



JUNE 2023

M.INDEX

Our Monthly Index on the State of UK Credit



The view from Experian

Business sentiment across UK industries remains predominately upbeat amidst the cost-of-living crisis and tightening monetary policy. This is especially evident in the currently underperforming manufacturing sector with **56% of recently surveyed manufacturers** forecasting production to be higher in 12 months' time. Economic uncertainty lingers however, particularly for the construction sector as input costs and interest rates continue to mount pressure.

The latest ONS Business Insights Survey (BICS) shows that the top two concerns for businesses in June will be energy (15.0%) and inflated prices (14.9%). Energy prices and inflation are primary concerns for accommodation & food services, and other services. Meanwhile interest rates are a major concern for real estate services (29.2%) given rising mortgage rates.

While input prices are rising at a record rate since the survey began in 2004, now at **6.1% in 2023Q1**; all sectors are anticipating a slowdown of input cost pressures in the year ahead. This is especially the case for manufacturing & engineering, and construction businesses which have experienced improving supply chains; with the delivery of construction products and materials improving to their fastest pace since August 2009.

Gareth Rees

Head of Commercial
Credit & Risk
Experian

businessuk@experian.com

Improved
business
sentiment
and consumer
confidence

Resilient
but diverse
sector
outlook

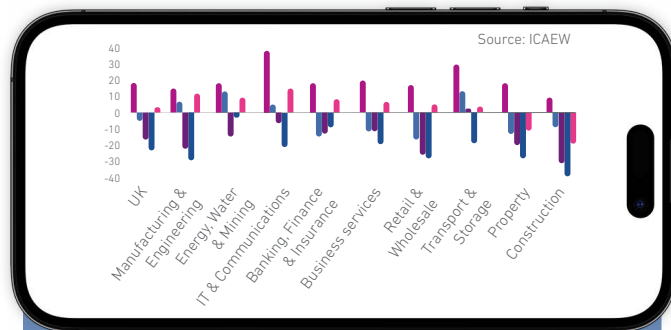
Higher
business costs





Key UK Economic & Commercial Credit Metrics

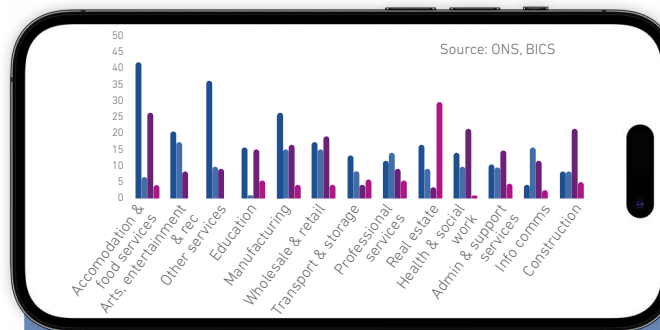
Confidence by sector



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■ Q1 2022
■ Q2 2022
■ Q3 2022
■ Q4 2022
■ Q1 2023

% of businesses main concern in June 2023

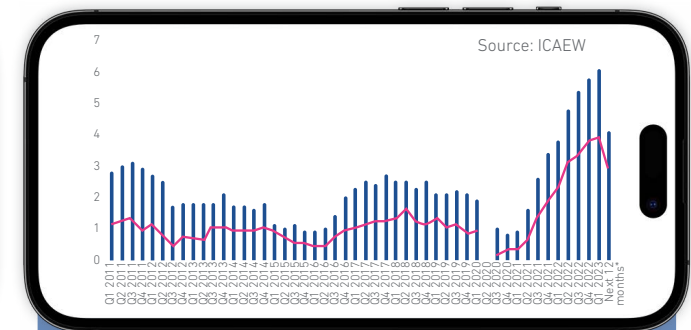


The latest ONS Business Insights Survey (BICS) shows that the top two concerns for businesses in June will be energy (15.0%) and inflated prices (14.9%).

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■ Energy prices
■ Falling demand of goods & services
■ Inflation of goods & services prices
■ Interest rates (including mortgages)

Input Cost Pressure



While input prices are rising at a record rate since the survey began in 2004, now at 6.1% in 2023Q1; all sectors are anticipating a slowdown of input cost pressures in the year ahead. This is especially the case for manufacturing & engineering, and construction businesses which have experienced improving supply chains; with the delivery of construction products and materials improving to their fastest pace since August 2009.

■ Input prices
■ Prices charged to customers



Key UK Commercial Credit Metrics

(Asset Finance, Credit Cards/Revolving Credit, Loans, and Mortgages)

| | 2019 | 2020 | 2021 | 2022 | 2023 preview | 2023 variance |
|---|------------|------------|------------|------------|-----------------|------------------|
| | (Year end) | (Year end) | (Year end) | (Year end) | (Mar 23) | (% to 2022) |
| Average Commercial Delphi Score | 44 | 42 | 42 | 42 | 42 | -0.1% |
| Median Commercial Delphi Score | 40 | 36 | 37 | 36 | 36 | 0.0% |
| Average credit card/revolving credit utilisation rate | 100 | 82 | 103 | 109 | 108 | -0.2% |
| Average overdraft utilisation rate | 100 | 65 | 83 | 90 | 92 | 1.7% |
| Proportion of current accounts overdrawn | 100 | 60 | 78 | 80 | 80 | -1.1% |
| Average asset finance debt | 100 | 102 | 111 | 118 | 137 | 16.3% |
| Average credit card/revolving credit debt | 100 | 99 | 157 | 172 | 187 | 8.8% |
| Average loan debt | 100 | 113 | 138 | 136 | 133 | -2.1% |
| Average mortgage debt | 100 | 90 | 98 | 99 | 99 | -0.3% |
| Average non-mortgage debt | 100 | 105 | 123 | 120 | 123 | 2.5% |
| Status 2+ delinquency rate | 100 | 131 | 109 | 108 | 126 | 16.8% |
| Default rate | 100 | 102 | 84 | 99 | 64 | -34.7% |

NB: Loans excludes Insurance Premium Loans

View from Experian

- May's search volumes **increased by ~19%** versus April, exceeding the **~15% uplift seen in the same period last year.**
- The average credit card utilisation rate is now **slightly lower than at the end of 2022.**
- Average Asset Finance debt increased during May, while total Asset Finance debt **grew by a further £1.1b.**
- Average and total Credit Card debt also continued to rise.
- The 2+ delinquency rate is now **16.8% higher than the end of 2022.**
- Meanwhile the default rate fell **by 50% to 0.04%.**



For In-depth Insights, **download our report now -**
SME Lending in a cost-of-living crisis



FIND OUT MORE OR CONTACT US TODAY
TO ARRANGE A MEETING



Registered office address:
The Sir John Peace Building, Experian Way,
NG2 Business Park, Nottingham, NG80 1ZZ
www.experian.co.uk

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