

News Release

FOR IMMEDIATE RELEASE

Nearly two-thirds of British households downbeat about the economic outlook

- Households expecting the state of the UK economy to deteriorate over the next year outnumber those expecting an improvement by three-to-one.
- Gloom linked to age, income and region.
- Those employed in manufacturing reported least pessimism.

Data collected for Markit by Ipsos MORI between 14-18 July 2011

Commenting on the data, **Chris Williamson, Chief Economist at Markit** said:

“With gross domestic product data showing only modest growth in the second quarter, the risk of the UK falling into a double-dip recession has increased. Whether growth will pick up again in the second half of the year will much depend upon whether confidence improves. However, this research shows that more than three-times as many households expect the state of the UK economy to deteriorate over the next year than expect an improvement, which suggests that we have yet to see the consumer mood lighten, and consumer spending may well therefore continue to act as a drag on the economy in the second half of the year.

“The recovery therefore looks likely to remain very dependent upon export sales, which is a concern as exporters are currently struggling in the face of weak economic growth in overseas markets.”

Summary

Markit’s survey of 1,500 households in England, Wales and Scotland showed that almost two-thirds (62%) of respondents expect the state of the UK economy to deteriorate in the coming year while just one-in-five (19%) expect an improvement. When analysed by region, income group, employment type and age, all categories saw the number of pessimists exceed optimists. In general terms, young high-earners living in the south east were the least pessimistic, while private sector employees – especially those in manufacturing – were considerably less gloomy than those employed in the public sector.

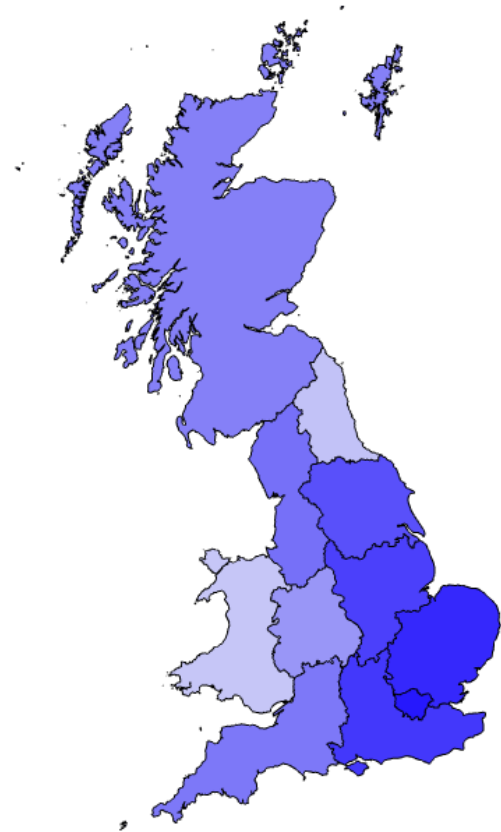
North-South divide

Households in all regions of Britain were downbeat about the state of the economy in the year ahead, with the number of survey respondents expecting a deterioration exceeding those expecting an improvement in all cases. However, a North-South divide of sorts was evident, with households in London the least pessimistic, followed by those in the East of England and the South East. The greatest degree of pessimism was seen in Wales, followed by the North East, the West Midlands and Scotland.

Economic outlook, by region

How do you think your household's financial situation will have changed 12 months from now? (Better / no change / worse).

Underlying data available from Markit upon request.



Net balance (% better - % worse).



Lowest incomes and oldest most pessimistic

Across all age brackets, pessimism was directly linked to age, with the oldest (55-64 years) age group the most downbeat about the state of the economy in the year ahead with some 69% expecting a deterioration compared to just 16% anticipating an improvement. In comparison, the youngest (18-24) were the least downbeat, with 29% expecting an improvement while a relatively low 49% expect the economy to worsen.

Pessimism was meanwhile also directly related to income, with the poorest respondents (earning less than £15k pa) the most downbeat and the wealthiest, earning in excess of £58k pa, considerably less pessimistic. Just 14% of respondents in the lowest income bracket expect the economy to pick up compared to 30% in the highest earning bracket. Two thirds (66%) of all lowest income respondents meanwhile expect a deterioration compare to just over half (51%) in the highest bracket.

Manufacturing employees least pessimistic

There was much more widespread pessimism among those employed in the public sector compared to the private sector, though both were heavily negative about the outlook on balance.

Looking at occupation in more detail, pessimism among those working in education, health and social services was exceeded only by those working in the media, culture and entertainment sector. The least downbeat were those employed in manufacturing, which perhaps reflects the lesser dependency of this sector on the austerity-hit domestic economy compared to government departments and entertainment industries. Those working in IT and telecoms were the second-least pessimistic, followed by construction employees.

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Ipsos MORI technical details (July survey)

Ipsos MORI interviewed 1500 adults aged 18-64 across Great Britain from its online panel of respondents. Interviews were conducted online between 14th-18th July 2011. A representative sample of adults was interviewed with quota controls set by gender, age and region and the resultant survey data weighted to the known GB profile of this audience by gender, age, region and household income. Ipsos MORI was responsible for the fieldwork and data collection only and not responsible for the analysis, reporting or interpretation of the survey results.