

GM Quarterly Economic Briefing Q3 2024

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GM Chamber



Quarterly Economic Briefing

Welcome & Introduction

Chris Fletcher, *Policy Director*

QES presentation

Subrahmaniam Krishnan-Harihara, *Deputy Director - Research & Information Systems*

Panel discussion and Q&A

Neil Rampe, Intercity

Sharon Seville, F1rst Commercial Recruitment

Matthew Stuttard, JMG Insurance

Subrahmaniam Krishnan-Harihara

Chaired by: Chris Fletcher

#GMEconomics for tweets



What is the Quarterly Economic Survey (QES)?

- The Greater Manchester QES is part of the UK's largest and most reliable business confidence survey
- GM Chamber administers the survey in GM and co-ordinates the North West QES, which goes to the BCC.



National QES results are used by the likes of HM Treasury, Bank of England and OECD for decision making.



GM QES is the primary source of economic intelligence in Greater Manchester.

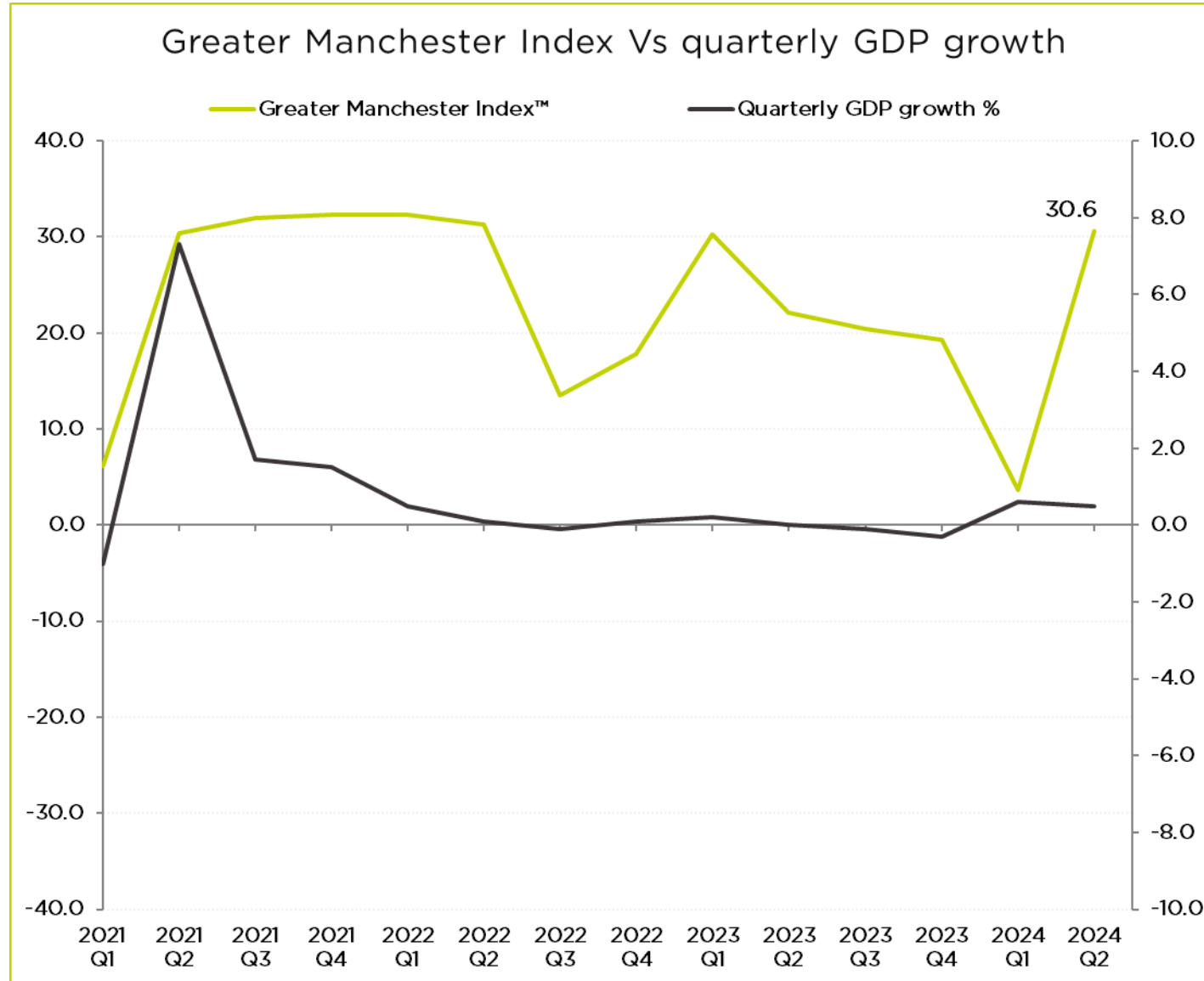


From the QES results, we calculate the GM Index™, a composite economic indicator for the GM Economy.



The findings are presented to the Greater Manchester Combined Authority's Economic Resilience Group and the 10 councils in GM for local decision making.

Where were we last quarter?



- GM Index in Q2 2024: 30.6
- Optimism was returning and business activity picking up
- Q1 GDP revised up to 0.7%
- 0.6% growth in Q2 2024
- In Q2 2024:
 - Services 0.7%
 - Manufacturing 1.4%
 - Construction 0.9%

Source: GMCC QES, ONS GDP Quarter on Quarter growth: CVM SA %

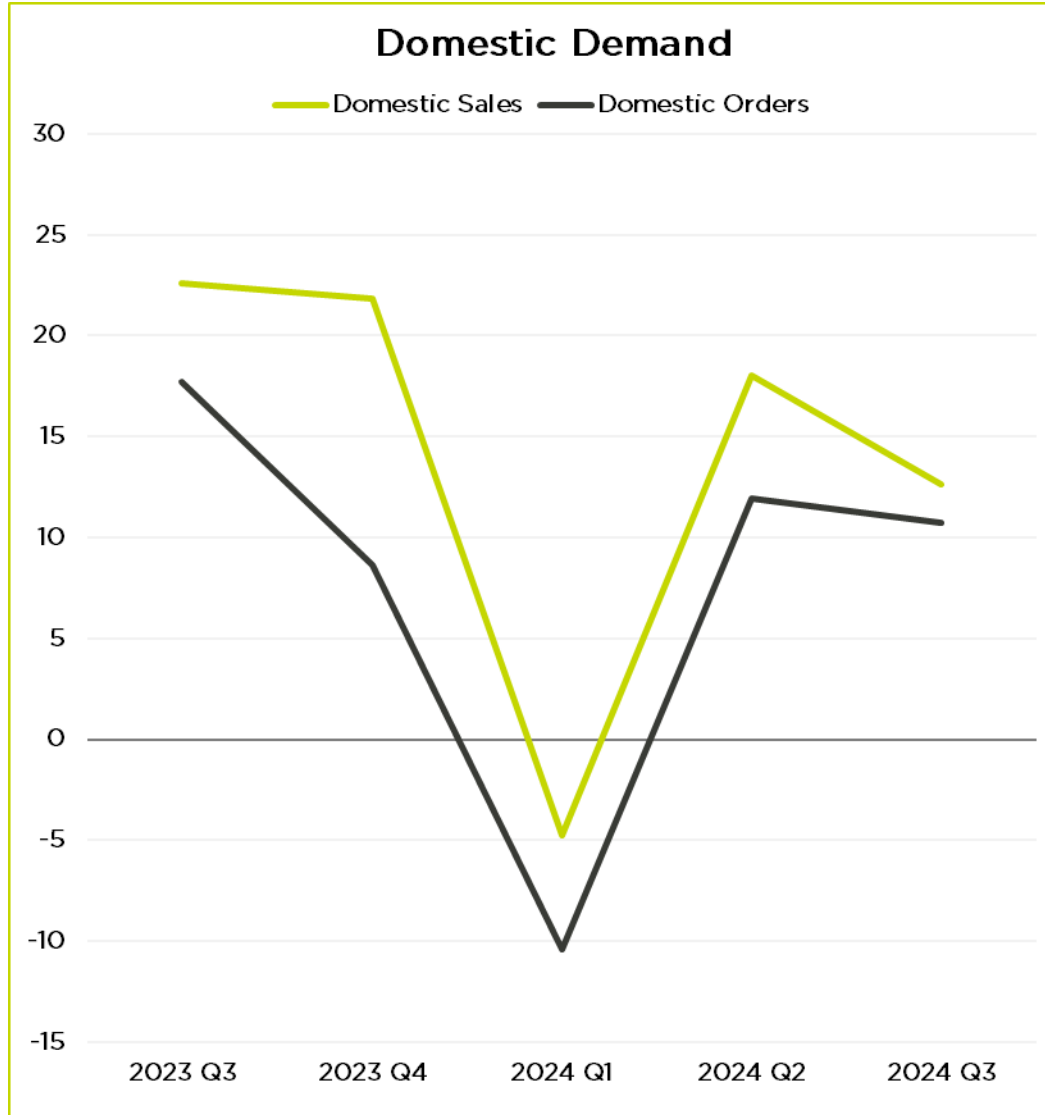
Where are we now?



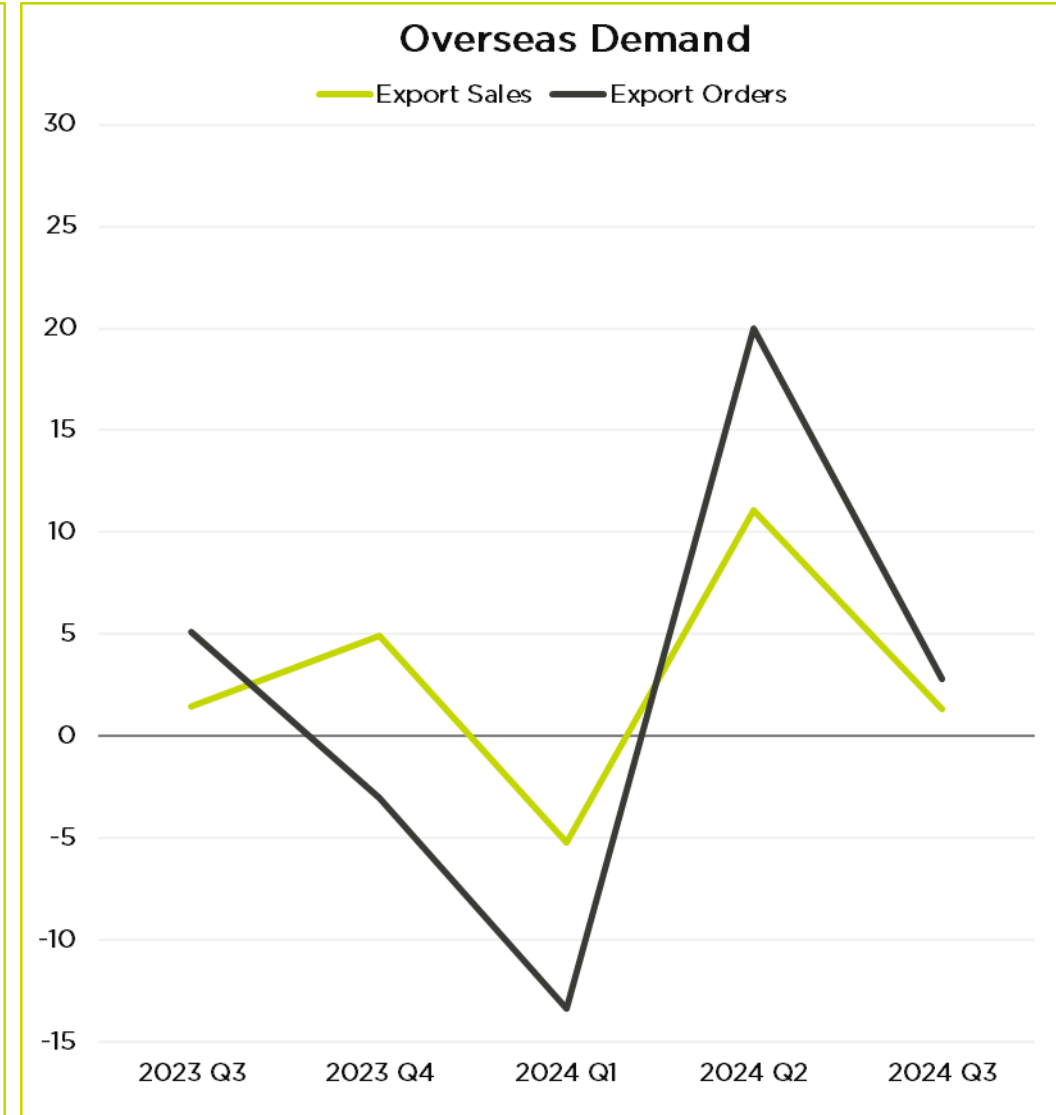
- GM Index in Q3 2024: **18.3**
- Noticeable quarterly slowdown relative to Q2.
- Monthly GDP growth was 0% in June and July 2024.
- PMI indices for August show monthly improvement
 - Services **53.7**
 - Manufacturing **52.5**
 - Construction **53.6**
- Consumer confidence dipped in September after 6 months of improvement.
- A lot of variability in the global economy.

Source: GMCC QES, ONS GDP Quarter on Quarter growth: CVM SA %

Customer Demand

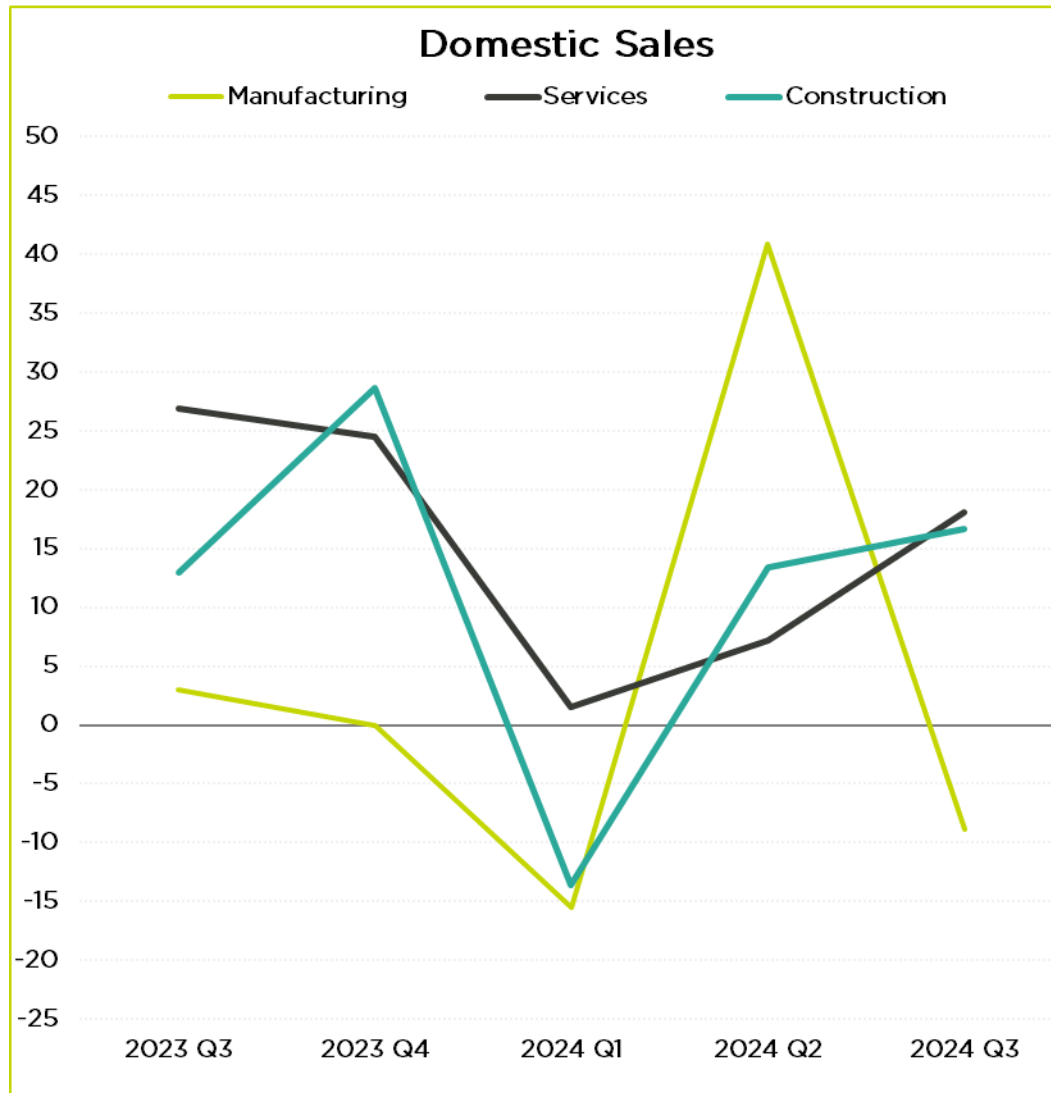


Source: GMCC QES

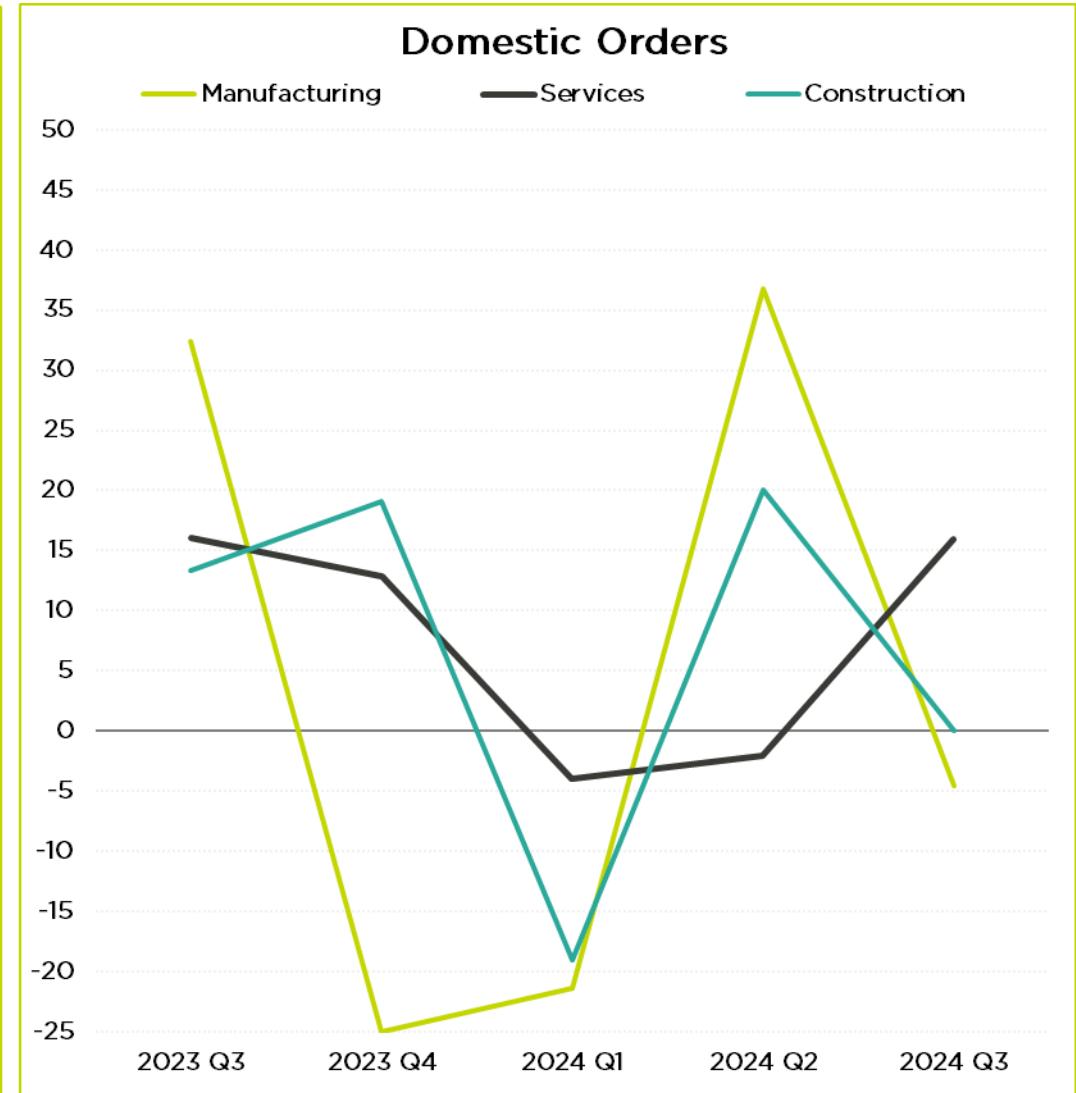


Source: GMCC QES

Domestic Demand: sectoral



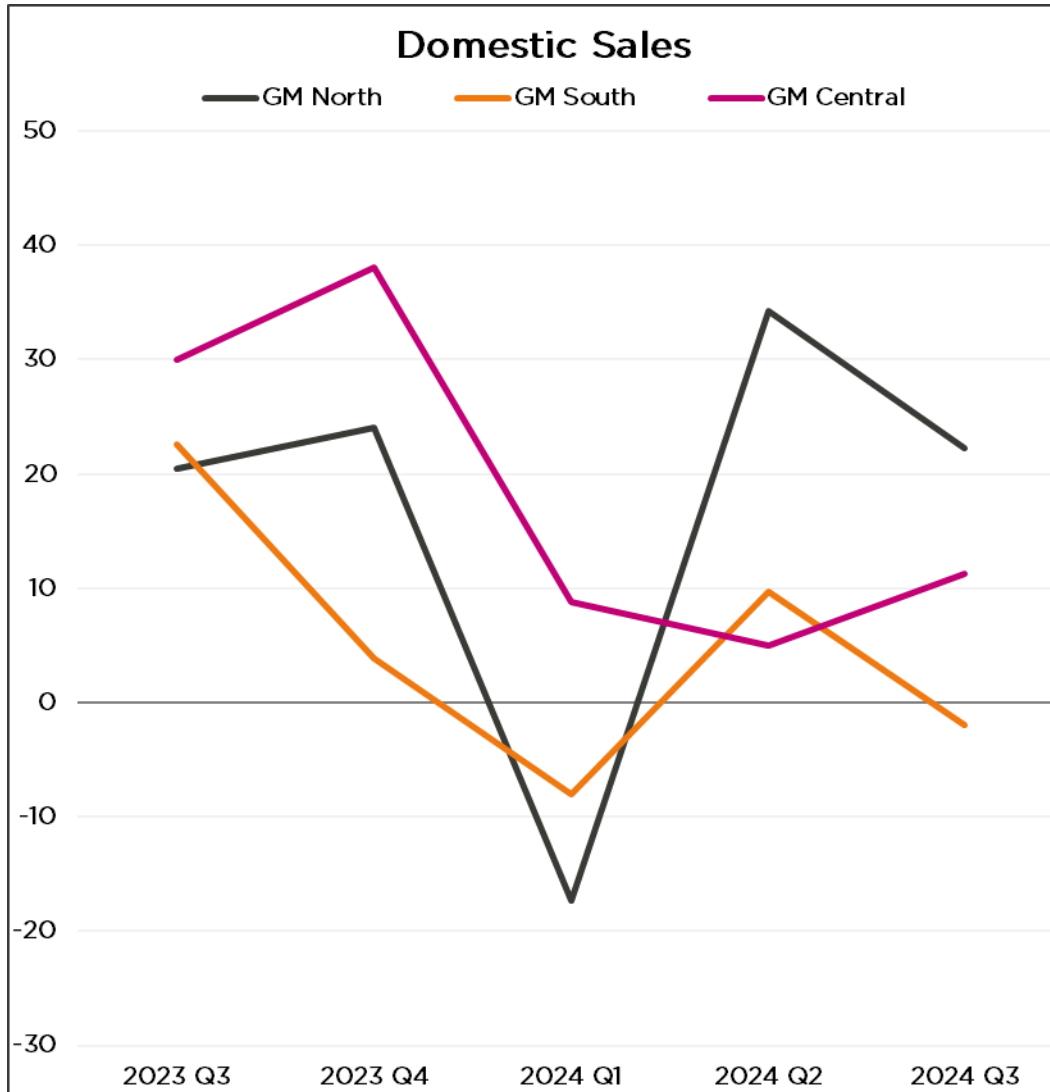
Source: GMCC QES



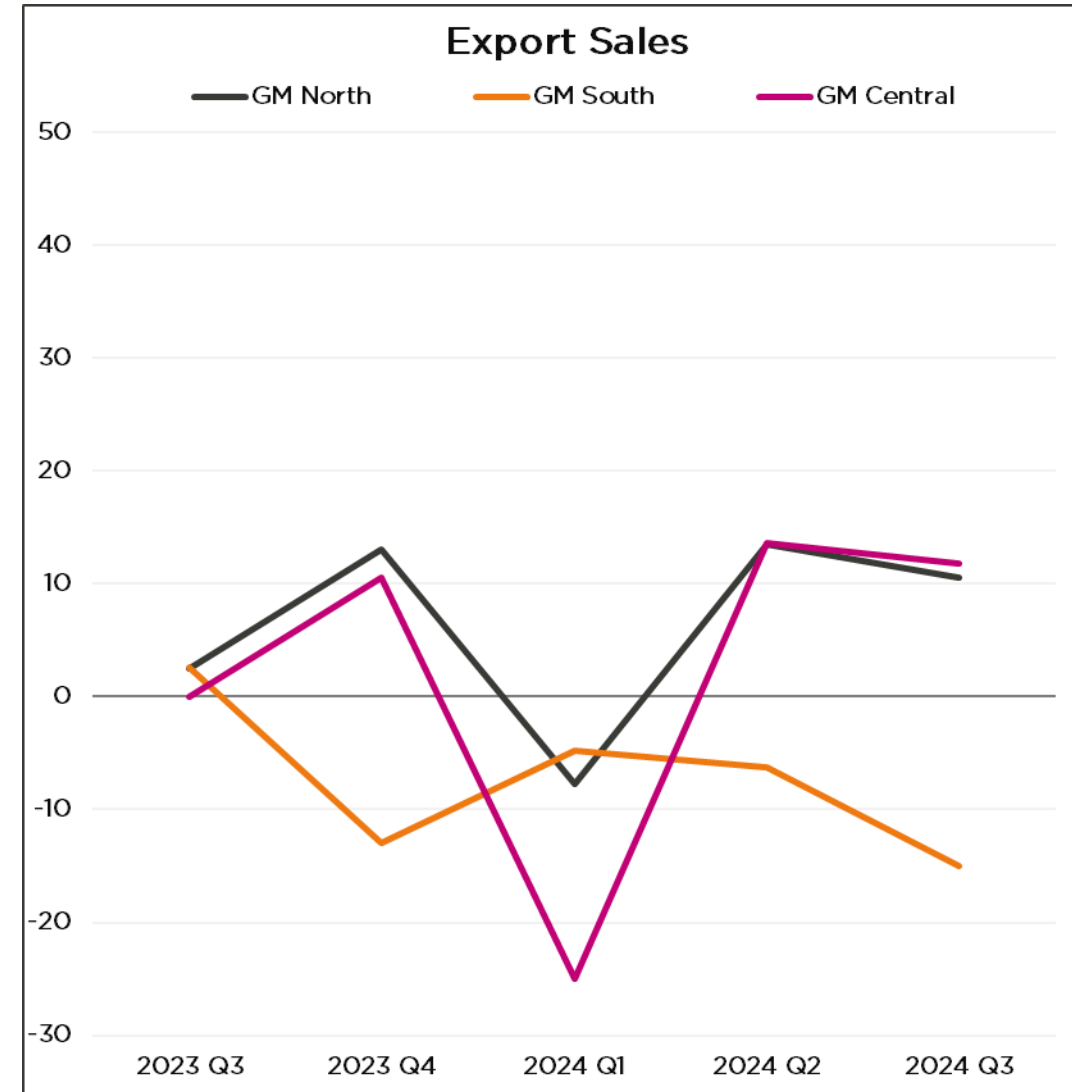
Source: GMCC QES



Customer Demand: sub-regional

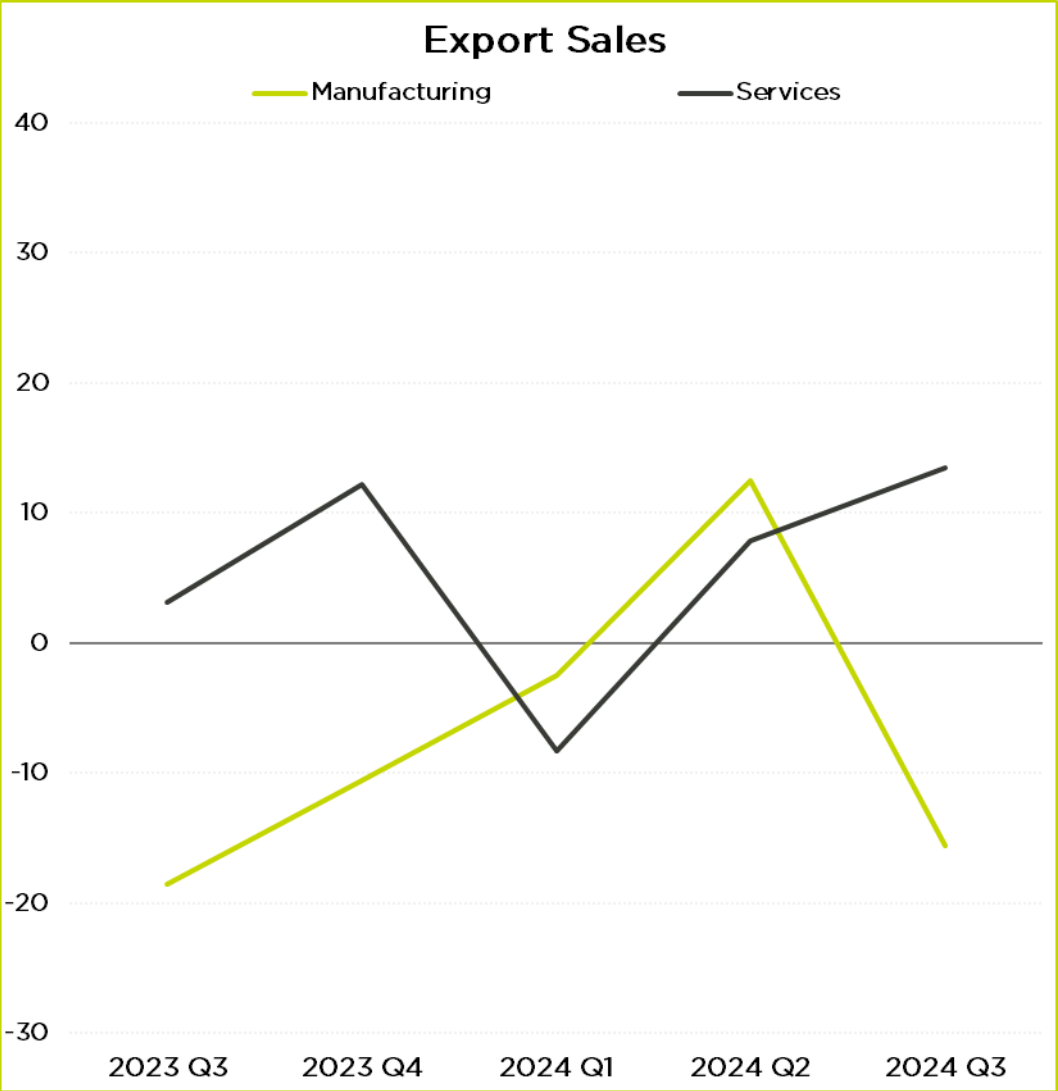


Source: GMCC QES

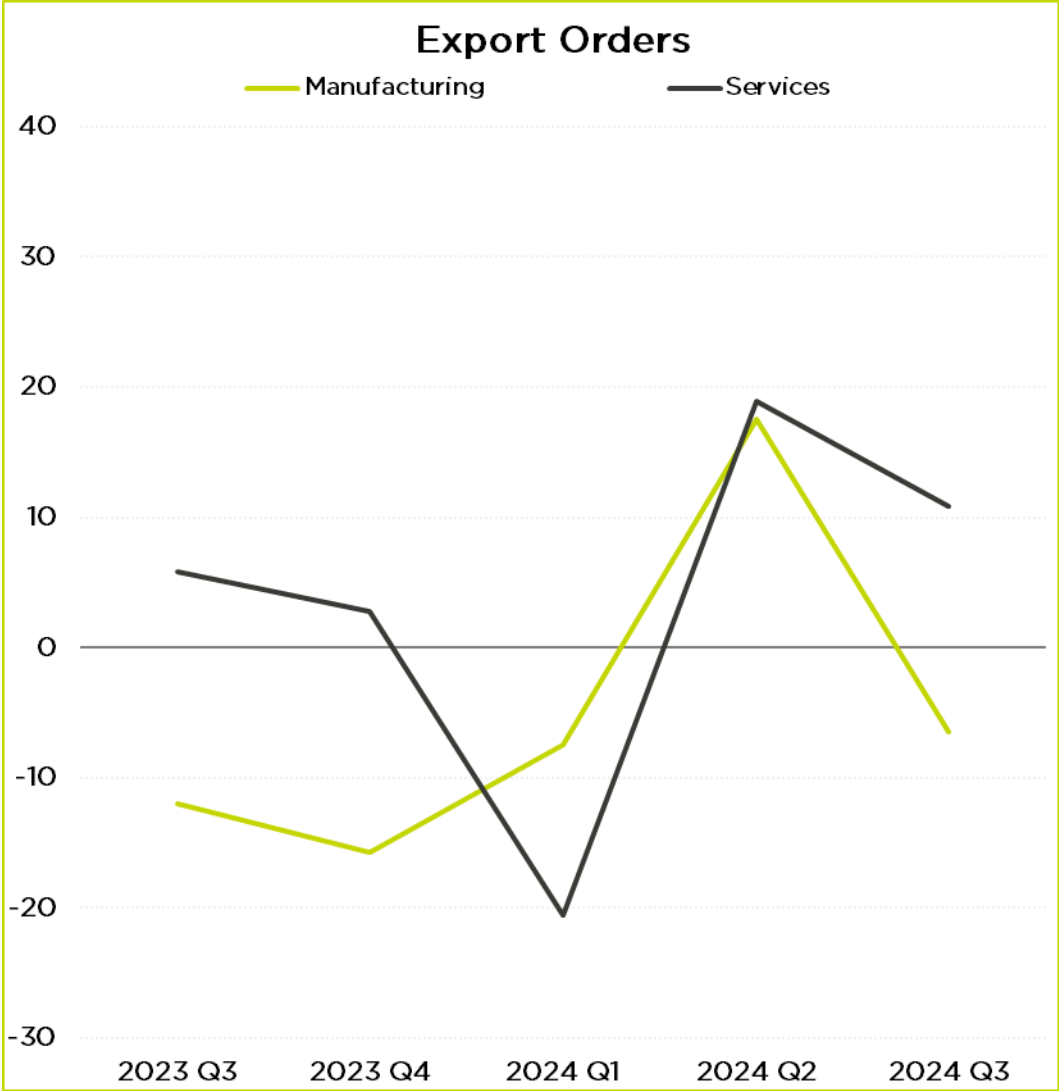


Source: GMCC QES

Export demand: sectoral

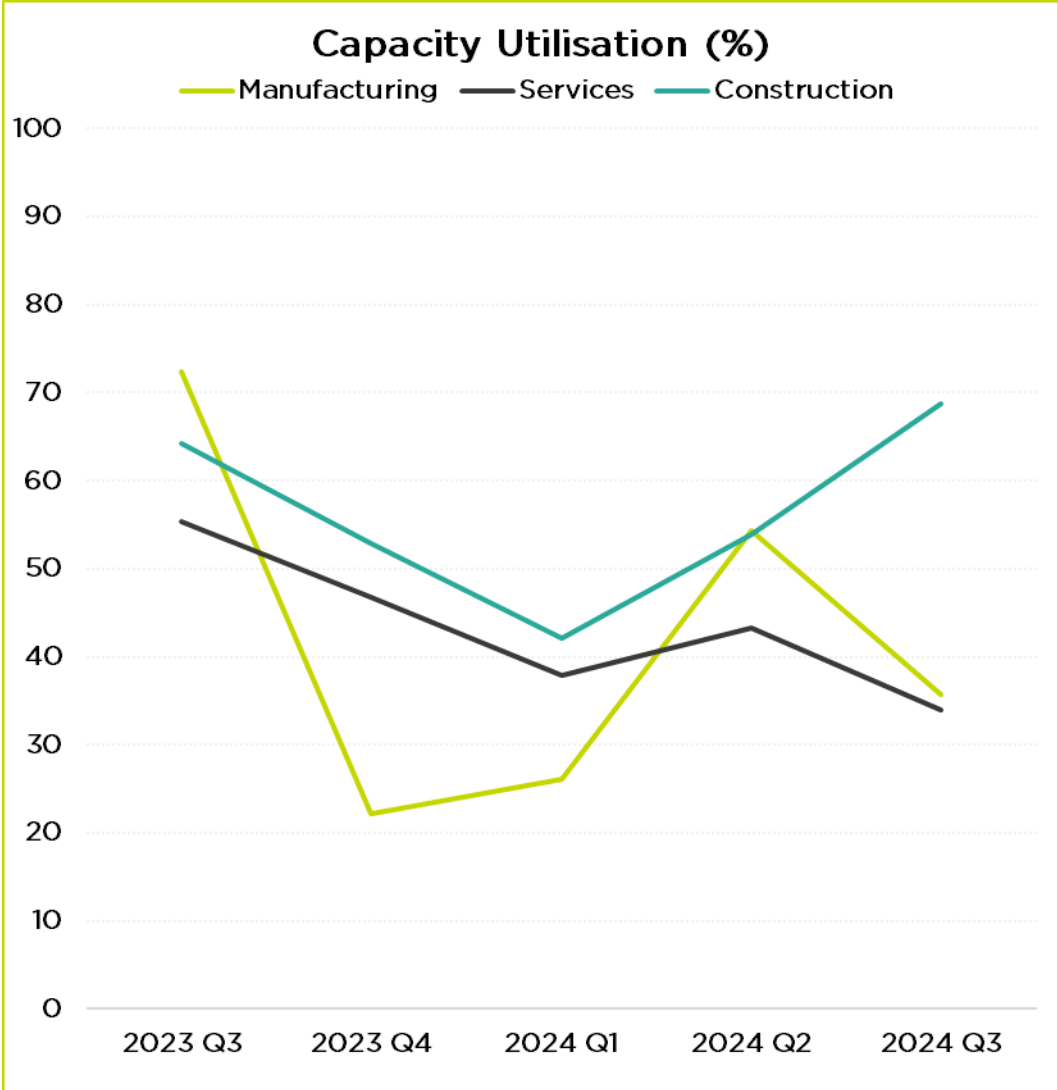
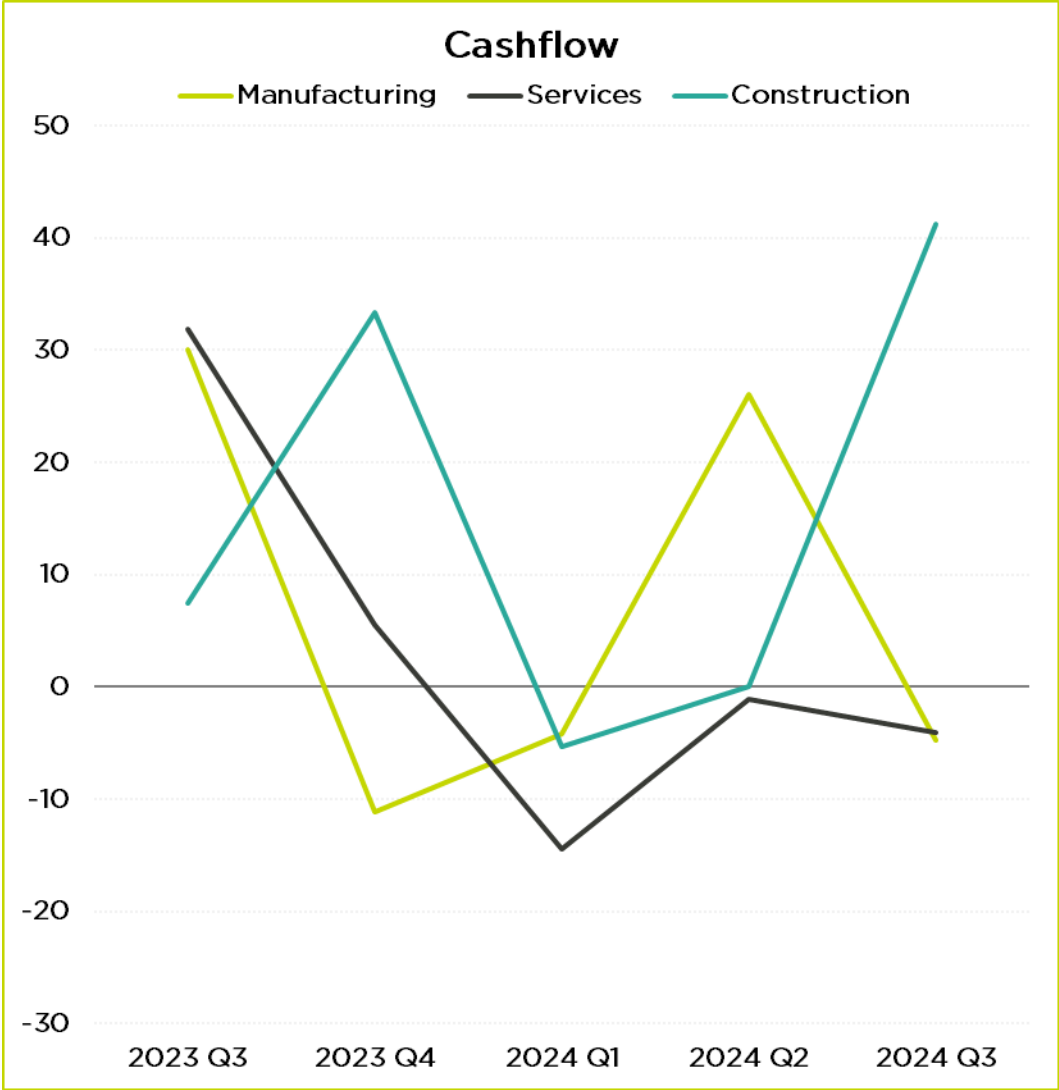


Source: GMCC QES



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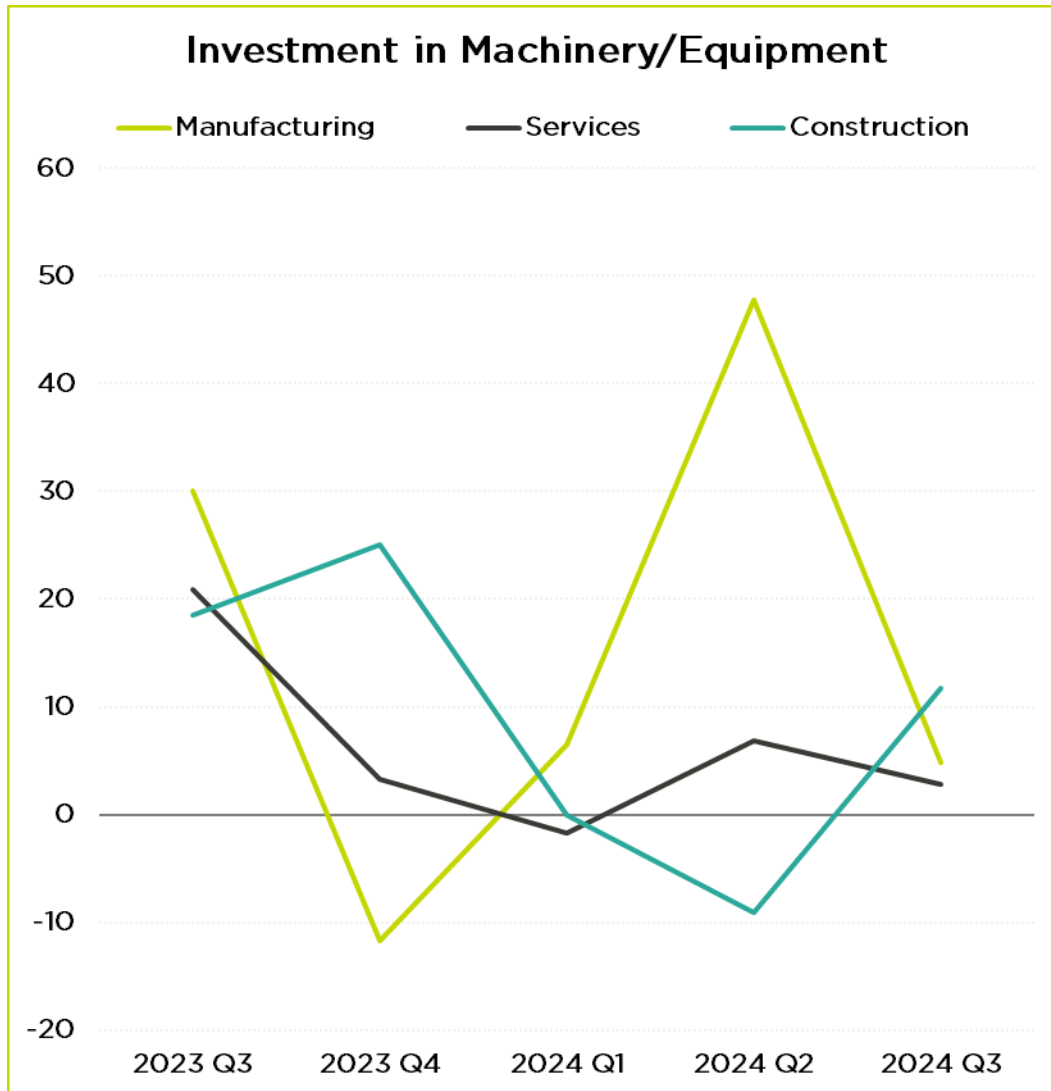
Cashflow & Capacity utilisation



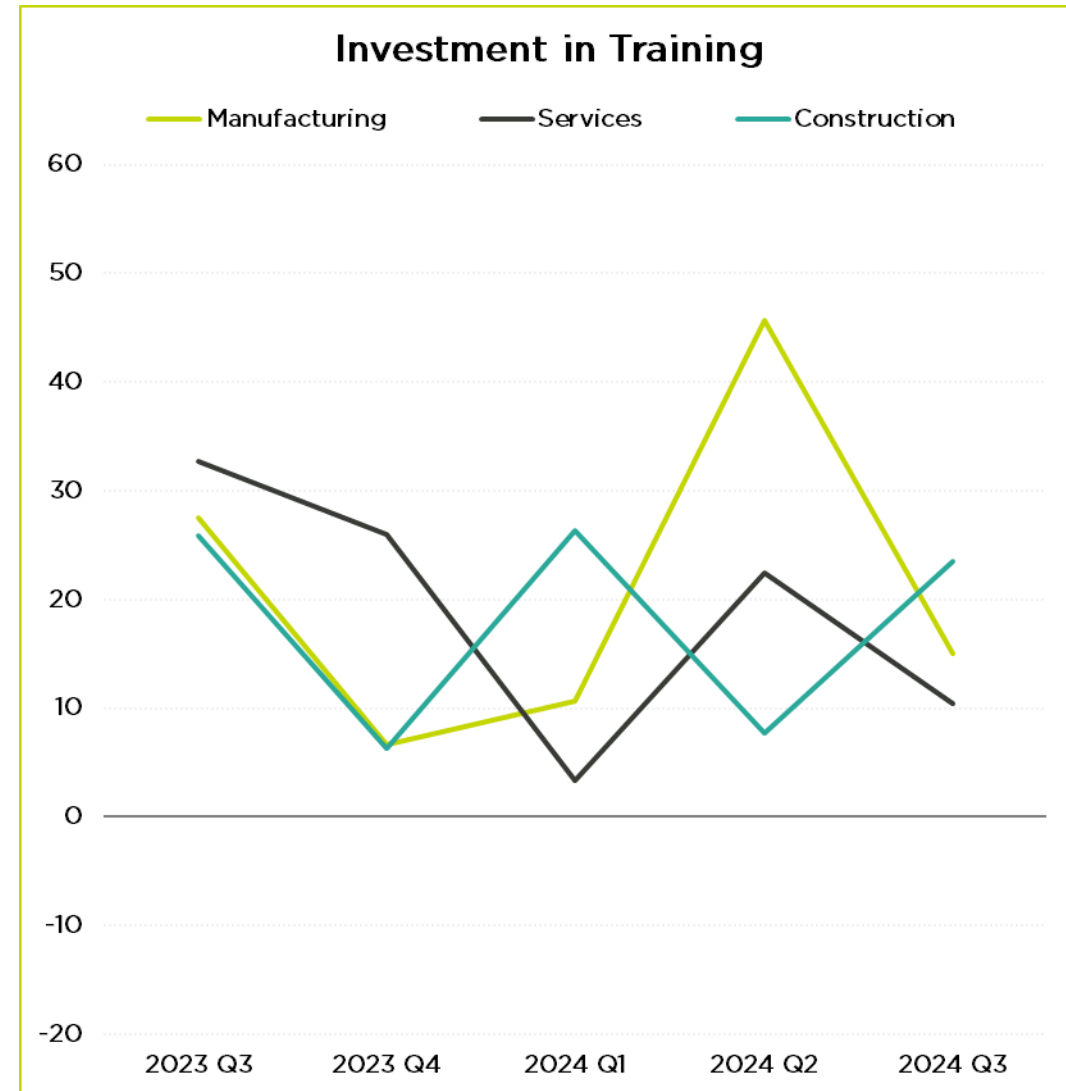
Source: GMCC QES

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Business Investment

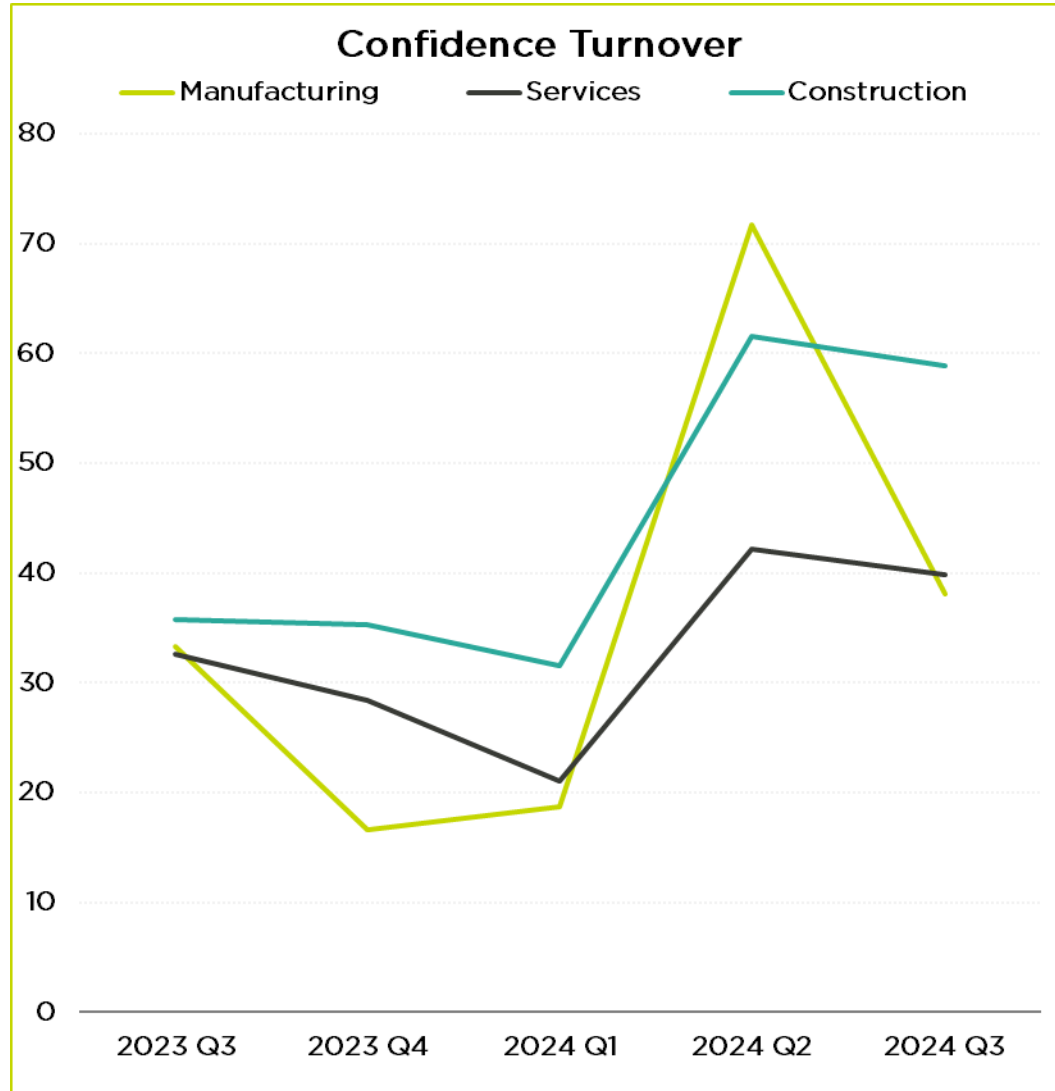


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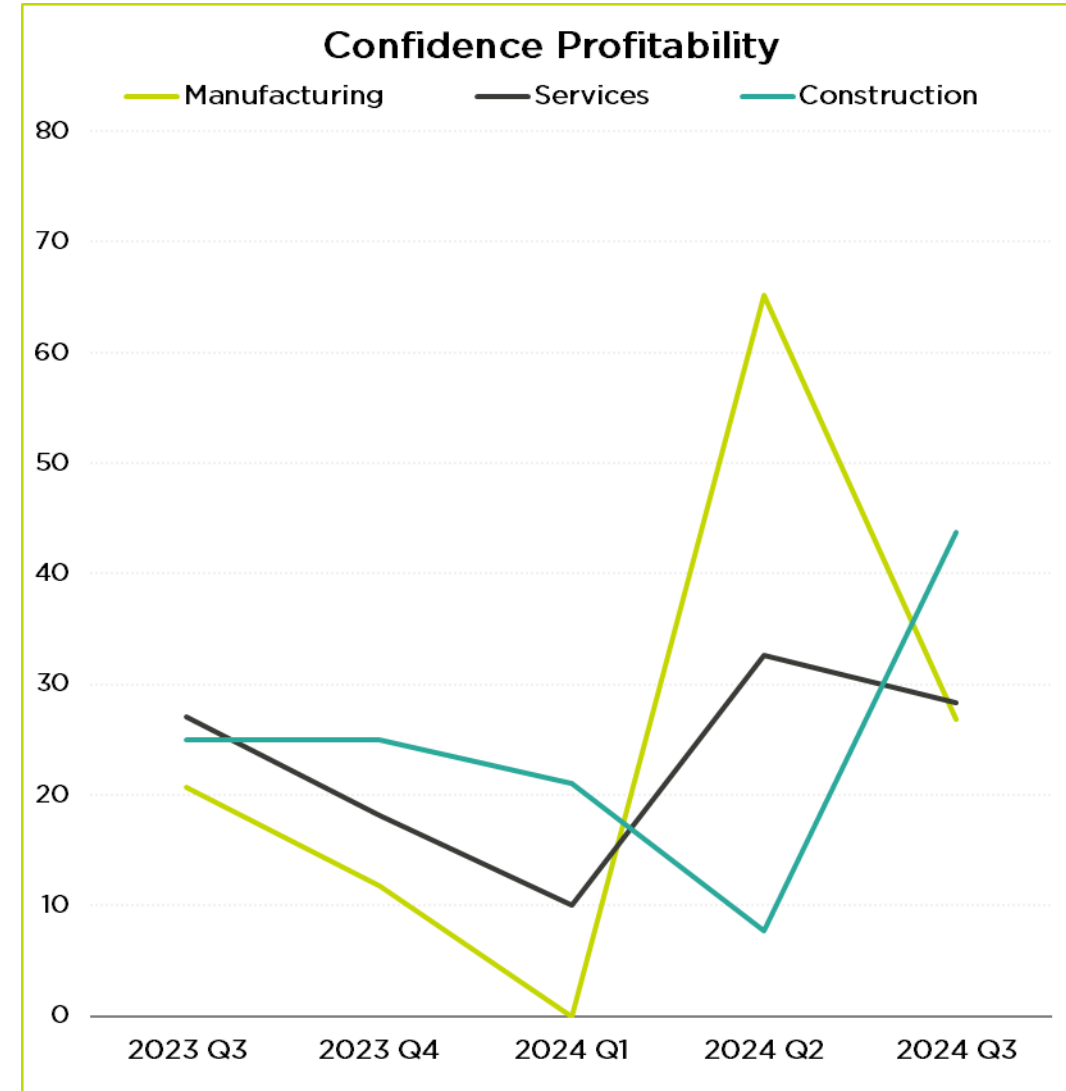


Source: GMCC QES

Business Confidence

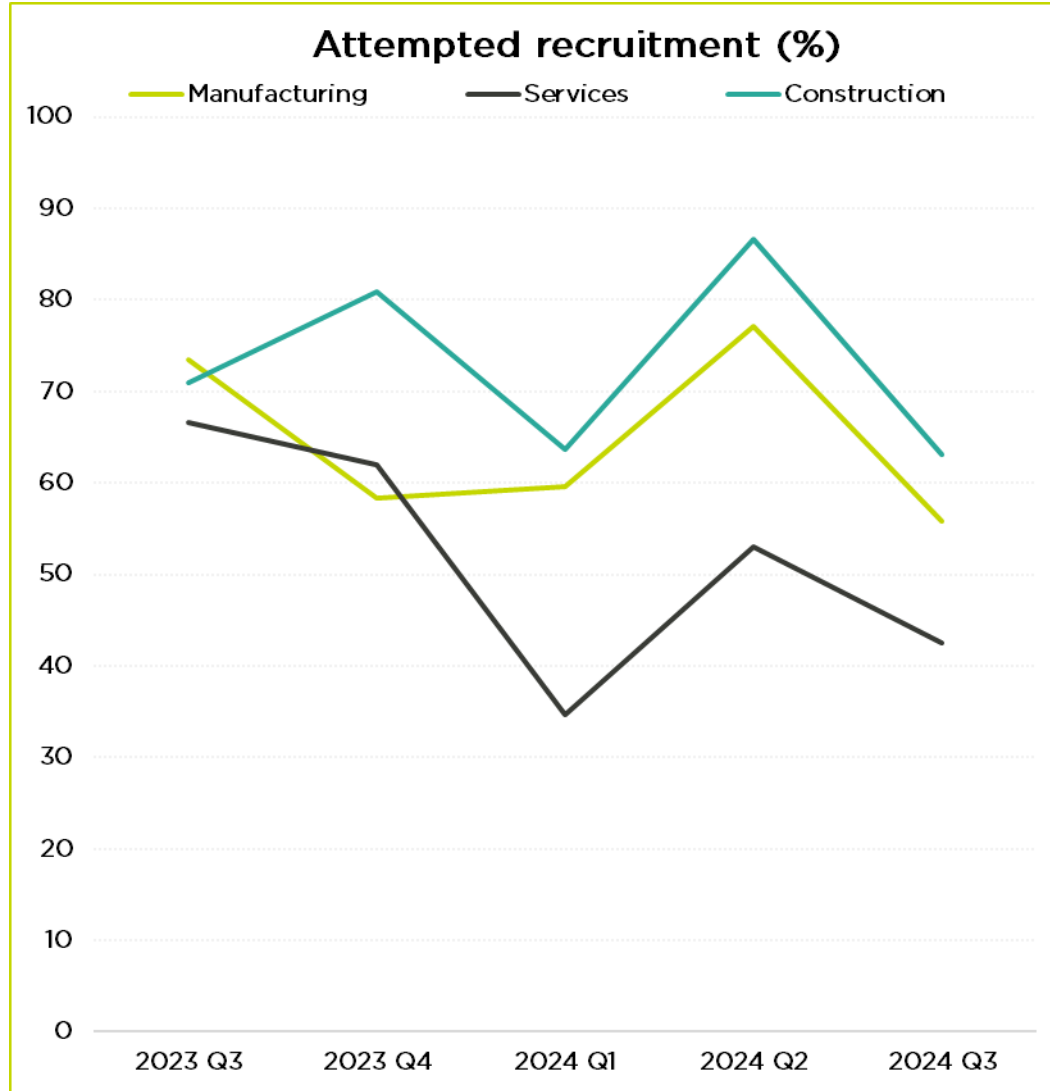


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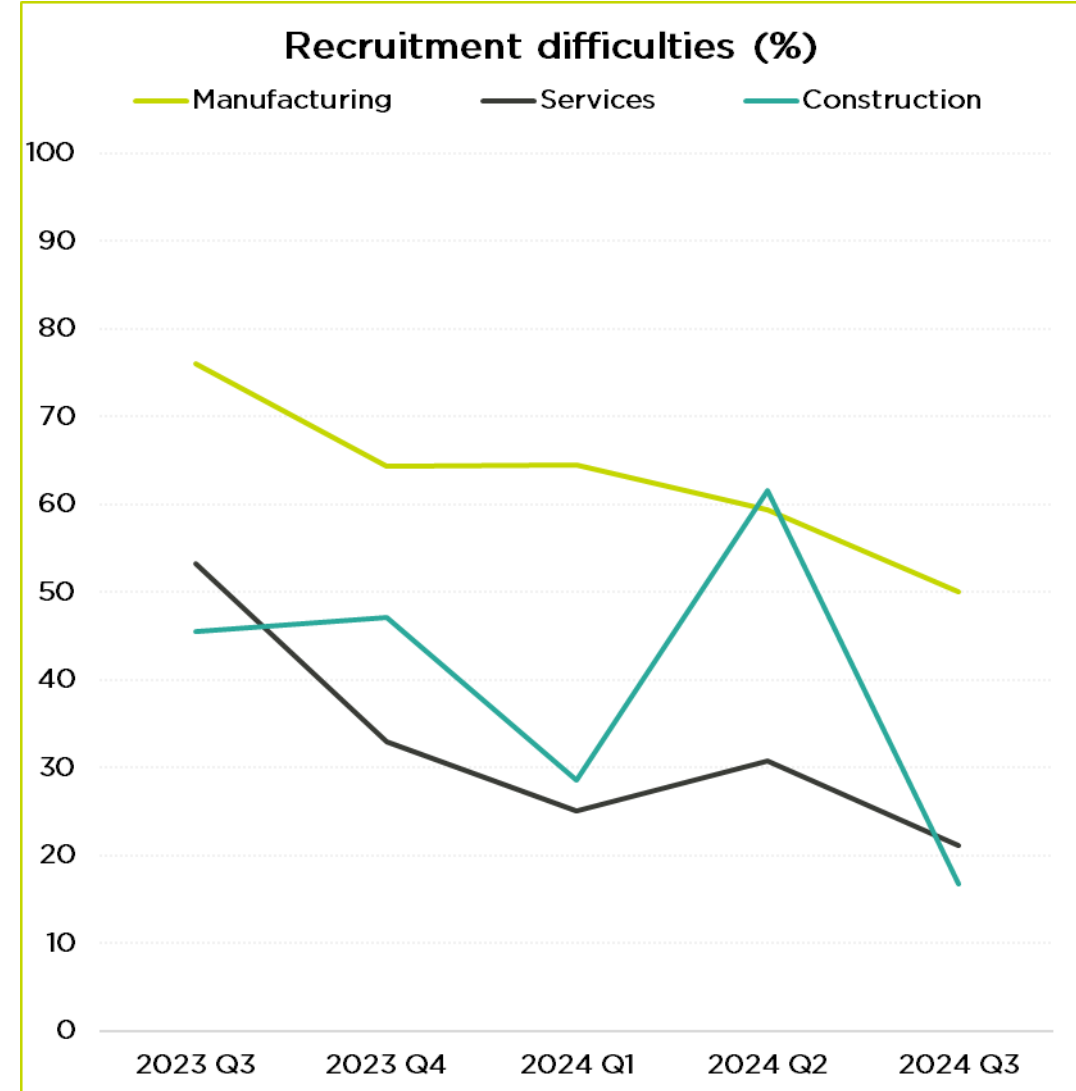


Source: GMCC QES

Recruitment

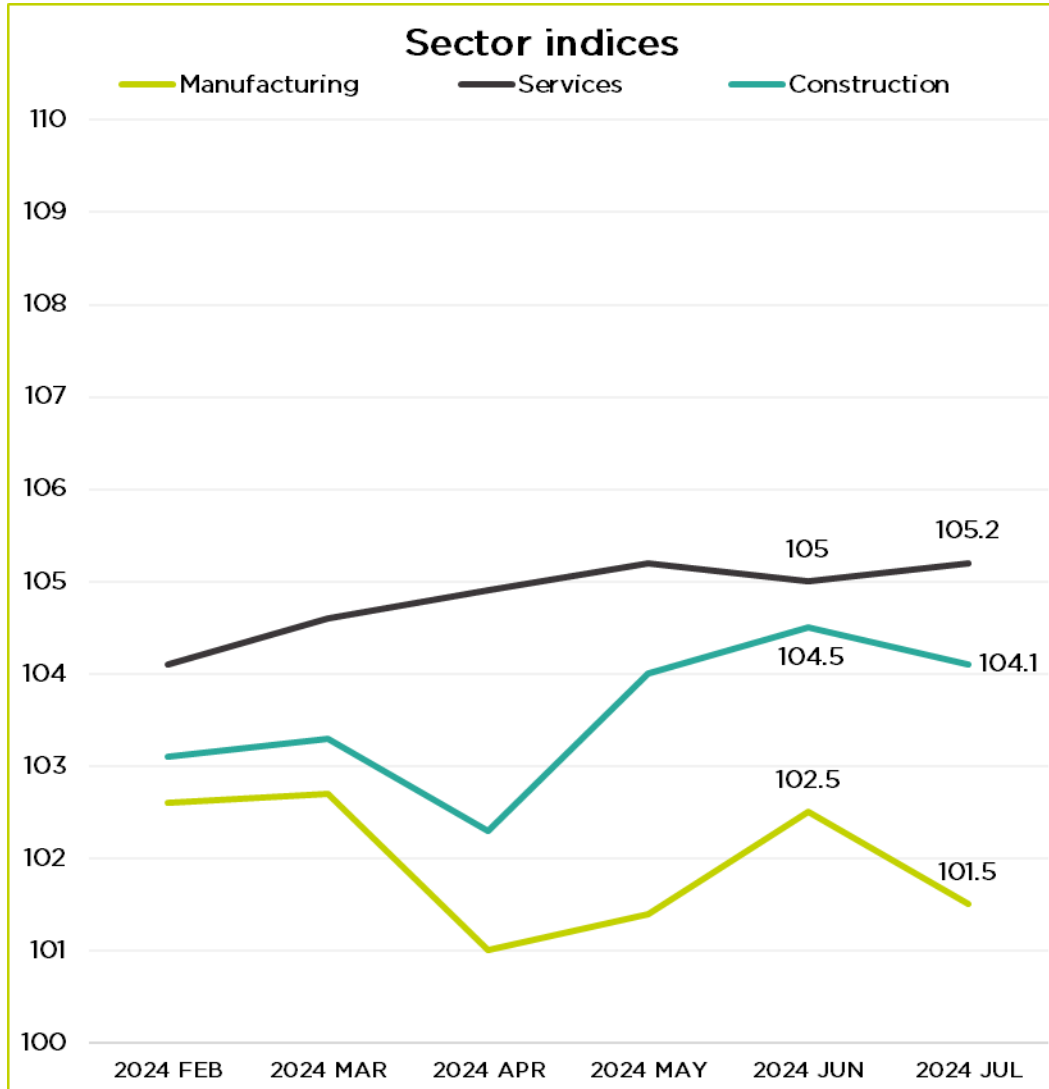


Source: GMCC QES

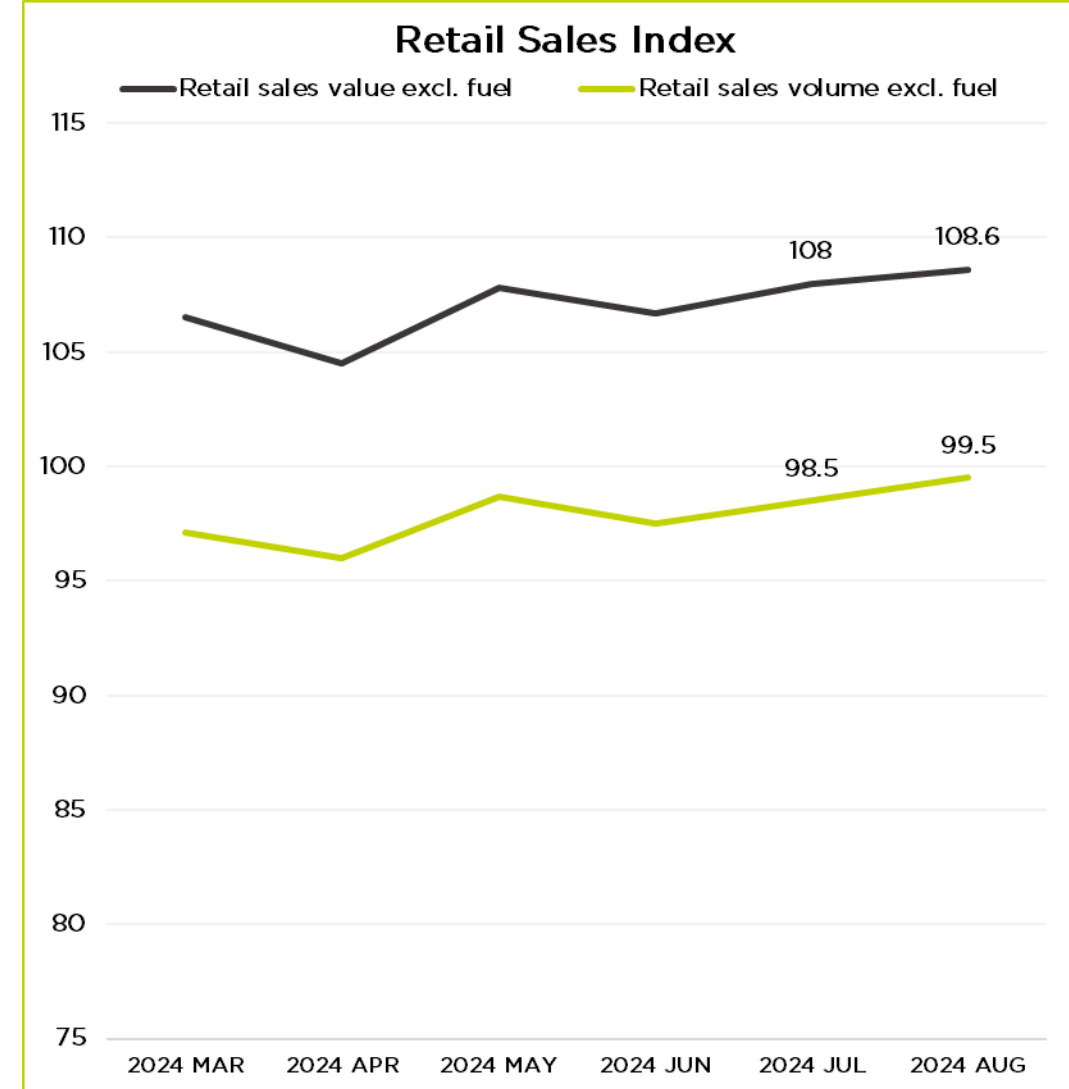


Source: GMCC QES

UK Sector Performance

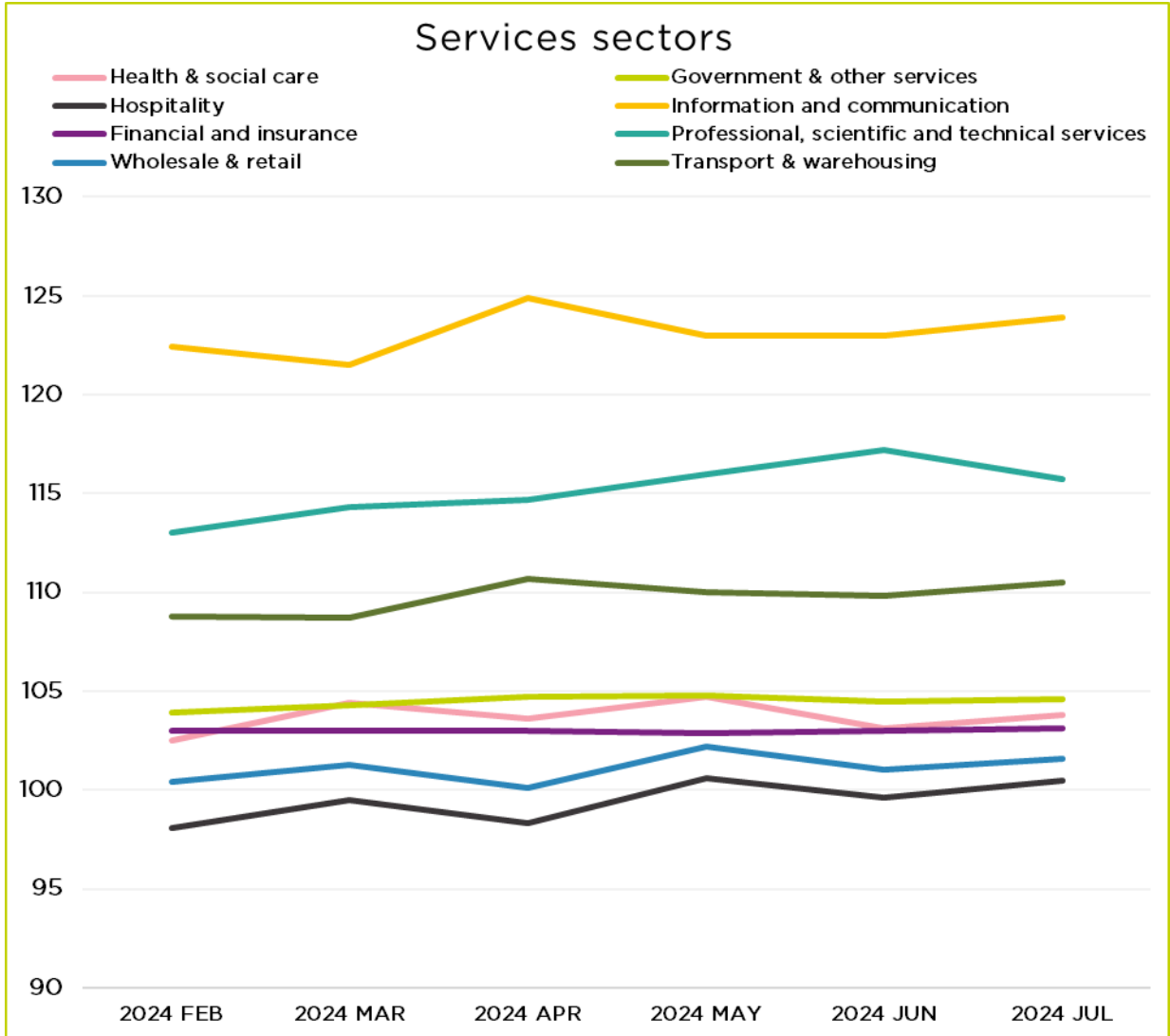


Source: ONS

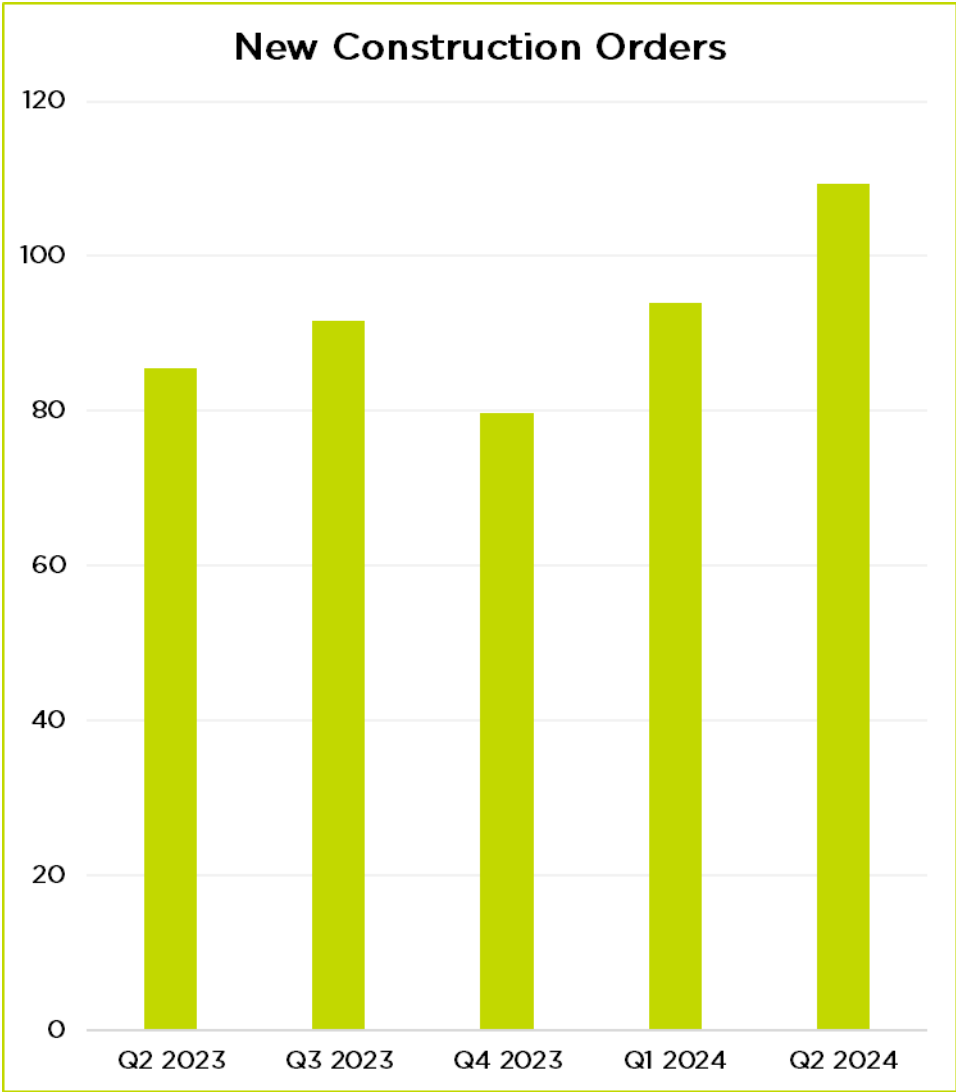


Source: ONS

UK Sector Performance (Index numbers)

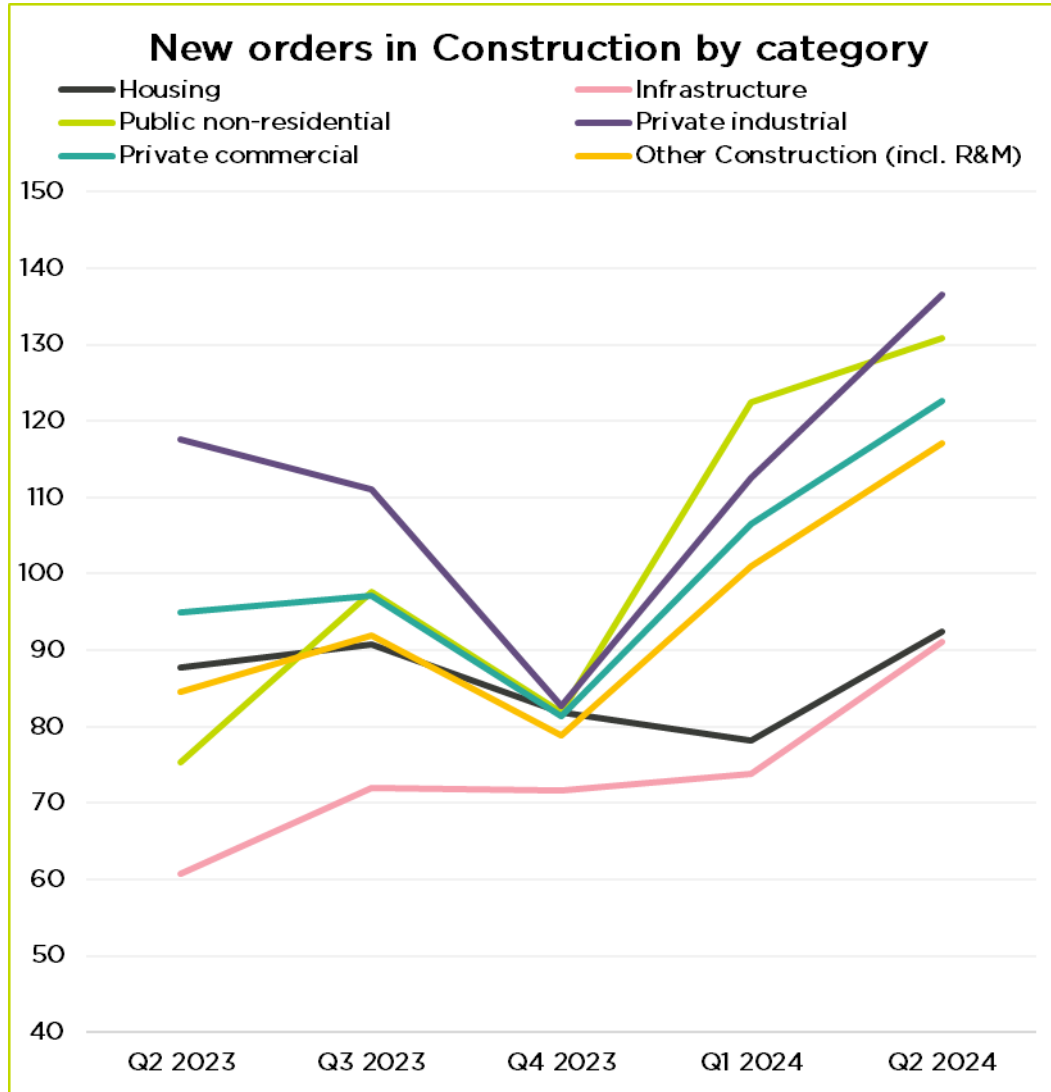


Source: ONS

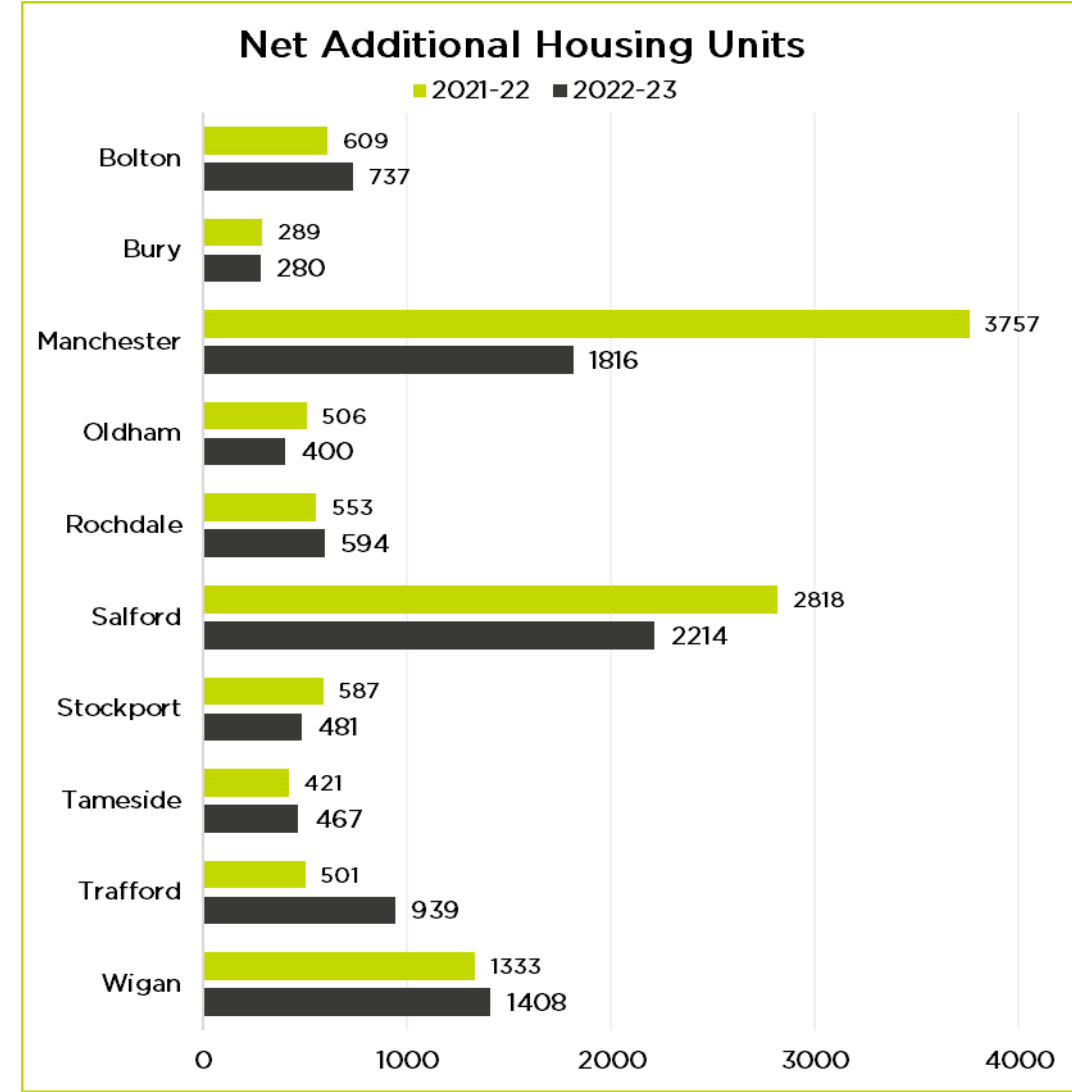


Source: ONS

Construction sector



Source: ONS




Source: MHCLG


Business concerns


- New government
 - “I thought they were for growth but it appears as usual tax and spend and increase state control”
 - “Worries what changes Labour will bring in effecting finance and investment”
 - “Pleased to have a competent, serious Government in office.”
 - “Patience is obviously needed, cuts will be have to happen and money needs to be saved before it can be spent again, I believe we are on a good track”
- Taxation
 - “Taxation is the biggest burden, I also feel frustrated but personal taxation that the upper threshold of tax hasn’t increased in line with the CPI this is known as fiscal drag and regular jobs are now hitting this tax bracket when it was intended for the very high earners”
 - “The benefits system is still not making work pay. Tax on employing people is preventing employers on tight margins offering full time work.”
 - “We feel we are taxed by government to the hilt!”
- Business pressures
 - “The reduction in R&D tax credits has a serious impact on our business.”
 - “Capital projects have slowed down significantly globally due to geo political tensions across the world and general elections have also cooled down largescale investments.”
- International trade
 - “Manufacturers unable or unwilling to provide paperwork & Irish Customs cause of all export delays and loss of business. For the Customs it is all about the duty”


Summary & GDP Forecast


 Businesses anticipate some economic challenges and uncertainty. A lot depends on the Budget on Oct 30th.

 A “wait and watch” approach with investment likely postponed to until after the Budget.

 CPI is near target at 2.2% but core inflation is 3.3% (attributed to increased air fares) and services inflation is 5.9%. Energy bills are set to rise in October.

 Wage inflation is a concern. Data from Indeed and Adzuna show that wages increased 7% year on year. Indeed says some salaries in the UK are rising twice as fast as they are in the US and Euro area.

 Interest rates are going down: the Fed cut rates by 0.5%, ECB by 0.25% while the BoE held rates at 5%. An Indeed report shows that some wages are rising twice as fast in the UK as they are in the US and the Eurozone.

 Forecast growth for 2024 is 0.7% to 1.0% and 0.3% to 0.5% for Q3. UK growth in 2024 and 2025 is expected to be on par for many advanced economies.

 Levelling up has been dropped but the government has said it is committed to devolution.





Thank you!

Panel discussion /

Q&A

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