

GM Quarterly Economic Review

Q3 2023

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Subrahmaniam Krishnan-Harihara

Deputy Director - Research & Information Systems

GM Chamber



Quarterly Economic Briefing

Welcome & Introduction

Chris Fletcher, *Policy Director*

QES presentation

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

Q&A

Chaired by: Chris Fletcher

#GMEconomics for tweets



Where 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.

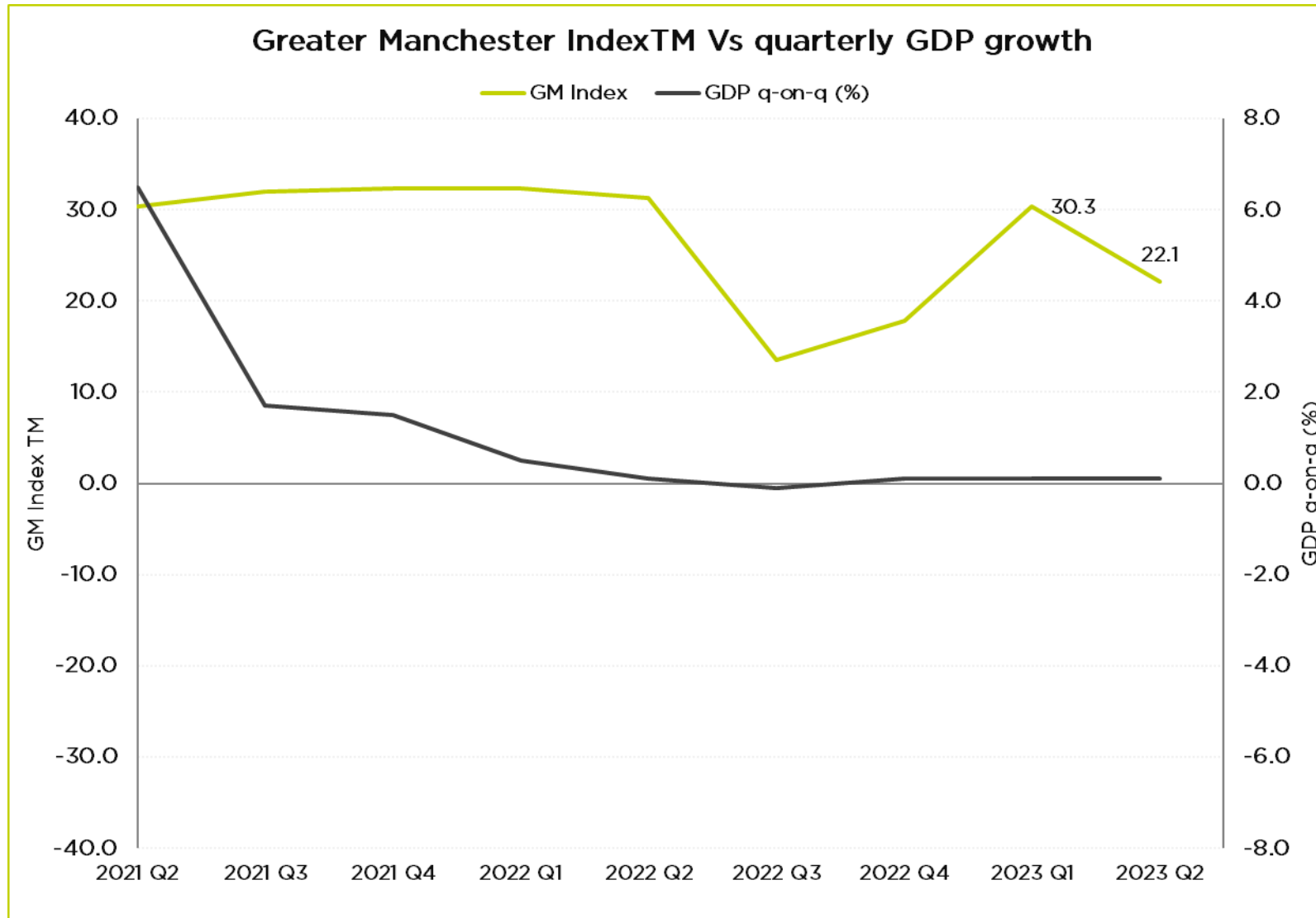


From the QES results, we calculate the GM Index™, a composite economic indicator for the GM Economy.



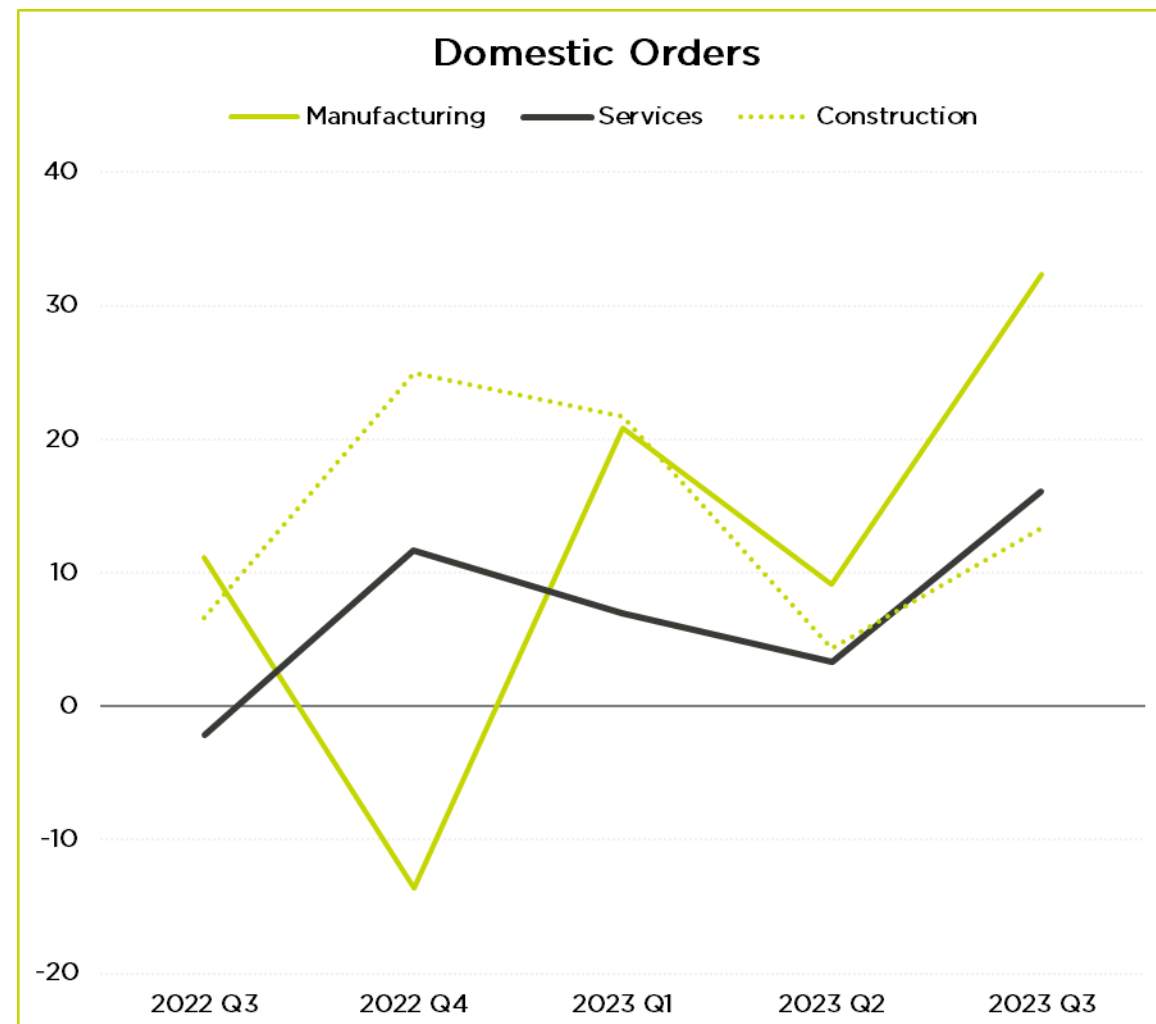
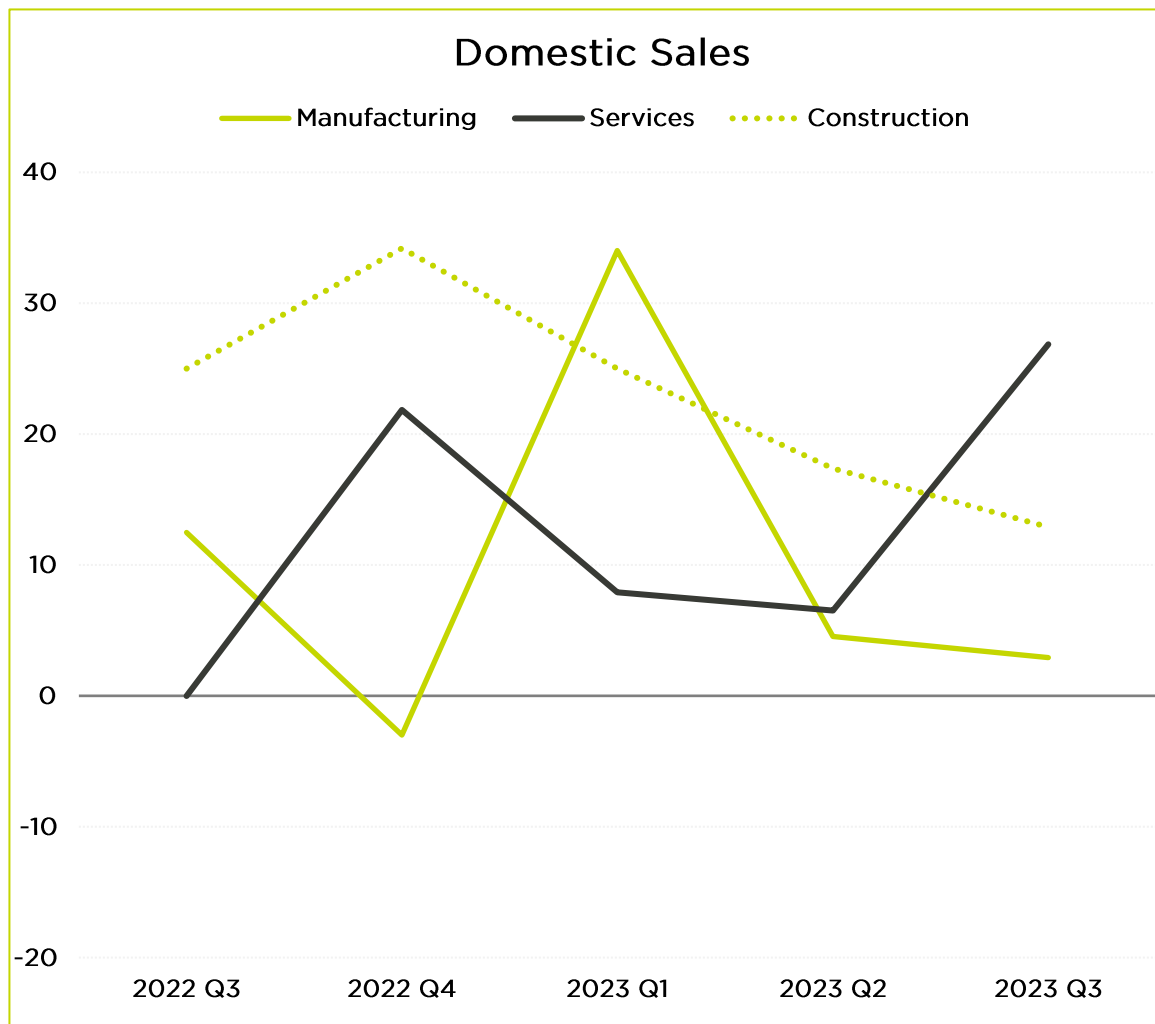
The findings are presented to the Greater Manchester Combined Authority's Economic Resilience Group and the 10 councils in GM for local decision making.

Where were we last quarter?



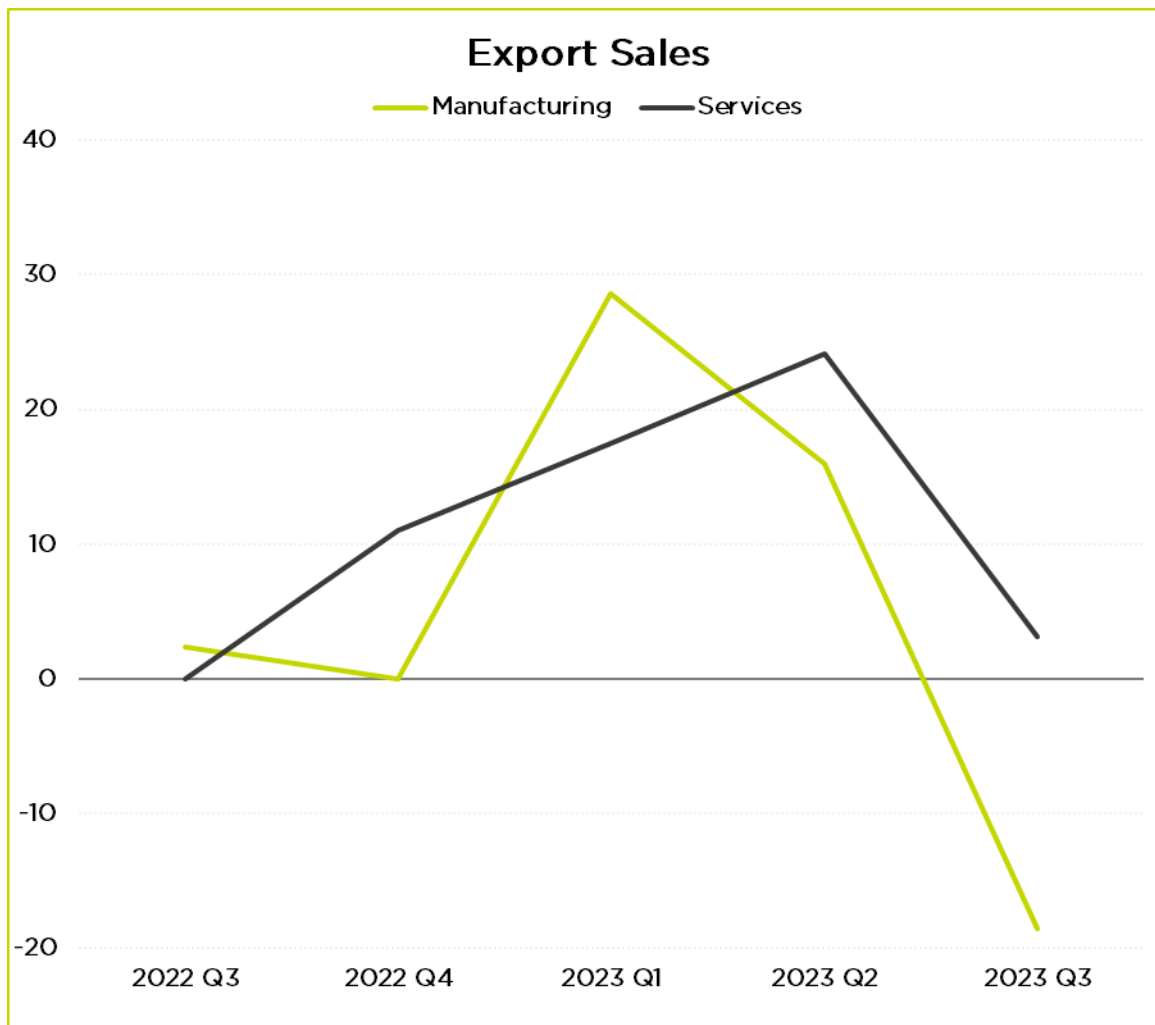
- GM Index was 22.1, a drop of 8.2 points from Q1.
- UK GDP grew by 0.2% in Q2 2023 as against forecast of 0.1%.

Domestic Demand



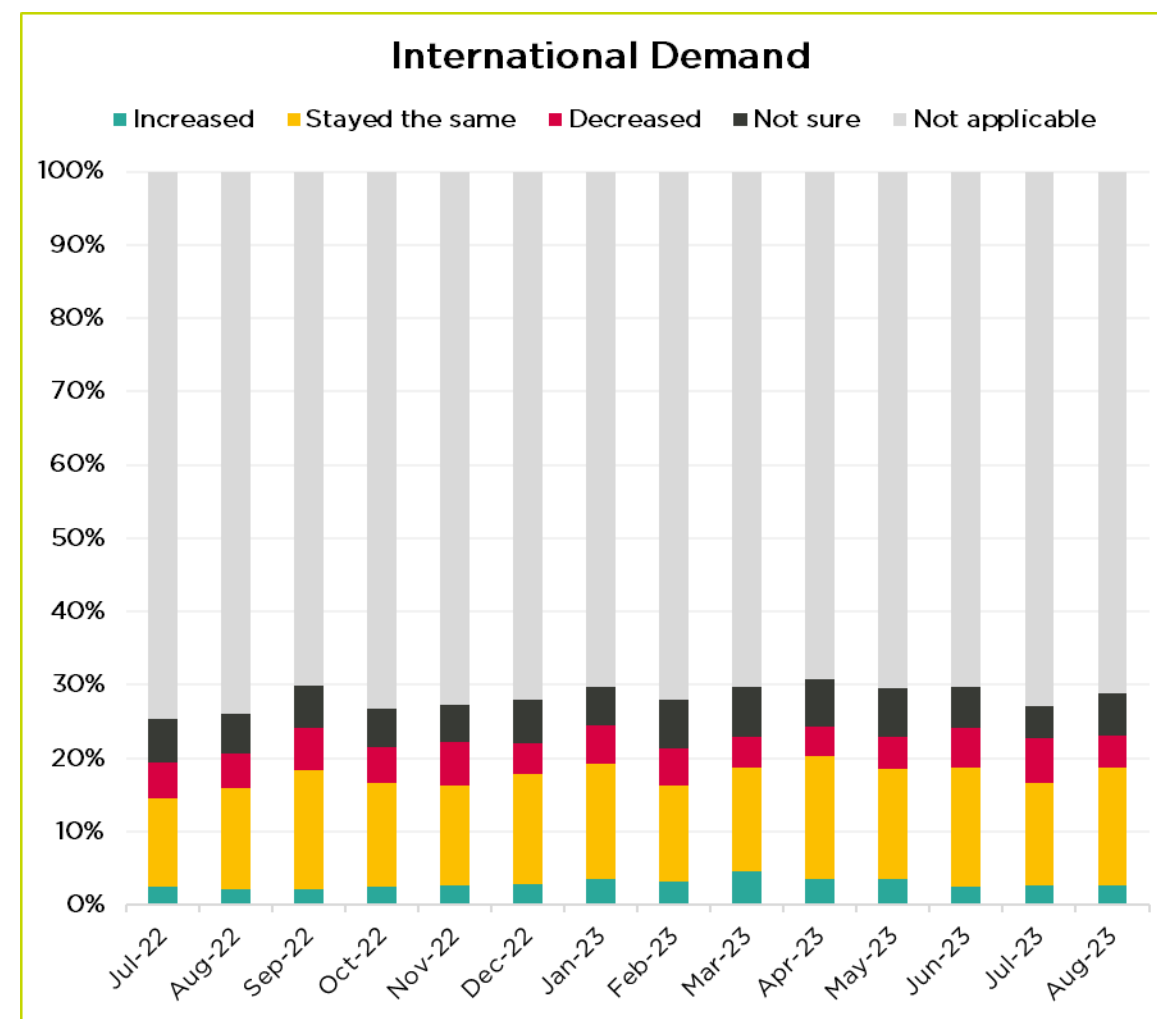
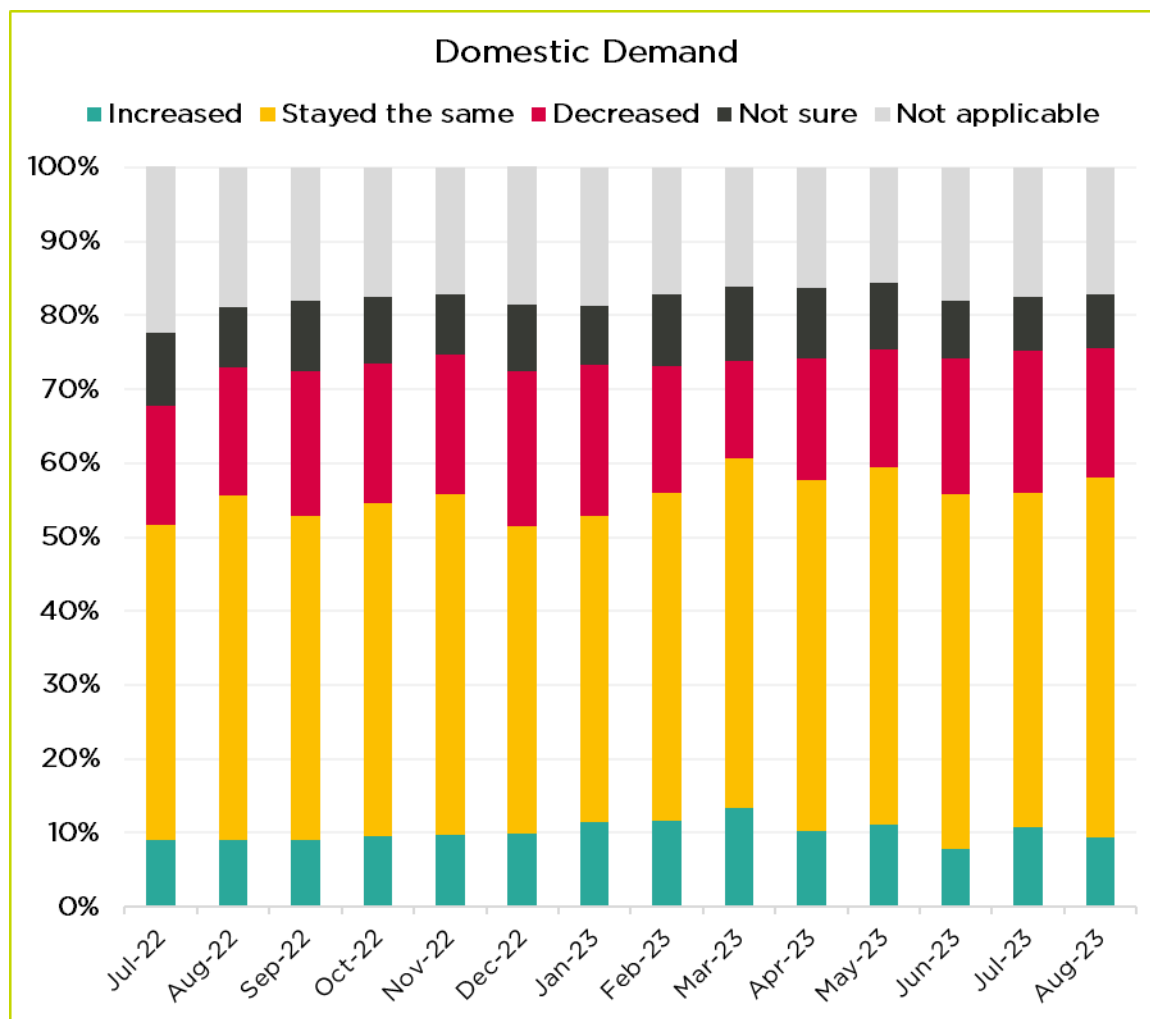
A mixed picture on quarterly sales to and advanced orders from UK based customers. Q3 sales in the manufacturing and construction sectors have declined while services is showing a rebound from the previous quarter.

Overseas Demand



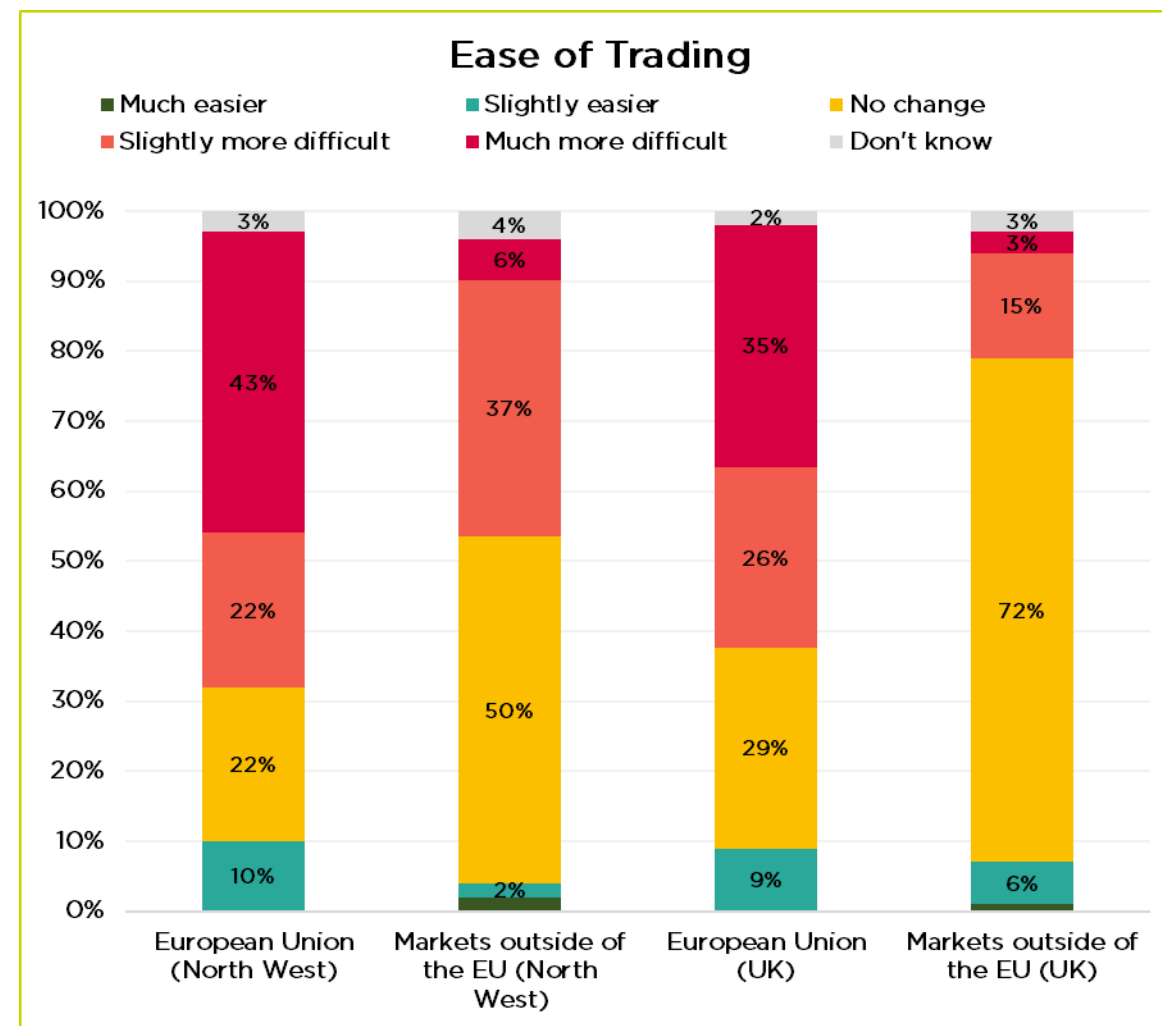
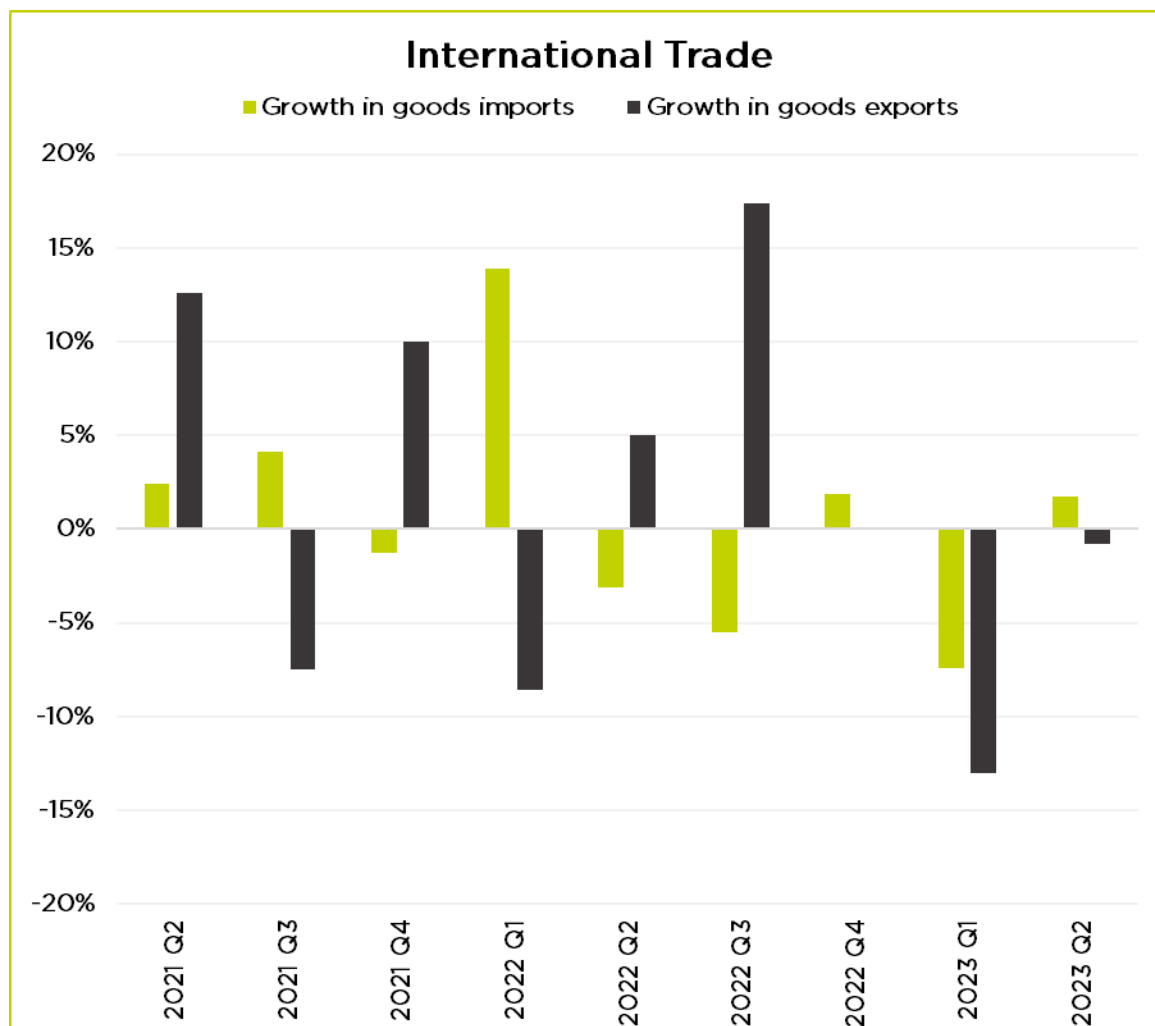
Q3 export sales and advance orders from overseas customers have declined.

UK Demand Data



ONS data also shows a mixed picture. The results are consistently less positive than in other datasets.

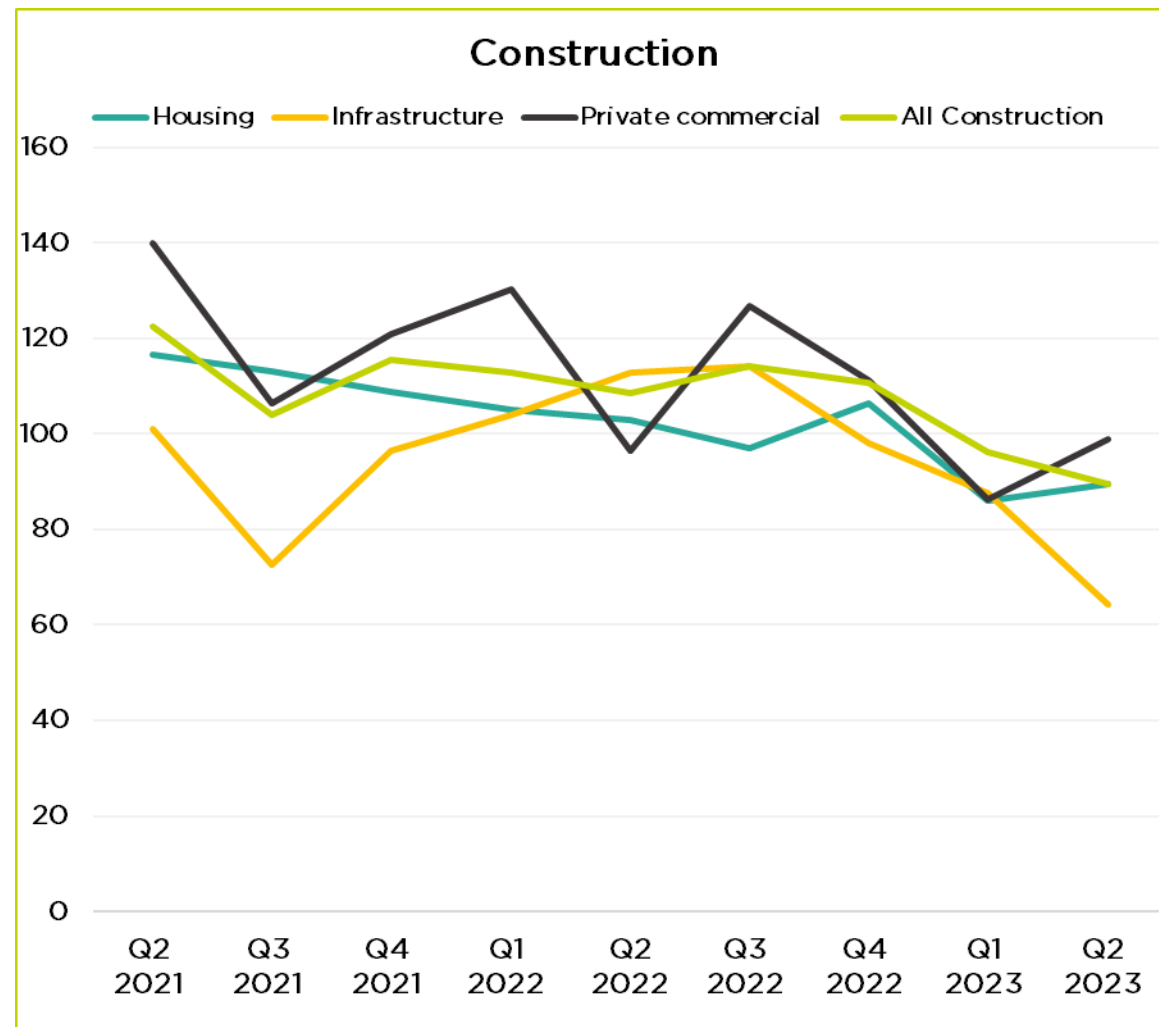
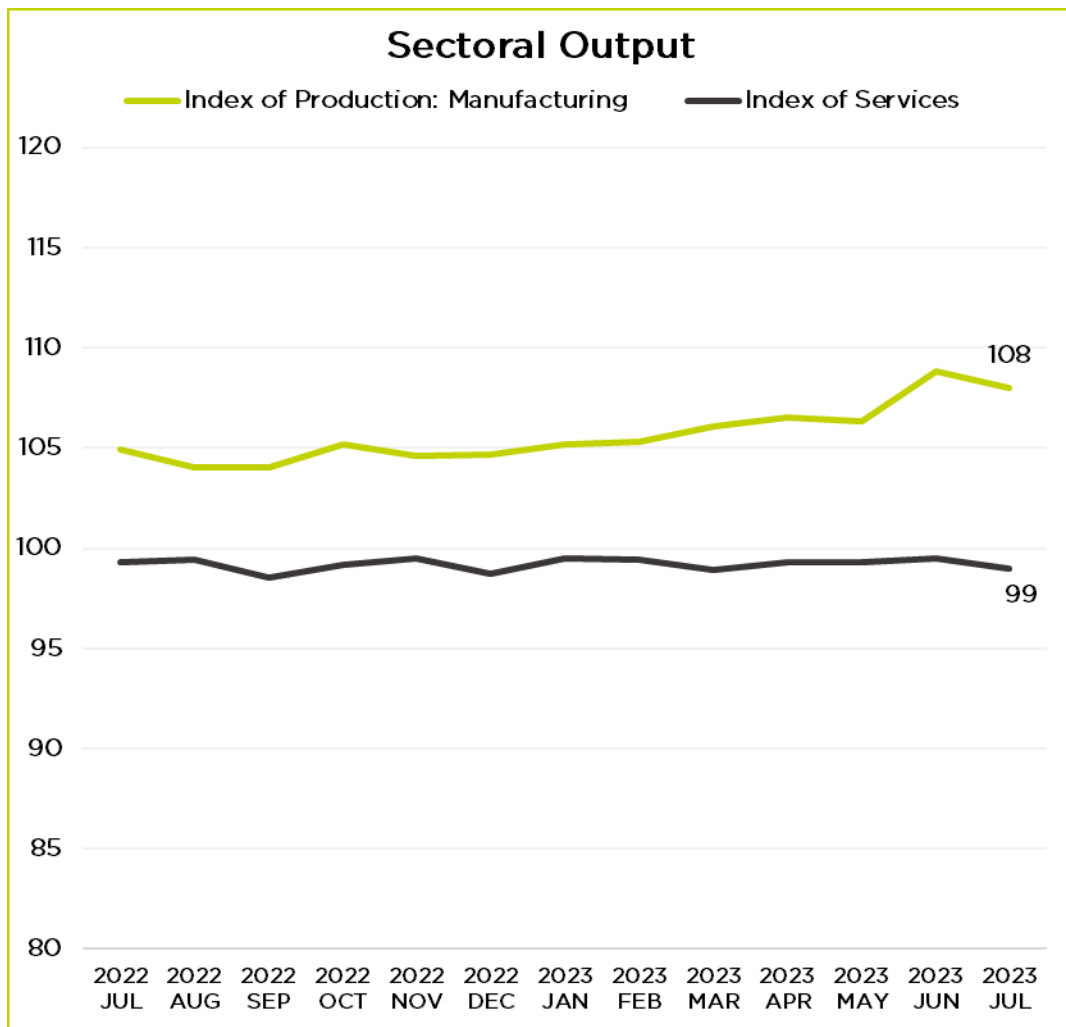
UK International Trade



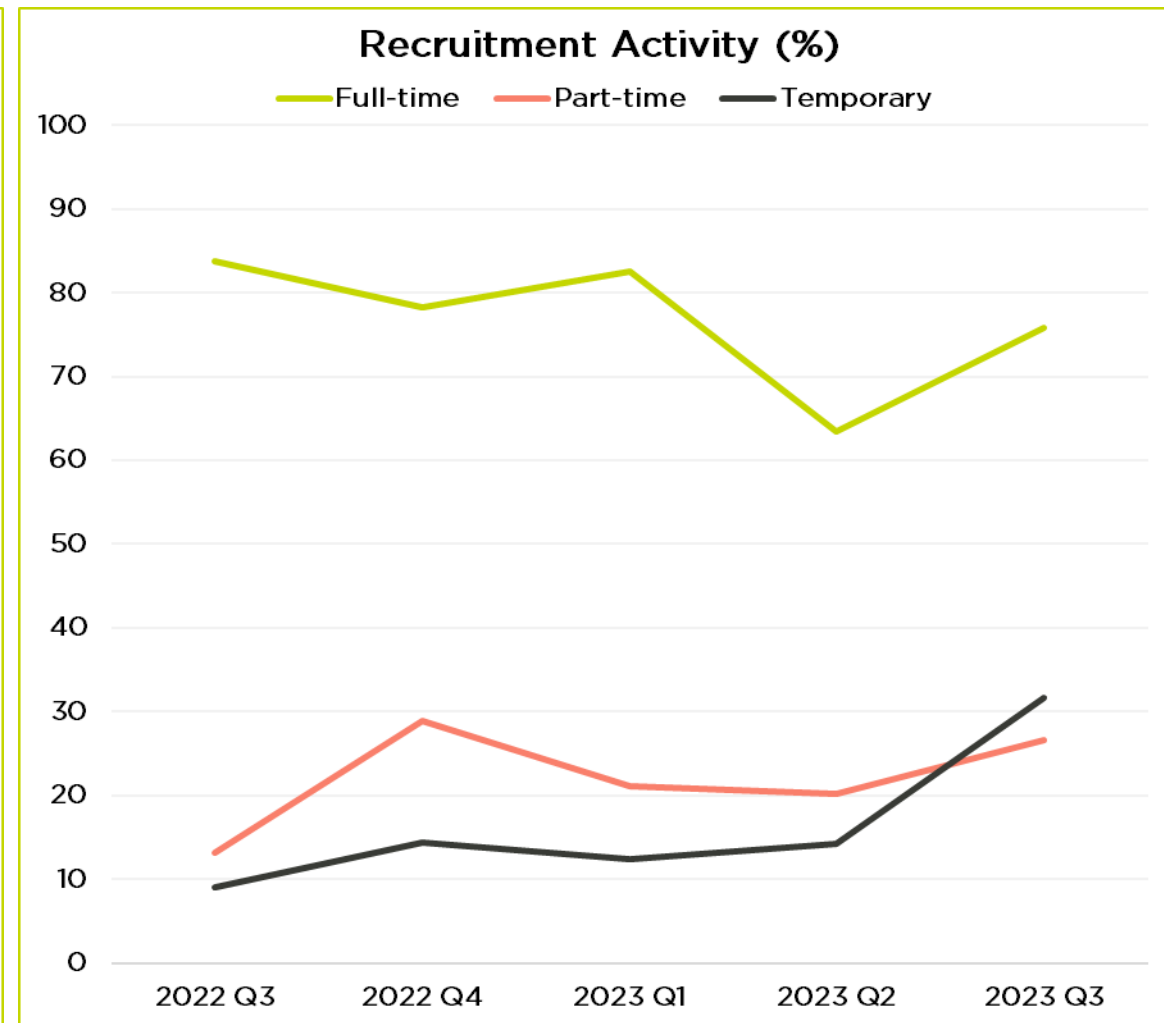
Imports and exports of exports have declined relative to Q3 2022. Businesses say trading with the EU has become harder.



UK Sector Performance



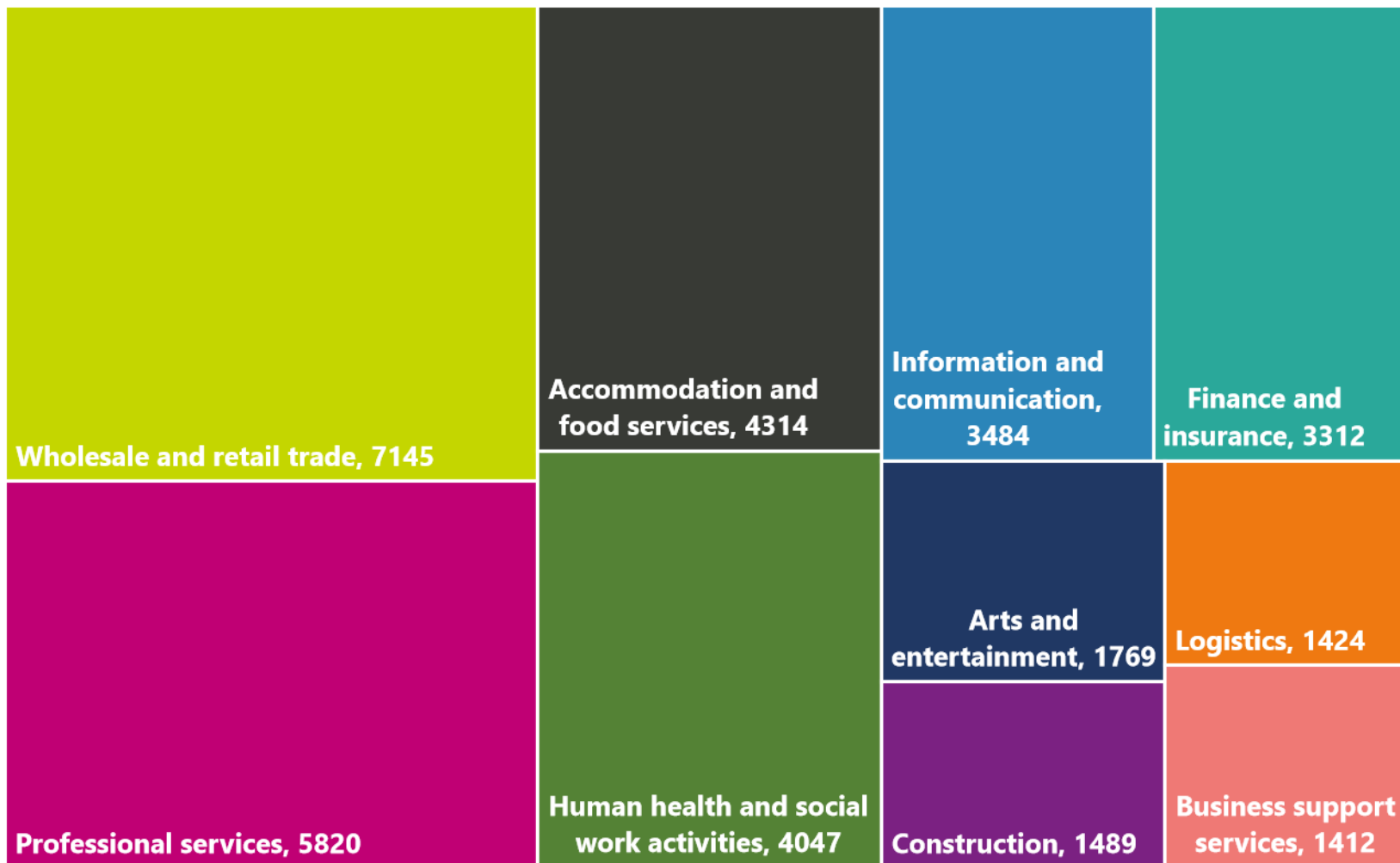
Recruitment



Recruitment for part-time and temporary roles went up along with an increase in recruiting for full-time positions.

Labour Market Information

Recruitment by Sector July 1, 2023 - September 25, 2023



Since 1st July, c. 196,000 jobs were advertised in GM (c. 200,000 in Q2).



There were 1,570 postings for apprenticeships, an increase of 13% relative to Q2.



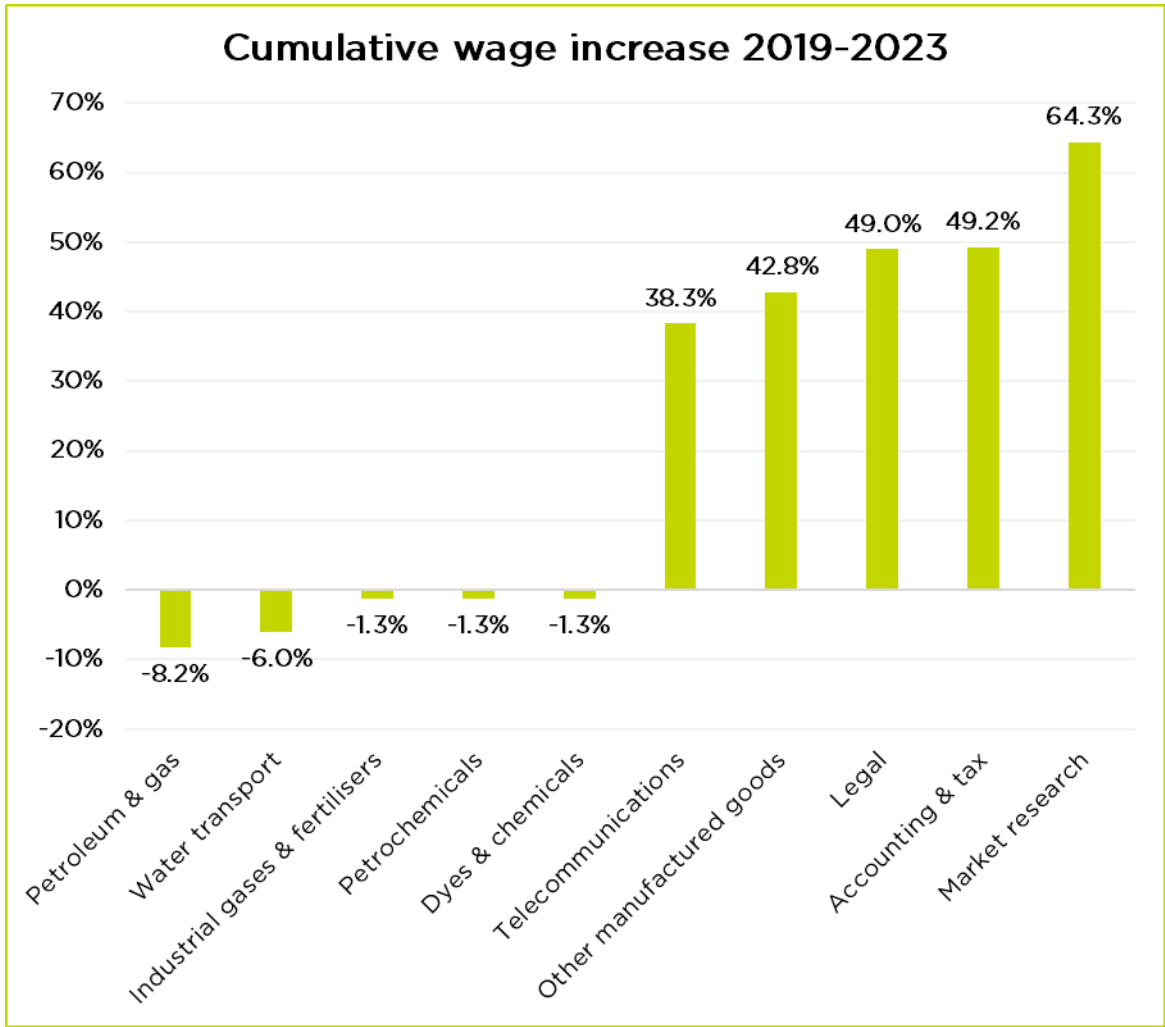
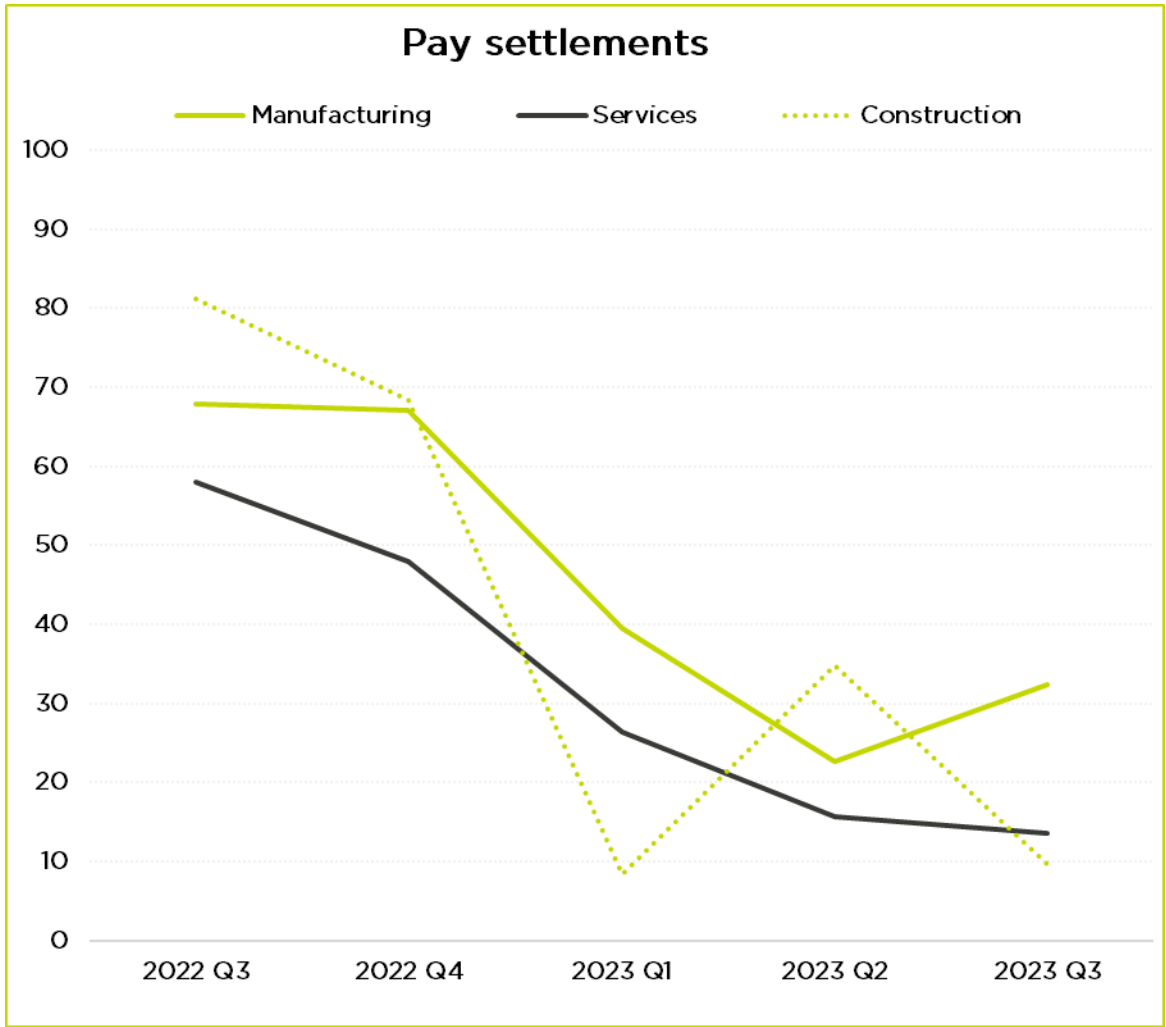
The median salary is now £31,500, a 7% increase from a year ago.



Postings for jobs containing the word "tutor" have increased more than 10 times in the last year. The median salary for tutors is now £51,400.



Labour Market Information



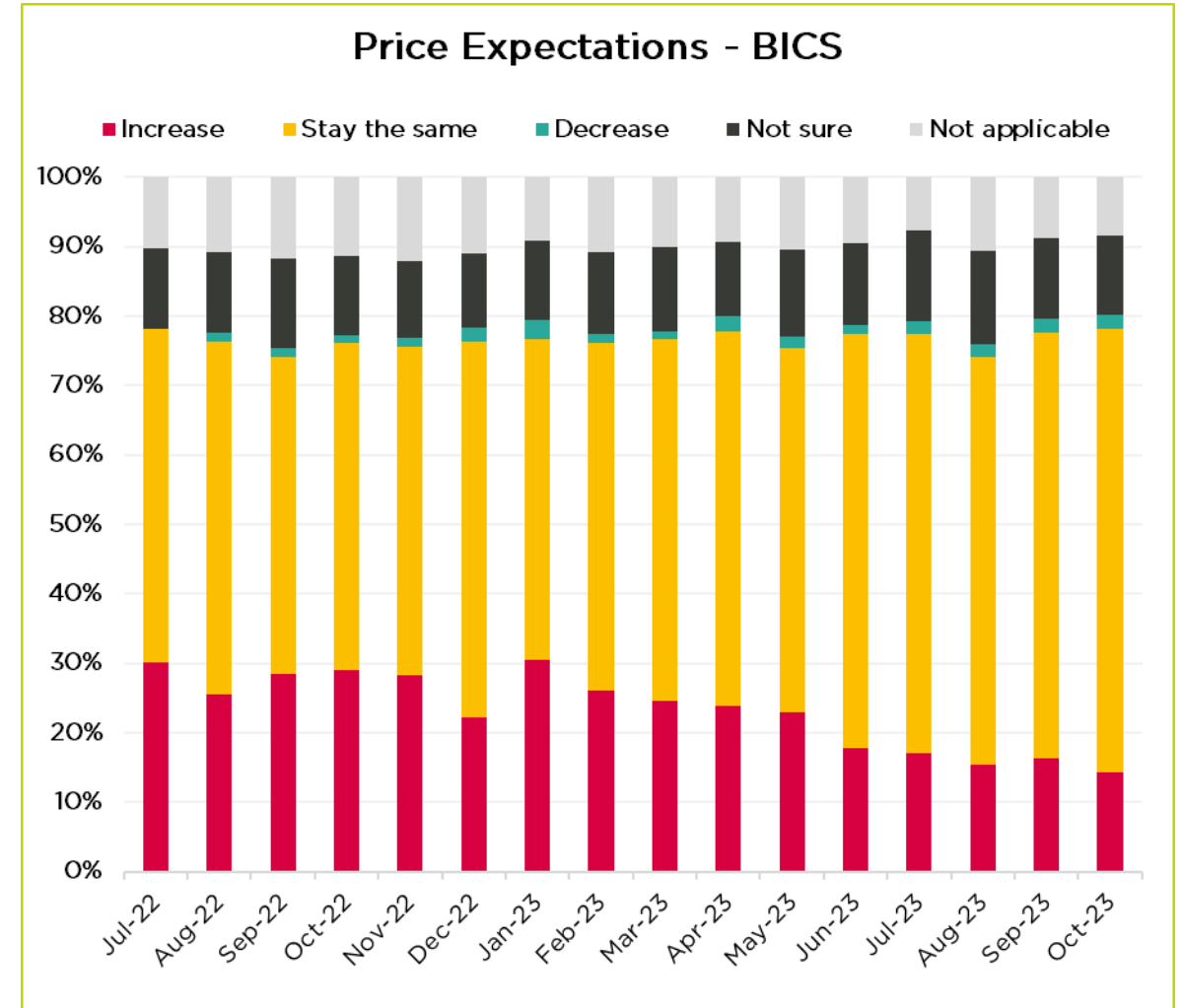
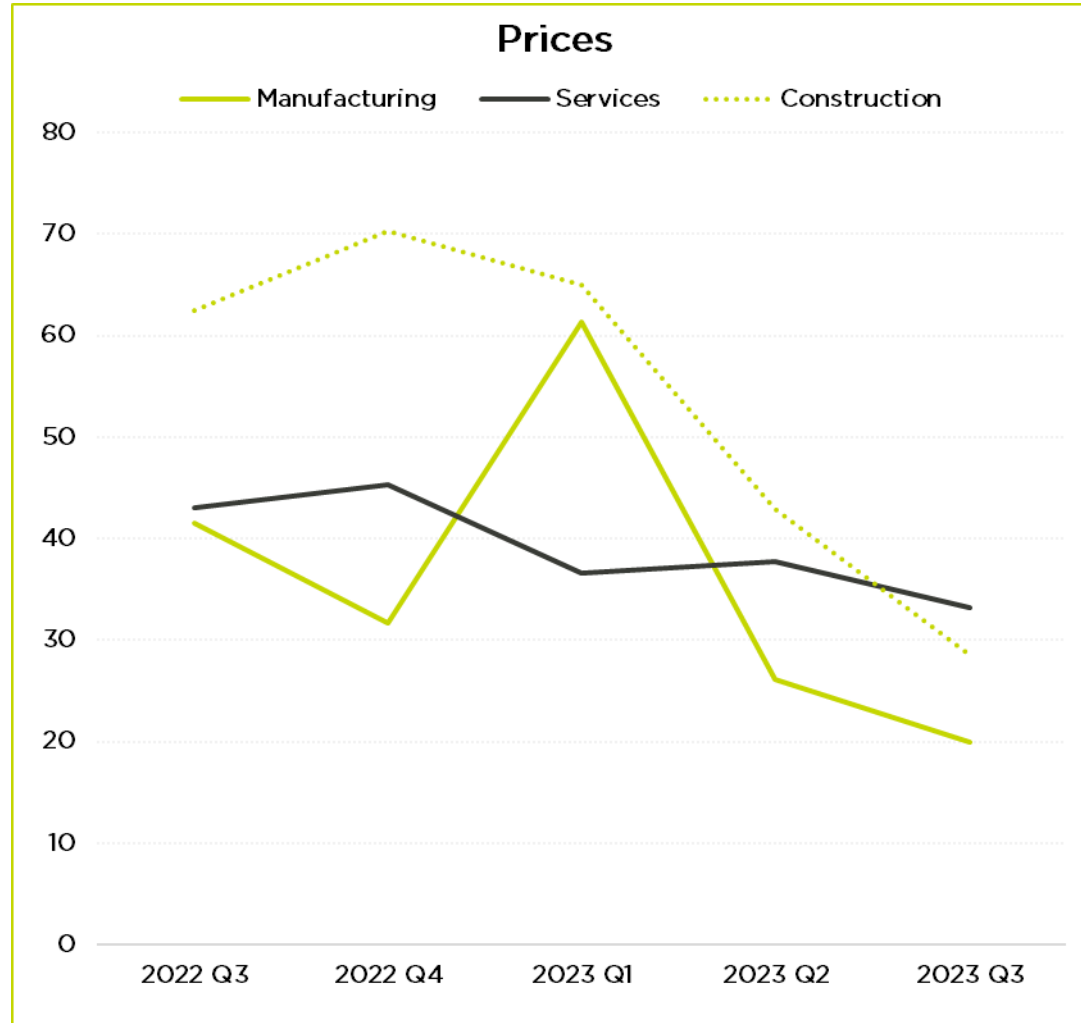
Compared to a year ago, fewer business now say wage increases are a serious concern but across all sectors, wages have increased by an average of 20% since 2019 with service sub-sectors showing a higher increase.

Source: GMCC QES

Source: ONS Experimental Statistics from Monthly Wages and Salaries Survey



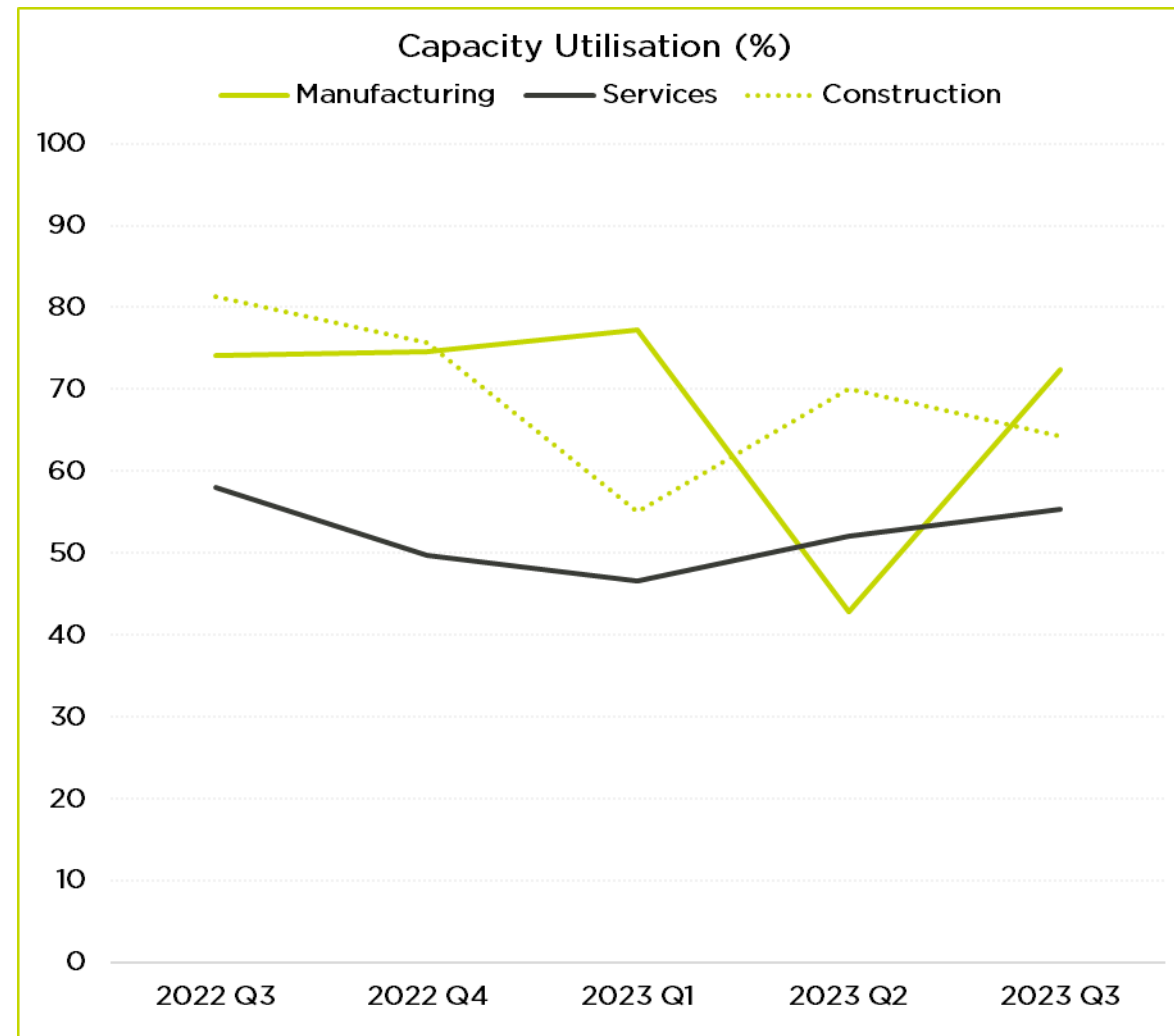
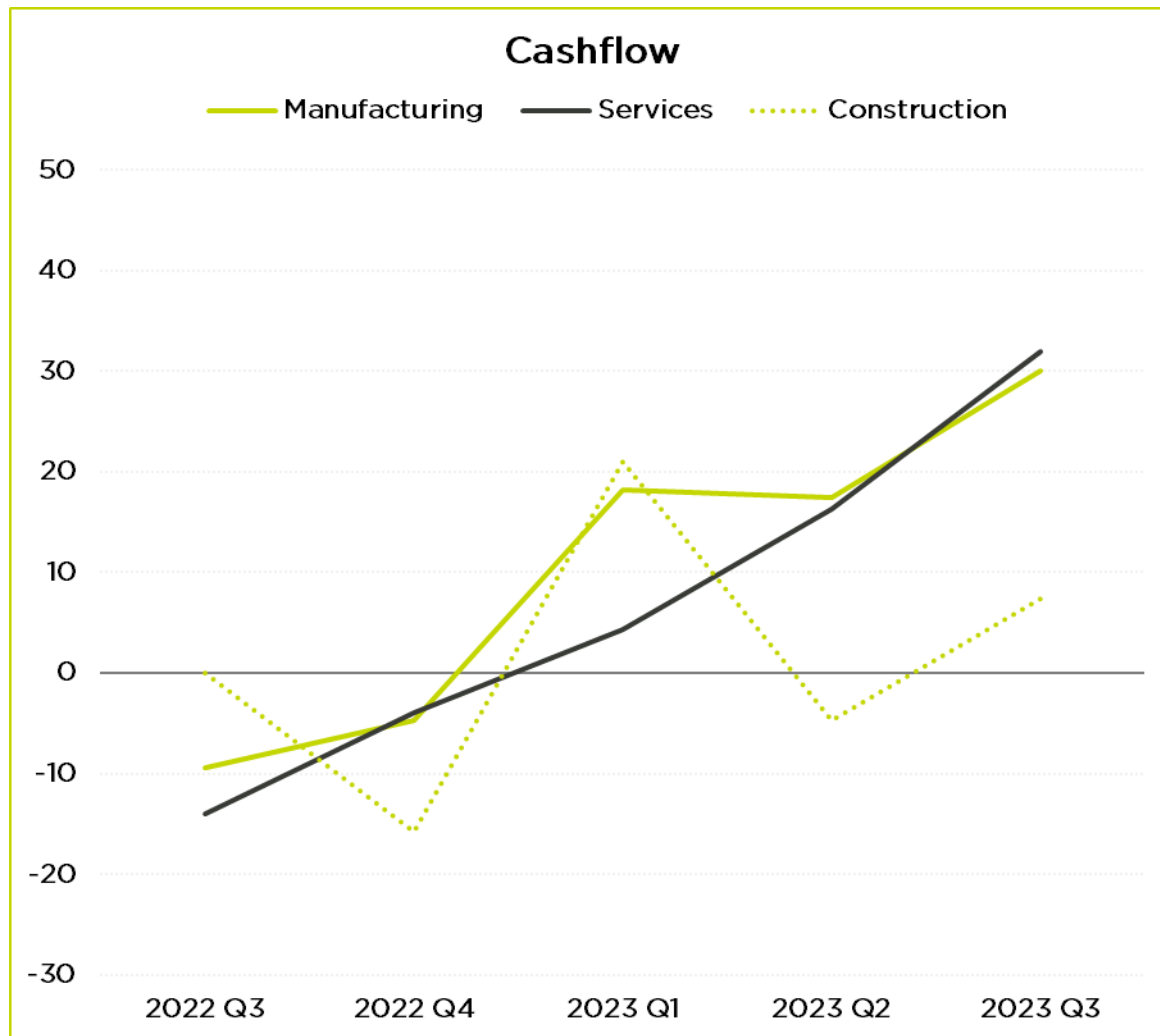
Inflation and prices



In line with the decrease in inflation, fewer businesses expect to have to increase prices further.



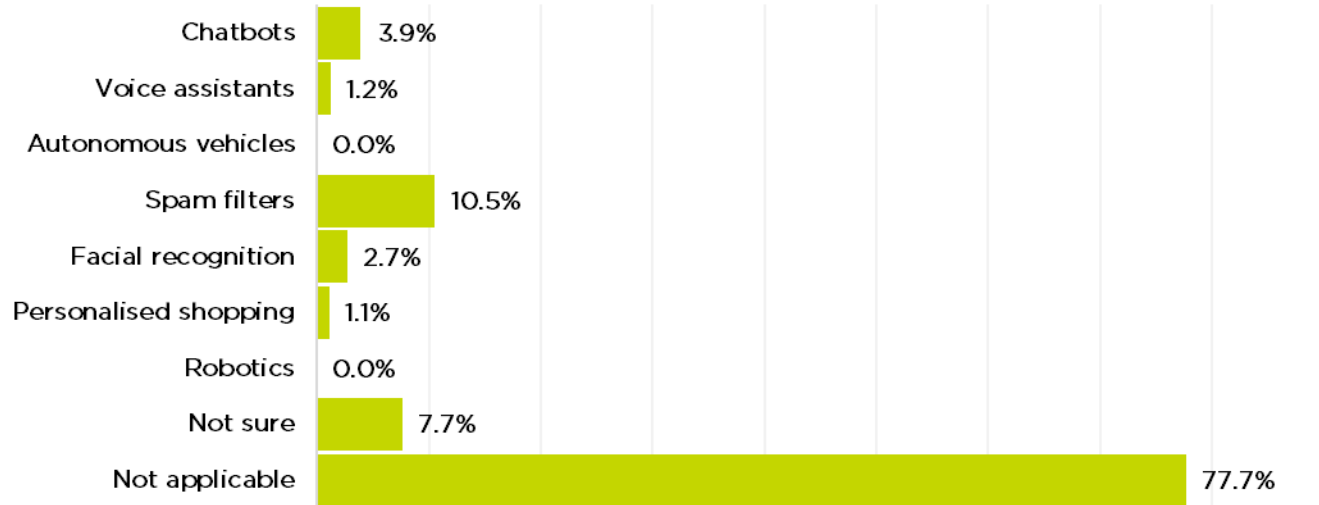
Cashflow & Capacity Utilisation



Cash positions have improved in two quarters in a row for services and manufacturing. Capacity utilisation remains stable.

Adoption of Artificial Intelligence (AI)

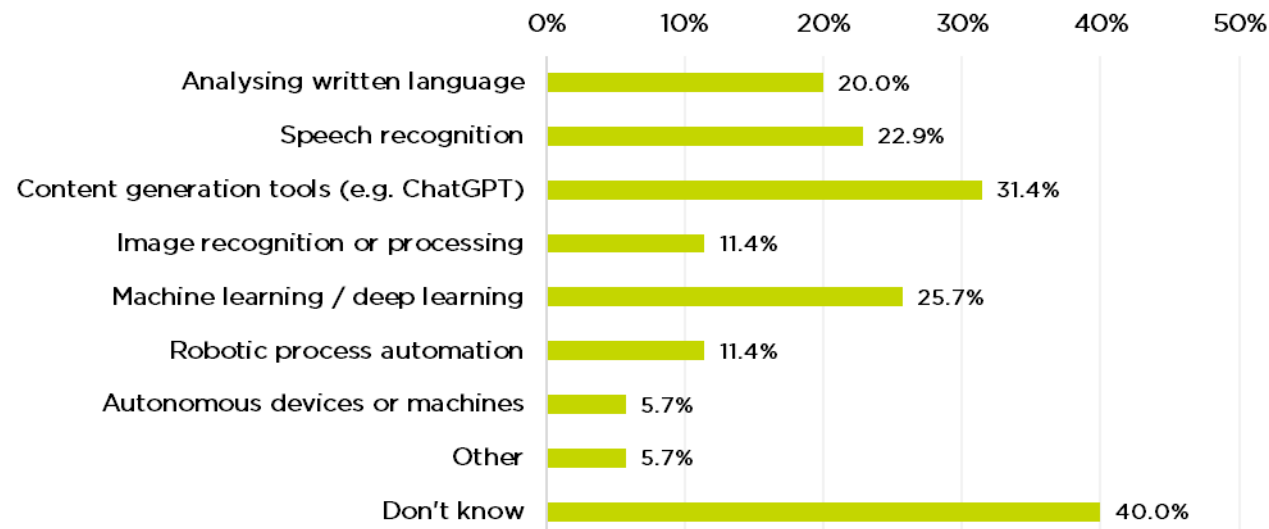
Adoption of AI (BICS)



ONS BICS polled businesses about their adoption of AI in May. 77.7% of respondents said AI is not applicable to their businesses, but this went down to 48.3% for larger businesses.

The Chamber network's trade survey had similar findings: current adoption of AI is generally low. Businesses in B2B reported using AI more than others.

Adoption of AI (GMCC QES)



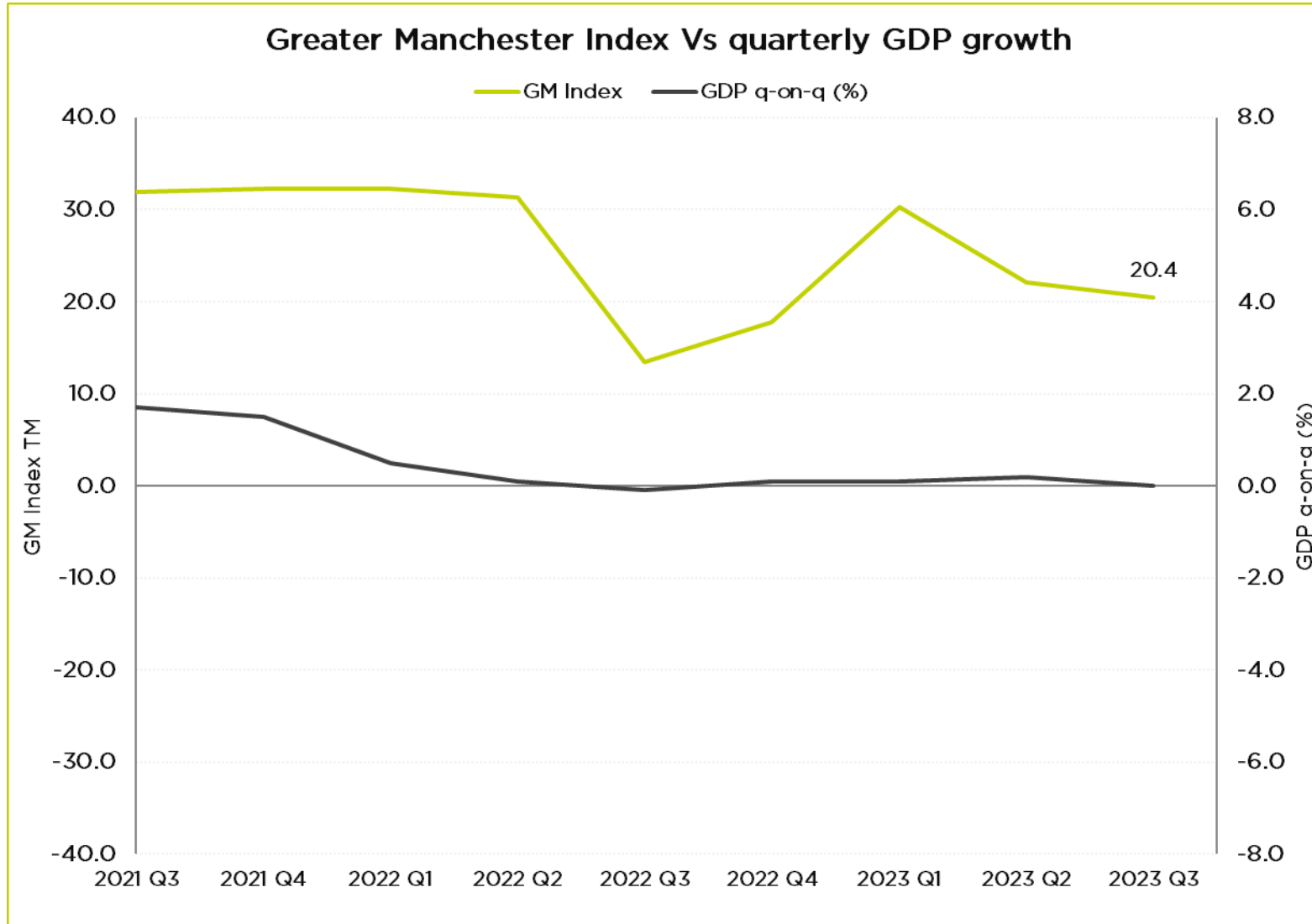
GMCC QES data reflects the above findings. AI is most commonly applied in content generation. Most respondents felt that AI now had minimal impact. *"It has helped assist writing of marketing material such as social media content and business collateral"*

"Speed and productivity have increased"

"Minimal impact. Making some processes less time consuming."



Where are we now?



- Q3 GM Index is 20.4, a drop of 1.7 points from Q2.
- UK GDP declined by 0.5% in July '23.
- PMI indices also indicate some volatility. In August,
 - Manufacturing index was 43.0 (45.3 in July), expected to improve in September
 - Services index was 49.5 (51.5 in July) and expected to worsen.
 - Construction index was 50.8 (51.7 in July) but could improve.
- Retail sales improved in August.
- Consumer confidence declined in July but has improved since.

Summary & GDP Forecast



There are some headwinds: poor international trade, lack of investment, impact of higher interest rates



Although consumer confidence is high, a reduction in B2B services could push GDP lower.



Inflation has eased but prices will stay high.



Economy could flatline in Q3.



OECD, IMF and OBR all expect growth in 2023 to be 0.3% to 0.4%.





Thank you!

Q&A

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