

Q4

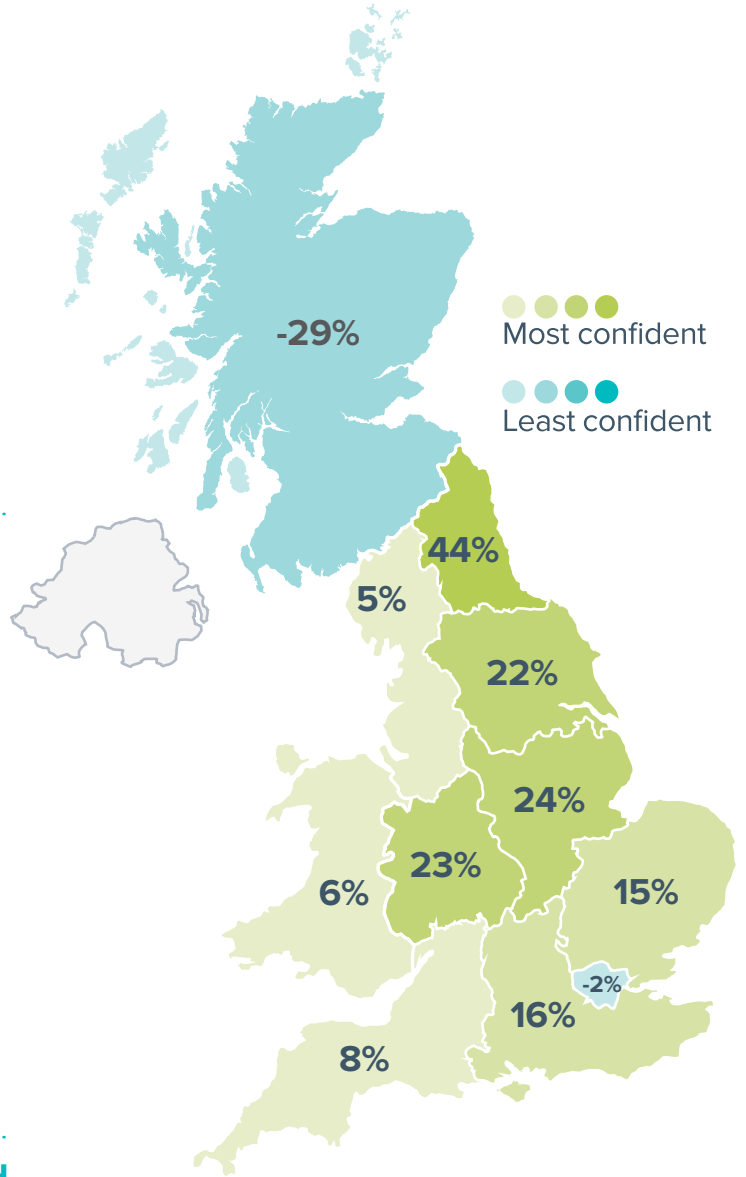
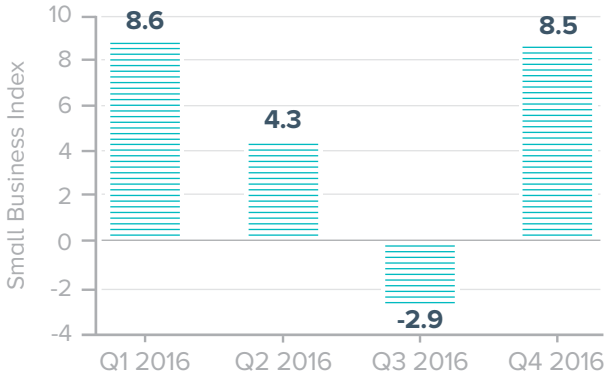
FSB VOICE OF SMALL BUSINESS INDEX

QUARTER 4, 2016

SBI Q4 2016

“ Small business confidence **rebounded** in the last quarter, but cost pressures are at their highest since early 2014 ”

Small business confidence in the past four quarters



Exports up



19%
net balance
of small businesses
expect exports to grow

Investment intentions remain subdued



Capital investment intentions
have **fallen** from their
Q2 2015 peak

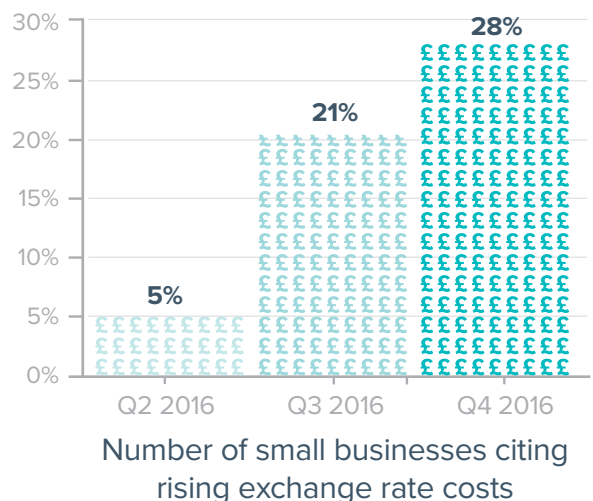
Fewer businesses plan to grow

Businesses with growth intentions down to

53%



Exchange rate costs soar



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FSB NATIONAL CHAIRMAN

Following a sustained dip since the end of 2015, small business confidence has improved this quarter to +8.5, breaking back into positive territory and to roughly the same level as our survey showed in Q1 2016.

After the political turmoil of 2016, confidence levels have now rebounded. This improved confidence is supported by other positive signs - rising employment levels, decreasing spare capacity and export growth. These indicators are testimony to the resilience of small businesses that are combatting continuing pressures on a number of fronts. These include the costs of doing business, a weakening medium-term economic outlook and potential concerns about inflation and exchange rates.

The Chancellor of the Exchequer's Autumn Statement provided some good but modest news for the UK small business community, delivering on some of the proposals from FSB members in our submission and supporting lobbying work. There was a commitment to invest in local roads, digital connectivity and access to finance, along with confirmation of the previous Chancellor's promise to remove £6.7bn from the business rates system over the next five years. The unfair treatment of rural businesses unable to claim the Small Business Rate Relief has also been resolved. These measures should lead to a positive impact on small business confidence.

For the second quarter in a row, the net balance of small businesses who are exporting is positive – with a net balance of 18.6% of firms hoping to increase the value of their exports in the next quarter. Firms are increasingly looking for growth opportunities overseas and the new digital service launched by the Government will be a helpful tool to support this.

However, many costs are continuing to rise. The number of businesses reporting increased cost pressures now stands at the highest level since Q1 2014. Labour costs are up, and so we continue to press for the Employment Allowance to be increased, which would boost job creation. The sustained depreciation in the value of the pound is already feeding through into higher costs, with 28.0% of small businesses affected. This is a substantial increase from the 5.4% of businesses who viewed exchange rates as a driver of cost inflation a year ago. Profitability is down for the second quarter in a row, likely reflecting these increasing costs.

And while costs rise, the prospects for longer-term growth appear to be weaker as we face an uncertain negotiation over how the UK economy will interact with the EU27 nations in coming years. In addition, concerns about the state of the domestic economy have been present for multiple quarters. Fewer businesses are looking to expand compared to a year ago. While the net balance of firms looking to increase capital investment remains positive, it has also fallen from recent highs – as has the affordability and availability of credit.

Many small businesses are 'just about managing' due to the increasing costs of doing business and economic headwinds – with greater numbers simply now aspiring to remain the same size. Their continued survival and appetite for growth is key to the UK's economic success, and to improving productivity and regional economic development. Targeted interventions aimed at this group are therefore likely to be necessary in the coming months, and we want policymakers to be ready to act if trading conditions deteriorate.



Mike Cherry,
FSB National Chairman

ECONOMIST'S VIEW

This quarter's FSB Small Business Index has a wide range of interesting findings.

Looking at the headline confidence figure, we have good news. Business confidence has returned to positive territory after falling below zero in the aftermath of the referendum result. The vote to leave the European Union has, however, led to a sharp depreciation of the currency and to concerns about the strength of the UK economy going forward.

The gloomiest forecasts have been proven wrong – for now, at least. With the economy growing at a respectable quarter-on-quarter rate of 0.5% in Q3 2016, a recession in 2016 has definitely been avoided. In addition, the findings in this report show small businesses reporting growth in exports and continued job creation, as well as a declining share of companies operating below capacity.

Having said this, there are indications that 2017 looks set to be a challenging year for the UK economy. At Cebr we expect growth to more than halve between 2016 and 2017 to stand at less than 1% – the weakest performance since the financial crisis.

A key driver of this will be much higher inflation, which now looks almost certain to exceed the Bank of England's central target next year. This will squeeze both household spending power and company profits, in turn leading to lower volumes of consumer spending and business investment. Recent headlines – on the price of Marmite and Apple products – are just the tip of the iceberg, as a wide range of goods and services are set to increase in price over the coming months.

Inflation for businesses and consumers will be driven heavily by the recent depreciation of sterling, which has pushed up import costs. About three in ten small businesses identify it as a main driver of cost pressures this quarter, representing a significant increase from the previous year.

Small businesses remain relatively cautious about investing, and worryingly more businesses expect to stay the same size while fewer expect to expand compared to previous quarters. Against a backdrop of economic uncertainty and rising costs, achieving expansion and profit growth could prove to be a challenge.



Scott Corfe,
Director, Cebr

FSB EXECUTIVE SUMMARY

Key findings this quarter:

- **The Small Business Index (SBI) rebounded at the end of 2016.** After dipping into negative territory (-2.9) in Q3 2016, the SBI has recovered to stand at +8.5 in the final quarter of 2016.
- **Small business confidence stands in negative territory in London and Scotland.** Scotland's economy has performed more poorly than the rest of the UK in recent years, while London's financial and business services sector is highly exposed to a potential loss of access to the EU single market and "passporting" rights for financial services.
- **Small business cost pressures are at their highest level since early 2014.** This quarter, a net balance of 56.6% of small businesses report an increase in their overall cost of operation during the past three months, compared with the same period a year ago. This is the highest net balance since Q1 2014.
- **The weakness of sterling is a key contributor to rising costs.** About three in ten (28.0%) small businesses this quarter state that the exchange rate is a main cause of cost inflation, up from just 5.4% at the end of 2015. The share of small businesses reporting input costs and fuel prices to be a main cause of rising business costs has also increased over the past year.
- **On the other hand, sterling weakness appears to be supporting exports.** A positive net balance of small businesses report export growth in Q4 2016. A net balance of 18.6% of small businesses expect exports to grow over the next three months.
- **Fewer small businesses expect to expand while more expect to remain the same size.** The share of small businesses aspiring to grow over the next 12 months stood at 53.2% in Q4 2016, down from the recent peak of 65.3% seen in Q2 2015. Some 37.5% now expect to remain the same size over the next 12 months, up from 27.4% in Q2 2015.
- **Small businesses report that credit availability and affordability have worsened in the final quarter of 2016.** The number of businesses being offered interest rates in excess of 11% has increased compared to a year ago, while fewer businesses are being offered rates below 4%.

UK MACROECONOMIC OVERVIEW

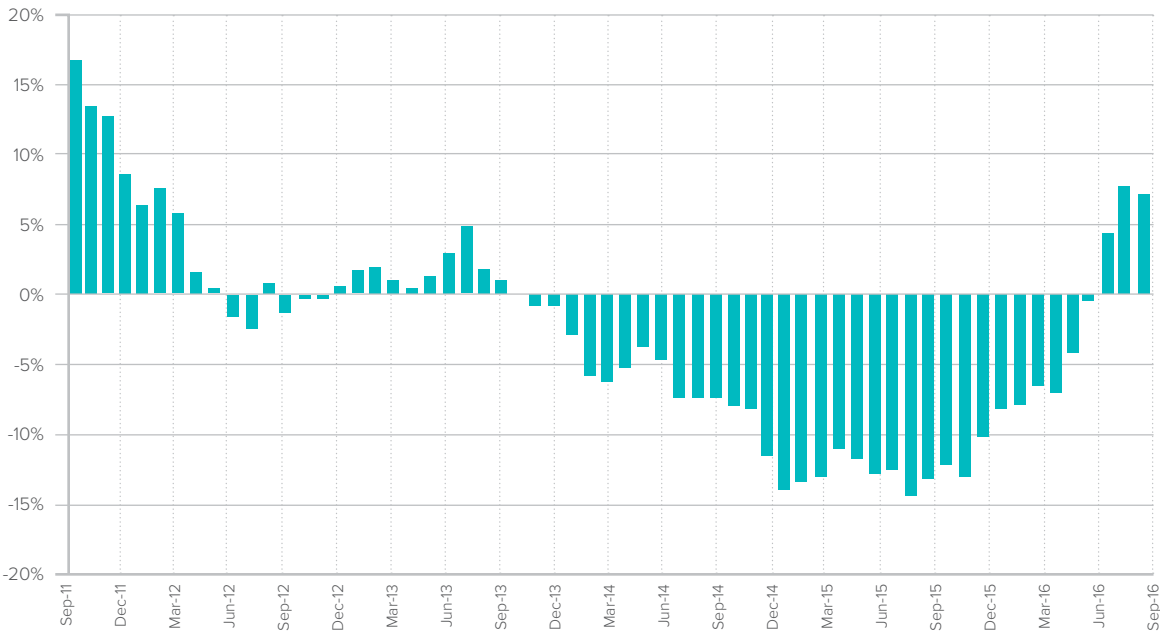
Inflation and Brexit to dominate economic news in 2017.

The UK economy has held up well following the referendum, with predictions of an immediate recession proven wrong. Unemployment has stayed low and GDP growth was better than expected in Q3 2016.

However, 2017 looks set to be a challenging year for the UK economy, with growth possibly slowing to its lowest rate since the financial crisis. The deep depreciation in sterling seen in recent months is going to feed through into much higher inflation in terms of both consumer prices and business costs. Ultimately, this will squeeze household spending power and the ability of businesses to expand and invest. Figure one illustrates that input prices in the manufacturing sector are already starting to increase following a period of decline.

The economic outlook beyond 2017 remains highly uncertain, with huge question marks over the future trading and regulatory environment, as well as the regime for hiring migrant workers going forward. The Government has a difficult balance to maintain; being reticent about possible red lines and concessions is important during a negotiation period, but at the same time a lack of clarity means that businesses may be more reluctant to make long term investments.

Figure one: Manufacturing input prices, year-on-year % change.
Source: Office for National Statistics.



SMALL BUSINESS INDEX

Business confidence recovers following a sustained fall since Q4 2015

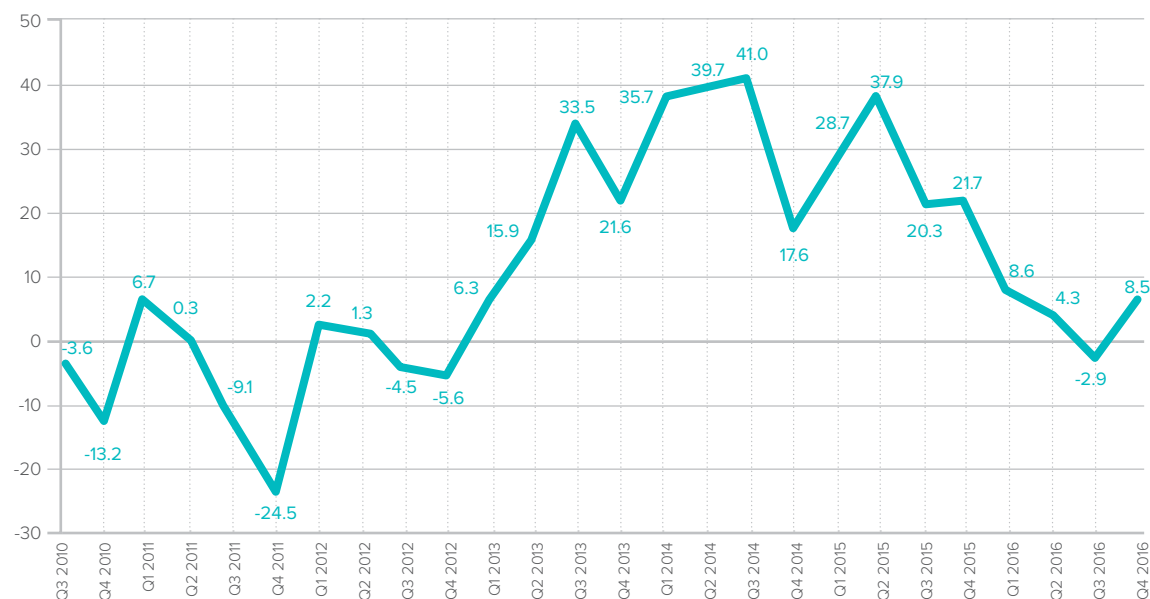
This quarter, the Small Business Index rose to +8.5, returning to positive territory after dropping to -2.9 in Q3 2016. Confidence is now broadly in line with where it was at the start of 2016. Notably, compared with last quarter there has been a significant decline in the share of small companies expecting business performance to worsen over the next three months, with the proportion falling from 41.2% to 32.4%.

The decline in confidence in the previous quarter probably reflected concerns about the health of the UK economy following the referendum, which led to a sharp depreciation in sterling and many economic commentators predicting a steep economic

slowdown. Since then, actual economic data has broadly been better than expected. The first estimate of UK GDP in Q3 2015 showed quarter-on-quarter growth of 0.5% – greater than consensus predictions. The consumer side of the economy also continues to be supported by low unemployment. In addition, there are tentative signs that manufacturing exporters are benefitting from the weakness of sterling, which has made their goods more price competitive overseas.

As such, signs of economic resilience have contributed to higher levels of business confidence in the short term economic outlook.

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.

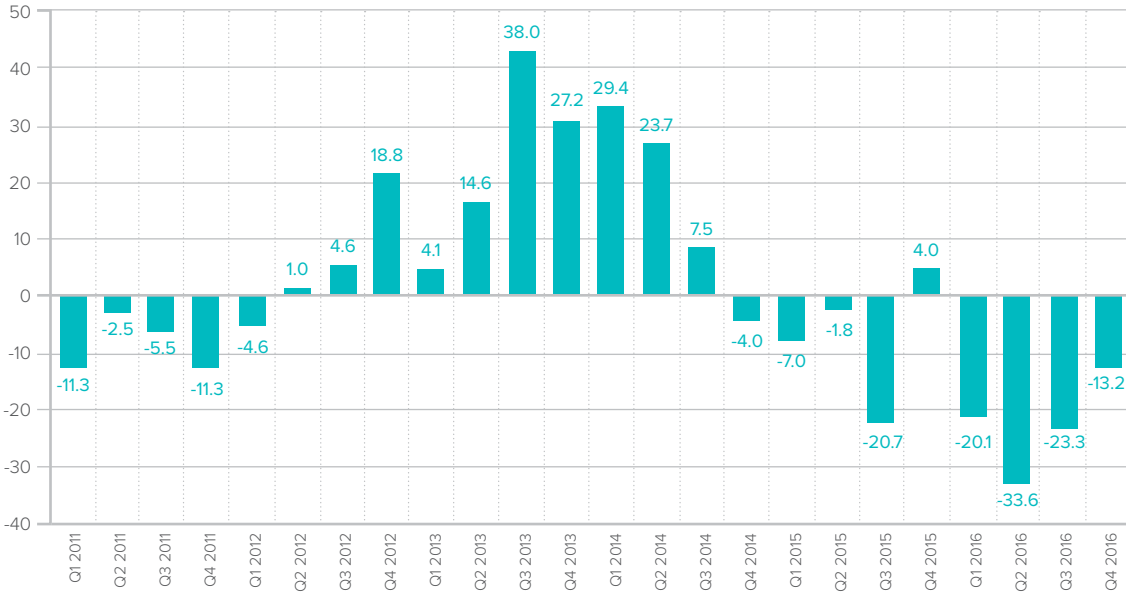
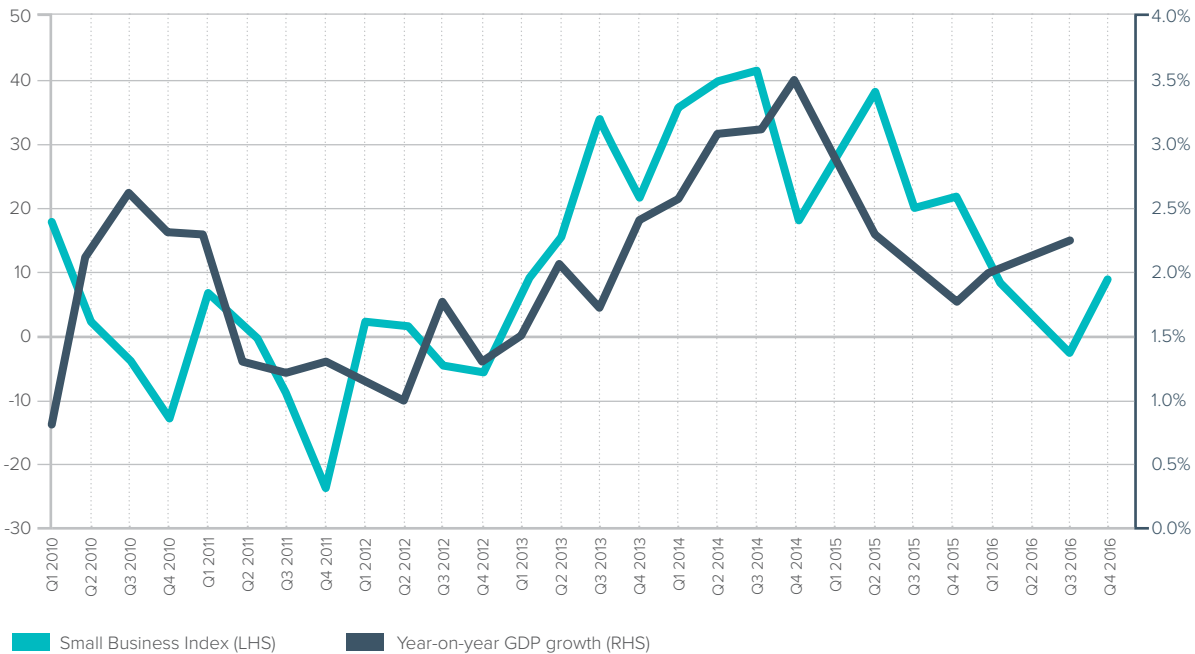


Figure four: UK SBI against year-on-year UK GDP growth.
Source: FSB - Verve 'Voice of Small Business' Panel Survey..



REGIONAL SMALL BUSINESS INDICES

Marked drop in confidence in
London and Scotland

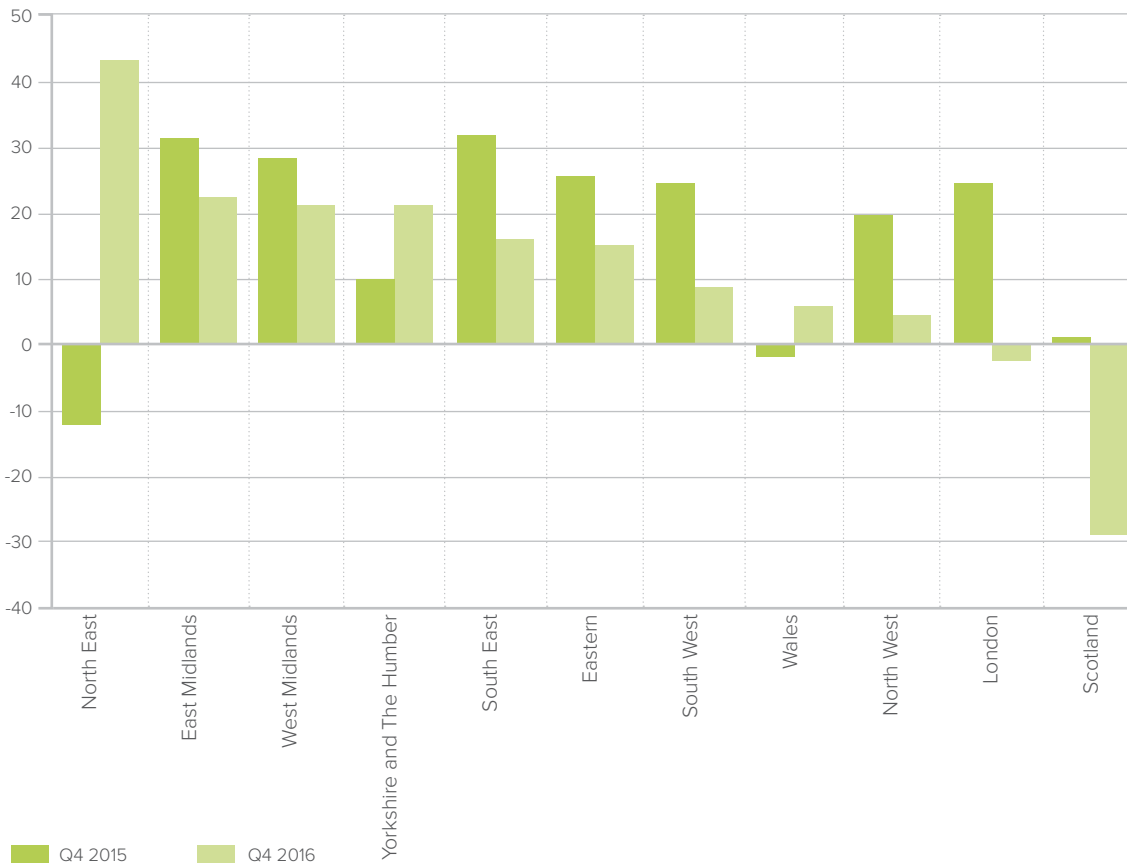
CONFIDENCE INDEX LOWEST IN SCOTLAND AND LONDON

Small business confidence stands in negative territory in Scotland and London this quarter, with confidence in both regions sharply lower than a year ago.

Scotland's economy has been performing poorly in recent quarters, with the latest GDP data for Q2 2016 showing growth of just 0.7% compared with a year ago, a third of the 2.1% seen for the UK as a whole. The country's oil industry has been deeply affected by the collapse in energy prices which occurred in 2014, while the construction sector is also contracting – output was down 4.5% on a year ago in Q2.

The weakness of small business confidence in the capital is likely to partly reflect ongoing concerns about the impact of leaving the EU on London's economy. The majority of Londoners who voted in the referendum wanted to remain in the EU, and the capital's important financial and business services sectors stand to potentially lose substantial sums of money in the event of a poor negotiation outcome. In particular, the loss of 'passporting' rights for financial services could cause companies in the sector to relocate to other markets. Question marks also loom over whether some multinational companies will move their headquarters out of London over the coming years.

Figure five: FSB SBI – regional variation in small business prospects over coming three months. Source: FSB - Verve 'Voice of Small Business' Panel Survey.²



² The sample size for the North East figure was small and data should only be seen as offering an indication of a pattern, not as clear evidence. Survey data for Northern Ireland is not included in this graph due to a low volume of responses from Northern Ireland being received this quarter.

SMALL BUSINESS SECTOR INDICES

Dramatic variation in
confidence by sector

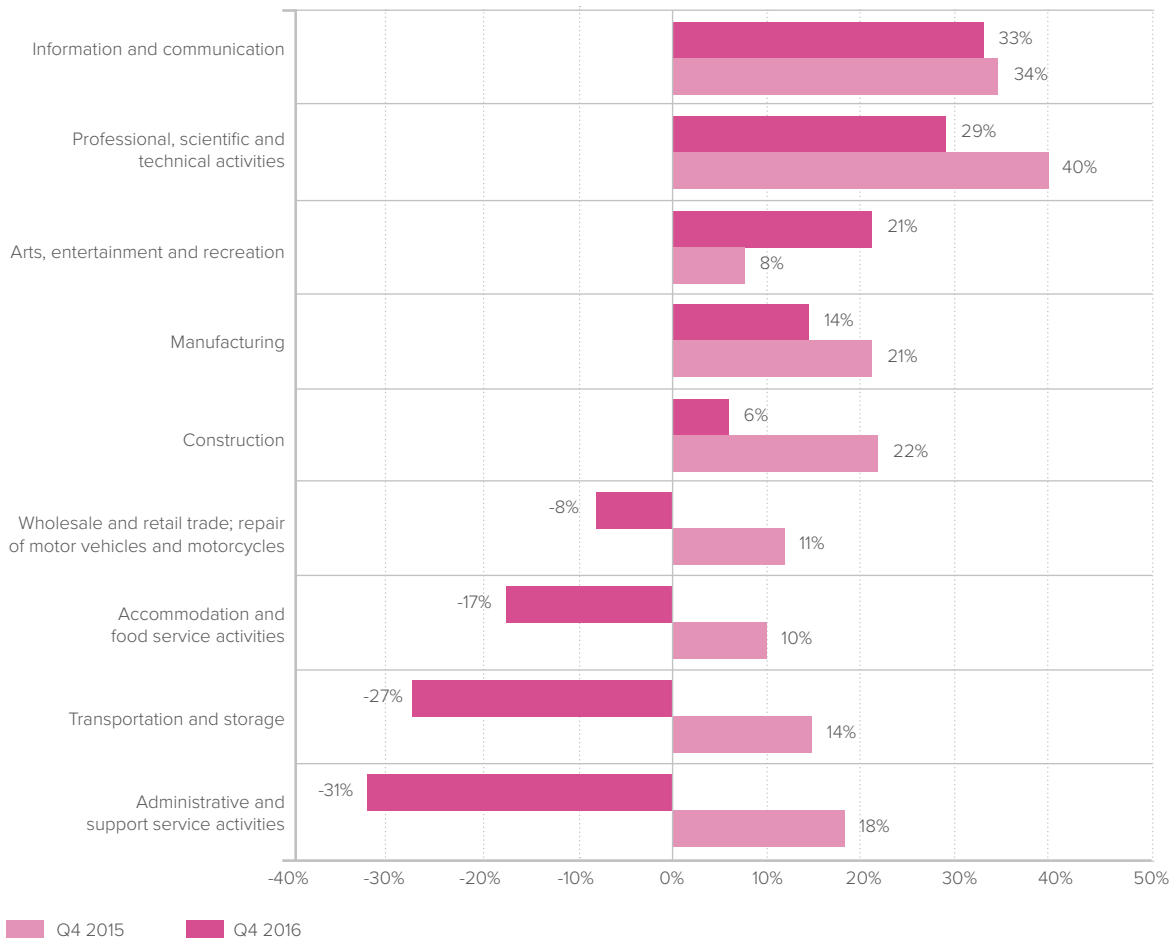
VERY MIXED PICTURE FOR CONFIDENCE BY SECTOR

Compared with a year ago, the sectoral variation in small business confidence has become much wider. While confidence is holding up in fast-growing industries such as information & communication and professional, scientific & technical activities, small business confidence is weaker across a range of sectors.

Over the past year, confidence has swung into negative territory in the retail & wholesale sector and in the accommodation & food services sector, likely reflecting increased price competition and the cost pressures created by the introduction of the National Living Wage.

Confidence is lower in the manufacturing and construction sectors than professional services and information & communication, possibly reflecting their recent economic performance. Data from the Office for National Statistics (ONS) show that growth in the UK economy in Q3 2016 was entirely due to the services sector, with output actually falling back in the construction and production industries.

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



REVENUE AND PROFITABILITY

Only a net balance of 6.2%
of small businesses expect
profits to rise

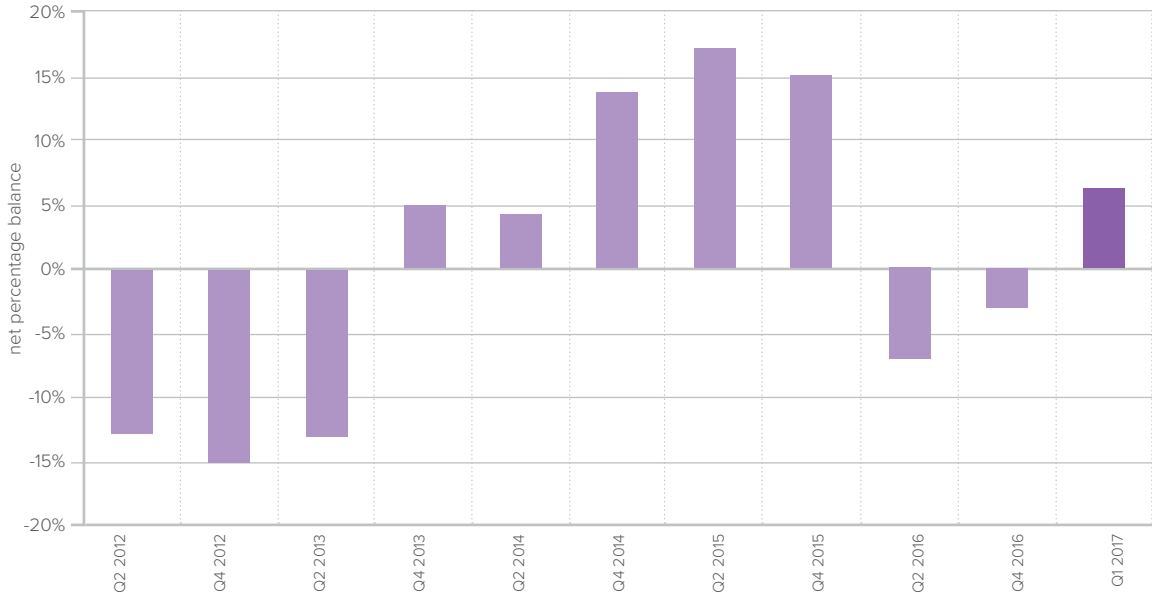
PROFITS CONTINUE TO FALL

A net balance of small businesses continue to report a decline in gross profits this quarter. This is despite the fact that small businesses report declining levels of spare capacity, which points to higher levels of demand for goods and services sold. This suggests that rising costs and price competition are leading to an erosion of profit margins across much of the small business community.

A net balance of 6.2% of small businesses expect profits to rise over the next three months. While this may be achievable, small firms may struggle to achieve profit growth next year, when cost inflation is set to rise dramatically as the depreciation of sterling translates into higher import costs.

These rising costs could be compounded by a weakening environment for consumer and business-to-business spending, as well as cost pressures created by other Government policies. A net balance of 4.7% of small businesses in the retail sector, which is struggling with fierce price competition and rising wage bills, expect profits to decline over the next three months.

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

A net balance of 18.6% of small businesses expect exports to grow over the next three months

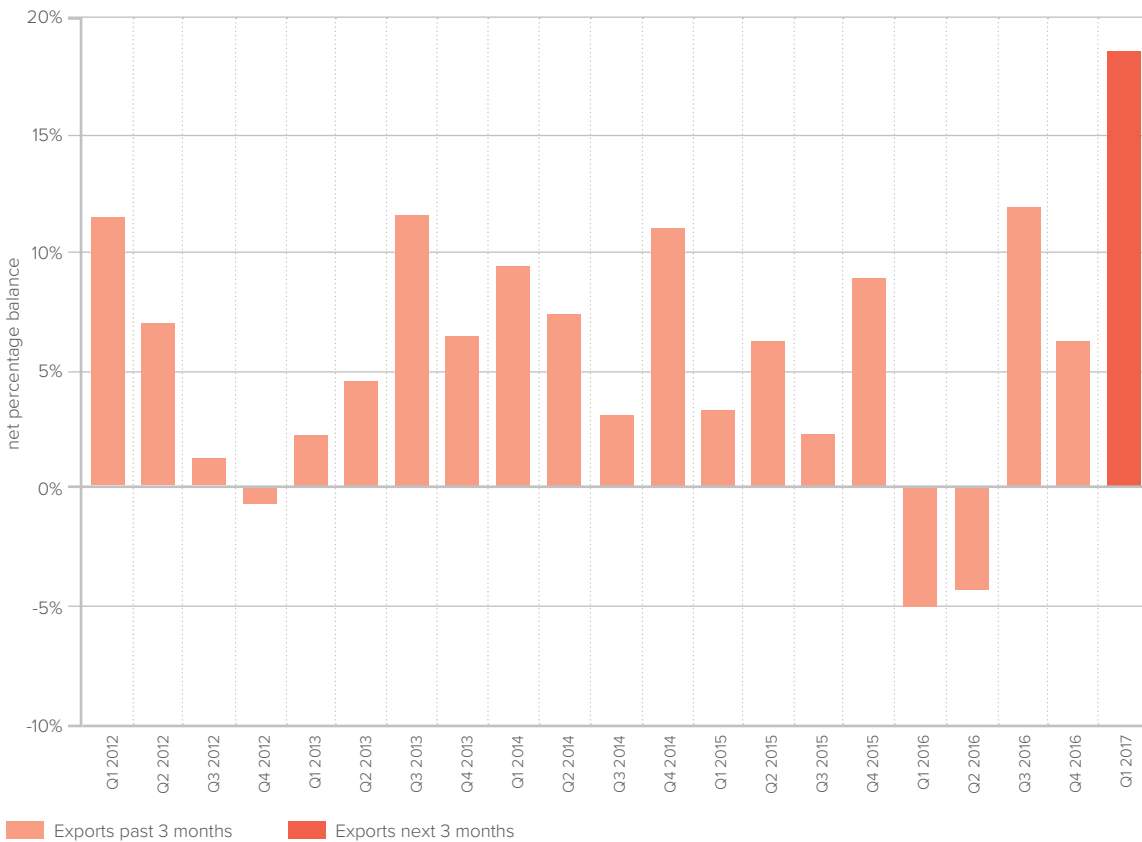
EXPORTS GROW, SUPPORTED BY WEAK STERLING

A net balance of 6.1% of small businesses report export growth for the second consecutive quarter in Q4 2016. Even more positively, a net balance of 18.6% of small businesses expect exports to grow over the next three months.

Already there are signs emerging that the sharp depreciation in sterling that has occurred since the referendum has had a positive impact on demand for UK exports, particularly in the manufacturing sector. The Manufacturing Purchasing Managers' Index (PMI) produced by Markit/CIPS shows a notable rise in export orders in October, which should translate into increased trading activity over the coming months – an early sign that a weaker currency has made British products more attractive and price competitive.

Having said that, the currency depreciation is a double-edged sword for many manufacturers, given that it also pushes up import costs. In the October Markit/CIPS Manufacturing PMI about 90% of companies reporting rising import costs made reference to the exchange rate. FSB survey findings shown in the next section of this report also suggest a significant increase in exchange rate-related cost pressures for small businesses.

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

28% of small businesses state that the exchange rate is a main cause of cost inflation

COST PRESSURES AT HIGHEST LEVEL SINCE Q1 2014

This quarter, a net balance of 56.6% of small businesses report an increase in their overall cost of operation during the past three months, compared with the same period a year ago. This is the highest net balance since Q1 2014.

The inflationary environment for both consumers and businesses is set for a drastic change over the coming months, as the weakness of sterling translates into a significant increase in the price of imported goods and services. About three in ten (28.0%) small businesses this quarter state that the exchange rate is a main cause of cost inflation, up from just 5.4% at the end of 2015. The exchange rate now represents the third largest reported driver of cost inflation for small businesses. Unsurprisingly, given the currency movements, the share of small businesses reporting input and fuel prices to be a main cause of inflation has also increased over the past year.

Ultimately these cost pressures are likely to translate into higher consumer prices. Price competition in sectors such as retail in recent years has left profit margins at low levels, leaving little room for many companies to fully absorb increases in costs. The Bank of England expects consumer price inflation to overshoot its central target of 2% over the next two to three years.

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.

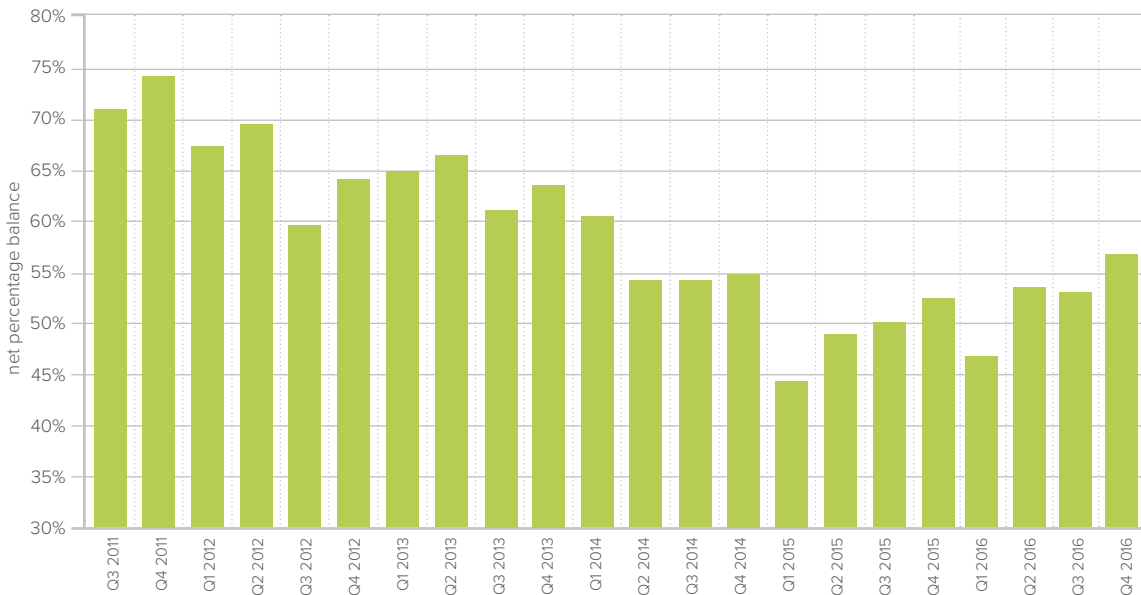
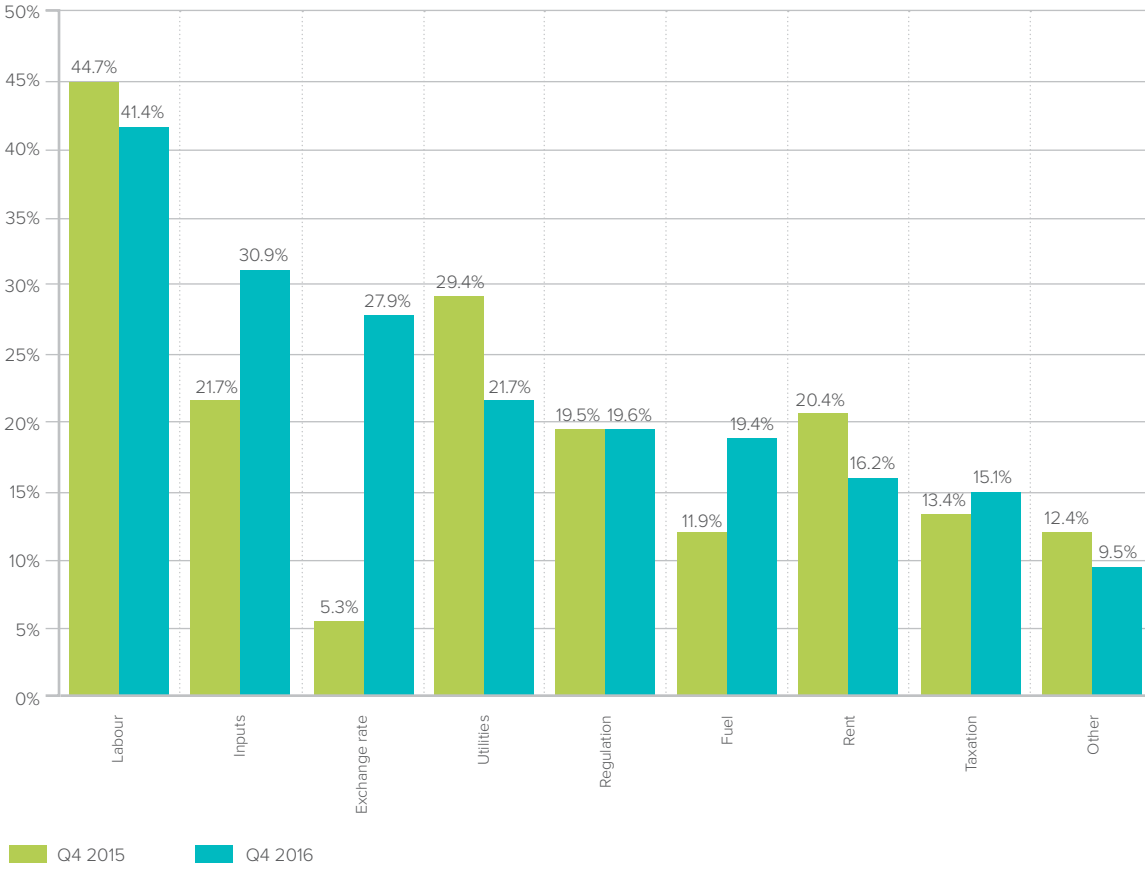


Figure 10: Main causes for changing business costs (firms may give multiple answers).
 Source: FSB - Verve 'Voice of Small Business' Panel Survey.



CAPACITY

44% of small businesses
operating below capacity

SPARE CAPACITY EXPECTED TO DECLINE

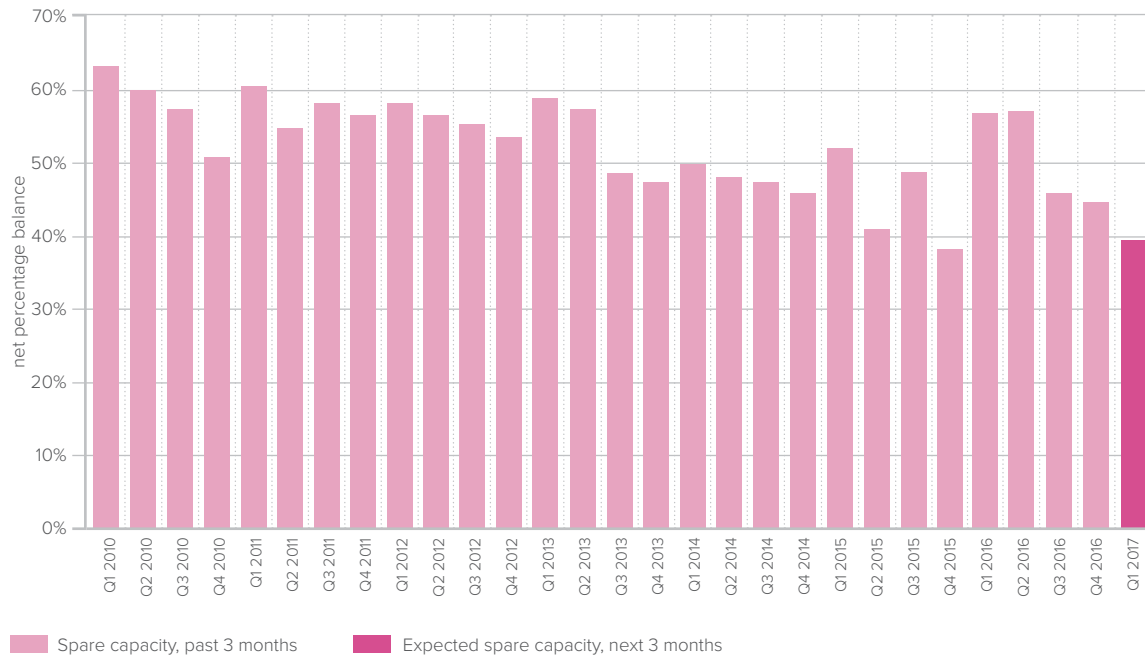
A net balance of 44.2% of small businesses report operating below capacity in Q4 2016, marginally down from 45.8% in the previous quarter though above the 37.9% seen in the same quarter a year ago.

These findings are in line with the latest data on the underlying strength of the UK economy, which showed continued expansion in Q3 2016. Leading indicators point to growth in the final quarter of the year too.

Spare capacity is in theory a key determinant of the future path of interest rates as set by the Bank of England. The continued decline in spare capacity supports the case for keeping interest rates on hold rather than cutting further – for now at least. Declining spare capacity should also encourage companies to invest and expand capacity, though as we show later in this report, small businesses remain reluctant to do so.

Figure 11: Businesses running below capacity, net percentage balance – proportion below capacity less proportion above capacity.

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



EMPLOYMENT

Second consecutive quarter
of job creation

SMALL BUSINESS JOB CREATION CONTINUES

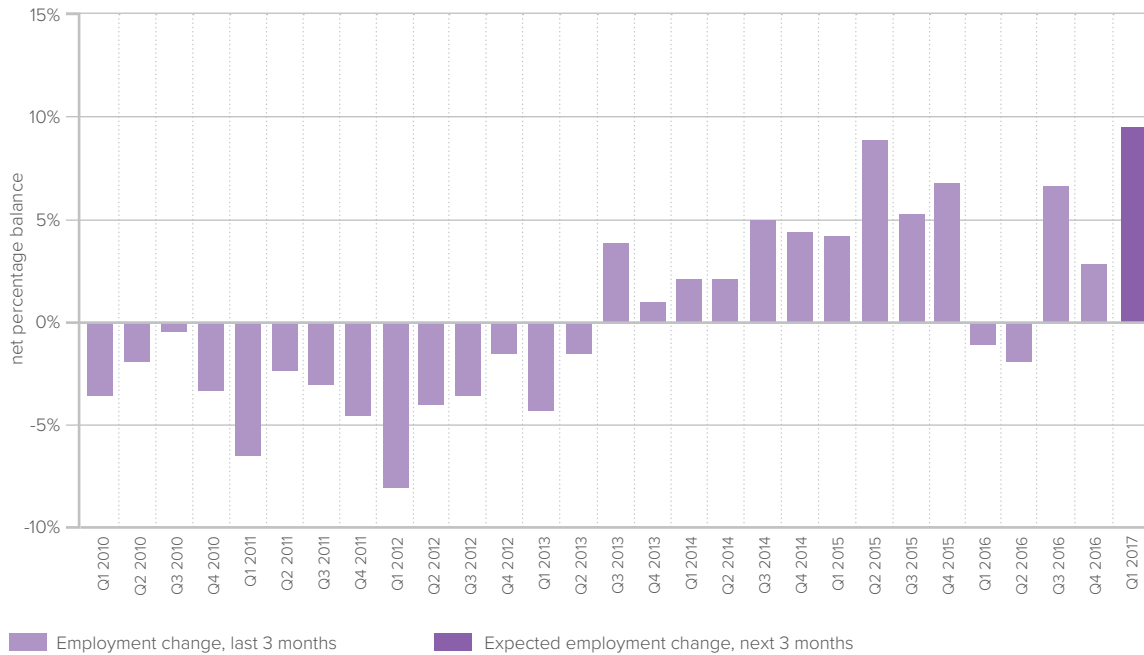
This quarter, a net balance of 2.9% of small businesses report increasing headcount. This is down from 6.8% in Q3 2016 but is the second consecutive quarter of job creation following signs of declining headcount in the first half of 2016. Encouragingly a net balance of 9.6% of small businesses expect to increase headcount over the next three months.

The latest findings could reflect the fact that the share of small businesses operating below capacity is continuing to decline, and this share is expected to decline further over the next three months – creating a need for more employees to meet expected demand for goods and services.

Despite the high degree of economic uncertainty at present, the UK labour market continues to perform relatively strongly. The unemployment rate stood at just 4.8% over the three months to October and the employment rate stood at its joint highest level since records began in 1971.

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.



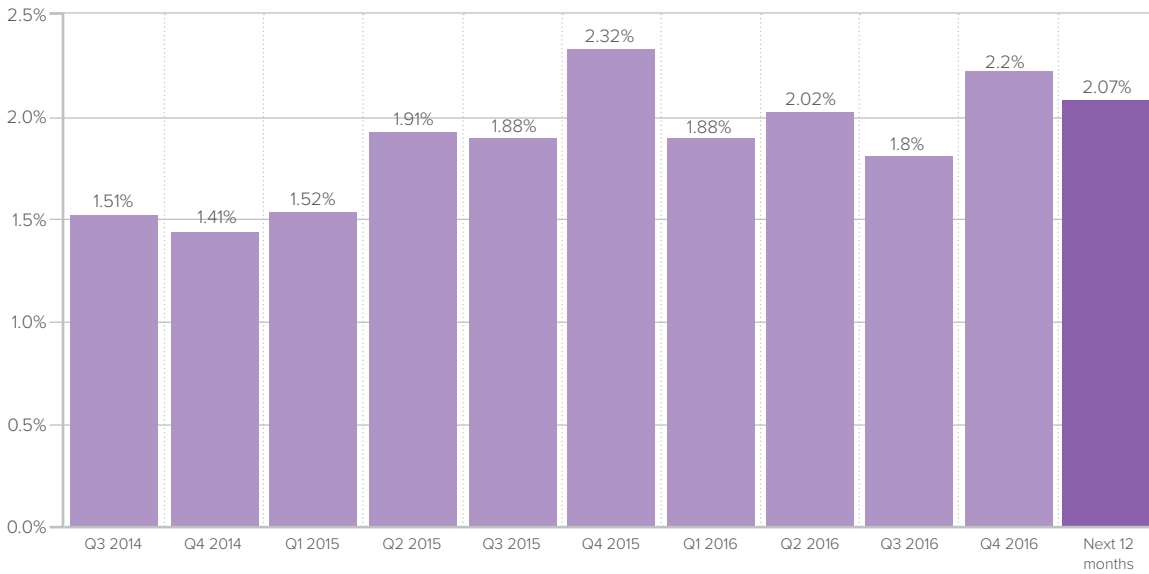
PAY GROWTH SLOWS

Year-on-year small business wage growth stood at 2.2% in Q4 2016, up from 1.8% in Q3 2016. Pay growth is expected to decline slightly to 2.1% for the next 12 months.

These findings for small business pay are broadly in line with ONS data for the wider labour market, which also show subdued levels of earnings growth. Over the three months to October 2016, year-on-year regular pay growth stood at 2.6%, slightly higher than the growth rate seen over the three months to September (2.4%).

Employee earnings growth across the UK remains much lower than the average growth of 4% seen between 2001 and 2007. This is something of a mixed bag for small businesses. While pay restraint means that labour cost pressures can be better controlled, it also suppresses the incomes of households who are prospective customers of small businesses. With inflation relatively low at present, this is not too much of a concern, but many expect rising price growth next year to erode consumer spending power, squeezing sectors such as retail.

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

Share of small businesses
aspiring to grow falls to 53.2%

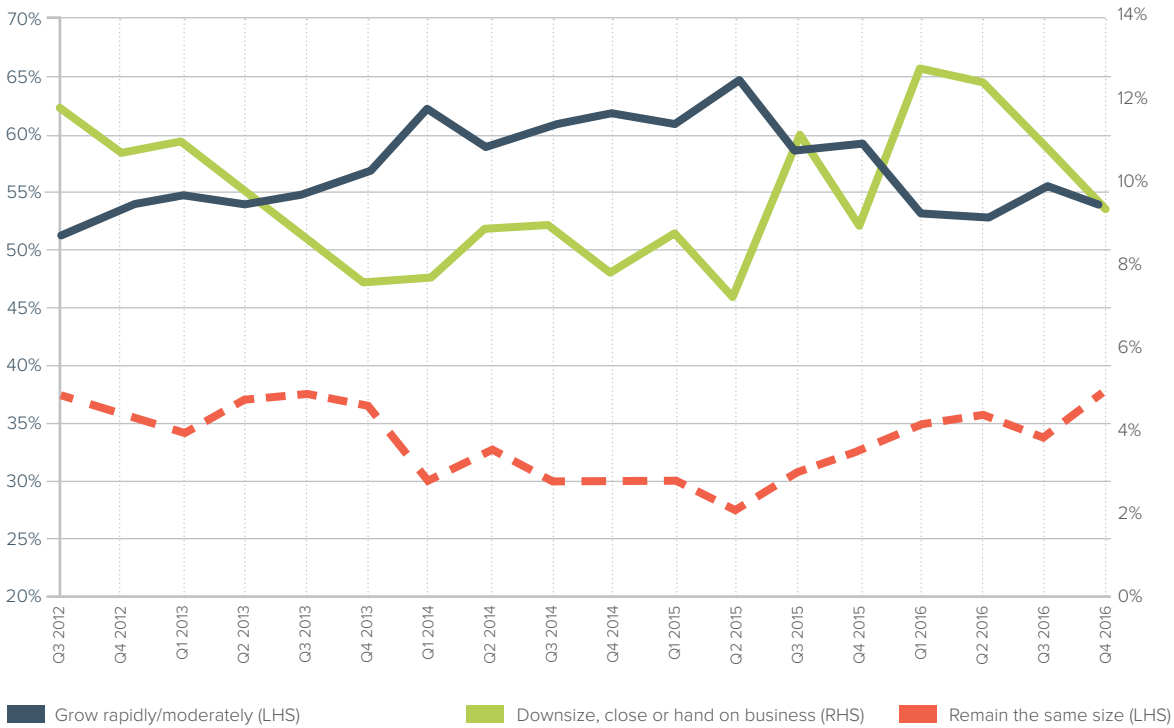
MORE BUSINESSES EXPECT TO STAY THE SAME SIZE

The share of small businesses aspiring to grow over the next 12 months stood at 53.2% in Q4 2016, down from 59.3% in the same quarter of 2015 and the recent peak of 65.3% seen in Q2 2015.

As the UK economy has lost some momentum since 2015, small businesses appear to have adjusted their growth aspirations accordingly. Some 37.5% now expect to remain the same size over the next 12 months, up from 27.4% in Q2 2015.

There remain some bright spots, however. In the fast-growing information & communication sector, three quarters (75.0%) of small companies expect to grow rapidly or moderately over the next 12 months. As we showed earlier, business confidence in this sector remains high and has held fairly steady over the past year.

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



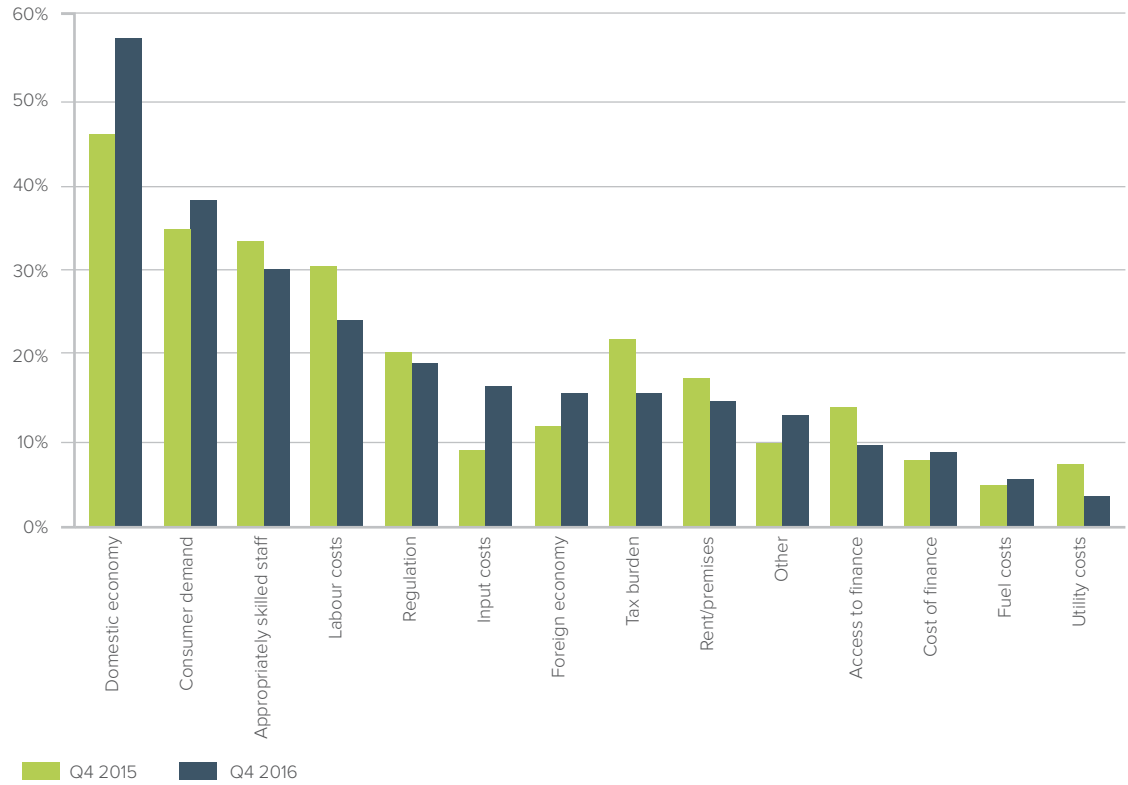
INPUT COSTS BECOME MORE OF A BARRIER TO GROWTH

The domestic economy remains a major barrier to growth aspirations this quarter, with 56.7% reporting it as an obstacle to achieving growth aspirations. This is up from 45.9% a year ago, but notably it is below the 62.1% seen in Q3 2016. This suggests that signs of UK economic resilience in recent months, such as better-than-expected GDP data, have lessened concerns in the small business community.

Unsurprisingly – amid widespread concerns about rising inflation and the depreciation of sterling – the share of small businesses reporting input costs to be a barrier to growth has risen from 8.7% in Q4 2015 to 16.2% in Q4 2016.

Input costs are a particular challenge for manufacturers, with 37.8% of small businesses in the sector reporting it as an obstacle to growth aspirations this quarter. Data from the ONS on producer costs show that manufacturing input prices rose 7.2% in the year to September 2016 – implying significant cost pressures for the sector.

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

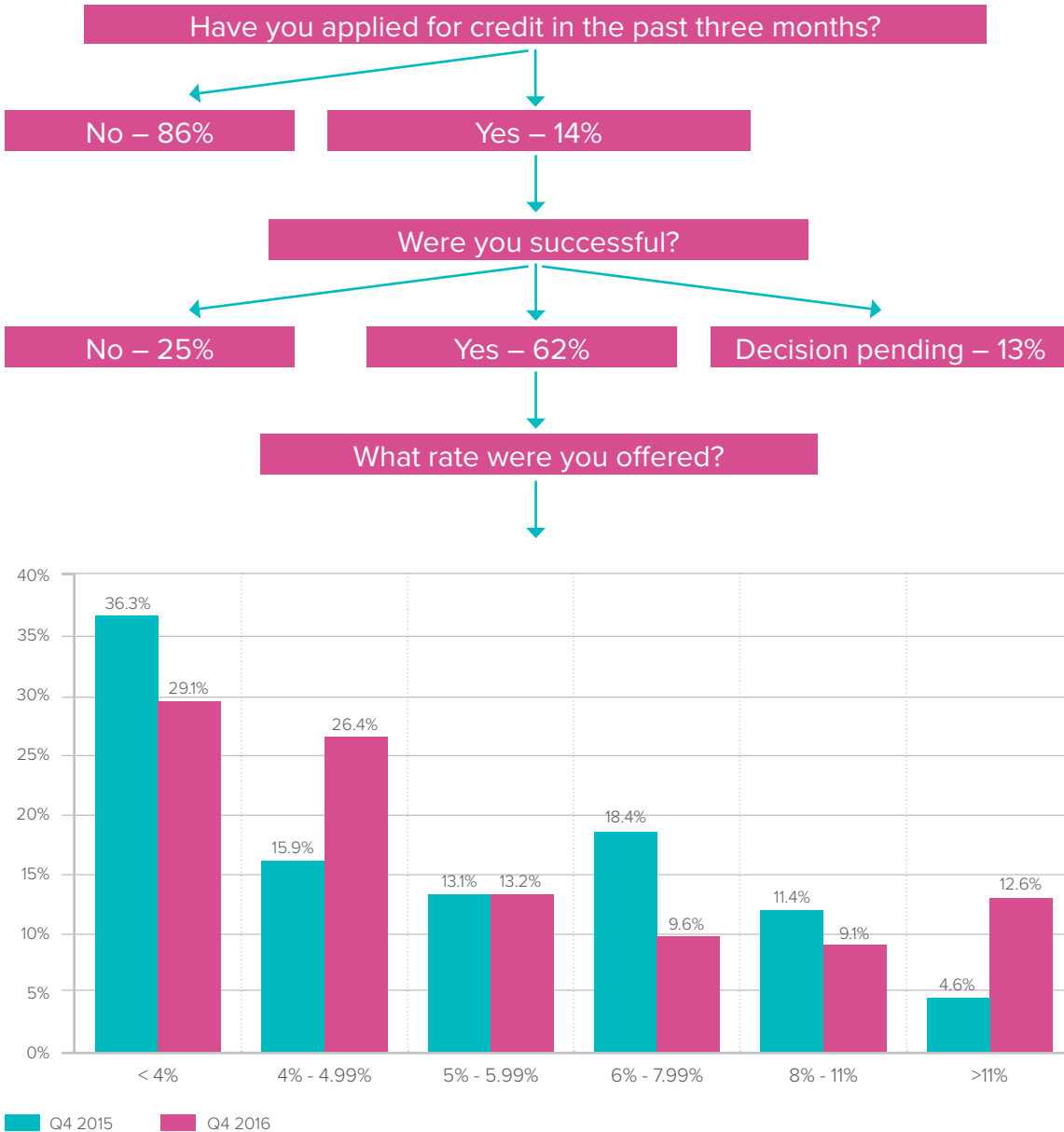


CREDIT

Level of successful credit applications declines

CREDIT CONDITIONS SHOW SIGNS OF WORSENING

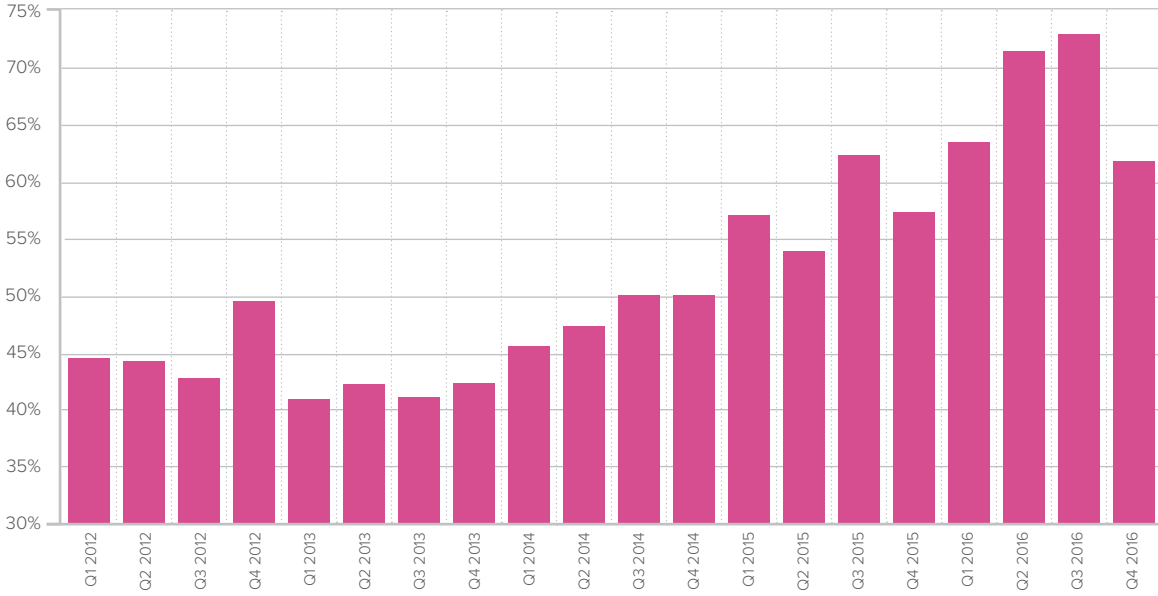
Figure 16: Credit applications and interest rates offered.
 Source: FSB - Verve 'Voice of Small Business' Panel Survey. Respondents were able to give multiple answers to this question.



The share of small businesses successful in their credit applications stood at 62% this quarter – down from success rates of over 70% in Q2 and Q3 2016. In addition, over the past year, there has been an increase in the share of small businesses being offered interest rates of over 11%, and a decrease in the share being offered rates of under 4% - suggesting that the cost of credit is becoming more of an issue in addition to the availability of credit.

The lending landscape continues to evolve with decreasing dependency on bank loans and overdrafts. Among small businesses that applied for credit this quarter, 29.8% used asset-based finance such as invoice finance, more than double the 13.7% seen a year ago.

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 WORSE

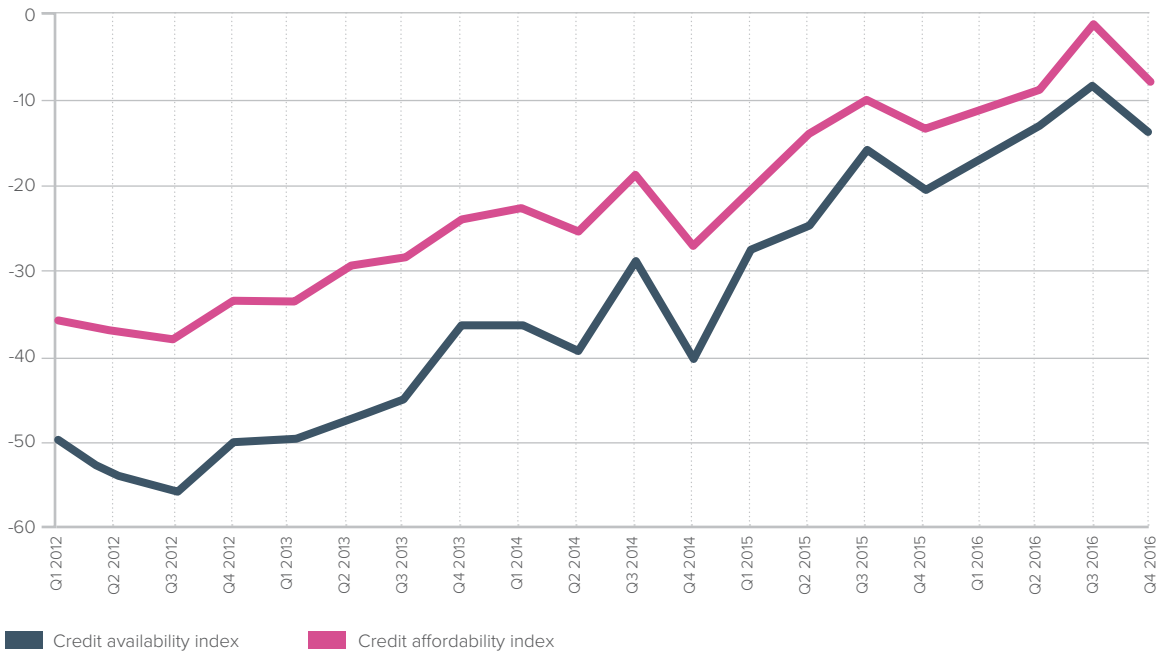
Small businesses report that credit availability and affordability have worsened in the final quarter of 2016, in line with reports of declining success in applying for credit and higher rates of interest being charged.

The findings come despite the Bank of England maintaining the base rate of interest at a historic low of 0.25%.

Hopefully, the latest movements in credit affordability and availability are a blip rather than the start of a downward trend. One positive development for small businesses has been the introduction of a new requirement for larger banks to offer a referral to a designated online finance platform if an application for finance has been unsuccessful. This should help some small businesses access finance.

The announcement of new funding of £400m for the British Business Bank to improve access to finance is also a positive that should help boost credit. The British Banking Insight (BBI) website and the Business Finance Guide are now even more important as a way to raise awareness of different options, which will be key as conditions tighten.

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

Capital investment intentions has
fallen compared to last year

INVESTMENT INTENTIONS REMAIN SUBDUED

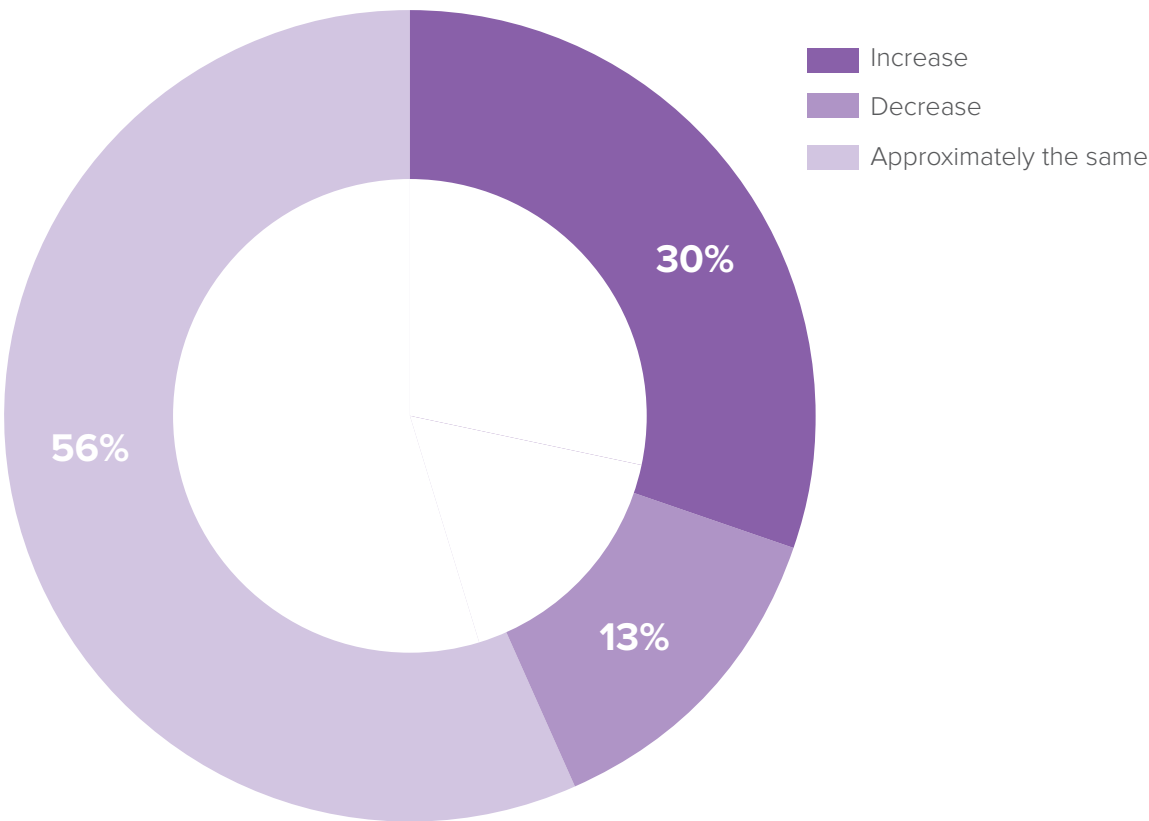
In Q4 2016, a net balance of 17.1% of small businesses intend to increase capital investment over the next quarter compared with the previous quarter – notably up from 11.4% in Q3 2016. The increase in small business confidence over this period has probably made companies more willing to invest.

Having said that, the net balance of small businesses intending to increase capital investment is significantly down on the recent peak of 31.9% seen in Q2 2015. The deterioration in credit availability and affordability this quarter are threats to investment, as is the general level of economic uncertainty. The fact that a rising share of small businesses expect to remain the same size also points to a relatively subdued outlook for investment growth.

Low levels of investment in turn translate into low rates of productivity growth, something which has dogged the UK economy since the financial crisis. Small companies may choose to hire more staff rather than invest in productivity-increasing technologies, contributing to an ongoing “productivity puzzle” that could remain in place over the coming years.

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 the October 2016 research survey of FSB members carried out by Verve. All panel members (6,135) 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 20%. The data are weighted by regional gross value added to match the profile of small businesses across the UK. The survey was undertaken between 26 September and 14 October 2016.

SUMMARY DATA TABLE

	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Small Business Index	+17.6%	+28.7%	+37.9%	+20.3%	+21.7%	+8.6%	+4.3%	-2.9%	+8.5%
Employment - previous three months	+4.4%	+4.2%	+8.9%	+5.3%	+6.7%	-1.0%	-1.9%	+6.8%	+2.9%
Employment - coming three months	+7.1%	+10.0%	+14.2%	+8.2%	+7.3%	+7.1%	+6.6%	+4.9%	+9.6%
Exports – previous three months	+10.9%	+3.1%	+6.1%	+2.2%	+8.8%	-5.1%	-4.2%	+11.7%	+6.1%
Exports – coming three months	+18.6%	+16.5%	+20.7%	+16.1%	+21.0%	+15.9%	+12.0%	+17.9%	+18.6%
Credit availability - rated good or very good	13.3%	16.2%	16.6%	23.5%	18.2%	20.8%	26.0%	26.3%	23.7%
Credit availability - rated poor or very poor	61.7%	50.4%	47.3%	41.6%	43.6%	39.1%	39.6%	36.5%	39.1%
Credit affordability - rated good or very good	18.1%	19.6%	26.2%	27.6%	23.3%	24.9%	25.3%	32.3%	27.5%
Credit affordability - rated poor or very poor	54.4%	46.4%	42.4%	38.8%	40.7%	37.7%	37.4%	34.2%	36.9%

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.

Q4

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