

Jobwise

UK Business Outlook 2024



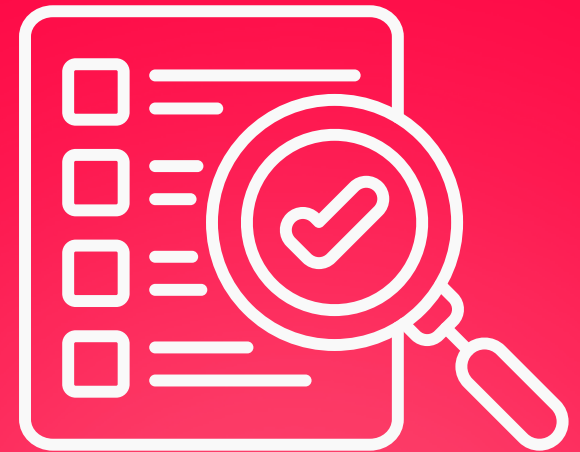
About the report

This report reveals how confident UK private sector businesses feel about their prospects for the next 12 months.

The findings in this report have been produced by S&P Global and are based on a survey of around 12,000 manufacturers and service providers that are asked to give their thoughts on future business conditions.

The survey uses net balances to indicate the degree of optimism or pessimism for each of the survey questions. These net balances vary between -100 and 100, with a value above 0 signalling a positive outlook for the coming 12 months.

The countries included in the Global Outlook within the manufacturing and service sector surveys are Brazil, China, France, Germany, India, Italy, Japan, Russia, Spain, the Republic of Ireland, the UK and the US.



Contents

[Overview](#)

[Key findings](#)

[Employment and Investment](#)

[Inflation and profits](#)

[Global Outlook](#)

[Get in touch](#)

Overview

UK manufacturing optimism rebounds to highest for over two years

UK companies showed a robust level of confidence towards future business activity in June, according to the latest S&P Global Business Outlook survey. A net balance of +44% of UK private sector firms expect business activity to grow in the next 12 months, with confidence particularly strong in manufacturing, where optimism hit its highest point since February 2022. While the service sector also showed positive expectations, its confidence was slightly lower than earlier in the year, coming in at +42%.

Companies cited product innovation, investment, market expansion, and rising customer demand as key drivers for anticipated growth. They also hoped for interest rate cuts to boost demand. However, firms identified ongoing price pressures and uncertainty around the change in government as potential risks, though concerns about higher prices impacting activity were at their lowest in over three years (32%).

Key Findings

- UK producers at their most confident since February 2022
- Service sector optimism in June
- Output price and staff expectations drop to the lowest in over three years
- Investments plans to improve amid hopes of interest rate cuts
- Profit forecasts ease but remain stronger than 2023 levels



Employment and Investment

In June, UK companies showed increased optimism about boosting capital expenditure and research & development, while their hiring intentions declined from February.

The net balance of firms expecting higher capital spending rose to its highest since February 2022, driven by strong manufacturing revenue +9% forecasts and hopes for lower borrowing rates. Manufacturing led this trend, with a net balance increase from +7% to +15%, while services remained stable at +8%.

Research & development expectations turned positive for the first time in a year, with manufacturing seeing a sharper rise. Despite this, companies were slightly less optimistic about hiring, with the net balance for expected staffing growth dropping from +24% to +19%. Goods producers were more optimistic about job growth, while service providers showed less confidence, often citing AI adoption as a means to improve productivity and reduce costs.

Inflation and profits

June's Business Outlook survey indicated a further easing of UK inflation expectations, with predictions for staff costs, non-staff costs, and output prices all lower than in February. Output price expectations dropped to their weakest in over three years (+39%), though all these metrics remained above their long-term averages and were the highest among the 12 countries surveyed. Non-staff costs, influenced by rising shipping prices due to global supply chain issues, were particularly high, especially in the services sector.

Wage expectations were strong, with +66% of firms anticipating salary increases by June 2025, especially in manufacturing. While service sector predictions for output price increases were the lowest since February 2021, manufacturers expected the highest factory gate price inflation in over a year.

Profit outlooks diverged between sectors: +35% of manufacturers expected earnings to rise, the highest in three years, while service sector expectations, though positive, declined from February. Overall, UK profit expectations were significantly more optimistic than the global average.

Global Outlook

Global business sentiment stable midway through 2024

- Companies remain optimistic regarding the year-ahead outlook
- Service providers more confident than manufacturers
- Sentiment in the US the highest in more than two years
- Little sign of slowdown in inflation
- Capex plans scaled up, employment expectations stable



For insights tailored to your area, speak with one of our friendly team members today.

Get in touch:



0345 313 7450



hello@jobwise.co.uk



[jobwise.co.uk](https://www.jobwise.co.uk)

Jobwise

