

# CBI Monthly Trends Enquiry: December 2011

**Activity in the manufacturing sector remained depressed in December. Total order books deteriorated slightly further, and export order books remained well below their long-run average. As a result, firms anticipate a fall in production over the next three months, with expectations negative for the third month running. Pricing pressures remain muted compared with earlier this year, albeit edging higher on recent months.**

- **Total order books** fell slightly further below normal in December, while **export order positions** remained well below their long-run average for the second month running. In both cases, investment goods firms reported the largest deterioration in order books.
- Manufacturers once again expect to reduce **output** over the coming quarter, with the survey balance staying negative for the third consecutive month. In line with a significant deterioration in order books, investment goods firms expect output to fall over the coming quarter. Indeed, expectations in this sector have turned negative for the first time since July 2010.
- Expectations for **output price inflation** have edged slightly higher. However, they remain very subdued compared to the strong pricing pressures in the first half of 2011. Expectations this month were driven by consumer goods firms; by contrast, those in other sectors remained muted.
- **Stock adequacy** was unchanged on last month, still broadly in line with its long-run average. This reflected only minor changes in inventory positions at the sectoral level.

## CBI Monthly Trends Enquiry

	2011												
	Dec	Jan*	Feb	Mar	Apr*	May	Jun	Jul*	Aug	Sep	Oct*	Nov	Dec
1a Total order book	-3	-16	-8	+5	-11	-2	+1	-10	+1	-9	-18	-19	-23
1b Export order book	+4	0	+11	+5	-6	-3	0	-8	0	-12	-14	-31	-32
2 Stocks	+9	+7	+9	+5	+8	+9	+3	+12	+14	+21	+21	+16	+16
3 Volume of output	+13	+17	+23	+27	+22	+20	+13	+6	+13	+9	-11	-8	-8
4 Average prices	+16	+31	+32	+33	+36	+24	+27	+4	+9	+13	+1	+2	+7

\* Indicates a quarterly survey

These figures are percentages based on weighted sample:

Excluding seasonal variations, do you consider that in volume terms:	Above Normal	Normal	Below Normal	N/A
1a Your present total order book is	18	41	41	0
1b Your present export order book is	12	42	44	2

Firms with no order book are requested to estimate the level of demand

	More than adequate	Adequate	Less than adequate	N/A
2 Your present stocks of finished goods are	23	63	7	6

What, excluding seasonal variations, is the expected trend over the next three months with regards to:

	Up	Same	Down	N/A
3 Volume of output	24	43	32	0
4 Average prices at which domestic orders are booked	22	62	15	0

The survey was conducted between 24th November and 7th December. 434 manufacturers responded.