

SME Monitor

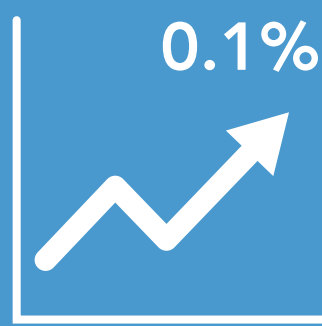
Q4 2014

The UK economy depends on the huge contribution that small and medium-sized businesses make in every region of the country. We must ensure that SMEs are supported and able to flourish. By taking a quarterly snapshot of how inflation is affecting their everyday operations, we are able to see the pressures that they face.



0.9%

Annual cost inflation for UK SMEs remained stable at 0.9% in Q4 2014



This is a small increase of 0.1% from Q3 but the rate remains low historically, and similar to Q4 2013



Wage growth picked up in Q4, contributing nearly three quarters of the cost rise experienced by SMEs



The cost of physical inputs continued to fall in Q4 2014, as has been the trend over the year



Annual cost inflation of construction inputs grew strongly by 2.6% while telecoms & IT input costs fell by 3%



Together employment cost and construction costs were the driving forces of SME cost increases in Q4 2014



In 2014, UK GDP growth was 2.8%, the strongest since 2006. GDP performance in 2015 is expected to remain robust at 2.7%



Median borrowing interest rates for the UK's small enterprises have continued to fall after peaking in February 2012



Despite the fall in recent quarters business confidence remains historically high, but it is evident that domestic and global uncertainties are weighing on the business outlook

Read our full report at www.aldermore.co.uk/sme-monitor-q4-2014

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Sources

Office for National Statistics (ONS), including the Services Producer Price Indices (SPPI) and Producer Price Indices (PPI)
ICAEW / Grant Thornton Business Confidence Monitor
Bank of England Trends in Lending report
UK Insolvency Service