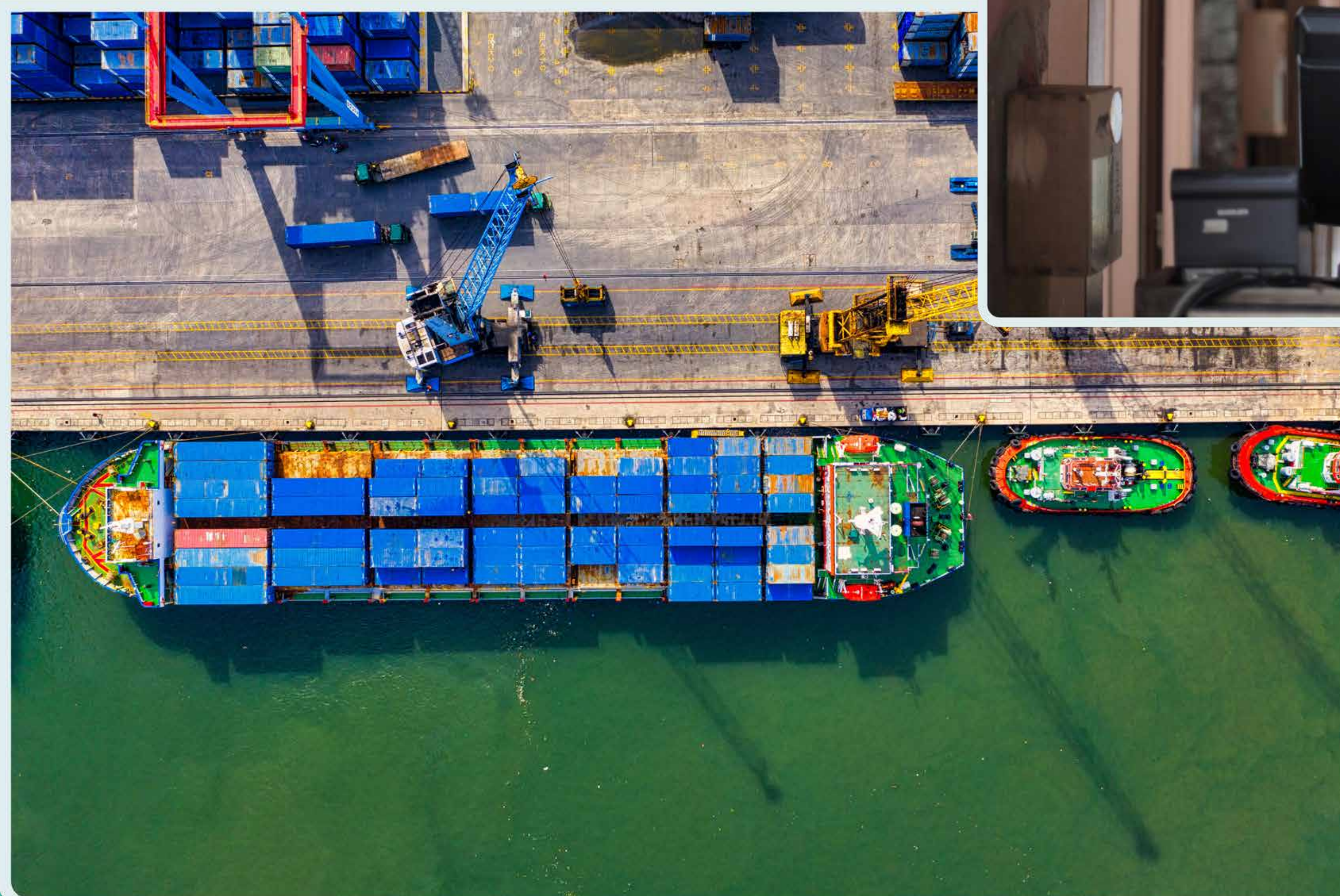
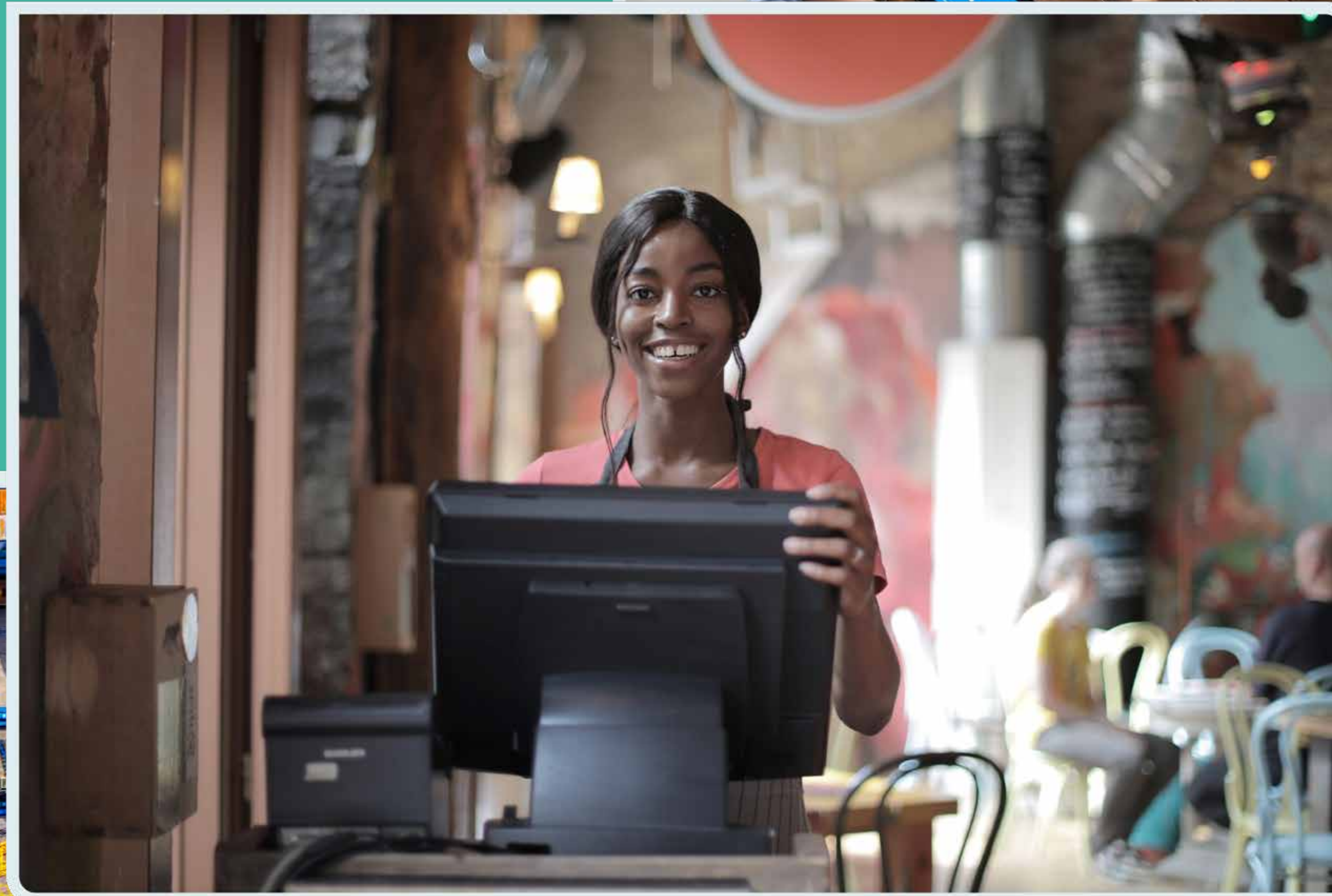
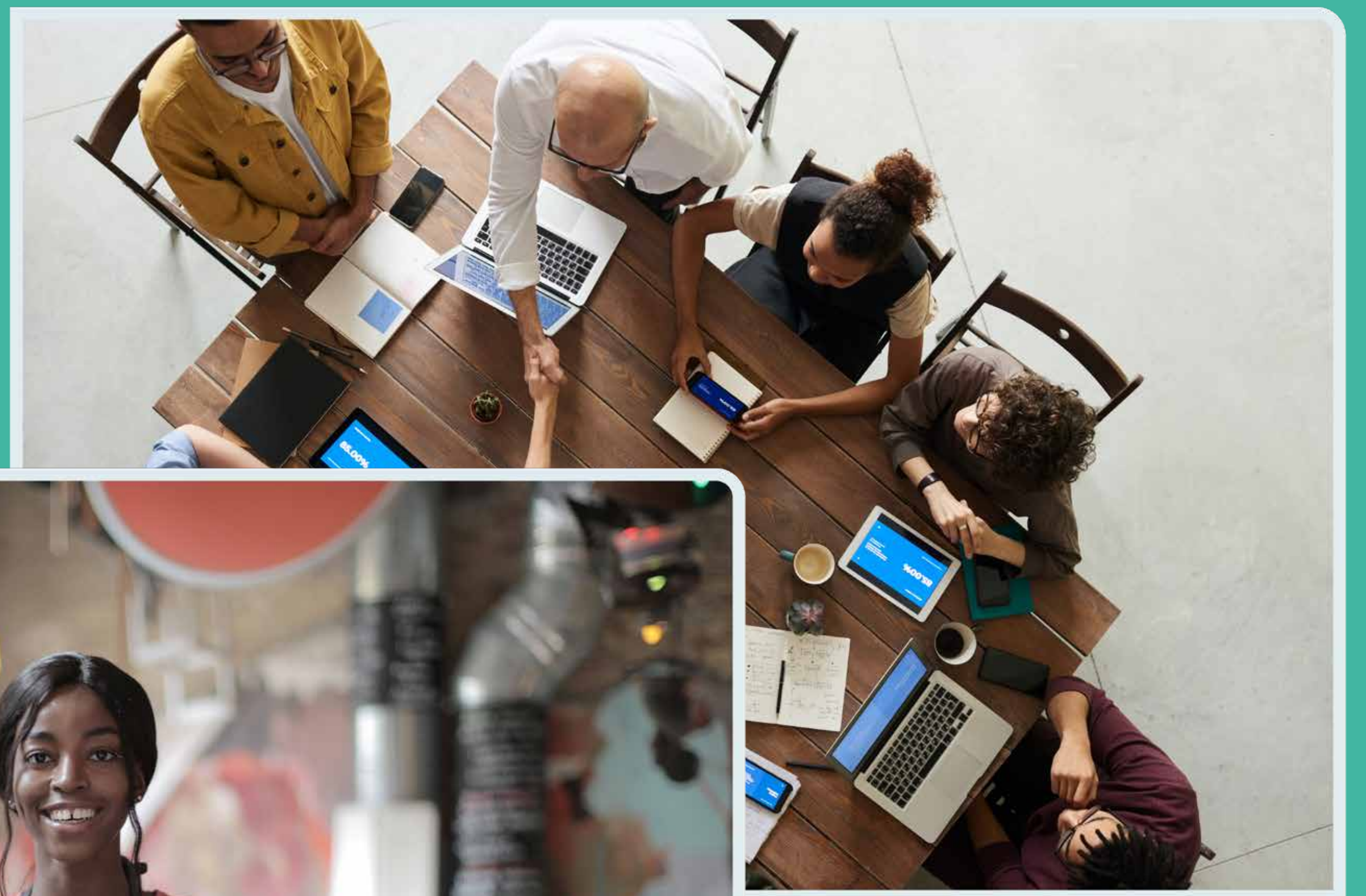


Q1 2023

Quarterly Economic Survey





Louise Wall,
Chief Executive
Northamptonshire
Chamber & Milton
Keynes Chamber of
Commerce

The overall economic picture across Northamptonshire and Milton Keynes remains positive and that is further reflected in the conversations I have with business leaders on a daily basis."

"The businesses who talk to us are concerned about their energy bills spiralling with no real support or commitment in the recent government budget. We are also seeing inflationary pressures reaping havoc on businesses' finances. With them stuck between a rock and a hard place of salary increases for their staff, who like all of us are feeling the pinch. But then concerned about rising their prices and being less competitive with other firms."

"But over all the picture is incredibly buoyant here in our region which is slightly different to the national picture because of our diverse makeup of businesses and the sectors they represent"



Robyn Allen,
President
Northamptonshire
Chamber & Milton
Keynes Chamber of
Commerce

"I am particularly pleased to see the international sales improving in both the manufacturing and the services sectors. There is no question that the businesses that trade overseas give themselves a much better chance of growth over a sustained period.

"That being said we do hear as a Chamber of Commerce all the issues affecting firms who are trading within Europe, these issues have not yet gone away and there is still more work to be done by Governments on both sides of the Channel to improve trading conditions for businesses."

"The British Chamber of Commerce has 73 Chambers based across the Globe and if any firms wish to explore further trading opportunities then your Chamber here in Northamptonshire and Milton Keynes is ready to support you in accessing our Global Network"

UK Market

Over 57% of firms in the services sector throughout Northamptonshire and Milton Keynes have reported that their sale/bookings have increased over the past three months indicating that business activity in the region is on the up. This is at a time when 59% of firms who responded are reporting they are operating below full capacity.

“Busiest we’ve ever been in 17 years right now after a really difficult 2 years pandemic related”

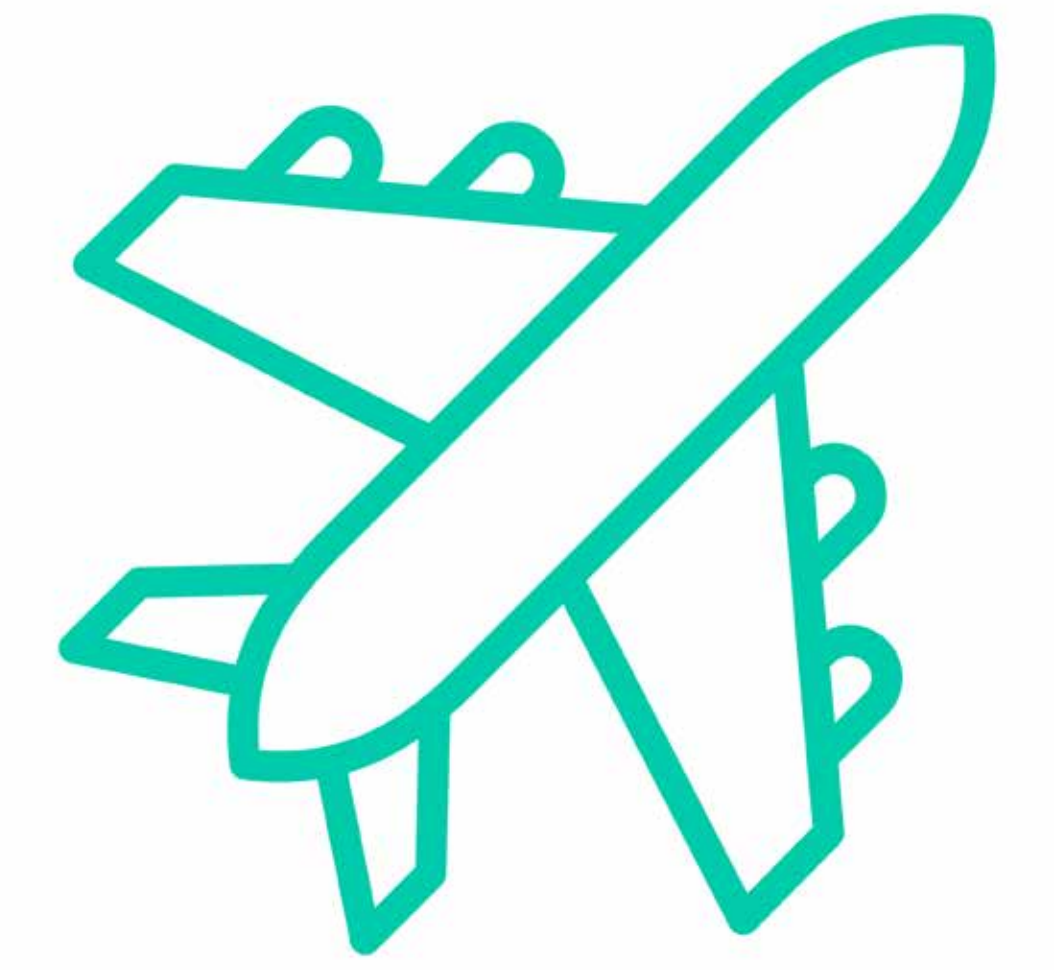
SME Services Firm,
Northamptonshire



81% of Manufactures who responded to the survey have said their UK Sales or bookings have either remained constant or increased over the past three months, which shows how buoyant the sector is at dealing with the current economic challenges.

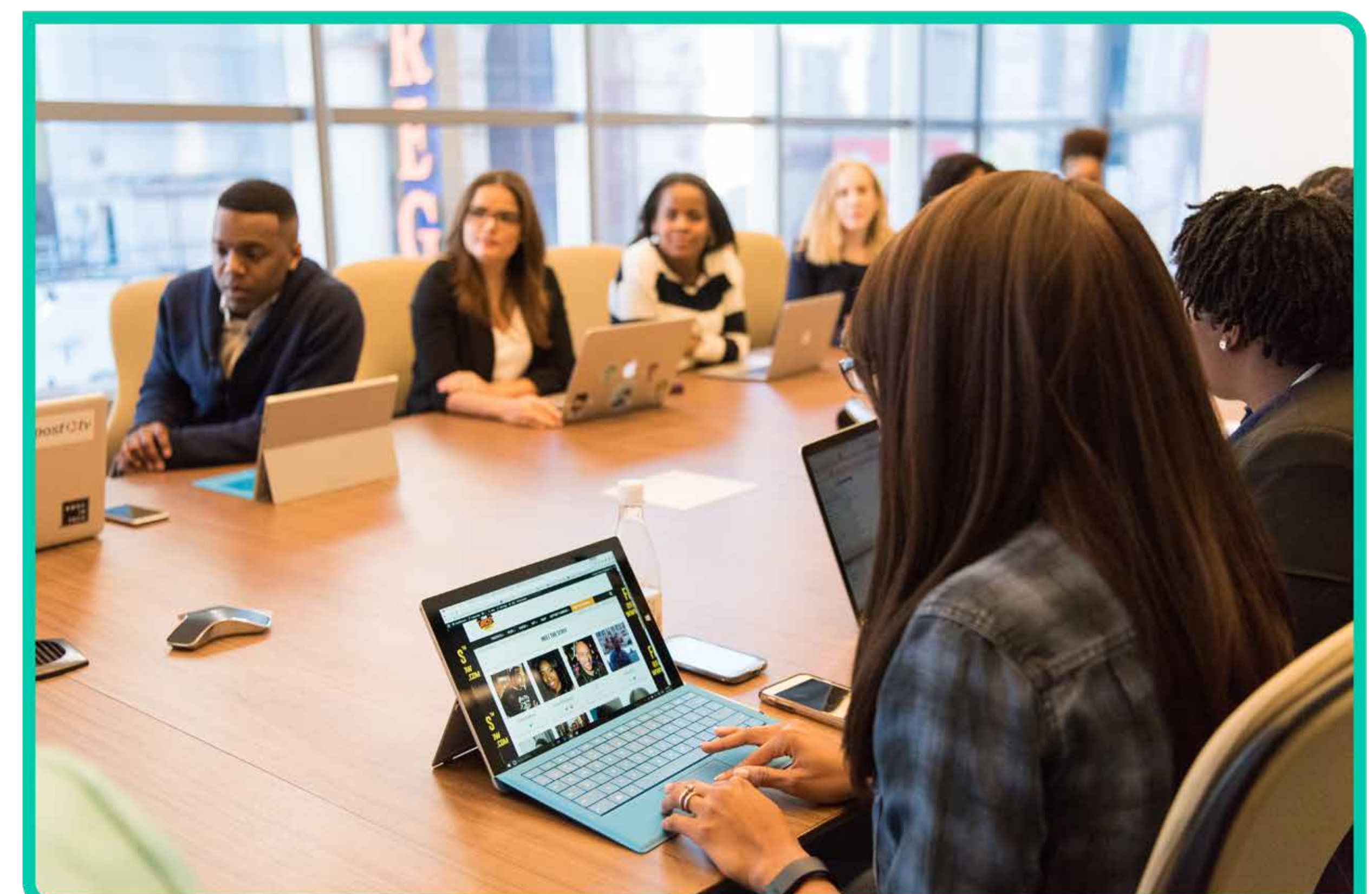
However, 27% of manufacturing firms have said their advanced orders have begun to fall because businesses are struggling to hold quotes for long periods with the volatility in the current raw material market and supply chain.

Overseas Market



One of the quickest ways the economy will bounce back to strong growth is through trading within the global market and it is extremely positive that 66% of the businesses who responded in our region are reporting their export sales have increased over the past 3 months. Global Trade is a huge focus of the Chambers of Commerce and the businesses we represent because we have a network of British Chambers of Commerce based in 73 Countries across the world which can aid us in accessing opportunities and assisting our members with new and emerging markets.

11% of Manufacturing firms have indicated that they have seen their exports decline but the vast majority of firms (88%) in the Manufacturing sector throughout Northamptonshire & Milton Keynes have indicated that their sales overseas have increased or remained constant. 33% of manufacturing firms have indicated that their overseas advanced orders have increased in the first quarter of 2023.



Employment

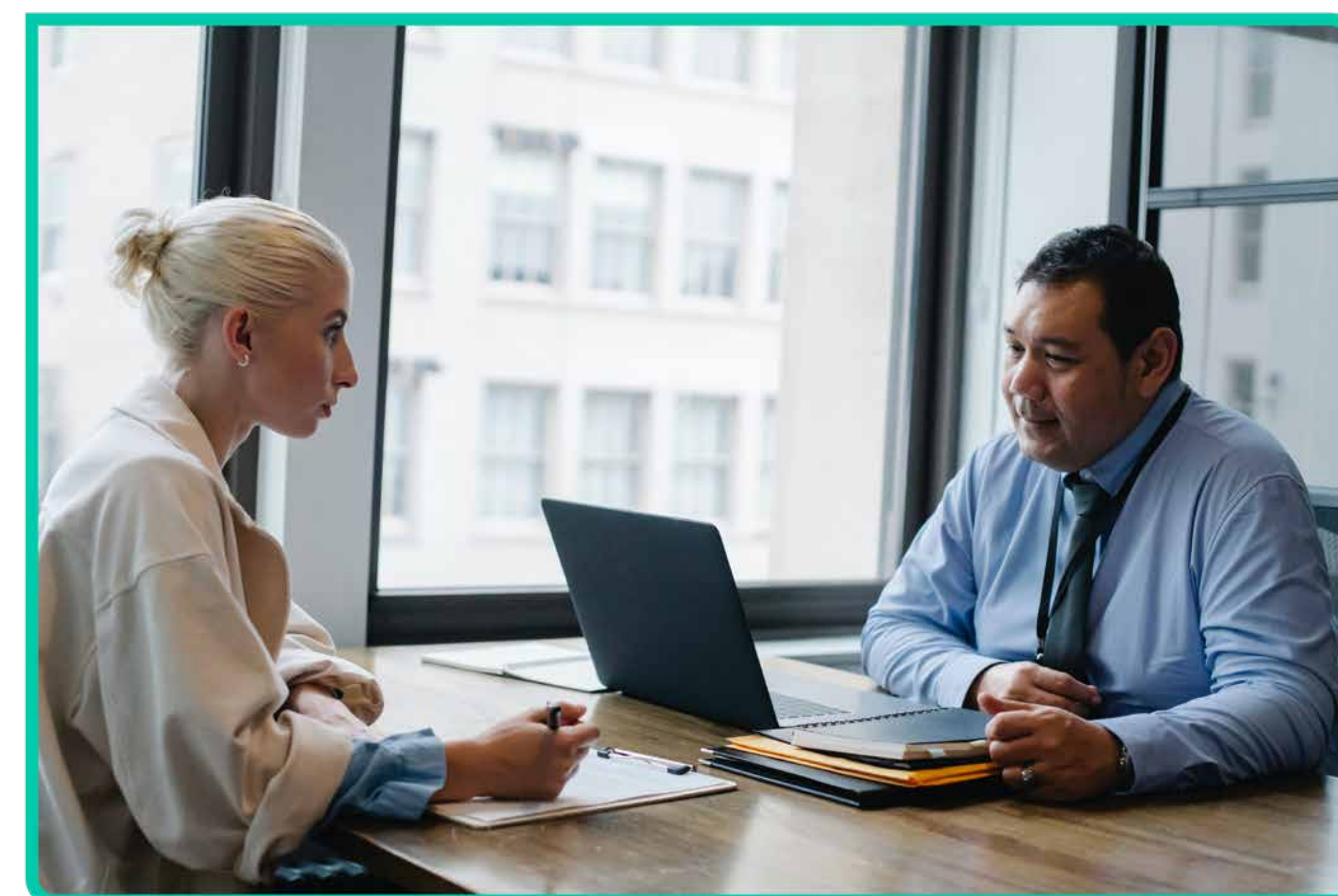


Over 52% of firms in Northamptonshire and Milton Keynes expect their workforces to increase in the coming 3 months. 70% of firms who are attempting to recruit to expand their teams have cited that they are having difficulty finding suitable staff. With the most common response being a lack of professional/managerial candidates.

“We are concerned that in our recent recruitment drive, there has been a lack of availability of quality staff”

**SME Services Firm,
Milton Keynes**

38% of Manufacturing firms expect to increase their staff over the next three months with 0% expecting to decrease staff which demonstrates the confidence and the need businesses have to fill vacancies.



Investment & Cashflow

“Inflationary pressure has forced us to increase prices and the wage of our staff twice (mid-year & year-end).”

**SME Manufacturer,
Northamptonshire**

46% of businesses in the services sector have reported that their cash flow has increased over the past three months, and 26% have reported that their cash flow has remained consistent which further demonstrates how buoyant firms in this region are.

Investment levels in machinery and equipment in the services sector look like it has remained consistent in Q1 of 2023 with over 53% of local firms indicating they are still investing consistently, with 20% of respondents indicating their investment budgets have increased.

33% of Firms in the manufacturing sector have reported they have seen a decrease in their investments in machinery & equipment. However, investment in training has been reported to have increased by 46% of respondents in the sector.

This demonstrates that firms are further investing in their staff with the current challenges in the recruitment market. It is positive that the majority of manufacturing respondents have told us their cash flow has either increased or remained constant (74%).

Business Confidence

The services sector has remained positive in the current economic climate which will be directly linked to the high levels of consistent cashflow with 46% reporting their cashflow has increased. That positivity amongst local firms has been reinforced with over 63% of firms expecting their turnover to improve over the coming 3 months.

“Electricity contract due for renewal - renewal quote 420% increase”

SME Manufacturer, Northamptonshire

However, over 31% of firms in the professional services sector have indicated that they expect their profitability to be worse. This would explain why half of the respondents have indicated they are intending to raise their prices. Businesses in the sector have told us this is directly related to labour costs, utilities, the recent fuel rises and other overheads. But the most cited pressure on businesses to raise prices was inflation with over 94% of firms citing it as more of a concern than three months ago.

With all the challenges facing the manufacturing sector with supply chain issues, raw material price rises, inflation and energy costs spiralling the sector across Northamptonshire and Milton Keynes remains incredibly buoyant and positive about the future with 76% of firms believing their turnover will improve.

30% of those firms believe that their profitability will either remain the same or decrease and this could explain why 61% of the firms who responded anticipate their prices increasing over the next three months. Firms have cited labour costs, raw materials and utilities rising as the main factors in this decision. Alongside this 75% of firms have cited ‘inflation’ as more of a concern to their business.