

## QES Summary Q4

The latest Quarterly Economic Survey is relatively unchanged from the previous quarter. Businesses are fairly positive about future prospects and seem to be profitable currently. Sales and turnover are continuing to rise, while businesses are looking to recruit. There are still a few issues facing the community however the trend seems to be a gradual improvement in business performance.

### Sales

Overall sales seem to be improving, with 74% of businesses surveyed showing a rise in or constant sales. This is a slight improvement on last quarter (73%). Both Cardiff and Newport based businesses reported a slightly worse quarter, with 34% and 33% of businesses showing an increase in sales, a fall from 49% and 47% respectively. However it should be noted that the majority of businesses in each area reported constant sales rather than a fall. Businesses in the Swansea territory reported slightly less impressive figures with 30% of businesses reporting an increase in sales, the majority (35%) remaining constant.

The outlook for UK orders improved with only 20% of businesses reporting a decrease in sales, compared to 25% last quarter, showing an improvement in the overall market.

Export sales were slightly improved on the previous quarter; Swansea in particular had a strong quarter with double the amount of businesses reporting increased export sales. Export orders showed a very slight improvement compared to previous releases, again Swansea reported the strongest results in this area amongst the territories.

### Workforce

The majority of businesses (81%) expect their workforce to either increase or stay constant in the coming months, which is unchanged from the previous survey. 22% of businesses increased their workforce, which was an improvement on expectations of businesses set out in Q3, where only 19% of businesses expected to do so. Companies are also looking to employ full time staff, with 50% looking for such positions, showing that businesses are becoming increasingly secure about their ability to maintain employment levels. Professional and managerial are overall the hardest staff to recruit for available roles, however in the Swansea region skilled and technical workers provide businesses with the most difficulties, reflecting the differing nature of businesses in the region.

## Cash flow and Capacity

69% of businesses reported increased or constant cash flows, which again indicated an improvement on previous surveys, showing that the businesses environment is certainly recovering. An increased number of businesses expect prices to increase in the next quarter, understandable given the VAT rise that is due to take place. The majority of businesses surveyed (62%) are still operating under capacity; however this is a major fall from previous surveys, where 71% reported this. This perhaps indicates that some of the recruitment efforts by businesses are beginning to have an effect.

## Concerns

Business concerns have remained largely static for the last few quarters. Those surveyed still saw competition and taxation as the main concern for businesses, unchanged from the previous quarter. Inflation is understandably becoming a major concern, to a far greater extent than in previous quarters. Interest rates seem comparatively less of a concern than previously reported. Regionally, all areas now follow the above trends.

## Investment

The number of businesses looking to invest in staff training has slightly fallen to 70%. However it should be noted that this is still a clear majority of businesses, indicating that businesses are secure about keeping such staff in the long term.

## Optimism

The air of optimism surrounding businesses is illustrated best by the expectations they have for turnover and profitability. The vast majority of businesses (78%) expect constant or increased turnover in the next quarter. Similar views are held in terms of profitability, with only 22% of businesses expecting to see a decrease. This is a sign that businesses believe the growth of the economy is likely to continue and that the worst of the recession is now over. Businesses in Swansea are once again much more pessimistic than other regions regarding profitability, with 32% expecting to see a decrease in their profitability in the next quarter.

## Regional Comparisons

Similarly to previous quarters, the main difference between regions seems to revolve around future expectations. While businesses within the Cardiff and Newport areas seem to expect an improvement on their trading position in the coming months, companies within the Swansea region do not appear to share their optimism, with a greater proportion expecting to see a decrease in turnover.