Overheads a concern for business as profit forecasts dip on the Humber

Inflationary pressures on pay, materials and energy emerged in business boardrooms as 2021 closed.

Results from Hull and Humber Chamber of Commerce revealed concerns about the outlook and squeeze on margins, as domestic sales remained challenging but international orders picked up.

Enthusiasm abounding as lockdowns were left behind had already eased in quarter three, replaced by pressure on prices and increasing overheads.

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As the cost of living increases pay settlements were a greater concern in this survey's results for employers, and more businesses said they were concerned about accessing finance.

External affairs director, David Hooper, said: "These results clearly demonstrate the concerns felt by Humber businesses as inflationary pressures take a firm hold.

"High fuel prices, rising energy prices, and the first increase in the interest rate for 10 years all add to the burden of businesses already struggling to recover from the pandemic.

"The New Year is certainly going to be a challenging one for many, as they struggle to plan ahead with the added uncertainty around the continuing Covid-19 crisis which is currently leading to staff absences and sickness.

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"Hopefully, as we move towards spring, things may begin to improve on at least some of these fronts."

The quarter four survey showed home sales were down 11 points to 17, while home orders also dropped from 15 points to 9.

Exporters were having a slightly better quarter and businesses became more used to the new trading arrangements. Sales were up 29 points and back in positive territory, while the balance figure for export orders also returned to positive territory at 11 points, a rise of 18 points.

Employment remained steady, with hiring expectations increasing.

Aligned with overhead concern, turnover and profit expectations for the coming months were also well down this quarter, with 12 and 20 point falls.

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