



WEST MIDLANDS QUARTERLY ECONOMIC SNAPSHOT

Q2 2024





HENRIETTA BREALEY

**CHIEF EXECUTIVE OFFICER, GREATER
BIRMINGHAM CHAMBERS OF COMMERCE:
COMMENT ON RECRUITMENT TRENDS**

In Q2 2024, recruitment challenges across the region showed a promising decline from previous highs, with 60% of firms reporting difficulties, which is a significant fall from the figure of 78% recorded in Q3 2023. Despite the positive trend, local disparities persist. Notably, 8% more businesses in Greater Birmingham struggled to recruit than in Coventry and Warwickshire. While services firms are seeing a slight rise in recruitment issues, manufacturing continues to face a high but slightly improved struggle. This evolving landscape reflects broader employment shifts, where regional and national statistics reveal a complex interplay of opportunities and obstacles in the labour market.

The GBCC's Growth Through People campaign is now in its eight year and aims to inform business leaders on key matters of attracting talent and people management. While we can see that the region's businesses are beginning to see stabilisation in the recruitment landscape, the campaign serves as a timely resource to businesses to aid them in their recovery and resilience. More information can be found on our website.



SEAN ROSE

**HEAD OF POLICY, COVENTRY AND
WARWICKSHIRE CHAMBER OF COMMERCE:
COMMENT ON EXPORT TRENDS**

It's good to see a slight uptick in overseas trade from across the West Midlands according to the latest Quarterly Economic Survey. Doing business internationally is positive for each individual company but also for the regional economy.

“Those companies – whether in manufacturing or the service sector – that do engage in international trade become more resilient and are more likely to grow than their peers so it is something we must continue to encourage across our region.

“It is interesting to note that there was a bigger jump in manufacturers seeing an increase in exports (31 per cent) compared to the service sector which was static and it is encouraging that goods from this region are still much sought after from overseas.

“As part of the new Government's commitment to growth, it's vitally important that international trade forms a key pillar of that strategy because the benefit to the whole of the economy is clear for all to see and we as chambers are perfectly placed to support it through our international networks.



SARAH MOORHOUSE

CEO, BLACK COUNTRY CHAMBER
OF COMMERCE:

COMMENT ON BUSINESS CONFIDENCE TRENDS

It's great to see an increase in business confidence in quarter two, as businesses take advantage of the stability in business conditions to push ahead with expansion and investment plans. We know that West Midlands businesses have an appetite to grow and trade internationally, and they must be supported to do so. With the right support, we can see these business confidence figures rise even more in the next twelve months.

Reasons for optimism include a new government, continued stability in bank rates and a drop in inflation. The economy is showing signs of starting to improve, and in turn this is encouraging businesses to begin their investment plans. These investment plans have been carefully considered for a long time, and the recent reduction in inflation and bank rates have given businesses the confidence to start going ahead and implementing their plans. Compared to twelve months ago, when GDP was lower, business conditions look to be much improved and continuing to get better.

RECRUITMENT TRENDS

RECRUITMENT DIFFICULTIES (QES DATA)

In Q2 2024, **60%** of firms across the region experienced recruitment challenges. This has decreased slightly from **61%** in Q1 2024, marking a notable downward trend since a figure of **78%** was recorded in Q3 last year.

Recruitment difficulties were seen most frequently in Greater Birmingham, where **63%** of firms struggled to attract staff. In the Black Country, **60%** of businesses stated facing recruitment challenges, and **55%** in Coventry and Warwickshire.

56% of services firms in the region faced recruitment difficulties, an increase of one percentage point compared to Q1. By contrast, the proportion of manufacturing firms facing difficulties remains high at **71%** but decreased by 3 percentage points on last quarter.



REGIONAL VS. NATIONAL EMPLOYMENT STATISTICS

In April to June 2024, the UK's employment rate was **74.5%**, having increased by **0.1%** since January to March 2024, while the West Midlands employment rate was slightly lower at **72.7%**, having fallen by **1.2%** during the same time period.

The highest employment rate in the UK was in the South West (**78.6%**) and the lowest was in Wales (**68.9%**).

In April to June 2024, the UK's unemployment rate was **4.2%**, having fallen by **0.2%** since January to March 2024. The figures recorded for the West Midlands were **4.9%**, down by **0.1%**.

EXPORT TRENDS

EXPORT TRENDS (QES DATA)

The balance score for export sales across the region in Q2 has increased by 1 point to **53**, marking the second consecutive quarterly increase since late 2023, which suggests a tepid increase in export confidence.



26% of businesses across the region reported an increase in export sales (a small increase of 2 percentage points on Q1's figure).



53% reported that export sales had remained constant (having decreased by 2 percentage points since Q1).

23% ▼

of firms reported a decrease in sales (down two points from 21%).

As for export orders, **28%** have seen an increase over the past quarter, **51%** report that they have remained the same, and **21%** have recorded a decrease.

31% ▲

of manufacturers saw an increase in their export sales (up from 25% in Q1), in contrast to **23%** of those in the service sector (the same figure as last quarter).

REGIONAL VS. NATIONAL TRADE STATISTICS

£9.0 billion ▼

The total value of West Midlands exports in Q1 2024 was **£9.0bn**, a decrease of £0.4bn compared to Q4 2023.

£87.3 billion ▼

The total value of EU exports from the West Midlands decreased between Q4 2023 and Q1 2024 by £0.4bn to **£3.7bn**. Non-EU exports saw an increase in value to **£5.4bn** in Q1 2024 from £5.3bn in Q4 2023. Nationally, the total value of exports decreased from £93.5bn in Q4 2023 to **£87.3bn** in Q1 2024. The UK total value of EU exports saw a decrease of £1.9bn to **£44.4bn** in Q1 2024, and the non-EU export value decreased by £4.3bn.

BUSINESS RESILIENCE

BUSINESS RESILIENCE (QES DATA)

The balance score for price pressures fell by 4 points to **68** this quarter, the lowest figure recorded since Q1 2021.

41% of manufacturers across the region expect their prices to increase over the next 3 months, a significant decrease from **51%** recorded last quarter, whilst **37%** of service firms anticipate increasing prices, down from **44%** in Q1.

In Coventry and Warwickshire, **42%** of businesses are expecting an increase in price pressures, followed by **38%** in Greater Birmingham, and **32%** in the Black Country.

The overall balance score for cashflow in Q2 was **55**, the same figure as the previous quarter. This was based on:



28% seeing their cashflow increase over the past three months



25% of manufacturing firms have seen their cashflow increase this quarter, in contrast to **23%** in Q1. The number of services firms reporting an increase in cashflow sits at **29%**, which is four percentage points higher than last quarter.



53% experiencing constancy in cashflow

The balance score for cashflow has increased by 3 points to **54** for manufacturers and has increased to **55** from **50** for services firms.



19% reporting a decrease in cashflow

BUSINESS INVESTMENT

BUSINESS INVESTMENT (QES DATA)

Across the region:

▶ **24%**

24% of firms reported an increase in investment plans for capital expenditure (capex) which is the same as the previous quarter. **65%** report maintaining the same level of capex investment as in Q1, an increase of 4 percentage points, while **11%** have revised their investment plans downwards.



24% of firms in Greater Birmingham increased their capex investment, **32%** in the Black Country and **28%** in Coventry and Warwickshire.

The balance score for capital expenditure investment is **58** for manufacturers (an increase of 2 points) and **56** for services firms (an increase of 2 points).

PRICE PRESSURES AND INVESTMENT LEVELS

PRICE PRESSURES AND INVESTMENT LEVELS (UK TRENDS)

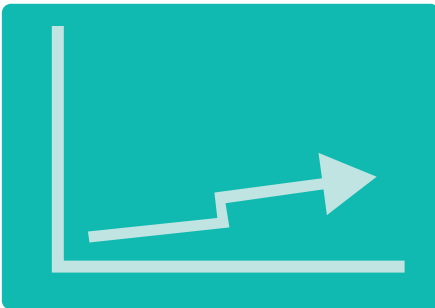
CPIH: 2.8% increase



The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by **2.8%** in the 12 months to June 2024, the same rate as the 12 months to May 2024. On a monthly basis, CPIH rose by **0.2%** in June 2024, the same rate as in June 2023.

Core CPIH (excluding energy, food, alcohol and tobacco) rose by **4.2%** in the 12 months to June 2024, the same rate as in May; the CPIH goods annual rate fell from negative **1.3%** to negative **1.4%**, while the CPIH services annual rate rose from **5.9%** to **6.0%**.

CPI: 2.0% increase



The Consumer Prices Index (CPI) rose by **2.0%** in the 12 months to June 2024, the same rate as the 12 months to May 2024. On a monthly basis, CPI rose by **0.1%** in June 2024, the same rate as in June 2023.

The largest upward contribution to the monthly change in both CPIH and CPI annual rates came from restaurants and hotels, where prices of hotels rose more than a year ago; the largest downward contribution came from clothing and footwear, with prices of garments falling this year having risen a year ago.

BUSINESS CONFIDENCE

BUSINESS CONFIDENCE (QES DATA)

The collective balance score for profitability projections is **73**, an increase of 7 points on last quarter. This figure comes from:



57% expecting an increase in profits over the next 12 months (an increase of 8 percentage point compared to Q1).



12% expecting profits to decrease (a 6-percentage point increase compared to Q1).



31% expecting profits to remain constant (a 2-percentage point decrease compared to Q1).

The balance score for turnover projections increased by 2 points to **77**. This was based on **62%** of companies reporting an increase in expected turnover, **29%** expecting constancy and 9% anticipating a decrease.

BUSINESS CONFIDENCE (UK TRENDS)

UK gross domestic product (GDP) is estimated to have **increased by 0.6% in Quarter 2** (Apr to June) 2024, following an **increase of 0.7% in Quarter 1** (Jan to Mar) 2024.

Compared with the same quarter a year ago, GDP is estimated to have increased by **0.9%** in Quarter 2 2024.

UK real GDP (an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year) is estimated to have grown by **0.6%** in Quarter 2 (Apr to June) 2024, following growth of **0.7%** in the previous quarter (Figure 1 and Table 1). Compared with the same quarter a year ago, real GDP is estimated to have increased by **0.9%**.

ABOUT THE WEST MIDLANDS QUARTERLY ECONOMIC SNAPSHOT

The West Midlands Quarterly Economic Snapshot offers an up-to-date picture of the performance of the business community in the WMCA area. It is the most comprehensive, regular report of its kind in the region. Both the national and regional figures are informed by official statistics from bodies such as the Office for National Statistics, HIS Markit and the Chartered Institute of Procurement and Supply. WMCA area data is also gathered from quarterly economic surveys conducted by the Greater Birmingham Chambers of Commerce, Black Country Chamber of Commerce, and Coventry and Warwickshire Chamber of Commerce. The surveying period for the Q2 Quarterly Economic Snapshot took place between 13th May and 8th June.

The Quarterly Economic Surveys consist of information gathered from local businesses on key indicators such as sales, exports, recruitment plans and turnover projections. In total, 457 businesses across the West Midlands completed the Quarterly Economic Survey with 81% of respondents operating in the services sector and 19% operating in the manufacturing sector. Percentage balance figures are determined according to business responses to the indicators: an increase (multiplied by 1), remain constant (multiplied by 0.5), decrease (multiplied by 0). A score of over 50 is indicative of a growth sentiment. Note that figures may not always total exactly due to rounding differences.

OFFICIAL QES SPONSORS





GREATER BIRMINGHAM CHAMBERS OF COMMERCE

The Greater Birmingham Chambers of Commerce (GBCC) is here to connect, support and grow local businesses. Accredited by the British Chambers, we have acted as the voice of local businesses since 1813.

GET IN TOUCH

W: www.greaterbirminghamchambers.com

E: policy@birmingham-chamber.com

T: [@grbhamchambers](https://twitter.com/grbhamchambers)



BLACK COUNTRY CHAMBER OF COMMERCE

The Black Country Chamber of Commerce is a membership organisation that provides support to businesses throughout Dudley, Sandwell, Walsall and Wolverhampton. Black Country Chamber provide help, advice and a range of services.

GET IN TOUCH

W: www.blackcountrychamber.co.uk

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COVENTRY AND WARWICKSHIRE CHAMBER OF COMMERCE

The Coventry & Warwickshire Chamber of Commerce is a business membership organisation with five branches across the region – Rugby, Coventry, Mid, North and South Warwickshire.

GET IN TOUCH

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