

PRESS RELEASE

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**ORDER LEVELS HOLD STABLE IN Q1 FOR THIRD QUARTER RUNNING BUT EXPECTATIONS FOR CURRENT QUARTER ARE MORE DOWNBEAT**

Order levels were generally stable in the first quarter of this year and for the third quarter running, according to the latest BPIF *Printing Outlook* report published this week. The majority (58%) of respondents to the latest survey, conducted at the beginning of April, report stable order levels close to those forecast three months ago. Output once again moved in tandem with domestic order levels: in fact more firms (two-thirds of those surveyed) reported production unchanged in Q1. However the number that cut output in the period was more than double that producing more.

Although more than half of firms expect stability during Q2 2013 the balance among the remainder was negative, for the first time in five quarters. The forecast for domestic orders through the second quarter is therefore downbeat overall: although the majority (61%) again expect stable demand, more of the remainder believe that demand will fall rather than improve.

Earlier signs that confidence may be returning to the print sector proved to be short-lived. At the time of the last survey, more printers expressed the opinion that trade was improving rather than deteriorating. In Q1, the opposite was true. While the majority registered no change in sentiment levels, the 11% that thought activity in the sector had risen was the lowest figure since the first quarter of 2009 - a period when the UK was firmly in the grip of recession. Predictions for Q2 also remain on the pessimistic side. Again while most expect no change, there is a narrowing of the gap between expectations of a slowing in activity versus a pick-up.

'Competitors pricing below cost' continues to be the issue most frequently chosen by companies as one of their top three business concerns. Selected by 80% of respondents, it remains significantly greater than any other concern. 'Late payment by customers' is, once again, the second ranked concern, with 24% of respondents selecting it. 'Under utilisation of capital equipment' has become the third ranked concern, selected by 21% of respondents. There has also been a notable increase in those concerned by 'paper and board prices':

whilst many paper and board prices have not been increasing in the last year there seems to be a growing expectation that price increases may once again feature in the coming months.

At a time of subdued market conditions, it might be expected that employment levels would fall. In the event however, 80% of respondents stated that numbers employed remained static. Of the remainder, more took on new staff than cut positions. Reflecting similar trends in the wider economy as a whole, the positive balance of +6 maintains a solid employment trend for the printing industry and was also better than had been forecast.

It was of some comfort that costs remained stable for most print companies during Q1, with a significant majority reporting no changes. Only 3% saw any change in labour costs. Changes in paper and board costs were also uneventful, with 82% of printers paying neither more nor less. However while most (55%) believe prices will remain at existing levels in the current quarter, 43% anticipate increases on the back of a price push by suppliers. Energy remained the most volatile of the cost areas during the first quarter: just under four-fifths of respondents said that costs were stable but of the remainder 21% were hit by higher energy charges. Although the vast majority of companies (88%) saw stable costs for ink in the period the number that paid more again outweighed those paying less – for the 14<sup>th</sup> quarter running.

Printers' plans to invest pretty much remain the same as reported in the previous survey three months ago. The vast majority of firms intend to spend on training, plant & machinery and product & process innovation, with 86% expecting to either invest more or the same in training/retraining staff and 84% expecting to do the same on innovation projects.

BPIF CEO Kathy Woodward says "It is encouraging to note that orders and output have held steady for three consecutive quarters now, although somewhat disappointing that confidence has waned and that expectations for the current quarter are lower. To offset the impact of price erosion in a tough market, driving down costs and improving productivity has to remain high on everyone's agenda. It is therefore welcome news that printer's plans for investment remain strong, with training and innovation as their main focus".

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## **Editors' Notes**

The online trading trends survey was carried out during 2-16 April 2013 and received responses from 110 companies employing 8,043 people with a combined turnover of £0.9 billion. For more information on Printing Outlook, visit [www.britishprint.com/printingoutlook/](http://www.britishprint.com/printingoutlook/)

The BPIF is the principal business support organisation representing the UK print, printed packaging and graphic communication industry. We are one of the country's leading trade association and we strive to ensure our members' requirements come first. Through listening to their needs we have developed an unrivalled range of products and services that go well beyond those provided by a traditional trade association.

We provide the highest standard of support for printers to grow and develop healthy, sustainable and profitable businesses, aiming to provide an environment geared towards their businesses success. Here at the BPIF we offer practical, value-adding solutions for all areas of a print organisation, ranging from Health, Safety, Environmental and Quality issues; with the implementation of HR requirements; provide resolutions of technical or legal issues; as well as advice and support on marketing, sales and finance. This is all delivered by individuals and teams of highly skilled and experienced print and media industry specialists.

We also offer a wide range of opportunities for networking both regionally and nationally, including prestigious events, special interest groups, seminars, conferences, workshops, training and short courses on a wide range of topics and skills.

For more information on the BPIF, visit [www.britishprint.com](http://www.britishprint.com)