

## RECORD HIGH FOR CICM UK CREDIT MANAGERS' INDEX

*Index continues to mirror FTSE All Share Index*

The manufacturing sector is driving business confidence and the outlook for growth, according to a new quarterly barometer.

The results from the latest Chartered Institute of Credit Management (CICM) Credit Managers' Index (CMI) for Q1 2015, show renewed business confidence and an all-time index high, despite the electoral uncertainty in the first quarter of the year.

The CMI, sponsored by Tinubu Square, is important because it gauges nationwide levels of credit being sought and granted by credit managers across both the manufacturing and services sectors, acting as a primary indicator of actual levels of business being conducted.

Alongside the index increase in manufacturing, which now stands at a record high (61.7), the services sector also closed up 0.8 to 59.5, contributing towards the headline index's 1.3-point increase to 60.2. This represents a year-on-year increase of 0.9, a significant uplift from the small decrease of 0.7 seen in Q4 2014.

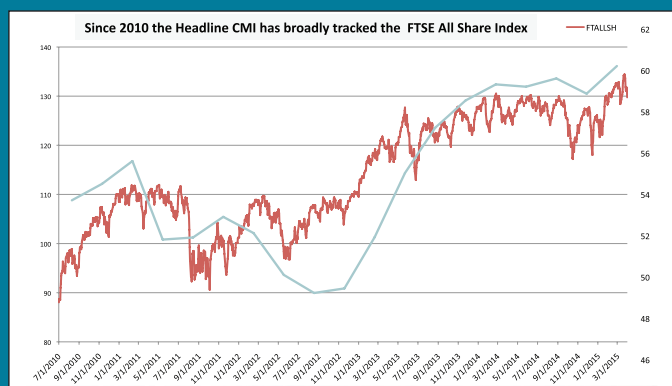
New credit applications have increased from the previous quarter, up by 4.2 to 66.4 – and this goes some way to cancelling out the drop in Q4 2014 of 5.9. Despite this, credit sales have seen a 1.7 decrease on Q4 2014 to 69.4, representing a downward trend of three consecutive quarters.

Philip King, Chief Executive of the CICM, says that the index draws interesting parallels with the FTSE All Share Index: "As a weighted index, we look at 10 different but equally important factors, spreading our analysis to make the results as accurate as possible," he explains.

"Such has been the success of this over the past 5 years, that the FTSE All Share Index and the CMI have tracked each other's highs and lows, emphasising the sustained accuracy and reliability of the results."

Mr King said he was surprised that business confidence remained high against the background of an uncertain election: "Despite political uncertainty, the strength of the manufacturing industry

### CICM UK Credit Managers' Index



has increased significantly, and this bodes well for the ongoing recovery."

All 18, industry sectors reported good news in the first quarter of 2015, with Industrial Goods and Services (60.1), and Construction and Materials (63.3) attracting the most attention, whilst notable performers were Chemicals (68.8) and investments (70.0). The good news was also spread evenly across the regions, especially in the Midlands.

Sebastien Clouet, Marketing Director at Tinubu Square says: "The latest CMI

prompted 500 responses from credit managers in companies of various sizes broadly split by region, although slightly weighted to business in London and the Southeast."

The CMI is a diffusion index, producing 'scores' of between one and 100 (typically in a range of 40 – 60). Ten equally weighted factors are included – three favourable and seven unfavourable – and the index is calculated on a simple average of the 10 factors.

### CICM UK Credit Managers' Index Quarterly Change – Q2 2015

	Combined				Manufacturing				Services			
	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Respondents	408	494	510	447	133	178	134	133	276	316	376	314
Credit sales	72.5	72.8	71.1	69.4	75.9	74.4	75.7	71.4	70.9	71.8	69.4	68.4
New credit applications	67.2	68.1	62.2	66.4	67.7	70.8	61.9	70.7	66.9	66.6	62.2	64.6
Order book	69.9	72.6	71.0	70.0	71.4	74.4	73.1	72.5	69.1	71.5	70.2	68.9
Index of favourable factors	69.9	71.2	68.1	68.6	71.7	73.2	70.3	71.5	69.0	70.0	67.3	67.3
Rejected credit applications	53.7	52.9	51.8	52.1	53.8	53.1	47.8	50.0	53.6	52.8	53.2	53.1
DSO	54.9	55.7	55.8	62.5	55.3	54.5	58.6	63.0	54.7	56.3	54.8	62.3
Overdues	53.1	53.8	53.4	59.7	52.3	55.3	56.0	62.0	53.5	53.0	52.5	58.7
Accounts referred to third parties	55.8	56.5	58.2	58.6	55.3	55.9	58.6	59.8	56.0	56.8	58.1	58.1
Disputes	50.5	49.6	52.6	53.5	45.5	50.8	47.8	55.4	52.9	48.9	54.4	52.6
Insolvencies	58.9	59.6	57.7	53.5	55.3	59.6	60.1	54.0	60.7	59.7	56.9	53.2
Bad debt provision	55.4	54.1	54.8	56.3	47.7	57.6	52.6	58.0	59.1	52.2	55.6	55.5
Index of unfavourable factors	54.7	54.6	54.9	56.6	52.1	55.3	54.5	57.5	55.8	54.2	55.1	56.2
<b>CICM UK CMI</b>	<b>59.2</b>	<b>59.6</b>	<b>58.9</b>	<b>60.2</b>	<b>58.0</b>	<b>60.6</b>	<b>59.2</b>	<b>61.7</b>	<b>59.7</b>	<b>59.0</b>	<b>58.7</b>	<b>59.5</b>
US CMI – quarter end	56.1	54.9	54.9	51.2	56.1	54.3	54.0	51.6	56.1	55.5	55.8	50.9
US CMI – 3 month average	56.3	56.1	55.9	53.2	56.1	55.9	55.5	53.4	56.5	56.4	56.2	52.9