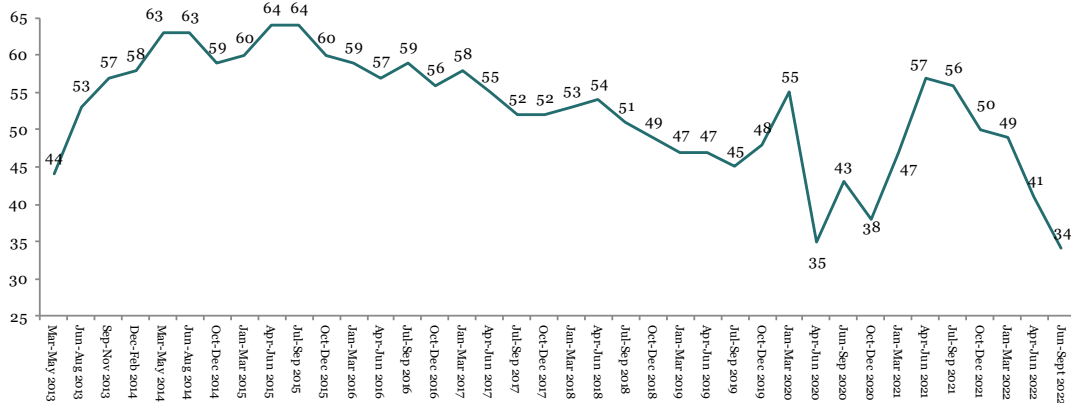


## Business Confidence

### Confidence falls significantly again as businesses fear recession

The [Savanta Business Confidence Index](#) saw a significant decline this quarter from 41 points in Q2 2022 to 34 in Q3 2022 as businesses try to cope with demand falling, supplier costs increasing, and the highest inflation rates in 40 years. (Note: data was collected before the Liz Truss leadership and the mini-budget announcements.)

**MarketVue Business Confidence Index from Savanta (2013 to 2022)**



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

Savanta

### Confidence decreased significantly across all business sizes

The confidence index among smaller established businesses, who represent most enterprises by number, is at 34 with the score having also fallen significantly by 7 points on Q2 2022.

Larger businesses with annual sales above £1m are one of the most confident groups when reflecting on economic health, with a confidence index of 38. Yet this audience has experienced a similar decrease in index (-7 points) compared to Q2 2022.

New start-ups have a confidence index of 32. This represents a significant decrease in confidence of 10 points compared to Q2 2022.

### In terms of geographic location, confidence fell significantly in all regions

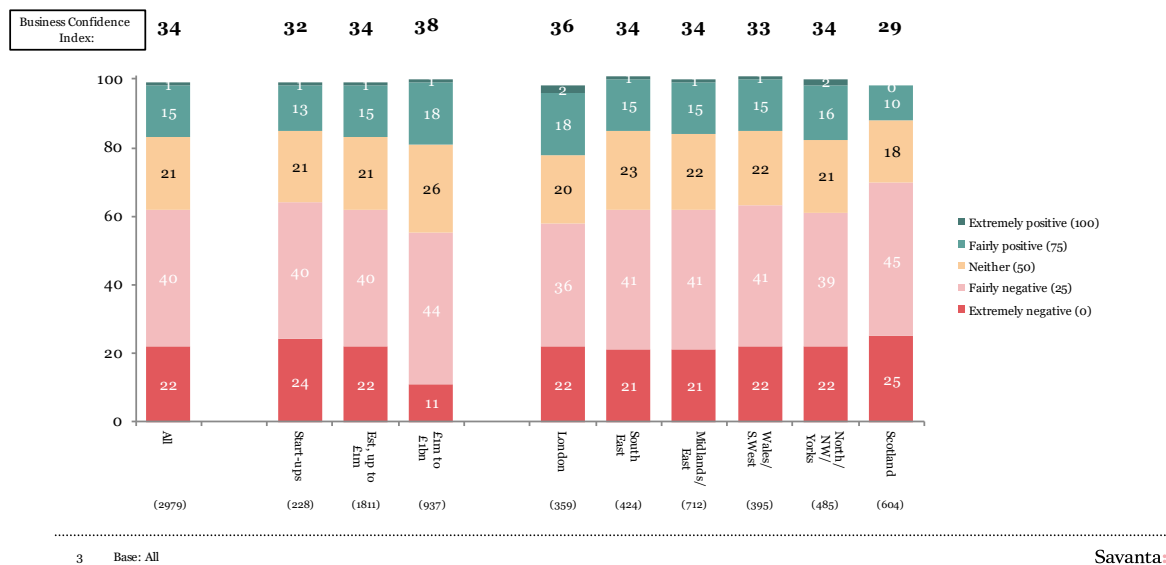
This wave London is the most confident region with a confidence index of 36, a decrease in confidence of 7p on Q2 2022.

The North/North West (34, -6p), West Midlands/East (34, -9p) and the South East (34, -8p) were the next most confident regions, all with the same index but all experiencing a significant fall in score.

Scotland remains the least confident area with a confidence index of 29, experiencing a 7p fall in score compared to 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?



## Confidence down in all but one industry sector

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 Q3 2022, only one sector reported a positive change in confidence index (Transport) but this change is not significant. All other sectors report a significant decrease in confidence.

Confidence is highest in the Transport sector (40).

The production industry was the next most confident sector with an index of 38 but a 4 point fall in confidence since Q2 2022.

The wholesale (35) and construction (35) sectors had the next highest confidence but whilst wholesale had one of the smallest falls (-4p) the construction sector had one of the highest (-10p) compared to Q2 2022.

The Business sector was the next most confident sector with an index of 33, but a fall in score of -8 since quarter two.

Agriculture and Other Services both have confidence indices of 31 with index score falling -9 and -8 respectively.

The least confident sectors this quarter are Accommodation and Education both with indices of 25 and also experiencing the greatest falls in confidence over the quarters – -18p and -21p respectively.

## **Amongst Start-ups and small businesses confidence decreased for all age groups**

In terms of age of small business owners (start-up and established £0-2m), confidence decreased for all age groups but only significantly so amongst those aged 35-64. Those aged over 65 are the most confident group this quarter.

Those aged up to 34 score 35 (down 5 points), those aged 35-64 score 32 (down 8 points, a significant fall) and those aged 65+ score 37 (down 5 points).

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

*“As we predicted, confidence fell again this wave with continuing pressure on businesses facing rising costs and falling demand, the energy crisis and economists predicting recession. Our fieldwork was undertaken pre the mini-budget and political turmoil that followed and we fully expect confidence to fall again in Q4.”*

Quarter 3 findings are from Savanta’s [MarketVue Business Confidence](#) programme conducted among 2979 GB businesses from start-ups to companies with £1bn turnover, surveyed from between 17th June 2022 - 16th September 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), for the question "How do you feel about the current health of the UK economy?"

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