

BCC/DHL: Exporter confidence remains high, but exchange rates a concern

The British Chambers of Commerce (BCC), in partnership with DHL, today (Friday) publishes its latest Quarterly International Trade Outlook, which shows that confidence among UK exporters remains strong.

19th May 2017

The number of businesses reporting improved export sales increased in the first quarter of 2017. Businesses in both manufacturing and services are also more confident that their turnover and profitability would increase in the coming 12 months.

The BCC/DHL Trade Confidence Index, which measures the volume of trade documentation issued by accredited Chambers of Commerce, rose by 5.5% on the quarter – and is up 9.06% from the same quarter last year – standing at its second highest level on record.

The results show that businesses are continuing to trade despite political uncertainty, however currency fluctuations remain a concern. 52% of manufacturers and 25% of services firms say exchange rates are more of a concern to their business than three months ago.

To maintain momentum, and to help UK firms succeed beyond Brexit, the government should develop an expanded trade mission and fairs programme, help businesses build links with key trade partners and underpin deals, and expand funding for front-line assistance to exporters. Businesses will be looking for the next government to secure frictionless future trade arrangements with the EU, crucial to both importers and exporters, as well as to broker new relationships with emerging markets.

Key findings from the report:

- The BCC/DHL Trade Confidence Index, a measure of the volume of trade documentation issued nationally, rose by 5.5% on the quarter. The Index now stands at 126.55 –up 9.06% on Q1 2016 – and is the second highest level since records began in 2004
- The balance of manufacturers reporting improved export sales rose from +16% to +26%. Looking at services, the balance of firms reporting improved export sales rose from +8% to +10%
- The balance of manufacturers reporting improved export orders rose from +13 to +22 in Q4 2016, while in services it fell slightly from +6% to +5%
- Looking at expectations of turnover over the next 12 months, the balance of manufacturers confident of an increase held fairly steady, rising from +43% to +44%. In services this rose by four points from +35% to +39%

- Confidence that profitability would improve rose to +28% for services companies – up from the +21% in Q4 2016. The balance of manufacturers jumped by ten points, from +22% to +32%

Commenting on the findings, Dr Adam Marshall, BCC Director General, said:

“Confidence among exporters is strong, which is a timely reminder that businesses are doing their best to ignore the cacophony of political noise around them and focus on the success of their own operations.

“While confidence among UK exporters is high, rising costs, recruitment difficulties, and concerns around currency fluctuations could temper their growth if allowed to continue unchecked. Alleviating the burden of upfront costs and addressing the skills gap would increase productivity, investment and growth.

“For UK exporters to succeed in the long-term, the next government must deliver not only a Brexit deal which allows for frictionless trade with Europe, but also pragmatic and practical support for businesses looking to develop lasting links with new customers and markets around the world.”

Ian Wilson, CEO DHL Express UK and Ireland, said:

“Despite the many unanswered questions about what a post-Brexit Britain will look like, this latest Quarterly International Trade Outlook demonstrates that UK exporters remain optimistic about what the future holds.

“As a facilitator of international trade, we’ve seen our customers embrace the short term benefits that came with the fall in the value of the pound. However, this report demonstrates that whilst businesses are confident, they are not complacent – with currency fluctuations a lingering concern for exporters. In these uncertain times, there is an even greater imperative to expand the portfolio of markets businesses trade with to help spread the risk across multiple currencies.”

Ends

Notes to editors:

The Trade Confidence Index is a measure of trade documents issued by Accredited Chambers of Commerce for goods to overseas markets where documentation is required.

Spokespeople are available for interview and a full QITO report is available from the press office.

Balance figures are the percentage of firms that reported an increase minus the percentage that reported a decrease. If the figure is a plus it indicates expansion of activity and if the figure is a minus it indicates contraction of activity. A figure above 0 indicates growth, while a figure below 0 indicates contraction.

The British Chambers of Commerce (BCC) sits at the heart of a powerful network of 52 Accredited Chambers of Commerce across the UK, representing thousands of businesses of all sizes and within all sectors. Our Global Business Network connects exporters with nearly 40 markets around the world. For more information, visit: www.britishchambers.org.uk

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