

Friday, 8 April 2016

CPA Reports Continued Sales Growth in Q1 but Manufacturers' Optimism Dented by Referendum Uncertainty

The Construction Product Association's latest State of Trade Survey reports a positive performance in sales of construction products in the first quarter of 2016. Sales increased for a twelfth consecutive quarter, but manufacturers' optimism is showing signs of sliding due to uncertainty surrounding the EU referendum in June.

Key points include:

- A balance of 31% of heavy side firms and 13% of light side firms reported that sales rose during the first quarter of 2016, compared to respective balances of 5% and 38% in the fourth quarter of 2015
- 38% of heavy side firms and 13% of light side firms reported an annual increase in sales
- Exports increased for 14% of heavy side firms and 50% of light side firms compared to a year earlier
- 38% of heavy side product manufacturers and 29% of light side product manufacturers reported that they anticipate a rise in total sales over the next quarter and next 12 months
- 71% of heavy side firms and 60% of light side firms anticipate a rise in exports during the next year
- Annual cost increases were reported by 35% of heavy side firms and 14% of light side firms
- Manufacturers reported that wages and salaries were reported higher by all heavy side firms and 71% of light side firms

Rebecca Larkin, CPA Senior Economist, said: "It is encouraging that after a couple of quarters of muted activity, heavy side manufacturers reported stronger sales growth in Q1. Light side manufacturers opened 2016 a little weaker, but this is likely to be a hangover as the slowdown reported by the heavy side at the end of last year filters through to light side activity – typically towards the end of the building process.

“Compared to the fourth quarter of 2015, a balance of 31% of heavy side firms reported a rise in sales in Q1. This increased from 13% in Q3 and 5% in Q4. On the light side, 13% of firms reported a rise in Q1 quarterly sales, down from 38% in Q4.

“Manufacturers’ optimism for Q2 and for the next 12 months has been dented by uncertainty in the run-up to the EU referendum in June. On balance, 38% of heavy side firms and 29% of those on the light side anticipate a rise in sales in Q2. These balances mark the lowest sentiment in three years and signpost a slowdown in growth as we approach the vote.

“One favourable side effect of the referendum uncertainty has been the depreciation in Sterling, which has resulted in increased exports for product manufacturers. On the heavy side, 71% of manufacturers anticipate an increase in export sales over the year, a view shared by 60% of light side firms. This will provide a welcome fillip if domestic demand pauses as manufacturers expect.”

ENDS

NOTE TO EDITORS:

The [Construction Products Association](#) represents the UK’s manufacturers and distributors of construction products and materials. The sector directly provides jobs for 313,000 people across 21,000 companies and has an annual turnover of more than £50 billion. The CPA is the leading voice to promote and campaign for this vital UK industry.

The State of Trade Survey is one of a range of economic publications produced regularly by the Association, including the Construction Trade Survey and the Construction Industry Forecasts.

FOR FURTHER INFORMATION CONTACT:

Rebecca Larkin Senior Economist
 Construction Products Association
Tel : 020 7323 3770
E-mail : rebecca.larkin@constructionproducts.org.uk

Jeff May Marketing and Communications Manager
 Construction Products Association
Tel : 07904 476 166
E-mail : jeff.may@constructionproducts.org.uk

Follow the Construction Products Association on Twitter: https://twitter.com/CPA_Tweets