	-4	-9	-12	-9	-5
Export sales	-2	1	-2	22	-13	12	12	21	0	19	0	20
Export orders	-6	-2	-6	15	-11	13	4	22	-4	15	-4	17
Employment last 3 months	-18	-5	-9	0	-42	0	-15	-5	-15	10	-19	3
Employment next 3 months	0	2	-4	4	-19	-14	-2	5	-1	-1	-5	-1
% Tried to recruit	39	43	45	55	48	83	66	63	49	56	53	65
% Part-time	32	33	18	16	10	25	18	6	26	17	18	16
% Full-time	86	85	85	86	57	66	68	61	77	86	73	76
% Temporary	52	61	36	45	40	60	37	43	62	68	40	50
% Permanent	48	51	64	57	45	34	40	32	40	34	51	44
% Skilled manual	59	56	35	29	32	26	21	23	45	35	32	28
% Professional/managerial	19	20	29	23	4	16	45	27	34	21	27	22
% Clerical	27	16	10	16	3	10	15	8	9	19	11	13
% Semi & unskilled	34	18	14	11	18	3	8	1	14	10	15	7
% Recruitment difficulties	43	50	55	54	30	34	33	36	59	47	49	47
Cashflow	-27	-24	-13	-2	-6	4	-6	17	-16	-12	-10	1
Investment - plant/machinery	-10	-8	-10	3	-23	7	-28	-8	-12	-3	-18	-2
Investment - training	-14	-7	1	7	-16	7	-1	2	-4	5	-4	7
Confidence - turnover	16	20	29	35	34	38	41	38	28	32	36	38
Confidence - profitability	1	-4	14	21	22	22	38	8	11	19	21	17
% Full capacity	27	22	28	29	15	24	23	39	30	24	27	32
Prices	7	17	4	21	3	4	-3	0	3	21	0	10
% Pay settlements	15	16	15	13	26	24	17	14	15	18	18	17
% Raw materials	74	71	56	61	48	57	22	48	56	72	47	64
% Financial costs	28	31	26	28	16	14	13	31	21	32	17	26
% Other overheads	48	49	31	35	35	30	26	35	37	45	34	37
Number of companies	677	679	678	656	72	50	42	32	1469	1417		
Number of employees	5329	5876	36892	37425	19281	12908	65578	31999	127080	88208		
Number of exporters	346	349	453	427	51	42	35	27	885	845		

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6 = All (weighted)

Services	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	-3	-5	1	6	7	-8	-8	-10	-1	-5	-1	-2
Home orders	-10	-5	-7	-4	7	-13	-30	-11	-9	-7	-10	-7
Export sales	-1	8	6	13	45	0	-9	-2	6	8	6	8
Export orders	-6	0	7	3	39	-2	-6	7	1	1	3	4
Employment last 3 months	-6	-3	-19	-3	0	1	12	-7	-10	-4	-6	-3
Employment next 3 months	6	7	6	6	4	15	6	-11	3	6	5	4
% Tried to recruit	32	33	58	60	79	81	83	67	40	40	58	56
% Part-time	44	42	37	36	44	37	44	48	43	40	38	37
% Full-time	58	61	67	69	55	65	52	56	60	62	63	64
% Temporary	53	46	45	38	39	40	49	40	47	43	42	38
% Permanent	48	53	57	62	58	56	41	56	53	58	57	62
% Skilled manual	27	15	14	16	16	22	32	22	23	18	21	18
% Professional/managerial	26	21	32	23	31	33	46	34	30	23	33	26
% Clerical	14	11	15	15	4	11	31	5	15	13	16	12
% Semi & unskilled	12	9	13	12	5	20	5	7	11	9	11	11
% Recruitment difficulties	56	47	57	48	43	58	45	48	56	50	52	49
Cashflow	-18	-15	-18	-10	27	-9	-5	-11	-14	-12	-8	-11
Investment - plant/machinery	-11	-7	-12	-1	-3	2	-3	-4	-11	-5	-9	-3
Investment - training	1	0	-4	9	19	24	29	21	0	4	6	11
Confidence - turnover	33	32	20	37	49	36	-12	11	26	29	20	30
Confidence - profitability	17	14	6	22	35	9	-9	-1	13	13	9	13
% Full capacity	28	28	26	30	29	37	61	49	28	30	34	34
Prices	15	26	20	27	16	0	7	9	14	21	15	18
% Pay settlements	12	12	18	19	27	16	37	31	14	14	20	18
% Raw materials	23	27	27	33	35	21	6	16	24	28	23	27
% Financial costs	23	22	25	25	19	28	42	13	26	22	28	22
% Other overheads	38	41	46	42	35	40	47	29	39	40	42	38
Number of companies	2842	2807	1054	1077	96	87	75	94	4067	4065		
Number of employees	16425	16191	58464	61522	27721	24479	342226	372146	444836	474338		
Number of exporters	648	715	314	333	28	27	25	30	1048	1140		

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Manufacturing	SC	NE	NW	YH	EM	WM	W	NI	EA	SE	SW	L	NAT
Home deliveries	-6	-13	0	23	8	0	-8	-23	10	7	51	-15	3
Home orders	-18	-10	4	8	-4	-23	-11	-20	8	7	14	-12	-5
Export deliveries	8	9	33	5	3	7	7	28	34	23	56	17	20
Export orders	-9	3	38	2	1	4	1	38	29	16	58	15	17
Employment last 3 months	-15	28	39	-19	-31	-5	7	-9	19	7	35	-12	3
Employment expectations	-27	1	5	-14	-20	-7	8	-16	28	30	-3	4	-1
% Tried to recruit	63	87	66	63	30	46	63	41	75	77	77	46	65
% Part-time	0	10	17	26	34	6	8	11	18	9	7	20	16
% Full-time	0	90	83	74	42	94	60	74	82	91	40	53	76
% Temporary	0	33	57	51	59	28	20	38	47	79	77	4	50
% Permanent	0	67	43	49	17	72	26	47	53	21	23	63	44
% Skilled manual	15	7	26	20	13	28	24	28	20	47	28	42	28
% Professional/managerial	10	51	9	14	9	7	16	5	24	43	22	42	22
% Clerical	0	100	18	1	11	4	5	5	3	1	12	22	13
% Semi & unskilled	9	4	10	1	4	3	17	9	5	6	8	4	7
% Recruitment difficulties	22	57	23	30	25	34	31	32	46	63	44	60	47
Cashflow	9	-6	3	19	9	8	-27	10	18	-23	13	-7	1
Investment - plant/machinery	-24	1	15	-4	-12	-17	2	-27	18	10	31	-2	-2
Investment - training	-3	29	11	8	-10	4	32	15	25	4	0	-6	7
Confidence - turnover	5	55	47	47	18	33	-7	15	62	36	64	44	38
Confidence - profitability	-19	55	59	30	28	5	-15	-1	48	-20	36	15	17
% Full capacity	56	10	16	18	16	27	7	15	63	49	49	20	32
Prices	8	1	40	13	5	-6	-14	-6	9	17	16	-1	10
% Pay settlements	25	40	21	18	9	12	29	17	6	8	17	2	17
% Raw materials	65	88	81	62	37	68	55	49	65	42	68	37	64
% Financial costs	6	37	30	17	10	22	13	22	20	40	22	20	26
% Other overheads	21	65	28	32	31	43	24	32	24	30	44	35	37

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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KEY
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Services	SC	NE	NW	YH	EM	WM	W	NI	EA	SE	SW	L	NAT
Home deliveries	-29	9	-1	8	3	11	12	2	18	6	16	-27	-2
Home orders	-29	1	-8	-6	10	4	-3	-12	16	1	13	-26	-7
Export deliveries	0	0	7	29	18	19	20	-15	15	14	9	-14	8
Export orders	0	0	0	26	27	20	11	-27	1	7	0	-15	4
Employment last 3 months	-19	5	-7	10	-5	11	20	-16	0	-1	14	-19	-3
Employment expectations	8	7	4	9	2	13	7	9	13	6	22	-15	4
% Tried to recruit	34	62	51	61	53	61	79	65	64	58	56	54	56
% Part-time	0	44	37	39	51	35	31	34	41	39	35	27	37
% Full-time	0	56	63	61	49	65	70	66	59	61	65	73	64
% Temporary	0	46	43	38	63	33	33	48	43	38	23	34	38
% Permanent	0	54	57	62	37	67	50	42	57	62	77	66	62
% Skilled manual	24	19	24	8	9	20	22	26	15	12	15	22	18
% Professional/managerial	12	31	24	22	20	17	40	40	25	27	37	25	26
% Clerical	0	3	23	8	11	10	24	17	8	12	13	13	12
% Semi & unskilled	0	7	15	7	13	15	26	19	10	8	14	11	11
% Recruitment difficulties	48	46	48	40	31	33	64	68	43	48	57	58	49
Cashflow	-8	-8	-12	-6	-2	2	-3	-27	1	-5	-14	-31	-11
Investment - plant/machinery	-10	11	-6	2	0	0	13	-29	-6	-6	-7	-2	-3
Investment - training	5	17	14	15	9	20	8	-2	8	5	12	14	11
Confidence - turnover	-4	45	21	50	28	31	25	24	50	39	34	23	30
Confidence - profitability	-33	31	9	38	6	27	24	5	36	14	7	13	13
% Full capacity	0	34	30	35	36	30	33	46	27	35	32	33	34
Prices	30	5	14	25	12	21	15	8	23	18	22	18	18
% Pay settlements	15	25	15	11	19	16	15	23	18	18	13	27	18
% Raw materials	50	37	25	25	31	29	26	17	25	23	30	13	27
% Financial costs	35	39	19	14	19	18	16	24	24	23	19	19	22
% Other overheads	17	54	43	32	19	38	42	24	40	47	41	40	38

KEY
SC - Scotland
NE - North East
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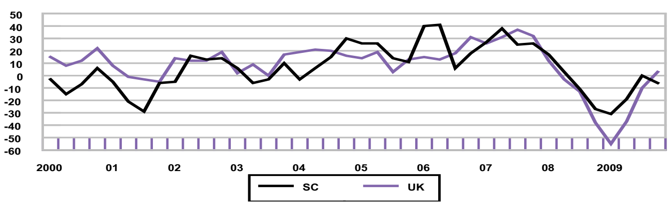
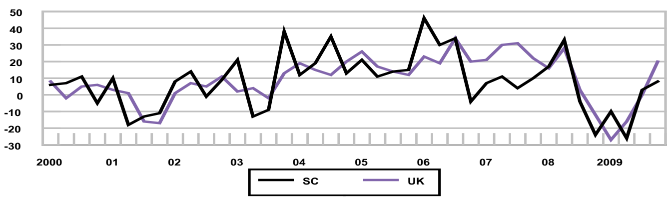
Manufacturing	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	14	-9	-13	3	14	25	0	-33	0	-3	0	-6
Home orders	9	-9	4	14	29	-50	0	-33	8	-1	8	-18
Export sales	10	14	6	0	0	33	0	0	6	7	3	8
Export orders	10	21	15	9	0	-67	0	0	11	7	6	-9
Employment last 3 months	-11	-3	-6	6	0	-25	0	-33	-8	-1	-3	-15
Employment next 3 months	-6	3	0	3	0	-25	0	-67	-2	-1	-1	-27
% Tried to recruit	20	9	40	33	57	75	50	100	34	28	45	63
% Part-time												
% Full-time												
% Temporary												
% Permanent												
% Skilled manual	14	33	47	33	25	0	0	0	35	24	23	15
% Professional/managerial	0	0	21	8	0	33	0	0	13	10	7	10
% Clerical	29	0	5	0	0	0	0	0	10	0	4	0
% Semi & unskilled	86	33	32	17	0	0	0	0	39	14	19	9
% Recruitment difficulties	57	33	58	33	50	33	0	0	55	29	36	22
Cashflow	-11	-30	-6	0	29	0	0	33	-5	-12	3	9
Investment - plant/machinery	-7	-18	-11	0	-29	-50	0	-33	-10	-12	-10	-24
Investment - training	0	-4	-9	-6	-14	0	0	0	-6	-5	-6	-3
Confidence - turnover	-11	-3	15	14	29	0	0	0	6	5	10	5
Confidence - profitability	-17	-21	9	0	29	-25	0	-33	0	-12	7	-19
% Full capacity	49	48	42	37	17	75	100	67	44	45	58	56
Prices	6	42	15	28	0	-25	0	0	10	30	6	8
% Pay settlements	20	41	26	14	29	25	0	33	23	27	17	25
% Raw materials	57	71	72	72	29	50	0	67	62	70	36	65
% Financial costs	17	18	21	14	0	0	0	0	18	14	9	6
% Other overheads	31	47	32	33	29	25	0	0	31	38	20	21
Number of companies	35	34	47	36	7	4	2	3	91	77		
Number of employees	347	317	2862	2479	2094	916	2050	2245	7353	5957		
Number of exporters	20	14	28	23	5	3	2	3	55	43		

Home Sales



Export Sales



MANUFACTURING SECTOR

"Signs of an upturn are less clear than earlier in the year. Nevertheless, export trends remain positive. Business confidence is still fragile in Scotland, and whilst turnover is expected to increase in 2010, rising costs and pressures on margins will continue to impact on profitability." **Cliff Lockyer, senior research fellow, Fraser of Allander Institute, (co-ordinators of QES in Scotland)**

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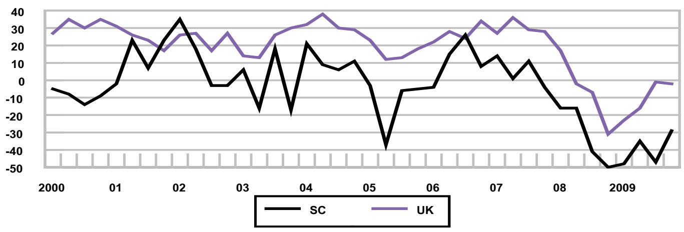
Service	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	-28	-56	-24	0	-100	-100	-100	0	-30	-35	-47	-29
Home orders	-22	-18	-10	-29	-100	-100	0	0	-21	-25	-23	-29
Export sales												
Export orders												
Employment last 3 months	-11	-12	-10	-36	-50	0	100	0	-10	-21	4	-19
Employment next 3 months	-15	-7	-10	-5	-50	100	100	0	-13	-4	2	8
% Tried to recruit	21	29	48	32	100	100	100	0	30	32	55	34
% Part-time												
% Full-time												
% Temporary												
% Permanent												
% Skilled manual	33	20	10	14	50	100	0	0	24	22	20	24
% Professional/managerial	17	0	10	0	100	100	0	0	20	6	21	12
% Clerical	25	0	0	0	0	0	0	0	12	0	8	0
% Semi & unskilled	8	0	10	0	0	0	0	0	8	0	7	0
% Recruitment difficulties	50	60	20	43	100	100	0	0	40	56	35	48
Cashflow	-10	-22	-35	-5	0	0	0	0	-16	-15	-17	-8
Investment - plant/machinery	-7	-21	-25	-9	-50	0	0	0	-13	-16	-18	-10
Investment - training	-5	-12	-5	-9	50	100	0	0	-4	-9	2	5
Confidence - turnover	-3	-32	-5	14	0	0	0	0	-4	-14	-3	-4
Confidence - profitability	-17	-64	-40	-5	0	-100	100	0	-21	-41	-5	-33
% Full capacity	0	0	0	0	0	0	0	0	0	0	0	0
Prices	31	73	52	50	50	-100	0	0	37	61	37	30
% Pay settlements	14	21	14	23	0	0	0	0	13	21	10	15
% Raw materials	38	79	57	64	50	0	0	0	42	72	41	50
% Financial costs	22	26	33	36	0	100	0	0	24	32	20	35
% Other overheads	21	21	19	27	50	0	0	0	20	23	20	17
Number of companies	58	34	21	22	2	1	2	0	83	57		
Number of employees	408	229	1440	1131	680	245	2500	0	5028	1605		
Number of exporters	0	0	0	0	0	0	0	0	0	0		

Home Sales



SERVICE SECTOR

"Recent survey evidence has noted improving business trends, and the level of consumer spend over the Christmas period will be an important factor in fourth quarter retail sales and tourism and hospitality trends. Business prospects for 2010 remain uncertain, as it is unclear how the VAT change, cost pressures and unemployment will impact on service sector activity."
Cliff Lockyer, senior research fellow, Fraser of Allander Institute, (co-ordinators of QES in Scotland)

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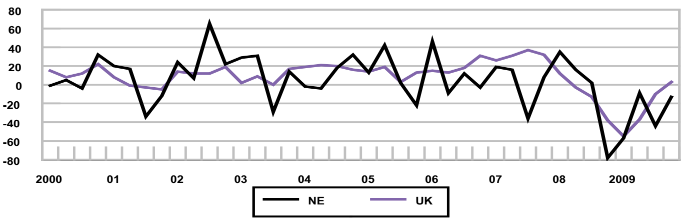
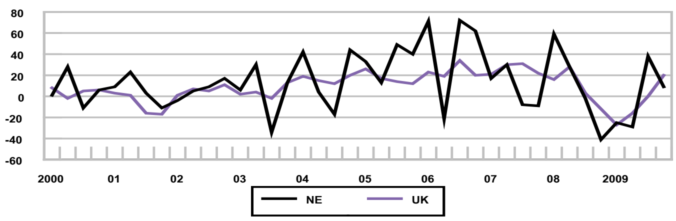
6 = All (weighted)

Manufacturing	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	22	-10	-32	40	-100	-100	-33	0	-19	18	-44	-13
Home orders	-33	-10	-5	47	-100	-100	-33	0	-19	22	-41	-10
Export sales	13	-14	0	44	100	-100	33	50	10	25	38	9
Export orders	13	-14	18	22	100	-100	33	50	21	11	43	3
Employment last 3 months	-11	-10	0	20	-100	100	-67	0	-13	12	-52	28
Employment next 3 months	0	-30	6	10	0	0	-67	0	-3	-3	-26	1
% Tried to recruit	33	18	58	75	100	100	33	100	50	59	56	87
% Part-time	0	50	29	23	0	0	50	0	29	22	38	10
% Full-time	100	50	71	77	0	100	50	100	71	78	57	90
% Temporary	100	50	23	55	100	0	100	33	100	100	78	33
% Permanent	0	50	77	45	0	100	0	67	0	0	22	67
% Skilled manual	33	50	27	13	0	0	0	0	25	15	10	7
% Professional/managerial	33	50	0	20	0	0	100	100	13	30	44	51
% Clerical	0	100	9	100	0	100	0	100	6	100	3	100
% Semi & unskilled	0	0	9	13	0	0	0	0	6	10	3	4
% Recruitment difficulties	67	50	27	40	0	0	100	100	38	45	54	57
Cashflow	-33	-60	11	0	-100	-100	-33	50	-9	-18	-36	-6
Investment - plant/machinery	-50	-50	11	15	-100	0	-100	0	-17	-6	-66	1
Investment - training	-38	-20	11	25	0	100	-67	0	-10	12	-28	29
Confidence - turnover	56	-27	26	55	100	0	67	100	41	29	62	55
Confidence - profitability	11	-36	32	55	100	0	33	100	28	26	47	55
% Full capacity	44	0	26	35	0	0	0	0	28	21	10	10
Prices	-33	-10	-16	5	100	0	0	0	-16	0	16	1
% Pay settlements	27	29	35	52	100	100	20	0	33	43	43	40
% Raw materials	64	71	65	65	100	100	20	100	60	70	54	88
% Financial costs	55	50	43	39	100	100	20	0	45	43	47	37
% Other overheads	64	71	57	57	100	100	40	50	58	63	60	65
Number of companies	11	14	23	23	1	1	5	2	40	40		
Number of employees	83	123	1195	1263	330	220	5160	1300	6768	2906		
Number of exporters	5	6	15	16	1	1	5	2	26	25		

Home Sales



Export Sales



MANUFACTURING SECTOR

"Confidence is returning slowly to the manufacturing sector, but remains fragile. Exporters are more positive about their performance, with the more competitive exchange rate helping. However, order books are still volatile with little long-term commitment. The recent announcement about Corus' Teesside facility being mothballed highlights the threat to a sustained recovery and the need to ensure continued availability of maximum support." **Jon Aitchison, Director of Comesys Europe and chairman of North East Chamber of Commerce's Northumberland Committee**

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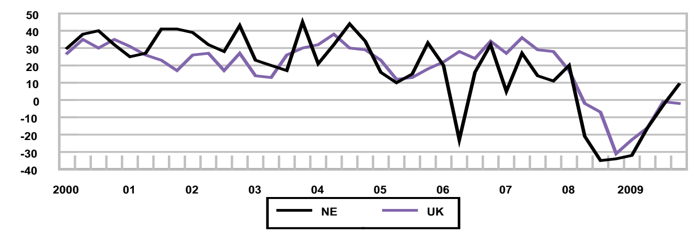
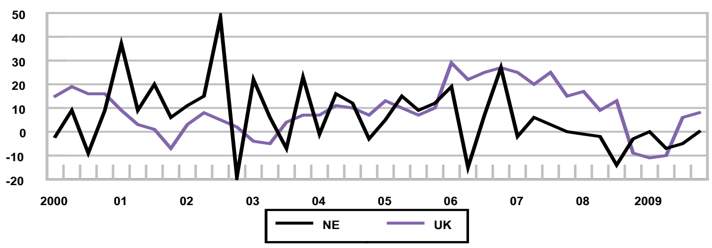
6 = All (weighted)

Service	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	-8	-10	-17	-8	67	100	0	33	-8	-5	-3	9
Home orders	-11	-1	-16	-12	25	100	0	-20	-12	-3	-8	1
Export sales	-6	2	-7	0	0	0	0	0	-6	1	-5	0
Export orders	-5	2	-11	0	0	0	0	0	-6	1	-6	0
Employment last 3 months	0	-11	-23	-5	-33	100	0	0	-9	-6	-14	5
Employment next 3 months	21	11	-4	5	50	100	0	-50	14	8	9	7
% Tried to recruit	36	30	53	66	83	100	0	83	43	45	43	62
% Part-time	37	52	33	39	43	40	0	44	36	44	38	44
% Full-time	63	48	67	61	57	60	0	56	64	56	62	56
% Temporary	35	60	48	41	0	40	0	38	38	46	40	46
% Permanent	65	40	52	59	100	60	0	63	62	54	60	54
% Skilled manual	44	24	24	11	0	67	0	0	33	18	24	19
% Professional/managerial	36	28	20	22	60	67	0	40	32	28	25	31
% Clerical	17	12	4	0	0	0	0	0	11	5	7	3
% Semi & unskilled	17	12	4	7	0	0	0	0	11	8	7	7
% Recruitment difficulties	64	44	32	37	60	100	0	40	52	43	39	46
Cashflow	-22	-17	-21	-15	60	67	0	-20	-19	-15	-10	-8
Investment - plant/machinery	-9	3	-17	16	0	33	0	0	-11	8	-10	11
Investment - training	-19	4	-12	13	33	100	0	0	-15	9	-7	17
Confidence - turnover	36	40	4	34	67	100	0	50	27	40	19	45
Confidence - profitability	21	33	-2	15	67	100	0	33	16	29	12	31
% Full capacity	34	25	13	27	50	67	0	50	28	28	21	34
Prices	12	24	-11	-5	17	33	0	-17	5	13	0	5
% Pay settlements	21	26	30	25	33	67	0	0	24	25	23	25
% Raw materials	32	27	40	32	67	100	0	33	36	30	34	37
% Financial costs	42	38	54	36	67	67	0	33	46	38	43	39
% Other overheads	48	44	60	57	33	100	0	33	51	49	44	54
Number of companies	112	90	50	44	6	3	0	6	168	143		
Number of employees	752	546	2928	2557	2006	1238	0	3945	5686	8286		
Number of exporters	22	17	13	6	1	0	0	0	36	23		

Home Sales



Export Sales



SERVICE SECTOR

"There are signs of improving performance in the fourth quarter, but the environment for the services sector remains tough. Deals which deliver large profits for professional service firms are down, though some are picking up work as businesses seek closer involvement of advisers. There remains evidence of firms cutting jobs and changing employment terms, while price reductions are also occurring." **Chris Beaumont, partner at Clive Owen and Co, and chairman of North East Chamber of Commerce's Tees Valley Committee**

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Manufacturing	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	-33	-8	-2	3	0	55	11	-33	-16	0	0	0
Home orders	-38	-4	-11	9	8	60	11	-33	-22	5	-2	4
Export sales	-13	4	-15	3	-20	40	0	67	-14	7	-11	33
Export orders	-18	-4	-8	15	-30	50	0	67	-13	10	-11	38
Employment last 3 months	-7	-1	-8	-14	-33	45	-22	100	-9	-4	-18	39
Employment next 3 months	-5	9	-6	-11	0	36	11	0	-5	0	1	5
% Tried to recruit	13	24	41	46	58	64	78	100	30	37	54	66
% Part-time	0	35	15	16	0	38	25	0	12	23	14	17
% Full-time	100	65	85	84	100	63	75	100	88	77	86	83
% Temporary	25	63	52	50	33	50	50	67	48	53	45	57
% Permanent	75	38	48	50	67	50	50	33	53	47	55	43
% Skilled manual	31	37	23	23	14	14	43	33	26	27	29	26
% Professional/managerial	13	7	23	15	29	14	71	0	26	12	40	9
% Clerical	13	11	19	15	29	0	0	33	17	13	14	18
% Semi & unskilled	0	7	13	19	0	14	0	0	8	15	4	10
% Recruitment difficulties	38	37	47	38	29	29	71	0	45	36	50	23
Cashflow	-31	-23	-7	-13	-11	45	-11	0	-18	-15	-12	3
Investment - plant/machinery	-5	13	3	1	8	9	0	33	-1	7	2	15
Investment - training	-4	5	3	-7	17	9	0	33	0	0	4	11
Confidence - turnover	17	38	38	42	50	82	22	33	28	42	33	47
Confidence - profitability	-8	15	21	25	42	73	0	100	8	23	15	59
% Full capacity	19	15	19	18	33	36	44	0	21	18	31	16
Prices	10	26	12	20	0	36	11	67	10	24	9	40
% Pay settlements	10	8	9	20	23	9	11	33	10	14	13	21
% Raw materials	55	65	56	71	54	73	22	100	54	69	44	81
% Financial costs	16	17	19	17	15	0	11	67	17	17	15	30
% Other overheads	41	41	30	30	31	9	22	33	35	34	29	28
Number of companies	123	115	118	117	13	11	9	3	263	246		
Number of employees	922	1101	6358	6796	2630	2958	16275	2750	26185	13605		
Number of exporters	69	70	91	91	10	10	8	3	178	174		

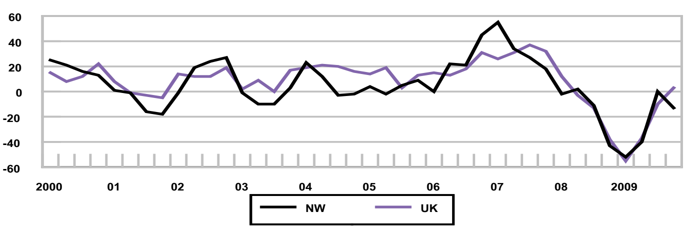
MANUFACTURING SECTOR

"I fear serious problems loom for many businesses in the New Year as they try to fund improving sales but find their bank unable to provide additional facilities.

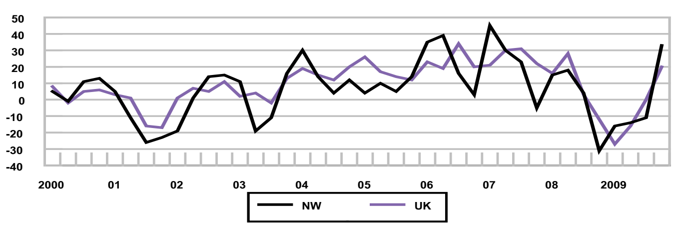
"Manufacturing now has clear evidence of an export led improvement in sales and orders. However, there is no sign of this feeding through to investment or the employment market. Continuing serious concerns over cashflow are holding back the rate of recovery.

"The improvement in export sales and orders is encouraging but the slow rate of recovery in domestic business is disturbing. Worsening cashflow remains a major threat for many of the businesses responding." **Brian McCann, Chairman of Liverpool Chamber of Commerce and Industry's Finance Committee, and Principal of Vanguard Corporate Finance**

Home Sales



Export Sales



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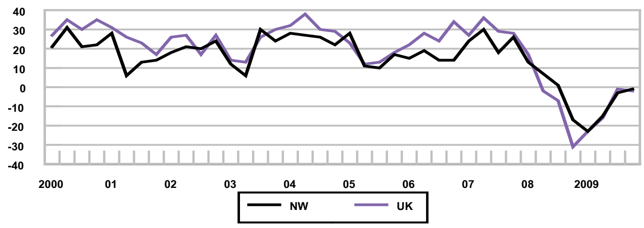
Service	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	-3	0	-1	9	-10	0	0	-17	-3	2	-3	-1
Home orders	-14	-7	-6	2	-15	-20	-17	-19	-12	-6	-12	-8
Export sales	-14	4	-9	19	0	-25	14	8	-11	8	-4	7
Export orders	-15	-4	-9	12	0	-25	0	0	-12	0	-8	0
Employment last 3 months	-5	-5	-5	-4	-24	-19	-24	-7	-6	-5	-12	-7
Employment next 3 months	1	8	-1	6	-10	-13	-20	7	0	7	-6	4
% Tried to recruit	25	22	50	58	62	62	67	70	34	34	48	51
% Part-time	39	45	35	36	42	31	35	32	37	39	37	37
% Full-time	61	55	65	64	58	69	65	68	63	61	63	63
% Temporary	30	52	36	40	36	38	39	42	34	44	35	43
% Permanent	70	48	64	60	64	63	61	58	66	56	65	57
% Skilled manual	17	22	18	16	8	25	29	37	17	21	19	24
% Professional/managerial	15	22	18	16	0	38	36	32	16	20	19	24
% Clerical	21	30	13	11	23	25	29	32	18	21	20	23
% Semi & unskilled	8	15	13	17	8	25	7	5	10	15	10	15
% Recruitment difficulties	42	48	36	34	23	50	64	68	40	43	43	48
Cashflow	-23	-21	-19	-12	-10	8	-10	-12	-21	-17	-17	-12
Investment - plant/machinery	-7	-5	-8	-5	-25	-15	-20	-4	-8	-5	-13	-6
Investment - training	4	5	5	20	-20	17	-19	15	3	10	-4	14
Confidence - turnover	34	34	32	30	19	8	0	-4	32	31	24	21
Confidence - profitability	17	19	15	12	0	0	-5	-4	15	16	9	9
% Full capacity	23	26	29	29	24	38	24	35	25	27	26	30
Prices	18	22	11	21	0	8	0	-4	15	21	9	14
% Pay settlements	10	11	12	16	23	12	10	20	11	13	12	15
% Raw materials	22	21	27	28	14	24	24	23	23	23	23	25
% Financial costs	21	20	25	20	14	24	33	17	22	20	25	19
% Other overheads	41	39	44	44	50	53	43	40	42	41	44	43
Number of companies	586	568	216	223	22	17	21	30	845	838		
Number of employees	3366	3597	11712	13372	6468	4808	15175	38072	36721	59849		
Number of exporters	127	125	65	58	5	4	7	12	204	199		

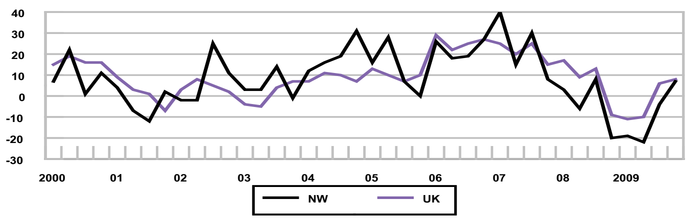
SERVICE SECTOR

The North West results for the service sector were largely consistent with the national picture. Domestic results were disappointingly mildly negative. Export balances were slightly stronger, but still very weak. There was a large degree of consistency with regional neighbours, the North East. The results imply a protracted return to what can be considered 'normal' levels of growth.

Home Sales



Export Sales



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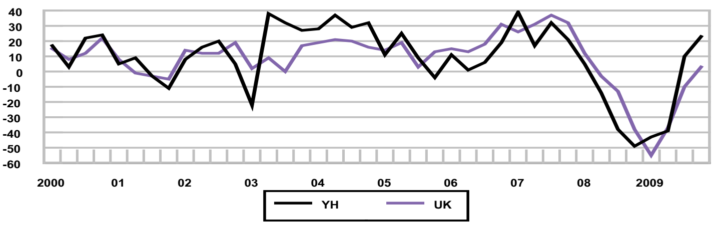
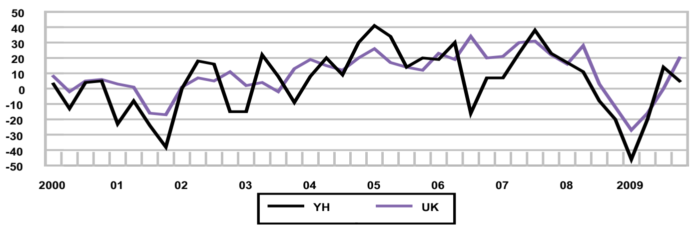
Manufacturing	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	-27	3	-2	-12	30	50	22	56	-11	0	10	23
Home orders	-33	-4	-6	-17	20	33	0	25	-17	-7	-1	8
Export sales	-35	8	-11	0	33	33	50	-14	-14	3	14	5
Export orders	-26	13	-17	-7	33	67	17	-50	-15	1	4	2
Employment last 3 months	-12	3	-15	-14	-10	-33	-11	-22	-13	-7	-13	-19
Employment next 3 months	2	12	-7	-11	-30	0	-44	-43	-5	-1	-21	-14
% Tried to recruit	23	26	39	40	40	100	78	78	33	37	48	63
% Part-time	25	21	12	21	0	50	22	14	16	21	13	26
% Full-time	75	79	88	79	100	50	78	86	84	79	87	74
% Temporary	50	67	36	42	50	50	38	60	40	50	41	51
% Permanent	50	33	64	58	50	50	63	40	60	50	59	49
% Skilled manual	45	47	34	7	0	33	29	14	35	23	25	20
% Professional/managerial	23	5	29	25	0	0	57	14	28	16	28	14
% Clerical	0	5	6	0	0	0	14	0	4	2	6	1
% Semi & unskilled	0	5	14	0	0	0	0	0	7	2	6	1
% Recruitment difficulties	59	63	63	29	0	33	57	14	57	39	45	30
Cashflow	-35	-21	-10	-10	30	67	33	33	-18	-11	9	19
Investment - plant/machinery	-25	-9	-4	-12	-40	33	0	-25	-15	-10	-14	-4
Investment - training	-17	-9	-5	-5	-20	67	-11	-22	-12	-6	-12	8
Confidence - turnover	23	39	41	22	60	33	78	100	35	35	53	47
Confidence - profitability	5	20	17	3	10	67	44	38	13	14	21	30
% Full capacity	26	25	16	25	20	0	22	22	21	24	20	18
Prices	2	12	1	24	-20	0	-33	11	-1	17	-13	13
% Pay settlements	11	12	9	14	40	0	11	44	11	15	17	18
% Raw materials	49	50	58	64	30	33	44	89	52	58	47	62
% Financial costs	14	24	14	14	0	0	33	33	14	20	16	17
% Other overheads	45	39	30	29	30	0	44	67	38	35	35	32
Number of companies	97	76	93	70	10	3	9	9	209	158		
Number of employees	766	619	5978	4216	3150	717	13611	13394	23505	18946		
Number of exporters	40	40	56	46	6	3	6	7	108	96		

Home Sales



Export Sales



MANUFACTURING SECTOR

"Yorkshire and Humber's manufacturing sector remains more important than in most other regions, and the significant recovery in key balances such as sales and orders in both UK and export markets is welcome. Levels of confidence in future turnover and profitability have stalled after improving strongly since early in 2009, and this backs up the anecdotal evidence from members that suggests the recovery is likely to be slow and far from smooth.

"Ongoing support is needed for our manufacturers to ensure they are well placed to take the opportunities offered by future economic growth and help to rebalance the economy." **Richard Wightman, President of Yorkshire & Humber Chambers of Commerce**

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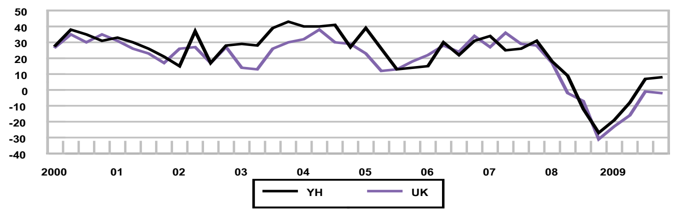
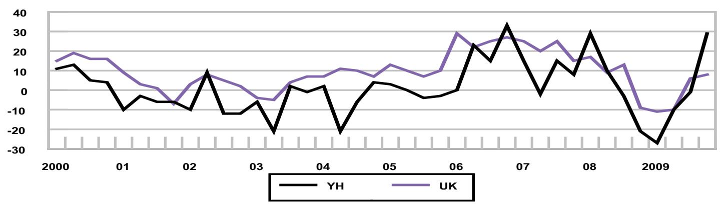
Service	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	2	16	-2	7	13	43	38	-40	2	14	7	8
Home orders	2	6	-3	-5	-13	0	29	-40	1	3	2	-6
Export sales	-7	16	-13	-3	0	100	50	100	-8	12	-1	29
Export orders	-8	10	-16	-7	0	100	50	100	-10	8	-2	26
Employment last 3 months	1	7	-7	-6	-13	43	-25	40	-2	5	-8	10
Employment next 3 months	8	14	13	8	25	14	-13	0	9	12	9	9
% Tried to recruit	27	32	58	58	88	100	88	100	36	40	56	61
% Part-time	45	43	26	35	55	45	40	38	37	40	37	39
% Full-time	55	57	74	65	45	55	60	63	63	60	63	61
% Temporary	47	43	37	36	43	38	43	33	42	39	42	38
% Permanent	53	58	63	64	57	63	57	67	58	61	58	62
% Skilled manual	11	13	16	9	0	0	29	0	13	11	14	8
% Professional/managerial	22	16	24	27	29	0	43	40	24	20	27	22
% Clerical	21	9	7	6	0	0	14	20	15	8	11	8
% Semi & unskilled	7	7	11	6	0	14	43	0	9	7	13	7
% Recruitment difficulties	52	50	51	39	29	14	57	40	51	45	49	40
Cashflow	-17	-5	-11	-11	14	0	50	0	-15	-6	-2	-6
Investment - plant/machinery	-7	-1	0	-4	-13	14	-20	20	-6	-1	-7	2
Investment - training	-1	2	8	9	0	14	57	60	2	5	11	15
Confidence - turnover	51	51	44	47	25	43	50	60	49	50	45	50
Confidence - profitability	36	43	27	29	0	57	50	40	34	40	30	38
% Full capacity	28	31	34	33	38	50	50	40	30	32	35	35
Prices	13	21	7	25	25	43	13	20	11	22	12	25
% Pay settlements	10	8	16	20	0	0	25	0	11	10	14	11
% Raw materials	19	19	29	29	25	29	25	20	21	22	25	25
% Financial costs	18	20	19	17	13	0	50	0	18	19	22	14
% Other overheads	35	38	40	34	38	29	50	20	37	36	40	32
Number of companies	432	359	135	116	8	7	8	5	583	487		
Number of employees	2254	1686	6819	6497	2200	2153	244019	7916	255292	18252		
Number of exporters	84	89	45	31	1	1	2	1	132	122		

Home Sales



Export Sales



SERVICE SECTOR

"The service sector's members reported some of the strongest results of anywhere in the country which reflects the more positive mood over recent months. Confidence is returning strongly in sectors such as marketing and consumer services. However, companies operating in public and voluntary sector services are currently most confident and have the strongest employment balance, which should be of some concern as we move closer to the impending 'public sector recession' over the next twelve months." **Richard Wightman, President of Yorkshire & Humber Chambers of Commerce**

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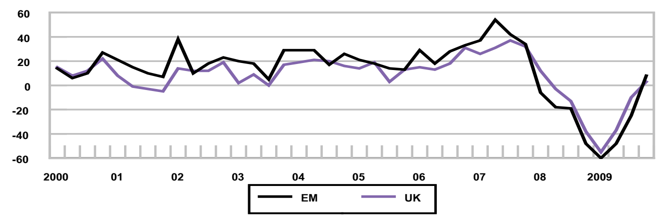
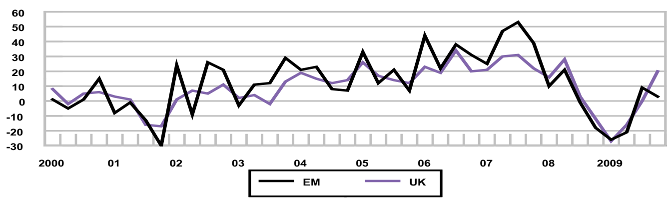
6 = All (weighted)

Manufacturing	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	1	-17	-4	-2	-33	21	-67	25	-3	-7	-25	8
Home orders	-4	-18	-11	-5	-27	0	-67	0	-9	-11	-27	-4
Export sales	20	2	0	3	-22	9	50	0	8	3	9	3
Export orders	-6	0	-14	3	-22	0	0	0	-11	1	-12	1
Employment last 3 months	-25	-17	-22	-4	-58	-14	-100	-100	-26	-12	-49	-31
Employment next 3 months	-9	-3	-9	3	-36	-23	-100	-67	-11	-2	-37	-20
% Tried to recruit	34	17	28	39	22	50	50	0	31	29	33	30
% Part-time	74	41	44	39	50	56	50	0	61	42	50	34
% Full-time	26	59	56	61	50	44	50	0	39	58	50	42
% Temporary	50	67	70	68	50	100	0	0	100	100	46	59
% Permanent	50	33	30	32	50	0	0	0	0	0	30	17
% Skilled manual	52	25	24	26	0	0	100	0	63	27	40	13
% Professional/managerial	11	20	14	17	0	0	100	0	17	18	31	9
% Clerical	7	15	3	15	0	14	100	0	8	15	26	11
% Semi & unskilled	11	5	7	9	0	0	100	0	10	9	28	4
% Recruitment difficulties	48	40	24	40	0	14	0	0	34	38	15	25
Cashflow	-36	-20	-10	-6	8	7	25	50	-20	-11	0	9
Investment - plant/machinery	-12	-20	-19	7	-23	-21	-100	-33	-16	-8	-38	-12
Investment - training	-22	-11	-25	10	-43	-29	-67	-25	-25	-2	-39	-10
Confidence - turnover	19	16	32	32	8	14	-33	0	23	23	9	18
Confidence - profitability	-7	-1	17	13	-9	21	-33	75	4	8	-4	28
% Full capacity	16	22	20	25	29	14	0	0	18	23	17	16
Prices	-13	18	-7	11	-54	-7	-25	0	-13	13	-23	5
% Pay settlements	29	9	25	11	54	14	33	0	28	10	34	9
% Raw materials	36	56	44	50	23	43	0	0	38	52	28	37
% Financial costs	34	21	26	8	23	21	33	0	30	14	28	10
% Other overheads	20	31	18	19	8	21	0	60	18	26	12	31
Number of companies	132	131	120	129	13	14	3	5	268	279		
Number of employees	1143	1109	6630	7195	3168	3418	2800	3200	13741	14922		
Number of exporters	67	54	79	80	9	11	2	3	157	148		

Home Sales



Export Sales



MANUFACTURING SECTOR

"The main concern in the East Midlands manufacturing sector Q4 results is employment performance, which is far inferior to the national position. The region is the lowest for manufacturing businesses attempting to recruit new staff, which could reflect the number of firms that have retained workers on reduced hours and will revert to normal hours before recruiting additional employees.

"On a positive note, cash flow positions seem to have improved and domestic sales and orders balances are on a par with the national picture. Export performance is, however, significantly lower suggesting that East Midlands firms are not taking full advantage of the competitive position of sterling." **Richard Wilkins, President, Derbyshire and Nottinghamshire Chamber of Commerce**

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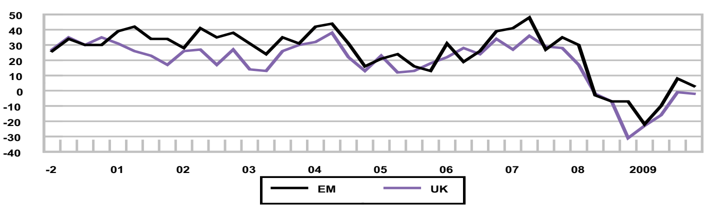
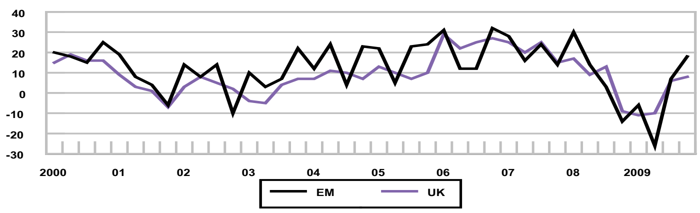
Service	1	1	2	2	3	3	4	4	5	5	6	6
	3Q09	4Q09	3Q09	4Q09	3Q09	4Q09	3Q09	4Q09	3Q09	4Q09	3Q09	4Q09
Sales - Home sales	4	3	17	12	20	0	-14	-13	8	6	8	3
Home orders	-3	-2	4	9	0	-10	-29	43	-1	2	-5	10
Export sales	4	7	7	12	25	25	0	40	6	10	7	18
Export orders	0	3	0	9	25	25	0	100	1	7	3	27
Employment last 3 months	-6	1	2	6	-40	-18	-38	-30	-4	2	-13	-5
Employment next 3 months	8	4	15	6	-10	-9	0	0	10	4	7	2
% Tried to recruit	25	26	59	57	70	91	75	60	36	36	54	53
% Part-time	53	59	54	52	56	46	50	42	54	54	53	51
% Full-time	47	41	46	48	44	54	50	58	46	46	47	49
% Temporary	61	69	73	67	67	60	57	50	67	66	66	63
% Permanent	39	31	27	33	33	40	43	50	33	34	34	37
% Skilled manual	12	12	8	12	0	10	0	0	9	11	7	9
% Professional/managerial	23	20	13	14	43	50	0	17	18	18	17	20
% Clerical	10	13	7	14	0	10	17	0	9	13	9	11
% Semi & unskilled	12	8	13	12	29	20	0	17	12	11	12	13
% Recruitment difficulties	41	33	47	27	57	60	17	17	43	31	40	31
Cashflow	-15	-8	-8	5	11	-36	-25	11	-13	-4	-11	-2
Investment - plant/machinery	-5	-2	3	5	-44	9	14	-13	-3	0	-3	0
Investment - training	4	5	9	13	0	0	0	11	5	7	5	9
Confidence - turnover	38	40	11	25	-10	13	0	25	18	29	14	28
Confidence - profitability	8	21	2	9	10	-10	0	-11	6	16	4	6
% Full capacity	33	33	40	36	50	40	75	38	35	34	46	36
Prices	17	22	29	19	30	9	0	-11	20	20	20	12
% Pay settlements	10	7	17	15	40	38	25	30	13	11	20	19
% Raw materials	25	22	27	32	40	31	25	40	26	26	28	31
% Financial costs	17	17	15	16	10	46	25	10	17	17	17	19
% Other overheads	34	31	33	25	50	8	25	0	34	28	34	19
Number of companies	461	463	191	211	10	13	8	10	670	697		
Number of employees	2696	2696	10917	10923	2537	3226	11150	9100	27300	25945		
Number of exporters	117	106	42	58	4	4	1	3	164	171		

Home Sales



Export Sales



SERVICE SECTOR

"Service sector businesses in the East Midlands are performing better than the national totals for both domestic and export sales and orders. Employment levels are similar to the national results and recruitment difficulties are the lowest in the country. It remains a mixed picture with some businesses thriving and others being cautious about the future as they are reliant on public expenditure.

"East Midlands businesses will start the next decade in difficult economic circumstances but, having cut back on costs, many will be in better shape to take advantage of an economic upturn."
Richard Wilkins, President, Derbyshire and Nottinghamshire Chamber of Commerce

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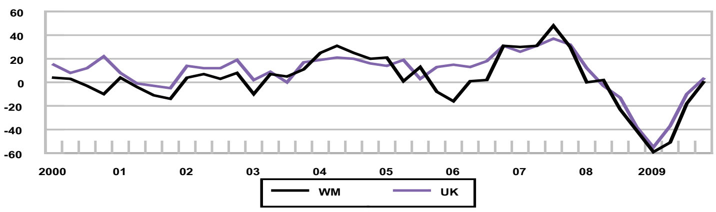
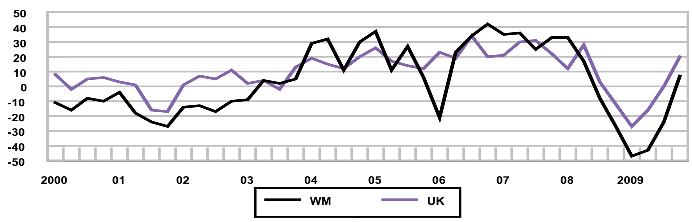
Manufacturing	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	1	-24	-11	-2	-40	20	-20	0	-6	-12	-18	0
Home orders	-9	-15	-12	-1	-40	-25	-20	-50	-11	-8	-19	-23
Export sales	0	-3	3	19	-100	0	-20	0	-1	9	-24	7
Export orders	-6	-13	4	15	-100	0	-20	0	-2	3	-24	4
Employment last 3 months	-20	6	-8	-4	-60	-20	-17	0	-15	0	-22	-5
Employment next 3 months	-4	-2	0	3	-20	-40	17	0	-2	0	1	-7
% Tried to recruit	19	18	36	51	20	75	83	33	30	36	46	46
% Part-time	40	20	9	10	0	0	17	0	20	11	13	6
% Full-time	60	80	91	90	0	100	83	100	80	89	68	94
% Temporary	67	38	36	32	0	60	25	0	100	100	29	28
% Permanent	33	63	64	68	100	40	75	100	0	0	71	72
% Skilled manual	61	42	37	27	100	67	40	0	45	32	52	28
% Professional/managerial	56	16	24	13	0	0	40	0	34	13	28	7
% Clerical	17	0	12	10	0	0	20	0	14	7	13	4
% Semi & unskilled	17	11	10	5	100	0	0	0	12	6	25	3
% Recruitment difficulties	61	53	34	40	0	67	20	0	40	44	26	34
Cashflow	-29	-25	-20	-13	-50	0	-25	50	-25	-18	-28	8
Investment - plant/machinery	-8	-11	-7	-14	0	0	17	-33	-7	-13	2	-17
Investment - training	7	5	0	10	-20	0	17	0	3	7	2	4
Confidence - turnover	19	20	25	34	20	40	0	33	21	28	15	33
Confidence - profitability	7	3	19	13	60	0	75	0	16	8	43	5
% Full capacity	26	18	21	18	20	40	17	33	23	19	20	27
Prices	-6	9	3	10	-18	0	40	-33	-2	9	10	-6
% Pay settlements	8	14	10	8	20	40	67	0	11	12	30	12
% Raw materials	50	64	58	75	20	60	33	67	53	70	42	68
% Financial costs	22	24	14	13	0	20	0	33	17	19	8	22
% Other overheads	39	47	31	33	60	20	17	67	35	40	33	43
Number of companies	102	112	112	123	5	5	6	3	225	243		
Number of employees	643	1051	4835	6547	1170	1272	15720	2250	22368	11120		
Number of exporters	57	62	73	68	2	4	5	3	137	137		

Home Sales



Export Sales



MANUFACTURING SECTOR

"The last twelve months have been very much a time for survival. December 2008 was the worst trading month in the 25 year history of the company.

"I'm happy to report that we are still here with a much improved picture from this time last year. The market has now started to recover. More items are being manufactured and, as a result, there is a growing confidence that we are past the worst of the recession.

"Exports are strong to the US and showing increased requirements for parts shipped out on a weekly basis to their automotive industry. Twelve months ago that was not the case.

"It is my firm belief, that we are now starting to see a period of growth, albeit slow, but I think it will be sustainable." **Doug Squires, Squires Gear & Eng Ltd**

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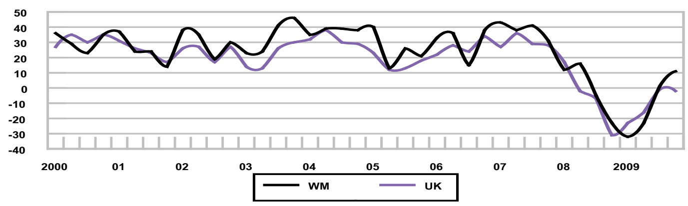
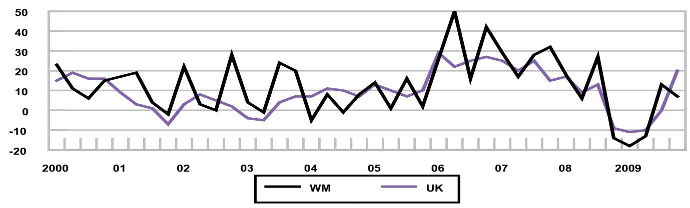
Service	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	-3	5	-6	8	33	20	0	20	-3	7	1	11
Home orders	-7	1	-4	-2	33	38	-25	0	-5	1	-4	4
Export sales	14	26	-2	6	80	0	0	50	10	18	13	19
Export orders	-4	5	0	9	50	50	0	50	-2	9	5	20
Employment last 3 months	-2	-1	-11	7	36	38	-14	22	-4	2	-3	11
Employment next 3 months	7	8	9	14	58	44	-29	0	8	10	7	13
% Tried to recruit	23	31	49	58	73	100	43	90	33	42	43	61
% Part-time	38	26	33	37	33	33	50	44	36	33	38	35
% Full-time	62	74	67	63	67	67	50	56	64	67	62	65
% Temporary	38	26	33	33	25	38	25	42	34	31	32	33
% Permanent	62	74	67	67	75	62	75	58	66	69	68	67
% Skilled manual	18	11	14	18	13	30	33	33	16	16	18	20
% Professional/managerial	34	17	22	23	38	10	67	11	29	19	36	17
% Clerical	14	18	19	8	0	10	0	0	15	13	12	10
% Semi & unskilled	12	21	14	11	0	0	0	22	12	16	9	15
% Recruitment difficulties	44	36	26	31	38	30	33	33	35	34	34	33
Cashflow	-17	-10	-17	2	22	20	-20	10	-16	-5	-13	2
Investment - plant/machinery	-6	-1	-11	-6	33	11	0	11	-7	-2	-2	0
Investment - training	2	9	0	32	13	20	-33	11	1	17	-4	20
Confidence - turnover	46	43	43	37	67	30	60	0	46	40	50	31
Confidence - profitability	34	34	32	30	67	20	0	11	34	32	31	27
% Full capacity	32	32	32	31	83	20	50	30	34	32	41	30
Prices	10	11	20	24	11	30	20	25	13	16	16	21
% Pay settlements	8	9	12	10	17	20	29	40	10	10	14	16
% Raw materials	19	25	23	25	17	40	14	40	20	25	19	29
% Financial costs	16	20	18	14	8	20	14	20	16	18	16	18
% Other overheads	35	41	39	45	33	50	43	10	36	42	38	38
Number of companies	327	319	153	149	12	10	7	10	499	488		
Number of employees	2072	2046	8273	8858	2958	2789	10900	13394	24203	27087		
Number of exporters	49	83	44	43	5	5	1	1	99	132		

Home Sales



Export Sales



SERVICE SECTOR

"2009 was a very tough year for us (probably the toughest since we started in 1992), and, although we have been very fortunate that none of our clients ceased trading, the majority of them became very cautious in their spending and only required very basic levels of service.

"We saw an improvement in business from existing clients during late October and through November, but a really important measurement of a possible recovery in the service sector will be how quickly things pick up during January 2010." **Amrik Bhabra, Managing Director, ADECS Ltd**

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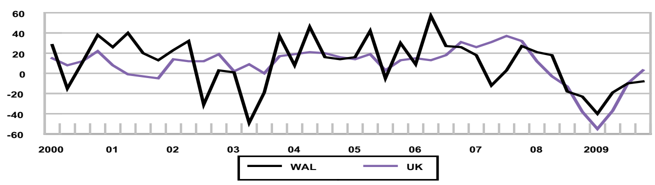
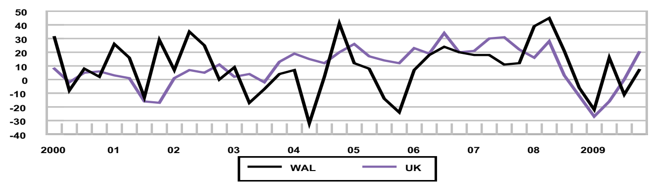
6 = All (weighted)

Manufacturing	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	-38	-28	-17	-14	0	0	0	0	-62	-60	-10	-8
Home orders	-40	-30	-22	-21	0	0	0	0	-29	-25	-12	-11
Export sales	0	0	0	19	-50	0	0	0	-2	12	-11	7
Export orders	25	7	-16	0	50	0	0	0	0	3	8	1
Employment last 3 months	-25	-11	-10	23	-33	0	0	0	-17	7	-13	7
Employment next 3 months	-3	11	-5	19	-33	0	0	0	-5	15	-9	8
% Tried to recruit	66	81	89	92	67	100	0	0	78	87	53	63
% Part-time	11	20	12	16	0	0	0	0	11	17	5	8
% Full-time	89	80	88	84	100	100	0	0	89	83	63	60
% Temporary	71	60	36	40	100	0	0	0	47	46	42	20
% Permanent	29	40	64	60	0	0	0	0	53	54	26	26
% Skilled manual	71	66	55	47	0	0	0	0	59	55	27	24
% Professional/managerial	24	17	42	39	0	0	0	0	34	29	18	16
% Clerical	10	10	12	11	0	0	0	0	11	11	5	5
% Semi & unskilled	24	34	33	39	50	0	0	0	30	36	25	17
% Recruitment difficulties	48	72	67	67	0	0	0	0	57	68	29	31
Cashflow	-44	-20	-15	-7	0	-100	0	0	-27	-14	-10	-27
Investment - plant/machinery	-35	0	-5	5	0	0	0	0	-18	3	-5	2
Investment - training	0	9	5	26	0	100	0	0	3	20	2	32
Confidence - turnover	-21	15	15	38	-33	-100	0	0	-3	25	-4	-7
Confidence - profitability	-36	-15	3	24	-33	-100	0	0	-16	4	-10	-15
% Full capacity	9	11	17	16	67	0	0	0	16	14	22	7
Prices	18	20	-5	17	-33	-100	0	0	4	17	-7	-14
% Pay settlements	15	13	15	16	67	100	0	0	17	15	21	29
% Raw materials	82	80	63	70	67	100	0	0	71	75	46	55
% Financial costs	27	25	27	30	0	0	0	0	26	27	12	13
% Other overheads	64	43	41	53	33	0	0	0	51	48	29	24
Number of companies	33	40	41	43	3	1	0	0	77	84		
Number of employees	265	330	2392	2274	651	250	0	0	3308	2854		
Number of exporters	14	16	27	27	2	0	0	0	43	43		

Home Sales



Export Sales



MANUFACTURING SECTOR

"Over the past two years the Welsh economy has faced many challenges and, although there are reports we are finally approaching a period of recovery, we still have a particularly rocky road ahead.

"There will need to be stronger policies in place to help support small and medium sized enterprises. In particular, we need to pay attention to the manufacturing industry which has taken a huge blow during the economic downturn.

"What we need now is to move businesses forward faster than what they have been doing in the past 12 months, particularly concentrating on international connections and operations which will really drive our recovery and generate some money, especially in Wales." **Graham Morgan, Director of the South Wales Chamber of Commerce**

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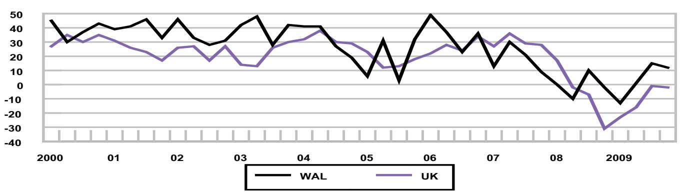
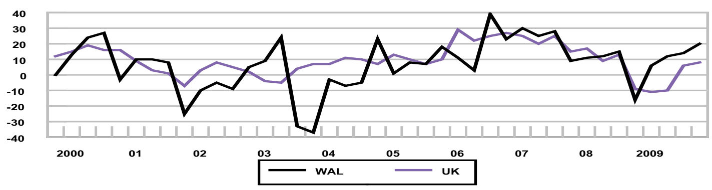
5 = All (unweighted)
6 = All (weighted)

Service	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	-4	-12	8	7	100	100	0	0	-1	-6	15	12
Home orders	-12	-16	-3	-6	100	33	0	0	-10	-13	8	-3
Export sales	-6	3	25	50	50	0	0	0	2	13	14	20
Export orders	-20	-29	14	50	100	0	0	0	-9	-11	12	11
Employment last 3 months	-10	-6	23	12	-50	0	100	100	-3	-1	16	20
Employment next 3 months	7	10	13	10	-50	0	0	0	7	10	1	7
% Tried to recruit	48	53	92	84	100	100	100	100	58	61	81	79
% Part-time	36	35	37	33	33	50	0	0	36	35	39	31
% Full-time	64	65	63	67	67	50	100	100	64	65	79	70
% Temporary	41	38	45	38	67	50	0	0	44	38	46	33
% Permanent	59	63	55	63	33	50	0	0	56	62	51	50
% Skilled manual	33	31	39	21	0	33	0	0	34	27	26	22
% Professional/managerial	32	37	39	29	0	0	100	100	34	34	42	40
% Clerical	15	17	24	37	50	33	0	0	19	24	21	24
% Semi & unskilled	27	15	21	32	0	67	0	0	24	22	17	26
% Recruitment difficulties	65	61	82	82	50	100	0	0	70	68	59	64
Cashflow	-16	-28	8	4	0	33	0	0	-11	-20	-2	-3
Investment - plant/machinery	-3	-8	9	24	0	50	0	0	0	1	3	13
Investment - training	10	1	16	19	-50	0	0	0	11	6	3	8
Confidence - turnover	28	15	28	29	50	67	0	0	28	19	26	25
Confidence - profitability	21	6	15	23	0	100	0	0	19	11	12	24
% Full capacity	27	29	47	46	100	50	0	0	32	33	40	33
Prices	15	12	19	30	0	0	0	0	16	16	12	15
% Pay settlements	15	16	25	27	50	0	0	0	17	18	21	15
% Raw materials	19	20	33	39	0	33	0	0	22	25	19	26
% Financial costs	22	23	20	22	0	0	0	0	21	23	15	16
% Other overheads	54	49	50	47	0	67	0	0	52	48	36	42
Number of companies	156	167	40	49	2	3	1	1	199	220		
Number of employees	799	884	1952	2422	700	750	2000	2000	5451	6056		
Number of exporters	31	33	8	10	2	2	0	0	41	45		

Home Sales



Export Sales



SERVICE SECTOR

"The survey results for Q4 have revealed that businesses in South Wales are taking a positive approach to the forthcoming months, and business optimism is on the increase.

"Generally, UK sales and UK orders have a positive outcome. However, cashflow has worsened for more companies in Q4 than it has improved. Expectations for equal or increased turnover and profitability in Q4 were 83% and 79% respectively; there has been a significant positive trend throughout 2009.

"Despite a high number of companies still working below capacity, certain aspects of business are on the increase, and as we now have an even stronger, powerful and influential voice at the Chamber we will strive to represent Welsh businesses coming out of the recession." **Graham Morgan, Director of the South Wales Chamber of Commerce**

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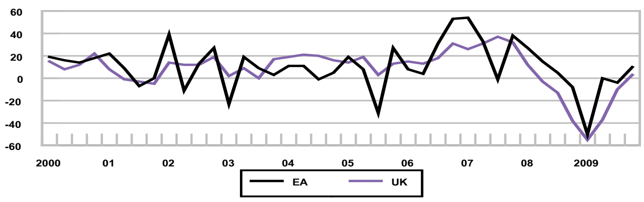
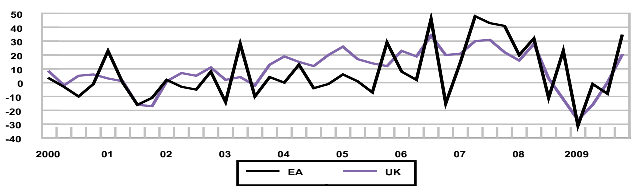
Manufacturing	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	-21	8	-3	5	0	-100	0	100	-12	6	-4	10
Home orders	-26	-2	-16	3	0	-100	0	100	-20	-1	-9	8
Export sales	0	8	-21	11	0	0	0	100	-10	10	-8	34
Export orders	-21	4	-21	0	-33	0	0	100	-22	4	-18	29
Employment last 3 months	-23	0	-28	-8	-50	-33	0	100	-27	-3	-24	19
Employment next 3 months	-10	14	-3	14	-25	-33	0	100	-8	13	-8	28
% Tried to recruit	29	25	45	56	100	100	0	100	40	41	42	75
% Part-time	38	14	10	6	50	0	0	50	25	11	19	18
% Full-time	63	86	90	94	50	100	0	50	75	89	52	82
% Temporary	67	40	33	44	50	50	0	50	48	45	31	47
% Permanent	33	60	67	56	50	50	0	50	52	55	40	53
% Skilled manual	27	31	33	25	50	33	0	0	33	27	27	20
% Professional/managerial	0	31	20	15	25	67	0	0	13	24	13	24
% Clerical	9	8	13	5	25	0	0	0	13	5	12	3
% Semi & unskilled	18	8	20	10	0	0	0	0	17	8	10	5
% Recruitment difficulties	45	46	73	50	75	100	0	0	63	51	49	46
Cashflow	-37	-6	-42	-8	-25	-33	0	100	-39	-7	-26	18
Investment - plant/machinery	-20	-4	-30	-8	-50	-33	0	100	-26	-6	-25	18
Investment - training	-3	9	-27	-14	-25	0	0	100	-15	0	-16	25
Confidence - turnover	29	45	24	35	-50	67	0	100	23	42	1	62
Confidence - profitability	14	4	-3	11	-50	67	0	100	3	10	-10	48
% Full capacity	18	27	24	22	25	100	0	100	21	29	17	63
Prices	22	8	6	22	0	0	0	0	14	13	5	9
% Pay settlements	18	12	15	14	0	0	0	0	16	12	8	6
% Raw materials	64	53	61	59	75	33	0	100	63	55	47	65
% Financial costs	15	18	21	30	0	33	0	0	17	23	10	20
% Other overheads	46	41	33	32	25	33	0	0	39	37	23	24
Number of companies	39	51	33	37	4	3	0	1	76	92		
Number of employees	368	393	1485	2006	1386	1160	0	600	3239	4159		
Number of exporters	23	26	24	28	3	3	0	1	50	58		

Home Sales



Export Sales



MANUFACTURING SECTOR

"The results imply that the East of England manufacturing sector is one of the most robust in the UK. Domestic, export and employment balances all outstrip the national average and point towards expansion.

"Furthermore, there is confidence that turnover and profitability will improve, and firms seem willing to invest. While this sector undoubtedly faces very real threats, these results are an indicator that these threats can be managed." **John Dugmore, Chief Executive, Suffolk Chamber of Commerce**

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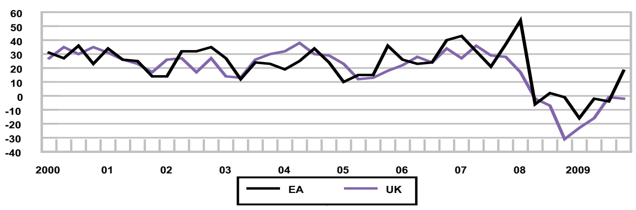
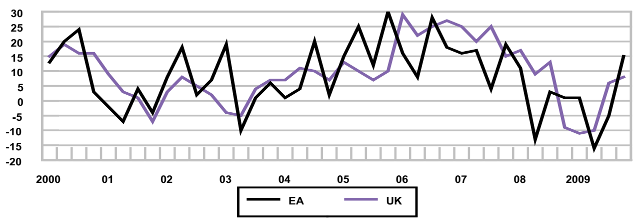
Service	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	8	16	9	17	-21	9	-50	31	4	17	-4	18
Home orders	-8	8	3	19	-38	14	-36	27	-8	12	-11	16
Export sales	0	-2	-3	10	50	100	-60	0	-2	3	-5	15
Export orders	-3	-8	-4	-16	25	100	-20	0	-3	-9	-3	1
Employment last 3 months	6	8	-14	4	-27	-15	-29	-15	-2	5	-12	0
Employment next 3 months	14	16	14	20	-7	0	-14	0	12	16	7	13
% Tried to recruit	28	35	61	69	79	77	86	92	41	48	57	64
% Part-time	44	46	42	38	38	38	40	44	42	41	42	41
% Full-time	56	54	58	62	63	62	60	56	58	59	58	59
% Temporary	58	47	41	41	33	36	50	46	45	44	46	43
% Permanent	42	53	59	59	67	64	50	54	55	56	54	57
% Skilled manual	24	23	13	12	9	10	25	17	19	17	17	15
% Professional/managerial	31	20	38	22	55	30	83	42	41	23	45	25
% Clerical	19	9	11	4	0	0	8	25	13	8	12	8
% Semi & unskilled	12	8	11	9	0	10	0	17	9	9	8	10
% Recruitment difficulties	72	49	60	40	55	40	83	42	67	44	66	43
Cashflow	-7	-2	-3	-1	7	-15	-57	23	-7	-1	-11	1
Investment - plant/machinery	-4	-7	-8	-5	-25	-25	-38	8	-8	-7	-13	-6
Investment - training	-4	3	5	10	-8	0	-8	15	-2	5	-1	8
Confidence - turnover	45	44	35	55	79	15	21	69	43	47	41	50
Confidence - profitability	27	26	23	35	43	15	14	75	26	30	25	36
% Full capacity	25	33	30	24	29	33	14	23	26	30	26	27
Prices	13	23	11	20	0	23	-15	31	11	23	6	23
% Pay settlements	8	13	14	15	27	46	14	15	11	15	14	18
% Raw materials	20	23	25	26	0	8	7	38	20	24	18	25
% Financial costs	19	16	23	27	7	38	21	23	19	20	19	24
% Other overheads	35	37	43	47	20	38	43	23	37	40	38	40
Number of companies	216	233	80	97	15	13	14	13	325	356		
Number of employees	1103	1215	4649	6592	3867	3145	42241	69975	51860	80927		
Number of exporters	67	65	29	31	4	1	5	2	105	99		

Home Sales



Export Sales



SERVICE SECTOR

"While the general picture in the service sector is one of a better performance than nationally, the results are by no means as impressive as in the manufacturing sector. Export orders, both investment balances and capacity are all marginally lower than the UK-wide figures.

"The indications are that the sector has entered a period of relative stability, but opportunities for growth appear limited."
John Dugmore, Chief Executive, Suffolk Chamber of Commerce

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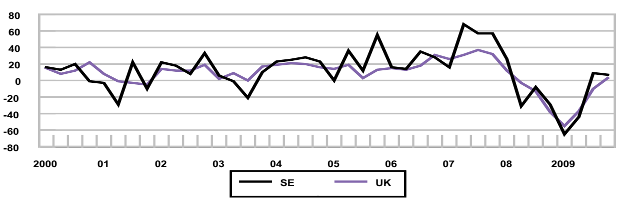
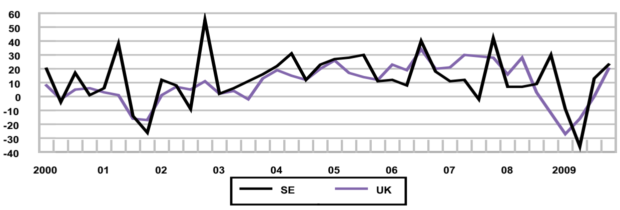
Manufacturing	1	1	2	2	3	3	4	4	5	5	6	6
	3Q09	4Q09	3Q09	4Q09	3Q09	4Q09	3Q09	4Q09	3Q09	4Q09	3Q09	4Q09
Sales - Home sales	-29	-15	7	16	-22	17	50	0	-11	0	9	7
Home orders	-26	-20	-5	8	-33	33	50	0	-16	-4	3	7
Export sales	5	-9	0	55	-17	20	50	0	2	22	13	23
Export orders	11	-9	0	25	-17	40	50	0	4	10	13	16
Employment last 3 months	-11	-11	-2	5	-44	33	50	0	-9	-1	4	7
Employment next 3 months	4	-9	-7	13	-22	-17	100	100	-1	1	24	30
% Tried to recruit	30	46	51	58	78	100	100	100	45	55	68	77
% Part-time	29	15	25	7	0	25	0	0	21	12	13	9
% Full-time	71	85	75	93	100	75	100	100	79	88	87	91
% Temporary	50	67	44	55	33	100	50	100	44	63	45	79
% Permanent	50	33	56	45	67	0	50	0	56	37	55	21
% Skilled manual	50	29	36	27	43	17	0	100	40	28	29	47
% Professional/managerial	43	24	36	18	0	17	50	100	33	22	34	43
% Clerical	14	5	14	0	0	0	0	0	11	2	7	1
% Semi & unskilled	7	10	23	14	14	0	0	0	16	10	12	6
% Recruitment difficulties	79	43	68	55	57	33	50	100	69	48	62	63
Cashflow	-32	-38	-7	15	22	33	0	-100	-16	-12	-3	-23
Investment - plant/machinery	-20	-9	-21	13	-33	33	0	0	-21	3	-17	10
Investment - training	-17	-6	5	5	22	17	0	0	-4	0	4	4
Confidence - turnover	13	36	23	49	44	67	100	0	22	43	49	36
Confidence - profitability	-2	13	10	23	0	0	100	-100	5	15	33	-20
% Full capacity	32	28	42	33	0	17	50	100	34	30	35	49
Prices	13	11	-5	26	0	33	0	0	4	18	0	17
% Pay settlements	11	11	16	10	0	17	0	0	12	11	8	8
% Raw materials	49	60	51	64	44	50	0	0	49	60	34	42
% Financial costs	19	40	14	13	0	0	0	100	15	27	8	40
% Other overheads	49	55	21	44	11	33	0	0	33	48	17	30
Number of companies	47	47	43	39	9	6	2	1	101	93		
Number of employees	392	421	2351	2049	2452	1490	1400	560	6595	4520		
Number of exporters	19	22	25	22	6	5	2	1	52	50		

Home Sales



Export Sales



MANUFACTURING SECTOR

"Manufacturers reported an increase in export sales and export advance orders from the last quarter. UK sales remained constant, as did UK advance orders. Profitability also continued to improve. And while turnover improved, cashflow remained the same. Raw material prices was the main price pressures concern, and exchange rates and inflation remain other notable concerns. Manufacturers hope for more stability in the exchange rate so they can forward plan." **Paul Briggs, Chief Executive, Thames Valley Chamber of Commerce Group**

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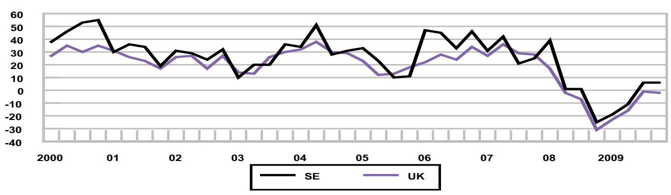
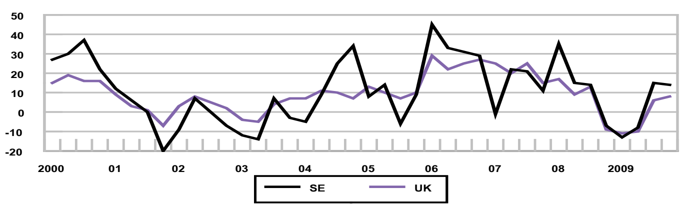
Service	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	-5	-2	12	6	0	-29	14	50	0	0	6	6
Home orders	-15	-7	-1	-4	-8	-29	0	50	-11	-6	-6	1
Export sales	0	10	-4	17	50	0	67	25	3	12	15	14
Export orders	-11	9	4	9	25	-33	67	25	-4	9	12	7
Employment last 3 months	-4	-3	2	-5	-8	-29	43	30	-1	-3	6	-1
Employment next 3 months	10	3	1	7	8	-29	14	33	7	4	6	6
% Tried to recruit	30	29	63	59	100	86	100	90	43	39	64	58
% Part-time	39	38	42	37	47	45	44	44	42	39	42	39
% Full-time	61	62	58	63	53	55	56	56	58	61	58	61
% Temporary	50	43	29	29	25	50	56	45	39	40	39	38
% Permanent	50	57	71	71	75	50	44	55	61	60	61	62
% Skilled manual	23	8	17	18	23	0	0	11	19	11	17	12
% Professional/managerial	24	27	22	32	46	17	29	22	25	28	26	27
% Clerical	9	11	15	16	0	17	0	0	10	12	9	12
% Semi & unskilled	18	8	25	8	0	17	0	0	18	8	16	8
% Recruitment difficulties	66	56	60	52	62	33	29	33	62	52	57	48
Cashflow	-15	-16	15	-7	31	-29	-14	38	-6	-13	3	-5
Investment - plant/machinery	-19	-9	-6	-4	-15	-14	14	0	-15	-7	-8	-6
Investment - training	-6	-9	0	9	31	0	29	22	-3	-4	6	5
Confidence - turnover	33	35	24	44	17	14	14	56	30	37	24	39
Confidence - profitability	26	15	11	14	-17	0	14	22	20	14	12	14
% Full capacity	23	28	28	33	15	29	71	56	25	30	32	35
Prices	13	21	17	19	31	-14	14	33	15	20	17	18
% Pay settlements	12	12	13	11	15	29	14	40	12	12	13	18
% Raw materials	18	19	27	28	15	14	0	20	20	21	19	23
% Financial costs	21	18	20	21	0	29	43	30	20	19	22	23
% Other overheads	41	47	39	47	46	43	29	50	40	47	39	47
Number of companies	247	268	95	85	13	7	7	10	362	370		
Number of employees	1467	1638	5617	4782	4086	2310	5189	13540	16359	22270		
Number of exporters	73	78	27	36	4	3	3	4	107	121		

Home Sales



Export Sales



SERVICE SECTOR

"In the service sector, there was an increase in export sales and export advance orders since Q3. Profitability also continued to improve since the last quarter. A high level of staff had been recruited without difficulty, highlighting recruitment movement from company to company." **Paul Briggs, Chief Executive, Thames Valley Chamber of Commerce Group**

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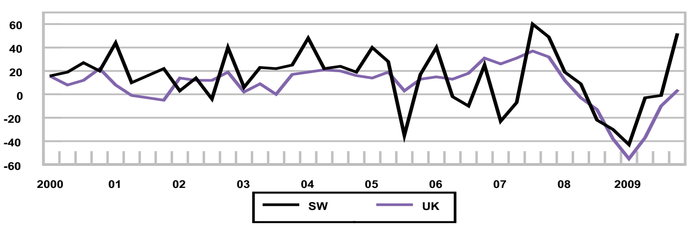
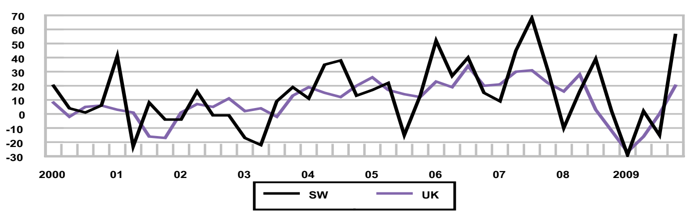
Manufacturing	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	-14	-7	-39	-5	0	100	50	100	-20	-2	-1	51
Home orders	-12	-14	-52	-24	50	100	0	0	-25	-15	-8	14
Export sales	-7	0	-40	9	0	100	0	100	-21	11	-15	56
Export orders	8	15	-46	9	0	100	0	100	-18	19	-15	58
Employment last 3 months	3	-19	-16	-5	-50	100	0	50	-6	-8	-17	35
Employment next 3 months	3	-13	-17	-5	0	0	-50	0	-6	-9	-20	-3
% Tried to recruit	59	21	46	60	0	100	100	100	54	41	52	77
% Part-time	38	33	20	9	0	0	0	0	29	14	12	7
% Full-time	62	67	80	91	0	0	100	0	71	86	64	40
% Temporary	63	100	0	33	0	100	50	100	40	56	22	77
% Permanent	38	0	100	67	0	0	50	0	60	44	54	23
% Skilled manual	59	67	36	17	0	0	50	50	51	33	34	28
% Professional/managerial	9	17	27	58	0	0	0	0	14	38	11	22
% Clerical	18	50	9	17	0	0	0	0	14	24	5	12
% Semi & unskilled	32	17	45	17	0	0	0	0	34	14	20	8
% Recruitment difficulties	77	50	55	67	0	0	50	50	69	57	43	44
Cashflow	-15	-13	-17	0	50	0	0	50	-13	-6	4	13
Investment - plant/machinery	-18	-14	-8	10	0	0	-50	100	-15	0	-20	31
Investment - training	-9	-33	0	10	-50	0	0	0	-6	-13	-13	0
Confidence - turnover	10	19	38	24	50	100	50	100	22	25	41	64
Confidence - profitability	-3	-3	0	-5	50	100	-50	50	-1	0	-3	36
% Full capacity	23	25	4	21	50	100	0	50	16	26	16	49
Prices	3	16	4	0	0	0	0	50	3	11	2	16
% Pay settlements	15	6	12	5	0	0	0	50	13	7	6	17
% Raw materials	66	63	56	62	100	100	50	50	63	63	66	68
% Financial costs	27	19	28	14	0	0	0	50	26	18	13	22
% Other overheads	49	44	28	29	50	0	100	100	43	39	57	44
Number of companies	41	32	25	21	2	1	2	2	70	56		
Number of employees	246	187	1364	1408	493	257	1502	1500	3605	3352		
Number of exporters	15	14	15	11	2	1	1	1	33	27		

Home Sales



Export Sales



MANUFACTURING SECTOR

"Encouragingly, around half of respondents reported an increase in turnover, and many will keep their investment plans on schedule, although there are some significant variations across the region. There is limited evidence that the labour market is stabilising, however issues remain about finding the right skill sets.

"Prospects for the region in 2010 look better. Increased raw material costs and other overheads, competition, and inflation, are the anticipated barriers to growth. However, house building is now restarting in parts of the region, and general confidence is buoyed by external influences such as Plymouth becoming a World Cup 2018 host city, and Weymouth hosting the 2012 Olympics Sailing events." **Peter Scott, Chief Executive of Dorset Business, and Board Member of South West Chambers**

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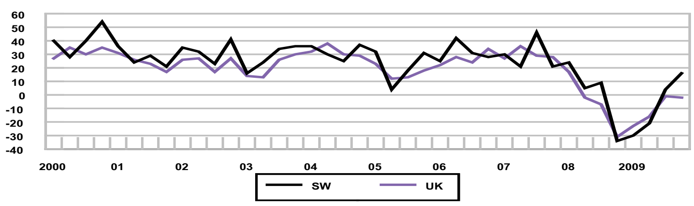
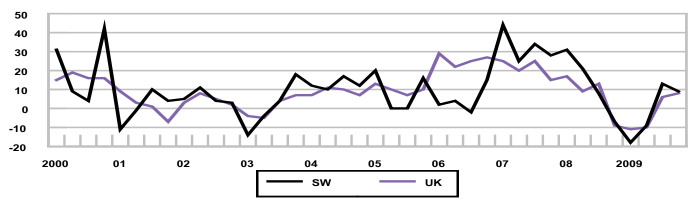
Service	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	1	11	-15	30	67	50	25	-50	0	14	4	16
Home orders	-8	1	-30	17	67	50	67	0	-9	4	-1	13
Export sales	-16	-4	22	23	0	0	67	0	-4	5	13	9
Export orders	-11	-18	33	0	0	0	100	0	5	-11	24	0
Employment last 3 months	3	3	-3	13	67	67	50	0	4	5	13	14
Employment next 3 months	16	13	-11	10	33	67	0	50	11	14	4	22
% Tried to recruit	44	38	74	69	100	67	100	50	52	44	70	56
% Part-time	28	47	36	30	0	0	40	50	31	40	30	35
% Full-time	72	53	64	70	100	100	60	50	69	60	70	65
% Temporary	43	36	33	25	0	0	50	0	39	29	35	23
% Permanent	57	64	67	75	100	100	50	100	61	71	65	77
% Skilled manual	16	15	27	10	67	50	0	0	20	15	25	15
% Professional/managerial	44	29	42	50	0	50	25	0	42	35	36	37
% Clerical	17	19	23	15	0	0	0	0	18	17	16	13
% Semi & unskilled	17	6	4	15	33	50	0	0	14	9	11	14
% Recruitment difficulties	65	54	73	65	67	100	25	0	66	57	64	57
Cashflow	-17	-13	3	-16	33	33	25	-50	-13	-13	2	-14
Investment - plant/machinery	-12	-5	-35	-11	0	50	0	-50	-16	-6	-20	-7
Investment - training	0	-1	-14	20	33	33	25	0	-2	3	0	12
Confidence - turnover	27	39	3	23	100	100	25	0	24	37	24	34
Confidence - profitability	12	17	-20	17	67	0	50	-50	8	16	8	7
% Full capacity	29	24	37	24	0	67	50	50	31	25	32	32
Prices	22	18	9	37	0	0	50	0	20	20	17	22
% Pay settlements	7	8	22	23	0	0	0	0	9	10	12	13
% Raw materials	19	20	27	45	33	33	0	0	20	24	22	30
% Financial costs	16	26	14	16	67	33	25	0	17	24	22	19
% Other overheads	44	42	32	45	0	67	0	0	40	42	29	41
Number of companies	166	156	37	31	3	3	4	2	210	192		
Number of employees	1003	868	2031	1475	1050	850	3252	5000	7336	8193		
Number of exporters	37	27	9	13	0	0	3	0	49	40		

Home Sales



Export Sales



SERVICE SECTOR

"The services industry, and in particular tourism, is an essential feature of the South West's economy. However, the realisation of the region's full economic potential within this sector is hindered by poor infrastructure.

"The region's enterprise culture needs improved road and rail systems, and faster broadband. Development must be driven by commercial motives, but equally by environmental protection, which demands high quality design and adequate funding.

"The adaptability and resourcefulness of enterprise in the South West should be supported by suitable long-term investment and incentives." **Chris Slocock, Chairman, South West Chambers of Commerce**

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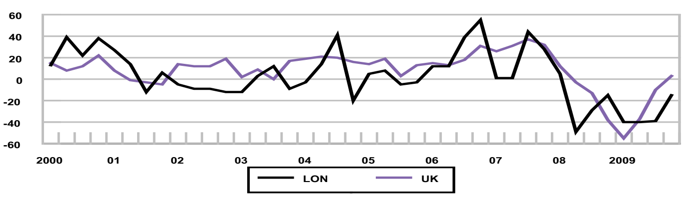
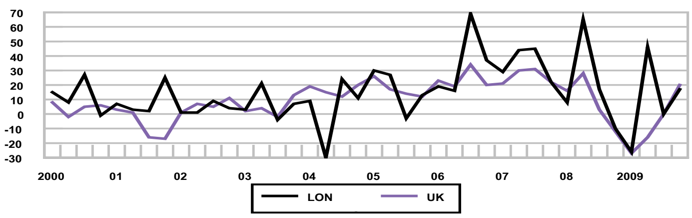
Manufacturing	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q08	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	-43	-24	14	17	-50	-100	-100	0	-16	-17	-39	-15
Home orders	-50	-38	46	33	-50	-100	0	0	4	-22	-2	-12
Export sales	-30	-33	38	67	-50	0	0	0	4	-8	0	17
Export orders	-50	-41	30	67	-100	0	0	0	-17	-13	-16	15
Employment last 3 months	-25	-11	7	17	-50	-100	0	0	-8	-8	-11	-12
Employment next 3 months	-10	-11	23	17	-50	0	50	0	7	-4	12	4
% Tried to recruit	10	28	57	67	0	100	50	0	36	40	36	46
% Part-time	0	20	0	0	0	100	50	0	10	20	14	20
% Full-time	100	80	100	100	0	0	50	0	90	80	71	53
% Temporary	0	20	22	0	0	0	50	0	38	20	22	4
% Permanent	100	50	60	100	0	100	50	0	63	80	56	63
% Skilled manual	100	40	25	50	0	100	0	0	30	50	30	42
% Professional/managerial	0	40	13	50	0	100	0	0	10	50	5	42
% Clerical	100	20	0	50	0	0	0	0	10	30	21	22
% Semi & unskilled	100	20	0	0	0	0	0	0	10	10	21	4
% Recruitment difficulties	100	80	25	75	0	100	0	0	30	80	30	60
Cashflow	-44	-61	7	17	-100	0	-50	0	-22	-40	-36	-7
Investment - plant/machinery	-30	-39	14	17	-50	0	-50	0	-11	-24	-23	-2
Investment - training	-30	-28	14	0	-50	0	50	0	-4	-20	4	-6
Confidence - turnover	10	17	86	67	-50	100	100	0	50	32	52	44
Confidence - profitability	-30	-44	54	67	-50	0	100	0	19	-16	32	15
% Full capacity	20	11	36	50	0	0	0	0	25	20	17	20
Prices	-10	17	29	33	0	-100	50	0	14	16	22	-1
% Pay settlements	0	11	7	0	0	0	0	0	4	8	3	2
% Raw materials	70	61	79	67	0	0	50	0	68	60	56	37
% Financial costs	30	39	14	33	50	0	0	0	21	36	19	20
% Other overheads	30	61	36	17	0	100	50	0	32	52	33	35
Number of companies	10	18	14	6	2	1	2	0	28	25		
Number of employees	95	144	1035	404	657	250	5012	0	6799	798		
Number of exporters	10	18	13	6	2	1	2	0	27	25		

Home Sales



Export Sales



MANUFACTURING SECTOR

"Confidence is returning to the London economy. All sectors expect to see an increase in turnover, while UK economic growth and London's economic prospects for the next year are both expected to improve.

"Causes for concern remain, however, with many anticipating inflation, interest rates and unemployment to worsen further. Manufacturers are also much less confident in their company's prospects than other sectors, with less than one-third expecting conditions to improve, compared to almost half of other industries." **Dr Helen Hill, Director of Policy at London Chamber of Commerce and Industry**

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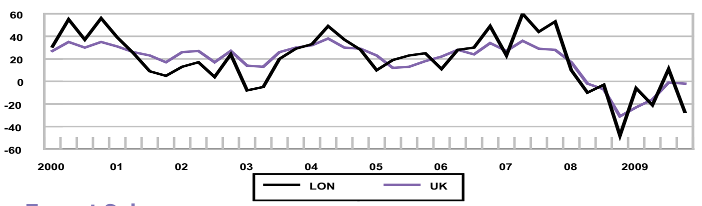
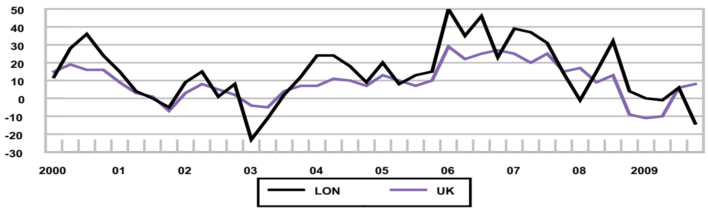
Service	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	10	-12	22	0	0	-57	0	-67	12	-13	11	-27
Home orders	-7	-9	0	-4	33	-50	-100	-67	-5	-11	-21	-26
Export sales	13	7	33	21	100	-60	-100	-67	18	5	6	-14
Export orders	17	8	33	9	100	-60	-100	-50	21	3	7	-15
Employment last 3 months	-21	-4	-67	4	33	-29	0	-67	-26	-5	-27	-19
Employment next 3 months	6	7	20	4	0	-13	0	-67	9	3	9	-15
% Tried to recruit	26	26	50	59	67	63	100	67	36	36	59	54
% Part-time	43	26	17	17	50	17	50	50	37	22	35	27
% Full-time	57	74	83	83	50	83	50	50	63	78	65	73
% Temporary	57	46	33	27	50	33	50	33	50	37	45	34
% Permanent	43	54	67	73	50	67	50	67	50	63	55	66
% Skilled manual	50	13	0	19	0	0	100	50	31	15	35	22
% Professional/managerial	13	13	60	13	0	40	100	50	31	17	51	25
% Clerical	0	0	20	25	0	20	100	0	13	11	32	13
% Semi & unskilled	0	4	20	19	0	20	0	0	6	11	8	11
% Recruitment difficulties	50	25	80	50	0	60	100	100	56	40	67	58
Cashflow	-29	-15	-40	-19	67	-33	0	-67	-24	-18	-13	-31
Investment - plant/machinery	-13	-9	-20	4	33	-13	0	0	-11	-6	-6	-2
Investment - training	19	3	-20	4	33	25	100	33	13	5	25	14
Confidence - turnover	35	37	10	44	100	38	-100	-33	31	37	2	23
Confidence - profitability	13	19	10	37	100	13	-100	-33	16	21	-3	13
% Full capacity	29	23	10	22	0	25	100	67	24	24	34	33
Prices	10	26	20	30	0	0	0	0	11	25	10	18
% Pay settlements	16	9	20	22	67	0	100	67	22	12	45	27
% Raw materials	26	20	10	22	67	0	0	0	24	18	19	13
% Financial costs	32	24	30	33	33	0	100	0	33	24	48	19
% Other overheads	32	41	70	44	33	38	100	33	42	42	64	40
Number of companies	31	92	10	27	3	8	1	3	45	130		
Number of employees	188	478	514	1103	1169	2215	3300	205000	5171	208796		
Number of exporters	24	69	6	24	2	5	1	3	33	101		

Home Sales



Export Sales



SERVICE SECTOR

Key balances for the London services industry were incredibly weak, and much weaker than the national totals. Home sales and deliveries, export sales and deliveries, and both employment balances are in deep negative territory. On a more positive note, investment, confidence and capacity results were much more in tune with the national aggregates, but the dangers facing the service sector are still strikingly apparent.

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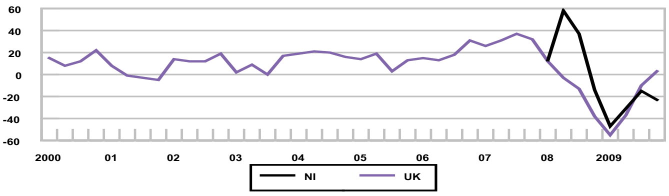
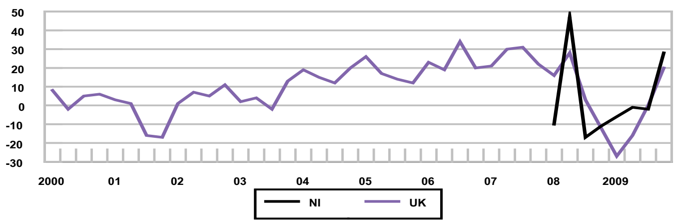
Manufacturing	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	20	0	-22	-25	100	0	-100	-50	-6	-18	-15	-23
Home orders	40	0	-22	-17	100	0	-100	-50	0	-14	-11	-20
Export sales	29	29	0	11	33	0	-50	67	11	26	-2	28
Export orders	0	0	-14	30	33	0	-50	100	-5	32	-13	38
Employment last 3 months	0	13	0	-8	-33	0	-50	-33	-10	-4	-19	-9
Employment next 3 months	29	11	-13	-25	0	0	-50	-33	0	-13	-12	-16
% Tried to recruit	20	38	43	67	50	0	50	33	38	52	41	41
% Part-time	50	50	33	0	0	0	0	0	33	11	23	11
% Full-time	50	50	67	100	100	0	0	100	67	89	51	74
% Temporary	0	50	50	0	0	0	0	100	50	40	18	38
% Permanent	0	50	50	100	0	0	0	0	50	60	18	47
% Skilled manual	0	67	33	38	100	0	0	0	33	42	28	28
% Professional/managerial	0	0	67	13	0	0	100	0	50	8	51	5
% Clerical	0	0	0	13	0	0	0	0	0	8	0	5
% Semi & unskilled	0	0	0	25	0	0	0	0	0	17	0	9
% Recruitment difficulties	0	67	67	50	100	0	0	0	50	50	40	32
Cashflow	29	-11	0	8	0	0	0	33	10	4	6	10
Investment - plant/machinery	20	17	-13	-9	33	0	-100	-100	-6	-15	-22	-27
Investment - training	0	-14	44	25	0	0	50	33	26	14	30	15
Confidence - turnover	71	44	11	17	100	0	0	0	43	25	35	15
Confidence - profitability	71	22	0	8	33	0	0	-33	29	8	20	-1
% Full capacity	33	25	22	27	0	0	0	0	20	23	15	15
Prices	29	0	-22	8	33	0	-100	-33	-5	0	-24	-6
% Pay settlements	14	11	11	17	0	0	0	33	10	17	7	17
% Raw materials	71	33	56	67	33	0	0	67	52	54	40	49
% Financial costs	14	33	0	17	33	0	50	33	14	25	22	22
% Other overheads	29	22	33	50	33	0	50	33	33	38	37	32
Number of companies	7	9	9	12	3	0	2	3	21	24		
Number of employees	59	81	407	788	1100	0	2048	4200	3614	5069		
Number of exporters	7	7	7	9	3	0	2	3	19	19		

Home Sales



Export Sales



MANUFACTURING SECTOR

"The key indicators for the Northern Ireland manufacturing sector are worrying. Domestic sales and orders balances are far weaker than the national average. Furthermore, the results suggest that the sector will continue to experience a contraction in employment over the coming months.

"That is not to say there are no positives within the figures: export balances are strong and investment figures show an outperformance of the national picture." **Ann McGregor, Chief Executive, Northern Ireland Chamber of Commerce**

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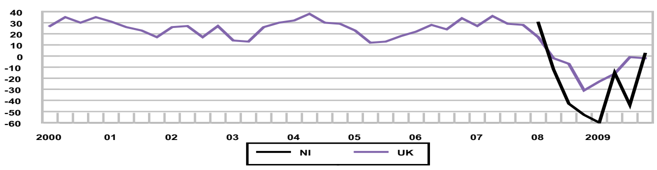
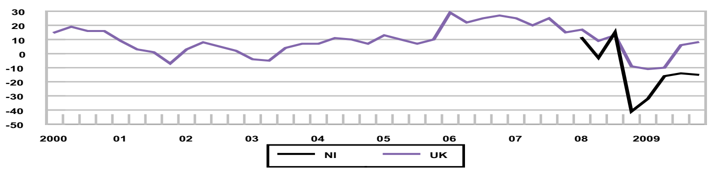
Service	1 3Q09	1 4Q09	2 3Q09	2 4Q09	3 3Q09	3 4Q09	4 3Q09	4 4Q09	5 3Q09	5 4Q09	6 3Q09	6 4Q09
Sales - Home sales	-33	-17	-39	14	0	-50	-100	33	-36	-8	-44	2
Home orders	-33	-24	-33	0	0	-50	-100	0	-34	-18	-41	-12
Export sales	-41	-22	-44	-36	0	-100	100	100	-37	-25	-14	-15
Export orders	-40	-29	-44	-60	0	-100	100	100	-36	-36	-14	-27
Employment last 3 months	-13	-18	-4	-22	0	-100	-50	50	-11	-18	-14	-16
Employment next 3 months	-6	2	-20	0	0	0	0	50	-11	4	-10	9
% Tried to recruit	28	37	62	64	0	100	100	100	42	49	52	65
% Part-time	40	29	33	37	0	50	0	25	35	33	0	34
% Full-time	60	71	67	63	0	50	100	75	65	67	0	66
% Temporary	75	67	63	45	0	0	100	50	71	54	0	48
% Permanent	25	33	38	55	0	0	0	50	29	46	0	42
% Skilled manual	27	18	23	29	0	0	0	50	23	25	18	26
% Professional/managerial	36	59	46	43	0	0	0	25	38	47	31	40
% Clerical	36	35	38	14	0	0	0	0	35	22	27	17
% Semi & unskilled	0	6	0	7	0	100	50	25	4	11	9	19
% Recruitment difficulties	55	71	77	57	0	100	50	75	65	67	58	68
Cashflow	-22	-26	-17	-22	0	-100	-50	0	-22	-26	-23	-27
Investment - plant/machinery	-20	-16	0	-6	0	-100	-50	-67	-15	-17	-15	-29
Investment - training	0	-2	6	-11	0	-50	-50	50	0	-3	-6	-2
Confidence - turnover	6	19	13	33	0	0	-50	25	7	23	-1	24
Confidence - profitability	4	13	-4	5	0	-50	0	25	1	10	-1	5
% Full capacity	20	24	22	50	0	50	50	75	21	33	24	46
Prices	-8	4	26	5	0	50	0	0	3	5	9	8
% Pay settlements	10	14	19	22	0	100	0	0	13	17	11	23
% Raw materials	14	14	19	30	0	0	0	0	15	17	12	17
% Financial costs	26	24	23	17	0	50	0	25	24	23	18	24
% Other overheads	22	29	38	26	0	0	50	25	28	28	32	24
Number of companies	50	58	26	23	0	2	2	4	78	87		
Number of employees	317	308	1612	1810	0	750	2500	4204	4429	7072		
Number of exporters	17	23	9	11	0	1	1	1	27	36		

Home Sales



Export Sales



SERVICE SECTOR

"The service sector seems to have a much more varied picture than that of manufacturing. Firms are clearly still struggling with cashflow, and confidence in improving profitability and turnover is much weaker than the majority of regions.

"Domestically, Northern Ireland is performing in a very similar way to the national outlook. Employment expectations results, although weak, do suggest expansion, which should be taken as a positive." **Ann McGregor, Chief Executive, Northern Ireland Chamber of Commerce**

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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:

Scotland	Co-ordination	Cliff Lockyer and Eleanor Malloy, Fraser of Allander Institute (0141 552 4400)
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South East	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
South West	Co-ordination Contributing Chambers	Steve Hughes (BCC) and The Third Stage Cornwall and Dorset Chambers
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