

Press Release

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**Business performance at three-year high, say UK bosses**

The latest quarterly Business Opinion Survey from the Institute of Directors (IoD) - released today - shows business performance at the highest level since the end of 2001.

On balance, 72% of directors questioned said their companies were doing well, up one per cent on the previous survey. The results suggest that higher interest rates have not as yet had a significant impact on UK companies, the IoD said.

However, business optimism has slipped a little, from the previous survey, but still remains high. The balance of those directors more, rather than less optimistic about their company's prospects, slipped to 40% in the latest survey from 46% previously.

Graeme Leach, Chief Economist at the IoD, said:

"All in all this is an upbeat survey. Two thirds of companies say they have seen no evidence of a slowdown in consumer spending in response to interest rates.

"And, despite a fall this quarter, business optimism remains well above the levels seen over the past two years. Given the recent interest rate increases, a fall in business optimism was probably inevitable."

Other highlights from the latest Business Opinion Survey include:

\* Further improvement in the outlook for business investment. The investment intentions balance rose to 27% in the latest survey, from 25% previously. Investment intentions are well above the levels seen in recent years (see attached table).

\* Profit expectations remain high. The balance of those companies saying the trend in profits is up, versus those saying it is down, was unchanged at 39% in the latest survey.

\* The turnaround in business optimism in manufacturing continues. The optimism balance for manufacturers rose to 43% in the latest survey, from 42% previously. Just over a year ago the optimism balance in manufacturing stood at -6%.

\* There has been a significant improvement in capacity utilisation, which measures -12% in the latest survey, compared with -24% previously.

\* Price pressures remain weak. The balance of those companies

reporting prices up (over the last 3 months) versus those reporting them down, stood at 4% in the latest survey compared with 6% previously.

Ends

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