

# LINCOLNSHIRE QUARTERLY ECONOMIC SURVEY 2020

FULL REPORT AND ECONOMIC BRIEF

# Q 3

# Q3/ 2020 LINCOLNSHIRE ECONOMIC BRIEFING

As expected, and since the publication of the last briefing, we have finally had the announcement confirming the UK economy going into recession.

The latest estimate from the Office for National Statistics shows that the economy contracted by 19.8% in Quarter 2 (Apr to June) 2020 (revised from the initial estimate of a 20.4% fall). This is the largest quarterly contraction in the UK economy since quarterly records began in 1955 and marks the second consecutive quarterly decline after a fall of a revised 2.5% in the previous quarter.

We note here that whilst the revision upwards of the Q2 GDP estimate is good news, Q1 GDP has been further revised downwards (from -2.2% to -2.5%) showing that the economy was in a weaker state than first thought even before the full effects of a UK lockdown.

By and large, and despite the expected recession, there were definitely some economic positives to be had at the time and we can see this is in the latest results.

In summary then we can clearly see improvements in nearly all indicators (the exception of note being that of 'overseas orders activity'). However, this improvement has not been enough to move most of the balance of responses into positive territory, meaning that levels of activity have still been contracting.

Responses this quarter have again split quite neatly 75%/25% in terms of Services and Manufacturing, mirroring the make up of the economy. However, in contrast to what we reported last quarter, looking at this level of results shows that the Service sector is currently more positive about current conditions and the year ahead, compared to Manufacturing. Worryingly, Manufacturing sector confidence in future levels of profitability and turnover have actually worsened since last quarter whilst the same indicators for the Service sector are now positive.

The improvement in the outlook of the Service sector coincides with and may be as a result of the gradual opening up of the economy from lockdown during this period which did and continues to have a greater impact on the Services sector. Given that we are now currently seeing more and more local lockdowns and restrictions come into effect in a bid to counter the second wave of the virus, it will be interesting to see if and how this manifests in the next set of survey results.

The Lincolnshire Economic Briefing is produced by Lincolnshire County Council in partnership with Lincolnshire Chamber of Commerce and the University of Lincoln.

Analysis provided by Codename Consulting.

The QES is conducted by British Chambers of Commerce.

Lincolnshire  
COUNTY COUNCIL  
*Working for a better future*

UNIVERSITY OF  
LINCOLN

Greater  
Lincolnshire  
Local Enterprise Partnership

UK SALES &  
ORDERS



CURRENT & FUTURE  
RECRUITMENT  
ACTIVITY



OVERSEAS  
ORDERS



BUSINESS  
CONFIDENCE  
SHOWS SIGNS OF  
RECOVERY



# Q3 / 2020 QUESTION ANALYSIS

PLUS FIGURE MINUS FIGURE

## UK MARKET

**-14%** 

LAST QUARTER: -53%

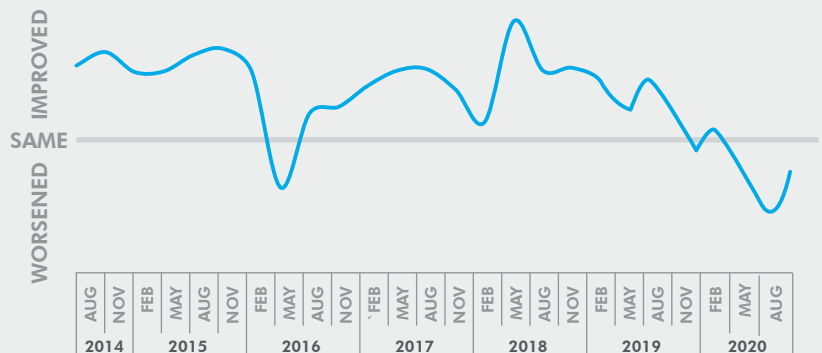
Balance of respondents reporting improvements in **DOMESTIC SALES**

**-17%** 

LAST QUARTER: -48%

Balance of respondents reporting improvements in **DOMESTIC ORDERS**

### Sales performance over time



**ACTIVITY LEVELS IMPROVE  
BUT REMAIN NEGATIVE**

## OVERSEAS MARKETS

**-27%** 

LAST QUARTER: -50%

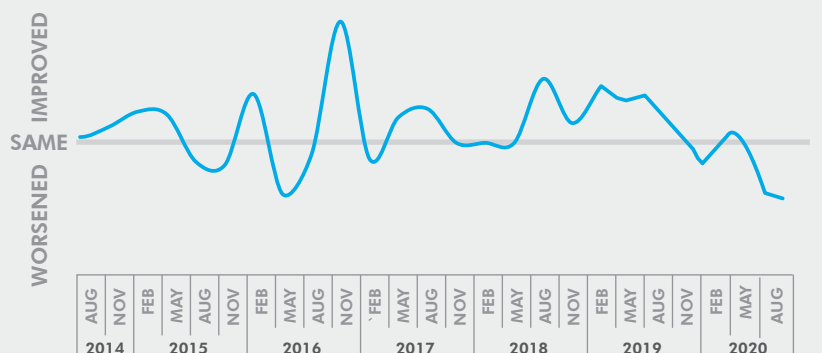
Balance of respondents reporting improvements in **EXPORT SALES**

**-43%** 

LAST QUARTER: -37%

Balance of respondents reporting improvements in **EXPORT ORDERS**

### Sales performance over time



**OVERSEAS ORDERS ACTIVITY FALLS FURTHER**

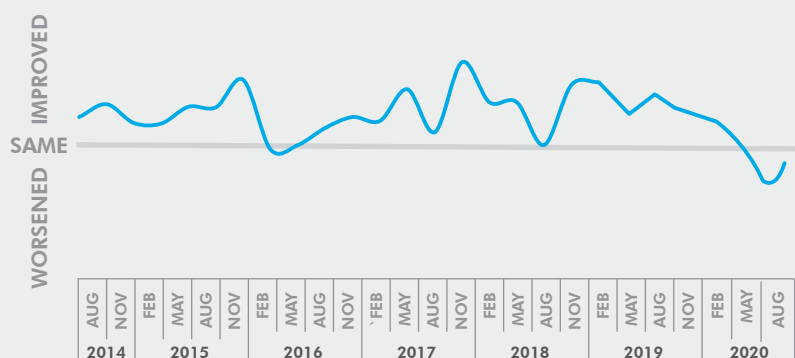
# Q3 / 2020 QUESTION ANALYSIS

■ PLUS FIGURE ■ MINUS FIGURE

## WORKFORCE



### Recruitment plans over time

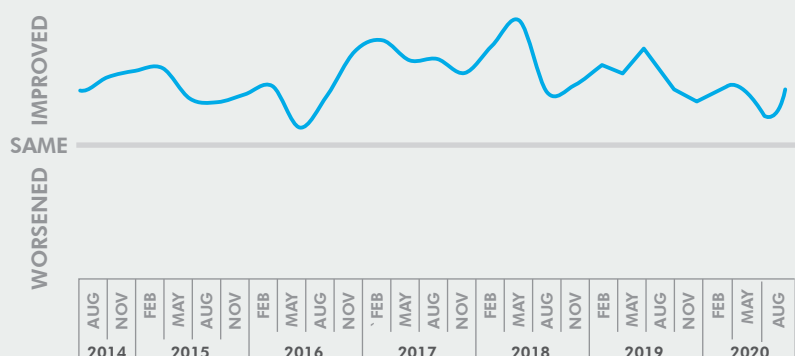


**CURRENT AND FUTURE RECRUITMENT  
ACTIVITY REMAIN NEGATIVE**

## CASHFLOW & INVESTMENT



### Prices over time

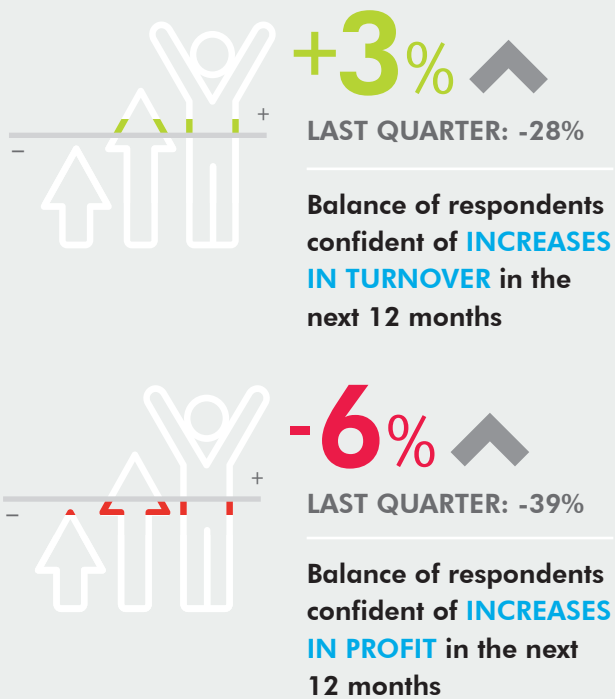


**CASH FLOW AND INVESTMENT PLANS  
IMPROVE BUT REMAIN NEGATIVE**

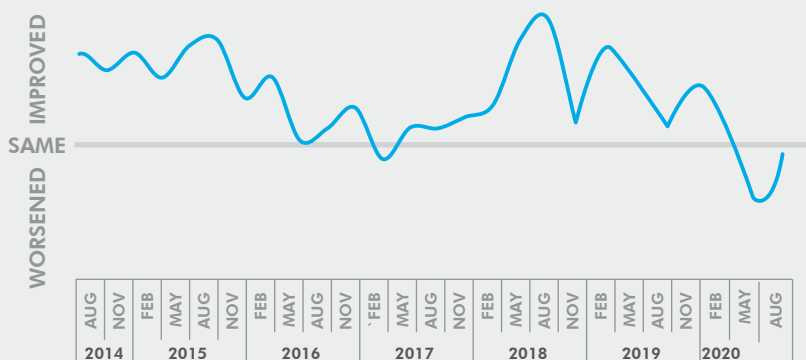
# Q3 / 2020 QUESTION ANALYSIS

**PLUS FIGURE** **MINUS FIGURE**

## BUSINESS CONFIDENCE



## Profitability next 12 months



## CONFIDENCE LEVELS SHOW SOME SIGNS OF RECOVERY





Lincolnshire  
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Commerce

The Ultimate Business Network

# ABOUT THE QES AND BRIEFING

The Quarterly Economic Survey (QES) is the flagship economic survey of the British Chambers of Commerce and the largest independent business survey in the UK.

It is a prominent tool used to measure the state of business sentiment and is monitored by a range of national and international organisations, such as the Bank of England, HM Treasury, European Commission, and IMF.

All information contained in this briefing is the most up-to-date available at time of publication (October 2020).



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