



Hampshire Chamber reports rising business optimism despite inflation fears

Businesses in Hampshire are confident that economic growth is on the way despite a still fragile recovery and fears over inflation.

These are the main findings of the first independent survey of the region's chamber of commerce members since the general election and emergency Budget.

The quarterly survey by Hampshire Chamber found that nearly six out of ten respondents (57%) were more confident in the economy than they were at the start of the year.

Even with sluggish UK and overseas sales, more companies than before also expect to recruit staff and improve turnover in the months ahead.

But the percentage of businesses citing inflation as a key issue of concern has nearly doubled from 17% in the first quarter of 2010 to 30% now.

Jimmy Chestnutt, Chief Executive of Hampshire Chamber, said: "Although confidence is still understandably dented, the overall picture across a number of indicators is one of increased optimism.

"To ensure this momentum is sustained, we cannot ignore the growing worries over increased inflation that would come through changes to interest rates.

"It is essential that the new government keeps rates low so that we can safeguard the business environment and help companies invest and return to growth."

The survey found that recruitment in Hampshire has significantly improved compared to the first three months of the year.

Nineteen per cent of respondents have increased their workforce and expect to hire even more staff in the months ahead. This compared with just 11% in the first quarter.

In what is still an unsettled period for the order book, only around a third of firms in the region have seen UK sales growth. However, those reporting a decrease in UK sales fell from 22% in the first quarter to 14% now.

Among exporters, there was a 20% drop in the number of respondents reporting any increase in overseas sales. The overseas order book was also half what it was in the first three months of the year.

Over the next 12 months, 56% of respondents expect to increase turnover while 41% predict greater profitability.

Capacity has also slightly improved from last quarter with 35% working at full capacity, up six percent. The percentage working below capacity has fallen from 71% to 62%.

Slightly more companies have improved their cash flows compared to the start of the year (25% as against 17%) but more than a quarter continue to struggle to balance the books.

Hampshire Chamber represents 2,000 member firms employing 150,000 people between them. For more information visit www.hampshirechamber.co.uk.

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