

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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Introduction	2
Methodology	3
Summary 4th Quarter 2010	4
Home Orders and Sales	5
Export Orders and Sales	6
Employment	7
Recruitment Difficulties	8
Investment	9
Business Confidence	10
Capacity Utilisation and Cashflow	11
Prices	12
External Factors	13
National Totals	14
Regional Disaggregation	16
Scotland	18
North East	20
North West	22
Yorkshire and the Humber	24
East Midlands	26
West Midlands	28
Wales	30
Eastern	32
South East	34
South West	36
London	38
Northern Ireland	40
Further Inquiries	42



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.

The British Chambers of Commerce Quarterly Economic Survey for the 4th quarter 2010 received approximately 5,700 business responses, collectively employing over 620,000 people. The respondents cover the entire United Kingdom, and were surveyed by postal and online questionnaires over the period 15 November to 8 December.

In the manufacturing sector 1,514 firms, employing approximately 183,000 people, responded. 879 (58%) of manufacturing respondents were exporters. In the service sector 4,148 businesses with approximately 439,000 employees responded. Of the service sector participants, 1,178 (28%) were exporters. While the majority of respondents employ fewer than 500 people, the sample included 134 large businesses.

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

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

INTRODUCTION

The Q4 2010 results are mixed. They show continued manufacturing strength, with the sector's export balances rising to multi-year highs. But the service sector's performance was unsatisfactory. The manufacturing balances improved for the domestic market, for exports, for cashflow, for investment in plant and machinery, and for profitability confidence. The manufacturing balances for employment and turnover confidence, though marginally lower, remain strong.

But in the service sector, many key balances are too weak. It is disturbing that the service balances for home orders and for investment in plant and machinery moved deeper into negative territory, while the service balances for employment and cashflow are at zero. The improvement in the service balances for exports and confidence is welcome, but the sector's overall record is inadequate. Increased intentions to raise prices, particularly in manufacturing, will worry the MPC. But weak demand, the relentless squeeze on disposable incomes, and lower capacity utilisation will make it impossible to secure big price increases.

DOMESTIC MARKET

The Q4 results are stronger for manufacturing, but remain weak for services. The manufacturing balance for home sales rose 6 points, to +23%; the manufacturing home orders balance also rose 6 points, to +19%. The service home sales balance rose 1 point, to +5%; the service home orders balance fell 3 points to -7%.

EXPORT MARKET

The Q4 export balances improved in both sectors. The manufacturing export sales balance surged 13 points to +37%. The manufacturing export orders balance soared 21 points to +39%. Both manufacturing balances were best since Q4 1994 and second highest since the survey started in 1989. The service export balances also rose, but by less than for manufacturing. The service export sales balance rose 10 points, to +21%, best since Q3 2007. The service export orders balance rose 4 points, to +12%, equal best since Q2 2007. Both service export balances are weaker than those for manufacturing.

EMPLOYMENT

The Q4 employment balances remained strong for manufacturing and weak for services. The manufacturing employment balance fell 1 point, to +23%, just below the best level since the survey started in 1989. The manufacturing employment expectations balance rose 3 points, to +11%. The service employment balance rose 1 point, to 0%. The service employment expectations balance rose 2 points, to +3%.

INVESTMENT

The Q4 investment balances, though mixed, were generally strong for manufacturing and weak for services. The balance of manufacturing firms planning to increase investment in plant and machinery rose 12 points to +23%, best since Q3 2007. Manufacturers' intentions to invest in training fell 3 points to +12%. The balance of service firms planning to raise investment in plant and machinery

fell by a further 3 points, to -4%. Service intentions to invest in training rose 4 points, to +7%.

BUSINESS CONFIDENCE

The Q4 confidence balances were mixed for manufacturing and improved for services; but the manufacturing balances remained stronger. Manufacturers' turnover confidence balance fell 1 point, to +48%, still near to a three-year high. Manufacturers' profitability confidence increased 7 points, to +30%, highest level since Q4 2007. The service sector's turnover confidence balance rose 12 points, to +26%. Service profitability confidence increased 13 points to +17%. Though up on the quarter, both Q4 service balances were the weaker than earlier in 2010.

CAPACITY UTILISATION AND CASHFLOW

Q4 capacity utilisation declined for both manufacturing and services. The proportion of manufacturing firms operating at full capacity fell 5 points, to 38%. In services, the proportion of manufacturing firms operating at full capacity fell 1 point, to 35%.

The Q4 cashflow balances improved. The manufacturing cashflow balance rose 14 points, to +14%, equal strongest since Q2 2007. Services cashflow strengthened 11 points, to 0%, the strongest since Q1 2008 but still weak.

PRICES

Intentions to raise prices have strengthened. The balance of manufacturing firms reporting pressure to increase prices surged 20 points in Q4, to +39%. The balance of service firms expecting to raise prices rose 8 points, to +28%. Both balances were the highest since Q3 2008.

ECONOMIC CLIMATE

The QES results indicate that the UK economy has continued to expand in Q4 2010. But, in spite of strong manufacturing balances and improved export balances for both manufacturers and service businesses, GDP growth has probably slowed in Q4 because of the inadequate overall performance of the service sector. Manufacturing strength helps to rebalance the UK economy, but persistent problems in the Eurozone are causing serious difficulties for UK exporters. The service sector's weaknesses are worrying, and unless reversed could have adverse consequences, particularly for jobs.

We expect the private sector to prove sufficiently robust to withstand the impact of the tough deficit-cutting programme. But the UK recovery is fragile, and risks of a setback will be serious in the next few quarters. A new recession is unlikely, but the MPC and the Government must act forcefully to support growth. Given the dangers facing the economy, we urge the MPC to persevere with its current expansionary policies and maintain low interest rates until the recovery is more secure. On its part, the Government must support exporters and scrap onerous labour market regulations, so that the private sector can create new jobs and absorb the temporary job losses created by the fiscal austerity plan.

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

THE NATIONAL PERSPECTIVE

The Q4 2010 results are mixed. The domestic national balances strengthened for manufacturing, but remained weak and disappointing for services. For both sectors, the Q4 domestic balances are above the levels seen during the recession, but below the levels recorded in 2007. Most Q4 home balances are in positive territory, but there is one worrying exception: the home orders balance of the service sector moved deeper into negative territory.

The manufacturing sector's balance for home deliveries increased from +17% in Q3 to +23% in Q4, better than the levels registered during the recession, but lower than in Q2 2010. The balance for manufacturers' home orders rose from +13% in Q3 to +19% in Q4, also better than during the recession, but only the same as in Q2 2010.

The service sector domestic balances recorded small divergent movements in Q4. The balance for service home deliveries rose marginally from +4% in Q3 to +5% in Q4, a worse level than in Q1 and Q2 2010, but still at a higher level than during the recession. The balance for service home orders dropped from -4% in Q3 to -7% in Q4, an equal weakest level since Q3 2009, but also still a stronger balance than during the recession. In absolute terms, the service sector's domestic balances remained much weaker in Q4 than the manufacturing home balances.

THE MANUFACTURING SECTOR

Manufacturing firms recorded divergent movements in their Q4 net domestic balances, for both home sales and orders. The home sales balances of micros and medium-sized firms declined in Q4, while small and large manufacturing firms recorded increases in their Q4 balances for home sales. In the case of home orders, the balance of medium-sized manufacturers declined, while all other firm sizes recorded increases in their net balances for home orders. In absolute terms, micro manufacturing firms recorded the weakest absolute Q4 balances, at -3% for home deliveries, and at -10% for home orders. At the other extreme, medium-sized manufacturers recorded the strongest Q4 net balances, at +41% for home sales, and at +38% for home orders.

THE SERVICE SECTOR

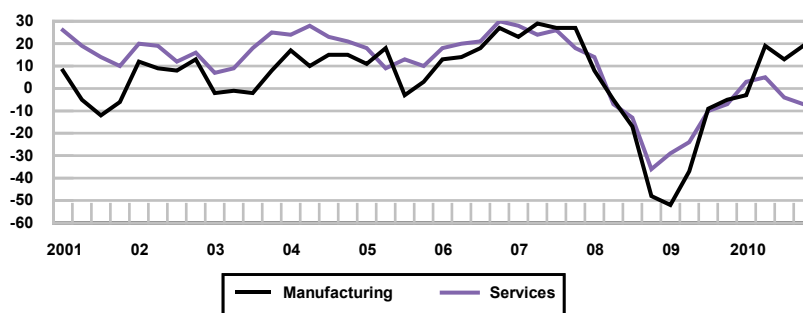
Service sector firms recorded divergent movements in their Q4 net domestic balances, for both home deliveries and orders. It is disturbing that the home order service balances were in negative territory in Q4 for all firm sizes. The home sales balance of small-sized service firms declined, while all other firm sizes recorded increases in their net balances for home sales. In the case of home orders we find the same pattern: the balance of small-sized service firms fell, while all other firm sizes recorded increases in their net balances for home orders. In absolute terms, micro service firms recorded the worst Q4 net balance for home sales, at -1%, and large service firms recorded the worst Q4 net balance for home orders, and at -18%. At the other extreme, medium-sized service firms recorded the best Q4 balances, at +19% for home sales, and at -1% for home orders.

THE REGIONAL PERSPECTIVE

The Q4 manufacturing sector's balances for home deliveries were in positive territory in all of the twelve regions. In the case of home orders, ten regions were in positive territory in Q4; one region was at 0%, while one region was in negative territory. Comparing the manufacturing sector's domestic performance across the various regions, the weakest Q4 net balances were in Scotland for home sales, at +1%, and in the North West for home orders, at -1%. At the other extreme, the best Q4 manufacturing balances were in the North East, at +56% for home sales and at +59% for home orders.

The Q4 service sector balances for home deliveries 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 Q4 balances were in Scotland, at -34% for home sales and at -38% for home orders. At the other extreme, the best Q4 service sector balance for home sales was in the South West, at +27%; the best Q4 service balances for home orders were in the Eastern region and in the West Midlands, both at +13%.

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 export balances improved in Q4 2010, for both manufacturing and services. The manufacturing export balances recorded large increases in Q4 for both deliveries and orders, rising to levels near to their record highs. The net balance for manufacturing export sales soared from +24% in Q3, to +37% in Q4, best since Q4 1994 and the second highest level since the survey started in 1989. The balance for manufacturing export orders surged from +18% in Q3 to +39% in Q4, also best since Q4 1994 and the second highest level since the survey started in 1989. The manufacturing export balances remain much stronger than the manufacturing home balances, and also much stronger than the service export balances.

The service sector's export balances also recorded improvements in Q4, for both deliveries and orders, but the increases were smaller than for manufacturing. The service balance for export sales rose by 10 points in Q3, to +21%, the highest level since Q3 2007. The service balance for export orders rose by 4 points in Q4, to +12%, highest equal since Q2 2007. Both service export balances are much stronger than the service home balances, and the gap widened in Q4.

THE MANUFACTURING SECTOR

Manufacturing firms of all sizes recorded increases in their Q4 net export balances, for both export sales and orders. Large and medium-sized firms registered the largest increases. In absolute terms, micro manufacturers registered the weakest Q4 net balances, at +19% for export sales, and at +9% for export orders. At the other extreme, medium-sized manufacturers recorded the strongest Q4 net balances, at +48% for export sales, and at +54% for export orders.

THE SERVICE SECTOR

Service sector firms recorded divergent movements in their Q4 net export balances, for both export sales and orders. The exports sales balance of small service firms fell in Q4; while all other firm sizes

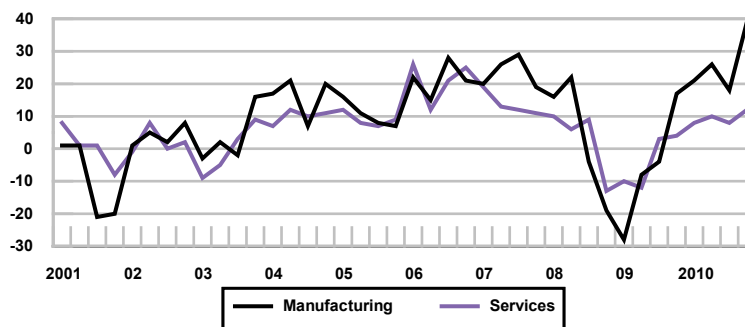
recorded increases in their Q4 balances for export sales. In the case of export orders, we find a similar pattern: the balance of small firms fell, while all other firm sizes recorded increases in their Q4 balances for export orders. In absolute terms, micro service firms recorded the worst Q4 balances, at +12% for export sales, and at +3% for export orders both. By way of contrast, medium-sized service firms recorded the strongest absolute Q4 balances, at +49% for export sales, and at +38% for export orders.

THE REGIONAL PERSPECTIVE

The Q4 manufacturing balances for export deliveries were in positive territory in eleven regions, while one region was in negative territory. In the case of export orders, all twelve regions were in positive territory in Q4. Comparing manufacturing export performance across the various regions, the weakest Q4 net balances were in Wales, at -4% for export deliveries, and at +14% for export orders. At the other extreme, the strongest Q4 manufacturing balances were in London, at +74% for export sales, and at +68% for export orders.

In the service sector, the Q4 net balance for export deliveries was negative in two regions; one region was at 0%, while nine regional balances were in positive territory. In the case of export orders, the Q4 net balance was negative in one region; two regions were at 0%, while nine regions were in positive territory. Comparing service sector export performance across the various regions, the weakest Q4 net balances were in Northern Ireland, at -18% for export sales and at -29% for export orders. At the other extreme, the strongest Q4 service balances were in the South West for export deliveries, at +40%, and in the South East for export orders, at +33%.

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

In the manufacturing sector, the retrospective employment balance was virtually unchanged on the quarter (falling from +24% to +23%), but still very strong set in the context of the time series. The expectations balance did increase marginally (from +8% to +11%), still representing a growth of workforce over the next three months, only the second time that the balance has been in positive double digits in the last 13 quarters.

In the services sector both employment balances hardly moved on the quarter. The backwards looking balance moved from -1% to 0%, still an incredibly weak figure, and has flitted close to zero for the last year. Expectations were weakly positive (+3%). This balance has been positive for the last six quarters, but only once reaching double digits (+11% in Q2 2010).

THE MANUFACTURING SECTOR

All firm sizes within the manufacturing sector reported positive figures for the employment over the previous three months balance. Micro businesses were left unchanged on the last surveying period (+4%). Small and medium sized firms saw drops on the quarter, but large firms recorded an increase (from +19% to +35%).

On the employment expectations side, all firm sizes were also in positive territory, with large firms switching from negative to positive on the quarter (from -2% to +16%). As with the backward looking balance, small and medium sized firms fell in comparison to Q3. Micro firms witnessed a marginal increase from +4% to +11%.

THE SERVICE SECTOR

The weakness of the weighted totals was reflected across the firm size disaggregation. On the retrospective balance, medium sized firms fell from +14% to -18% on the quarter, offset by large firms switching from -31% to +8%. Micro (+1%) and small (+4%) showed weak but positive balances.

Expectations also saw medium sized firms in negative territory (-8%). Of the other firm sizes, no one category is in double digit positive territory. Large firms, however, saw a big increase on the quarter (from -29% to +1%).

THE REGIONAL PERSPECTIVE

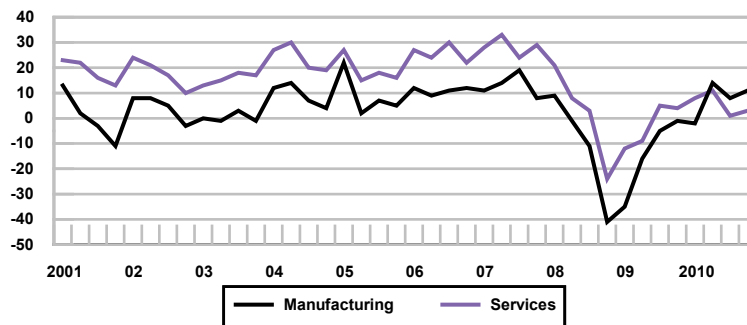
Manufacturing firms in London (+32%), Northern Ireland (25%), the West Midlands (+36%), Wales (+63%), and the North East (+44%) outstripped the national total on the retrospective balance. Of those below the national figure, the East Midlands and the East of England had the joint lowest balance (+3%).

Manufacturing expectations saw four regions with negative balances: Scotland (-3%), North West (-1%), East Midlands (-1%) and the South East (-3%). London (+47%) and Wales (+37%) recorded the highest balances.

In the service sector the regions with the weakest balance for employment on the retrospective factor were London (-11%) and the North East (-6%). The strongest balance was seen in the West Midlands (+12%).

On the expectations side of results, Scotland (-23%) reported a very weak balance with Northern Ireland and the East of England both recording -3%. The South West was the only region to record a double digit positive balance (+18%).

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

The percentage of manufacturing firms that had tried to recruit dropped 14 percentage points on the quarter (from 76% to 62%), falling below the 70% barrier for the first time since the first quarter of 2010. The types of jobs that were recruited for were broadly unchanged from the previous three months. The percentage of firms recruiting permanent staff is below the series average, while the percentage of firms recruiting temporary staff is above the series average.

Recruitment difficulties fell from 68% in Q3 to 50% in Q4. Great difficulty (28%) was found in the “skilled manual and technical” category.

The service sector saw a marginal drop in the proportion of firms trying to recruit (61% to 57%). The percentage of firms recruiting permanent staff increased (matched by a commensurate decrease in those recruiting temporary staff). Recruitment difficulties were broadly unchanged with roughly half of firms (49%) reporting trouble, with the most pronounced trouble being in the category of “Professional and Managerial”.

THE MANUFACTURING SECTOR

Of note within the firm size disaggregation is that both medium and large firms saw double-digit percentage drops quarter-to-quarter, both falling from figures in the 80s to figures in the 60s. In terms of the type of employment, there was little variability when comparing results to the last survey. One point of note was the micro firms drop from 67% to 43% in trying to employ temporary employees.

As would be expected given the above pattern, medium and large companies saw a fall in the recruitment difficulties figures: Medium from 64% to 40%, and large from 68% to 41%. The greatest proportion of difficulties for “Skilled Manual and Technical” labour was seen amongst micro firms (48%).

THE SERVICE SECTOR

Within the firm size breakdown little changed on the quarter on the tried to recruit factor. Medium sized firms increased their proportion marginally, from 74% to 79%. The rest of the firm sizes saw a fall on the quarter. Small firms (61%) and large firms (57%) saw the largest

proportions of firms attempting to take on permanent staff.

Recruitment difficulties were most pronounced amongst micro firms (58%) and least pronounced in large firms (37%). Large firms (30%) and micro firms (39%) had the most difficulty in finding professional and managerial staff.

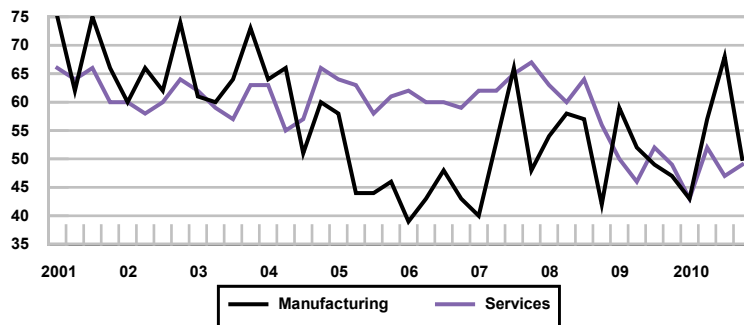
THE REGIONAL PERSPECTIVE

In the manufacturing sector Wales (94%) and Northern Ireland (80%) had the highest proportion of firms trying to recruit in Q4. By way of contrast, Scotland (36%) and the South East (43%) recorded the lowest results. Northern Ireland (87%) and the South West (90%) had the highest percentage of firms attempting to recruit full-time employees. The East Midlands (61%) and Northern Ireland (61%) had the highest proportion of firms recruiting for temporary jobs.

Recruitment difficulties within the sector were most pronounced in the North East (61%) and Northern Ireland (69%). Equally, these two regions had the most difficulty in finding skilled manual and technical staff.

Within the services sector Wales (78%) and the East of England (65%) had the highest proportion of firms trying to recruit. The lowest figure was recorded in Scotland (27%). Wales also had a large proportion of recruitment difficulties (64%), with the South West reporting the largest (67%). Scotland had by far and away the biggest percentage of firms reporting difficulties recruiting professional and managerial staff.

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

Within the manufacturing sector the investment in plant and machinery balance rose from +11% to +23%, this is this highest recorded result since the third quarter of 2007 and the third quarter in a row that it has been in positive territory. Training investment disappointingly fell, however, from +15% to +12%. Nevertheless, the balance has been positive for five quarters in a row.

The service sector showed a much weaker picture, with the plant and machinery balance deteriorating to -4% from -1%. This factor has been negative for nine of the last ten quarters, only registering mild growth in Q2 2010 within that time period. The training balance is positive (+7%), but remains incredibly weak in the context of the time series.

THE MANUFACTURING SECTOR

The firm size disaggregation shows that for plant and machinery positive results were witnessed across all categories, with large firms increasing 41 percentage points to reach +38%. Micro, small and medium firms saw marginal changes on the quarter.

For the investment in training category, micro firms went back into negative territory (+10% to -1% on the quarter). Small firms were the only category to report an increase (+5% to +11%), with medium firms seeing a 15 percentage point drop, to reach +30%.

THE SERVICE SECTOR

Micro (-7%), small (-5%) and medium (-14%) showed negative balances for investment in plant and machinery. Large firms saw an improvement on the quarter, from -8% to +5%. However, all of the breakdown figures were incredibly weak.

While not negative, the figures for training investment dropped for micro, small, and medium firms, recording weak positive figures. Large firms, however, saw a 30 percentage point jump to reach a figure of +14%.

THE REGIONAL PERSPECTIVE

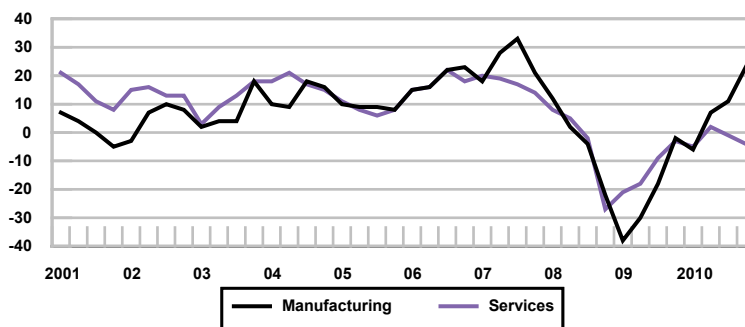
Within the manufacturing sector the North East (+47%) and Wales (+43%) registered the strongest balances on the plant and machinery factor. The South East and Scotland reported the weakest with -6%.

Wales also had by far the strongest balance on the intention to train balance (+66%). The East of England (+40%) had the second strongest balance. Three regions recorded negative balances: The North East (-35%), Scotland (-7%) and Northern Ireland (-2%).

The service sector plant and machinery balance saw five regions in negative figures: Scotland (-56%), North East (-6%), West Midlands (-1%), Northern Ireland (-17%) and London (-11%). The balances that were positive were weak, with Wales showing the strongest balance at +15%.

For the investment in training balance Wales recorded by far the highest balance (+37%). The North East (-8%) reported the only negative balance, with the North West (0%) and Yorkshire and the Humber (0%) being the joint second weakest.

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 manufacturing confidence balances recorded divergent movements in Q4 2010. The confidence balance that manufacturing turnover will improve in the next 12 months fell slightly, from +49% in Q3 to +48% in Q4; this was still stronger than the Q2 2010 balance, and near to a three-year high. The confidence balance that manufacturing profitability will improve in the next 12 months rose from +23% in Q3 to +30% in Q4, highest level since Q4 2007. The manufacturing confidence balances are at or near their highest levels in three years, but remain below the levels recorded in 2006 and 2007.

The service sector's confidence balances strengthened in Q4 2010, a welcome improvement after the declines recorded in the previous two quarters. But the balances are still relatively frail for this stage of the recovery. The confidence balance that service turnover will improve in the next 12 months rose from +14% in Q3 to +26% in Q4, still weaker than in Q1 and Q2 2010. The confidence balance that service profitability will improve in the next 12 months rose from +4% in Q3 to +17% in Q4, still weaker than in Q1 2010. Both Q4 service confidence balances remain better than when the recession was at its worst, but are too weak for a sustainable recovery. The service confidence balances remained lower in Q4 than those of manufacturing, but the gap narrowed.

THE MANUFACTURING SECTOR

Manufacturing firms recorded divergent movements in their Q4 confidence balances, for both turnover and profitability. The turnover confidence balances of micros and medium-sized manufacturers fell, while the turnover confidence balances of large and small firms increased in Q4. In the case of profitability confidence, the balances of small and medium-sized manufacturers fell, while the profitability confidence balances of micros and large manufacturers rose in Q4. In absolute terms, micro manufacturers recorded the weakest Q4 net balances, at +22% for turnover confidence, and at +8% for profitability confidence. However, large manufacturers recorded the strongest Q4 net balances, at +49% for turnover confidence and at +47% for profitability confidence.

THE SERVICE SECTOR

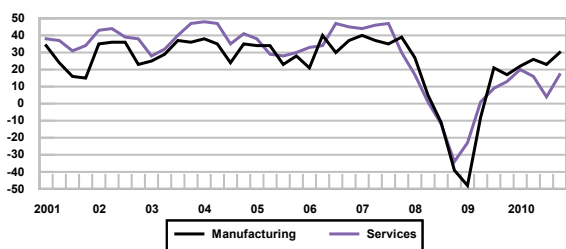
Service sector firms of all sizes mostly recorded increases in their Q4 confidence balances, for both turnover and profitability. The turnover confidence balance of small service firms was unchanged, while all other firm sizes recorded increases in their turnover confidence balances. In the case of profitability confidence, service firms of all sizes recorded increases in their balances. In absolute terms, micro service firms recorded the weakest Q4 net balances, at +24% for turnover confidence and at +14% for profitability confidence. At the other extreme, medium-sized service firms recorded the strongest Q4 net balances, at +52% for turnover confidence and at +33% for profitability confidence.

THE REGIONAL PERSPECTIVE

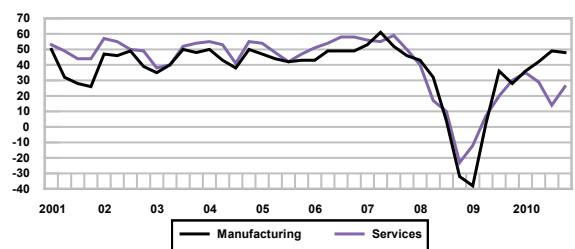
The manufacturing sector's Q4 net balances for turnover confidence were in positive territory in all twelve regions. In the case of profitability confidence, eleven regions were in positive territory in Q4, while one region was in negative territory. Comparing manufacturing confidence across the various regions, the weakest Q4 balances were in Scotland, at +5% for turnover confidence, and at -18% for profitability confidence. The strongest Q4 manufacturing balances were in Wales for turnover confidence, at +66%, and in the North East for profitability confidence, at +60%.

In the service sector, the Q4 net balances for turnover confidence were in positive territory in eleven regions, while one region was in negative territory. In the case of profitability confidence, nine regions were in positive territory in Q4, while three regions were in negative territory. Comparing service sector confidence across the regions, the weakest Q4 net balances were in Scotland, at -16% for turnover confidence, and at -17% for profitability confidence. At the other extreme, the best Q4 service balances were in London, at +50% for turnover confidence, and at +45% for profitability confidence.

Confident of Improving Profitability



Confident of Improving Turnover



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

THE NATIONAL PERSPECTIVE

The percentage of firms operating at full capacity fell in the manufacturing sector, dropping from 43% to 38%. This was driven by a drop in the result for large firms, which fell from 53% to 26%. Despite the drop, the result is still much higher than the figures recorded at the height of the recession and close to the long term average.

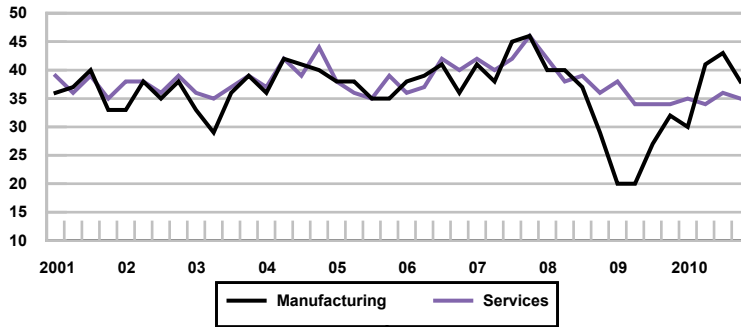
In the services sector, the percentage fell to 35% from 36%, showing consistency since 2Q 2009, with the result being within the 34% to 36% bracket for the last seven quarters. The highest figure was recorded for large firms at 38%.

THE REGIONAL PERSPECTIVE

In the manufacturing sector Scotland (59%) showed the highest percentage of firms operating at full capacity. The South West reported the second highest percentage at 52%. By far the lowest percentage was seen in the North East (6%), with the second lowest being the West Midlands (24%).

In the services sector, Wales (54%) and Yorkshire and the Humber (40%) had the largest proportion of firms working at full capacity. By way of contrast, Northern Ireland (19%) and the North East (21%) had the lowest results on this factor.

CAPACITY UTILISATION



CASHFLOW

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

THE NATIONAL PERSPECTIVE

In the manufacturing industry cashflow positions did improve at the national level, rising from 0% in Q3 to a balance of +14% in Q4 2010. The last time the figure was as strong as this was in Q3 2007. Micro firms still recorded a negative balance, at -10%, but showed improvement. Medium sized firms saw a fall in their balance from +33% to +14%, but this was offset by a rise in the large firms balance from +4% to +40%.

The service sector also saw an improvement in its balance from -11% to 0% on the quarter. Despite this, there has not been a positive result on this balance since Q1 2008. Micro (-9%) and small (-12%) still recorded negative balances. The largest change was seen for large firms, from -22% in Q3 to +31% in Q4.

THE REGIONAL PERSPECTIVE

In regions that witnessed negative balances for manufacturing firms, the results were only in single digit negative territory. These regions were Scotland (-6%), the North West (-1%), East Midlands (-1%) and Northern Ireland (-4%). Of the regions recording a positive balance, the North East (+49%) had by far the highest positive balance, with Yorkshire and the Humber (+35%) having the second highest.

By way of contrast, the regional disaggregation of service sector firms showed only five results in positive territory: West Midlands (+3%), Wales (+1%), East of England (+9%), South West (+4%) and London (+23%). The largest negative balance was found in the North East (-22%), with Scotland having the second largest (-15%).

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

Within the manufacturing sector the prices expectation balance rose by 20 percentage points, to +39%. This is the highest result since Q2 2008, with large firms driving the increase through a balance rising to +38%, from +1%. As with the previous quarter, a high percentage (80%) of firms reported that raw materials were adding to pressure to increase prices. This pressure was particularly acute amongst micro firms (83%).

Within the service sector, the balance of firms expecting to raise prices rose from +20% to +28%. This was the highest result since Q3 08, with medium firms recording the highest balance (+42%). Every factor contributing to price pressures rose on the quarter, with the "other overheads" section seeing the highest proportion of firms responding (44%).

THE REGIONAL PERSPECTIVE

Within the manufacturing industry, the regions in which the expectation to increase prices was the highest were London (+83%), the North East (+54%) and Wales and Northern Ireland (both +49%). The raw materials pressures were most acute in Northern Ireland, where 88% of firms reported it as a concern.

In the service sector, only Northern Ireland (-4%) recorded a balance in negative territory for expectations to increase prices. The strongest balance was witnessed in Scotland (+60%), with the second highest balance seen in the East Midlands (+35%).

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/Tax

MANUFACTURING

Manufacturing concerns recorded divergent movements in Q4. **Exchange rate** concerns remained unchanged at 43%, but have emerged as manufacturers’ biggest area of concern; medium-sized firms (48%) expressed the biggest concern. **Inflation** worries eased from 45% to 40%; medium firms (49%) signalled the highest concern. **Competition** worries fell from 41% to 37%; micro firms (55%) expressed the biggest concern. **Interest rates** concerns eased from 24% to 20%; micro firms (27%) signalled the highest level. **Taxation** concerns increased, from 27% to 30%; micro firms, at 41%, signalled the highest level. **Business rate** worries eased from 19% to 16%; micro firms, at 28%, signalled the highest level.

SERVICES

Service sector concerns also recorded divergent movements in Q4. **Competition** worries eased from 43% to 42%, but remained the biggest area of concern for service firms; micro firms (46%) signalled the highest level. **Inflation** worries eased in Q4, from 40% to 38%; small firms (41%) signalled the highest level. **Interest rates** concerns fell markedly, from 30% to 23%; small firms (28%) signalled the highest levels. **Exchange rate** worries remained unchanged, at 18%; medium firms (26%) signalled the highest concern. Service firms are much less concerned than manufacturers over exchange rates, but are more concerned over interest rates. **Taxation** worries edged up from 29% to 30%; medium firms (33%) signalled the highest concern. **Business rate** worries remained unchanged at 22%; medium firms (26%) signalled the highest levels.

MANUFACTURING	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
% Interest Rates	36	27	24	19	8	17	30	19	28	22	24	20
% Exchange Rates	41	40	47	44	44	48	35	35	41	42	43	43
% Business Rates	31	28	24	26	11	5	13	7	27	26	19	16
% Inflation	42	39	47	47	39	49	44	24	44	44	45	40
% Competition	51	55	46	37	30	22	34	37	48	43	41	37
% Tax	35	41	30	26	23	22	20	35	32	33	27	30

SERVICES	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
% Interest Rates	29	26	31	28	31	14	31	18	30	26	30	23
% Exchange Rates	16	18	21	19	14	26	18	14	17	19	18	18
% Business Rates	23	23	23	23	23	26	22	19	23	23	22	22
% Inflation	38	37	41	41	45	33	36	36	39	38	40	38
% Competition	44	46	45	40	37	39	40	44	44	44	43	42
% Tax	34	30	32	27	27	33	15	31	32	29	29	30

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MANUFACTURING

	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	-1	-3	13	18	46	41	7	29	8	10	17	23
Domestic orders	-12	-10	8	12	43	38	6	29	4	5	13	19
Export sales	14	19	27	36	36	48	15	35	22	28	24	37
Export orders	3	9	20	36	29	54	11	42	14	27	18	39
Employment last 3 months	4	4	22	13	46	34	19	35	14	9	24	23
Employment next 3 months	4	11	11	10	21	5	-2	16	7	9	8	11
% Tried to recruit	42	33	65	60	87	69	82	62	61	53	76	62
% Part-time	29	18	15	16	16	11	10	14	18	20	16	16
% Full-time	88	78	87	86	78	85	82	56	84	82	83	74
% Temporary	67	43	37	40	36	43	29	31	66	60	38	36
% Permanent	41	53	56	54	56	53	37	39	37	42	49	51
% Skilled manual	53	48	29	33	41	21	39	31	32	35	34	28
% Professional/managerial	18	18	30	18	46	19	42	18	26	18	33	17
% Clerical	6	13	12	10	13	6	7	11	13	12	11	11
% Semi and unskilled	16	15	10	11	18	5	17	5	10	11	14	8
% Recruitment difficulties	49	49	64	60	64	40	68	41	63	56	68	50
Cashflow	-23	-10	-9	1	33	14	4	40	-17	-3	0	14
Investment - plant/machinery	6	9	11	12	38	32	-3	38	5	11	11	23
Investment - training	10	-1	5	11	45	30	15	9	4	3	15	12
Confidence - turnover	24	22	37	39	73	47	37	49	39	38	49	48
Confidence - profitability	5	8	19	18	46	31	20	47	16	18	23	30
% Full capacity	31	34	36	42	46	47	53	26	35	39	43	38
Prices	26	33	31	40	31	32	1	38	20	41	19	39
% Pay settlements	20	19	21	26	22	16	33	34	20	27	24	27
% Raw materials	73	83	73	72	74	65	59	77	79	84	76	80
% Financial costs	32	23	32	29	13	8	18	21	26	24	20	19
% Other overheads	38	46	41	43	34	29	20	45	39	48	34	44
Number of companies	650	706	667	705	68	65	38	38	1423	1514		
Number of employees	5365	5908	37447	38424	15704	18015	140262	120806	198778	183153		
Number of exporters	326	361	458	439	54	54	27	25	865	879		

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SERVICES	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	-3	-1	11	6	10	19	-8	4	0	-1	4	5
Domestic orders	-8	-7	6	-4	-5	-1	-22	-18	-6	-5	-4	-7
Export sales	8	12	14	13	43	49	-14	34	9	13	11	21
Export orders	2	3	15	6	20	38	2	24	6	11	8	12
Employment last 3 months	1	1	9	4	14	-18	-31	8	-5	-1	-1	0
Employment next 3 months	7	4	8	7	10	-8	-29	1	3	1	1	3
% Tried to recruit	31	30	65	60	74	79	78	72	42	40	61	57
% Part-time	44	42	33	33	30	40	41	38	37	38	34	33
% Full-time	58	61	70	70	65	60	62	63	63	61	67	67
% Temporary	52	47	52	40	39	39	47	38	49	45	45	37
% Permanent	49	54	49	61	53	52	54	57	51	60	56	62
% Skilled manual	15	38	25	19	18	14	24	19	22	26	20	24
% Professional/managerial	23	39	18	29	26	23	33	30	20	26	22	31
% Clerical	14	28	11	11	10	5	18	11	14	14	13	15
% Semi and unskilled	8	28	18	10	4	7	18	12	13	13	13	15
% Recruitment difficulties	53	58	49	52	36	38	44	37	49	52	47	49
Cashflow	-19	-9	-10	-12	23	18	-22	31	-18	-9	-11	0
Investment - plant/machinery	-8	-7	5	-5	12	-14	-8	5	-6	-7	-1	-4
Investment - training	2	0	12	10	12	3	-16	14	1	2	3	7
Confidence - turnover	20	24	26	26	24	52	-21	18	16	21	14	26
Confidence - profitability	10	14	11	14	7	33	-26	28	10	13	4	17
% Full capacity	28	31	43	36	33	37	39	38	31	33	36	35
Prices	23	29	28	25	32	42	-10	19	24	30	20	28
% Pay settlements	12	12	27	25	15	27	15	22	17	17	19	21
% Raw materials	32	27	30	34	30	33	7	22	33	28	28	30
% Financial costs	21	21	27	28	21	19	9	16	26	23	22	22
% Other overheads	41	43	43	46	32	39	39	47	40	43	39	44
Number of companies	2623	2869	1050	1090	109	93	91	96	3873	4148		
Number of employees	14828	16219	56517	61034	30750	26641	315122	335650	417217	439544		
Number of exporters	676	755	312	327	39	29	35	32	1109	1178		

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- 6 = All (weighted)

MANUFACTURING

	SC	NE	NW	YH	EM	WM	W	NI	EA	SE	SW	L	NAT
Domestic sales	1	56	9	29	23	35	35	36	6	7	12	24	23
Domestic orders	11	59	-1	22	10	38	34	30	17	0	2	26	19
Export sales	12	51	23	26	26	31	-4	54	43	36	27	74	37
Export orders	22	53	16	24	42	32	14	56	41	39	23	68	39
Employment last 3 months	12	44	6	21	3	36	63	25	3	13	15	32	23
Employment next 3 months	-3	6	-1	12	-1	3	37	27	10	-3	16	47	11
% Tried to recruit	36	62	56	53	48	61	94	80	71	43	66	46	62
% Part-time	0	3	23	12	20	19	25	13	26	10	10	8	16
% Full-time	0	67	77	62	80	81	75	87	74	60	90	71	74
% Temporary	0	32	44	27	61	41	51	65	41	22	29	5	36
% Permanent	0	38	56	47	39	59	49	35	59	48	72	38	51
% Skilled manual	23	58	32	15	14	36	27	48	38	29	37	0	28
% Professional/managerial	23	44	17	12	21	20	15	25	28	12	10	0	17
% Clerical	27	2	30	1	3	9	12	16	10	2	5	0	11
% Semi and unskilled	5	5	20	1	5	4	17	23	12	3	5	0	8
% Recruitment difficulties	48	61	52	29	33	49	35	69	42	39	57	0	50
Cashflow	-6	49	-1	35	-1	19	34	-4	14	1	16	29	14
Investment - plant/machinery	6	47	7	31	15	22	43	35	16	6	24	32	23
Investment - training	-7	-35	3	10	8	10	66	-2	40	15	34	24	12
Confidence - turnover	5	63	33	69	37	53	66	55	59	20	33	64	48
Confidence - profitability	-18	60	24	59	26	35	40	17	39	10	24	36	30
% Full capacity	59	6	36	32	26	24	39	31	38	32	52	49	38
Prices	24	54	46	5	29	29	49	30	49	21	47	83	39
% Pay settlements	20	66	20	42	9	19	45	19	21	7	21	43	27
% Raw materials	67	73	77	82	74	76	68	88	86	46	82	77	80
% Financial costs	1	55	24	6	6	15	45	15	11	8	9	41	19
% Other overheads	34	68	29	57	17	21	60	44	47	28	53	65	44

KEY

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

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SERVICES

	SC	NE	NW	YH	EM	WM	W	NI	EA	SE	SW	L	NAT
Domestic sales	-34	2	-3	16	17	16	7	11	17	-7	27	12	5
Domestic orders	-38	6	-5	-2	8	13	6	-9	13	-15	5	-14	-7
Export sales	0	-2	17	9	15	28	34	-18	31	39	40	9	21
Export orders	0	1	21	2	10	20	17	-29	16	33	0	1	12
Employment last 3 months	-4	-6	-2	7	9	12	7	1	-1	2	10	-11	0
Employment next 3 months	-23	9	0	1	6	6	2	-3	-3	3	18	8	3
% Tried to recruit	27	43	55	64	58	46	78	60	65	61	61	63	57
% Part-time	0	33	34	35	36	31	31	21	31	32	33	32	33
% Full-time	0	51	66	65	64	69	69	69	69	68	67	68	67
% Temporary	0	41	35	34	34	28	32	45	34	31	36	48	37
% Permanent	0	43	65	66	66	72	55	45	66	69	64	52	62
% Skilled manual	85	13	26	14	17	21	14	5	22	28	22	9	24
% Professional/managerial	68	16	22	22	21	17	45	44	31	29	44	26	31
% Clerical	60	9	30	8	5	5	23	18	10	4	12	8	15
% Semi and unskilled	68	13	15	8	10	9	15	12	9	10	14	5	15
% Recruitment difficulties	63	27	56	41	37	38	64	60	51	59	67	32	49
Cashflow	-15	-22	-12	-6	0	3	1	-13	9	-4	4	23	0
Investment - plant/machinery	-56	-6	2	0	8	-1	15	-17	8	8	7	-11	-4
Investment - training	2	-8	0	0	18	3	37	6	2	6	11	11	7
Confidence - turnover	-16	20	12	32	38	33	27	16	29	25	13	50	26
Confidence - profitability	-17	9	3	26	20	32	19	-3	22	14	-1	45	17
% Full capacity	0	21	35	40	36	38	54	19	33	27	39	33	35
Prices	60	3	34	32	35	12	21	-4	28	31	30	16	28
% Pay settlements	16	38	15	17	15	34	20	30	22	20	17	23	21
% Raw materials	58	35	21	28	33	50	28	26	29	23	20	17	30
% Financial costs	19	36	23	14	15	33	22	29	23	20	16	27	22
% Other overheads	27	50	42	39	25	88	50	46	47	47	47	31	44

KEY

SC	Scotland
NE	North East
NW	North West
YH	Yorkshire & The Humber
EM	East Midlands
WM	West Midlands
W	Wales
NI	Northern Ireland
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SW	South West
L	London
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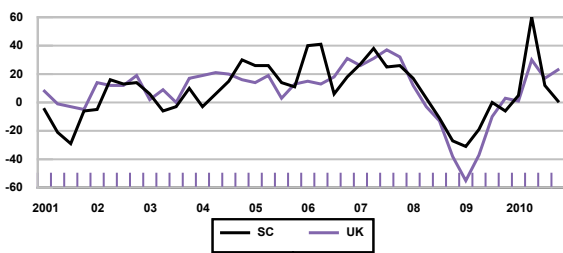
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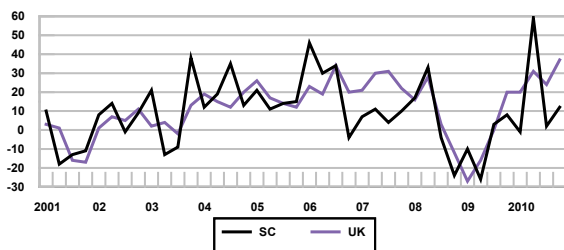
MANUFACTURING

	1	1	2	2	3	3	4	4	5	5	6	6
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	-8	-6	14	5	38	0	0	0	7	0	12	1
Domestic orders	-15	13	-3	-5	38	0	0	33	-3	5	5	11
Export sales	-10	0	25	0	14	0	-25	33	10	4	2	12
Export orders	-10	18	11	-8	14	0	-25	67	3	12	-3	22
Employment last 3 months	-11	0	7	0	-13	0	-20	33	-4	2	-8	12
Employment next 3 months	-12	-16	-11	-5	-43	0	0	0	-14	-10	-14	-3
% Tried to recruit	19	5	38	35	38	0	60	67	32	24	44	36
% Part-time												
% Full-time												
% Temporary												
% Permanent												
% Skilled manual	20	0	27	14	33	0	67	50	32	20	42	23
% Professional/managerial	0	0	9	14	33	0	67	50	18	20	34	23
% Clerical	0	100	0	0	0	0	33	50	5	20	12	27
% Semi and unskilled	0	0	0	14	0	0	33	0	5	10	12	5
% Recruitment difficulties	40	0	45	86	100	0	67	50	55	70	64	48
Cashflow	7	-11	-14	-16	13	0	40	0	1	-12	12	-6
Investment - plant/machinery	-12	-21	0	-10	25	0	-20	33	-3	-12	-3	6
Investment - training	-5	-20	-14	-15	0	0	-25	0	-10	-16	-14	-7
Confidence - turnover	-11	-5	28	15	63	0	40	0	17	5	36	5
Confidence - profitability	-4	-21	-7	5	13	0	-60	-50	-7	-10	-21	-18
% Full capacity	56	50	60	56	63	0	80	100	60	56	67	59
Prices	26	42	24	25	63	0	40	33	30	33	38	24
% Pay settlements	37	32	31	15	25	0	20	33	32	24	26	20
% Raw materials	81	79	83	70	88	0	100	100	84	76	90	67
% Financial costs	15	11	10	0	0	0	0	0	10	5	5	1
% Other overheads	37	53	21	50	38	0	0	33	28	50	18	34
Number of companies	27	19	29	20	8	0	5	3	69	42		
Number of employees	251	174	2099	1298	2226	0	6964	1785	11540	3257		
Number of exporters	10	12	20	12	7	0	4	3	41	27		

Home Sales



Export Sales



MANUFACTURING SECTOR

“Scotland’s manufacturing sector managed to perform above expectations in the last three months of 2010 and the outlook is even more positive as we enter 2011. This is very good news indeed and shows that demand is not only coming from abroad but is also increasing in domestic markets. On the downside, employment expectations remain pessimistic and this does not bode particularly well in a year when the private sector is expected to create more jobs to compensate for the expected fall in public sector employment as national budgetary cuts begin to bite.”

Liz Cameron, Chief Executive, Scottish Chambers of Commerce

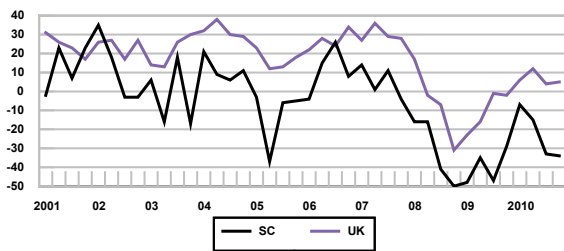
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SERVICES	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	-59	-70	-22	-31	-50	0	0	0	-46	-50	-33	-34
Domestic orders	-60	-78	-13	-20	-100	-50	0	0	-46	-51	-35	-38
Export sales												
Export orders												
Employment last 3 months	-12	-20	-17	-25	-50	100	0	0	-15	-16	-16	-4
Employment next 3 months	-16	-31	-6	-33	0	0	0	0	-12	-30	-7	-23
% Tried to recruit	9	5	39	33	100	100	0	0	22	22	31	27
% Part-time												
% Full-time												
% Temporary												
% Permanent												
% Skilled manual	0	200	86	60	50	0	0	0	58	63	41	85
% Professional/managerial	33	200	29	20	50	0	0	0	33	38	28	68
% Clerical	0	200	0	0	0	0	0	0	0	25	0	60
% Semi and unskilled	0	200	29	20	0	0	0	0	17	38	12	68
% Recruitment difficulties	33	100	57	80	50	0	0	0	50	63	39	63
Cashflow	-35	-25	6	-19	0	0	0	0	-20	-21	-8	-15
Investment - plant/machinery	-32	-65	0	-60	0	-100	0	0	-20	-65	-10	-56
Investment - training	0	-11	17	13	0	0	0	0	6	0	7	2
Confidence - turnover	-76	-75	-17	-13	-100	100	0	0	-57	-39	-42	-16
Confidence - profitability	-67	-67	-17	-6	-50	50	0	0	-49	-33	-33	-17
% Full capacity	0	0	0	0	0	0	0	0	0	0	0	0
Prices	71	65	72	69	50	100	0	0	70	68	57	60
% Pay settlements	12	10	33	31	0	0	0	0	19	18	17	16
% Raw materials	88	70	78	75	50	50	0	0	83	71	64	58
% Financial costs	24	20	39	31	0	0	0	0	28	24	23	19
% Other overheads	15	30	22	44	0	0	0	0	17	34	14	27
Number of companies	34	20	18	16	2	2	0	0	54	38		
Number of employees	273	136	948	760	650	511	0	0	1871	1407		
Number of exporters	0	0	0	0	0	0	0	0	0	0		

Home Sales



SERVICE SECTOR

"The picture for the Scottish service sector continues to give cause for concern. With trends for both sales and orders remaining firmly in negative territory at a time when rising VAT rates and public spending cuts are beginning to impact upon our economy, the outlook remains challenging for a sector we are looking towards to provide growth. Additional business taxes imposed by the Scottish Government will soon be hitting our retail sector. With Scottish Elections fast approaching, our message to the politicians is to get behind Scotland's businesses and help create a competitive environment in which they can grow and flourish."

Liz Cameron, Chief Executive, Scottish Chambers of Commerce

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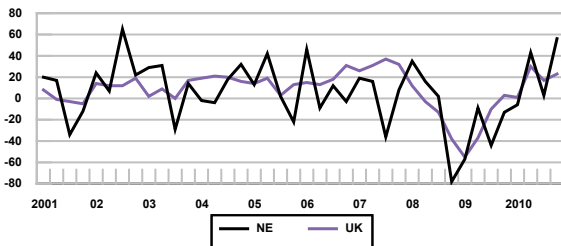
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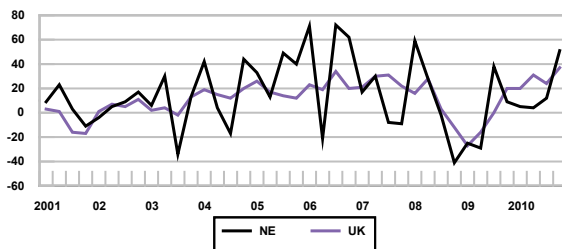
MANUFACTURING

	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	0	60	9	35	0	0	0	100	5	43	3	56
Domestic orders	0	60	9	47	0	0	0	100	5	52	3	59
Export sales	33	20	33	27	0	0	0	100	31	29	12	51
Export orders	25	20	40	33	0	0	0	100	33	33	13	53
Employment last 3 months	-17	-40	36	18	100	0	0	100	21	9	32	44
Employment next 3 months	17	20	0	18	100	0	100	0	16	17	66	6
% Tried to recruit	67	0	82	71	100	0	100	100	79	57	93	62
% Part-time	25	0	14	10	50	0	0	0	21	9	26	3
% Full-time	75	0	86	90	50	0	100	100	79	91	92	67
% Temporary	0	0	40	38	50	0	50	50	100	100	44	32
% Permanent	100	0	60	62	50	0	50	50	0	0	56	38
% Skilled manual	75	0	22	58	100	0	0	100	40	62	34	58
% Professional/managerial	50	0	22	8	100	0	100	100	40	15	75	44
% Clerical	0	0	0	8	0	0	0	0	0	8	0	2
% Semi and unskilled	0	0	0	17	0	0	0	0	0	15	0	5
% Recruitment difficulties	100	0	33	67	100	0	100	100	60	69	81	61
Cashflow	-40	20	-9	19	0	0	-100	100	-22	23	-47	49
Investment - plant/machinery	-17	20	0	13	100	0	-100	100	-5	18	-20	47
Investment - training	-17	0	18	24	100	0	-100	-100	5	13	-15	-35
Confidence - turnover	17	20	36	71	100	0	0	100	32	61	34	63
Confidence - profitability	17	0	36	65	100	0	-100	100	26	52	-8	60
% Full capacity	17	20	27	18	0	0	100	0	26	17	51	6
Prices	17	20	36	38	0	0	0	100	26	36	11	54
% Pay settlements	50	40	64	76	100	0	100	100	63	70	86	66
% Raw materials	83	60	100	94	100	0	100	100	95	87	99	73
% Financial costs	67	40	45	35	100	0	100	100	58	39	82	55
% Other overheads	83	60	91	76	100	0	100	100	89	74	96	68
Number of companies	6	5	11	17	1	0	1	1	19	23		
Number of employees	52	28	573	1043	340	0	550	513	1515	1584		
Number of exporters	1	3	7	11	1	0	0	1	9	15		

Home Sales



Export Sales



MANUFACTURING SECTOR

"Manufacturers are playing a key role in powering the recovery, particularly those companies who sell into international markets. Exports have enjoyed very healthy growth in 2010, well ahead of national figures, and the indication that this is continuing is welcome. The region's manufacturers are hoping for a huge boost with the announcement of investment in the Intercity Express Programme which could bring a major new train building plant investment by Hitachi in Newton Aycliffe, Durham. A positive decision by the Transport Secretary on this early in the New Year will ensure manufacturing growth in the region continues."

Martyn Pellew, NECC President

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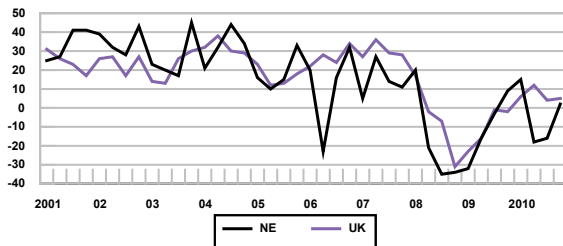
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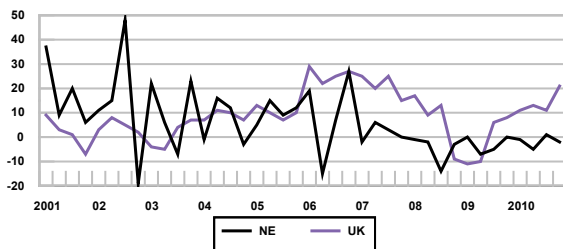
SERVICES

	1	1	2	2	3	3	4	4	5	5	6	6
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	-14	-2	-39	17	50	-50	0	0	-22	0	-16	2
Domestic orders	-19	-2	-46	22	50	-33	-100	0	-28	2	-37	6
Export sales	3	-2	0	8	0	-50	0	0	2	-2	1	-2
Export orders	-3	-7	8	8	0	0	0	0	0	-4	3	1
Employment last 3 months	-4	3	-13	-4	50	-50	-100	0	-7	-2	-18	-6
Employment next 3 months	6	0	-25	27	50	-33	-100	0	-6	5	-21	9
% Tried to recruit	29	31	59	62	50	67	100	0	42	42	56	43
% Part-time	38	45	30	35	0	40	0	0	32	39	33	33
% Full-time	62	55	70	65	100	60	100	0	68	61	83	51
% Temporary	47	75	40	33	0	40	0	0	41	50	40	41
% Permanent	53	25	60	67	100	60	100	0	59	50	76	43
% Skilled manual	27	16	32	19	0	0	0	0	28	15	22	13
% Professional/managerial	27	16	11	19	0	25	0	0	17	18	12	16
% Clerical	20	11	16	13	0	0	0	0	17	10	13	9
% Semi and unskilled	0	16	21	19	0	0	0	0	11	15	9	13
% Recruitment difficulties	53	37	53	31	0	25	0	0	50	33	39	27
Cashflow	-37	-30	-35	-15	50	-67	0	0	-34	-28	-22	-22
Investment - plant/machinery	-16	-7	-10	0	50	-40	0	0	-12	-7	-4	-6
Investment - training	6	-15	-14	5	50	-60	-100	0	-1	-13	-15	-8
Confidence - turnover	12	26	-16	38	50	-50	-100	0	1	25	-15	20
Confidence - profitability	14	25	-19	15	0	-50	0	0	1	17	-4	9
% Full capacity	25	26	47	23	50	33	100	0	35	26	49	21
Prices	8	15	-6	8	0	-50	0	0	2	9	0	3
% Pay settlements	38	24	46	56	0	63	0	0	39	36	32	38
% Raw materials	40	33	57	48	33	38	0	0	46	38	41	35
% Financial costs	43	44	60	44	0	38	0	0	48	44	40	36
% Other overheads	58	59	71	59	0	63	0	0	61	59	49	50
Number of companies	53	66	35	27	3	8	1	0	92	101		
Number of employees	420	431	1566	1584	910	2450	3500	0	6396	4465		
Number of exporters	15	18	7	7	0	1	0	0	22	26		

Home Sales



Export Sales



SERVICE SECTOR

"The service sector in the North East has been hit by reductions in public spending, however, there are signs that the region's economy is showing greater resilience than may have been expected and that a recent dip in service sector confidence is being overcome. At Barclays Corporate, in line with the findings of this survey, we are seeing that despite healthy order books, cashflow remains a concern for many businesses."

Julian Batson, Relationship Director, North East team, Barclays Corporate

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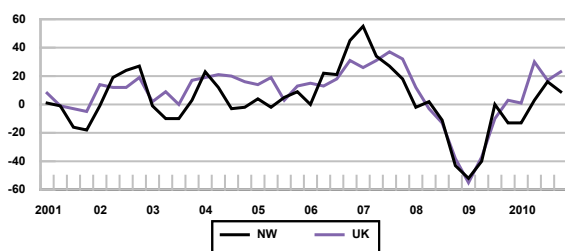
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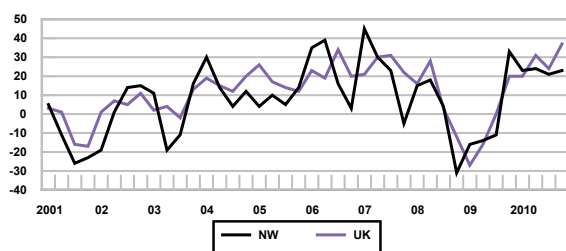
MANUFACTURING

	1	1	2	2	3	3	4	4	5	5	6	6
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	2	6	29	19	0	47	17	-25	15	13	16	9
Domestic orders	-1	-10	10	16	-7	36	33	-38	5	3	13	-1
Export sales	21	15	29	21	0	46	25	14	24	20	21	23
Export orders	9	9	22	11	23	31	25	14	17	11	22	16
Employment last 3 months	8	-2	21	16	27	20	20	-11	16	7	21	6
Employment next 3 months	5	-1	7	11	14	-7	0	-11	6	4	6	-1
% Tried to recruit	33	29	65	55	86	53	83	67	52	43	72	56
% Part-time	29	30	12	14	15	30	17	25	17	20	16	23
% Full-time	71	70	88	86	85	70	83	75	83	80	84	77
% Temporary	44	65	40	34	40	40	67	50	42	44	49	44
% Permanent	56	35	60	66	60	60	33	50	58	56	51	56
% Skilled manual	42	35	24	36	33	50	0	17	29	36	20	32
% Professional/managerial	12	8	13	16	33	25	0	17	14	14	13	17
% Clerical	9	17	22	18	8	50	40	33	18	20	24	30
% Semi and unskilled	16	19	17	13	17	38	0	17	16	16	11	20
% Recruitment difficulties	58	52	54	56	58	75	40	33	55	55	50	52
Cashflow	-27	-19	4	2	27	38	-50	-22	-10	-7	-13	-1
Investment - plant/machinery	-2	-7	10	11	21	20	-17	0	5	3	2	7
Investment - training	5	3	18	11	20	13	-17	-13	11	7	5	3
Confidence - turnover	21	15	38	38	33	67	50	11	31	28	40	33
Confidence - profitability	10	-15	14	19	38	69	25	13	14	5	23	24
% Full capacity	24	31	27	28	13	53	33	33	25	31	26	36
Prices	29	37	36	40	20	43	-17	56	31	39	14	46
% Pay settlements	14	12	17	20	40	0	0	33	17	16	16	20
% Raw materials	61	68	76	72	87	73	67	89	70	70	74	77
% Financial costs	25	23	20	20	7	0	33	44	22	21	22	24
% Other overheads	36	40	32	31	27	13	17	33	33	34	26	29
Number of companies	132	182	147	205	15	15	6	9	300	411		
Number of employees	1067	1488	8430	10459	3380	4486	7568	82128	20445	98561		
Number of exporters	69	69	100	116	13	13	4	7	186	205		

Home Sales



Export Sales



MANUFACTURING SECTOR

“North West manufacturers continue to lead the region’s recovery with a further period of strong growth, ending 2010 in a relatively healthy position. A solid export performance has been the main feature of this improvement resulting in increased employment over the last year, although the pace of this has slowed this quarter. However, these figures unfortunately hide the major problems being faced by the region’s construction sector, despite indications of strong growth at a national level.

“Confidence remains positive but there are signs that the region’s manufacturers face a tough year in 2011. In addition to Government cuts and increased taxes, inflationary pressures and concerns about raw material costs could accelerate the expected slowdown in 2011. The North West’s strong manufacturing base is well placed to help rebalance the region’s economy, but decision makers at every level have to remain focussed on maintaining business confidence.”

Sue Waller, Representation Manager, St Helen’s Chamber of Commerce

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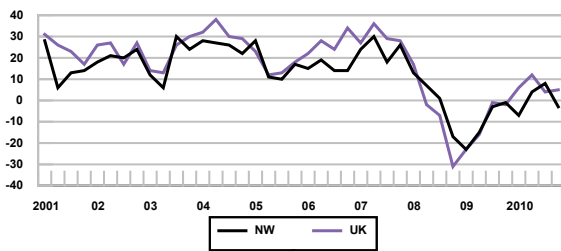
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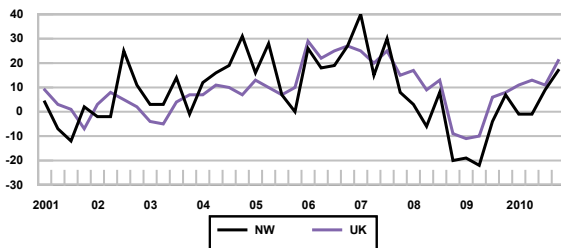
SERVICES

	1	1	2	2	3	3	4	4	5	5	6	6
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	3	4	20	9	0	-10	0	-26	7	5	8	-3
Domestic orders	-7	-7	9	4	-33	-16	-14	-10	-3	-5	-6	-5
Export sales	-1	6	26	21	0	40	0	14	8	11	9	17
Export orders	-3	-3	17	6	0	50	0	57	3	3	6	21
Employment last 3 months	1	5	13	8	-18	-13	-60	-21	3	5	-11	-2
Employment next 3 months	6	9	14	4	-19	8	-25	-23	7	7	-1	0
% Tried to recruit	30	27	70	71	82	71	65	57	43	41	59	55
% Part-time	34	40	28	32	29	22	41	38	31	36	33	34
% Full-time	66	60	72	68	71	78	59	63	69	64	67	66
% Temporary	36	43	29	35	43	46	38	19	33	37	35	35
% Permanent	64	57	71	65	57	54	63	81	67	63	65	65
% Skilled manual	18	21	16	17	36	24	27	47	18	20	22	26
% Professional/managerial	19	24	18	17	36	35	9	18	19	21	18	22
% Clerical	24	24	22	22	21	47	36	41	23	25	26	30
% Semi and unskilled	15	13	13	17	7	12	18	18	14	15	14	15
% Recruitment difficulties	56	53	52	51	71	65	45	65	54	53	54	56
Cashflow	-13	-11	-5	-6	13	-14	-41	-21	-10	-10	-13	-12
Investment - plant/machinery	2	2	5	4	14	-5	-19	0	2	3	0	2
Investment - training	8	4	16	4	13	-9	-19	-7	10	4	6	0
Confidence - turnover	26	29	34	17	20	14	-6	-19	27	24	21	12
Confidence - profitability	14	12	12	9	0	9	13	-22	13	10	11	3
% Full capacity	30	28	34	31	33	55	33	37	31	30	33	35
Prices	25	32	23	35	20	15	38	44	24	33	26	34
% Pay settlements	12	10	13	18	24	0	29	23	13	12	18	15
% Raw materials	25	25	31	25	24	13	41	17	27	24	31	21
% Financial costs	19	22	24	26	18	13	47	27	21	23	27	23
% Other overheads	46	44	43	44	24	33	35	40	44	44	40	42
Number of companies	527	689	206	261	17	24	17	30	767	1004		
Number of employees	3316	4040	10911	15385	4591	6781	181726	156574	200544	182780		
Number of exporters	116	159	57	68	6	5	5	7	184	239		

Home Sales



Export Sales



SERVICE SECTOR

"The service sector continues to see positive growth in domestic and export markets, despite some underlying weaknesses. Domestic sales weakened slightly, but there was good news on exports. New jobs continue to be created, though they did not reach expected levels in the last quarter of 2010.

"There are positive expectations to recruit as we enter 2011, but the North West is still likely to see a jump in unemployment, resulting from public sector job losses and released seasonal workers, although we are optimistic this will be a short term dip.

"A fragile confidence appears to be returning to the region's service sector, reflected in improved investment intentions."

Sue Waller, Representation Manager, St Helen's Chamber of Commerce

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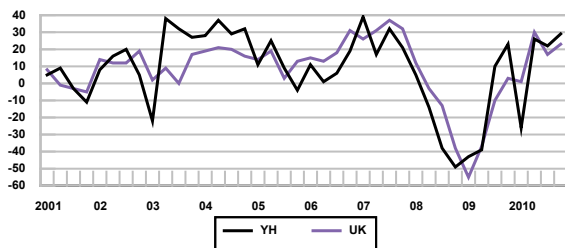
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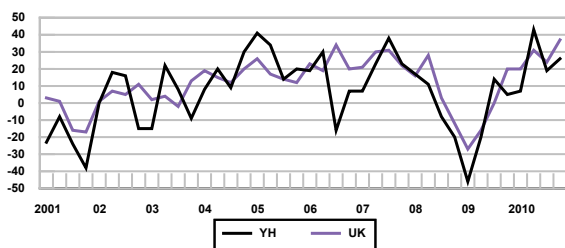
MANUFACTURING

	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	-11	9	15	34	67	58	0	0	7	24	22	29
Domestic orders	-6	4	21	17	67	58	-25	0	11	14	18	22
Export sales	31	11	18	23	33	64	0	0	22	23	19	26
Export orders	15	14	20	18	33	64	-50	0	18	21	5	24
Employment last 3 months	4	4	18	14	33	58	0	0	13	13	16	21
Employment next 3 months	4	17	7	14	0	17	-25	0	4	16	-3	12
% Tried to recruit	45	37	53	63	100	100	75	0	53	53	70	53
% Part-time	19	24	13	19	25	9	0	0	16	19	13	12
% Full-time	81	76	87	81	75	91	100	0	84	81	87	62
% Temporary	22	40	36	37	33	33	50	0	34	37	38	27
% Permanent	78	60	64	63	67	67	50	0	66	63	62	47
% Skilled manual	28	36	19	25	17	8	33	0	23	26	23	15
% Professional/managerial	8	14	19	11	0	25	0	0	13	14	8	12
% Clerical	16	7	3	0	17	0	0	0	8	2	7	1
% Semi and unskilled	4	14	8	0	0	0	33	0	7	5	12	1
% Recruitment difficulties	40	68	51	36	17	33	33	0	44	46	37	29
Cashflow	-25	-3	-1	9	50	25	25	100	-9	5	16	35
Investment - plant/machinery	-13	-8	8	15	50	0	0	100	1	4	15	31
Investment - training	-7	-23	9	15	67	25	0	0	4	-3	19	10
Confidence - turnover	27	39	35	42	67	91	25	100	33	45	40	69
Confidence - profitability	-2	25	17	26	67	82	25	100	12	30	30	59
% Full capacity	21	44	33	38	50	50	25	0	29	42	34	32
Prices	16	29	29	45	17	42	25	-100	23	36	24	5
% Pay settlements	28	22	17	24	50	17	25	100	23	23	28	42
% Raw materials	61	66	83	73	67	83	75	100	73	71	75	82
% Financial costs	16	14	13	13	33	0	0	0	14	13	15	6
% Other overheads	35	47	33	40	33	42	25	100	34	44	31	57
Number of companies	57	77	72	70	6	12	4	1	139	160		
Number of employees	476	677	4374	4158	1697	3658	4900	900	11447	9393		
Number of exporters	26	36	55	52	6	11	2	1	89	100		

Home Sales



Export Sales



MANUFACTURING SECTOR

“The manufacturing sector is of critical importance to the Sheffield City Region and, encouragingly, there are some encouraging signs that the sector is starting to recover; this includes a slow but steady return of business confidence and an upturn in investment plans.

“However, that confidence remains fragile with advanced orders in particular looking comparatively flat. Additionally, over half of all manufacturing respondents cited the rising cost of raw materials as a key barrier to growth, a trend that has been growing for the last twelve months.

“Sheffield City Region will be playing host to a Global Manufacturing Festival in March which will provide a much needed opportunity to highlight, to a global audience, the manufacturing expertise and excellence that is based within the region”.

Howard Gannaway, CEO, Doncaster Chamber of Commerce.

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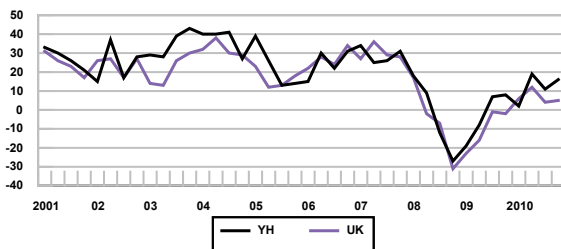
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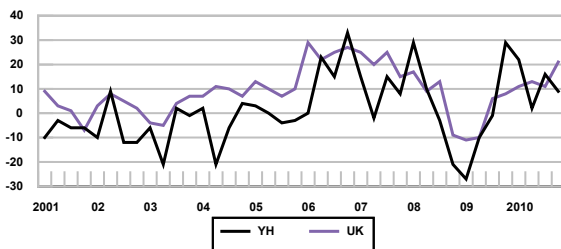
SERVICES

	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	12	15	9	4	14	25	9	50	11	14	11	16
Domestic orders	4	6	-8	-4	-14	-25	0	9	0	3	-4	-2
Export sales	20	5	13	6	50	0	-14	33	16	6	16	9
Export orders	11	-4	3	6	0	0	0	0	7	-1	4	2
Employment last 3 months	7	-1	-7	11	-29	0	-27	17	1	2	-8	7
Employment next 3 months	12	13	6	6	0	-50	-40	0	9	11	1	1
% Tried to recruit	34	30	63	72	88	100	82	83	45	42	60	64
% Part-time	43	34	36	36	29	40	36	31	39	35	37	35
% Full-time	57	66	64	64	71	60	64	69	61	65	63	65
% Temporary	35	26	34	37	75	50	17	29	35	33	37	34
% Permanent	65	74	66	63	25	50	83	71	65	67	63	66
% Skilled manual	9	17	13	13	14	25	0	0	10	15	10	14
% Professional/managerial	18	27	15	22	14	25	22	10	17	24	17	22
% Clerical	14	12	15	10	29	0	11	0	15	10	16	8
% Semi and unskilled	15	11	11	7	0	0	0	10	12	9	10	8
% Recruitment difficulties	56	61	44	38	43	25	33	20	50	48	46	41
Cashflow	-12	-5	-14	-8	-14	-33	-18	18	-13	-5	-14	-6
Investment - plant/machinery	-2	-2	3	6	-33	-25	-10	9	-2	0	-5	0
Investment - training	5	3	-2	-1	0	-25	0	18	3	2	1	0
Confidence - turnover	44	44	12	32	0	25	-9	17	32	40	17	32
Confidence - profitability	35	29	8	23	-50	50	-18	8	24	27	6	26
% Full capacity	33	37	36	35	38	75	36	33	34	37	35	40
Prices	20	25	12	24	-25	100	-9	17	16	25	7	32
% Pay settlements	14	10	22	19	0	25	18	17	16	12	16	17
% Raw materials	22	25	32	24	22	50	9	25	24	25	25	28
% Financial costs	18	13	25	17	11	0	18	17	20	14	20	14
% Other overheads	30	33	43	45	22	25	18	42	33	36	33	39
Number of companies	236	292	100	95	9	4	11	12	356	403		
Number of employees	1313	1847	5018	4758	2726	1250	25300	33578	34357	41433		
Number of exporters	59	73	40	31	2	1	7	3	108	108		

Home Sales



Export Sales



SERVICE SECTOR

“Over the last decade job creation in South Yorkshire has been dominated by the public sector. Whilst business recognises the pressing need to rebalance the economy, there remains a lot of nervousness about the impact of the Government’s spending cuts with 56% of businesses saying they are worried about the impact on their business.

“Inflation remains stubbornly high and this, coupled with the VAT increase, is now putting considerable pressure on SMEs; significant numbers of businesses are now predicting price rises for their goods and services.

“Whilst confidence figures are comparatively bullish, members are anecdotally less optimistic; weak sales and cash flow figures within the service sector show why this might be the case.”

Howard Gannaway, CEO, Doncaster Chamber of Commerce.

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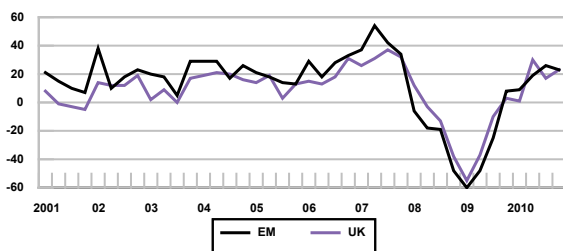
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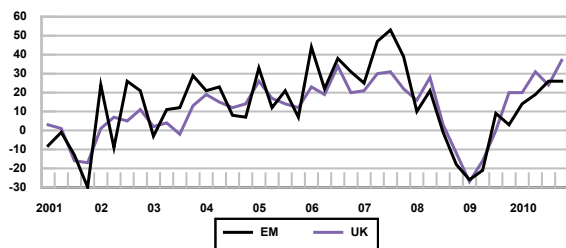
- 1 = 1-19 employees
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- 3 = 200-499 employees
- 4 = 500+ employees
- 5 = All (unweighted)
- 6 = All (weighted)

MANUFACTURING	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	4	10	28	10	25	75	33	0	17	11	26	23
Domestic orders	-8	-6	18	7	27	50	33	-17	8	1	21	10
Export sales	11	11	30	18	18	75	33	0	23	16	26	26
Export orders	13	-4	31	23	40	75	33	67	26	14	32	42
Employment last 3 months	-6	-1	16	8	25	0	0	0	6	3	12	3
Employment next 3 months	0	11	14	13	29	0	-50	-33	7	10	1	-1
% Tried to recruit	26	29	58	50	69	50	50	50	44	39	55	48
% Part-time	25	41	10	23	16	0	25	25	15	29	16	20
% Full-time	75	59	90	77	84	100	75	75	85	71	84	80
% Temporary	60	50	41	44	44	100	50	60	100	100	46	61
% Permanent	40	50	59	56	56	0	50	40	0	0	54	39
% Skilled manual	28	26	29	27	9	0	33	0	27	25	25	14
% Professional/managerial	8	6	16	22	18	50	0	0	14	16	12	21
% Clerical	4	10	7	5	0	0	0	0	5	6	3	3
% Semi and unskilled	4	6	15	10	0	0	33	0	11	8	15	5
% Recruitment difficulties	44	35	45	41	27	50	33	0	43	38	38	33
Cashflow	-10	-13	1	-12	20	25	-33	0	-4	-12	-4	-1
Investment - plant/machinery	-10	11	14	16	31	50	17	-20	5	13	16	15
Investment - training	-5	10	10	9	20	50	0	-33	4	9	8	8
Confidence - turnover	18	42	37	45	31	75	-17	-17	26	42	20	37
Confidence - profitability	3	15	21	17	23	75	0	0	13	17	14	26
% Full capacity	23	29	36	41	43	25	17	0	30	33	31	26
Prices	27	35	31	37	0	25	-17	17	26	35	12	29
% Pay settlements	19	13	17	18	11	0	17	0	17	15	16	9
% Raw materials	68	72	72	65	53	100	67	67	68	69	66	74
% Financial costs	20	19	13	8	11	0	0	0	16	13	10	6
% Other overheads	26	38	25	21	11	0	17	17	24	29	20	17
Number of companies	99	107	100	95	19	4	6	6	224	212		
Number of employees	777	926	5387	4753	3986	1130	4650	14540	14800	21349		
Number of exporters	43	54	65	53	11	4	5	3	124	114		

Home Sales



Export Sales



MANUFACTURING SECTOR

“Manufacturing has remained a relatively large sector of the the East Midland’s economy and its contribution to growth in both home markets and exports is a much needed addition to national economic recovery.

“It is very pleasing to continue recording steady growth over the past year, notably in exports. There is particular strength amongst manufacturing firms employing 200-499 people, where cashflow is building up alongside growth. However, there are serious concerns about inflation, in particular the cost of raw materials. In addition, weaker cashflow amongst smaller firms impacts on their ability to invest and raises questions as to whether their full potential to contribute to recovery is being held back by external factors such as unsympathetic banks or slow paying customers.”

Max Boden, Policy Manager, Leicestershire Chamber of Commerce

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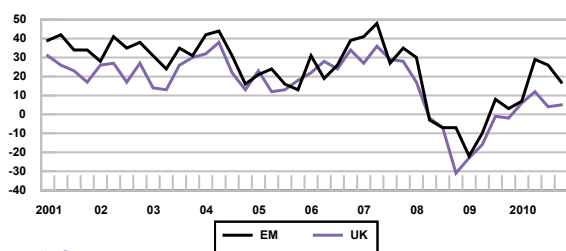
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KEY

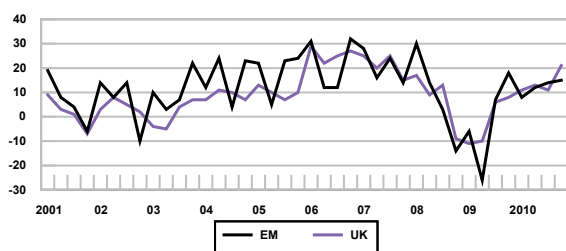
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- 6 = All (weighted)

SERVICES	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	8	4	22	16	14	30	67	29	13	8	26	17
Domestic orders	4	-4	18	5	-9	30	50	17	9	0	17	8
Export sales	-4	4	16	11	33	75	25	0	4	7	14	15
Export orders	-10	-4	12	6	0	75	0	0	-3	1	2	10
Employment last 3 months	4	0	23	5	15	20	20	22	10	2	16	9
Employment next 3 months	7	6	22	8	-7	10	-11	0	11	7	8	6
% Tried to recruit	32	27	65	59	79	91	70	78	44	38	59	58
% Part-time	38	46	26	32	45	27	36	36	33	39	34	36
% Full-time	63	54	74	68	55	73	64	64	67	61	66	64
% Temporary	49	32	47	28	45	44	40	44	48	31	46	34
% Permanent	51	68	53	72	55	56	60	56	52	69	54	66
% Skilled manual	12	19	13	22	9	0	0	14	12	19	9	17
% Professional/managerial	18	24	20	20	27	30	29	14	20	22	22	21
% Clerical	9	8	9	7	0	0	14	0	9	7	9	5
% Semi and unskilled	9	16	15	14	18	0	0	0	12	14	11	10
% Recruitment difficulties	45	52	38	42	36	20	29	14	41	45	38	37
Cashflow	-4	-12	13	3	15	-10	10	14	1	-7	8	0
Investment - plant/machinery	2	2	9	9	8	11	-14	14	4	4	2	8
Investment - training	8	5	18	18	0	33	13	25	11	10	12	18
Confidence - turnover	29	26	32	27	77	80	60	50	31	28	42	38
Confidence - profitability	16	15	22	13	54	60	11	17	19	15	22	20
% Full capacity	33	32	41	36	38	44	30	38	35	33	36	36
Prices	23	26	25	32	43	40	0	50	24	28	21	35
% Pay settlements	10	10	17	18	20	27	0	11	12	12	12	15
% Raw materials	24	23	32	28	27	55	10	44	26	25	25	33
% Financial costs	12	15	15	22	7	18	0	0	13	16	10	15
% Other overheads	29	33	32	39	33	0	10	0	30	34	27	25
Number of companies	395	449	172	170	15	11	10	9	592	639		
Number of employees	2163	2214	9127	9400	3715	2800	35726	24423	50731	38837		
Number of exporters	100	136	45	54	6	4	4	2	155	196		

Home Sales



Export Sales



SERVICE SECTOR

"The East Midlands has a highly diverse service sector with notable strengths in transport and distribution, retail, design and tourism, to name a few. Despite the harsh economic climate, there has been growth over the past year with positive results in the final quarter. Apart from economic factors the wintry weather at the beginning and end of 2010 has been very disruptive by delaying deliveries, staff struggling to get into work and keeping customers at home.

"Cashflow is still a weakness within this sector, reflecting sometimes volatile trading conditions and inflation and rising raw material costs top their concerns. Despite this, service sector businesses have been steadily increasing the number staff they employ, with smaller firms frequently recruiting full time, permanent posts - another positive sign for the regional economy."

Max Boden, Policy Manager, Leicestershire Chamber of Commerce

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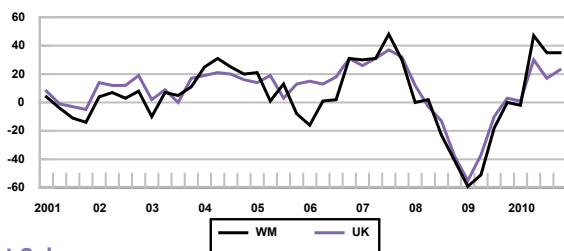
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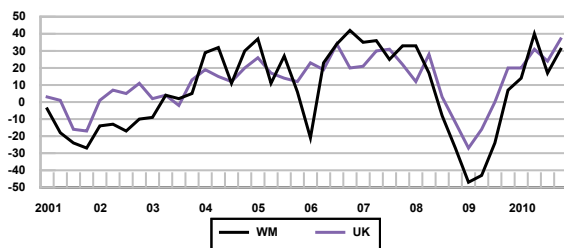
MANUFACTURING

	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	20	15	33	24	25	33	50	57	27	22	35	35
Domestic orders	10	12	26	20	13	41	67	67	20	19	35	38
Export sales	25	3	17	28	-13	20	33	50	19	18	17	31
Export orders	17	3	11	24	-38	33	33	50	12	17	10	32
Employment last 3 months	19	5	25	10	13	28	60	83	23	11	33	36
Employment next 3 months	12	9	14	4	13	29	-17	-14	12	7	4	3
% Tried to recruit	34	23	58	47	88	74	67	83	49	41	64	61
% Part-time	29	20	14	20	0	15	25	20	18	20	16	19
% Full-time	71	80	86	80	100	85	75	80	82	80	84	81
% Temporary	45	27	41	36	38	54	33	43	100	100	38	41
% Permanent	55	73	59	64	63	46	67	57	0	0	62	59
% Skilled manual	30	52	26	39	29	14	0	40	27	39	19	36
% Professional/managerial	18	24	19	17	57	21	25	20	21	19	28	20
% Clerical	8	8	8	4	0	0	25	20	8	5	12	9
% Semi and unskilled	13	12	11	6	14	0	25	0	12	6	16	4
% Recruitment difficulties	53	68	43	51	57	50	25	40	46	54	41	49
Cashflow	-4	-11	-2	1	25	47	-25	33	-2	0	-5	19
Investment - plant/machinery	8	8	4	10	11	47	50	25	6	12	20	22
Investment - training	12	2	6	2	44	47	33	0	10	5	23	10
Confidence - turnover	40	36	51	49	86	67	67	57	48	45	62	53
Confidence - profitability	19	20	36	34	86	72	33	20	30	31	43	35
% Full capacity	33	25	40	25	38	63	40	0	37	26	39	24
Prices	22	27	21	24	25	53	-25	20	21	27	7	29
% Pay settlements	16	16	19	17	0	11	33	29	17	16	20	19
% Raw materials	69	72	80	84	63	72	50	71	74	78	66	76
% Financial costs	21	25	17	14	0	11	33	14	18	18	19	15
% Other overheads	27	42	30	37	25	11	0	0	28	36	19	21
Number of companies	118	109	133	138	8	18	6	7	265	272		
Number of employees	1103	1095	6929	7472	920	3744	4850	5900	13802	18211		
Number of exporters	63	62	95	90	8	15	3	2	169	169		

Home Sales



Export Sales



MANUFACTURING SECTOR

"For years Birmingham and Solihull have relied on a strong manufacturing sector but the survey confirms that there is a marked change in our economic base. The results indicate how the 'softer' industries in the area are becoming the economic champions, a factor the Chamber has recognised in its increasing support for companies involved in the media and retailing. Home sales in the sector were the highest for over a year with half reporting an increase and only 15 per cent reporting a drop. Advance orders also hit a 12-month high with 49 per cent recording an increase and 14 per cent a decrease. It is imperative that these results are sustained in the first quarter of next year."

Christine Braddock, Principal of Birmingham Metropolitan College.

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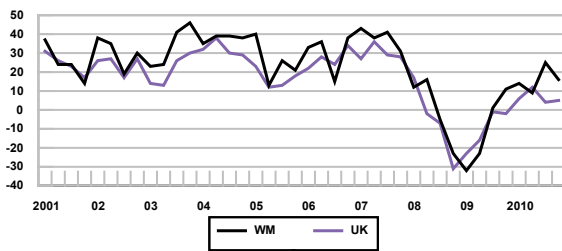
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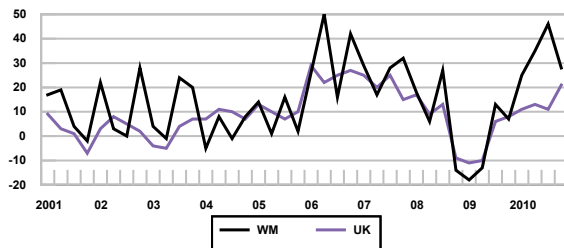
SERVICES

	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	12	20	32	28	23	-7	33	0	19	21	25	16
Domestic orders	6	13	19	23	23	-7	0	0	10	16	12	13
Export sales	30	39	37	28	36	43	100	0	34	35	46	28
Export orders	13	11	28	30	30	38	100	0	18	16	37	20
Employment last 3 months	11	5	26	19	10	21	40	0	16	9	22	12
Employment next 3 months	9	11	24	15	26	6	-20	-20	14	12	12	6
% Tried to recruit	31	25	70	58	75	57	92	43	47	35	63	46
% Part-time	35	36	37	34	30	58	36	0	36	36	35	31
% Full-time	65	64	63	66	70	42	64	100	64	64	65	69
% Temporary	30	31	39	35	33	38	43	0	36	34	36	28
% Permanent	70	69	61	65	67	62	57	100	64	66	64	72
% Skilled manual	24	24	12	16	33	63	27	0	20	21	21	21
% Professional/managerial	18	26	20	20	39	13	9	0	20	22	20	17
% Clerical	14	6	13	7	17	0	9	0	14	6	13	5
% Semi and unskilled	7	5	11	15	6	13	18	0	10	10	11	9
% Recruitment difficulties	51	49	39	37	50	75	27	0	44	43	42	38
Cashflow	-3	0	8	6	16	7	0	0	1	2	4	3
Investment - plant/machinery	1	-1	10	1	10	-6	0	0	4	-1	6	-1
Investment - training	7	0	19	7	32	0	22	0	12	2	18	3
Confidence - turnover	42	45	39	42	32	20	0	0	40	43	32	33
Confidence - profitability	36	45	31	42	18	14	80	0	34	43	40	32
% Full capacity	36	33	44	33	52	53	60	50	40	34	46	38
Prices	17	21	29	22	19	25	14	-33	20	21	22	12
% Pay settlements	11	13	9	18	39	24	25	113	12	16	16	34
% Raw materials	21	27	16	27	43	18	17	163	21	29	21	50
% Financial costs	19	20	13	22	30	6	8	100	18	21	16	33
% Other overheads	30	41	30	46	83	29	42	300	33	46	38	88
Number of companies	322	365	159	167	23	17	12	8	516	557		
Number of employees	1927	2278	9200	9435	5695	5101	17000	10564	33822	27378		
Number of exporters	57	76	35	40	11	7	1	2	104	125		

Home Sales



Export Sales



SERVICE SECTOR

"It is apparent that unemployment continues to hinder the economy, and locally, we have seen the manufacturing workforce shrink. It's indicative of hard times that most firms are not increasing investment in training or equipment. The only bright spot among manufacturing firms was in forward orders overseas. Sales and orders at home were down while sales overseas were largely static with 42 per cent recording an increase. Just under a quarter (24 per cent) said they had decreased. However, 45 per cent reported an increase in export orders. This does show that firms are taking the advice to look for new markets and products. The Chamber has been working hard to encourage companies to look overseas in these difficult economic times and these figures demonstrate that this solution is working."

Simon Topman, ACME Whistles

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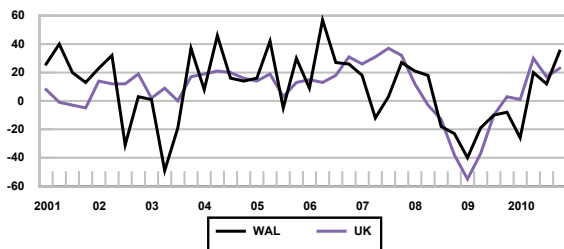
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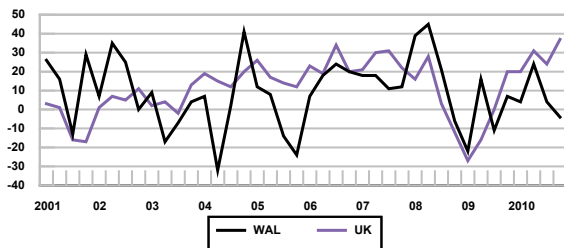
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- 6 = All (weighted)

MANUFACTURING	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	17	-11	30	39	0	100	0	0	23	13	12	35
Domestic orders	0	-10	8	35	0	100	0	0	4	14	3	34
Export sales	10	18	8	44	0	-100	0	0	9	29	4	-4
Export orders	0	22	-8	33	0	0	0	0	-5	28	-3	14
Employment last 3 months	0	-3	11	25	0	100	0	100	5	13	4	63
Employment next 3 months	-4	0	0	13	0	0	0	100	-2	7	0	37
% Tried to recruit	46	52	92	97	0	100	0	100	69	74	38	94
% Part-time	23	18	14	21	0	0	0	50	18	21	7	25
% Full-time	77	82	86	79	0	100	0	50	82	79	39	75
% Temporary	100	80	36	43	0	50	0	50	44	50	23	51
% Permanent	0	20	64	57	0	50	0	50	56	50	23	49
% Skilled manual	83	71	46	55	0	0	0	0	58	58	25	27
% Professional/managerial	8	0	38	41	0	0	0	0	28	25	14	15
% Clerical	0	6	21	31	0	0	0	0	14	21	8	12
% Semi and unskilled	17	41	33	34	0	0	0	0	28	35	14	17
% Recruitment difficulties	67	76	58	76	0	0	0	0	61	73	28	35
Cashflow	-27	0	11	6	0	0	0	100	-8	4	1	34
Investment - plant/machinery	-11	-3	27	32	0	0	0	100	8	14	9	43
Investment - training	4	7	30	32	0	100	0	100	18	23	11	66
Confidence - turnover	28	3	30	32	0	100	0	100	29	19	13	66
Confidence - profitability	-10	-11	15	26	0	0	0	100	2	7	4	40
% Full capacity	30	14	27	16	0	0	0	100	28	16	13	39
Prices	10	25	23	41	0	0	0	100	16	33	9	49
% Pay settlements	21	14	30	31	0	0	0	100	25	23	13	45
% Raw materials	48	72	74	81	0	0	0	100	61	76	31	68
% Financial costs	38	22	33	31	0	0	0	100	36	27	16	45
% Other overheads	45	44	52	66	0	0	0	100	48	54	23	60
Number of companies	29	36	27	32	0	1	0	1	56	70		
Number of employees	237	247	1533	1892	0	400	0	500	1770	3039		
Number of exporters	10	11	13	16	0	1	0	0	23	28		

Home Sales



Export Sales



MANUFACTURING SECTOR

"We have seen an increase in optimism within the business community in South Wales; however the manufacturing industry has still been badly affected during the recession. Taking into consideration the 'big freeze' the country has recently experienced we desperately need a detailed strategy on how to encourage and keep manufacturing moving from the Government. "

Graham Morgan, Director of the South Wales Chamber of Commerce (SWCC)

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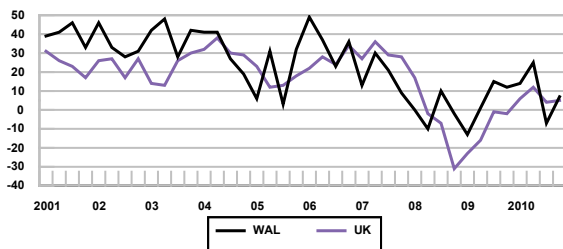
For contact details for enquiries on each region's survey please see page 42

KEY

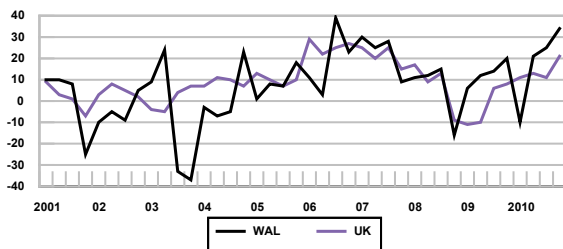
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SERVICES	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	4	6	24	12	0	0	-100	0	7	7	-7	7
Domestic orders	-5	1	0	16	0	0	-100	0	-4	4	-18	6
Export sales	0	0	20	44	0	0	100	100	7	15	25	34
Export orders	6	-13	0	11	0	0	100	100	9	0	19	17
Employment last 3 months	3	1	28	33	0	-50	-100	0	8	8	-5	7
Employment next 3 months	14	13	3	12	0	0	-100	-40	11	11	-11	2
% Tried to recruit	54	55	77	78	0	100	100	100	59	62	64	78
% Part-time	36	40	23	17	0	50	50	33	32	32	38	31
% Full-time	64	60	77	83	0	50	50	67	68	68	67	69
% Temporary	45	53	46	17	0	0	50	50	46	35	48	32
% Permanent	55	47	54	83	0	0	50	50	54	65	53	55
% Skilled manual	18	21	4	9	0	0	0	20	13	17	7	14
% Professional/managerial	33	37	37	50	0	0	100	80	35	42	42	45
% Clerical	15	14	22	22	0	50	0	20	17	17	13	23
% Semi and unskilled	11	19	33	16	0	0	0	20	18	17	17	15
% Recruitment difficulties	57	61	56	72	0	50	100	60	57	64	56	64
Cashflow	-17	-9	0	-7	50	50	0	0	-13	-8	1	1
Investment - plant/machinery	-17	-5	25	21	0	0	0	50	-6	2	4	15
Investment - training	10	5	37	37	0	100	100	50	17	14	35	37
Confidence - turnover	23	37	39	29	-50	0	100	25	26	35	33	27
Confidence - profitability	6	24	42	29	-100	0	-100	0	12	24	-12	19
% Full capacity	31	35	41	50	50	50	100	100	33	39	49	54
Prices	8	15	38	20	100	0	0	50	14	17	30	21
% Pay settlements	11	9	25	26	0	0	100	40	14	13	30	20
% Raw materials	16	17	39	24	50	50	0	40	21	19	27	28
% Financial costs	19	23	31	38	0	0	0	0	21	25	18	22
% Other overheads	53	48	42	55	0	0	100	80	50	50	50	50
Number of companies	135	163	36	42	2	2	1	5	174	212		
Number of employees	669	860	1934	2180	545	530	700	4558	3848	8128		
Number of exporters	22	29	5	9	0	0	1	2	28	40		

Home Sales



Export Sales



SERVICE SECTOR

“With the private sector expected to drive economic recovery forward and pick up a lot of the slack from the cuts made by the Government, it is inevitable the Welsh economy will continue to grow but at a much slower rate. What we need now from the Welsh Assembly Government (WAG) is a strategy to emphasise that Wales is still open for business, despite the cuts. The private sector must be allowed to work closer with WAG to establish a plan of action for the future - we have developed a number of initiatives over the past year, such as the National Recovery Plan for Wales, and it is these initiatives that need to be put into practice.”

Graham Morgan, Director of the South Wales Chamber of Commerce (SWCC)

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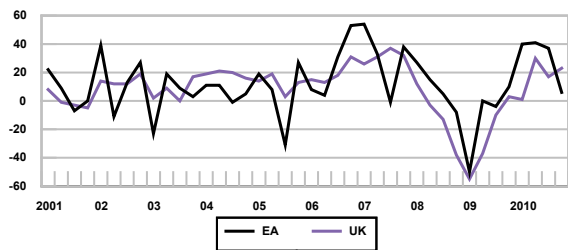
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KEY

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MANUFACTURING	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	21	15	16	20	0	50	100	-50	19	17	37	6
Domestic orders	3	18	14	10	0	50	100	0	10	16	34	17
Export sales	22	18	19	31	100	67	50	50	23	27	46	43
Export orders	26	16	23	28	100	67	0	50	25	24	33	41
Employment last 3 months	18	15	23	19	0	-25	-50	0	18	15	-4	3
Employment next 3 months	10	16	17	21	0	0	-50	0	11	17	-7	10
% Tried to recruit	34	32	56	59	100	75	100	100	48	47	76	71
% Part-time	50	36	0	20	50	0	33	50	19	25	27	26
% Full-time	50	64	100	80	50	100	67	50	81	75	73	74
% Temporary	83	67	56	50	0	0	33	50	60	53	40	41
% Permanent	17	33	44	50	0	100	67	50	40	47	38	59
% Skilled manual	14	38	43	31	50	100	0	0	32	36	29	38
% Professional/managerial	7	13	35	12	0	100	100	0	27	17	43	28
% Clerical	7	13	9	4	0	33	0	0	7	9	4	10
% Semi and unskilled	0	0	4	12	0	33	0	0	2	9	2	12
% Recruitment difficulties	43	50	70	38	50	100	100	0	61	45	71	42
Cashflow	0	-4	-5	14	0	-25	0	50	-2	4	-2	14
Investment - plant/machinery	19	12	14	24	0	25	0	0	16	17	8	16
Investment - training	13	-4	-5	17	100	25	0	100	6	8	22	40
Confidence - turnover	46	43	36	52	100	25	50	100	43	47	56	59
Confidence - profitability	24	16	5	21	100	0	100	100	18	19	56	39
% Full capacity	28	35	47	48	50	75	0	0	37	41	32	38
Prices	15	33	34	27	50	25	0	100	25	31	25	49
% Pay settlements	7	19	18	20	50	50	50	0	15	21	33	21
% Raw materials	63	69	82	73	100	100	50	100	73	73	74	86
% Financial costs	10	12	16	11	0	25	0	0	12	12	7	11
% Other overheads	34	38	32	32	0	75	0	50	31	37	16	47
Number of companies	41	52	44	44	2	4	2	2	89	102		
Number of employees	340	455	2075	2412	715	1420	2670	2600	5800	6887		
Number of exporters	23	38	31	32	1	3	2	2	57	75		

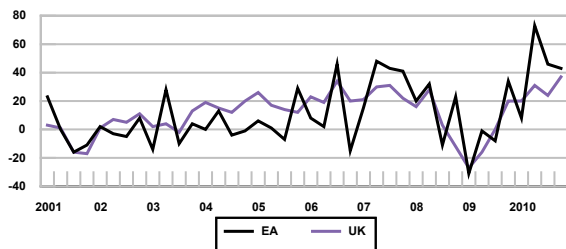
Home Sales



MANUFACTURING SECTOR

The manufacturing industry recorded strong balances for both domestic and export results. The cashflow indicator is on a par with the national figure, giving a positive sign that balance sheets may be improving. Raw materials costs are still presenting a big pressure to increase prices, however.

Export Sales



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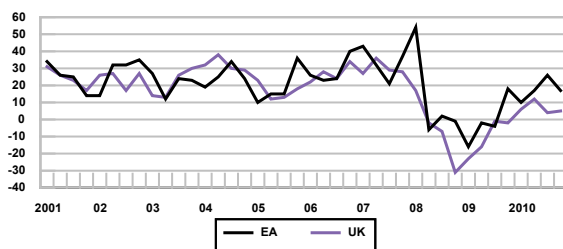
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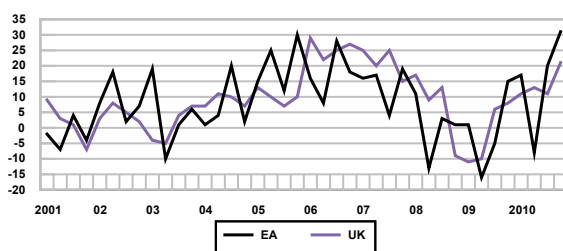
SERVICES

	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	14	20	27	3	22	25	50	50	18	16	26	17
Domestic orders	12	17	26	-1	-13	27	25	38	15	13	18	13
Export sales	10	19	20	12	0	50	50	100	13	19	20	31
Export orders	11	19	29	12	0	50	0	0	15	18	16	16
Employment last 3 months	8	5	12	6	0	17	13	-50	9	4	10	-1
Employment next 3 months	15	12	14	4	9	8	13	-63	14	8	13	-3
% Tried to recruit	36	34	60	71	90	80	100	100	45	47	62	65
% Part-time	40	40	43	23	38	38	36	33	41	31	40	31
% Full-time	60	60	57	77	62	62	64	67	59	69	60	69
% Temporary	57	35	37	27	18	20	56	67	43	34	43	34
% Permanent	43	65	63	73	82	80	44	33	57	66	57	66
% Skilled manual	13	23	18	13	22	38	13	38	15	20	16	22
% Professional/managerial	31	23	10	18	67	63	38	63	26	26	26	31
% Clerical	10	10	12	9	11	13	13	13	11	10	11	10
% Semi and unskilled	5	13	16	9	0	13	0	0	8	11	9	9
% Recruitment difficulties	55	61	44	35	67	63	25	75	50	51	47	51
Cashflow	-11	2	-8	-8	-27	40	13	50	-10	2	-8	9
Investment - plant/machinery	-2	2	0	0	11	8	-29	43	-2	3	-4	8
Investment - training	7	13	9	4	30	-8	0	-14	8	9	9	2
Confidence - turnover	44	42	21	30	36	42	13	-13	37	38	28	29
Confidence - profitability	29	33	9	17	22	25	0	13	23	27	15	22
% Full capacity	30	31	37	38	44	27	63	25	33	33	40	33
Prices	15	21	30	24	27	42	38	43	20	23	27	28
% Pay settlements	12	14	19	23	18	42	25	22	14	18	18	22
% Raw materials	16	18	24	29	18	33	13	44	18	23	20	29
% Financial costs	18	19	26	22	27	25	50	33	21	20	27	23
% Other overheads	46	45	50	47	64	83	50	22	48	46	50	47
Number of companies	236	187	86	79	11	12	8	9	341	287		
Number of employees	1251	1056	5360	4817	3334	3148	9400	20943	19345	29964		
Number of exporters	77	59	25	25	1	4	2	1	105	89		

Home Sales



Export Sales



SERVICE SECTOR

The service sector performed relatively well in the East of England with strong export and domestic balances above the national average. However, the labour market outlook is not that promising and investment balances are weak.

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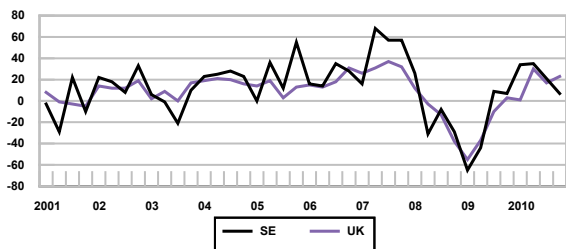
KEY

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MANUFACTURING

	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	-3	-9	7	23	100	0	0	0	5	4	21	7
Domestic orders	-16	-16	-15	23	100	-33	0	0	-11	-1	11	0
Export sales	10	9	12	43	75	100	0	0	14	25	20	36
Export orders	-5	15	3	48	75	100	0	0	2	31	14	39
Employment last 3 months	-11	-9	14	21	100	33	0	0	4	5	23	13
Employment next 3 months	11	0	7	26	60	-67	0	0	11	9	16	-3
% Tried to recruit	38	28	68	71	100	67	100	0	54	47	80	43
% Part-time	31	33	7	14	0	0	0	0	14	18	7	10
% Full-time	69	67	93	86	100	100	100	0	86	83	93	60
% Temporary	38	0	32	43	29	33	0	0	32	38	22	22
% Permanent	63	100	68	57	71	67	0	0	68	62	48	48
% Skilled manual	39	44	23	37	40	50	100	0	32	40	52	29
% Professional/managerial	25	19	15	27	60	0	100	0	23	23	51	12
% Clerical	7	0	8	7	0	0	0	0	7	4	4	2
% Semi and unskilled	7	6	5	7	0	0	0	0	5	6	3	3
% Recruitment difficulties	89	69	56	53	80	50	100	0	71	58	79	39
Cashflow	-38	-17	5	10	80	0	100	0	-15	-6	42	1
Investment - plant/machinery	4	-5	18	20	80	0	0	0	13	5	22	6
Investment - training	3	-7	7	26	40	33	100	0	7	8	41	15
Confidence - turnover	25	33	33	43	100	0	100	0	32	36	65	20
Confidence - profitability	4	3	7	10	80	33	100	0	9	7	48	10
% Full capacity	29	29	30	40	80	67	100	0	32	35	60	32
Prices	26	38	32	26	20	33	0	0	28	33	19	21
% Pay settlements	15	15	14	14	20	0	0	0	15	14	11	7
% Raw materials	69	66	79	83	60	33	0	0	72	72	50	46
% Financial costs	26	31	14	10	0	0	0	0	20	21	9	8
% Other overheads	49	56	39	38	0	33	0	0	42	48	21	28
Number of companies	74	59	57	42	5	3	1	0	137	104		
Number of employees	567	421	2839	2430	1270	920	670	0	5346	3771		
Number of exporters	42	34	41	28	4	1	1	0	88	63		

Home Sales

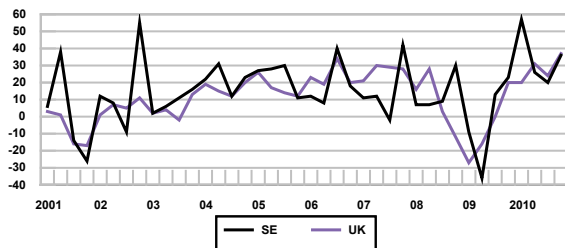


MANUFACTURING SECTOR

“An interesting contrast has developed in the South East manufacturing sector, with weak domestic orders and sales, but very robust export performance. Cashflow and investment in plant and machinery are weak, leading to question marks about the ability of firms to finance efficiencies or increased capacity in the coming year.”

Jo James, Chief Executive, Kent Invicta Chamber of Commerce

Export Sales



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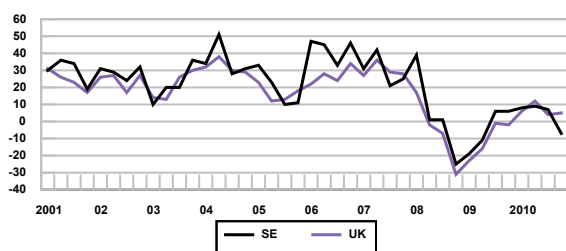
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SERVICES

	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	2	-2	14	0	-11	-50	8	0	5	-2	7	-7
Domestic orders	-7	-11	9	-3	13	-50	15	-29	-2	-9	6	-15
Export sales	0	17	0	15	75	100	-25	100	1	20	5	39
Export orders	3	13	9	3	33	100	0	100	5	13	8	33
Employment last 3 months	6	1	10	-4	33	-25	21	38	8	0	14	2
Employment next 3 months	5	5	8	6	0	-25	0	14	6	5	5	3
% Tried to recruit	36	28	74	58	80	100	93	100	48	38	67	61
% Part-time	44	36	36	26	33	33	41	43	39	32	39	32
% Full-time	56	64	64	74	67	67	59	57	61	68	61	68
% Temporary	50	44	38	19	17	25	50	44	43	34	41	31
% Permanent	50	56	62	81	83	75	50	56	57	66	59	69
% Skilled manual	18	27	19	25	0	25	23	38	18	27	17	28
% Professional/managerial	16	20	18	33	13	25	23	38	17	26	17	29
% Clerical	8	4	8	7	0	0	0	0	8	5	6	4
% Semi and unskilled	10	10	19	6	0	25	15	13	13	9	13	10
% Recruitment difficulties	55	61	52	58	13	50	46	63	52	60	47	59
Cashflow	-23	-12	-4	-9	0	-25	0	38	-18	-10	-8	-4
Investment - plant/machinery	-9	3	2	12	25	-25	29	29	-5	5	6	8
Investment - training	-6	1	14	12	-11	0	31	0	0	4	8	6
Confidence - turnover	23	31	24	22	20	67	-21	-13	22	28	16	25
Confidence - profitability	7	15	6	9	30	33	-14	13	7	13	6	14
% Full capacity	24	31	30	28	10	0	57	38	26	30	30	27
Prices	27	21	19	27	10	50	-7	43	24	23	16	31
% Pay settlements	12	9	23	23	18	50	14	13	15	13	18	20
% Raw materials	31	20	34	32	0	25	0	0	30	23	24	23
% Financial costs	21	18	21	27	27	25	14	0	21	20	21	20
% Other overheads	47	48	45	45	36	50	57	50	47	47	46	47
Number of companies	383	336	132	118	11	4	14	8	540	466		
Number of employees	1899	1718	6707	6447	3830	1345	23380	21550	35816	31060		
Number of exporters	115	88	36	34	4	3	4	2	159	127		

Home Sales

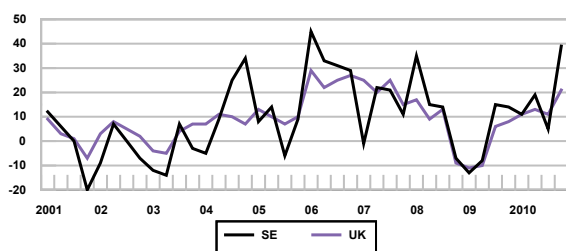


SERVICE SECTOR

“Although indicating growth, the employment outlook for the South East region is weak. It would seem that the relatively robust confidence in turnover and profitability prospects has not translated into recruitment confidence just yet. The percentage of firms operating at full capacity is low, suggesting that firms have the ability to respond should demand increase.”

Jo James, Chief Executive, Kent Invicta Chamber of Commerce

Export Sales



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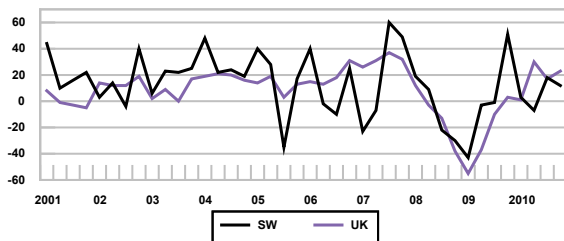
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MANUFACTURING

	1	1	2	2	3	3	4	4	5	5	6	6
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	8	-5	7	-5	100	0	-33	50	7	-3	18	12
Domestic orders	-5	-24	0	-21	100	50	0	0	-1	-20	23	2
Export sales	6	8	28	27	100	67	-50	0	16	18	20	27
Export orders	-6	4	25	18	100	67	0	0	11	13	32	23
Employment last 3 months	-10	7	30	-6	100	67	100	0	12	6	62	15
Employment next 3 months	10	12	17	-22	0	33	33	50	13	5	17	16
% Tried to recruit	30	29	73	50	100	67	100	100	51	39	82	66
% Part-time	22	17	27	0	50	33	0	0	26	12	24	10
% Full-time	78	83	73	100	50	67	100	100	74	88	76	90
% Temporary	75	50	54	0	50	33	33	50	55	33	50	29
% Permanent	25	50	46	100	50	67	67	50	45	67	50	72
% Skilled manual	25	45	45	50	100	0	67	50	42	43	62	37
% Professional/managerial	17	9	45	25	100	0	33	0	37	13	52	10
% Clerical	17	9	9	13	100	0	0	0	13	9	29	5
% Semi and unskilled	8	9	14	13	100	0	0	0	13	9	30	5
% Recruitment difficulties	75	64	77	100	0	0	100	50	76	70	65	57
Cashflow	-16	-28	-10	-11	100	33	33	50	-11	-17	28	16
Investment - plant/machinery	-7	0	24	22	0	67	0	0	5	9	8	24
Investment - training	0	-3	3	33	100	33	33	50	4	12	35	34
Confidence - turnover	31	18	47	42	100	67	33	0	38	27	54	33
Confidence - profitability	0	10	13	0	0	33	0	50	5	9	5	24
% Full capacity	31	22	36	53	100	67	33	50	34	34	50	52
Prices	24	24	23	21	100	33	33	100	25	26	45	47
% Pay settlements	21	17	23	32	0	33	33	0	22	21	20	21
% Raw materials	67	55	70	63	100	100	100	100	70	61	86	82
% Financial costs	26	26	23	16	0	0	0	0	23	21	11	9
% Other overheads	35	36	40	53	0	67	33	50	36	42	28	53
Number of companies	43	42	30	19	1	3	3	2	77	66		
Number of employees	307	260	2116	1060	300	653	4640	1540	7363	3513		
Number of exporters	17	24	18	11	1	3	2	1	38	39		

Home Sales

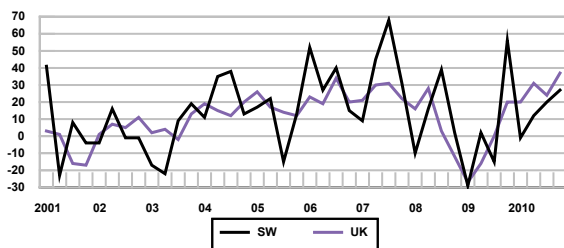


MANUFACTURING SECTOR

"For the majority of the manufacturers who responded from across the South West, the fourth quarter saw a welcome improvement in both turnover and profitability. That came despite continuing raw material price pressures, and the three overriding concerns of corporate taxation, inflation and exchange rates."

Peter Scott, Chief Executive, Dorset Chamber of Commerce & Industry

Export Sales



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

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

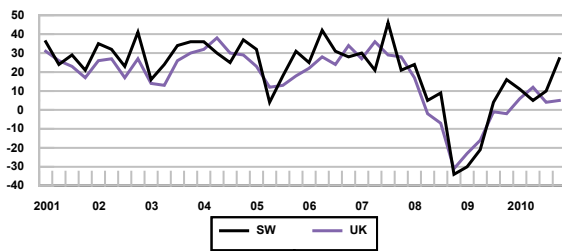
KEY

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- 6 = All (weighted)

SERVICES

	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	1	13	24	29	20	50	-30	33	6	18	10	27
Domestic orders	1	4	19	11	0	25	-44	-33	3	6	3	5
Export sales	6	17	38	50	50	0	0	100	15	24	25	40
Export orders	-6	6	54	20	50	0	0	0	12	7	28	0
Employment last 3 months	4	4	20	12	0	0	-40	33	5	6	5	10
Employment next 3 months	12	9	12	19	-33	25	-30	33	9	12	2	18
% Tried to recruit	29	27	78	72	83	75	70	100	44	41	62	61
% Part-time	30	34	40	29	44	25	50	50	38	32	39	33
% Full-time	70	66	60	71	56	75	50	50	62	68	61	67
% Temporary	47	43	33	31	43	33	55	40	43	37	41	36
% Permanent	53	57	67	69	57	67	45	60	57	63	59	64
% Skilled manual	5	21	21	17	40	0	0	67	13	20	16	22
% Professional/managerial	23	28	11	53	20	33	43	67	19	41	19	44
% Clerical	23	15	5	17	0	0	0	0	12	15	10	12
% Semi and unskilled	8	13	21	14	20	0	0	33	13	14	14	14
% Recruitment difficulties	56	72	50	81	60	33	43	33	53	73	52	67
Cashflow	-12	-4	-20	-10	17	50	22	33	-11	-4	-8	4
Investment - plant/machinery	-15	-8	6	6	40	25	-11	33	-8	-3	1	7
Investment - training	-8	3	6	14	33	0	-11	33	-4	6	2	11
Confidence - turnover	33	33	30	19	-17	50	0	-100	30	28	22	13
Confidence - profitability	25	15	20	4	-80	0	0	-67	20	11	8	-1
% Full capacity	27	34	29	40	17	25	30	67	28	35	27	39
Prices	16	23	12	29	50	50	0	33	15	25	16	30
% Pay settlements	9	9	25	19	33	0	20	50	14	12	20	17
% Raw materials	22	15	25	35	50	0	0	0	23	19	24	20
% Financial costs	20	19	16	15	50	25	20	0	20	18	21	16
% Other overheads	38	45	37	48	33	50	40	50	38	46	37	47
Number of companies	147	159	51	52	6	4	10	4	214	219		
Number of employees	721	737	2896	2705	1700	1022	8690	8050	14007	12514		
Number of exporters	33	36	13	6	2	2	4	2	52	46		

Home Sales

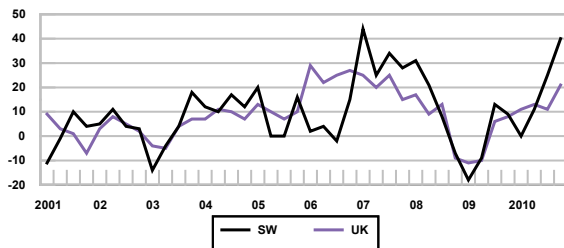


SERVICE SECTOR

"In the South West, the fourth quarter saw turnover and profitability increase for around half of respondents in the Service Sector, which is so vital for our economy. That came on the back of improved domestic and export sales, and was despite ongoing competitive pressures and more concerns over inflation."

Peter Scott, Chief Executive, Dorset Chamber of Commerce & Industry

Export Sales



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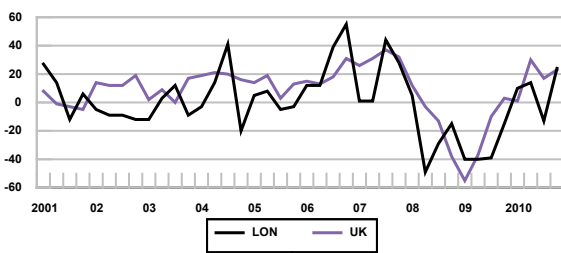
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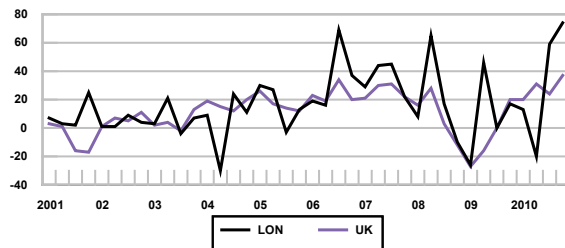
MANUFACTURING

	1	1	2	2	3	3	4	4	5	5	6	6
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	-22	-50	0	0	-50	100	0	67	-17	6	-13	24
Domestic orders	-33	-67	20	17	-50	100	-50	67	-22	6	-21	26
Export sales	30	14	50	100	50	50	100	100	44	59	59	74
Export orders	10	-14	25	100	-50	50	50	100	11	47	17	68
Employment last 3 months	0	0	40	17	0	50	0	67	11	22	14	32
Employment next 3 months	0	0	40	33	50	50	-50	100	10	33	9	47
% Tried to recruit	18	0	60	33	100	100	100	67	45	33	68	46
% Part-time	50	0	25	0	0	50	0	0	22	17	20	8
% Full-time	50	0	75	100	100	50	100	100	78	83	81	71
% Temporary	50	0	0	0	50	33	0	0	67	25	19	5
% Permanent	0	0	0	0	50	67	0	100	33	75	8	38
% Skilled manual	50	0	0	0	100	0	0	0	33	0	27	0
% Professional/managerial	0	0	67	0	50	0	0	0	33	0	32	0
% Clerical	0	0	33	0	0	0	0	0	11	0	12	0
% Semi and unskilled	50	0	0	0	0	0	0	0	11	0	11	0
% Recruitment difficulties	50	0	67	0	100	0	0	0	56	0	51	0
Cashflow	-60	-43	-75	33	0	50	-50	67	-53	11	-53	29
Investment - plant/machinery	0	-14	0	0	0	50	-50	100	-5	17	-14	32
Investment - training	0	-14	-20	0	50	0	0	100	0	11	1	24
Confidence - turnover	50	0	100	83	50	100	50	67	63	50	68	64
Confidence - profitability	20	-14	20	33	0	0	50	100	22	22	25	36
% Full capacity	18	14	20	33	0	100	100	67	25	39	38	49
Prices	30	57	20	100	50	50	-50	100	21	78	8	83
% Pay settlements	0	0	20	50	0	100	50	33	10	33	21	43
% Raw materials	64	86	80	67	50	50	0	100	60	78	50	77
% Financial costs	36	29	40	50	0	50	0	33	30	39	22	41
% Other overheads	27	57	80	50	100	50	0	100	45	61	51	65
Number of companies	11	7	5	6	2	2	2	3	20	18		
Number of employees	90	52	338	373	450	459	101000	4500	101878	5384		
Number of exporters	10	7	4	5	2	2	2	3	18	17		

Home Sales



Export Sales



MANUFACTURING SECTOR

“The manufacturing sector in London has seen encouraging growth in both sales and orders this quarter, particularly in overseas markets. For the first time since the beginning of the economic downturn a majority of London manufacturers responding to the Q4 survey have reported growth in both export sales and orders over the past three months, suggesting that there is potential for an export-led recovery. These figures also highlight the possibility for further growth in the manufacturing sector, with a significant increase in the number of firms who expect their workforce to increase over the next three months.”

Dr Helen Hill, Director of Policy and Public Affairs

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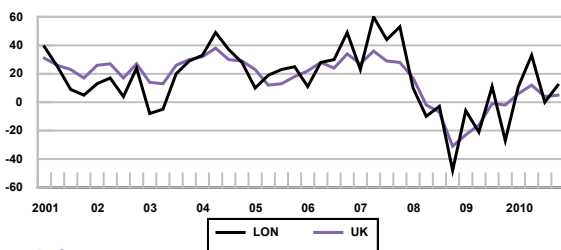
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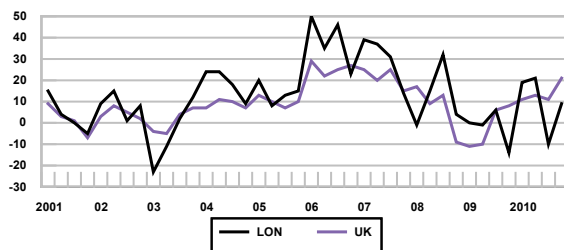
SERVICES

	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	-9	2	24	4	33	100	-50	-17	-1	4	0	12
Domestic orders	-9	5	25	-25	0	50	-50	-50	-3	-3	-4	-14
Export sales	7	8	13	-6	50	100	-100	-17	9	5	-10	9
Export orders	5	3	19	-7	25	50	-50	-17	7	1	0	1
Employment last 3 months	-12	5	21	4	50	-100	-100	0	-4	4	-11	-11
Employment next 3 months	7	9	18	15	29	0	-50	0	9	9	1	8
% Tried to recruit	19	32	73	54	86	75	100	100	34	41	69	63
% Part-time	43	42	14	29	14	33	33	29	26	37	25	32
% Full-time	57	58	86	71	86	67	67	71	74	63	75	68
% Temporary	57	50	75	56	50	50	50	33	62	50	62	48
% Permanent	43	50	25	44	50	50	50	67	38	50	38	52
% Skilled manual	19	21	19	0	17	0	50	17	20	13	26	9
% Professional/managerial	25	7	6	29	33	33	50	33	20	17	25	26
% Clerical	19	3	6	7	17	0	50	17	15	6	21	8
% Semi and unskilled	6	3	13	0	0	0	50	17	10	4	18	5
% Recruitment difficulties	50	24	44	36	33	33	50	33	45	29	45	32
Cashflow	-26	0	-20	-28	86	100	-100	83	-19	0	-26	23
Investment - plant/machinery	-4	-4	9	-15	17	0	-50	-17	-1	-7	-7	-11
Investment - training	0	0	18	8	17	0	-100	33	3	3	-14	11
Confidence - turnover	26	41	55	27	86	100	-100	67	33	41	16	50
Confidence - profitability	17	29	14	12	71	75	-100	100	17	30	-5	45
% Full capacity	18	28	59	38	33	50	0	17	26	30	32	33
Prices	13	33	32	0	57	33	-50	17	18	25	12	16
% Pay settlements	8	14	41	31	14	25	0	17	15	18	20	23
% Raw materials	27	20	5	23	29	25	0	0	22	20	12	17
% Financial costs	21	27	32	35	29	25	0	17	23	28	21	27
% Other overheads	46	41	45	38	29	50	50	0	45	39	44	31
Number of companies	85	92	22	26	7	4	2	6	116	128		
Number of employees	476	614	839	1313	2204	1503	4500	48800	8019	52230		
Number of exporters	59	65	16	16	4	1	2	6	81	88		

Home Sales



Export Sales



SERVICE SECTOR

"The final quarter of 2010 has been a mixed bag for the services sector. In the previous quarter the marketplace appeared stagnant with a majority of firms reporting that sales and orders for both the domestic and export markets had remained the same. This quarter has seen a return to fluidity with fewer companies reporting that their sales and orders have remained the same. Unfortunately, while this has led to an increase in companies seeing growth in their sales and orders, there has been a corresponding increase in the number of firms experiencing contraction."

Dr Helen Hill, Director of Policy and Public Affairs

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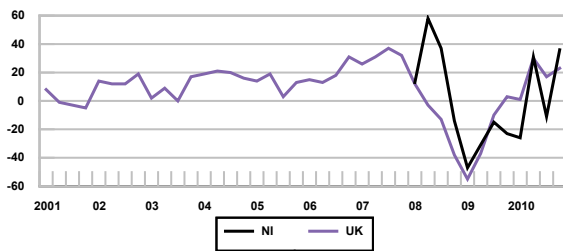
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KEY

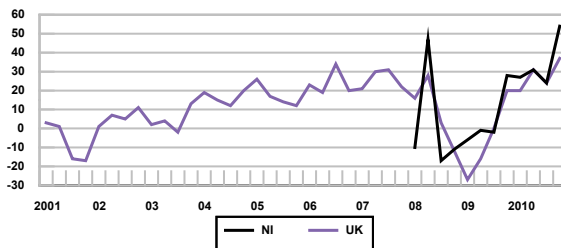
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MANUFACTURING	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	-36	9	-17	25	100	100	-50	33	-23	27	-11	36
Domestic orders	-36	0	9	13	100	100	-50	33	-12	19	-2	30
Export sales	-25	36	44	46	0	100	50	50	9	44	24	54
Export orders	-33	10	63	67	0	100	50	50	9	44	29	56
Employment last 3 months	8	18	33	29	100	67	50	0	25	26	43	25
Employment next 3 months	8	36	8	-12	0	33	0	67	7	15	5	27
% Tried to recruit	33	27	80	87	100	100	100	100	60	69	79	80
% Part-time	0	0	14	10	0	0	50	33	17	12	19	13
% Full-time	100	100	86	90	0	100	50	67	83	88	65	87
% Temporary	33	0	33	75	50	67	100	100	46	67	54	65
% Permanent	67	100	67	25	50	33	0	0	54	33	46	35
% Skilled manual	50	67	38	31	0	33	50	67	40	41	38	48
% Professional/managerial	50	67	63	15	100	33	0	0	53	23	49	25
% Clerical	0	0	25	31	0	33	0	0	13	23	9	16
% Semi and unskilled	0	0	13	23	100	33	50	33	20	23	34	23
% Recruitment difficulties	75	100	75	69	100	33	100	67	80	68	86	69
Cashflow	-31	18	17	-6	0	-33	-50	0	-11	0	-14	-4
Investment - plant/machinery	40	50	30	14	100	67	0	33	35	32	35	35
Investment - training	18	11	18	-13	0	0	0	0	16	-3	10	-2
Confidence - turnover	15	45	25	35	100	33	-50	100	18	44	15	55
Confidence - profitability	-15	36	8	-6	0	-100	0	100	-4	9	0	17
% Full capacity	25	50	25	41	0	33	0	0	22	39	14	31
Prices	23	-9	8	38	0	0	0	67	14	21	8	30
% Pay settlements	15	27	8	12	0	0	50	33	14	18	20	19
% Raw materials	62	64	67	88	100	100	100	100	68	82	80	88
% Financial costs	23	9	25	12	0	0	50	33	25	12	27	15
% Other overheads	15	9	42	53	100	33	50	67	32	38	48	44
Number of companies	13	11	12	17	1	3	2	3	28	34		
Number of employees	98	85	754	1074	420	1145	1800	5900	3072	8204		
Number of exporters	12	11	9	13	0	1	2	2	23	27		

Home Sales



Export Sales



MANUFACTURING SECTOR

“The results from the Northern Ireland manufacturing sector give great optimism that it can drive sustainable economic recovery, with both domestic and export results being stronger than the national result.”

“Cashflow is still tight and raw materials are adding to price pressures, but there is a reasonable degree of confidence that turnover and profitability will improve.”

Ann McGregor, Chief Executive, Northern Ireland Chamber.

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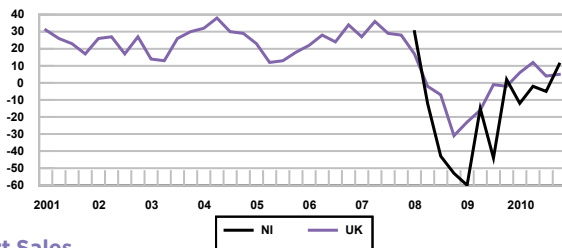
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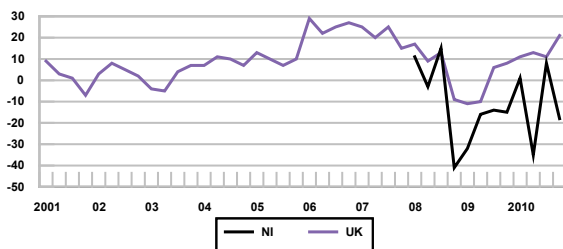
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SERVICES	1		2		3		4		5		6	
	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10	3Q10	4Q10
Domestic sales	0	-23	-4	11	-33	0	0	80	-2	-3	-5	11
Domestic orders	-9	-26	-5	-4	-50	0	-33	0	-10	-15	-15	-9
Export sales	-9	-19	-14	-7	0	-100	100	0	-8	-16	8	-18
Export orders	-29	-40	-15	-15	0	-100	100	0	-19	-31	2	-29
Employment last 3 months	-1	-2	-30	-5	0	-100	40	80	-8	0	-7	1
Employment next 3 months	12	4	-25	-3	33	-100	40	40	3	2	3	-3
% Tried to recruit	47	45	61	76	100	0	80	80	54	60	64	60
% Part-time	43	20	12	19	0	0	25	40	28	22	0	21
% Full-time	57	80	88	81	100	0	75	60	72	78	0	69
% Temporary	75	63	50	44	0	0	50	40	59	50	0	45
% Permanent	25	38	50	56	0	0	50	60	41	50	0	45
% Skilled manual	7	11	11	4	50	0	50	0	13	6	20	5
% Professional/managerial	46	63	37	48	0	0	25	25	40	52	34	44
% Clerical	25	26	11	24	0	0	25	0	19	23	16	18
% Semi and unskilled	4	0	11	8	0	0	25	50	8	8	10	12
% Recruitment difficulties	68	79	53	64	50	0	75	50	62	69	61	60
Cashflow	-22	-17	-31	-19	-33	0	0	0	-25	-16	-23	-13
Investment - plant/machinery	-9	-15	-14	-13	33	0	25	-40	-6	-16	-1	-17
Investment - training	6	-11	-3	6	67	0	0	40	5	0	7	6
Confidence - turnover	10	6	-3	16	67	-100	50	100	9	14	17	16
Confidence - profitability	1	4	-13	6	0	-100	0	20	-3	4	-5	-3
% Full capacity	27	19	20	24	33	0	50	20	26	21	29	19
Prices	-6	0	13	14	-33	-100	-25	0	-2	4	-4	-4
% Pay settlements	11	16	12	19	33	100	20	40	13	19	15	30
% Raw materials	17	16	21	19	33	100	40	20	20	18	24	26
% Financial costs	26	27	18	16	33	100	20	20	23	23	22	29
% Other overheads	34	39	48	41	33	100	40	40	39	40	41	46
Number of companies	70	51	33	37	3	1	5	5	111	94		
Number of employees	400	288	2011	2250	850	200	5200	6610	8461	9348		
Number of exporters	23	16	14	15	2	1	1	0	40	32		

Home Sales



Export Sales



SERVICE SECTOR

"The picture for the services sector is in stark contrast to the manufacturing sector, with negative export balances and poor prospects for employment. Capacity is under utilised which appears to be putting downward pressure on prices. All in all, the results point towards a challenging 2011 for the service sector economy."

Ann McGregor, Chief Executive, Northern Ireland Chamber.

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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)
North East	Co-ordination	Ross Smith, North East Chamber and ERS (0191 3861133)
North West	Co-ordination	Brian Sloan, Greater Manchester Chamber Of Commerce (0161 237 4106)
Yorkshire & Humber	Co-ordination Contributing Chambers	Steve Hughes (BCC) Barnsley & Rotherham, Bradford, Doncaster, Sheffield, Hull & Humber, Leeds, York & North Yorkshire, and Mid Yorkshire Chambers
East Midlands	Co-ordination	John Dowson, Derbyshire and Nottinghamshire Chamber of Commerce, 0115 957 8761
West Midlands	Co-ordination	William Rogers, Birmingham Chamber (0121 607 1781)
Wales	Co-ordination Contributing Chambers	Steve Hughes (BCC) South Wales, North Wales and West Wales Chambers
Eastern	Co-ordination Contributing Chambers	Steve Hughes (BCC) Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk Chambers
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
London	Co-ordination	Iain Smith, London Chamber Of Commerce, 020 7203 1911
Northern Ireland	Co-ordination Contributing Chambers	Oonagh O'Reilly (NICC) Northern Ireland
National	Co-ordination	Steve Hughes, The British Chambers of Commerce, 65 Petty France, London SW1H 9EU (020 7654 5800)

