



Press Release

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Business optimism bouncing back, says IoD

UK companies report growing optimism about the future in new figures released today. The latest business opinion survey from the Institute of Directors (IoD), reveal a resurgence of confidence after the declines seen over the summer and autumn of 2004. However, optimism is still below the levels seen a year ago.

The January 2005 survey also reveals that business confidence, performance, profitability and investment is much stronger in the service sector than in manufacturing.

Graeme Leach, Chief Economist at the IoD, said:

"The latest survey is surprisingly upbeat. Company performance and optimism is very strong in the service sector. Unfortunately, the manufacturing sector still appears to be falling behind the rest of the economy."

Specifically, the NOP survey of 500 IoD members, found:

- The balance of those companies more, rather than less, optimistic about their company's prospects, rose to 37% in the latest survey up from 31%.
- The balance of companies performing well, rather than badly, jumped to 82%, up from 67%. While 84% say their company is performing well, only 2% believe their company is performing badly.
- Profit expectations are also improving. The balance expecting profits to go up (over the next 3 months), compared to those expecting them to fall, rose to 40% from 37%. Profit expectations remain at the high levels seen throughout the past year.

Graeme Leach, said:

"IoD members are far more confident about the outlook for their own companies than for the UK economy. Remember the Chancellor is forecasting 3% to 3.5% GDP growth this year, but a huge 81% of IoD members think that GDP growth will be 2.4% or less."