Scottish businesses appear to be remaining relatively resilient to the ongoing political uncertainty. This chimes with last week’s GDP data, which showed sustained, if historically weak, growth. In 2018, Scotland grew broadly in line with the UK but overall Scotland’s longer term growth rate has been slipping over the last decade. It’s deeply unfortunate that a debate on the causes and implications of Scotland’s growth performance is being crowded out by the ongoing mess that is Brexit.

Professor Graeme Roy
Director of the Fraser of Allander Institute
**This Quarter’s Highlights**

An advantage of our Business Monitor is the ability to track trends in activity over time. The survey has been running on a consistent basis since 1998. It therefore provides a valuable record of conditions in the Scottish economy.

The survey regularly assesses the environment for firms in terms of areas including competition, access to credit, inflation, investment and exports and capacity.

The net balance for new business was, once again, positive (+7) but it fell compared to last quarter and now sits at the lowest point since Q4 2016.

Over the last two years, we find that firms are reporting higher trends in costs (+50%) as opposed to turnover (+7%). Based on past experience, this is consistent with weak demand across the Scottish economy with business managers more worried about costs rather than opportunities.

The survey also reveals that staff availability remains a pressing issue for firms with almost three-quarters saying that it was an important or very important issue.

In contrast, credit availability continues to be much less of an issue – either as a result of more accessible credit from banks or weak demand amongst business owners. Only around 40% of firms now say this is an important issue for them, compared to over 60% in 2014.

In looking forward, we find that despite the current uncertain conditions firms expect a rebound over the next six months, however investment is still expected to be held back.

---

The Business Monitor is a survey of Scottish Businesses that has been carried out since 1998 by the Fraser of Allander Institute.

Since 1975, the Fraser of Allander Institute (FAI) at the Univesity of Starthclyde has been a leading economic research institute focussed int he Scottish economy.

Our outputs - including our Economic Commentary and Scotland’s Budget report- are hugely influenetal amongst government, business, and MSPs and MPs of all parties.