

Greater Manchester Recovery Tracker

First Tracker Survey Results
17th July, 2020

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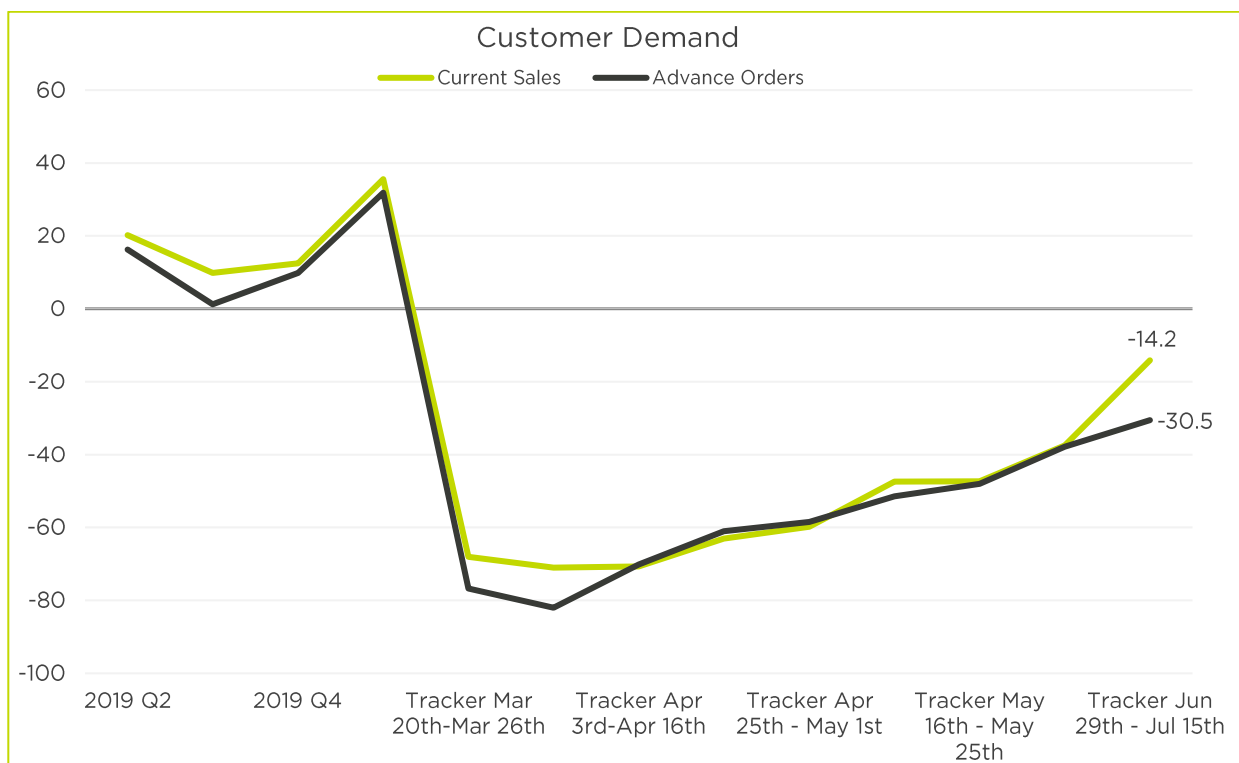


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Results of the first fortnightly GM Recovery Tracker survey conducted by Greater Manchester Chamber of Commerce with the support of pro-manchester, Manchester Law Society and North West Business Leadership Team show a slight improvement in customer demand. This is reflective of the continued relaxation of lockdown measures and the reopening of both retail and hospitality sectors. The economic fallout from this pandemic is affecting all sectors and all parts of Greater Manchester and the wider North West. There is still a lot of uncertainty, which is affecting business confidence with levels similar to those recorded in June. This could cause some volatility and some hurdles in the path to full recovery.

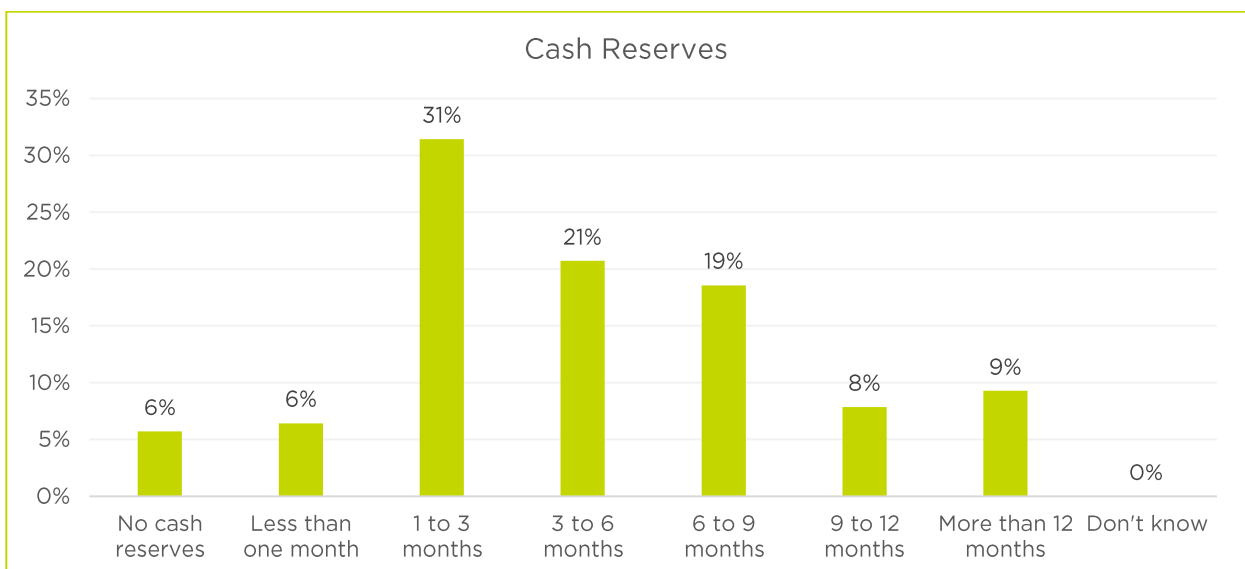
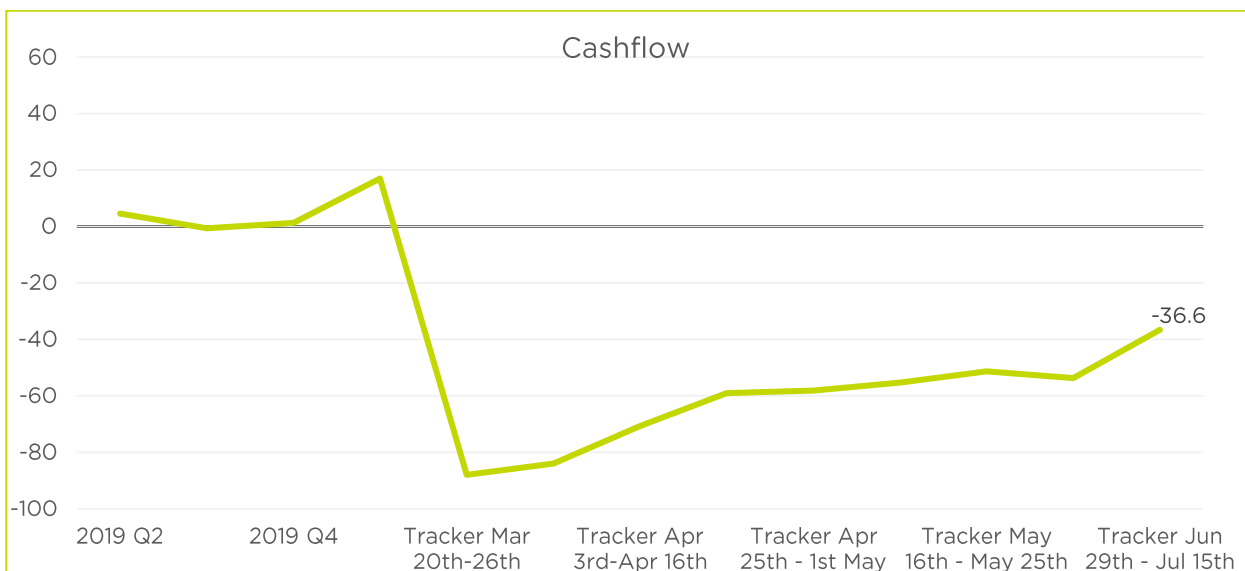
Customer Demand

After a historic collapse in demand during lockdown, demand levels seem to be improving slightly. The Chamber’s Quarterly Economic Survey results for the second quarter of 2020 showed that the reopening of some sectors of the economy had helped some sectors. That trend continues and the results from the tracker shows the balance for current sales improving to -14.2 from -37.5 in the middle of June. However, 43% of the respondents fear that their revenues may dip further in the coming weeks. Order books are still a concern for many businesses – only 21% reported an increase in advance orders as against the half that reported a decrease. This was as high as 81% in the second tracker. Overall, the results reveal stabilisation in business activity levels even if the prospects for a sharp increase are low. Importantly, the balances remain negative – so the economy is not in full recovery yet. After the reopening of the night-time economy, there has been a bout of bad weather, which has resulted in lower footfall and sales in restaurants and bars.



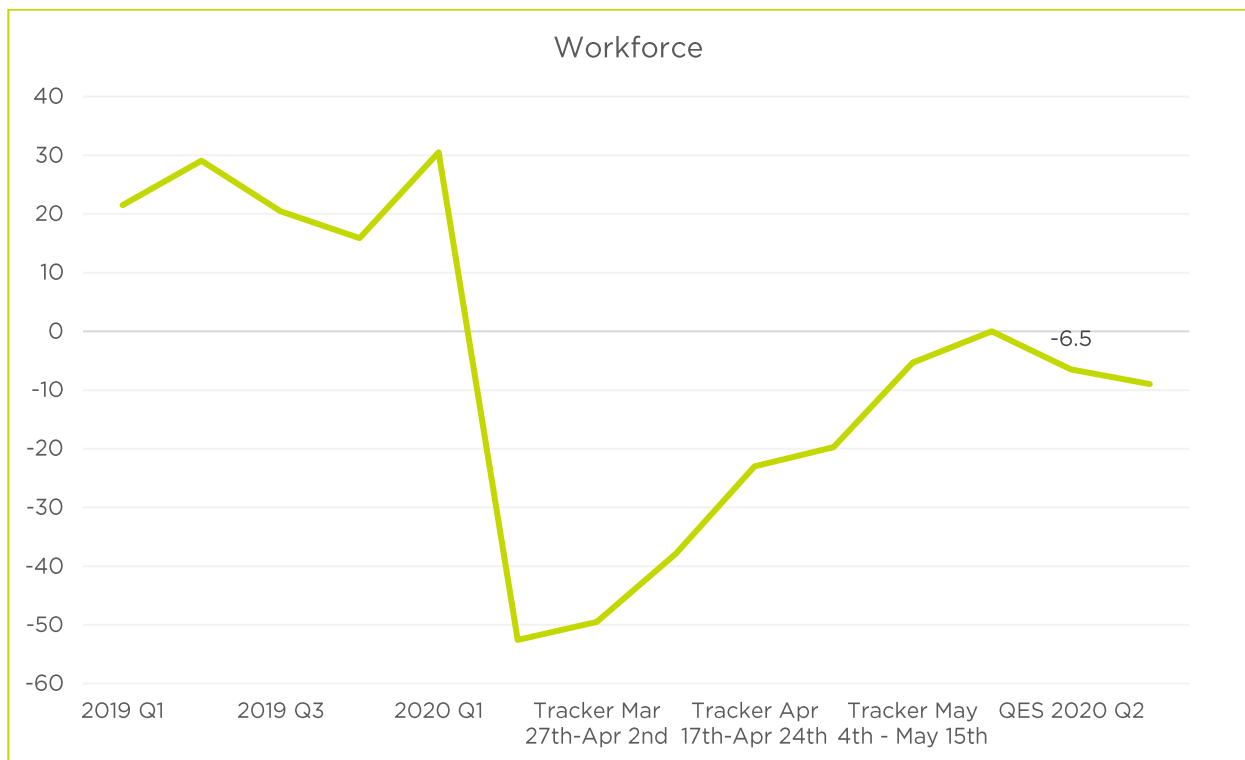
Cashflow Positions

With customer demand showing improvements, cash positions also have improved in the last few weeks. Businesses report that payments from HMRC for staff furloughed under the Coronavirus Job Retention Scheme were all received in time. This has helped cashflow positions. The balance for cashflow is at -36.6 now compared to -53.7 a month ago. The balance is negative, meaning more businesses face a reduction in their cash holdings compared to those who had an increase. In the BCC COVID-19 tracker survey for the same period, the balance for cashflow for businesses across the North West was -32, which is in line with GM data. Across, the North West 57% of businesses reported that they had enough cash reserves to meet normal outgoings for more than three months. However, the remaining have cash reserves that would only see them through for up to three months. This raises concerns around possible business failure and this is an area that needs close monitoring in the coming weeks, especially as Government support schemes are wound down.



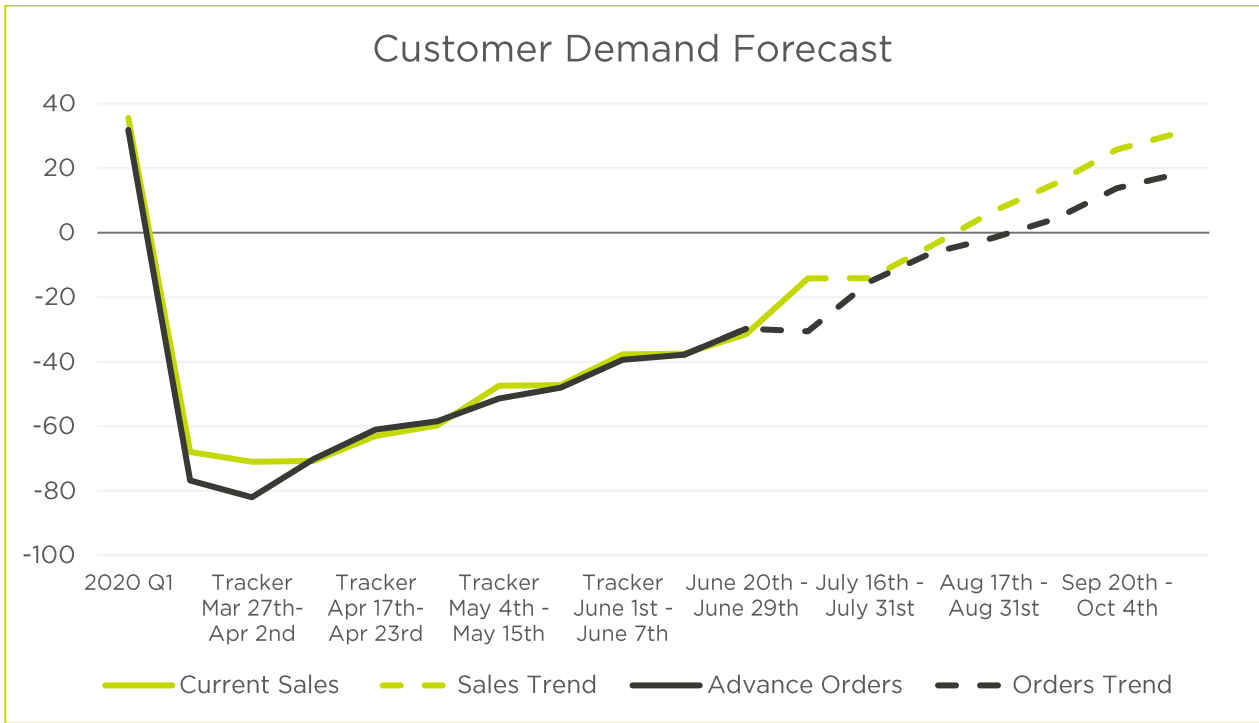
Employment

The impact of COVID-19 on employment has started to be felt across sectors with many established businesses announcing job losses. High street retail had been struggling for some time and the pandemic has accelerated the downscaling of “bricks and mortar” retail. In addition, firms in aviation, professional services and even media have announced job losses. This scenario is reflected in the survey results. The balance of firms reporting on workforce additions decreased to -9. This means more firms are reporting planned reductions to their workforce. In total, 13% of respondents expect they will make staff reductions. Since furloughing of staff is no longer possible, it is likely that planned reductions will be in the form of redundancies.



Recovery Prospects

Based on the Recovery Tracker results and recently released GDP data, it is unlikely that the UK will experience a rapid 'V' shaped recovery. Any improvement is likely to be gradual and spread over the next three to four months. Assuming there is no second wave requiring further lockdown measures, the most likely scenario is a Nike swoosh or tick mark shaped recovery, with customer demand expected to return to positive territory towards the end of Quarter 3. This recovery forecast is based on current data and will be continuously updated with the results of subsequent Recovery Tracker surveys.



Methodology

Where measures are reported as balances, they represent the percentage difference between the number of positive and negatives responses for that question.

The first GM Recovery Tracker survey was conducted between 29th June - 15th July and captured the views of 108 businesses. The second tracker survey is now [open](#).