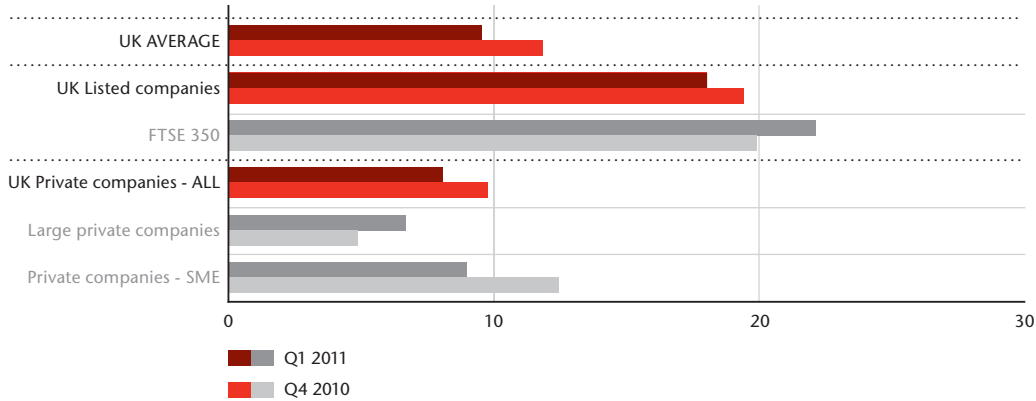


TRENDS IN BUSINESS CONFIDENCE

TYPE

FIG. 14 TREND OF BUSINESS CONFIDENCE BY COMPANY TYPE



As with last quarter, listed companies record higher confidence than private companies. While the Confidence Index is 18.1 for listed companies in Q1 2011, it is only 8.1 for private firms.

CONFIDENCE REMAINS WEAKER FOR PRIVATE COMPANIES

This quarter, confidence among private companies remains below that of listed companies. Listed companies are more likely than private firms to be internationalised. Operating internationally, their fortunes are less closely tied to UK economic trends, so they will be less exposed to the impact of the weakening UK domestic demand which is expected over the years ahead.

The less positive outlook among private firms may also relate to their greater reliance on bank finance than is the case for listed firms.

According to the Bank of England's January *Trends in Lending* report, access to bank finance remains historically tight, with credit conditions tighter for small businesses than for large corporates. However, other research by ICAEW has established that SME 'demand for debt finance remains muted and is not expected to rise dramatically in the short to medium term while businesses continue to tread water'.

LISTED FIRMS' CONFIDENCE STILL ABOVE AVERAGE • CREDIT TIGHT BUT SME DEMAND FOR FINANCE MUTED