Dundee & Angus
CHAMBER OF COMMERCE

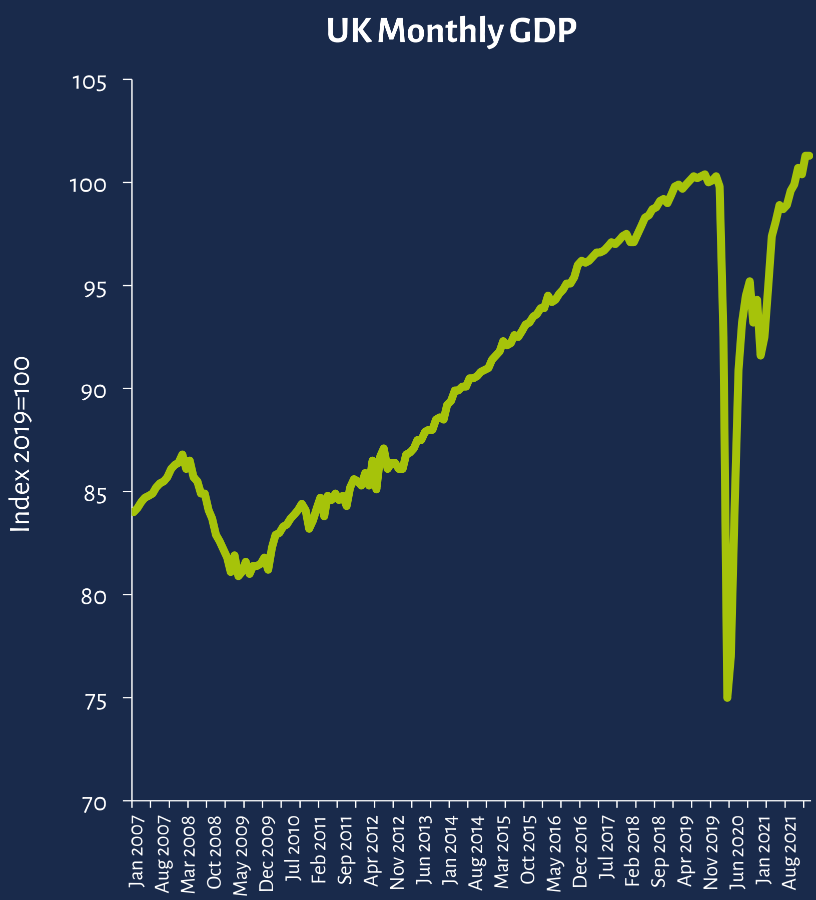
Quarterly Economic Indicator

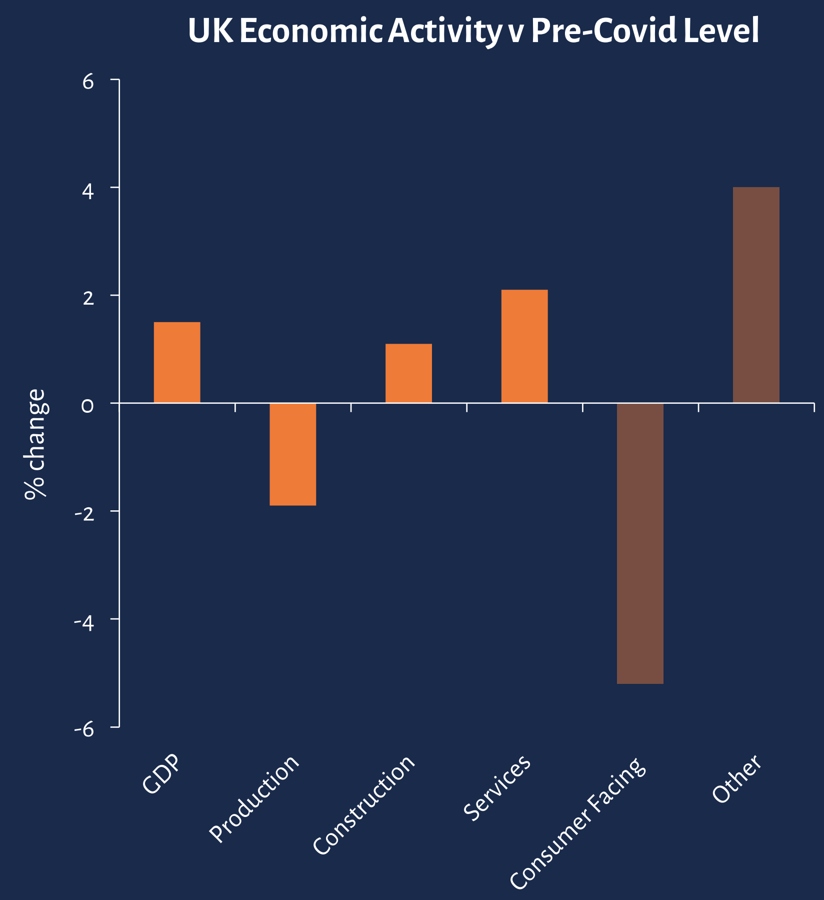
April 2022

In Partnership with

CONDIES
ACCOUNTANTS & ADVISORS

Key components of UK GDP





Source: Office for National Statistics - Monthly GDP Estimate

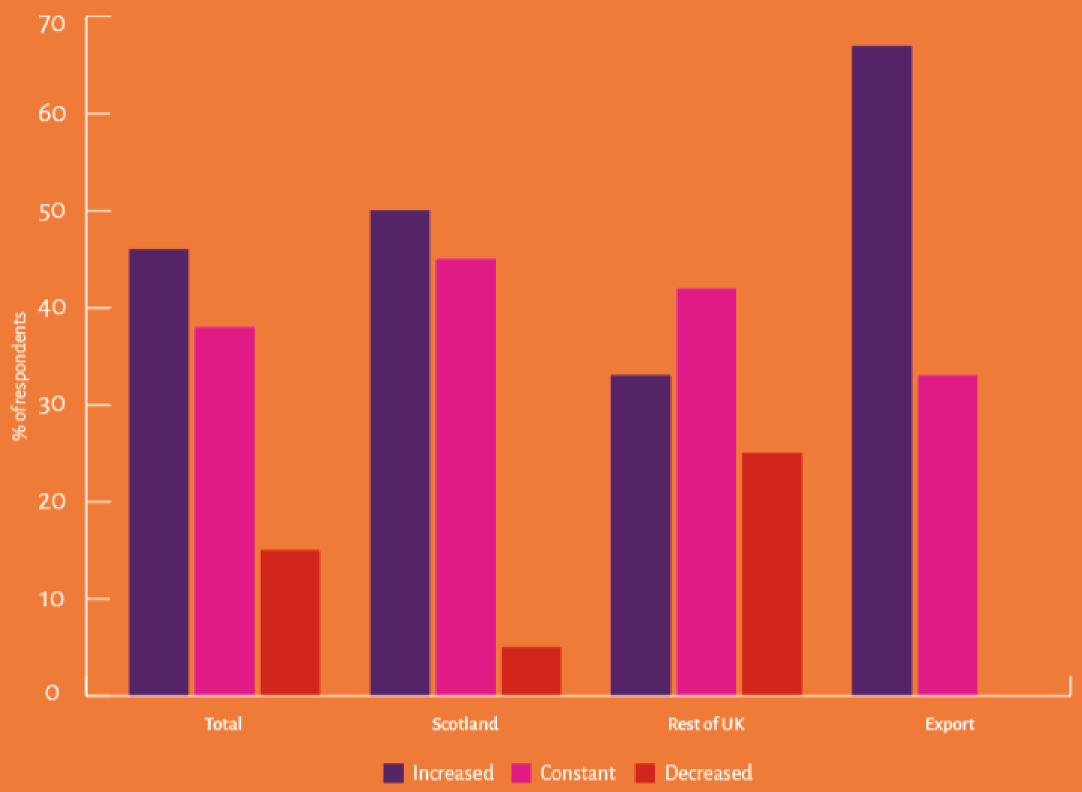
Key results

Our key variables indicate that business conditions have largely improved during the last 3 months. Every variable is now in positive territory and both orders and investment have reached record highs. As before, there is a strong intention to increase prices in response to rising costs.

Change in business optimism

Local business optimism has improved significantly across the Dundee & Angus Region. The arts sector and education are leading the way whilst construction and healthcare appear to be facing more challenges.

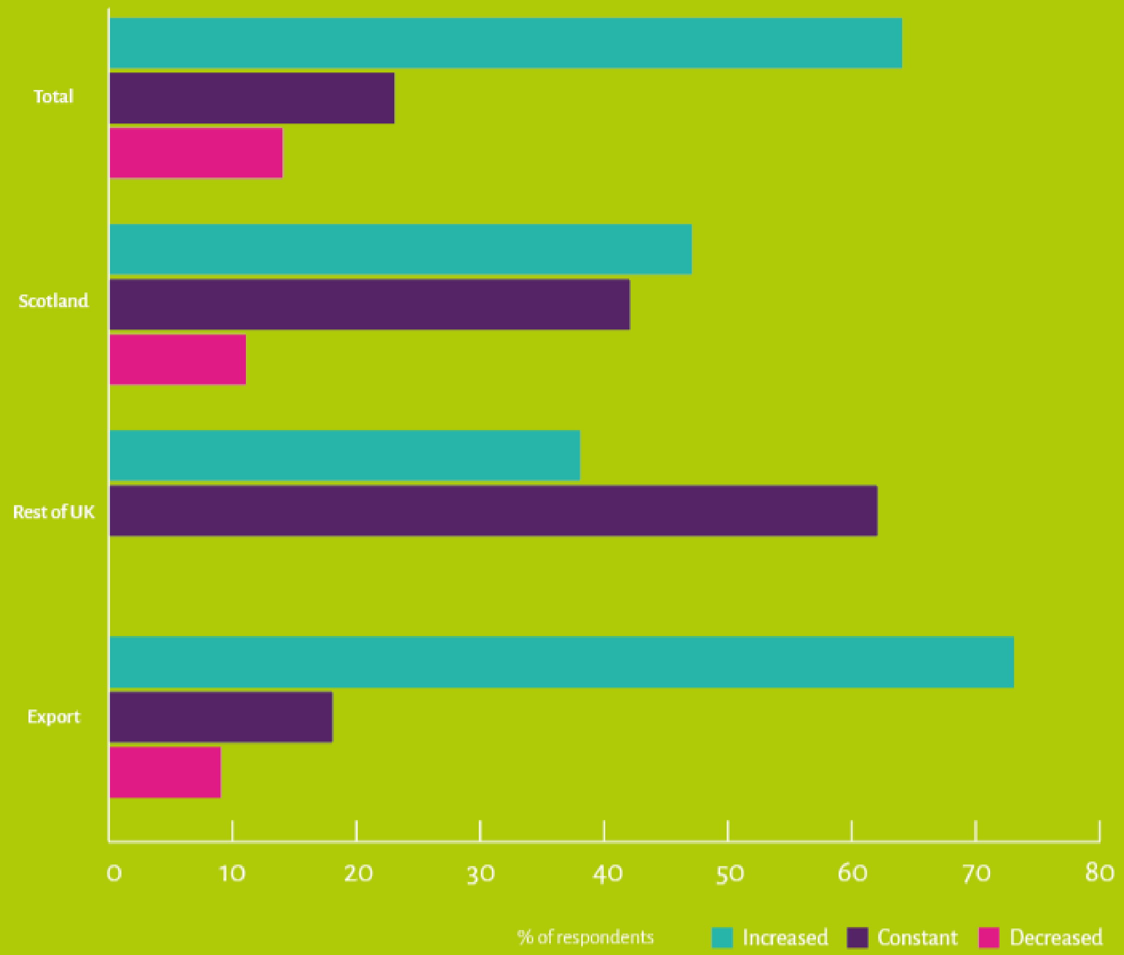
Change in business revenue since last quarter



100% of survey participants who export report that these sales have either increased or remained unchanged over the last 3 months.

	net balance (%)
Total	+31
Scotland	+45
Rest of UK	+8
Export	+67

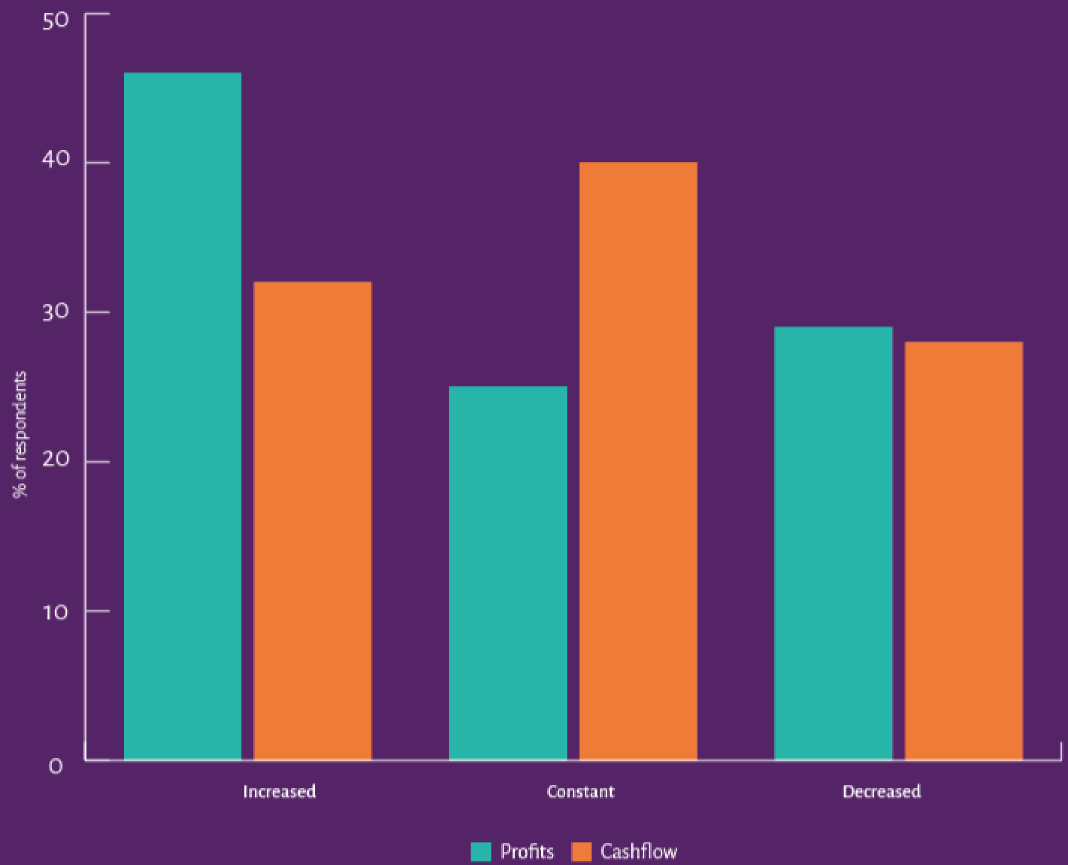
Change in orders since last quarter



Local businesses have enjoyed a strong 3 months with regard to orders, and expect these positive conditions to continue over the next 3 months too.

	net balance (%)
Total	+50
Scotland	+37
Rest of UK	+38
Export	+64

Profits and cash flow



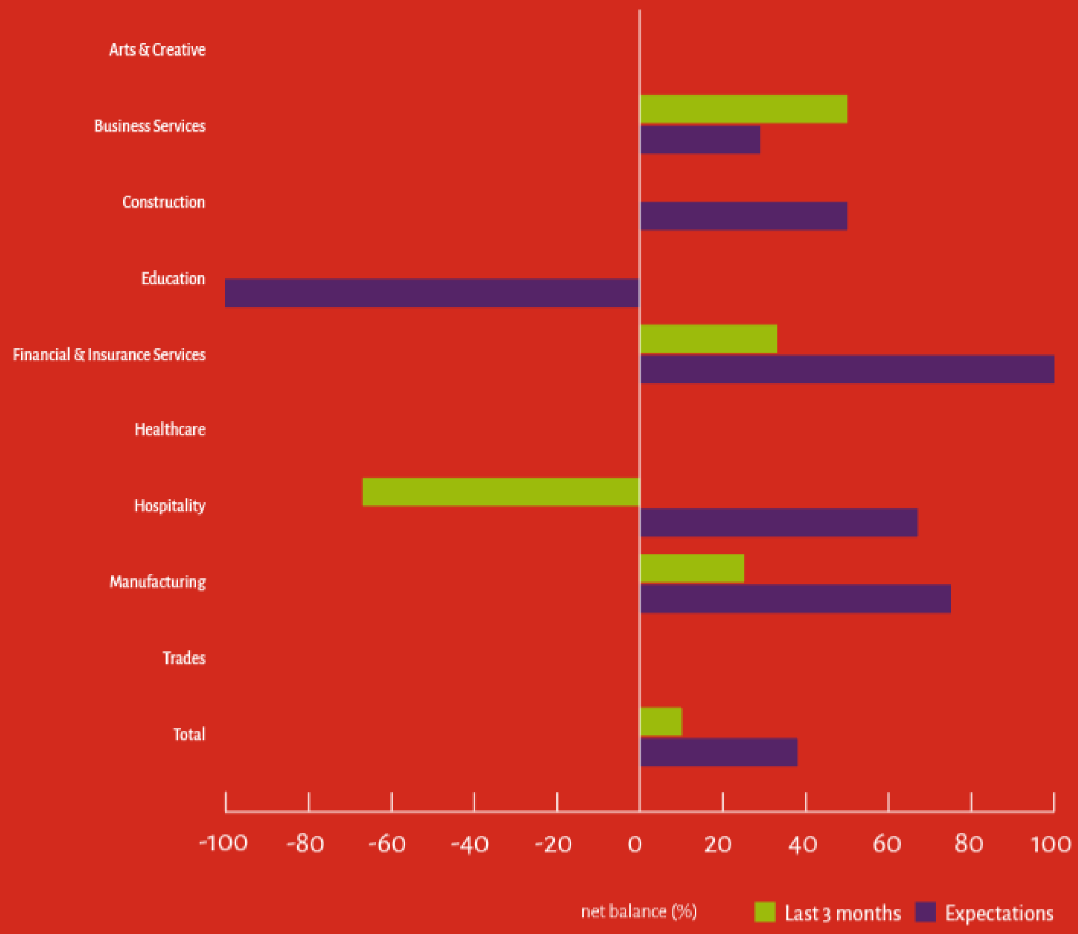
Local businesses continue to give a positive assessment of both profits and cash flow, but the challenge of sharply rising input costs is having a negative impact on cash flow, particularly in the arts and healthcare sectors.

Net balance (%)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Profts	-45	+4	+36	+10	+17
Cash flow	-39	+4	+23	+6	+4

Investment

Our survey's assessment of investment spending over the last 3 months has reached a new record high, led by capital spending in the education, healthcare and manufacturing sectors.

Employment situation



Although employment levels dipped during Q4, it is reassuring to see that this trend has not only fully reversed but that the outlook for employment is now even more encouraging.

Expected prices

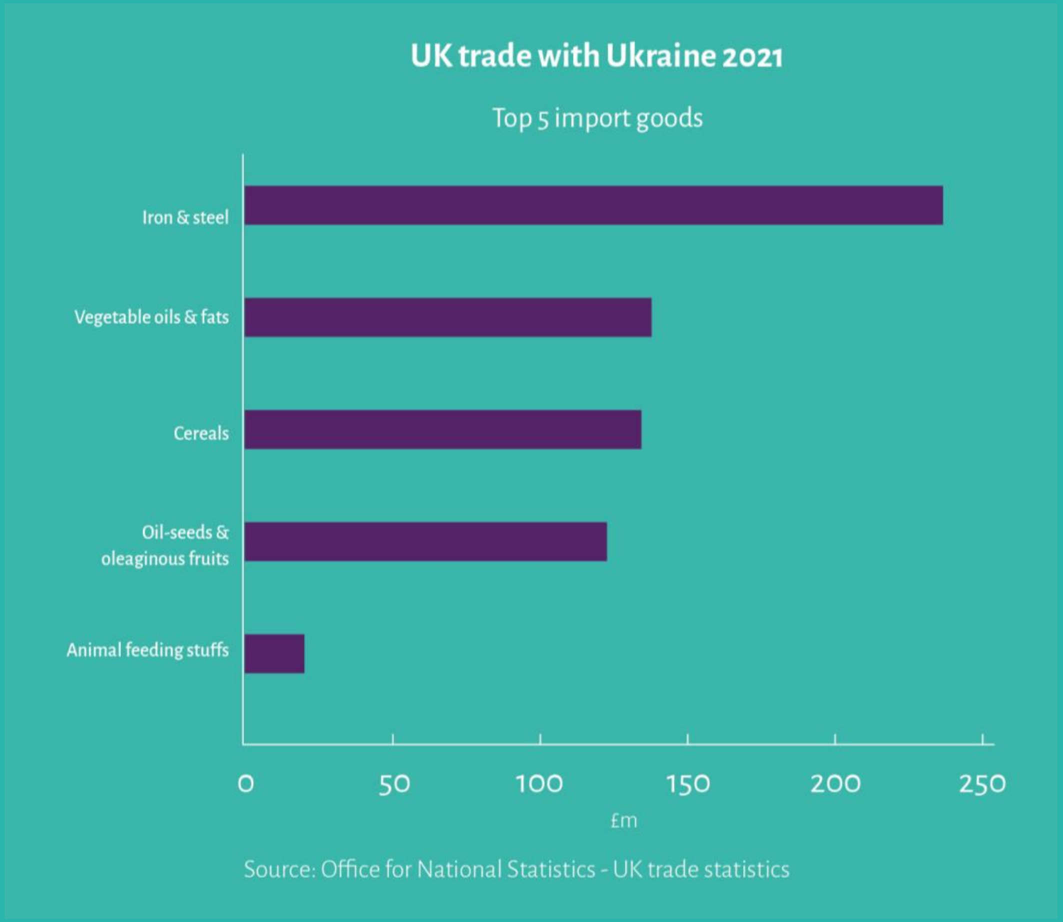
The net balance for potential price increases has reached a new record high reflecting significant cost pressures arising from overheads, raw materials and wages.

Contributions to inflation

Category	Response %
Shipping/Transport Costs	25%
Material Shortages/Supply Chain Disruptions	60%
Energy Costs	70%
Labour Costs	65%
Other	25%

Energy costs, labour costs, and material shortages were the three factors identified as the most significant contributors to inflationary pressures this quarter. 52% of respondents have experienced supply chain-based issues in the previous quarter.

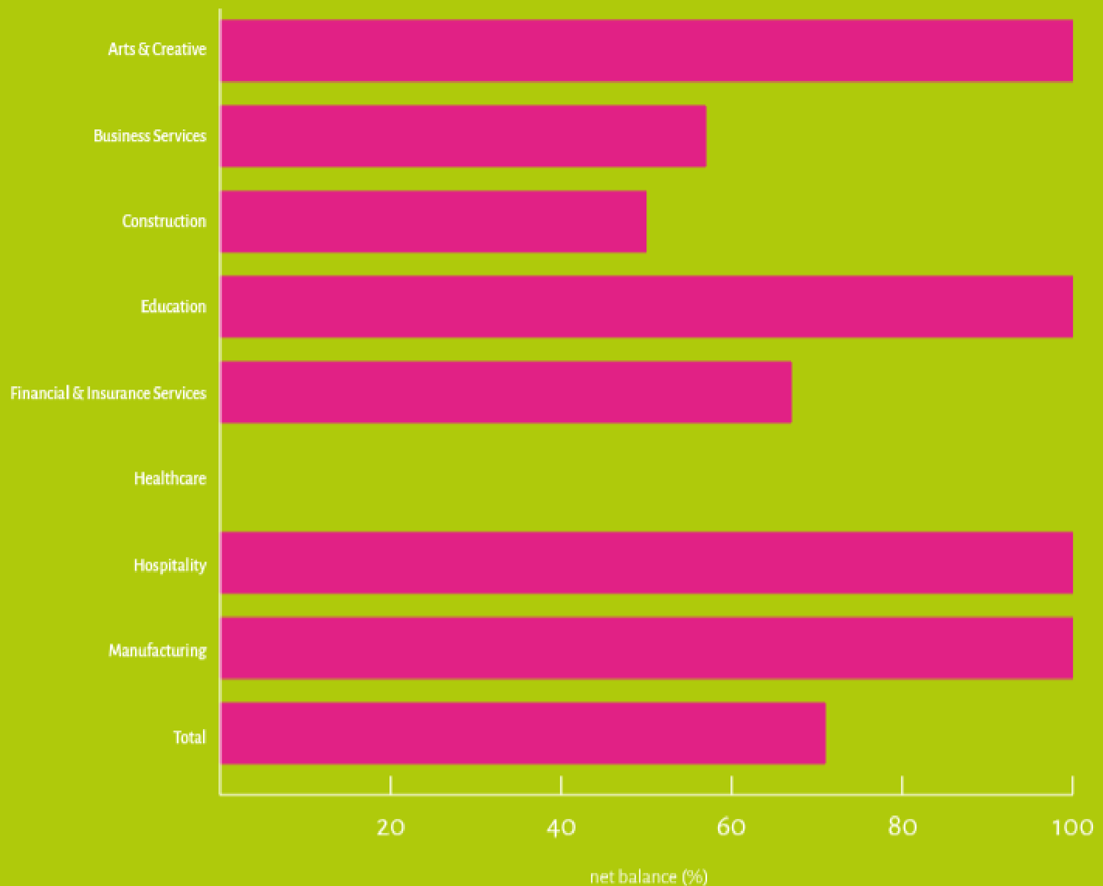
Expected inflation



An alarming 81% of respondents have increased concerns over inflation compared to the previous quarter, with 71% expecting inflation to cause price increases in the next quarter.

	Response %
<1%	0.00
1-5%	36.84
5-10%	47.37
10-20%	10.53
20-50%	5.26
50-100%	0.00
>100%	0.00

Expectations of future business prospects

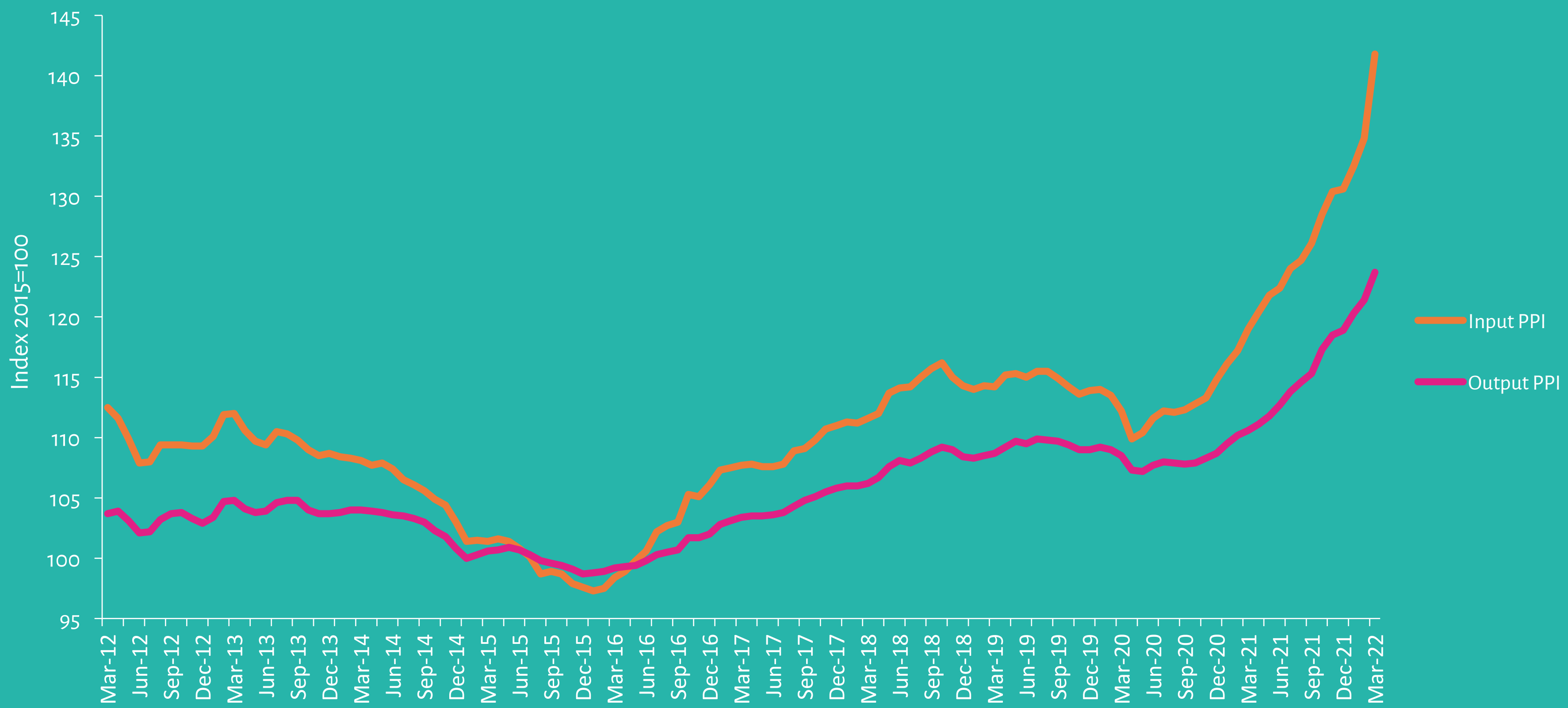


Given the challenging conditions we currently face, it is a testament to the strength and flexibility of local business that 71% of respondents expect business prospects to improve over the next 12 months.

DACC business sentiment indicator

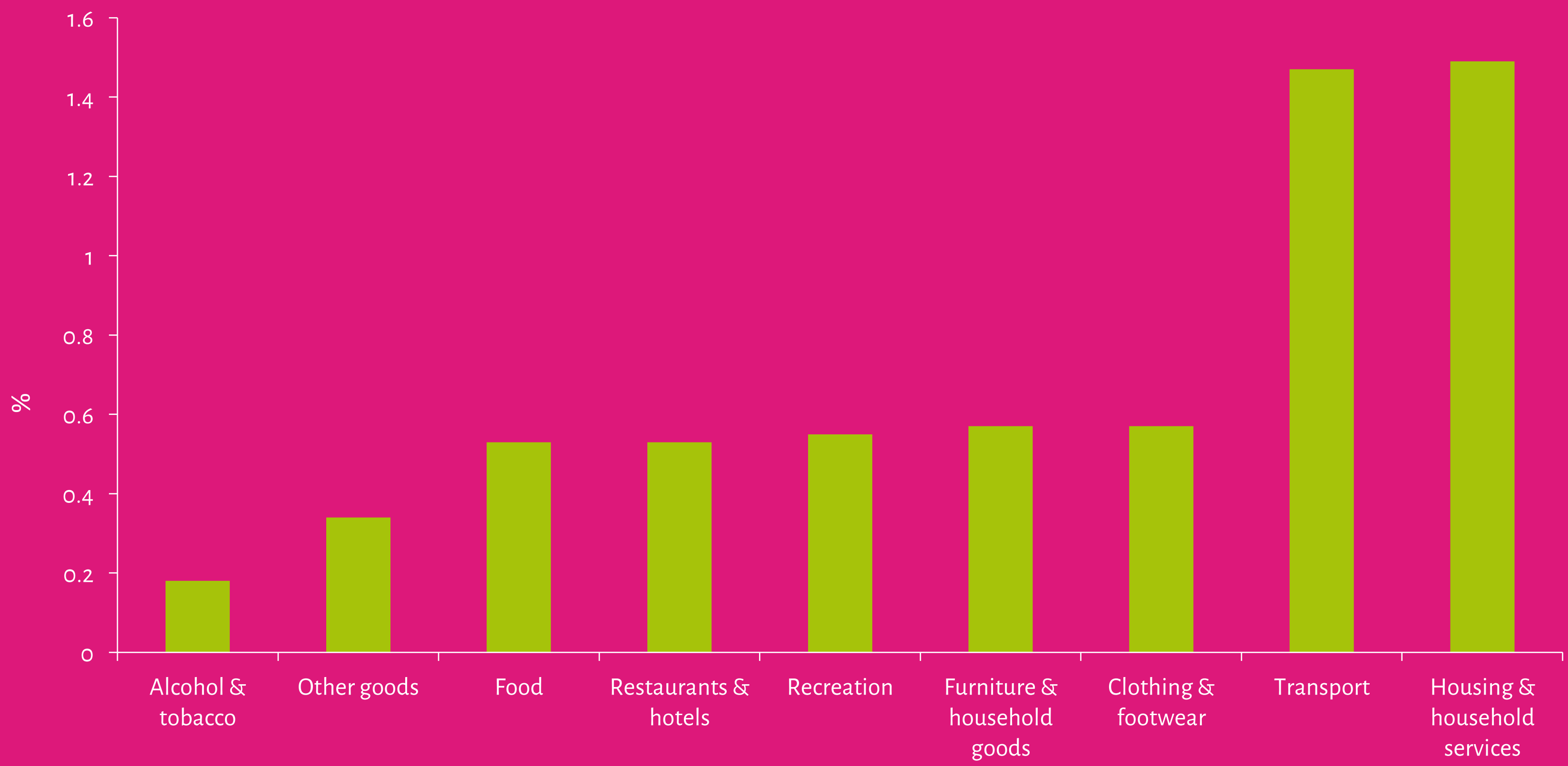
Our DACC Business Sentiment Index has recovered sharply over the last 3 months, led by expectations which have risen to a record high.

UK producer prices



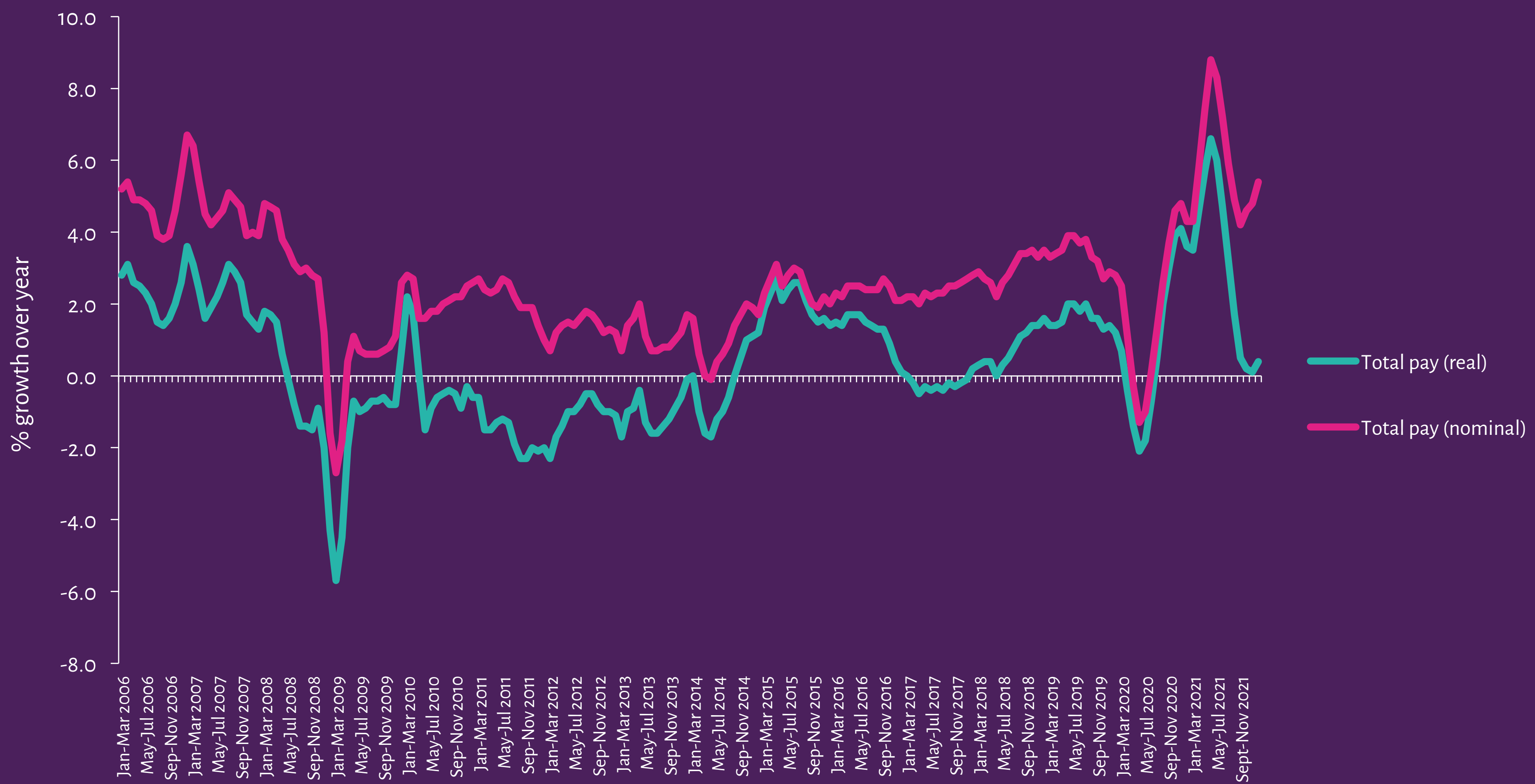
Office for National Statistics - Producer Price Index

Contributions to consumer price inflation (CPIH)



Source: Office for National Statistics - Consumer price inflation

UK total pay growth



Source: Office for National Statistics - Monthly Wages and Salaries Survey

Conclusions and outlook

increased demand visitors return

Covid restrictions easing

labour shortages Ukraine invasion

increase in sales demand

vaccine effectiveness stabilisation

move away from pandemic

staffing crisis increased costs

travel looking possible

increase in material prices