

GREATER MANCHESTER BUSINESS INDEX



UK Economic Context - Summary

- Business surveys & official forecasts point to economic stabilisation rather than a broad-based recovery
- Escalating geopolitical risks with heightened volatility and exposed fragilities in global growth conditions
- Brent \$100 per barrel (highest since 2022) - renewed risks to inflation, trade flows and investor confidence
- UK GDP growth is forecast at around 1% in 2026, constrained by weak productivity, cautious investment and fragile consumer confidence, despite services sector resilience
- Energy price shocks - increased downside risks, dampening growth and pushing unemployment higher
- CPI inflation 2.7%–5% if oil & gas prices remain elevated, reducing expectations of near-term interest rate cuts
- Bank of England expected to proceed cautiously, with gradual policy easing dependent on energy prices and labour market stabilisation

Iran-US conflict

- Geopolitical escalation is driving energy price volatility, higher inflation risks, and increased uncertainty
- Greater Manchester is exposed due to its manufacturing, logistics and aviation base.
- Lower income households disproportionately affected. Persistent inflation constrains fiscal & monetary policy
- Higher inflation expectations delay interest rate cuts and tighten financial conditions.
- Borrowing costs rise, increasing cashflow pressure and investment risk for Micro-size and SME firms
- Manufacturing, construction, logistics, aviation and visitor economy face greatest cost and demand pressures
- Northern regions and energy intensive local economies face disproportionate impacts
- Short-term disruption: manageable price shock and limited lasting damage
- Medium disruption: slower growth, rising unemployment risk and fiscal pressure
- Prolonged disruption: recession risk, job losses and higher SME insolvencies

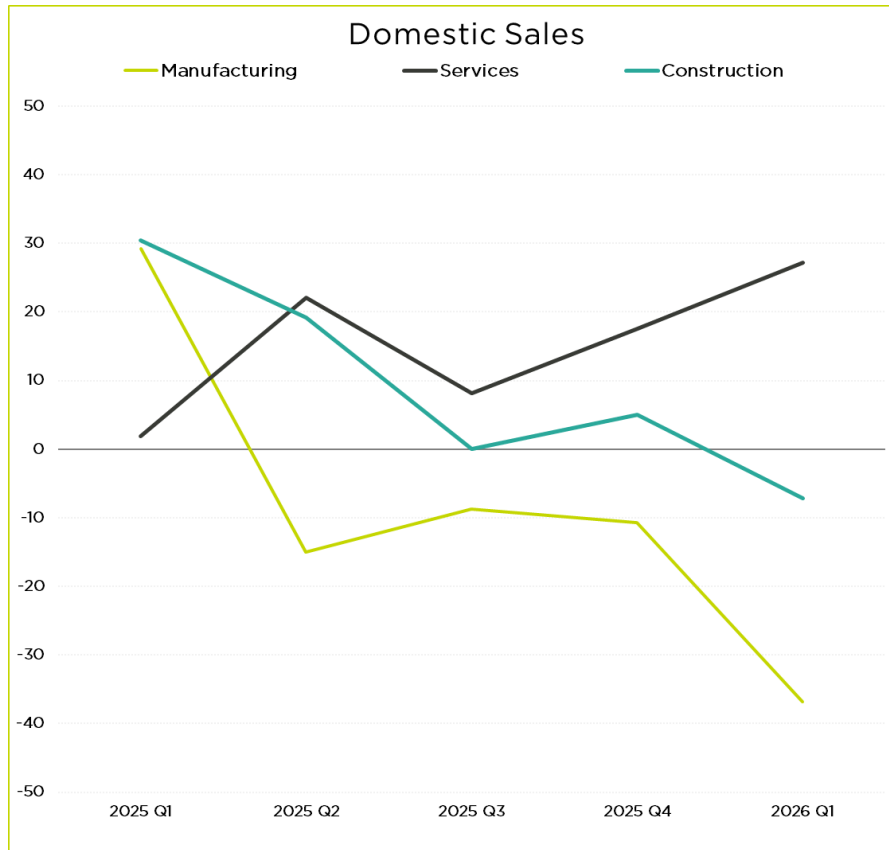
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Director – Business Policy & Research
Greater Manchester Chamber of Commerce

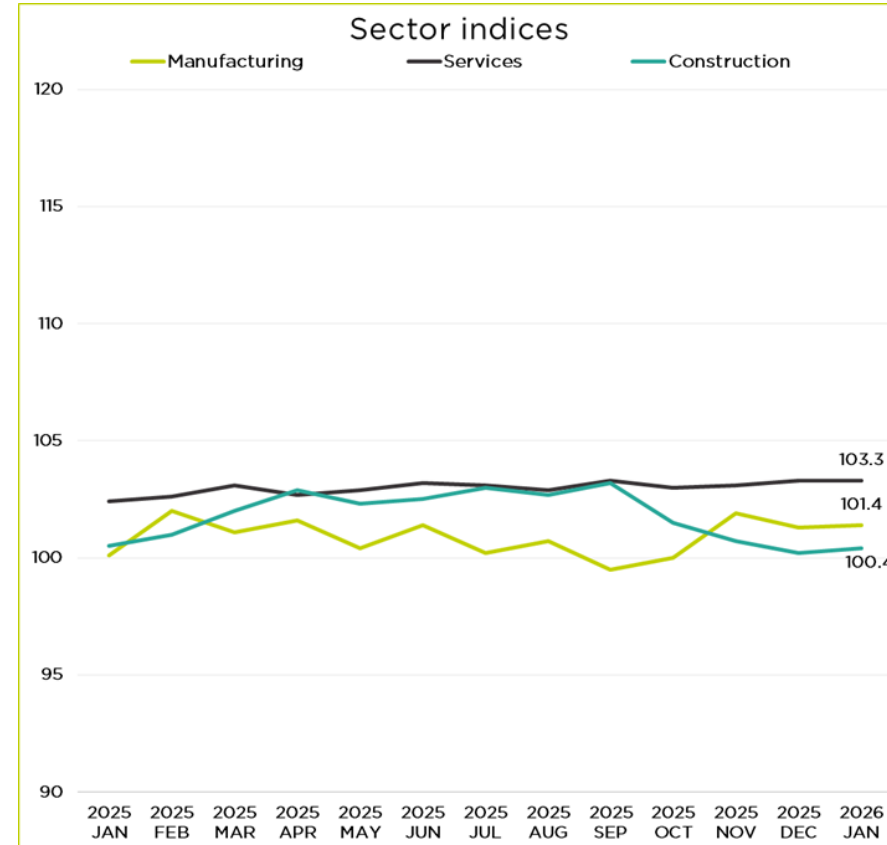
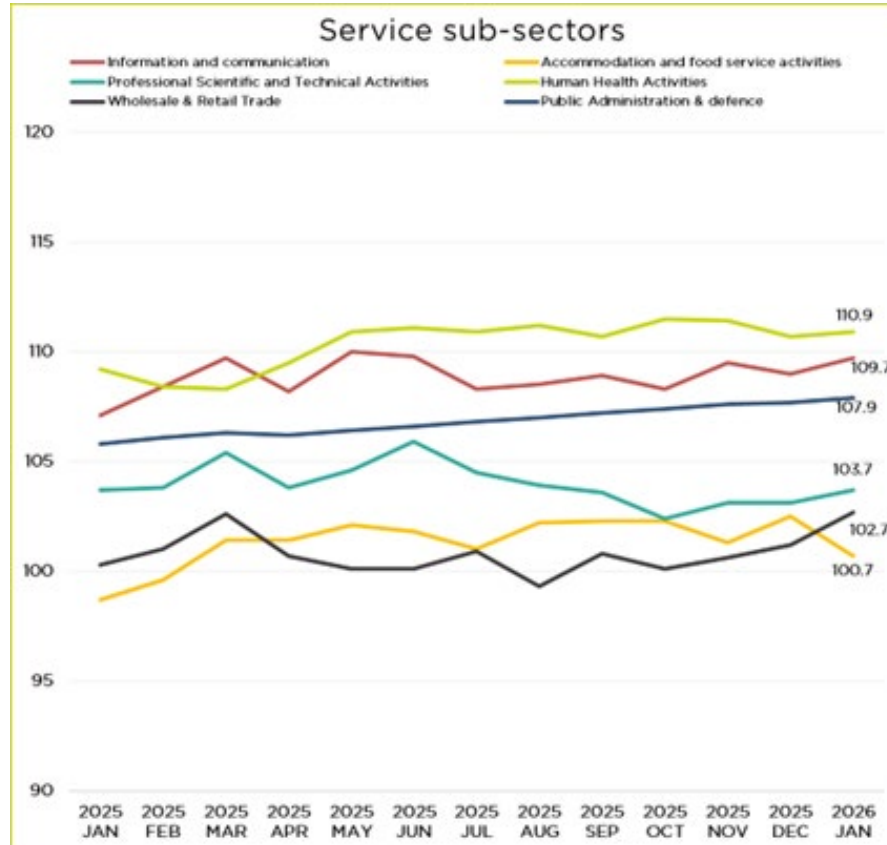
Rupert Greenhalgh
Head of Business Intelligence
The Growth Company



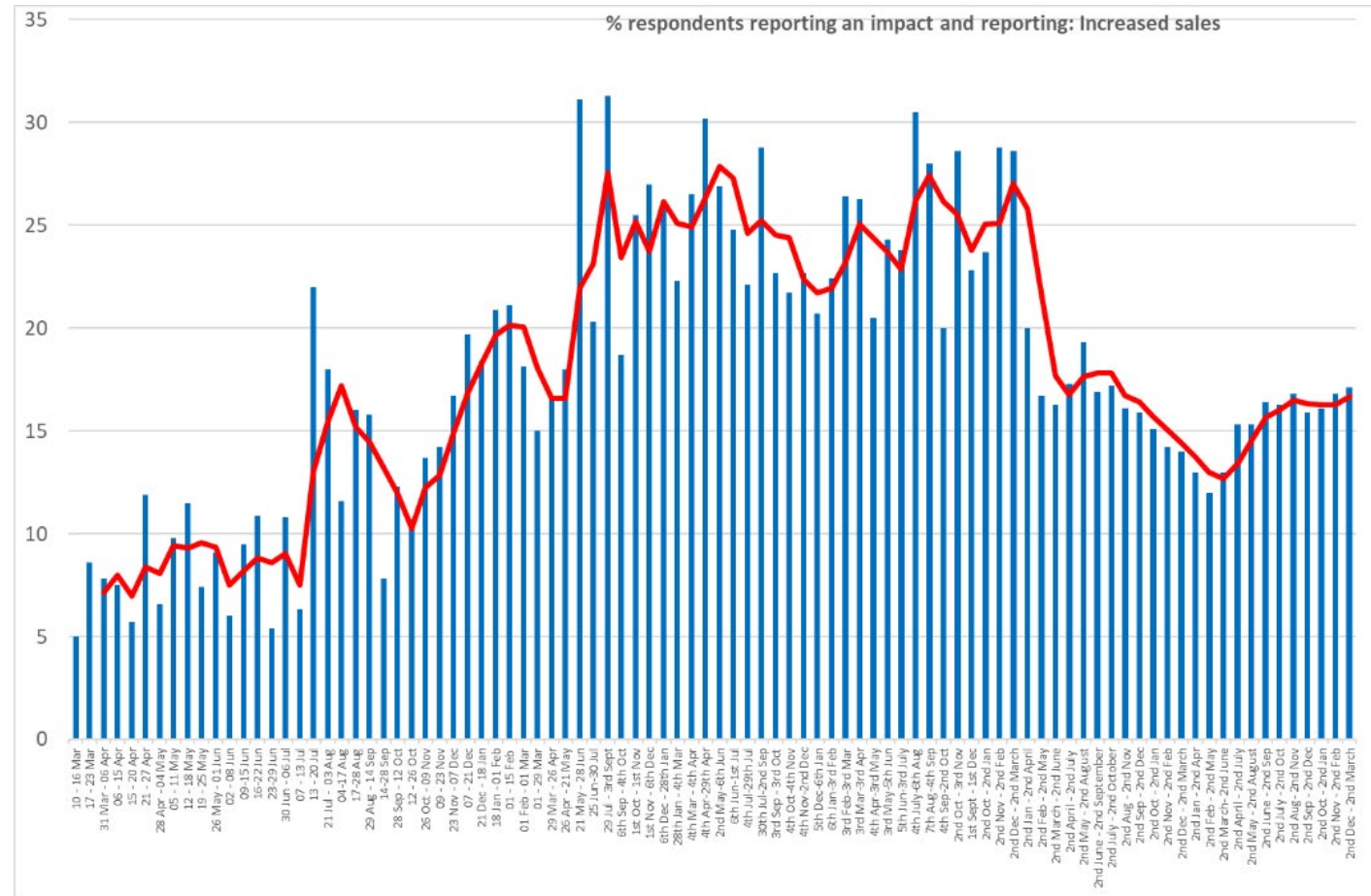
Customer Demand



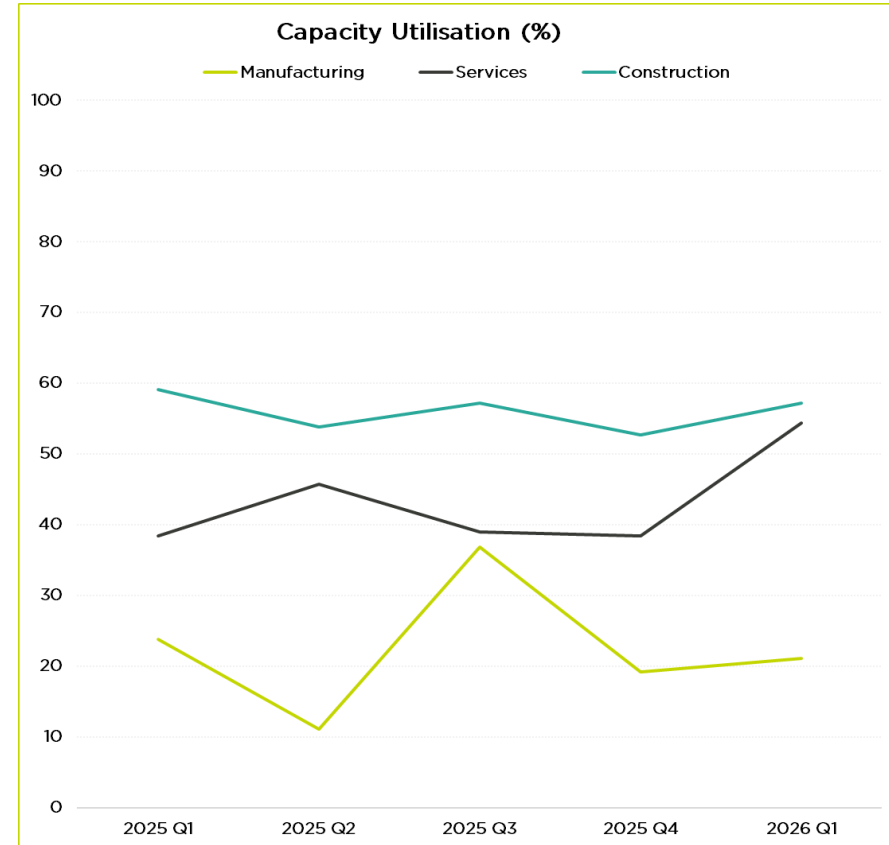
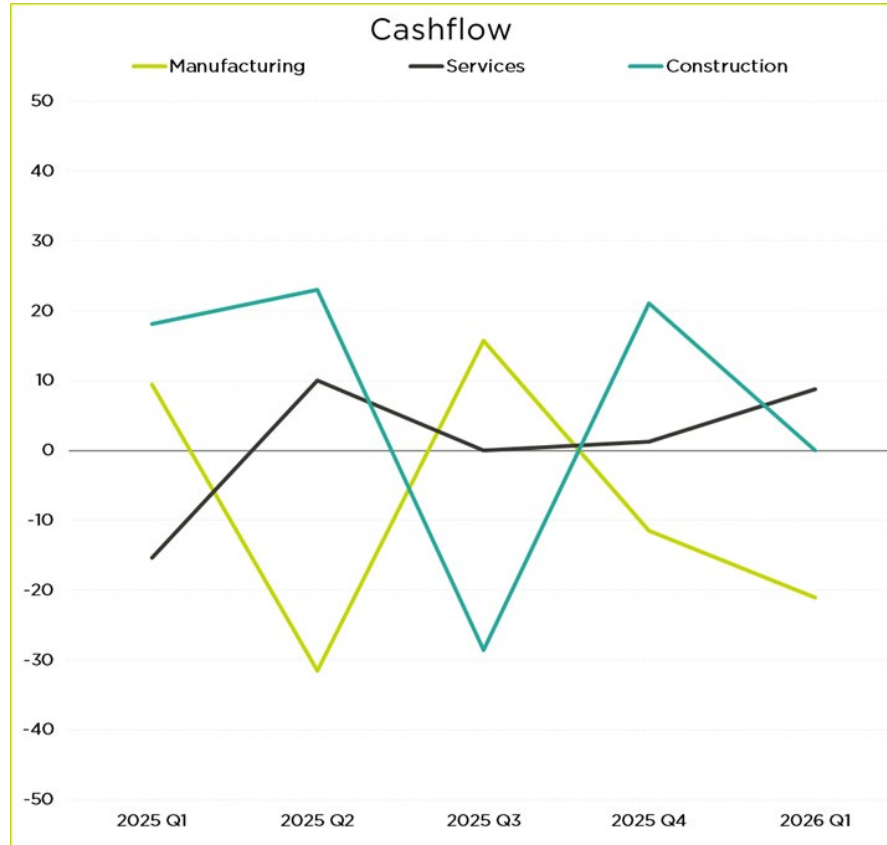
UK Sector Performance



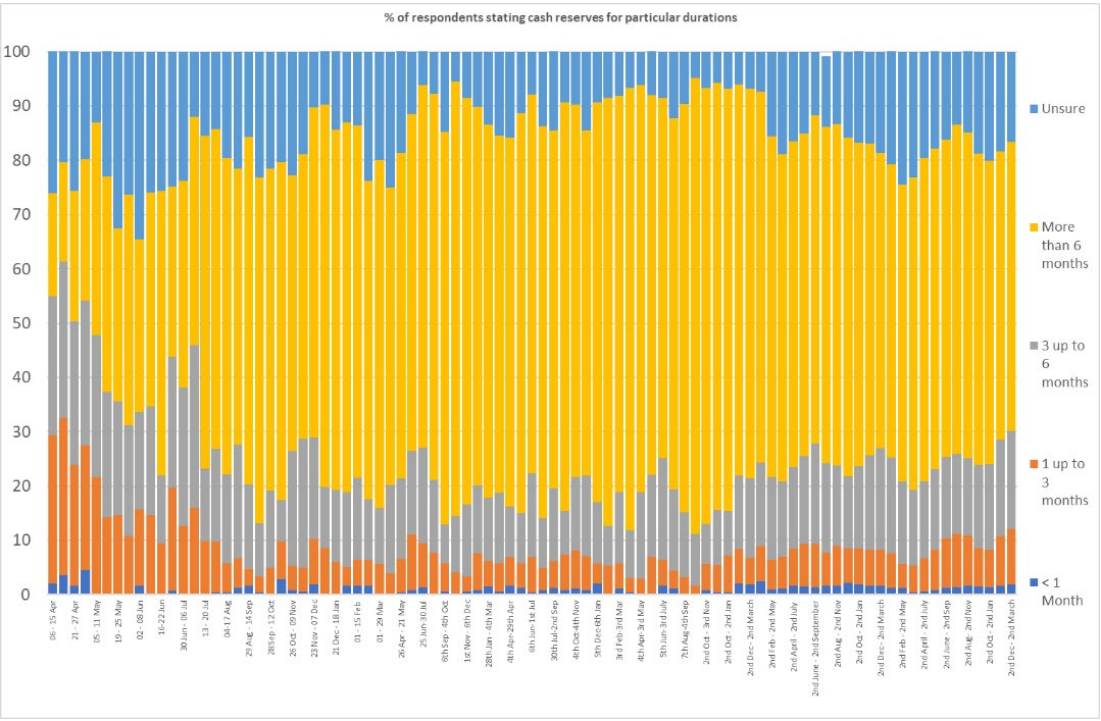
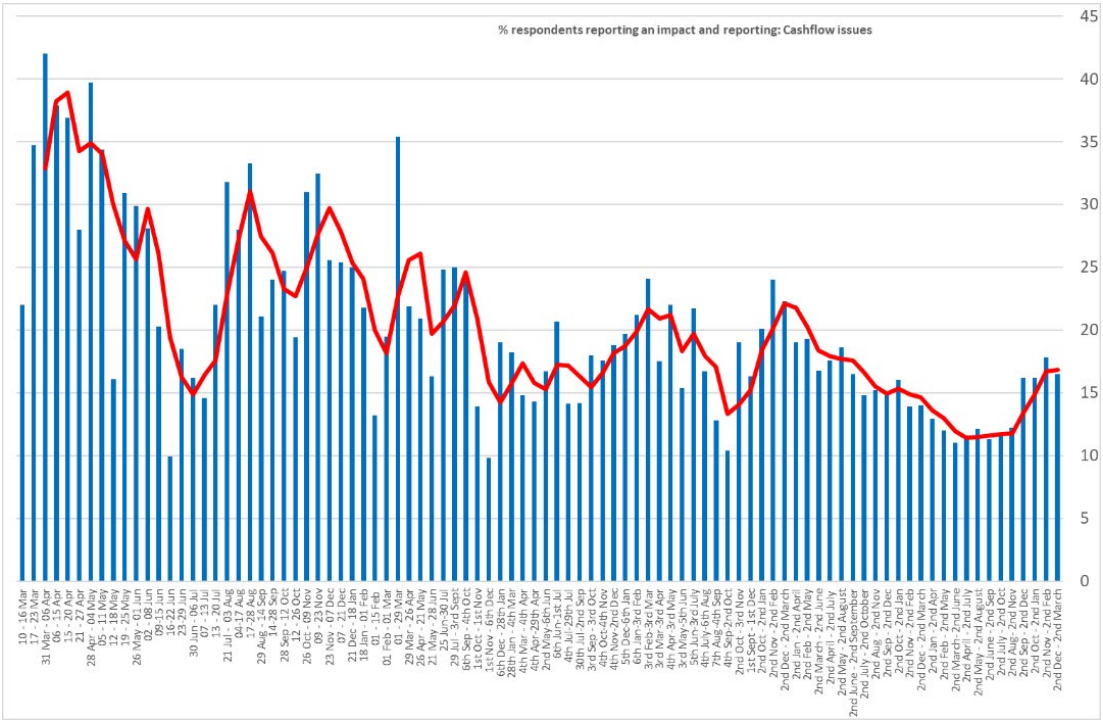
Customer Sales and Profit Expectations



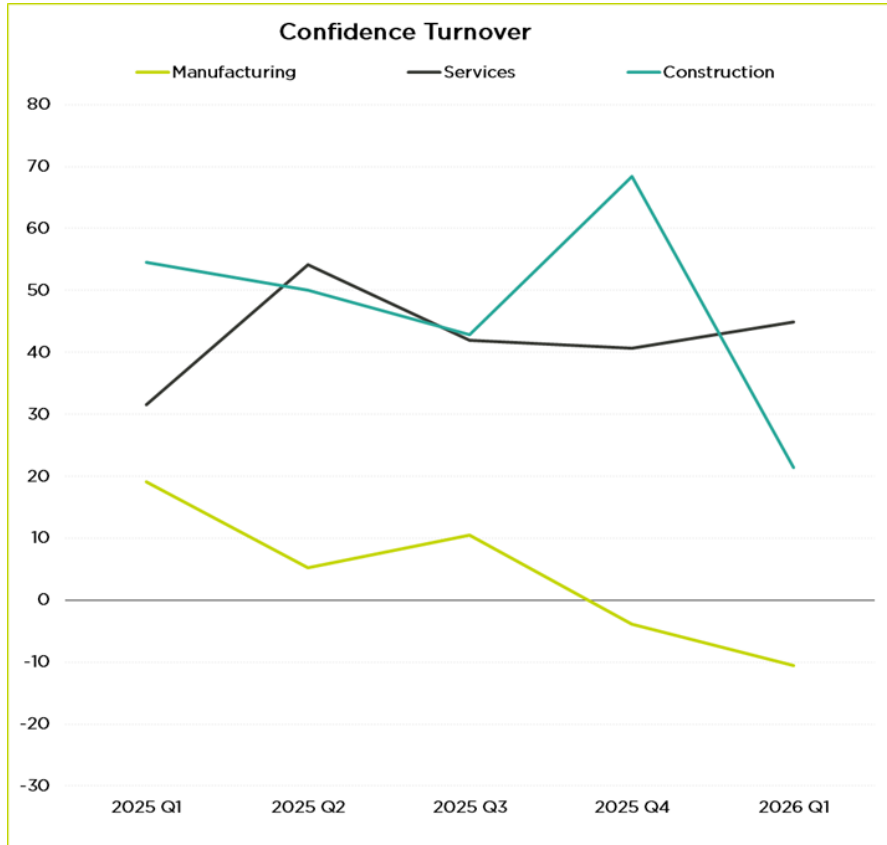
Cashflow and Capacity



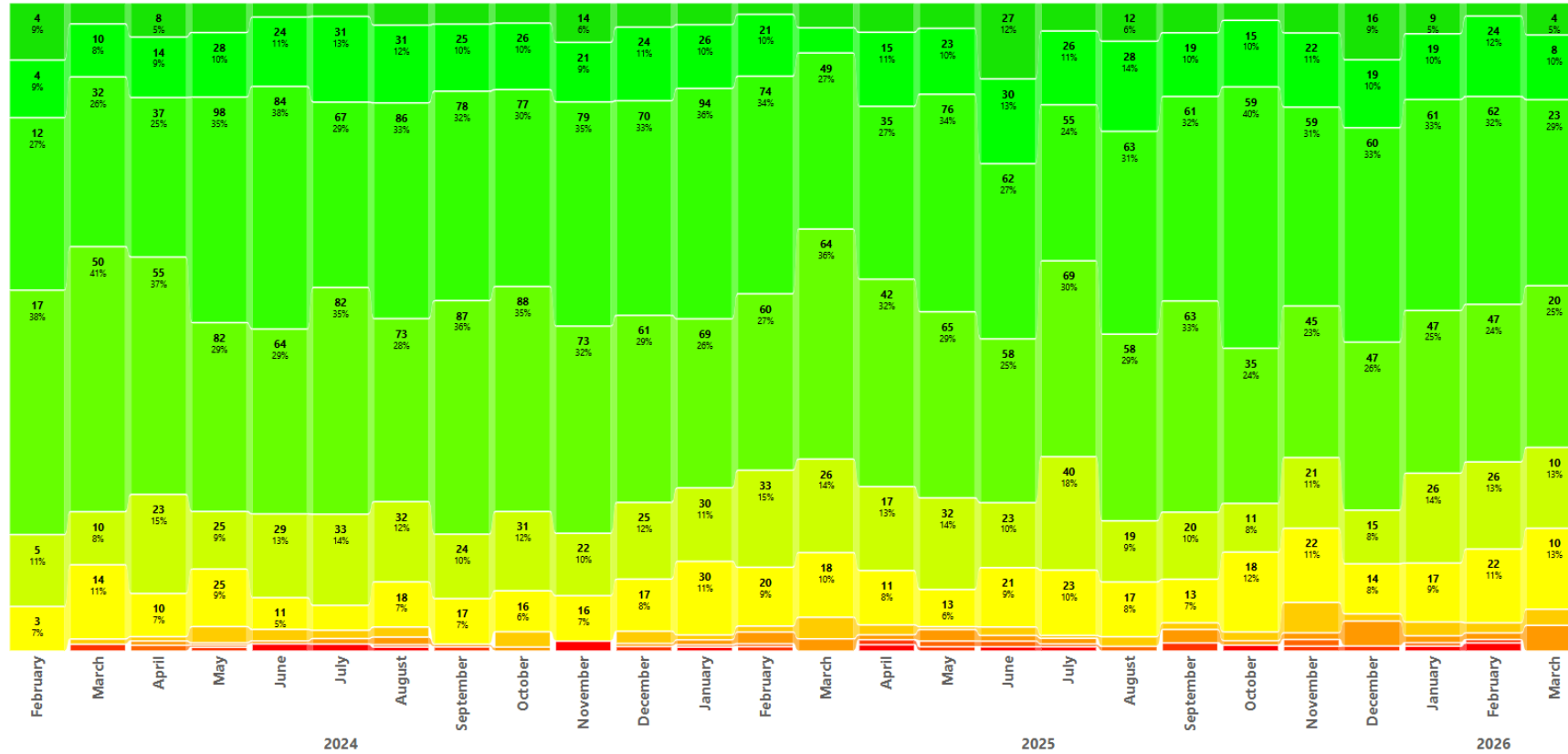
Cashflow and Reserves



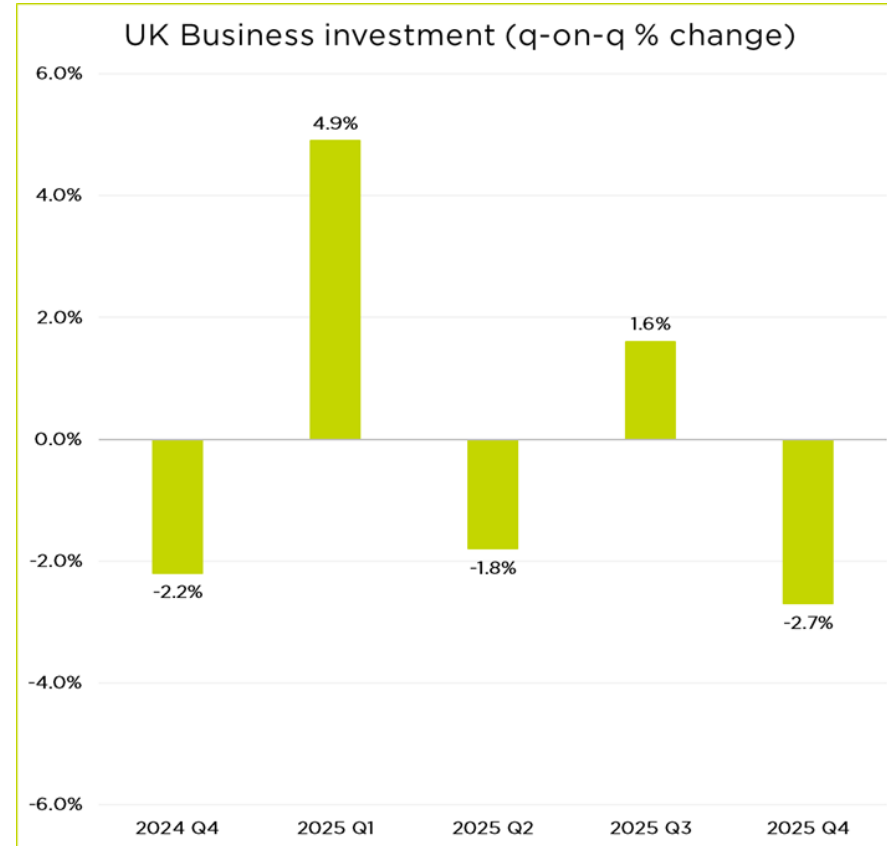
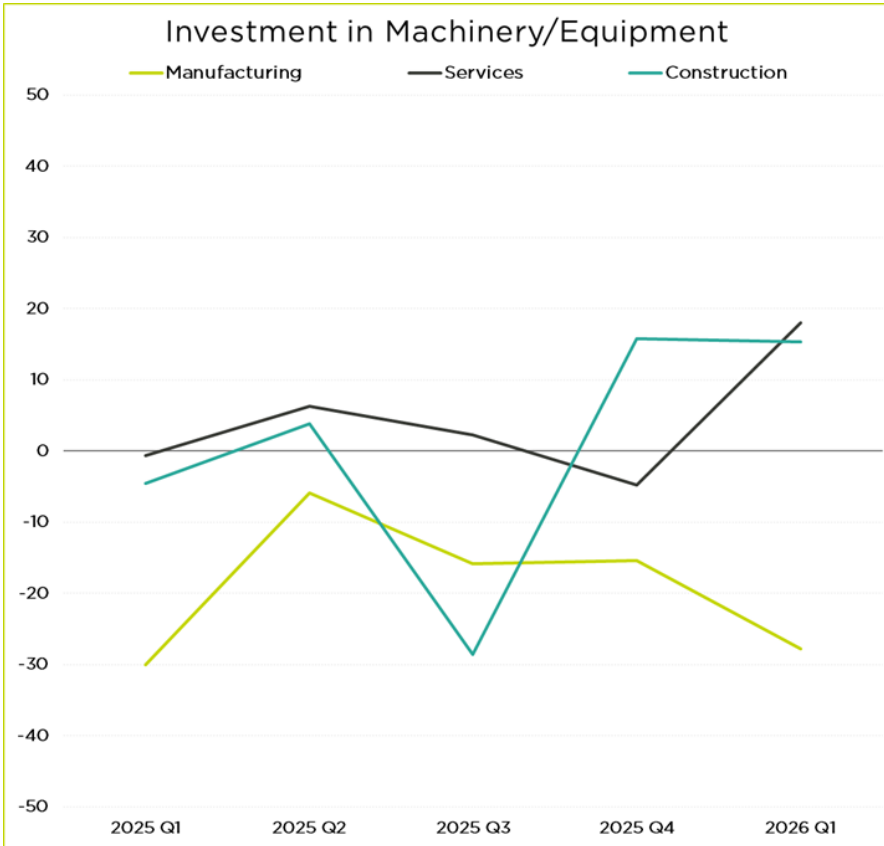
Business Confidence



Business Confidence

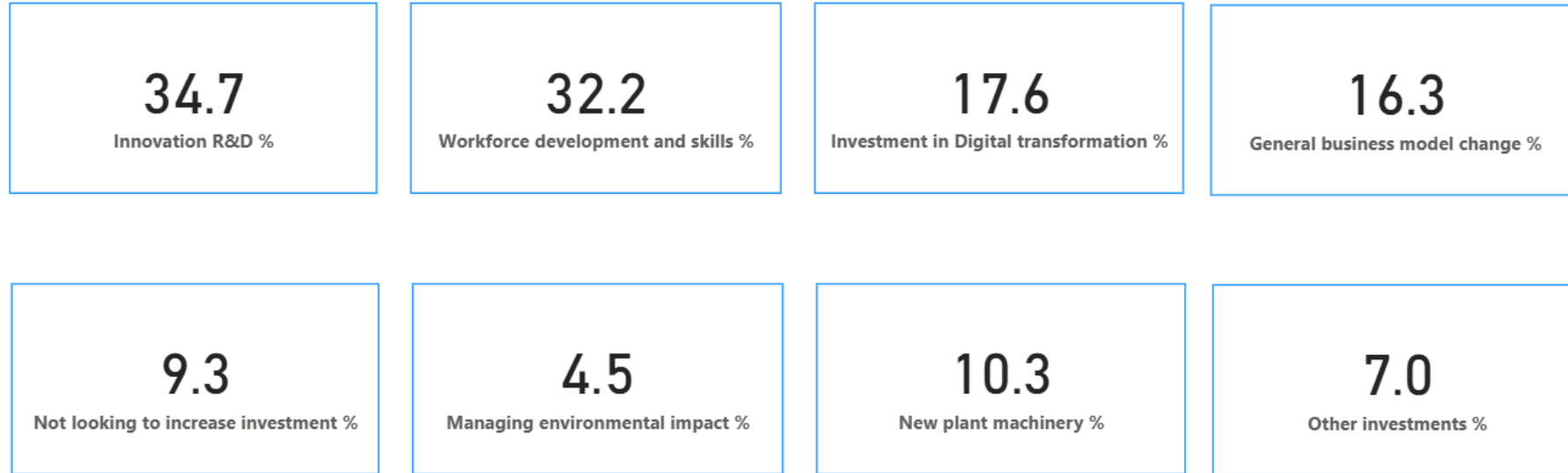


Business Investment



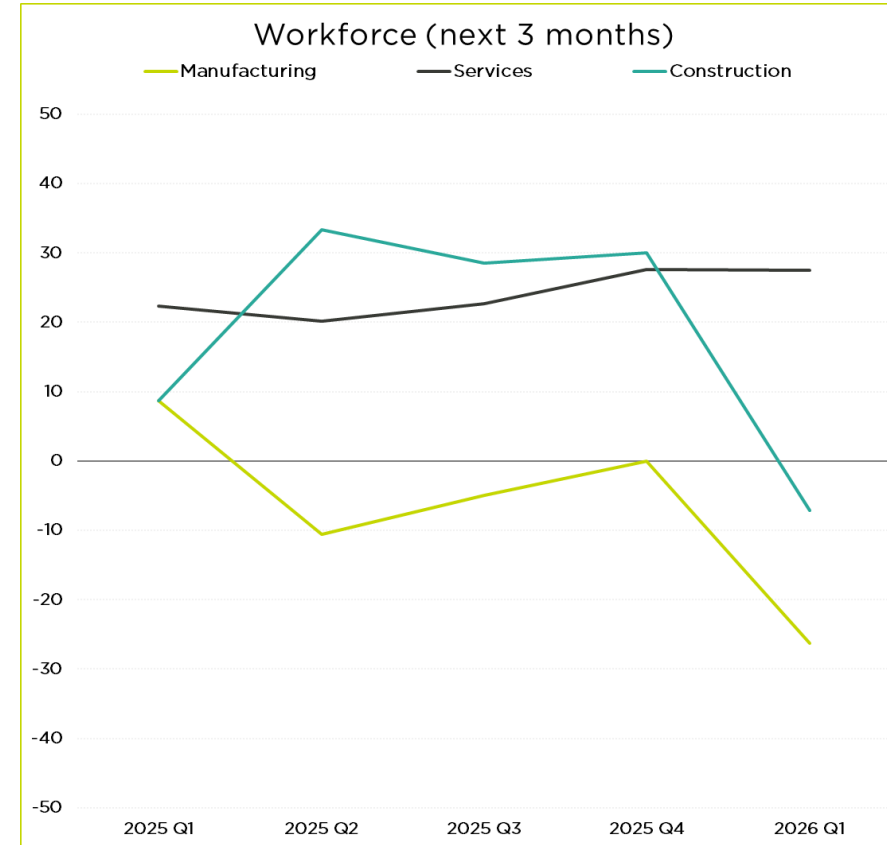
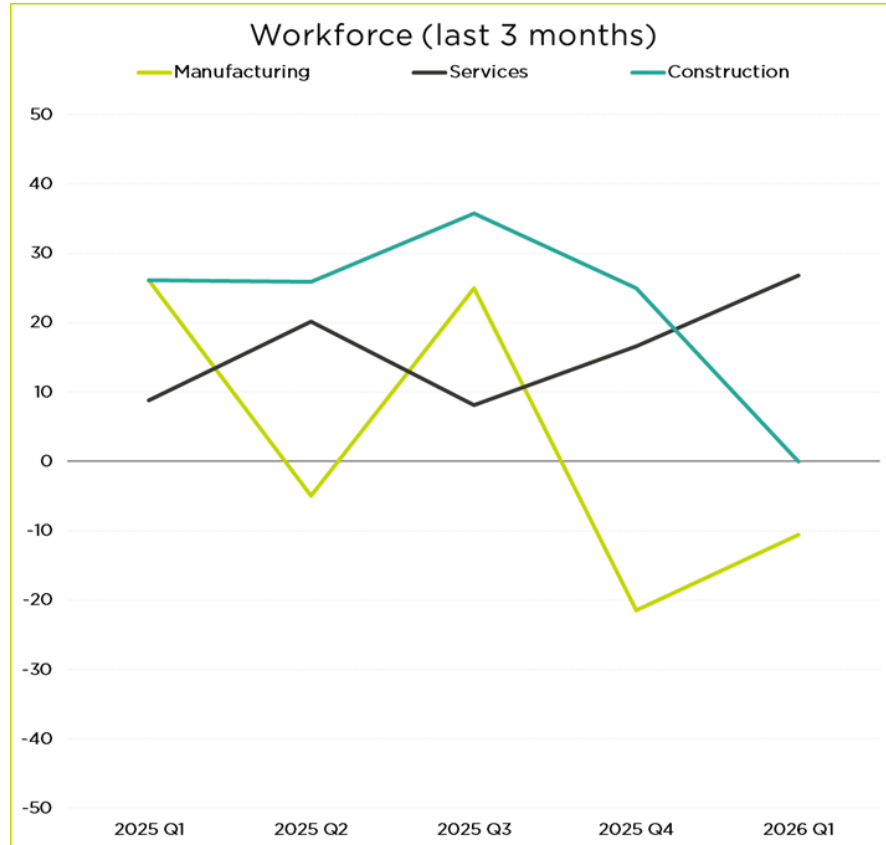
Business Investment

Investment - Average (%)

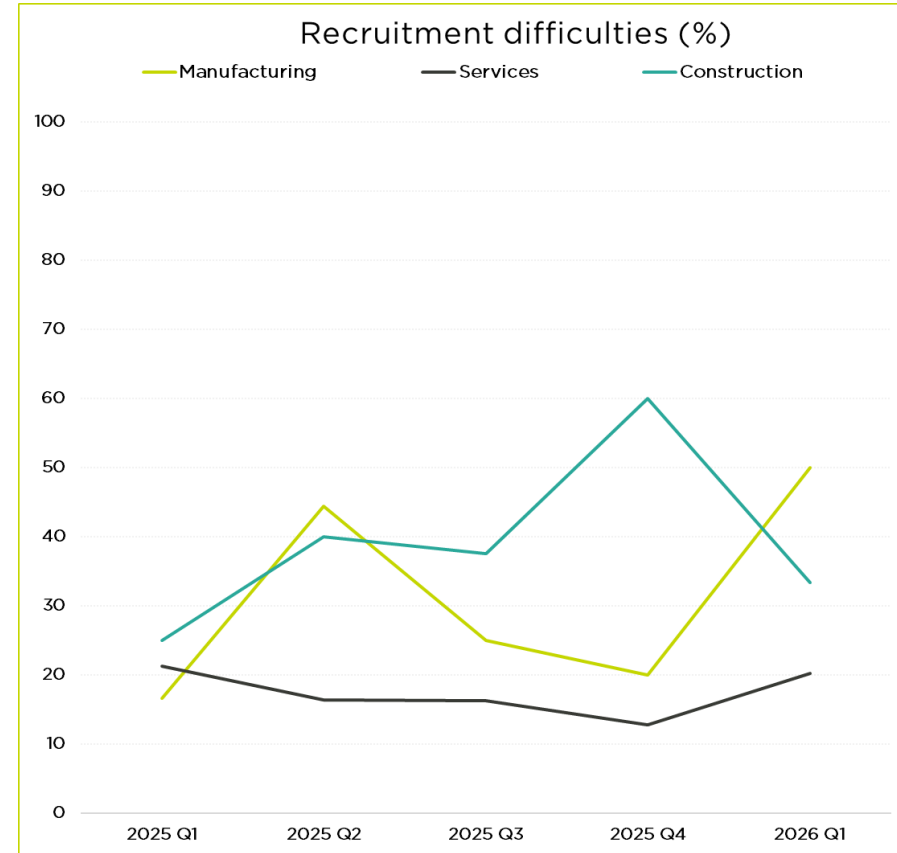
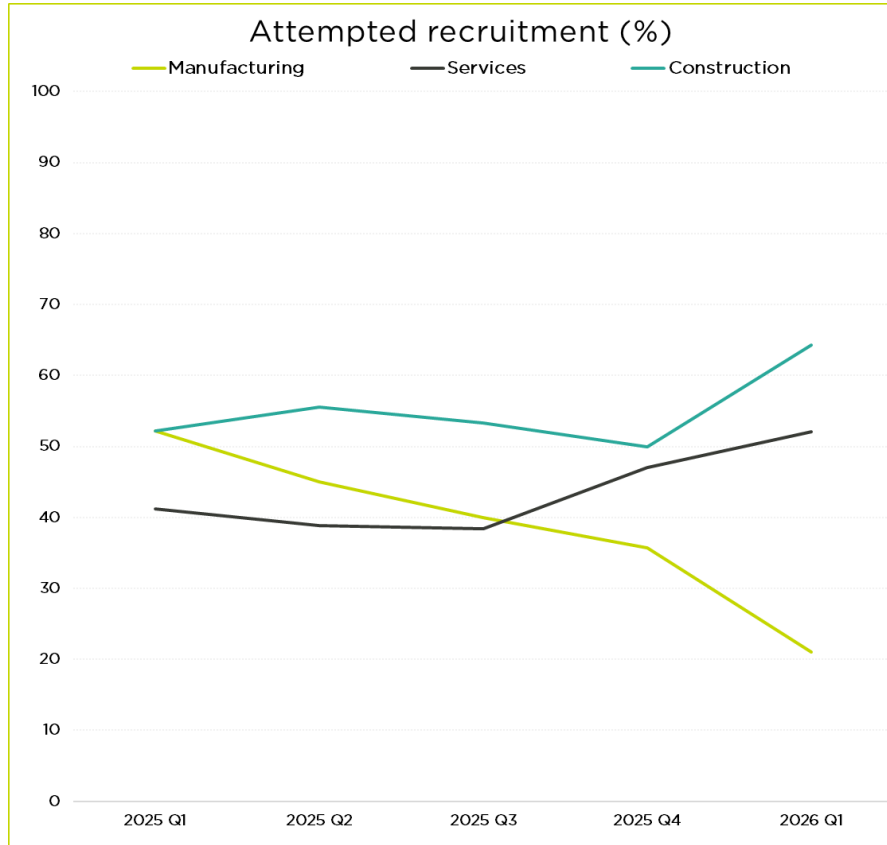


- **Investment:** 34% (vs 35%) expect to increase CapEx – broadly stable in 2026 (so far!)
- Highest: Green Tech (65%), Engineering (50%), Hospitality (46%), Retail (42%), DCTs (40%), Manufacturing (37%)
- Lowest: BFPS (26%), Construction (24%), Healthcare (20%), Education (15%), Life sciences (13%)

Workforce & Recruitment



Workforce & Recruitment



Recruitment and Workforce Skill Gaps

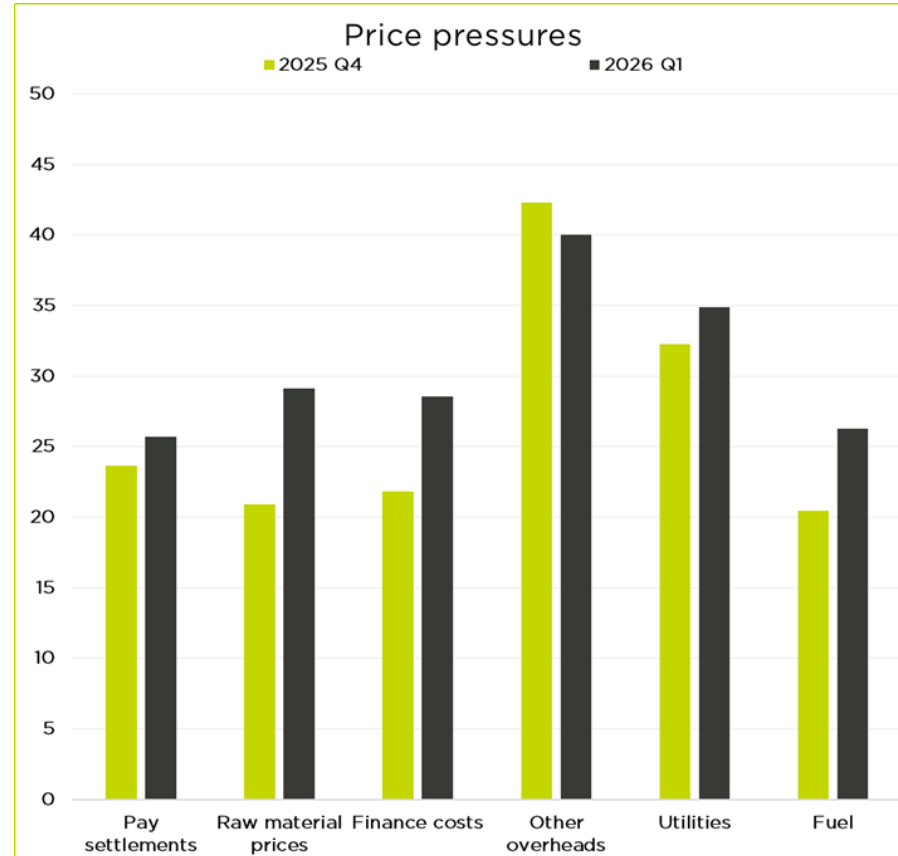
Technical and practical skills gaps (%)



People and personal skills gaps (%)



Price Increases & Price Pressures



Economic risks, challenges, support needs

Main impacts of current economy on businesses

- Rising costs 26% (vs 28%)
- Cashflow 17% (vs 18%)
- Recruitment Difficulties 7% (unchanged)
- Minor Supply Chain challenges 6% (vs 7%)
- Staff shortages / recruitment difficulties 7% (vs 7%)

Main business challenges

- Business planning: 41% (vs 37%)
- Innovation: 37% (vs 34%)
- Sales & marketing: 36% (vs 35%)
- Workforce development: 34% (vs 31%)
- Financial advice: 28% (unchanged)

Economic risks, challenges, support needs

Future support needs in year ahead (%)



Business Concerns

- “We have never used agency staff before in 28 years, we've always recruited full time employees. However, due to ever increasing employment costs and imminent changes to employment law, we've decided to hire agency staff.”
- “The HMRC rules on IR35 make many companies look for contractor roles in the EU and not willing to take on outside IR35 staff.”
- “It is becoming demoralising to be a small business owner.”
- “As we offer training, we found the NIC increase impacted training budgets and training was cut. For the past year training turnover has been half that of previous years.”

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Panel:

- Dr Nicola Headlam – Independent Economic Advisor/ Industrial Strategy - Regional Policy - Data and evidence to impact policy and Practice
- Dr Sofia Izquierdo Sanchez - Senior Lecturer in Economics- Manchester University
- Emilie Smithies – Relationship Director – NatWest Venture Banking
- Matthew Allen - Lecturer in Economics specialising in macroeconomics, ecological economics, and political economy – University of Salford