

Greater Manchester Business Monitor

Second GM Covid-19 Recovery Tracker

Subrahmaniam Krishnan-Harihara
Head of Research, GM Chamber

research@gmchamber.co.uk

[@GMChamber](#), [@GMCC_Subrah](#)

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GM COVID-19 Recovery Tracker

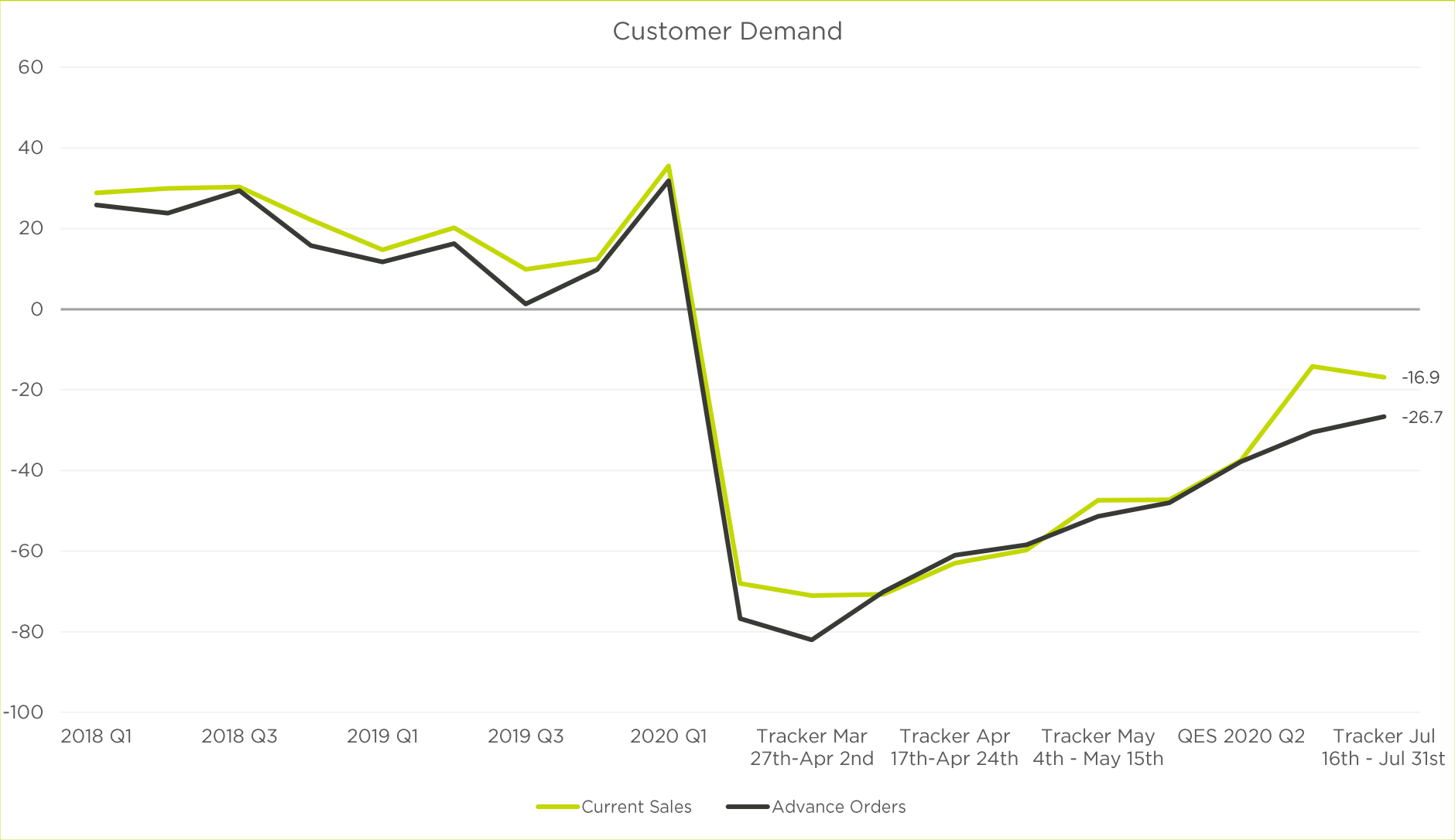
Following a UK wide lockdown, during which all non-essential shops had to be closed and the majority of the UK's workforce switched to home working, relaxation of restrictions in the last six weeks has brought some respite to businesses in most sectors. Retail sales have improved and there is a discernible pick-up in activity in manufacturing and construction. Whilst support measures implemented by the UK government in March are now being tapered down, other sector-specific measures such as targeted VAT reductions and the “Eat Out to Help Out” scheme have been launched to support hospitality and leisure, which are two sectors that have been badly affected by the pandemic. Nevertheless, the economic impact of the coronavirus outbreak is still being felt across the UK.

The Chamber launched the Greater Manchester Business Monitor (BM) to understand the economic impact of the coronavirus crisis in the city region. Previous reports of the BM revealed that demand and business confidence were at historic lows during lockdown. With the focus now squarely on economic recovery and helping businesses resume normal operations, we recast the BM into the Greater Manchester COVID-19 Recovery Tracker (RT). This report presents the results from the second RT.

Fieldwork for the second RT was conducted between 16th July and 31st July, and captured the views of 90 businesses.



GM Recovery Tracker: Customer Demand

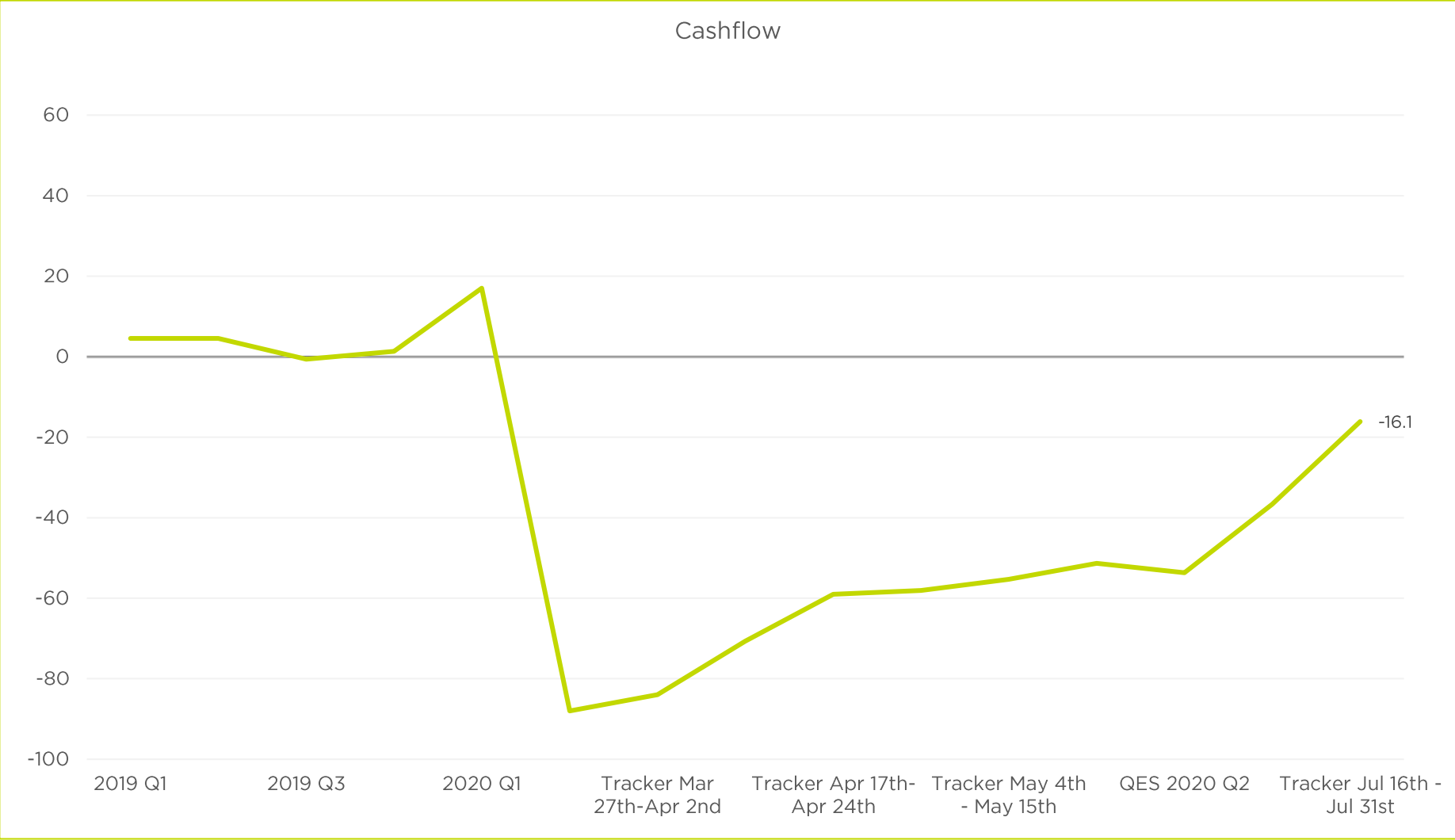


- Compared to the lows in April & May, there is improvement in both demand measures.
- There has been a fortnightly reduction in sales but the improvement in advance orders is encouraging
- The balances relating to customer demand are still negative, which means more businesses reported reductions rather than improvements

Source: GMCC QES, GM Business Monitor and GM Recovery Tracker



GM Recovery Tracker: Cashflow

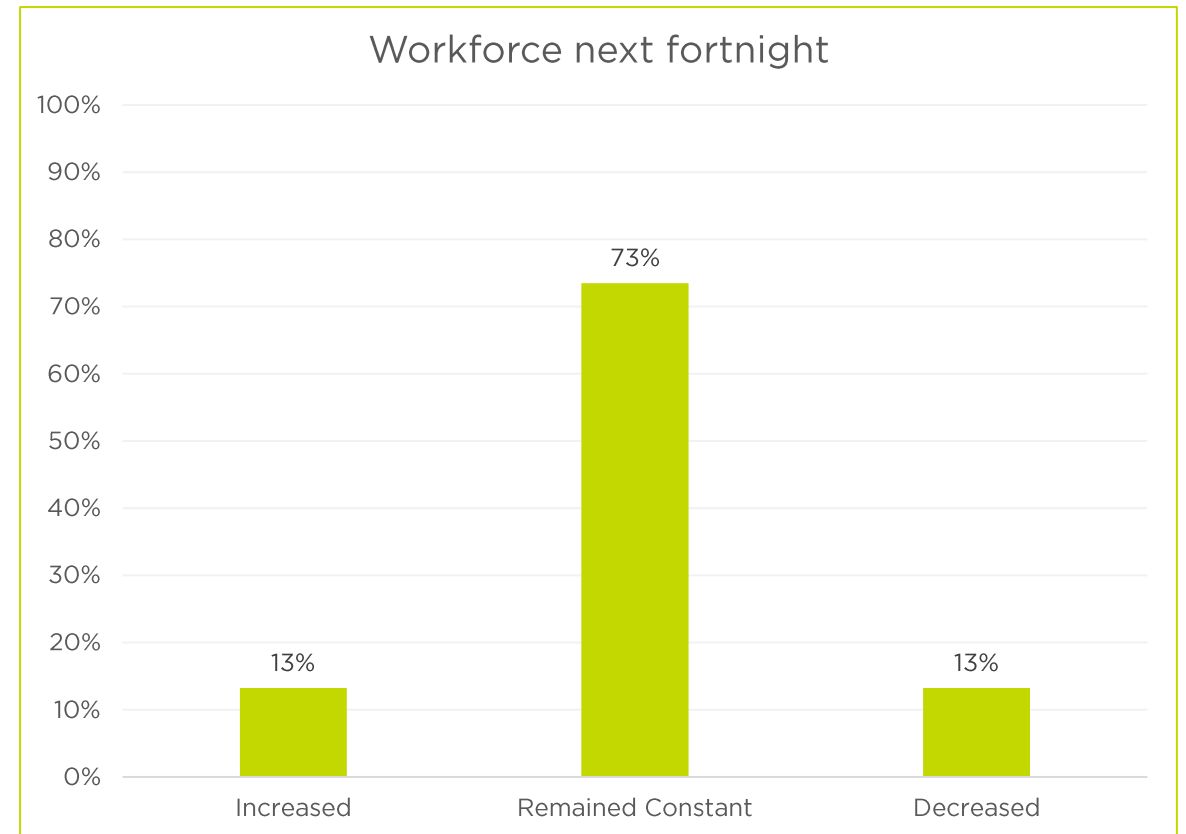
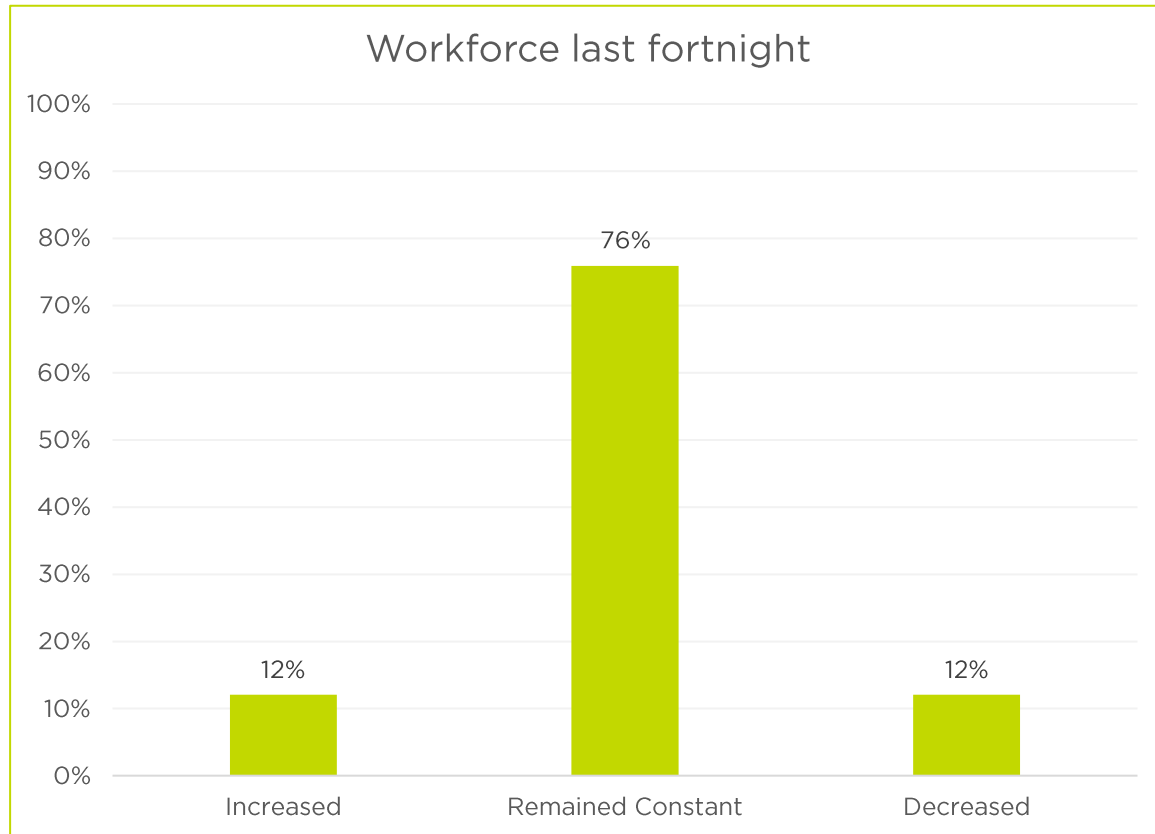


- With the increase in demand and revenues, cash positions have become stronger.
- Compared to the levels recorded in the Chamber's Quarterly Economic Survey for Q2 2020, there has been a significant improvement
- It is likely that timely payments from HMRC for furloughed staff has had a positive impact on cash positions

Source: GMCC QES, GM Business Monitor and GM Recovery Tracker



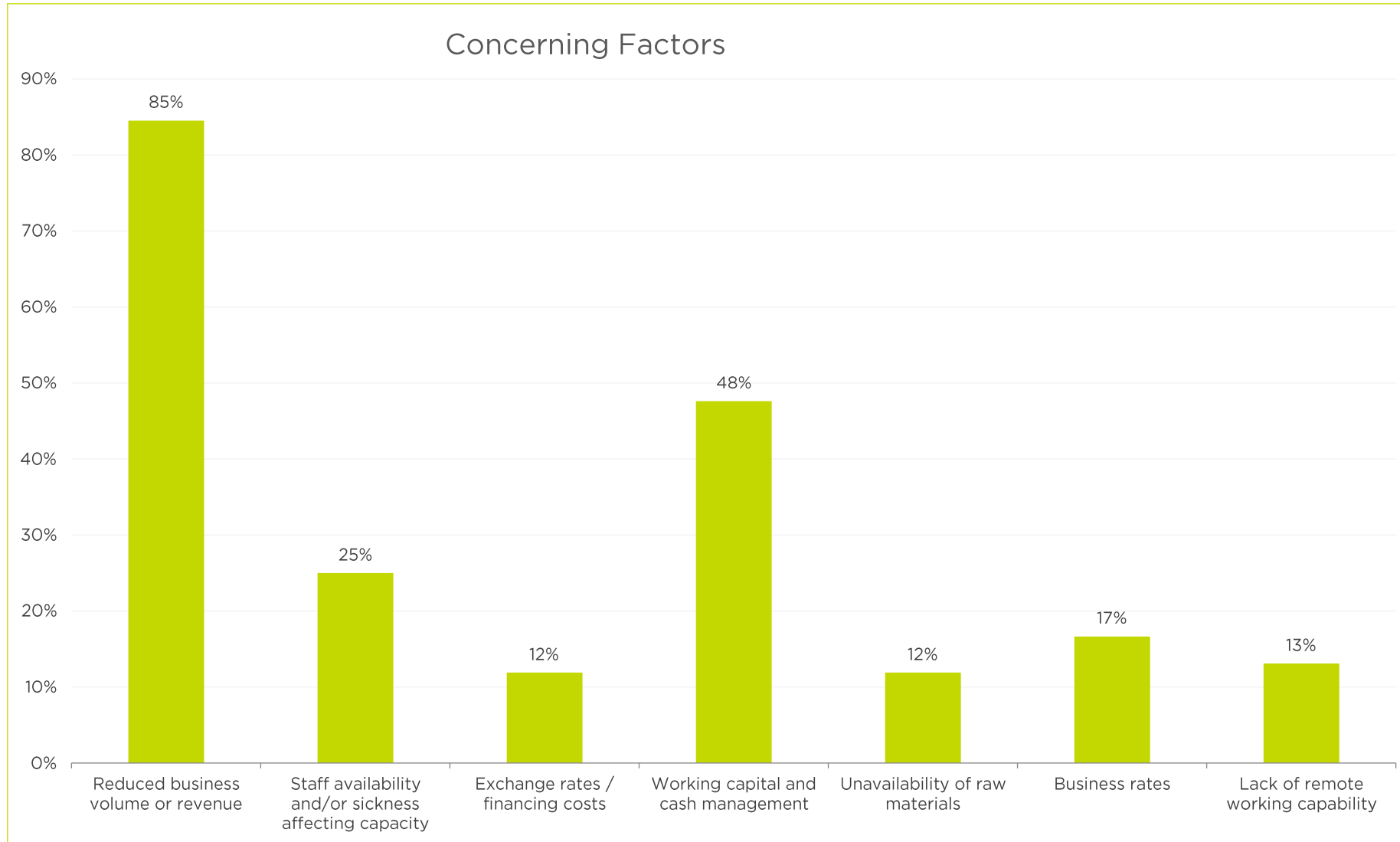
GM Recovery Tracker: Workforce changes



Three-fourths of survey respondents have not made any changes to their headcount nor do they plan to make further changes to their workforce in the next fortnight. It is likely that this will change in the coming months to reflect workers being brought off furlough.



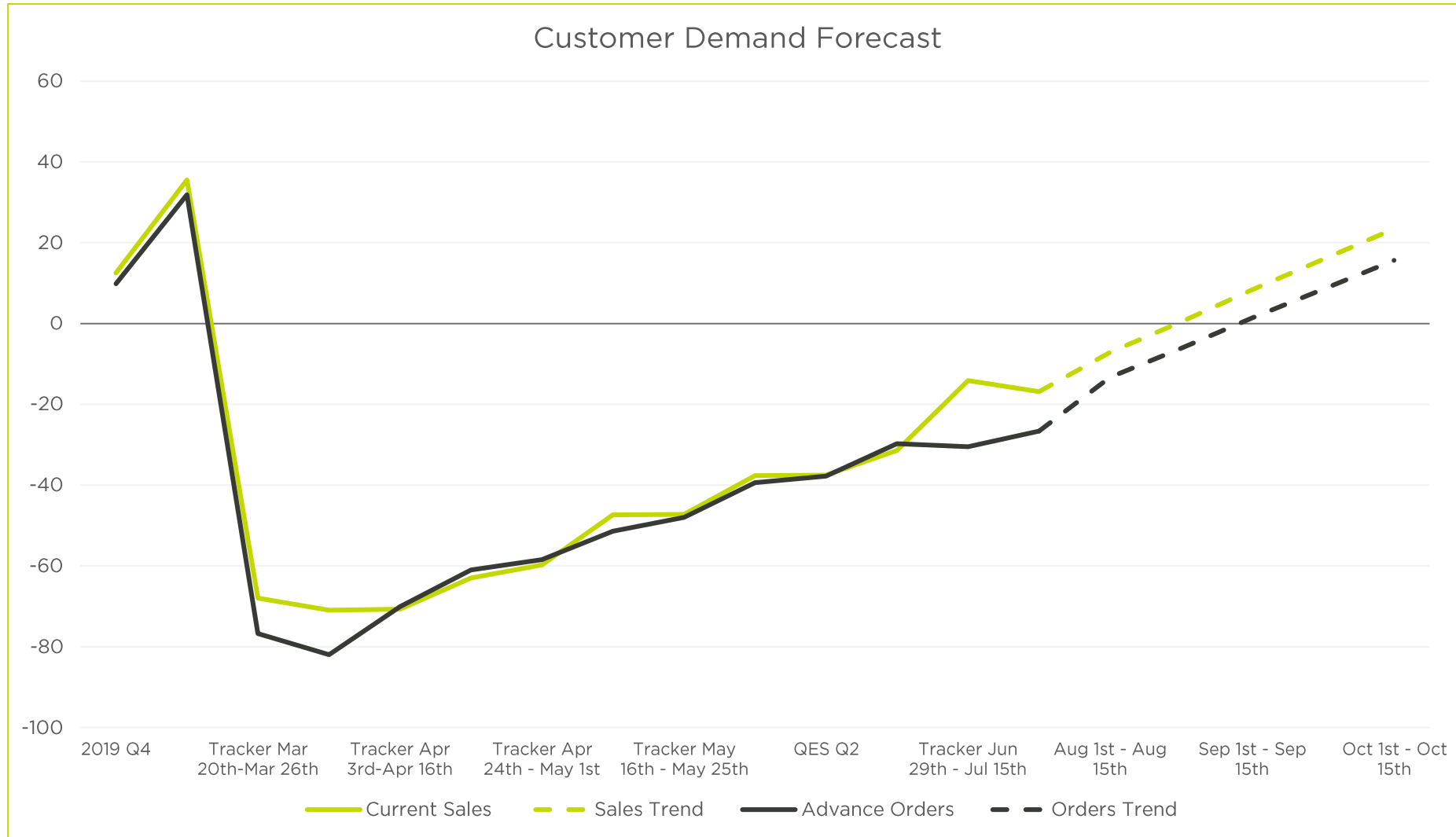
GM Recovery Tracker: Concerning factors



- The absolute majority of businesses are still concerned about the fall in customer demand and the consequent impact on cash management.
- Other concerns around staff availability and business rates remain and could be barriers for recovery within the hospitality sector



GM Recovery Outlook



- Provided there is no 'second wave' that requires a full lockdown, the short term forecast is expected to be on target – a slow and gradual improvement in customer demand over the next eight weeks.
- A rapid V-shaped recovery looks unlikely



Summary

- The public health response to COVID-19 had an adverse impact on Greater Manchester's businesses and economy. Although the macroeconomic situation is likely to be subdued for the rest of 2020, there is a nascent recovery.
- The results of the second GM COVID-19 Recovery Tracker shows that there is an improvement in sales and cashflow positions.
- Restrictions imposed last week to lower the infection rate will add to business anxiety, who are keen to prevent another full lockdown.
- As more businesses try to increase trading activities and workers return to their normal place of work, that will aid economic recovery.

