

Q1

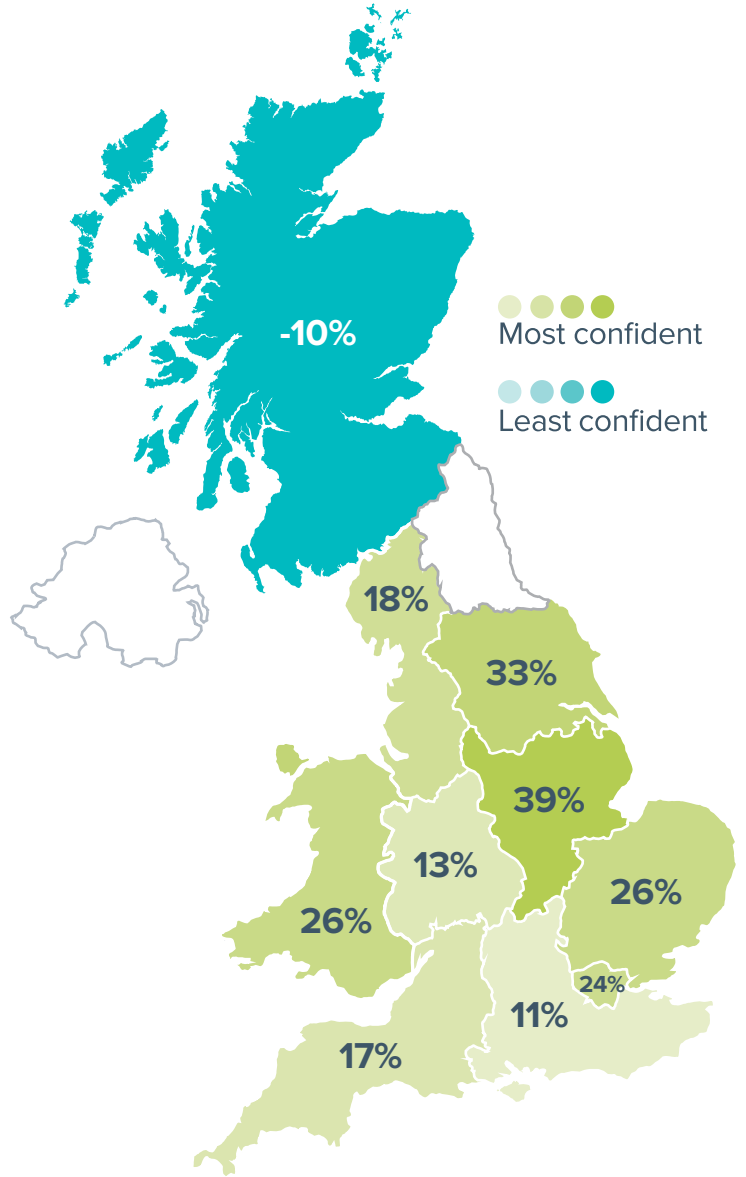
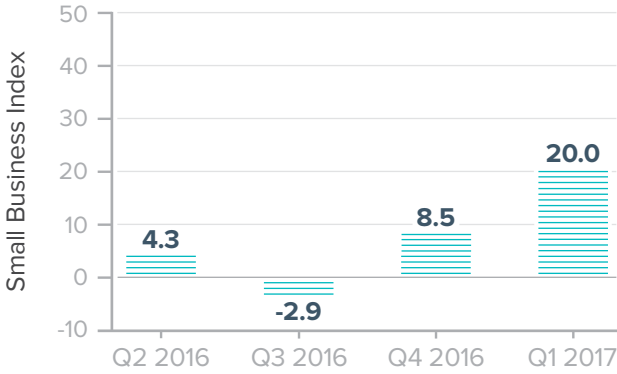
FSB VOICE OF SMALL BUSINESS INDEX

QUARTER 1, 2017

SBI Q1 2017

“ Small business confidence at **highest in over a year**, but firms are battling **increased cost pressures** ”

Small business confidence rises



Export intentions at record high



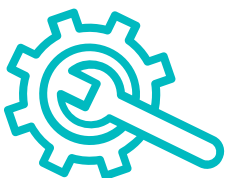
31%

net balance of small businesses expect **exports to grow**

Availability and affordability of credit bounce back

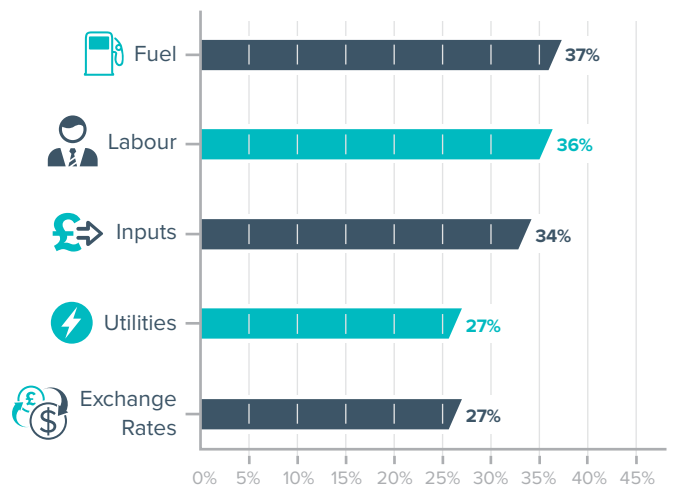


Operating costs increase



Highest net balance reporting an increase since **Q2 2013**

Drivers of rising costs for small firms



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FSB FOREWORD

Confidence as measured by the Small Business Index is gaining momentum. It has continued to increase following a steady decline which began in the second quarter of 2015. Confidence has now improved from -2.9 in Q3 2016 to 8.5 in Q4 2016 and now stands at 20.0. This quarter has seen the largest annual increase in confidence since Q2 2014.

This rise in confidence is broad, with most regions and sectors seeing increases in their confidence levels. These trends are welcome and reflect the robust and positive mind set of the small business community in moving swiftly forward from the economic and political uncertainties of 2016.

Small businesses report in this quarter that they are taking advantage of new export opportunities, hiring new staff and hoping to increase revenue over the next quarter. Small exporters are benefitting from this recovery in confidence, with more than one in three companies reporting an increase in their exports. The net balance of small businesses expecting a further increase in their exporting, over the next quarter, has also increased to a net balance of 30.5% - up from 18.6% in the previous quarter.

FSB has produced a detailed report: 'Keep Trade Easy', which outlines the specific support small businesses will need to maintain and enhance their trading opportunities once we have left the EU, the EU single market and the full EU Customs Union.

Hiring intentions and revenue growth also both remain in positive territory, although both have fallen back compared to the previous quarter. Access to finance remains critical to make the most of the current opportunities in the economy, and here small businesses report that the availability and affordability of credit have also both improved after the previous quarter showed a small fall.

Importantly, the net balance of small businesses planning on increasing capital investment stands at 20.2% this quarter – the highest it has been for a year. It is crucial this trend continues for small businesses to achieve higher productivity levels.

However, small businesses continue to struggle with a number of old and new challenges, both on the domestic agenda and in terms of our future relationship with the European Union.

Of particular concern is that a net balance of 64.5% of businesses report seeing an increase in operating costs, the highest since the summer of 2013. This has been driven in part by the significantly higher number of business owners reporting that the cost of fuel and the weaker pound are exacerbating cost pressures. Inflation has also manifested itself with an increasing number of small businesses reporting input costs as being a main driver of changing business costs, relative to a year ago.

There is a genuine risk that these increasing costs raise inflationary pressures, resulting in higher prices. The consequent projected squeeze on household disposal income could ultimately drive down revenue and profitability and put small business growth and investment in jeopardy.

This survey took place before the recent Spring Budget. FSB strongly opposed the changes to National Insurance contributions (NICs) which were announced, and were pleased to see the Government back down on these proposals. Increasing NICs for the self-employed would have represented a further increase in the costs of doing business for the self-employed and non-incorporated small businesses, and would have made the prospect of setting up in business less attractive at a time when we need a society that is more entrepreneurial, not less.

Costs for businesses are already at their highest since mid-2013, with inflationary pressures only likely to increase. Indeed whilst the percentage of businesses seeking to grow in the next twelve months has slightly increased, relative to the last quarter they remain below the levels seen in 2014 and 2015. Higher numbers of businesses also report they plan to downsize or close in the next year.

On the positive side, the Government's announcement of £435m to mitigate the impact on those small businesses facing the largest increases in their business rate bills, as a result of the most recent revaluation, will be helpful. FSB members affected are pleased that Ministers have listened to their concerns. This builds on the £6.7bn package unveiled last spring to take 600,000 businesses out of the rates system.

Now that Article 50 has been triggered, small businesses will be carefully watching the negotiations and progress on domestic policy reforms over the coming months. Recent quarters have seen economic activity and confidence grow, relying on a stable political environment. It should not be taken for granted that this trend will continue.

It is vital that the Government listens to the needs of small business owners and takes meaningful steps to minimise further increases in the costs of operating and growing a business. It is also essential that Government, working in partnership with business groups such as FSB, starts the process of designing specific support for small businesses engaging in cross border trade. It's critical that we enable these businesses to continue to achieve their growth and productivity ambitions once we have left the EU.



Mike Cherry,
National Chairman



Martin McTague,
Policy Director

ECONOMIST'S VIEW

The further significant improvement in confidence, during the last quarter in the Small Business Index is welcome. The Index is now above its long term average and has climbed to a level not seen since 2015.

Part of the improvement in confidence is driven by the effect of the weak pound in boosting exports, thereby supporting cross border trade-reliant companies. Notably, the proportion of small businesses reporting an improved export performance over the last three months reached a record high.

Although the UK economy grew less than expected over 2016 as a whole, this was mainly due to downward revisions to data for the beginning of the year. The UK economy shifted into a higher gear at the end of 2016, boosted by a stronger performance from the manufacturing sector and sustained growth in the service sector. Cebr expects that this growth momentum was maintained at the beginning of 2017 and this report supports the view that the UK economy started the year on a solid footing.

Cebr does however project economic growth to slow slightly across 2017 as a whole. In particular, we believe that rising inflation and subdued wage growth will squeeze households' real incomes, thereby leading to a substantial weakening of consumer spending. Business investment is also likely to be considerably weaker going forward amid uncertainty of the UK's future outside the EU. That said, the weak pound will continue to boost exports, thereby supporting overall economic growth.

This quarter's Index highlights that growth aspirations of small businesses remain below levels seen throughout 2014 and 2015. At the same time, a larger share of small businesses reported operating with spare capacity. This could result in declining employment levels if this level of spare capacity is maintained. Overall UK employment is already at a record high and we anticipate a softening of the labour market in 2017, although the unemployment rate is likely to remain little changed from current levels.

Meanwhile, a growing number of companies reported rising inflationary cost pressures, with higher fuel prices one of the primary drivers behind the increase. Higher costs are likely to force small businesses to up their prices which would result in increased costs for consumers. Inflation as measured by the Consumer Price Index has now climbed above the Bank of England's target of 2%.



Oliver Kolodseike,
Senior Economist,
Cebr

FSB EXECUTIVE SUMMARY

Key findings this quarter:

- **The Small Business Index (SBI) reaches highest level since Q4 2015.** After dipping to -2.9 in the aftermath of the Brexit vote, the Index improved for the second quarter running and now stands at 20.0.
- **Small business confidence rises across most of England.** Confidence has risen in all English regions, with the exception of the South East. Firms in Scotland remain pessimistic about the economic outlook, while confidence has improved markedly in London.
- **Most sectors also remain in positive territory.** Companies in all sectors, other than education, are optimistic about the short term economic outlook. The SBI for the education sector stands at -31.2% and remains in negative territory for the second quarter running.
- **Export intentions at a record high:** 30.5% of businesses expect exports to increase next quarter.
- **Revenue growth slows.** The net balance of small businesses noting higher revenues has more than halved from 14.6% at the end of last year to 7.0% this quarter.
- **Operating costs continue to increase.** A net balance of 64.5% of businesses report seeing an increase in operating costs this quarter. This is the highest balance seen since Q2 2013.
- **Rising fuel costs having a major effect.** The percentage of companies reporting that fuel costs was a major factor for higher business costs has doubled in a single quarter and now stands at 36.8%. Increasing numbers of businesses report that fuel costs are also posing a barrier to their growth intentions.
- **Employment growth slows, but hiring intentions improve.** The net balance of companies reporting an increase in employment over the past three months has declined and now stands at 2.1%, falling from 2.9% in the previous quarter.
- **Credit availability and affordability have improved this quarter.** After modest declines in the availability and affordability of credit in the last quarter, both indices have recaptured most of this loss.

UK MACROECONOMIC OVERVIEW

Weak pound to boost exports but weigh on consumer spending in 2017

The UK economy ended 2016 on a more solid footing than previously anticipated. Gross domestic product (GDP) rose 0.7% in the final quarter of last year, the strongest expansion since the end of 2015; suggesting that the UK economy did not experience some of the predicted consequences of the EU referendum result.

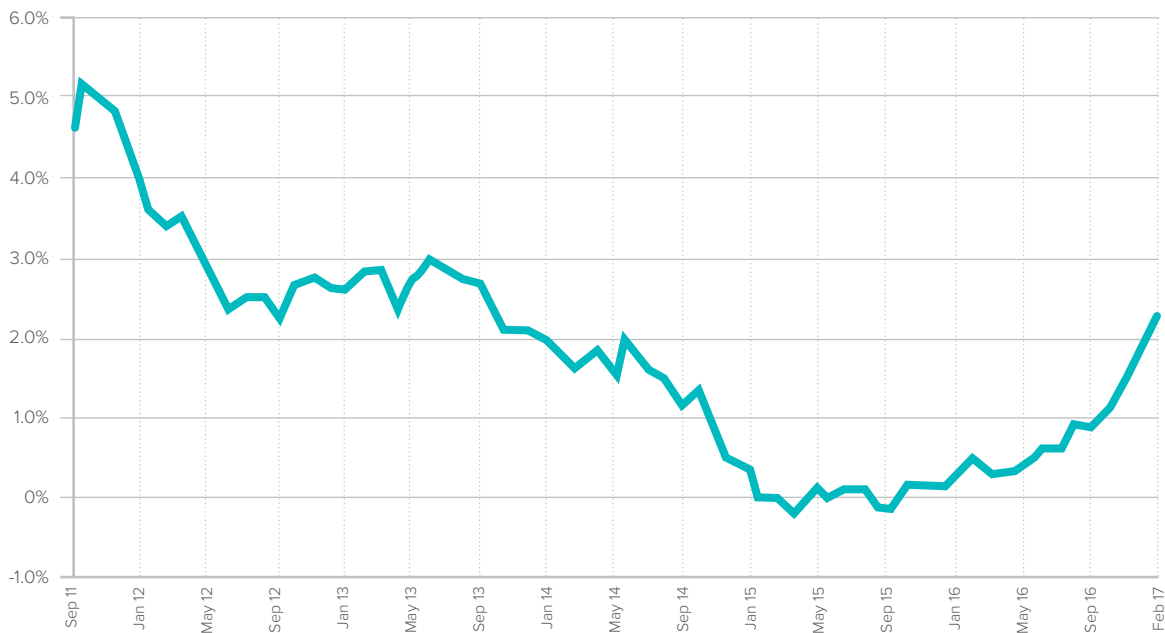
That said, recent data have offered mixed signals. On the one hand, positive survey data and stronger than expected industry and trade figures suggest that the UK economy remains in good shape and it is likely that this momentum will continue in the first half of 2017.

While it is promising that the weak pound looks to have provided a short term boost to exports, there are some negative side effects of currency depreciation that could harm the economy in the longer term.

Spiralling producer costs can lead to higher inflation and therefore increased consumer prices as manufacturers pass higher input costs on to their customers. Rising inflation paired with subdued wage growth will lead to a decline in household's disposable income which could result in a slowdown in consumer spending. The latest retail sales data from the Office for National Statistics (ONS) were disappointing and showed retail sales volumes growing at the slowest pace in over three years.

Although inflation is picking up and economic growth has so far exceeded expectations, it is likely that the Bank of England will keep the bank rate at its current historic low of 0.25% as there remains uncertainty about the UK's future trading relationship with the EU single market, the EU Customs Union and non-EU markets.

Figure one: UK Consumer Price Index, year-on-year % change.
Source: Office for National Statistics.



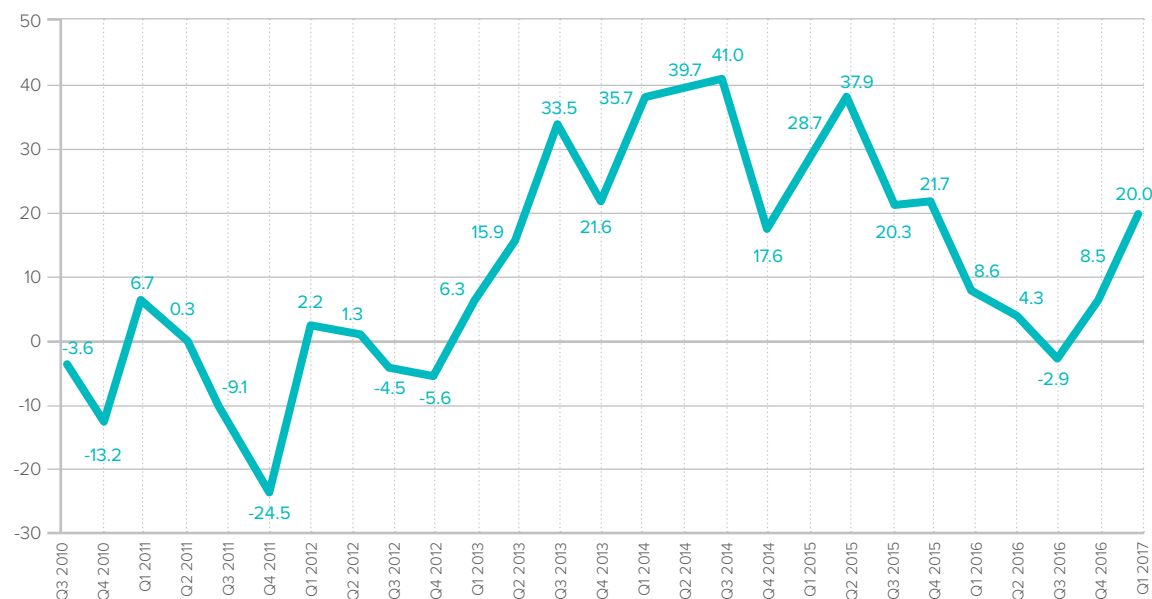
SMALL BUSINESS INDEX

Business confidence at highest level in over a year

The Small Business Index continued to recover from the declines seen during 2016 and rose from 8.5 at the end of last year to 20.0 this quarter – its highest level since Q4 2015. The Index is 11.4 percentage points higher than a year ago. The proportion of small businesses expecting an improvement in overall business performance over the next three months now stands at 39.3% while the share of companies anticipating a deterioration fell from 26.1% in Q4 2016 to 20.2% this quarter.

The most recent data for the UK economy have been fairly positive and signal a solid start to the year. The employment rate reached its highest level since records began, with industrial production and trade figures also exceeding expectations. The Purchasing Managers' Index (PMI) results have remained elevated and the Bank of England has revised up its growth forecast for 2017. Moreover, the second estimate of Q4 GDP showed that the economic upturn at the end of last year was stronger than previously thought. Moreover, the economy continued to be supported by a low interest rate environment.

Figure two: The FSB SBI¹ small business prospects over coming three months.
Source: FSB - Verve 'Voice of Small Business' Panel Survey.



1. The Small Business Index is a weighted index of the responses to the question: 'Considering your overall business performance, and ignoring any normal seasonal variations at this time of the year, how do you view business prospects over the next three months, compared with the previous three months?' The share of firms reporting 'much improved' are given the following weightings: +2, slightly improved +1, approximately the same 0, slightly worse -1 and much worse -2; the Small Business Index is derived from the sum of these factors.

Figure three: Year-on-year change in the FSB SBI.
 Source: FSB - Verve 'Voice of Small Business' Panel Survey.

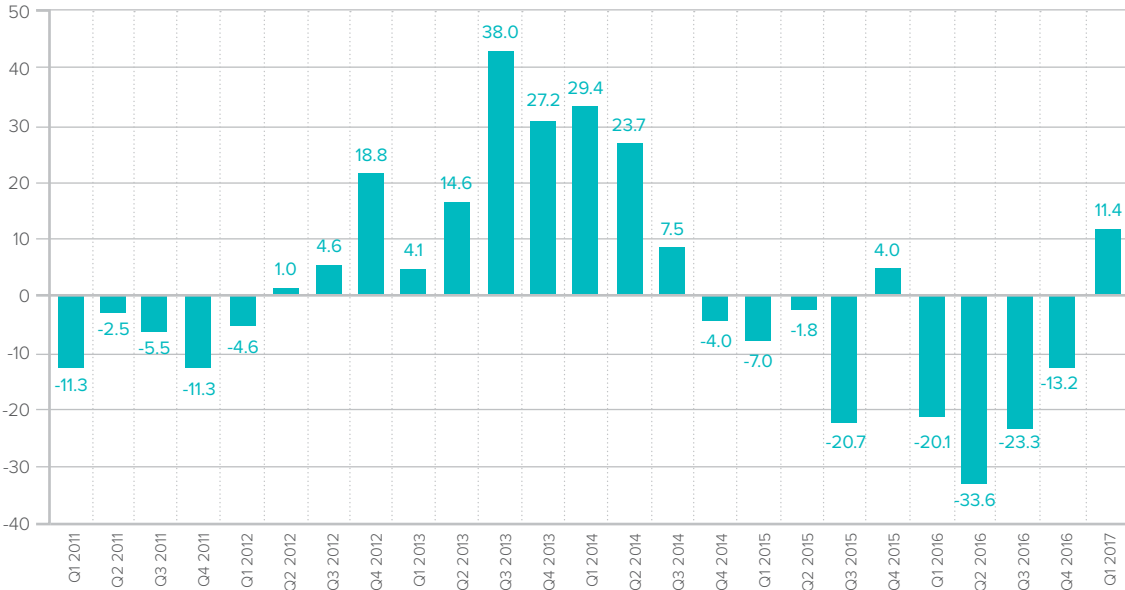
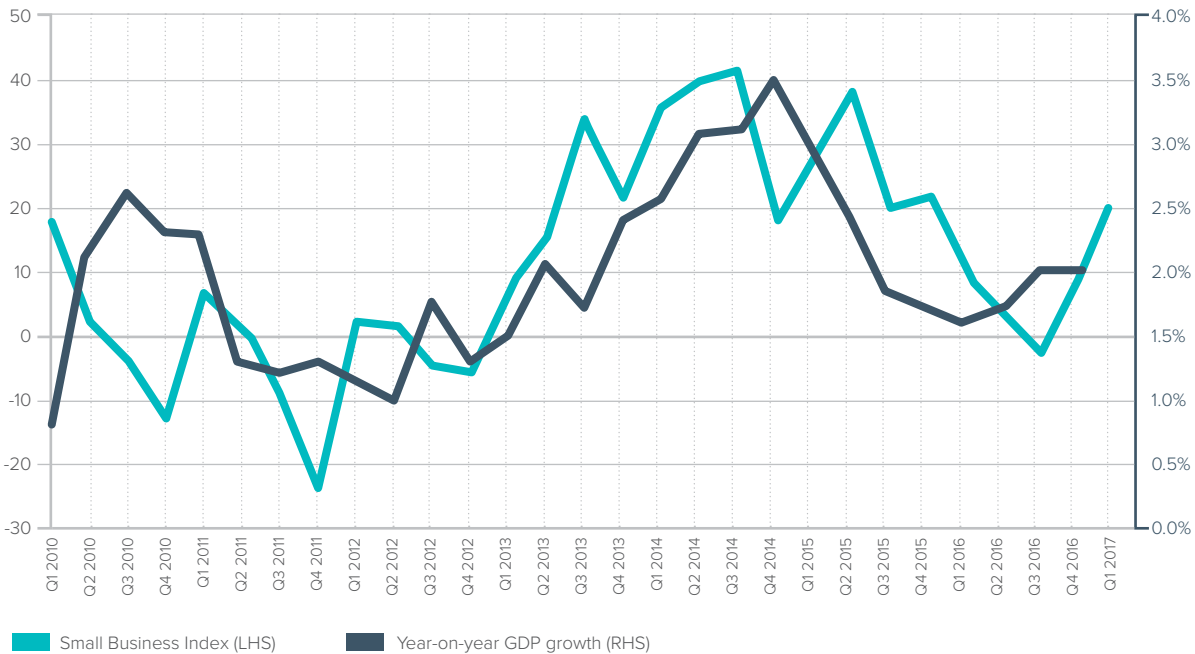


Figure four: UK SBI against year-on-year UK GDP growth.
 Source: FSB - Verve 'Voice of Small Business' Panel Survey.



REGIONAL SMALL BUSINESS INDICES

Improvements seen
in most regions

SMALL BUSINESS CONFIDENCE IMPROVES ACROSS MUCH OF THE UK

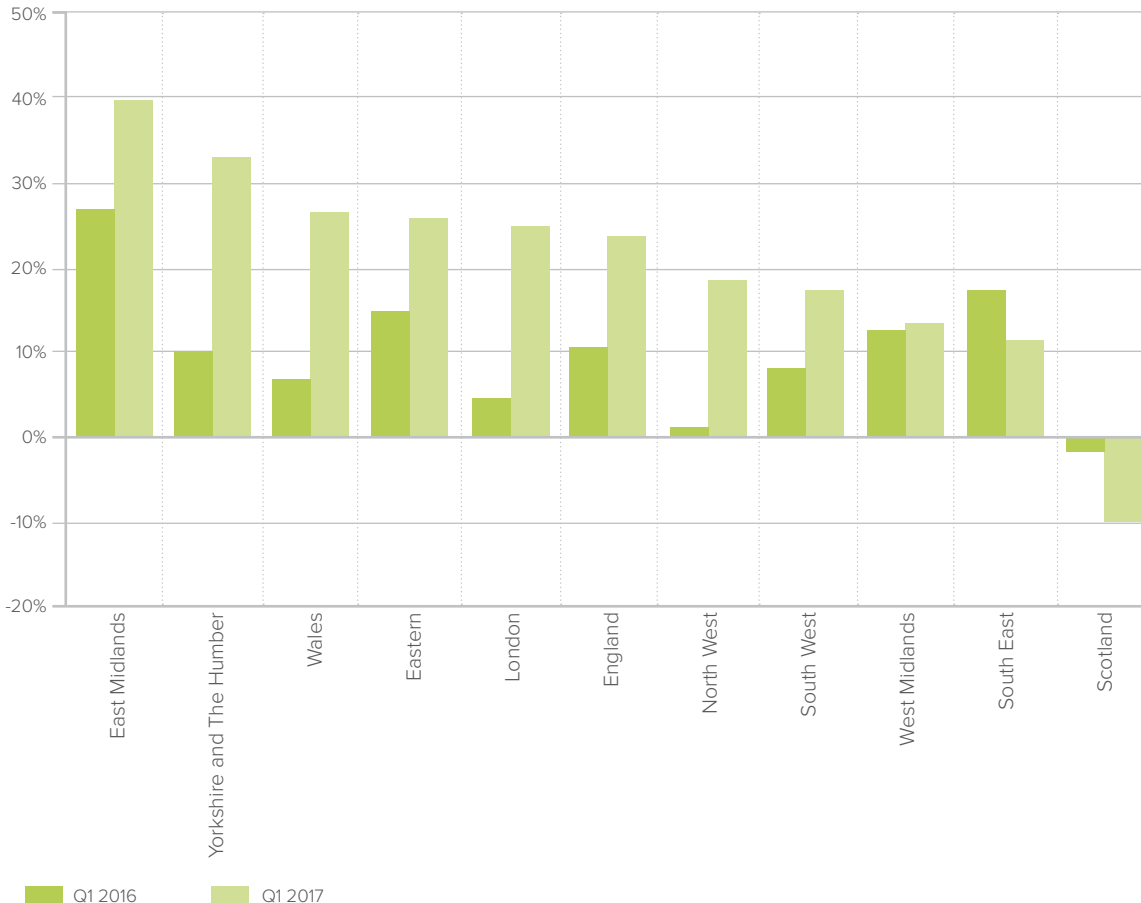
Small business optimism levels have improved in most parts of the UK in the last year, with the exception of the South East and Scotland.

London saw an improvement in optimism from 4.4 in Q1 2016 to 24.5 this quarter, the highest in over a year. Low levels of small business confidence in London at the end of last year was likely a reflection of the uncertain impact of Brexit on London's economy, after several companies hinted at moving staff away from the UK.

It is positive to see that there has been improvements in business confidence across most of the rest of England as well.

Meanwhile, confidence stands in negative territory for Scotland. Although the latest index reading for Scotland was the best since Q2 2016, it has been in negative territory for five consecutive quarters. The Scottish economy has suffered as a result of the fall in global commodity prices and grew only 0.2% in the third quarter of last year, a third of the UK's growth rate.

Figure five: FSB SBI – regional variation in small business prospects over coming three months. Source: FSB - Verve 'Voice of Small Business' Panel Survey.



Data from Northern Ireland and the North East of England have been excluded from this table owing to low volumes of responses.

SMALL BUSINESS SECTOR INDICES

Confidence improves
in most sectors

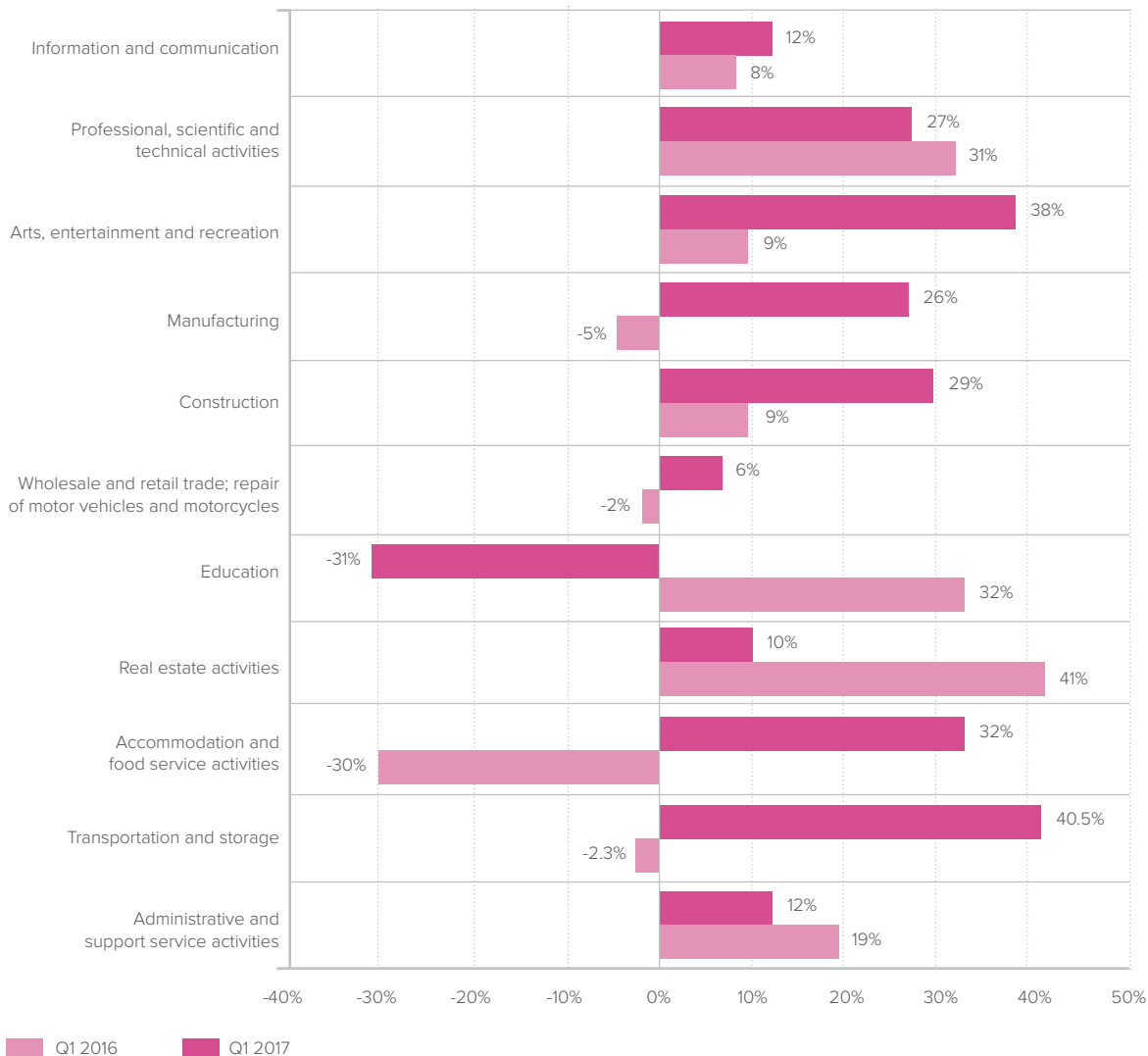
POSITIVE OUTLOOK ACROSS MOST SECTORS

Confidence has improved markedly in manufacturing, accommodation & food service activities and transport & support service activities, all of which had negative confidence a year ago. This likely reflects the broad improvements in confidence across the small business community.

Confidence for manufacturers is likely to have been boosted by the weak pound and solid economic performance in some of the UK's key export markets. Official data for manufacturing production and trade have surprised on the upside and point to a positive start to the year for the sector.

On the other hand, confidence in the education sector has deteriorated sharply compared to a year ago. UCAS admission figures revealed that the number of university applications fell by 5% with an even greater fall in the number of school leavers from the EU planning on studying in the UK. Moreover, the Institute for Fiscal Studies has warned that public funding is set to fall 6.5% per pupil over the course of this parliament.

Figure six: FSB Small Business Index by sector – small business prospects over coming three months. Source: FSB - Verve 'Voice of Small Business' Panel Survey.



FINANCIAL PERFORMANCE

Revenue growth remains positive

REVENUE GROWTH HAS SLOWED OVER THE LAST QUARTER BUT EXPECTED TO INCREASE OVER THE NEXT THREE MONTHS

The balance of small businesses reporting an increase in revenues has remained positive, but has fallen to 7.0% this quarter, less than half the 14.6% recorded in Q3 2016. The figure is amongst the weakest seen since the middle of 2013. A net balance of -29.5% of businesses in the education sector reported that revenues had declined, the largest fall of any industry. Declines are also reported in the administrative & support services and real estate sectors.

That said, revenues are expected to rise over the next three months, as highlighted by a net balance of 27.8% anticipating an improvement, in line with the positive outlook so far this year. Firms in the accommodation & food service sectors are the most optimistic about their future revenue.

Figure seven: Small business gross profits, net percentage balance – proportion reporting increase less proportion reporting decrease.
Source: FSB – Verve ‘Voice of Small Business’ Panel Survey.



EXPORTS

Export performance improves

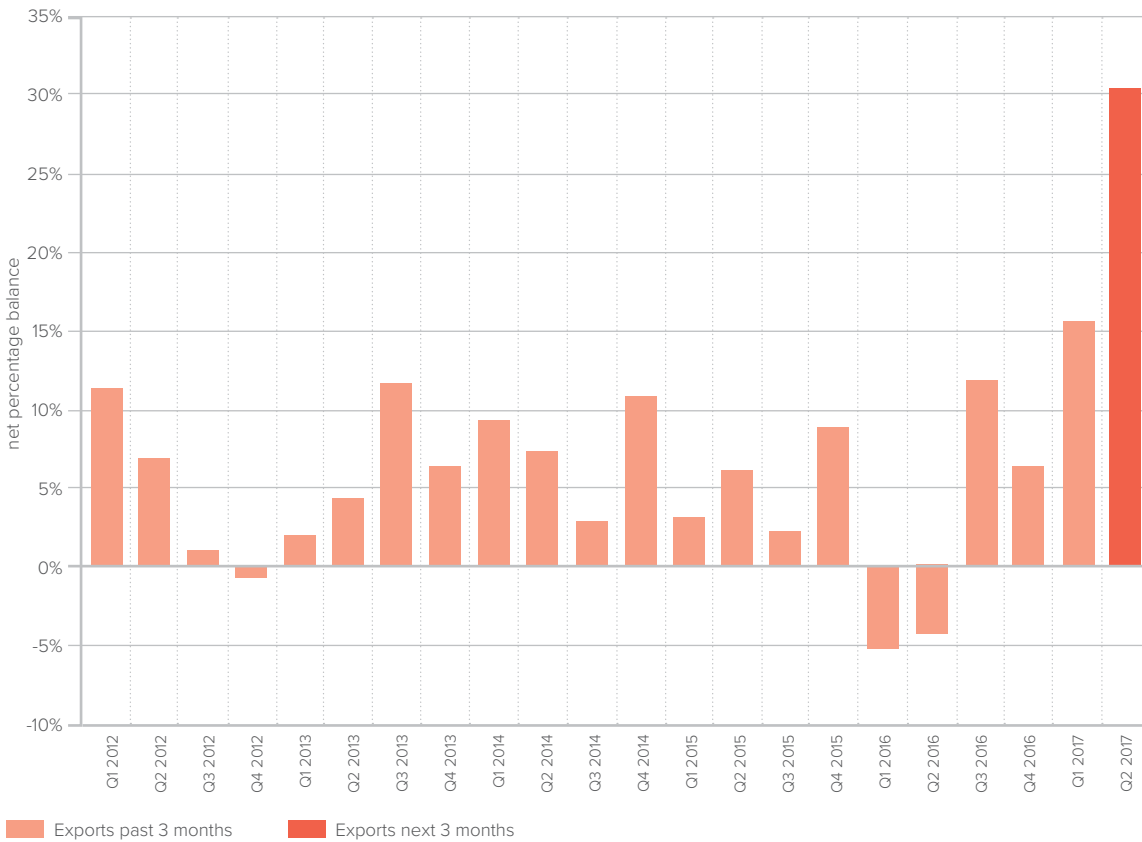
WEAK POUND CONTINUES TO AID UK EXPORTERS

Confidence around exports has improved considerably in Q1 2017, with a net balance of 30.5% of small businesses expecting a positive development over the next three months. The figure is up from 18.6% in the previous quarter and points to the most positive outlook since the survey's introduction in 2012.

Data from the ONS shows that the UK's trade deficit narrowed at the end of last year, driven by increased exports to non-EU countries. Although the pound depreciated against the dollar in the aftermath of the Brexit vote, the currency has been fairly stable in recent weeks.

The net balance of small businesses reporting export growth during the latest survey period also reached a record-high. More than one in three companies reported an increase in exports, while the proportion of those signalling a decrease fell from 23.2% in Q4 2016 to 19.8% this quarter.

Figure eight: Changes in value of exports, net percentage balance – previous three months and expectations for coming three months; proportion reporting increase less proportion reporting decrease.
Source: FSB - Verve 'Voice of Small Business' Panel Survey.



COSTS AND INFLATION

Cost of doing business rises

HIGHER FUEL PRICES EXERT UPWARD PRESSURE ON OPERATING COSTS

A net balance of 64.5% of small businesses note higher overall running costs during the past three months, compared with the same period a year earlier. The latest reading is the highest since Q2 2013 and above the survey’s long run average of 58.9%.

There has been a significant rise in the number of businesses concerned about the rising cost of fuel, with over a third of small businesses reporting that fuel prices have been one of the main reasons for a rise in their overall costs. This is up from 19.0% in Q4 2016 and the highest reading in three years.

The combination of a weak pound and rising energy prices is likely to exert further upward pressure on costs faced by businesses and consumers over the coming months.

This is reflected in the increase in the number of businesses who have seen input costs rise over the course of the last year. The number of businesses reporting that the exchange rate was causing additional cost pressures rose significantly in 2016, but has stabilised since the last quarter.

Labour costs are mentioned by 35.9% of small businesses as a main reason for the overall increase. While a significant cost for many businesses, this figure is the lowest it has been since Q1 2014, potentially reflecting the slowdown in wage growth seen by the ONS in the final quarter of 2016. On the other end of the scale are factors such as financing, taxation and rent, all of which are mentioned by fewer small businesses than a year ago.

Figure nine: Small businesses operating costs, net percentage balance – proportion reporting an increase in overall cost of operation over past three months compared with the same period a year ago.
Source: FSB - Verve ‘Voice of Small Business’ Panel Survey.

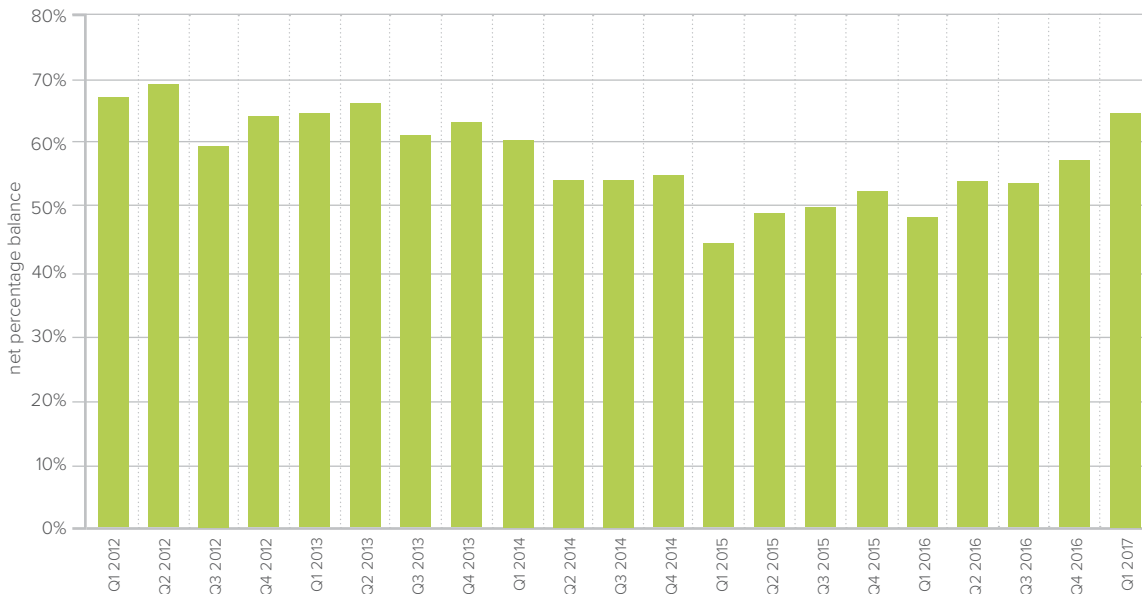
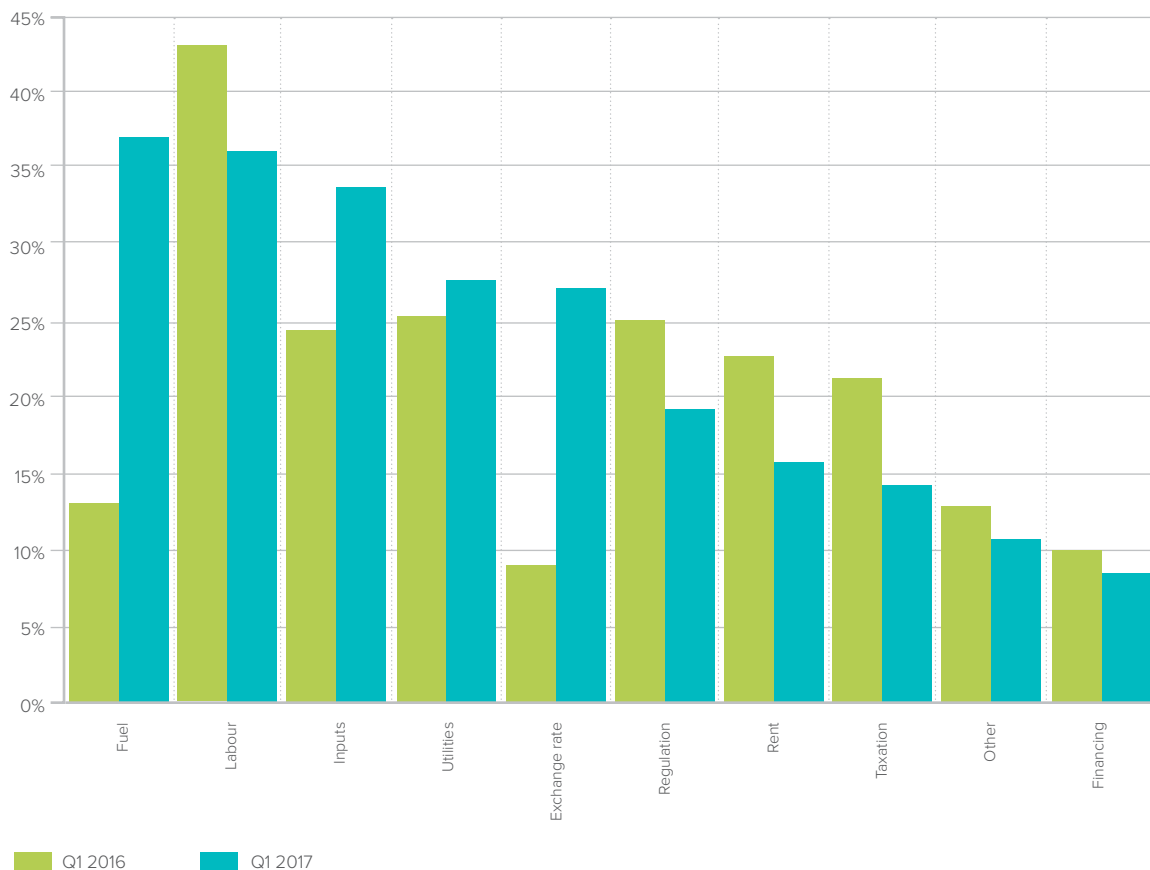


Figure 10: Main causes for changing business costs (firms may give multiple answers).
 Source: FSB - Verve 'Voice of Small Business' Panel Survey.



CAPACITY

Spare capacity increases

GROWING NUMBER OF SMALL BUSINESSES REPORT SPARE CAPACITY

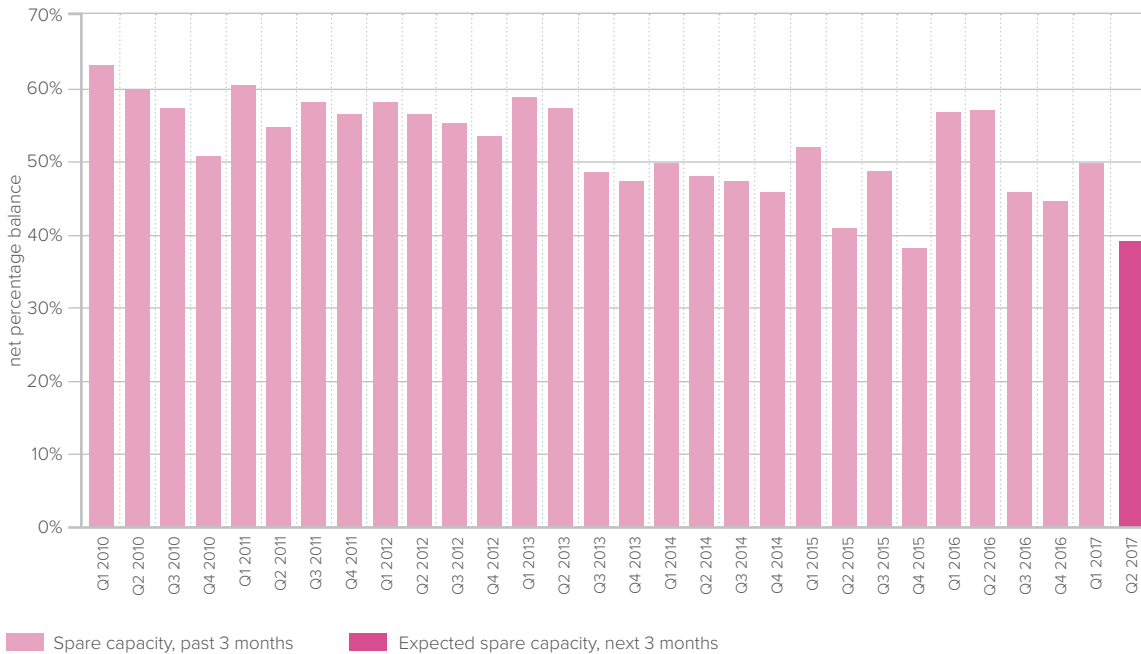
With concerns over an economic slowdown in 2017, there has been an increase in the number of small businesses operating below capacity this quarter. The net balance stands at 49.4% and is up slightly from 44.2% in Q4 2016, but well below the 56.8% seen in the same period a year ago.

Meanwhile, at 38.5%, the net balance of companies expecting to operate below capacity over the next three months is little changed from that seen in the previous quarter, and is lower than a year ago. The amount of spare capacity is generally a determinant of future investment; if businesses operate at or above capacity, they are likely to invest in people and/or capital in future to expand further.

In its February Inflation Report, the Bank of England stated that there is currently a small degree of spare capacity in the economy. However, some members of the Monetary Policy Committee (MPC) have suggested that weak wage growth may indicate that there is actually more spare capacity in the economy than the MPC had assumed. For now, it looks as if the Bank of England will not change its monetary policy.

Figure 11: Net percentage balance of businesses running below capacity: proportion below capacity less proportion above capacity.

Source: FSB - Verve 'Voice of Small Business' Panel Survey.



EMPLOYMENT

Third quarter of increased
employment

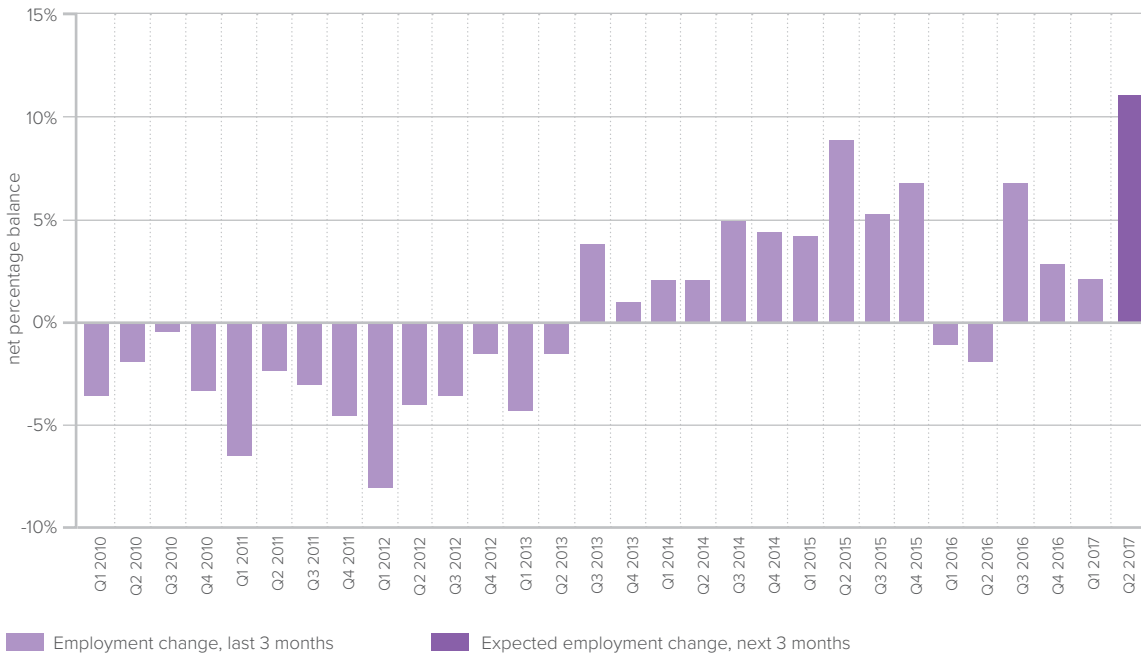
EMPLOYMENT GROWTH SLOWS BUT HIRING INTENTIONS IMPROVE

The net balance of companies reporting increased headcount this quarter stands at 2.1%, down slightly from 2.9% in Q4 2016. Job creation has increased for the third successive period, following back-to-back declines throughout the first half of last year. However, hiring intentions for the next quarter are up, with the net balance of small businesses intending to increase employment rising to a near two year high of 11.3%.

The latest set of labour market data shows that the UK employment rate is at its highest level since records began, pointing to the ongoing willingness of companies to hire. Moreover, the number of people claiming unemployment-related benefits fell by 31,000 and the unemployment rate dipped to 4.7% in the three months to January. While the high employment rate is positive news, wage growth has so far failed to accelerate, and fell back in the last report.

Figure 12: Change in number of people employed, net percentage balance – proportion reporting increase less proportion reporting decrease.

Source: FSB - Verve 'Voice of Small Business' Panel Survey.



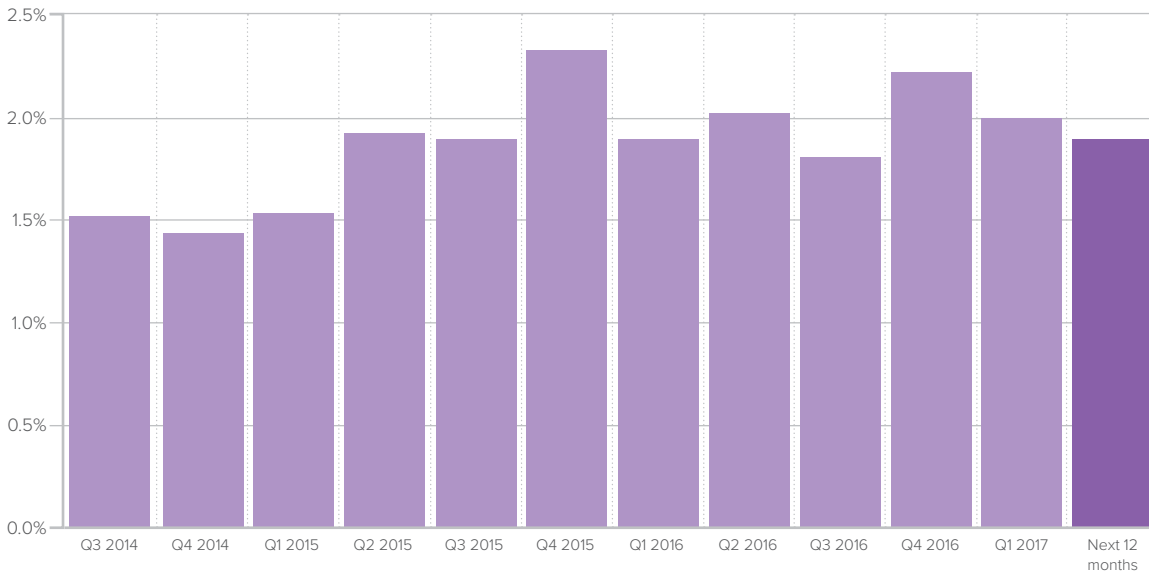
PAY GROWTH SLOWS

Annual wage growth at small businesses stands at 2.0% in Q1 2017, down slightly from 2.2% in Q4 2016, but in line with the average reading for 2016 as a whole. This trend is expected to continue, with wage growth at small businesses is expected to slow further to 1.9% over the coming year.

ONS data showed that regular pay excluding bonuses across the UK rose 2.6% during the three months to December, compared with a year ago. Although this is higher compared with the same period a year earlier (2.0%), wage growth remains subdued despite ultra-low unemployment.

With employee earnings at small businesses expected to slow and Consumer Price Index (CPI) inflation projected to accelerate, households incomes are likely to be squeezed in 2017, thereby weighing on consumer spending. The importance of consumer spending means that this could have negative effects for the wider economy.

Figure 13: Average salary increase awarded, this quarter versus a year before.
Source: FSB - Verve 'Voice of Small Business' Panel Survey.



GROWTH ASPIRATIONS AND CHALLENGES

Small boost in growth aspirations

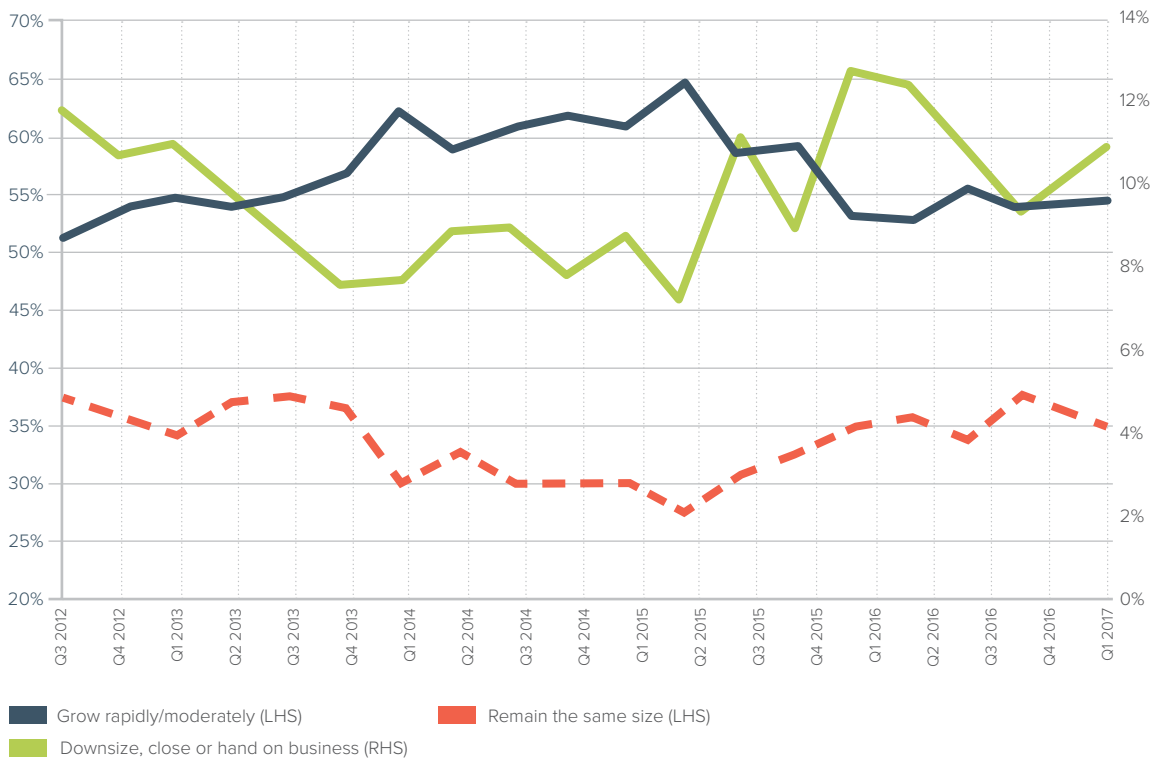
SLIGHT IMPROVEMENT IN COMPANIES' GROWTH ASPIRATIONS

Reflecting the wider improvements in small business confidence this quarter, companies' growth aspirations have also improved slightly. 54.4% of small businesses expect to grow over the next 12 months. This figure is slightly higher than the 53.2% seen in Q4 2016.

Less positively, the number of businesses expecting to downsize or close has however also increased from 9.4% to 10.9%. Similarly the proportion of businesses targeting growth over 20% in the next twelve months has declined.

At the sector level, growth aspirations are highest among small businesses in the information & communication, administrative & support services and water supply industries. Mirroring the trend of overall expectations over the next three months, a large proportion of small businesses in the education sector are planning to downsize.

Figure 14: Growth aspirations for next 12 months
Source: FSB - Verve 'Voice of Small Business' Panel Survey.

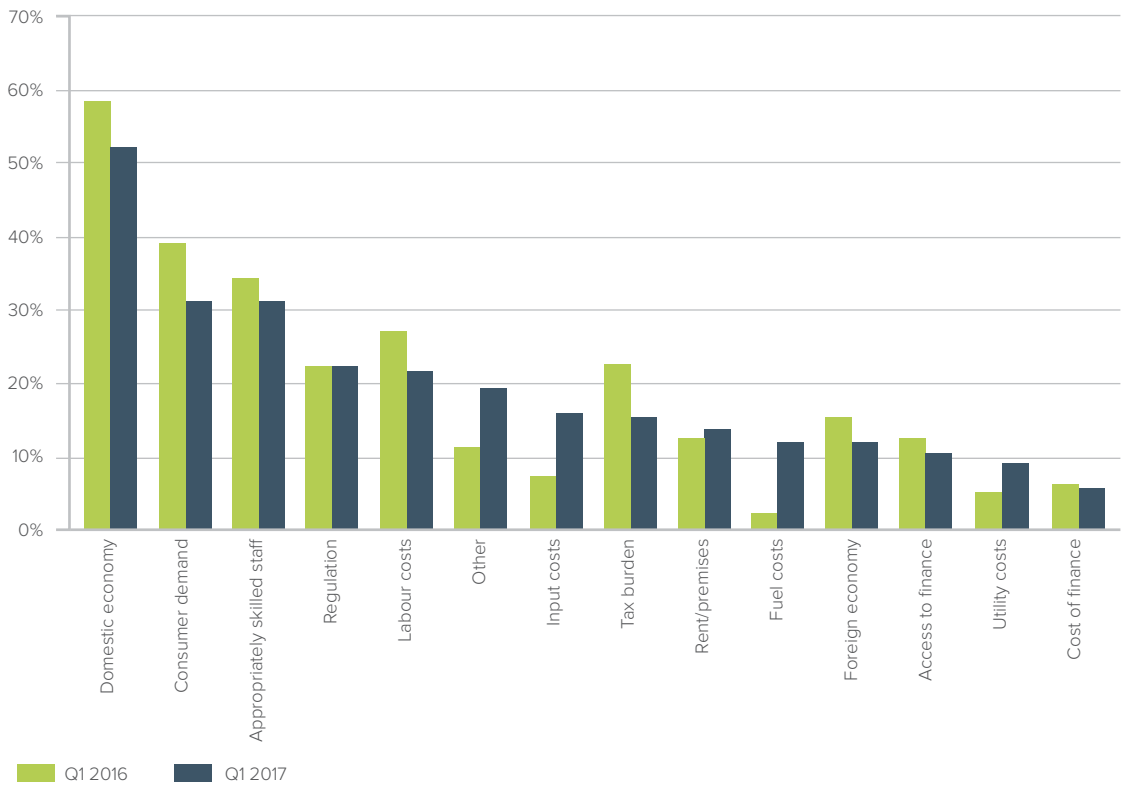


FUEL COSTS INCREASINGLY SEEN AS BARRIER TO GROWTH

The percentage of businesses who view the domestic economy as a barrier to growth has fallen to the lowest level since Q4 2015 but remains high at 51.8%. The share of businesses reporting that input costs are a barrier to their growth aspirations, has increased compared to last year, which is unsurprising in light of the sustained depreciation of sterling and rising inflation.

Higher fuel costs are also predicted to be an obstacle to growth in 2017, as reported by 11.4% of small businesses, a figure which has more than doubled from 5.0% in the previous quarter to the highest level in two and a half years.

Figure 15: Potential barriers to achieving growth aspirations – multiple answers possible.
Source: FSB - Verve 'Voice of Small Business' Panel Survey.

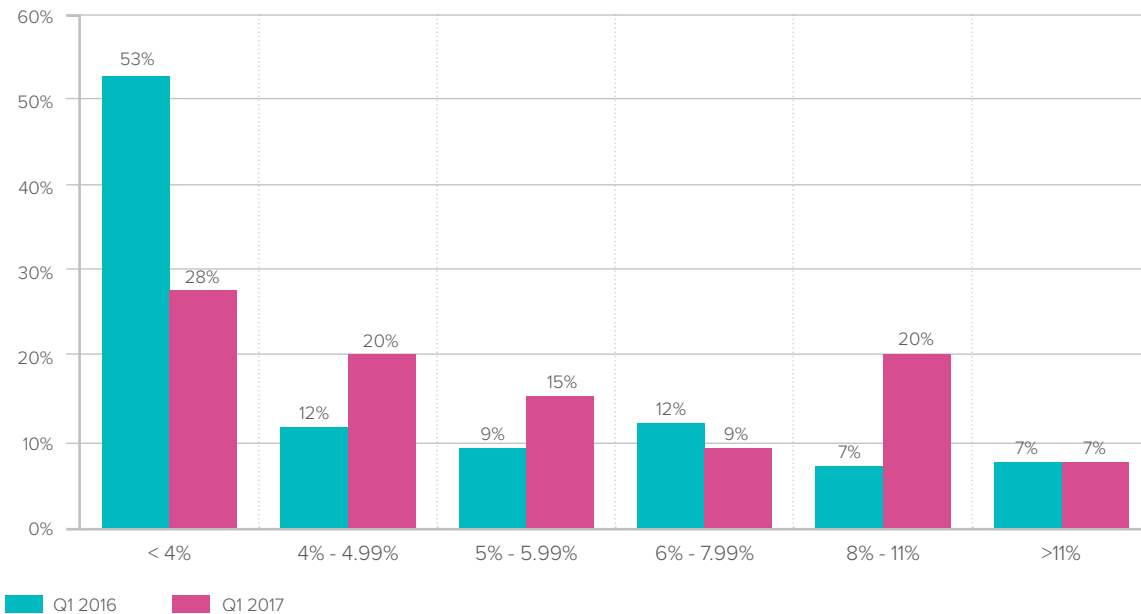
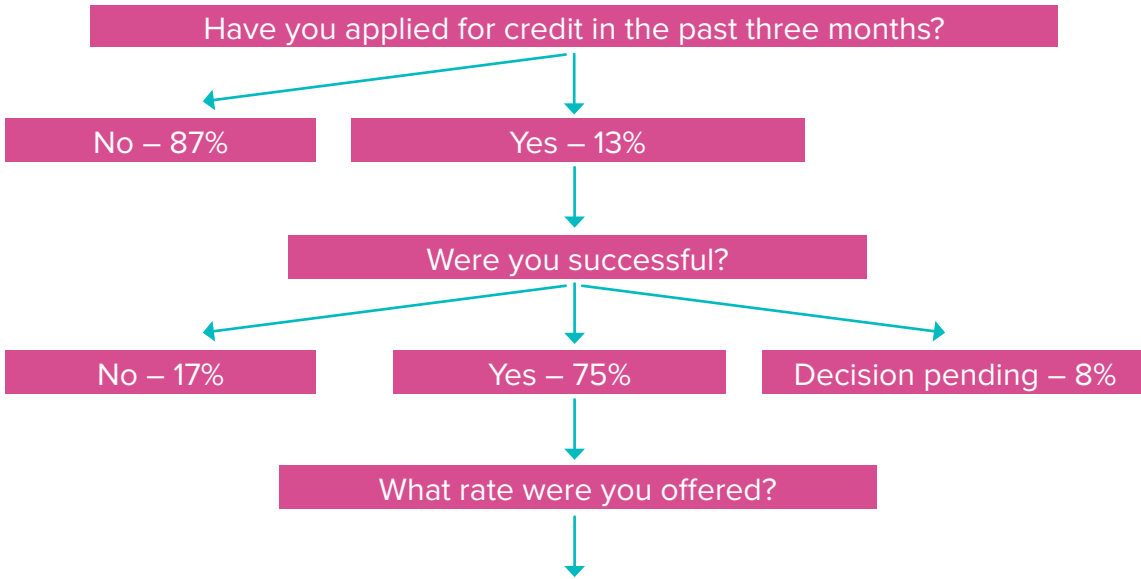


CREDIT

Credit availability bounces back

CREDIT APPLICATIONS AND INTEREST RATES OFFERED

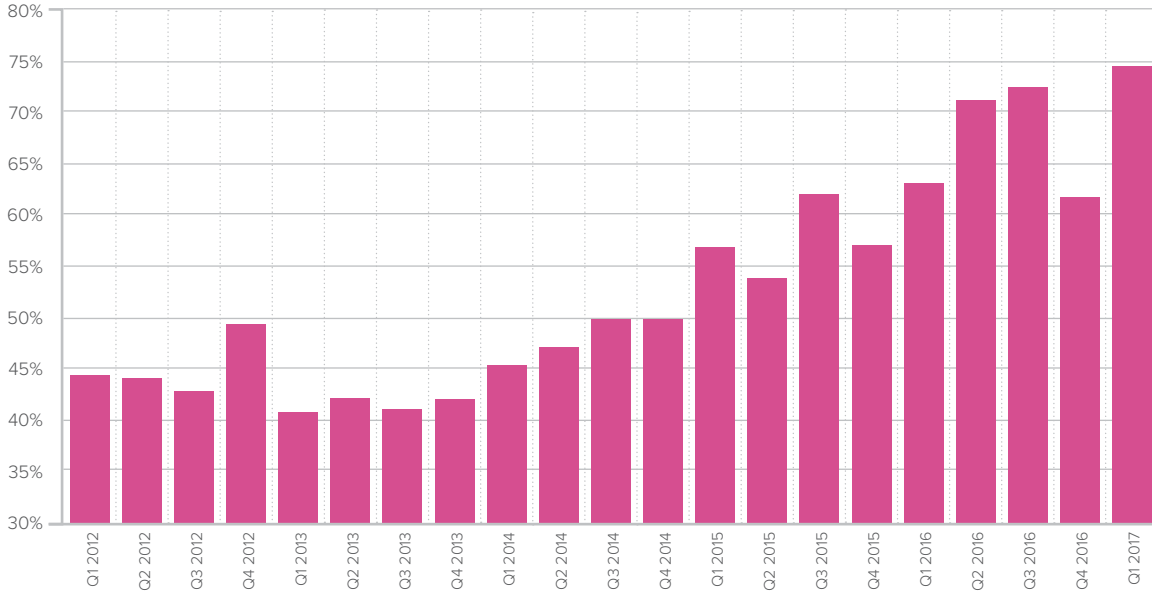
Figure 16: Credit applications and interest rates offered.
 Source: FSB - Verve 'Voice of Small Business' Panel Survey. Respondents were able to give multiple answers to this question.



The percentage of small businesses which were successful in applying for credit rose this quarter, following a dip in Q4 2016. Successful applications for credit are now at the highest rate seen in the Index's history.

However, the proportion of companies able to borrow at rates below 4% has fallen considerably over the past year and stands at 27.8%. This is a significant fall from the 52.9% who received these rates in Q1 2016. Similarly, the number of businesses being offered rates between 8-11% have increased significantly in the past year.

Figure 17: Proportion of small businesses successful in their credit applications in the past three months.
 Source: FSB - Verve 'Voice of Small Business' Panel Survey



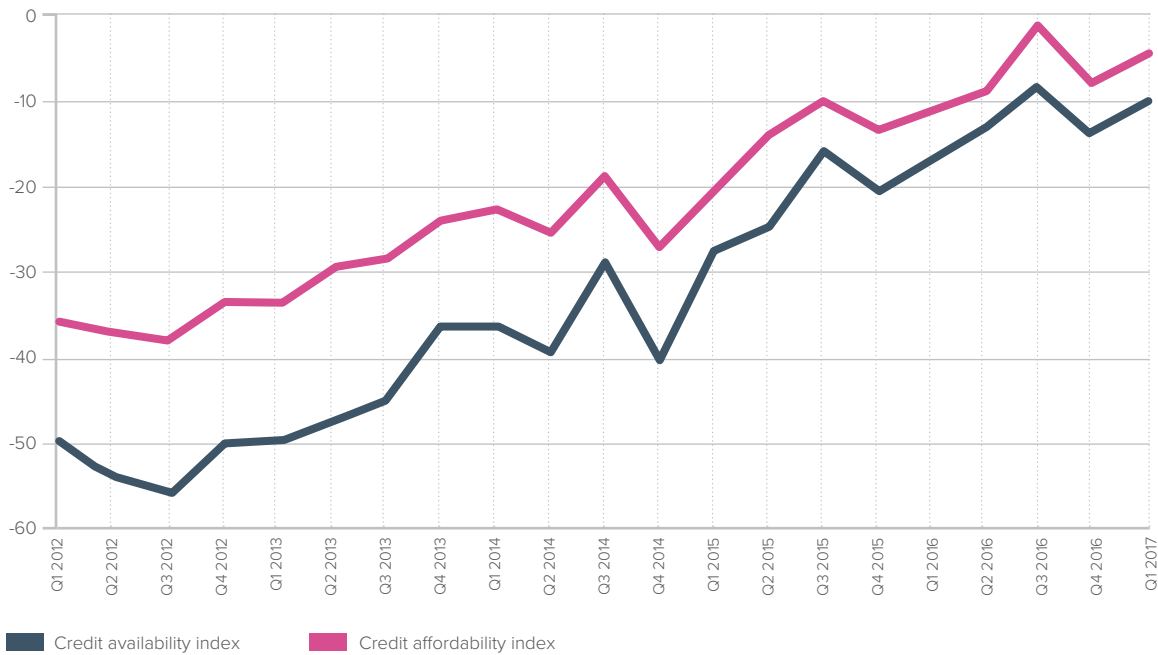
CREDIT AVAILABILITY AND AFFORDABILITY IMPROVE

In line with the findings in the previous section, small businesses are finding that both credit availability and affordability have improved, following a slight decline in the previous quarter.

Both the credit availability and credit affordability indices are near their respective record highs.

The proportion of small businesses signalling that credit was available rose slightly from 23.7% in Q4 2016 to 25.8% this quarter. The corresponding figure for credit affordability stands at 29.1% this quarter and is up from 27.5% in Q4 2016.

Figure 18: Indices of credit affordability / availability perceptions over time, a weighted net balance of those with negative responses subtracted from those with positive responses.
Source: FSB - Verve 'Voice of Small Business' Panel Survey.



INVESTMENT AND PRODUCTIVITY

More firms look to invest

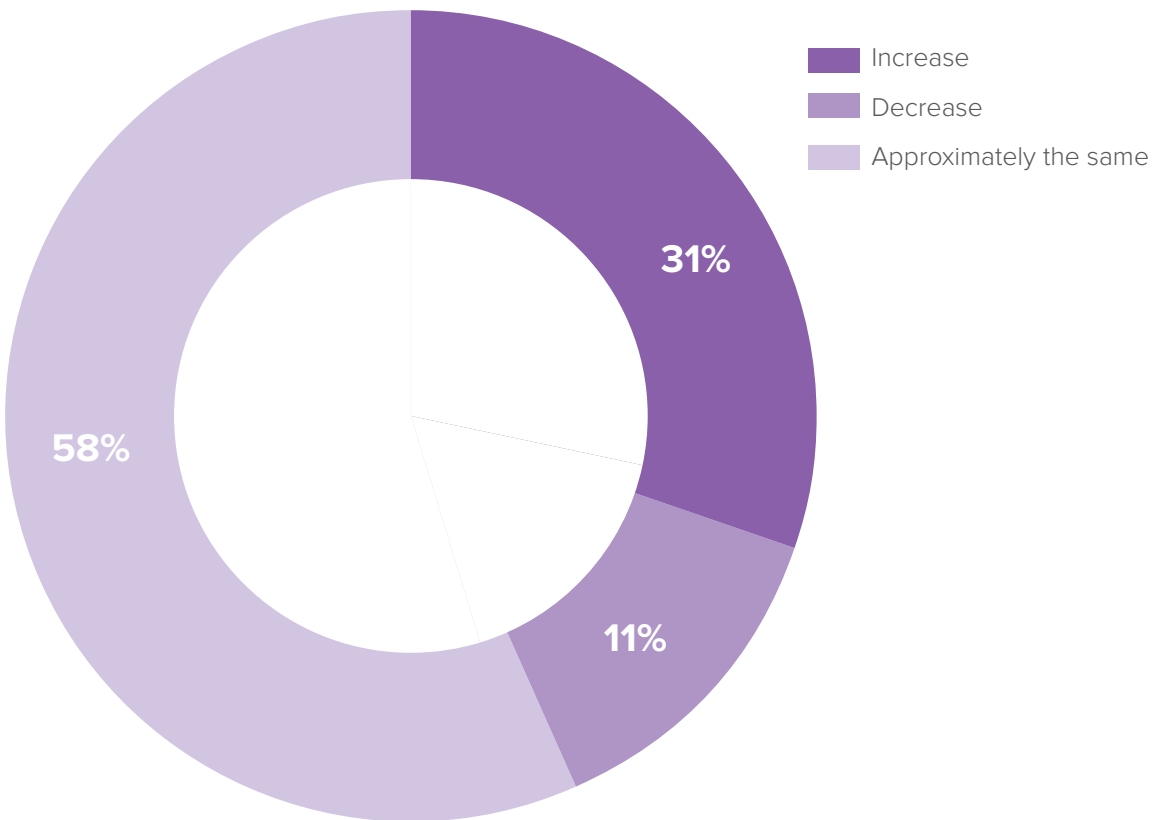
INVESTMENT INTENTIONS IMPROVE

The net balance of small businesses planning on increasing capital investment over the next year stands at 20.2% this quarter, up from 17.1% in Q4 2016 and the highest in over a year. However this net balance remains below investment intentions throughout 2015.

The increase in business confidence is likely to have supported the willingness of firms to boost investment. Despite improving since the prior quarter, the proportion of companies intending to increase capital investment remains below levels seen throughout 2014 and 2015.

Figure 19: Percentage of small businesses expecting to increase and decrease capital investment over next quarter, compared with the previous quarter.

Source: FSB – Verve ‘Voice of Small Business’ Panel Survey.



METHODOLOGY

This report is based on a research survey of FSB members carried out by Verve at the start of 2017. All panel members (6,492) were invited to take part in an online survey. Reminders were sent to all non-respondents. 1,245 responses were received, a response rate of 19%. The data are weighted by regional gross value added to match the profile of small businesses across the UK. The survey was undertaken between 30 January and 17 February 2017.

SUMMARY DATA TABLE

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
Small Business Index	+28.7%	+37.9%	+20.3%	+21.7%	+8.6%	+4.3%	-2.9%	+8.5%	+20.0%
Employment - previous three months	+4.2%	+8.9%	+5.3%	+6.7%	-1.0%	-1.9%	+6.8%	+2.9%	+2.1%
Employment - coming three months	+10.0%	+14.2%	+8.2%	+7.3%	+7.1%	+6.6%	+4.9%	+9.6%	+11.3%
Exports - previous three months	+3.1%	+6.1%	+2.2%	+8.8%	-5.1%	-4.2%	+11.7%	+6.1%	+15.6%
Exports - coming three months	+16.5%	+20.7%	+16.1%	+21.0%	+15.9%	+12.0%	+17.9%	+18.6%	+30.5%
Credit availability - rated good or very good	16.2%	16.6%	23.5%	18.2%	20.8%	26.0%	26.3%	23.7%	25.8%
Credit availability - rated poor or very poor	50.4%	47.3%	41.6%	43.6%	39.1%	39.6%	36.5%	39.1%	36.4%
Credit affordability - rated good or very good	19.6%	26.2%	27.6%	23.3%	24.9%	25.3%	32.3%	27.5%	29.1%
Credit affordability - rated poor or very poor	46.4%	42.4%	38.8%	40.7%	37.7%	37.4%	34.2%	36.9%	36.1%

The Small Business Index weights strong responses (much improved or much deteriorated conditions) double and subtracts the weighted proportion of firms reporting deterioration in business prospects over the coming three months from the weighted proportion expecting an improvement.

The Employment and Revenue indicators are net percentage balances, with the proportion of firms reporting a decrease subtracted from the proportion reporting an increase.

Responses are also weighted according to regional gross value added.

Q1

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