

WELCOME



The first quarter of the 2012 *ICAEW/Grant Thornton Business Confidence Monitor* (BCM) indicates that this will be another year of uncertainty for businesses. While there has been no significant deterioration in business performance, BCM does reveal some threats to economic growth this year. Scaled-down investment plans, low increase in headcount and static exports are all disappointing in the context of what needs to happen for GDP to rise.

Of course, there are exceptions and some companies are doing very well – but tough times remain ahead for many. Consumer demand will continue to fall as people face little or no salary increases and public sector job losses have a bigger impact on employment figures. The private sector pick-up which the government is relying on is looking increasingly like wishful thinking. With no clear way out from the economic mire, the forthcoming Budget will need to give confidence to business and a sense of optimism about the future.



Michael D M Izza
Chief Executive
ICAEW



The key performance indicators in the BCM remain weak, and the concern for business is that domestic and international demand will remain low as we see unemployment continue to rise in 2012 and wages remain static. Exports remain an important factor for growth but, with the eurozone still in crisis, it is no surprise that businesses are shielding themselves from the potential risks of growing their overseas markets.

However, these figures are perhaps not as bad as many anticipated and, individually, many of the companies surveyed are anticipating growth, albeit on a very restricted level.

This mirrors the position in particular of many of the medium-sized businesses we serve; they are more confident that they will be able to ride out this storm than they are in the economy as a whole, and are playing it safe until a degree of stability and certainty returns to their domestic and global markets and they opt for a more expansive path.



Scott Barnes
Chief Executive Officer
Grant Thornton