

# GM Quarterly Economic Briefing Q2 2025

25<sup>th</sup> June 2025

Subrahmaniam Krishnan-Harihara

Deputy Director - Research & Information Systems

GM Chamber



# Quarterly Economic Briefing

Welcome & Introduction

Chris Fletcher, *Policy Director, GM Chamber*

QES presentation

Subrahmaniam Krishnan-Harihara, *Deputy Director –  
Research & Information Systems*

Results commentary and Q&A

Yvette Fitzhenry ACCA, Frwrđ Accounting & Fractional FD  
Subrahmaniam Krishnan-Harihara  
Chaired by: Chris Fletcher

#GMEconomics for tweets



# What is the Quarterly Economic Survey (QES)?

- The Greater Manchester QES is part of the UK's largest and most reliable business confidence survey
- GM Chamber administers the survey in GM and co-ordinates the North West QES, which goes to the BCC.



National QES results are used by the likes of HM Treasury, Bank of England and OECD for decision making.



GM QES is the primary source of economic intelligence in Greater Manchester.

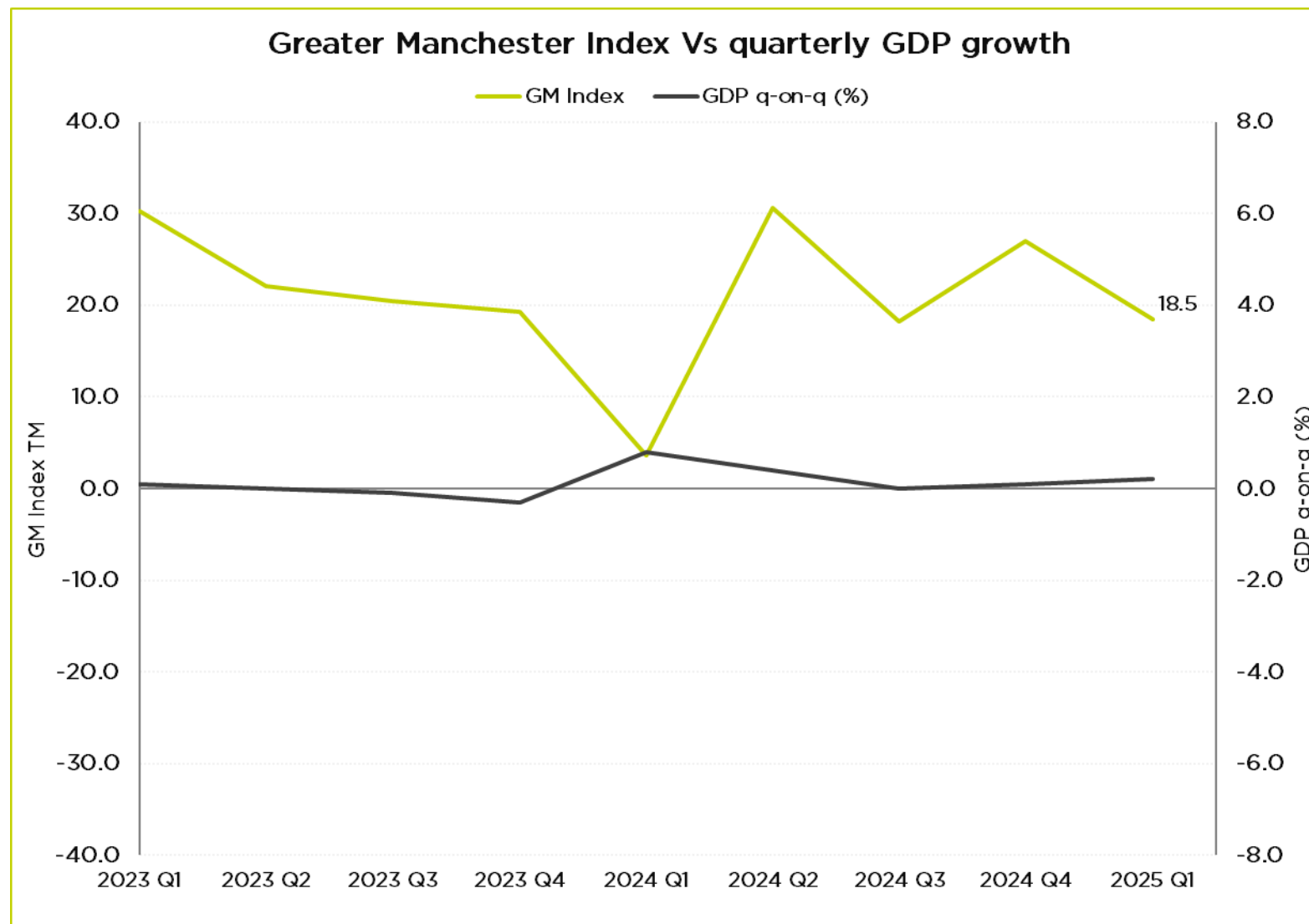


From the QES results, we calculate the GM Index™, a composite economic indicator for the GM Economy.



The findings are presented to Greater Manchester Combined Authority's Economic Resilience Group and the 10 councils in GM for local decision making.

# Where were we last quarter?



- GM Index in Q1 2025: **18.5**
- Particular weakening in international and labour demand

Source: GMCC QES, ONS GDP Quarter on Quarter growth: CVM SA %

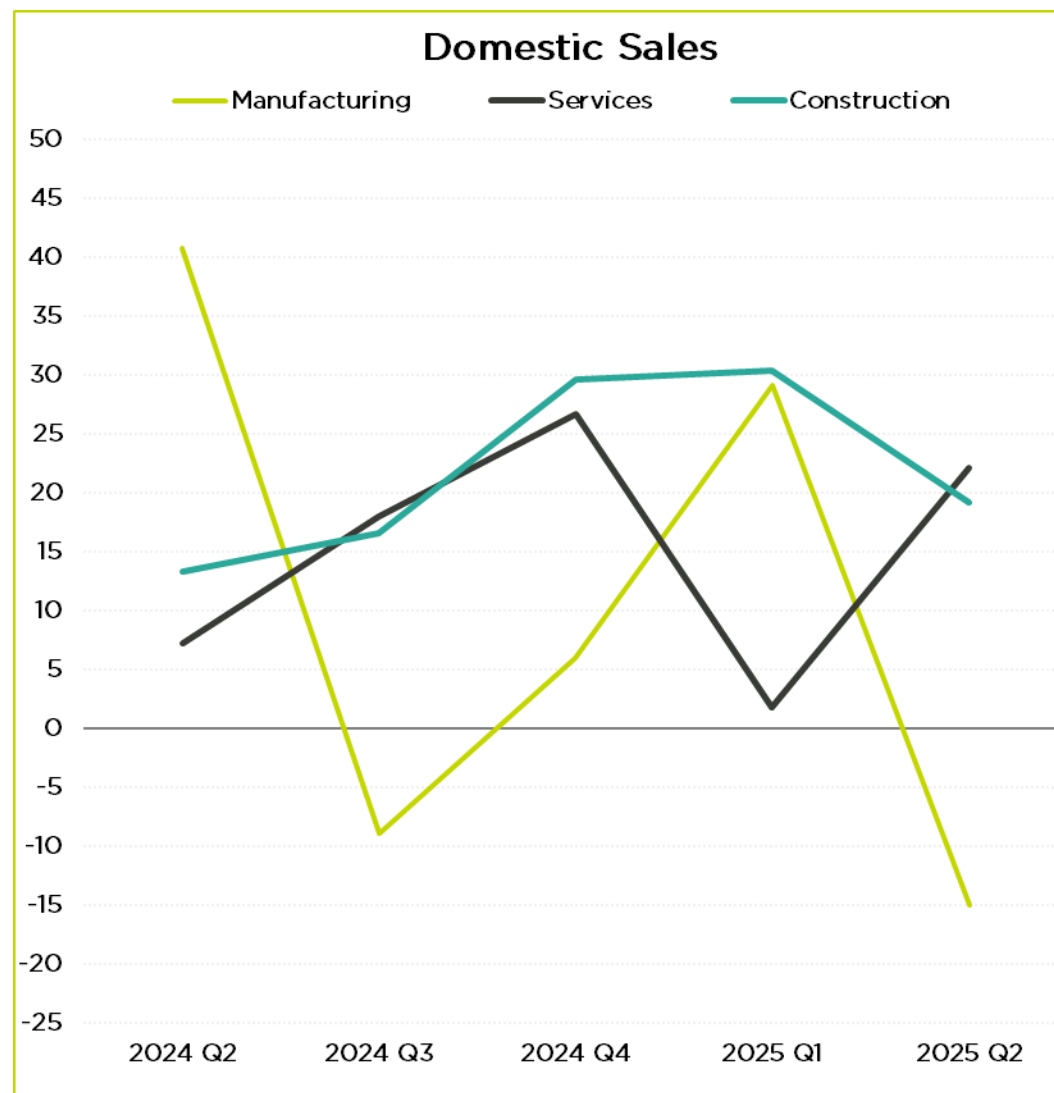
# Where are we now?



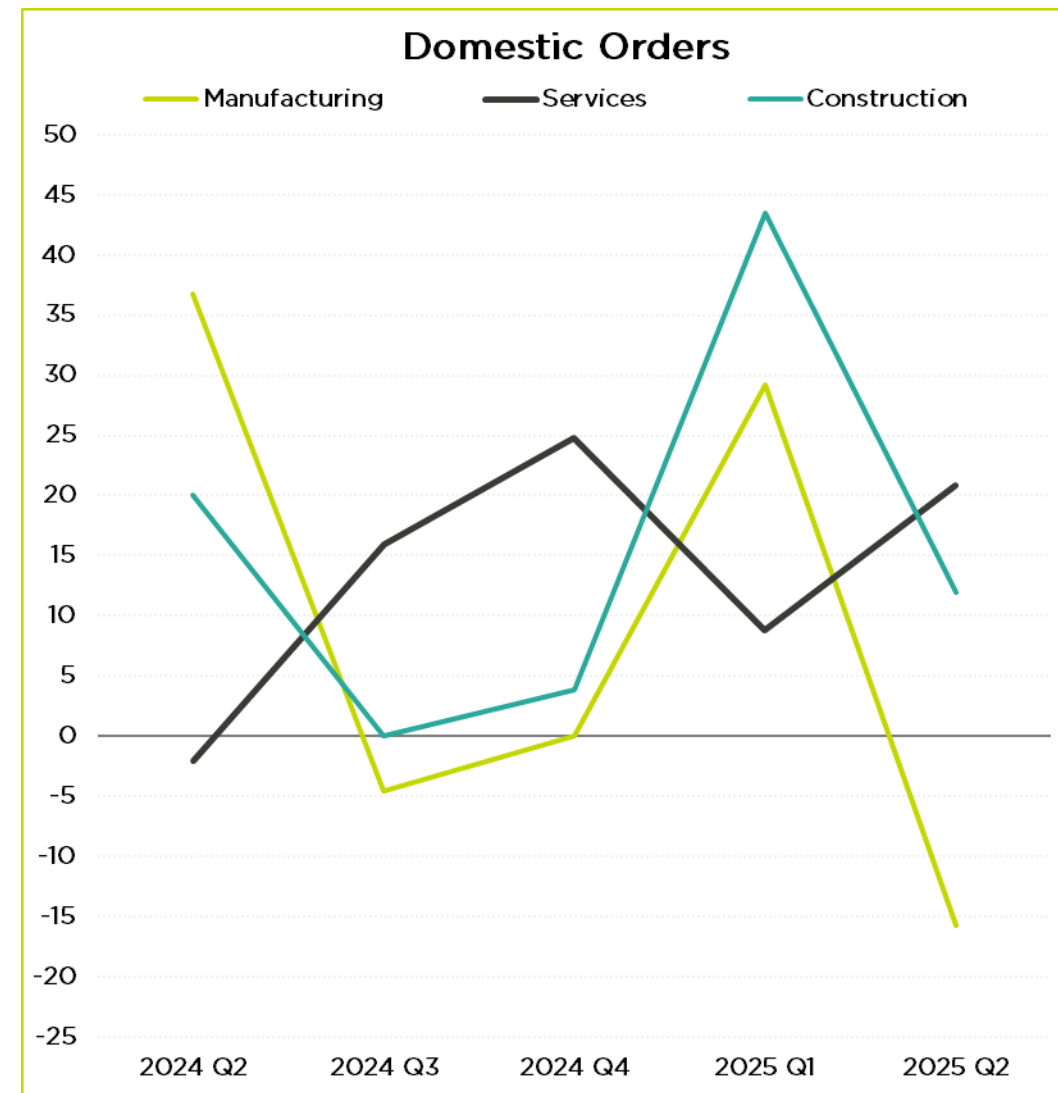
- GM Index in Q2 2025: **16.0**
- Above expected GDP growth of 0.7% in Q1 2025
- Weakening seen in April
- Inflation remains above target: CPI of 3.5% in April and 3.4% in May
- Potential impact of NMW / NLW and NIC increases on employment.
- PMI indices:
  - Services: 50.9
  - Manufacturing: 46.4
  - Construction: 47.9

Source: GMCC QES, ONS GDP Quarter on Quarter growth: CVM SA %

# Domestic Demand: sectoral



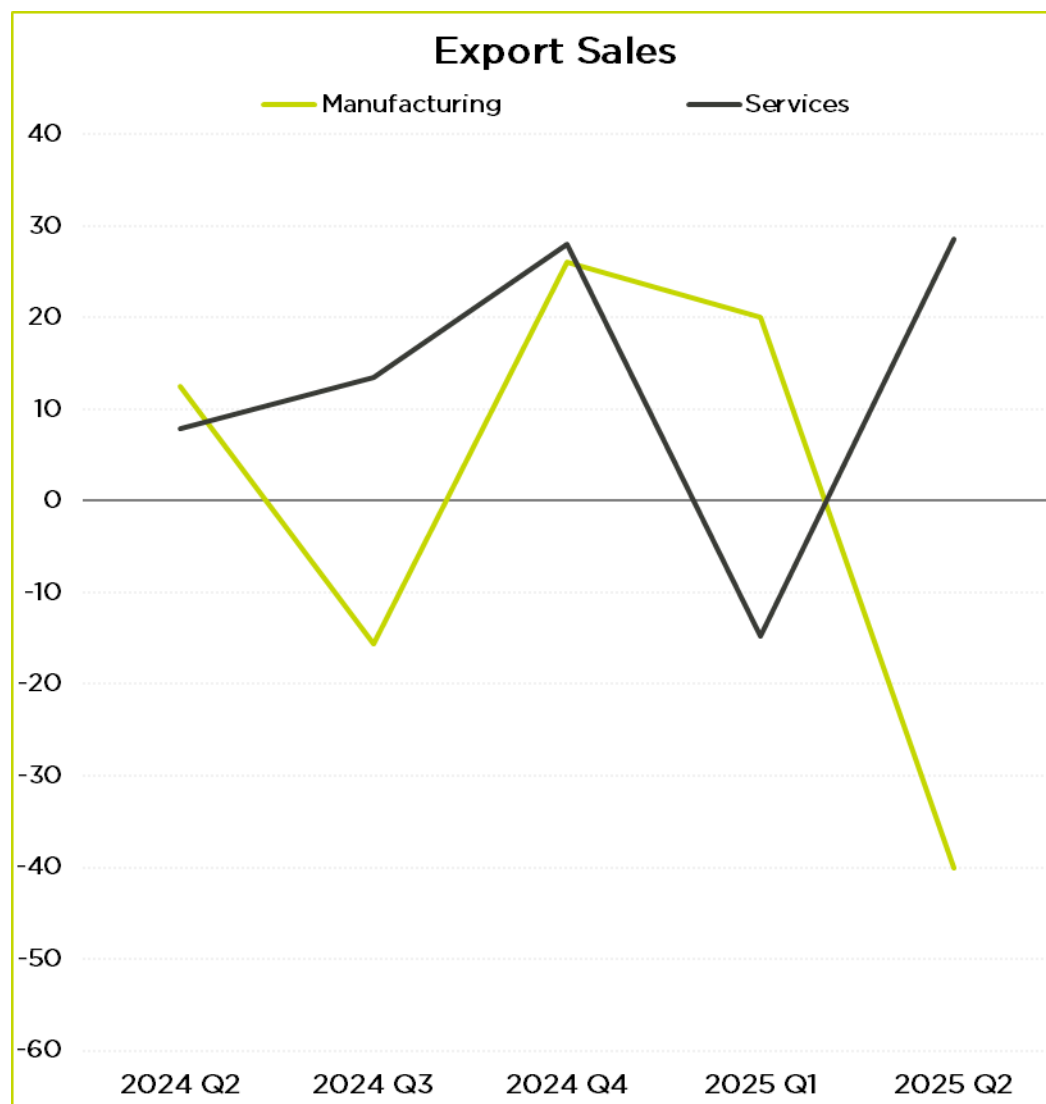
Source: GMCC QES



Source: GMCC QES



# Export demand: sectoral



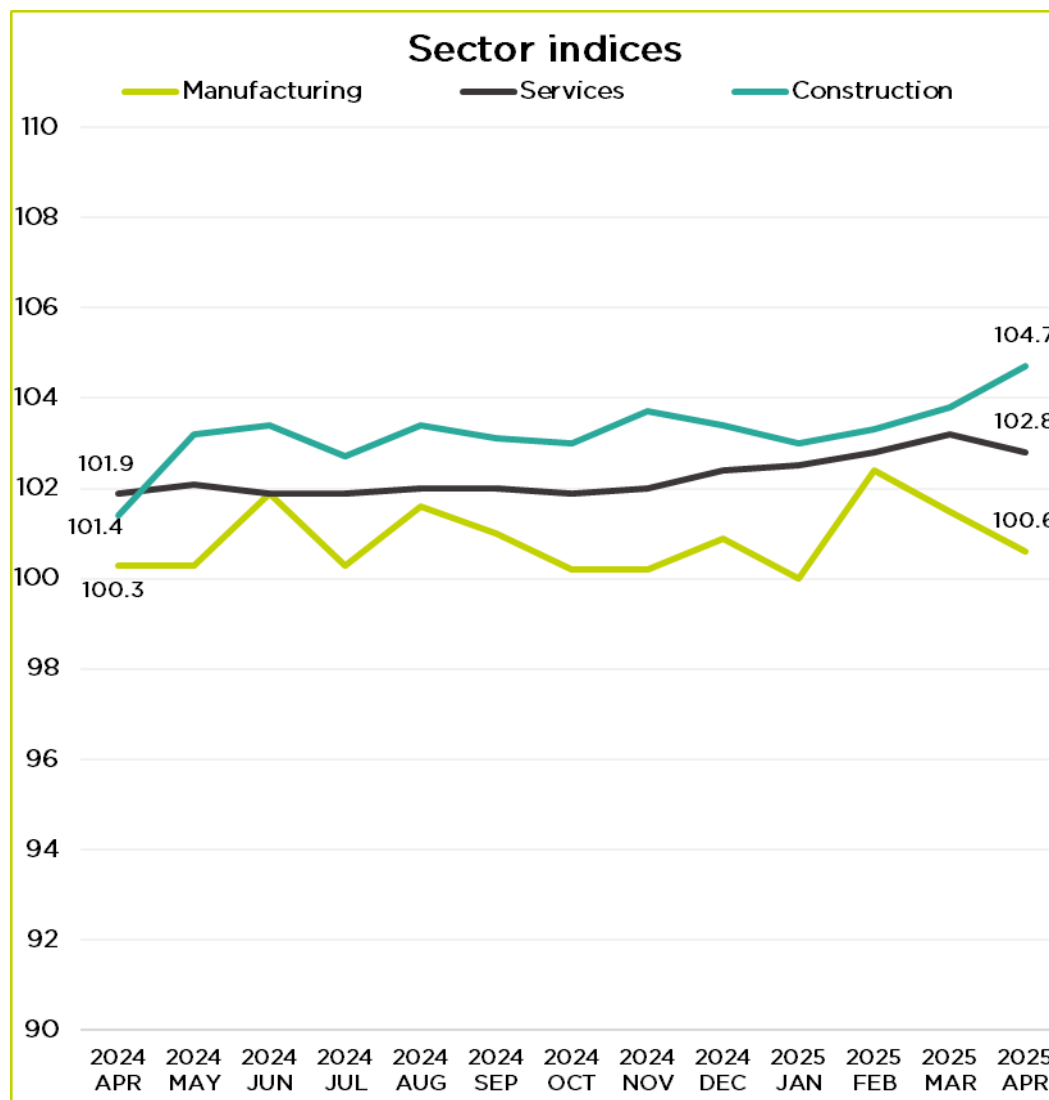
Source: GMCC QES



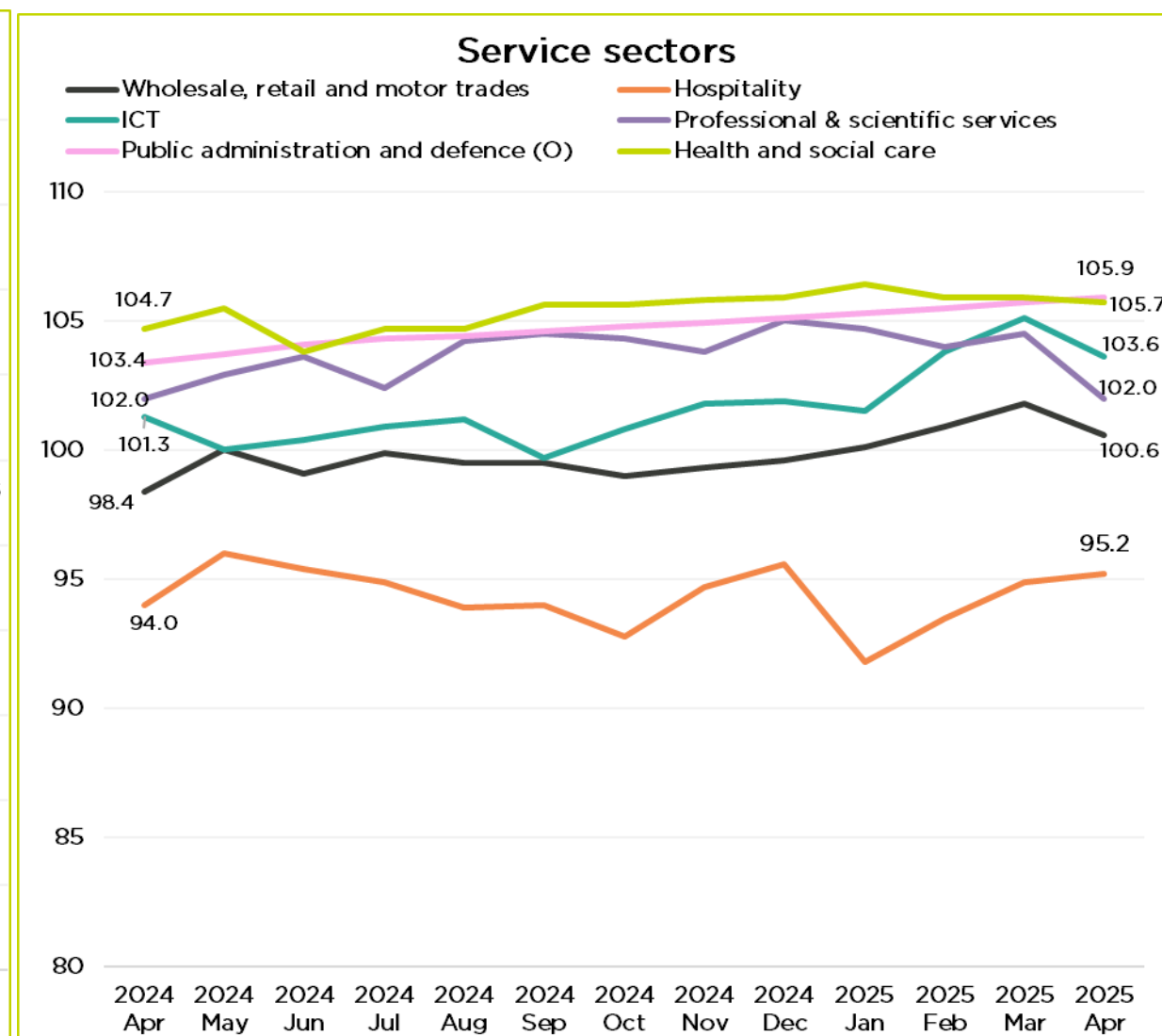
Source: GMCC QES



# UK Sector Performance (indices)



Source: ONS

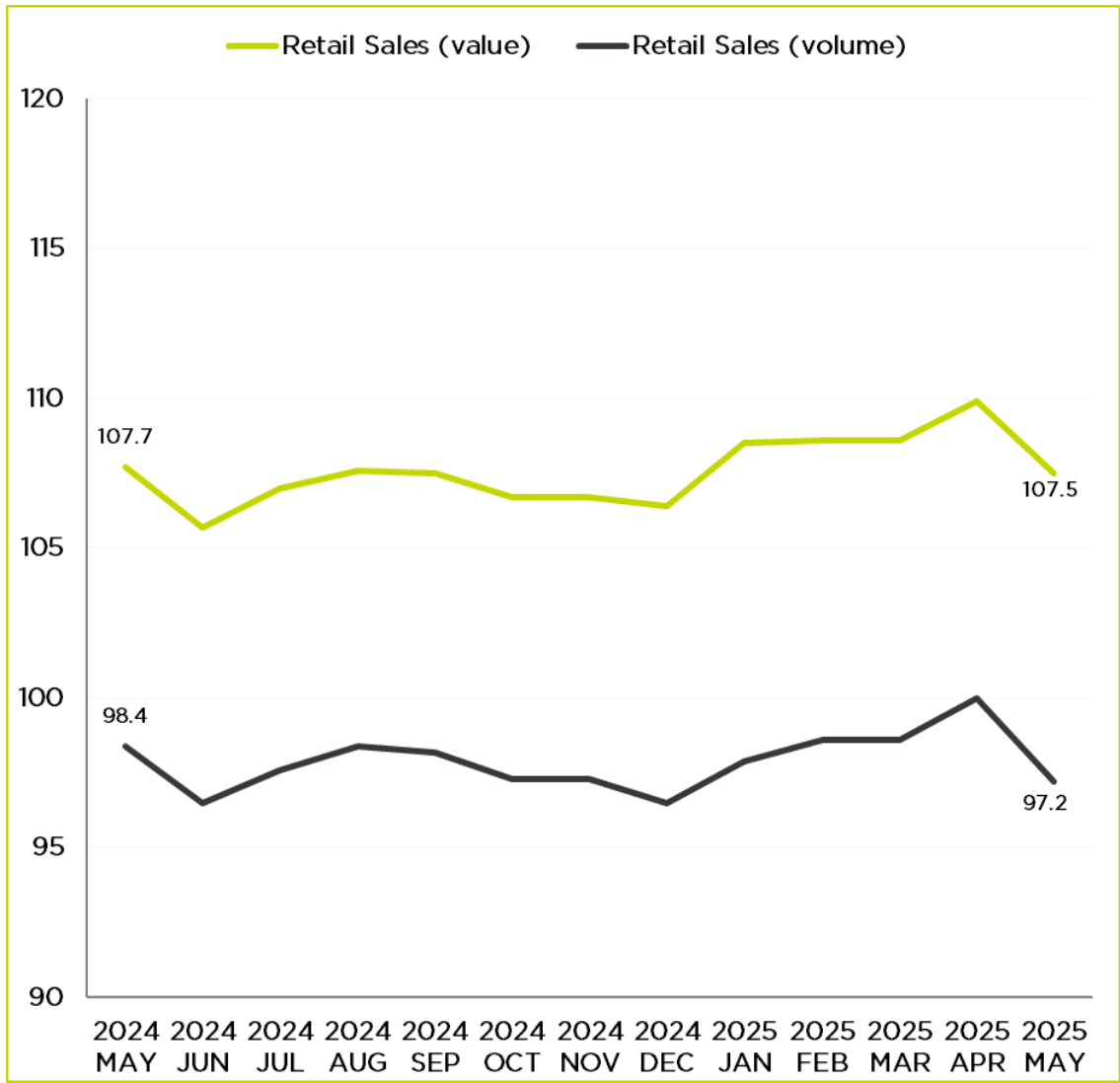


Source: ONS

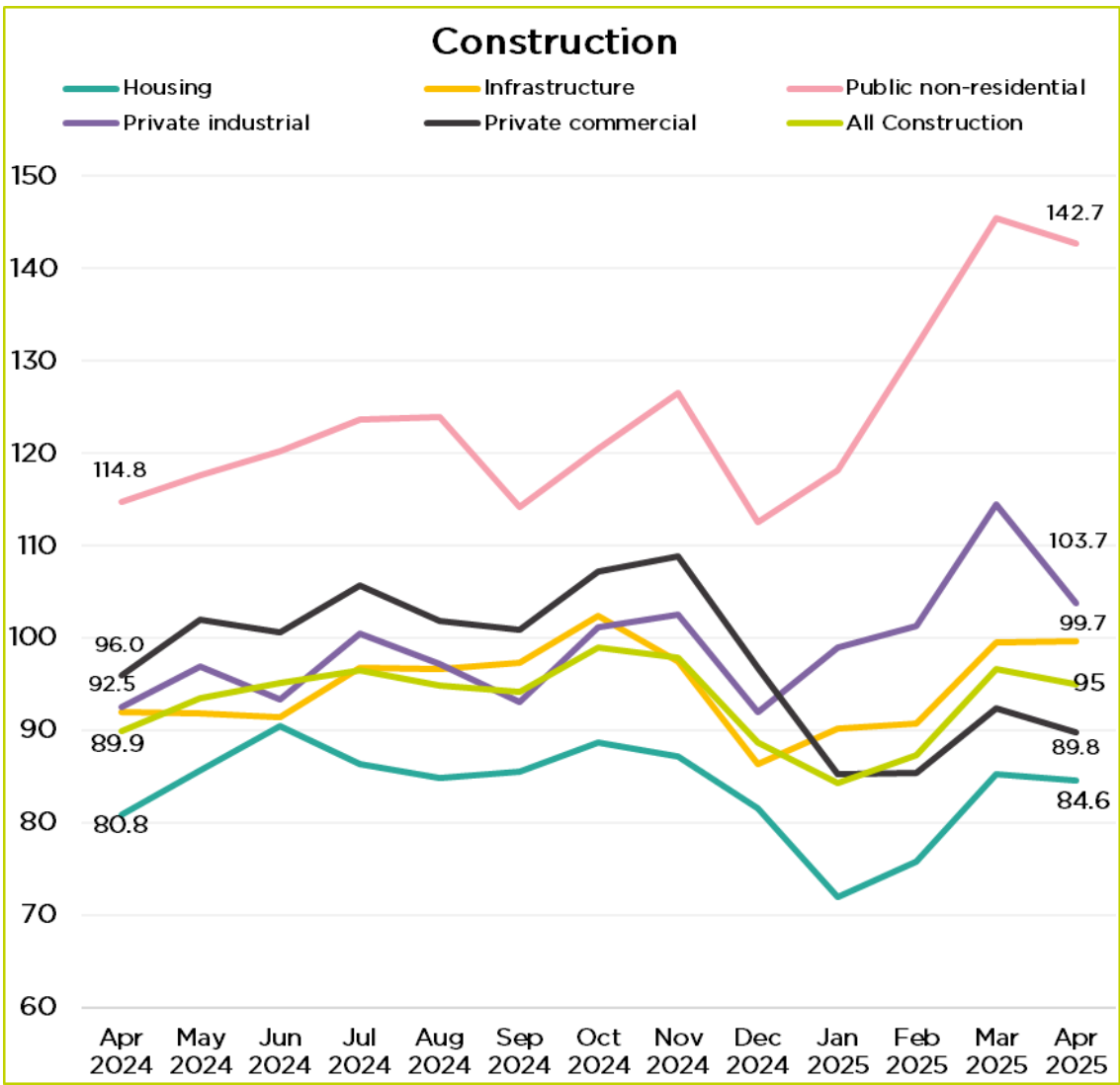




# UK Sector Performance (indices)

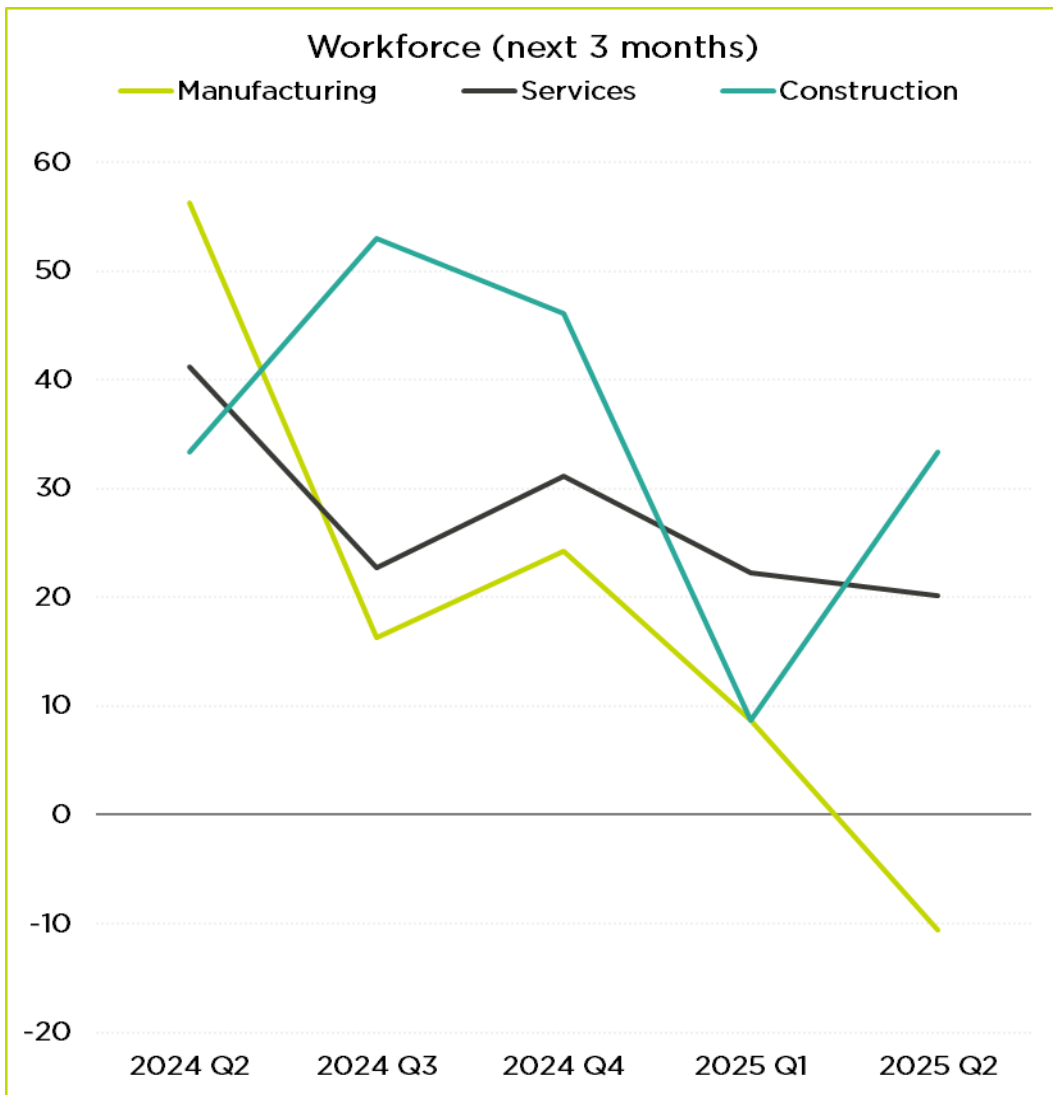


Source: ONS

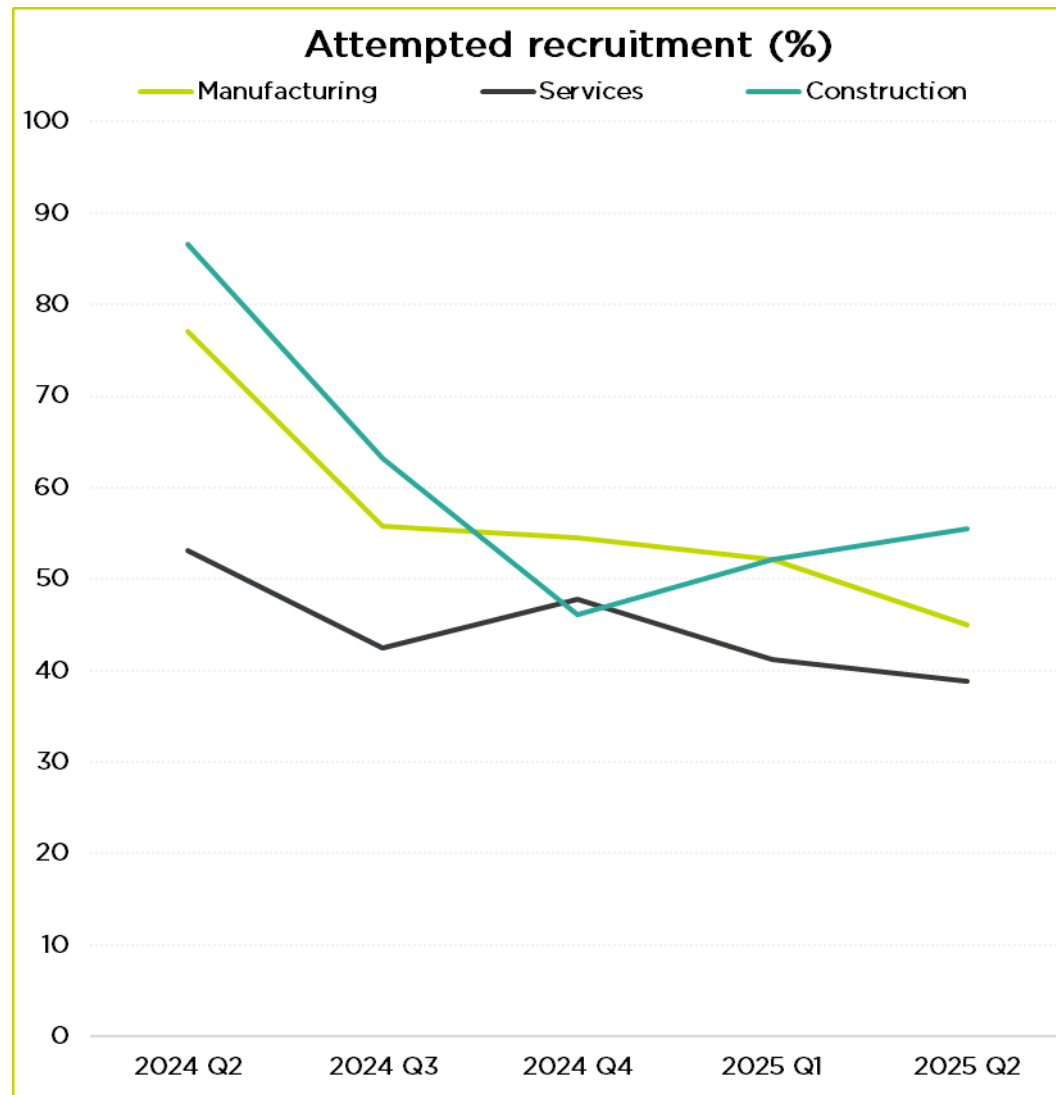


Source: ONS

# Recruitment

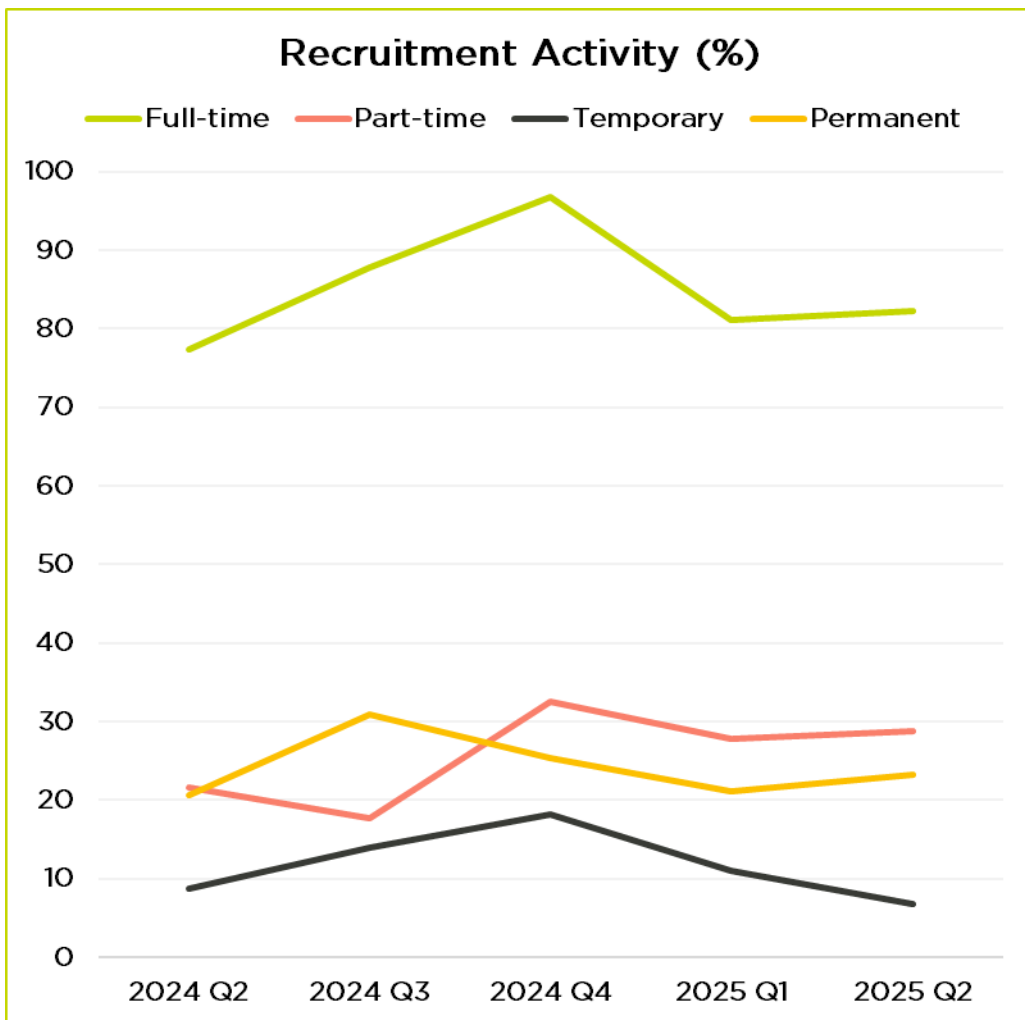


Source: GMCC QES

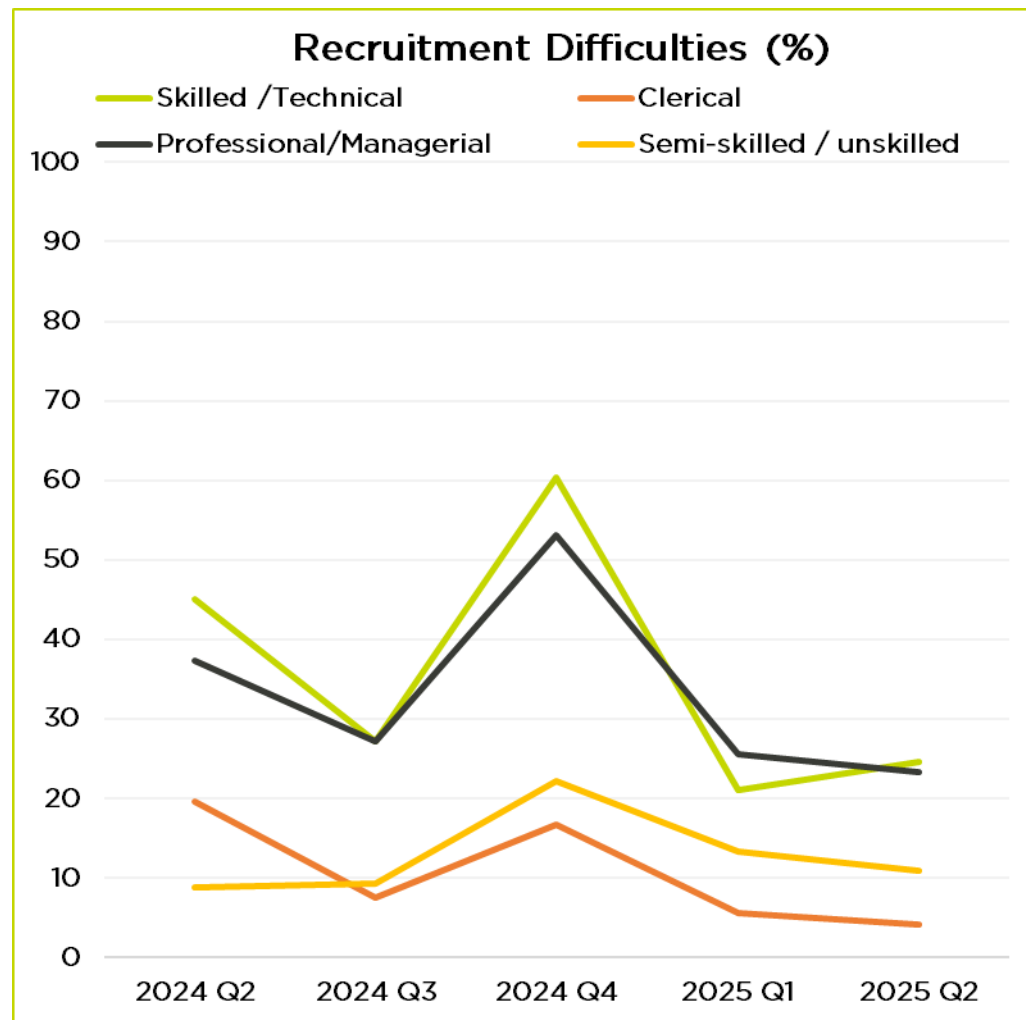


Source: GMCC QES

# Recruitment



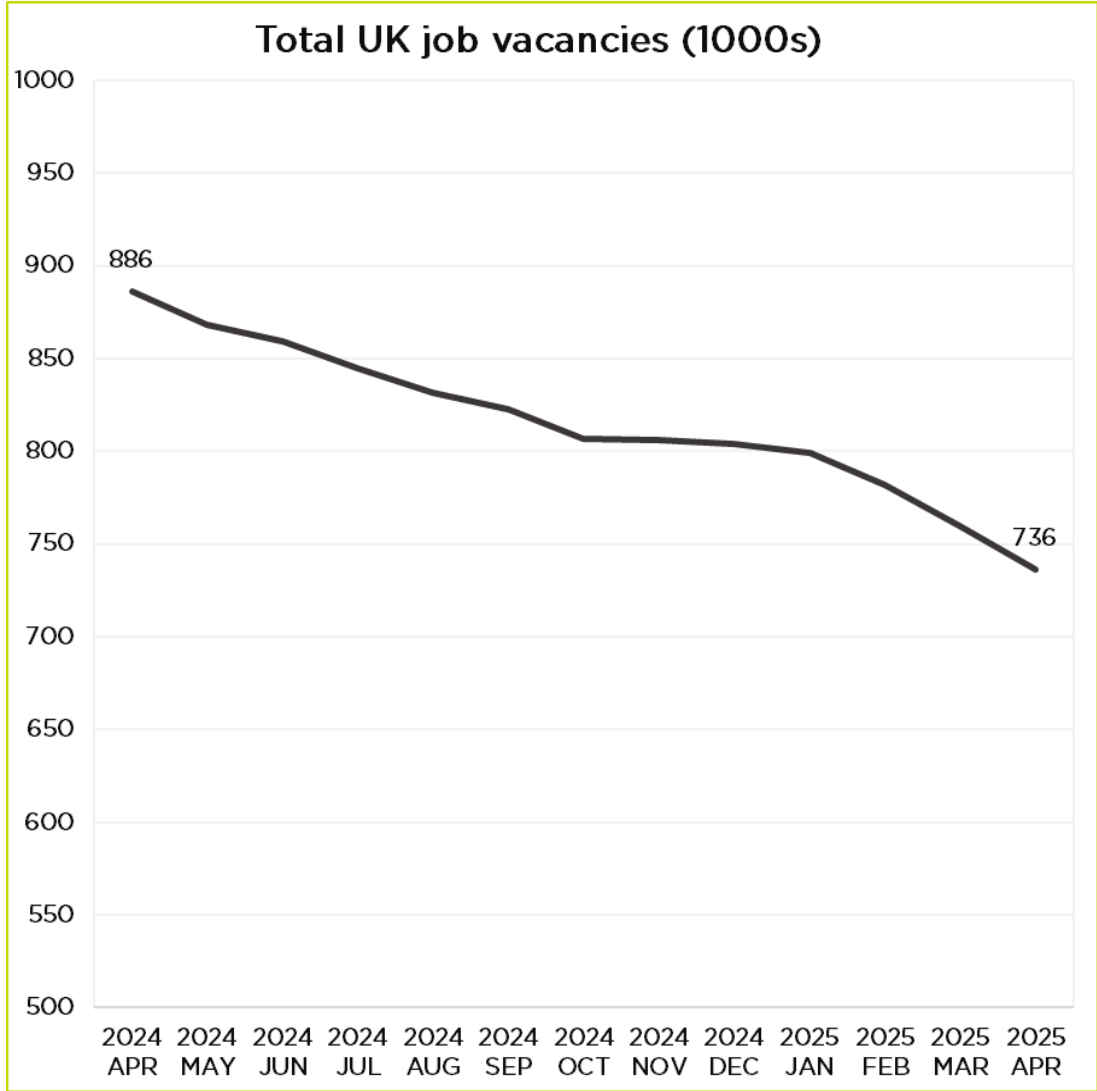
Source: GMCC QES



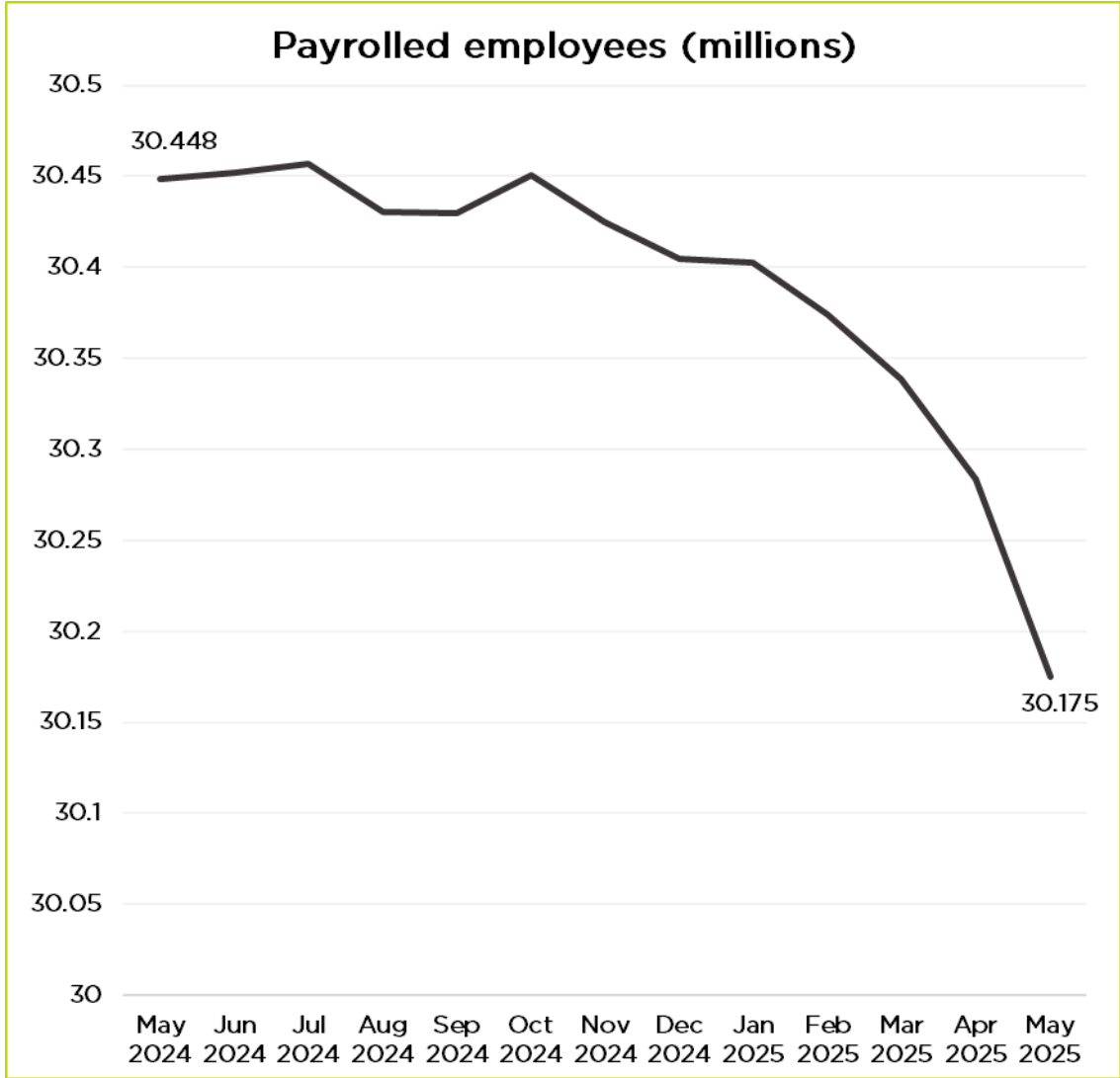
Source: GMCC QES



# UK Labour Market

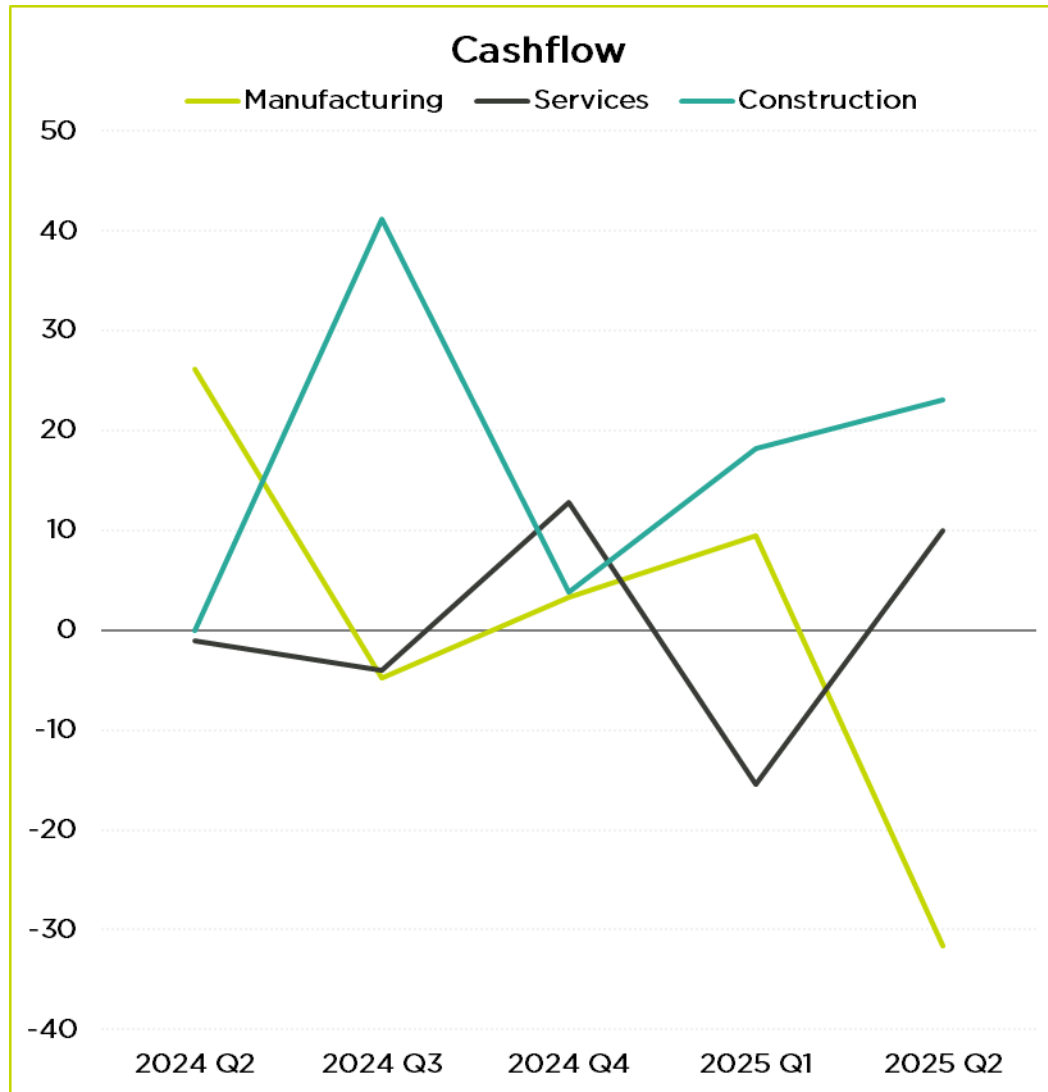


Source: ONS

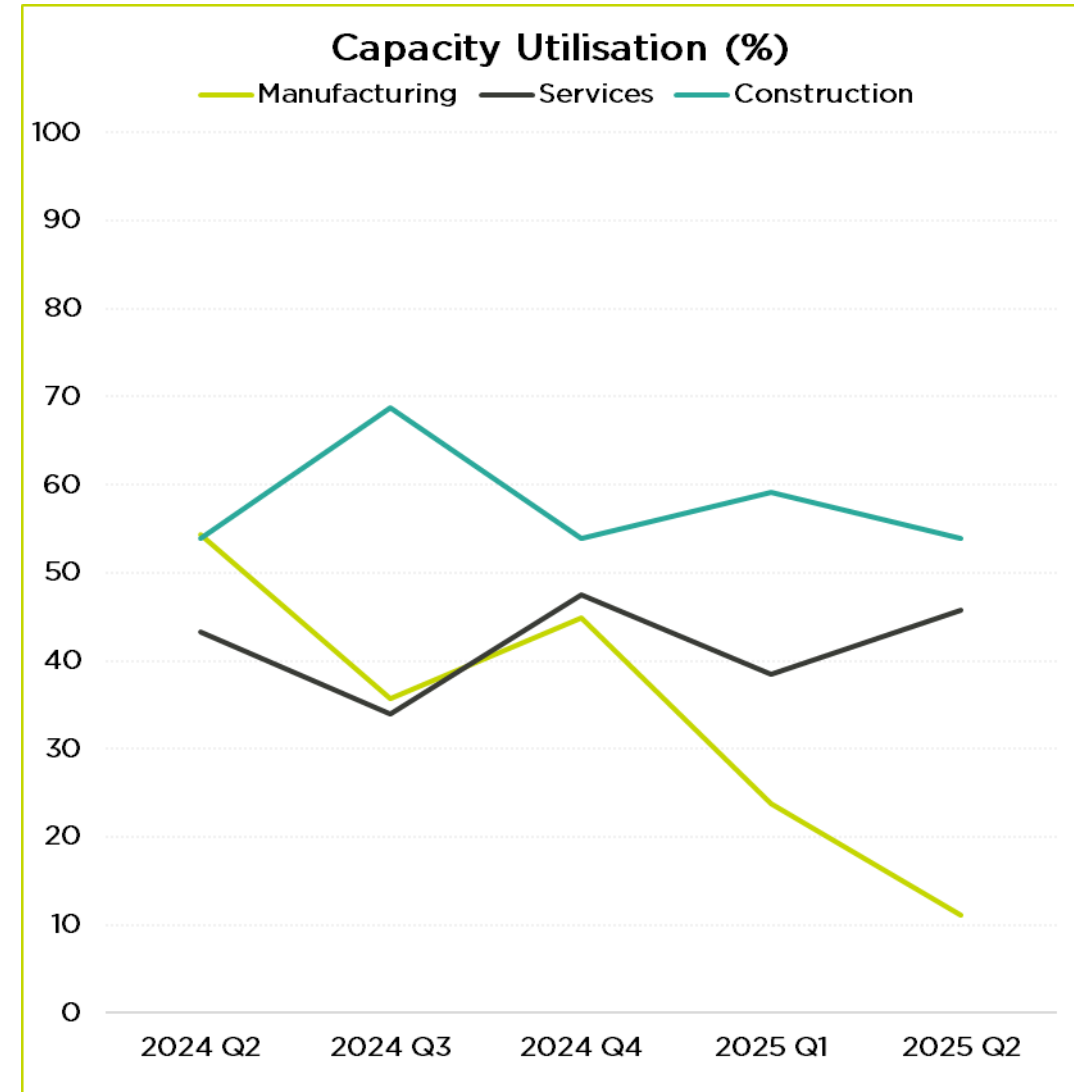


Source: ONS

# Cashflow & Capacity utilisation

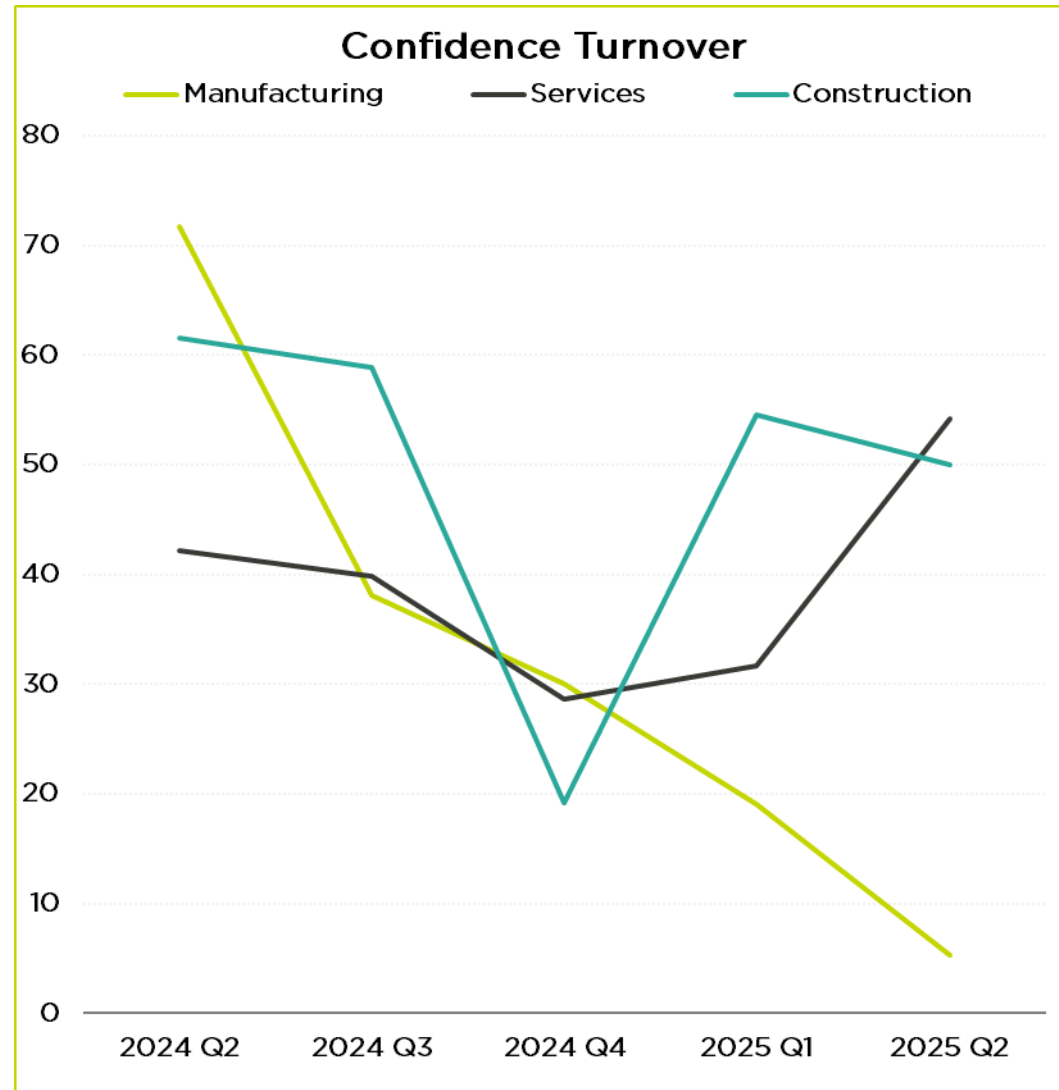


Source: GMCC QES

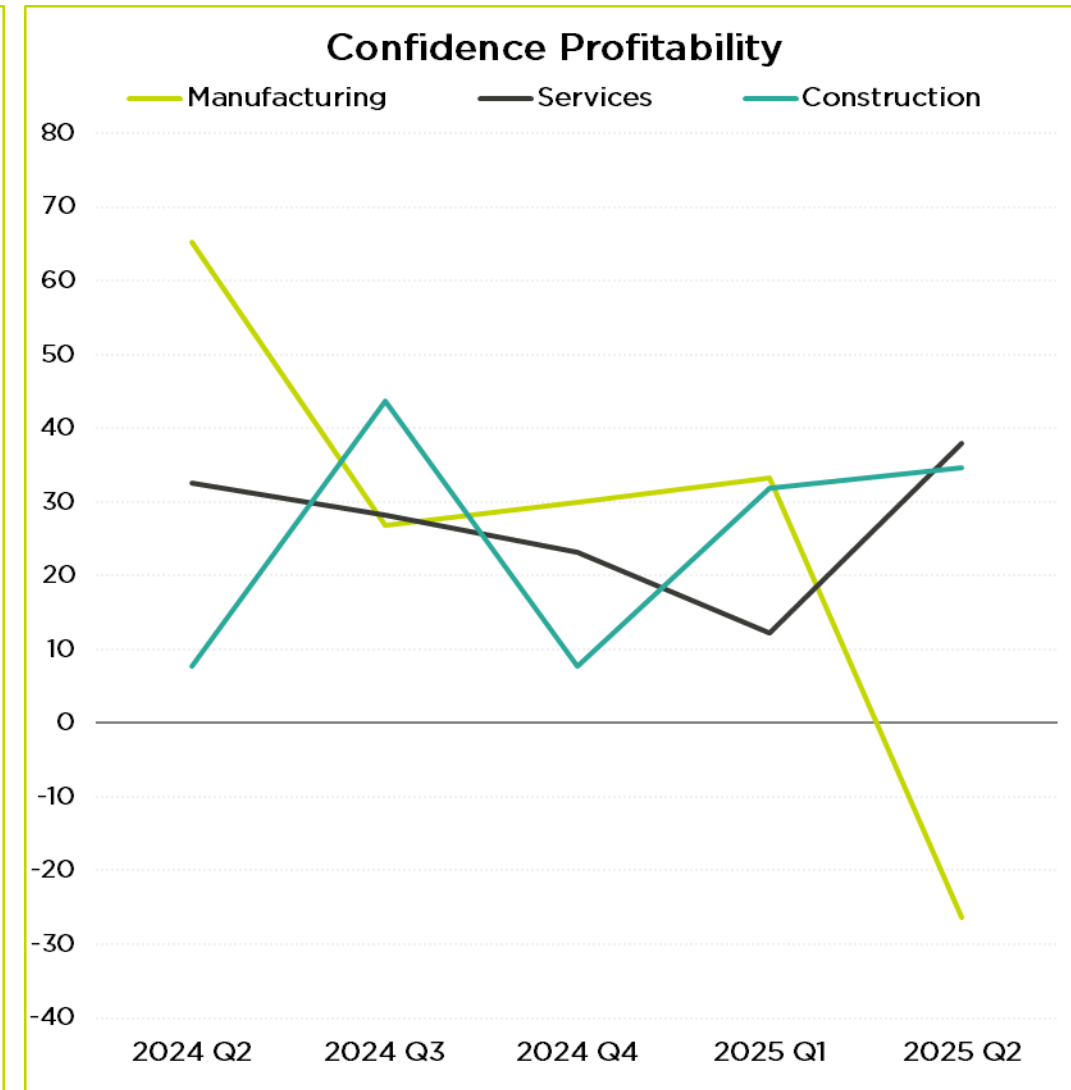


Source: GMCC QES

# Business Confidence



Source: GMCC QES



Source: GMCC QES

## Business concerns – Q2 2025

- “As an Irish co newly landed in Manchester we feel the city is very pro business and supportive.”
- “The national insurance hike hurts and will slow our growth plans and activities.”
- “Q2 has been one of particular volatility in our market - FX. While we have seen sterling strengthen (to the benefit of importers) this has typically been detrimental to export clients. While headlines have focused on US Tariffs, the implications on currency have been huge YTD.”
- “My business has been adversely affected. I have been unable to exhibit. Colleagues say Art Fairs are affected by drop in consumer spending.”
- “Huge downturn in the hospitality and food sector in Manchester. We need a VAT break as well as market confidence boosting.”
- “We operate in the health sector and changes to NHS England and Integrated Care Boards leads to uncertainty. In particular as they outsource to us and are continually driving to reduce costs.”
- “The government are not listening to small local businesses.”

## Summary & GDP Forecast



The manufacturing sector is under stress with demand and margins dented in Q2. The outlook for services is better.



Inflation is stubborn and expected to go up in 2025 before softening towards the end of the year.



Consumer confidence has shown improvements since March 2025.



Interest rates are going down slowly: the BoE is cautious and held rates at 4.25%.



Forecast growth for 2025 is 1.0% to 1.2%.



CSR confirmed significant transport investment in GM but there is the possibility of tax rises to deliver spending promises.





# Key Local Business Findings



## Demand



UP: Hospitality, legal, digital

DOWN: Recruitment, financial services, construction services, construction contracts, education



## Confidence



Reduction across the board: costs, staff costs, hiring, cashflow, lack of demand, personal income, requests for more financial insights and monitoring



## Employment

Companies mostly hesitant to hire or replace - except in digital and hospitality.



Recruitment companies - seeing hesitation and reduction in demand from clients



# GM Local Skills Improvement Plan

- LSIP 1 officially ended on 31<sup>st</sup> May. LSIP 2 to start in October 2025.
- Annual Progress 2025 to be published next week.
- Local authority level reports showing the economic landscape of every borough in Greater Manchester published last month
- Detailed information about Local Authority priorities and future investment plans



# Not just the QES and LSIP...



GMCC's Research & Analytics team are a commercial research agency:

- Business policy
- Competitor analysis
- Data analytics, modelling and visualisation
- International trade
- Market intelligence
- Skills research



Q&A

