



Business Monitor

Weekly economic tracker

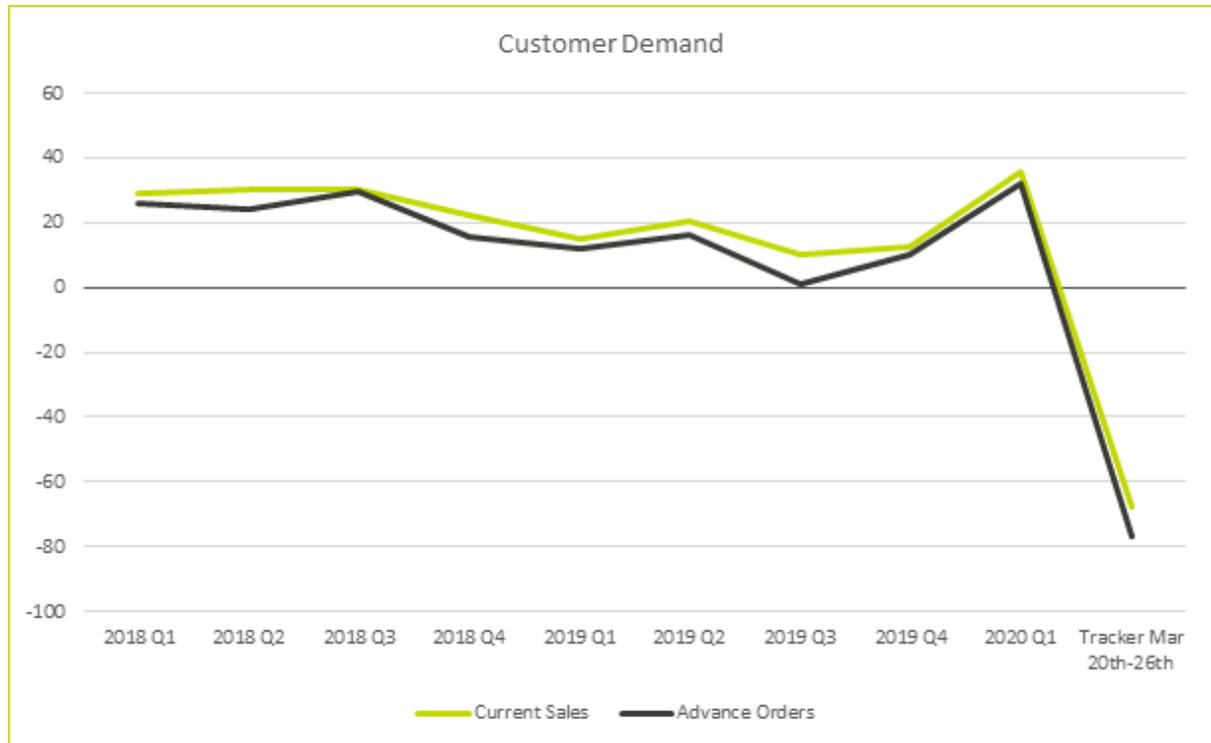
30/03/2020

At the beginning of 2020, buoyed by a majority government having been elected to power and subsequent clarity on Brexit, the landscape was beginning to look positive for many businesses. Although economic growth was fragile and retail sales over the Christmas season were not as high as anticipated, business confidence was high, and it was hoped that investment would increase. That positive outlook seems like a distant memory now. Even the Chancellor's Budget speech of 11 March seems inconsequential.

In the last few days, the public health response to Covid-19 has seen a UK wide lockdown with all non-essential shops ordered to be closed, the majority of the UK's workforce homeworking and large parts of the economy at standstill. As the economic consequences of the coronavirus pandemic start to manifest themselves, the Government has announced various schemes to shield businesses and their workers from financial catastrophe. However, concerns remain over the timeline, and extent, of support available. Given the rapid pace of developments, we have to understand the immediate impacts on Greater Manchester businesses.

Greater Manchester Chamber's Business Monitor is a weekly tracker of economic activity in the city region. The fieldwork for the first week's Business Monitor tracker was conducted between Friday, 20th March and Thursday, 26th March and captured the views of over 100 businesses. The results show that the short-term outlook is negative and may worsen as business leaders grasp the full extent of disruption to normal trading and in their supply chains.

Customer Demand



INVESTORS IN PEOPLE

Gold Until 2020

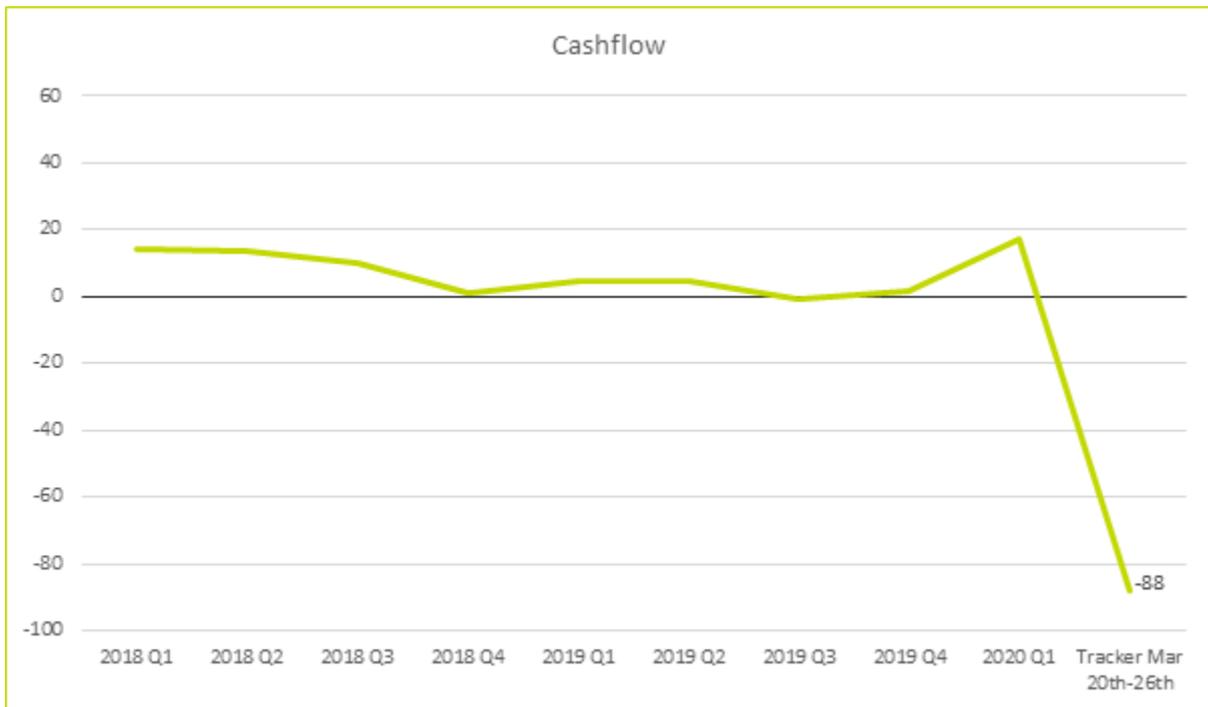




In view of concerns around Brexit, demand was somewhat subdued in 2019. The Chamber's Quarterly Economic Survey, which was conducted in February showed an increase in demand, but the gains have all been negated in the last few days because of the impact of Covid-19. Data from the Business Monitor tracker shows demand at historic lows.

The balance of firms reporting a decline in current sales is -68, whereas the balance of firms reporting a decline in advance orders is even lower. This means that a lot more respondents reported a decline in sales than those reporting an increase or sales remaining at similar levels.

Cashflow

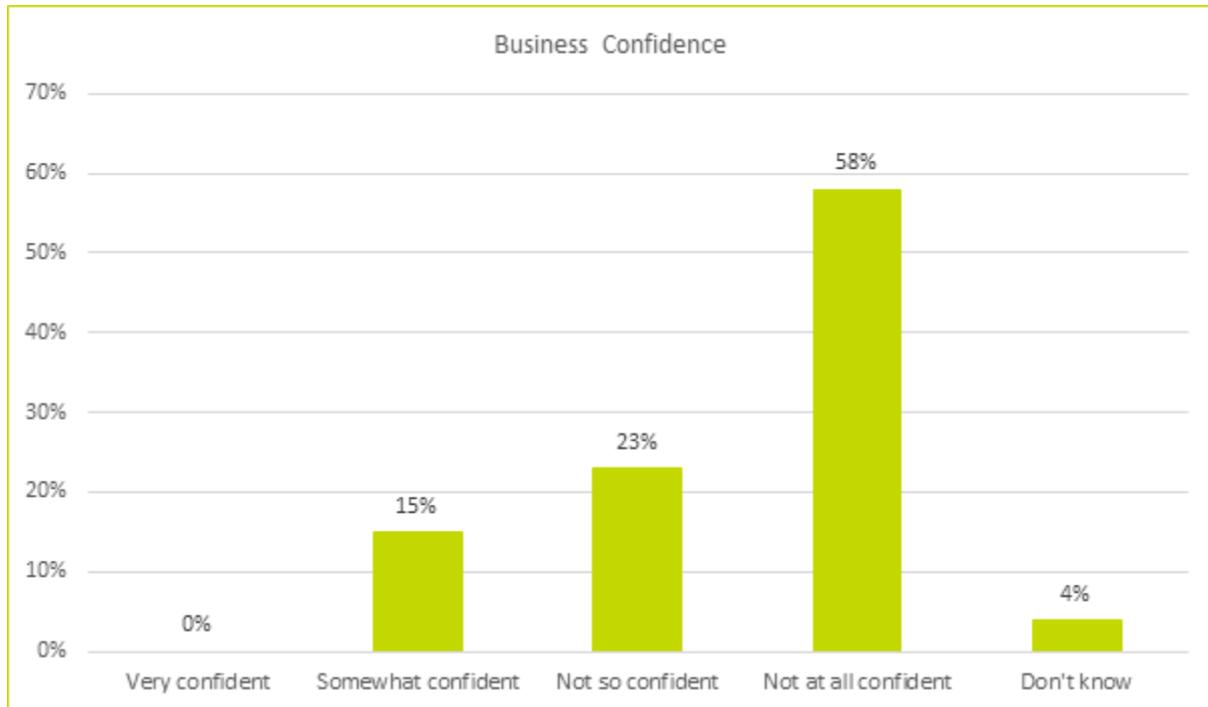


With falling demand and potential delays in payments being received, many businesses have been faced with reduced cash positions. The balance of firms reports cash flow problems is -88 meaning a lot more businesses reported difficulties in maintaining cash flow positions and in fact, none of the respondents to the tracker reported an improvement in cash flow positions in the last few days. Anecdotal evidence indicates that this is a critical challenge for many businesses and indeed a lot of the support measures the Government has initiated have been to help businesses with cashflow problems.

Business Confidence

Overall, the results strike a stark picture and reveal how the outbreak of Covid-19 and the substantial public health response have led to significant distress for many businesses. Any upturn that the UK economy received from the decisive election victory that the Conservatives won in December 2019 has been rapidly lost and the results of the Greater Manchester Business Monitor shows that many businesses are still grappling with the shock and abrupt decline in business activity levels. With a prolonged lockdown possible, there could be further damage to the national and regional economy. As a result, business confidence is low and the majority of business leaders are either not so confident or not all confident about prospects in the short term.





Support Measures

Starting with his Budget on 11th March, the Chancellor Rishi Sunak has announced a suite of support measures to help businesses facing difficulties. These have included interest free loans, salary subsidies for furloughed staff, one-off grants and business rates relief. While the majority of survey respondents are aware of the schemes, there is still some lack of understanding about how these schemes will work in practice and how businesses can access the support they need. In the coming weeks, the tracker will look into both awareness and adoption of these support measures. The Chamber's website has a [Covid-19 section](#), where there is a summary of the different schemes, links to relevant pages and support available for businesses.