

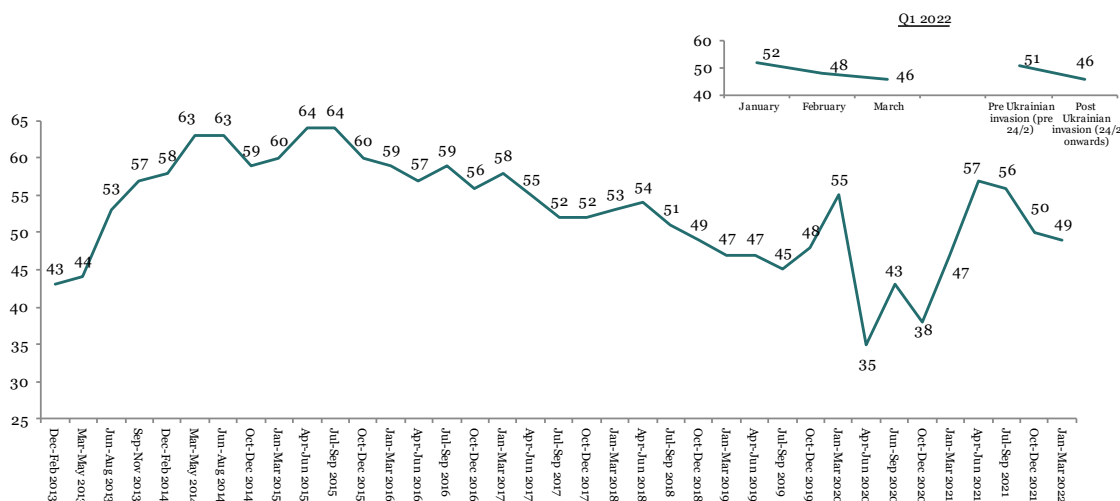
Business Confidence

6th May 2022

Confidence falls significantly after the invasion of Ukraine

Following the significant fall in business confidence at Q4, the **Savanta Business Confidence Index** shows only a small fall in confidence at Q1 2022 overall. However, confidence fell across the quarter and there was a significant fall in confidence after the Russian invasion of Ukraine on the 24th of February.

MarketVue Business Confidence Index from Savanta (2013 to 2022)



² BCI How do you feel about the current health of the UK economy?
Base: All

Savanta

Larger businesses with annual sales above £1m are one of the most confident groups with a confidence index of 54, a decrease in score of 2 points compared to Q4 2021.

The confidence index among smaller established businesses, who represent most enterprises by number, is at 49 with the index having increased marginally by 1 point on Q4 2021.

New start-ups have a confidence index of 46. This represents a decrease in confidence of 9 points compared to Q4 2021. This is the only significant change.

In terms of geographic location, confidence rose marginally in Midlands/East and Wales/South West, but fell in all other regions.

The Midlands/East is the most optimistic region with an index of 51, a 1 point increase in confidence since Q4 2021.

Confidence in the North/NorthWest and London were next highest, at 50 and 49, but both experienced falls in score (North/North West -1 point, London -2 points).

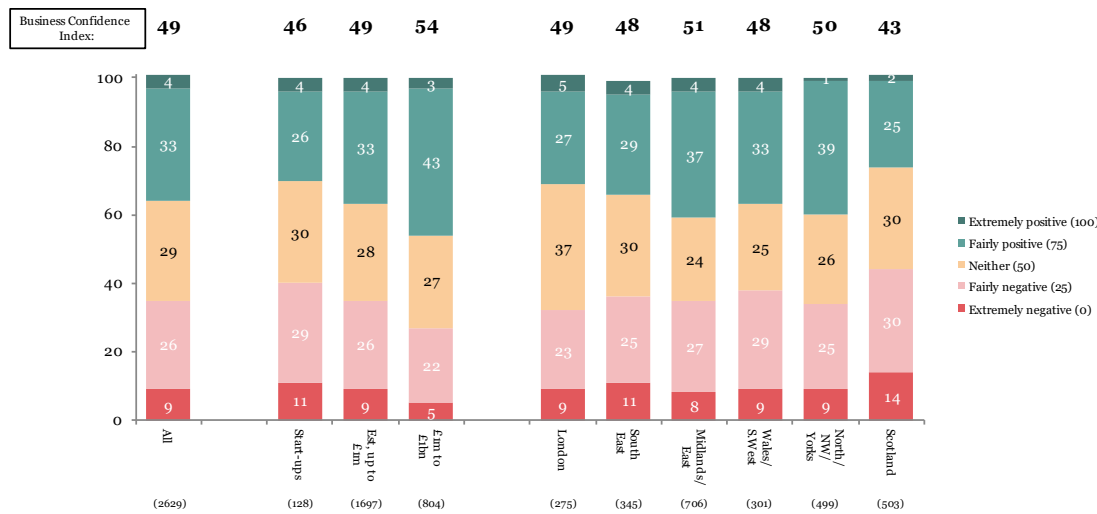
Wales/South West has an index of 48, a rise in score of 1 point on Q4 2021.

The South East also has a confidence index of 48 but this represents a -3 point fall on the Q4 2021 index of 51.

Scotland remains the least confident area with a confidence index of 43, as was reported last quarter.

An index of less than 50 means, perhaps unsurprisingly, more businesses are pessimistic rather than optimistic about the current state of the economy.

How do you feel about the current health of the UK Economy?



Industry sector continues to be a stronger differentiator of sentiment than region, both in terms of the size of the quarterly shifts within a given sector and the degree of variation from one sector to another.

At Q1 2022, three sectors experienced an increase in confidence, five a fall and one experienced no change. The only significant change was in 'Other Services'.

Confidence is still highest in the Construction industry (55) with score increasing 3 points on Q4 2021.

The Transport and Agricultural sectors were the next most confident each with a confidence index of 51. For the Transport sector this was a 4 point increase on Q4 2021, and for the Agricultural sector this was a 2 point increase in confidence.

Wholesale and Production both have confidence indices of 50, a stable index for Production but a -1 point fall in confidence for the Wholesale sector.

Business Services and Accommodation both had confidence indices of 48, a 1 point fall in confidence for Business Services and a 3 point fall in confidence for the Accommodation sector.

Education and Other services were the least confident sectors this quarter. The confidence index in the Education sector fell 4 points to 46, whilst the confidence index in Other services fell by 5 points, a significant fall, to 41.

In terms of age of business owners, confidence levels are highest amongst the older age groups again this quarter. Those aged up to 34 score 42 (down 6 points and a significant fall), those aged 35-64 score 48 (no change) and those aged 65+ score 52 (down 1 point).

Commenting on the findings Sue Lewis, Senior Director at Savanta, said

“We had hoped for an increase in business confidence this quarter and in fact were starting to see this come through, but the invasion of Ukraine has shaken business confidence as it has shocked the world. Whilst businesses are now coping with the remnants of Covid, they now need to consider high energy prices, rising inflation and potential supply and delivery issues. We now face more uncertainty and it will be interesting to see what happens to business confidence over the next quarter.”

Quarter 1 findings are from Savanta’s **MarketVue Business Confidence** programme (formerly the Charterhouse Business Confidence Survey), conducted among 2629 GB businesses from start-ups to companies with £1bn turnover, surveyed from 4th January 2022 - 30th March 2022. Indices are mean scores based on a scale of ‘extremely positive’ (100), ‘fairly positive’ (75), ‘neither positive nor negative’ (50), ‘fairly negative’ (25) and ‘extremely negative’ (0).

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