

# CBI Industrial Trends Survey

## January 2015

Figures marked (\*) are weighted percentages of respondents and those marked (\*\*) are the average response. Other figures are percentage balances, i.e. the difference between the percentage replying 'more', 'up' or 'above normal' and that replying 'less', 'down' or 'below normal'.

Averages are for the period 1995-present.

### The past three months

	Oct	2014 Jan	Apr	Jul	Oct	2015 Jan	Average	
<b>VOLUME OF ACTIVITY (UP/SAME/DOWN)</b>								
7	+6	+13	+21	+24	+9	+20	-1	
7a	+10	+11	+17	+23	+14	+15	-5	
7b	+3	0	+16	0	-7	+4	-7	
8	+8	+18	+15	+23	+11	+10	+1	
6	+9	+12	+18	+21	+15	+12	-10	
9a	+2	+16	+15	+26	+16	+10	-4	
9b	+5	+9	+9	+2	-5	-2	-5	
<b>PRICES AND COSTS (UP/SAME/DOWN)</b>								
12a	-4	+2	+4	-1	-4	-9	-3	Lowest since Jan 2010 (-10)
12b	-6	-4	+1	-7	-4	-6	-9	
11	0	+7	+13	+1	+1	-5	+10	Lowest since Jan 2003 (-5)
<b>STOCKS (UP/SAME/DOWN)</b>								
10a	+12	+11	+12	+11	+5	0	-3	Lowest since Apr 2013 (0)
10b	+13	+9	+8	+13	+3	+4	-3	
10c	+14	-1	+7	+12	+5	+6	-2	

### Current capacity, orders & stocks

	Oct	2014 Jan	Apr	Jul	Oct	2015 Jan	Average	
4	46	46	48	45	51	44	58	Lowest since Jan 1998 (42)
4a	82	82	80	84	82	83	80	
5a	-4	-2	-1	+2	-6	+4	-18	Highest since Apr 1995 (8)
5b	-12	-16	-3	-16	-23	-20	-21	
5c	+8	+8	+4	+13	+15	+5	+14	

### The next three months

	Oct	2014 Jan	Apr	Jul	Oct	2015 Jan	Average	
<b>VOLUME OF ACTIVITY (UP/SAME/DOWN)</b>								
7	+14	+22	+26	+33	+20	+11	+4	Lowest since Oct 2012 (8)
7a	+13	+12	+26	+26	+19	+12	+1	
7b	+7	+14	+22	+23	+9	+1	+1	Lowest since Jul 2012 (0)
8	+9	+23	+32	+26	+18	+13	+7	
6	+7	+14	+16	+11	+7	+13	-13	
9a	+2	+15	+29	+26	+20	+13	+2	
9b	-6	+16	+28	+18	+5	+2	+2	
<b>PRICES AND COSTS (UP/SAME/DOWN)</b>								
12a	-2	+20	+9	-4	-3	-6	+2	Lowest since Jul 2009 (-18)
12b	+1	+12	-5	-7	-3	-2	-4	
11	+6	+16	+10	+1	-1	-5	+6	Lowest since Jul 2012 (-5)
<b>STOCKS (UP/SAME/DOWN)</b>								
10a	+2	+6	+15	+10	+6	+8	-10	
10b	+1	+5	+14	+3	+1	+8	-9	
10c	-5	+2	+2	+6	-1	+2	-9	

## Constraints on activity and competitiveness

		2014				2015		Average	
		Oct	Jan	Apr	Jul	Oct	Jan		
<b>FACTORS LIKELY TO CONSTRAIN ACTIVITY OVER THE COMING THREE MONTHS</b>									
14	Factors likely to limit output*								
	Orders or sales	70	65	67	65	63	66	71	
	Skilled labour	21	13	13	22	20	22	12	
	Other labour	3	1	1	1	1	2	2	
	Plant capacity	18	17	18	20	18	23	17	Highest since Apr 2011 (29)
	Credit or finance	7	5	4	3	4	3	4	
	Materials/components	4	6	5	7	6	9	7	Highest since Jan 2013 (9)
	Other	5	2	1	2	3	1	2	
15	Factors likely to limit export orders*								
	Prices	46	42	47	48	43	56	58	Highest since Jan 2013 (56)
	Delivery dates	8	8	11	15	11	13	12	
	Credit or finance	11	7	2	3	2	2	5	
	Quota and licence	8	1	5	6	8	1	3	
	Political/economic conditions abroad	31	27	22	39	37	32	23	
	Other	11	13	10	11	8	10	12	
<b>TRENDS IN COMPETITIVENESS (IMPROVED/UNCHANGED/WORSENE)</b>									
15a	Competitiveness in the UK - past three months	+8	+5	+10	+5	+2	+16	+6	Survey Record High
	- next three months	+9	+11	+6	+5	+8	+16	+8	Highest since Oct 2002 (16)
15b	Competitiveness in the EU - past three months	-3	-11	-7	-16	-17	-7	-3	
	- next three months	-1	-1	-1	-11	-8	-4	-1	
15c	Competitiveness in non-EU markets - past three months	-1	+1	-2	-14	-12	0	-3	
	- next three months	+2	+7	+2	-12	-6	-2	-1	

## Business prospects and plans

		2014				2015		Average	
		Oct	Jan	Apr	Jul	Oct	Jan		
<b>OPTIMISM OVER PAST THREE MONTHS (MORE/SAME/LESS)</b>									
1	Optimism re business situation	+24	+21	+33	+19	+8	+15	-7	
2	Optimism re export prospects for year ahead	+9	+8	+27	+8	-3	+1	-5	
<b>INVESTMENT INTENTIONS FOR THE NEXT TWELVE MONTHS COMPARED TO THE PREVIOUS TWELVE (MORE/SAME/LESS)</b>									
3a	Buildings	-20	-1	-6	-1	-14	-5	-19	
3b	Plant and machinery	-8	+4	+16	+6	+5	+16	-8	
17a	Product and process innovation	+28	+20	+27	+32	+25	+27	+12	
17b	Training and retraining	+33	+26	+26	+27	+27	+32	+13	
<b>INFLUENCES ON FIXED INVESTMENT PLANS</b>									
16a	Firms with present capacity at least adequate to meet expected demand*	81	89	85	84	87	84	89	
16b	Reasons for expected capital expenditure								
	Expand capacity	43	40	44	51	39	46	33	
	Increase efficiency	61	59	61	62	53	66	64	Highest since Apr 2008 (66)
	Replacement	52	62	55	53	59	55	51	
	Other	5	8	11	5	10	6	8	
16c	Twelve month forecast of factors likely to limit capital expenditure authorisations*								
	Inadequate net return	39	39	35	37	38	42	43	Highest since Jan 2013 (43)
	Internal finance shortage	22	19	20	16	12	15	20	
	Inability to raise external finance	7	4	7	3	4	3	6	
	Cost of finance	5	6	6	5	4	2	4	Lowest since Oct 2006 (2)
	Uncertainty about demand	59	45	43	47	52	50	51	
	Labour shortage	18	6	11	11	8	11	7	
	Other	4	7	5	4	4	3	4	Lowest since Jul 2013 (3)

### SURVEY DETAILS

The January 2015 CBI Industrial Trends Survey was conducted between 15th December and 9th January. 467 manufacturing firms replied. During the survey period the pound averaged €1.27 and \$1.55, while Brent Crude averaged \$59 per barrel, compared with €1.28 and \$1.62, and \$94 per barrel in the October survey period.