



BANK OF ENGLAND

Agents' Summary of Business Conditions, August 2016 Update

10 August 2016

This update covers views gathered from business contacts by our **Agents across the UK** between late June 2016 and late July 2016. It generally compares activity and prices over the past three months with a year earlier.

- A survey of companies indicated the result of the EU referendum would have a negative effect, overall, on capital spending, hiring and turnover over the coming year (see box on page 2, previously published in the August Inflation Report). Consistent with those results, Agents' scores for employment and investment intentions had weakened in absolute terms, pointing to expectations of little change in staff numbers and capital spending over the coming six to twelve months.
- Business services growth had softened further, partly reflecting weakness in commercial property investment and corporate transactions. Consumer spending growth had also slowed, although that appeared to have partly reflected the effects of unusually wet weather. A decline in manufacturing export volumes had been arrested, aided by the depreciation of sterling.

<http://www.bankofengland.co.uk/publications/Pages/agentssummary/2016/aug.aspx>

In the early hours of 24 June, sterling exchange rates began to depreciate sharply as early indications signalled a leave vote. Once the outcome was confirmed, sterling continued to fall through the day (Chart 8), and the sterling-dollar exchange rate reached its lowest level since September 1985 at US\$1.3229. Sterling continued to fall over the following days, and the sterling-dollar exchange rate reached a new post-1985 low of US\$1.3121 on Monday 27 June. Overall, the trade-weighted sterling exchange rate fell 9% between 23 and 27 June, leaving it down by 8% over the review period as a whole (Chart 9).

more negatively affected. For example, the FTSE 250, which contains a greater share of domestically focused firms, fell by 14% in the period 23–27 June.

<http://www.bankofengland.co.uk/publications/Documents/quarterlybulletin/2016/q2/a4.pdf>