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Services back on track as overall credit picture remains mixed

Press release – 12 June 2018

The Services sector continues to show signs of improvement in business confidence according to the latest results (Q1 2018) from the UK's Credit Managers' Index (CMI), the quarterly barometer from the Chartered Institute of Credit Management (CICM).

The 1.5-point increase in Services sees the index close at 54.6, a 0.3 percent climb on Q4 2017. Manufacturing also continues to rise, up 1.0 on Q4 to 57.2. The CMI's headline figure is also on the rise, increasing by 1.4 points to 55.4, which is currently more optimistic than the market as the FTSE All Share dropped by eight percent.

The index of favourable factors all performed well in the first Quarter with increases across the board: Credit Sales rose by 4.4 to 70.6; Order Book was +2.8 higher (69.8); and New Credit Applications climbed an impressive 7.4 to close on 66.4.

Results from the index of unfavourable factors, however, were mixed, with four of the seven measures dropping points. However, the remaining three did show signs of improvement: Days Sales Outstanding (DSO) was +0.9 higher (56.1); Bad Debt Provision increased by 4.6 to close on 48.9; and Overdues climbed 6.1 points to 52.3.

Philip King, Chief Executive of the CICM, says the latest results show steady progress: "Although marginal, we have seen a positive overall improvement in the Index. The confidence in both Manufacturing and Services appears to have increased steadily in the last quarter. This progress is positive but it is important to remain cautious as things can change quickly with various potential pitfalls on the horizon."

The CMI's results show a shift in regional confidence, with Wales, East Midlands, Northern Ireland, North West and North East all falling below the 50-point threshold. Scotland, London and South East continue to lead the way with over 60 points.

The CMI's sector-specific results show all but three of the 19 sectors meeting or exceeding the positive threshold. The three sectors that are struggling are Insurance (42.0), Basic Resources (48.0) and Chemicals (40.0). Oil and Gas and Personal and Household Goods are setting the pace, both on 70 points.

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 10 factors.

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About CICM:

The Chartered Institute of Credit Management ([CICM \(http://www.cicm.com\)](http://www.cicm.com)) is the largest recognised professional body in the world for the credit management community. Formed over 75 years ago, the Institute was granted its Royal Charter in 2014. Representing all areas of the credit and collections lifecycle, it is the trusted leader and expert in its field providing its members with support, resources, advice, and career development as well as a networking and interactive community. In addition to its comprehensive suite of qualifications and learning opportunities, events and magazine 'Credit Management', the CICM administers the [Prompt Payment Code \(http://www.promptpaymentcode.org.uk\)](http://www.promptpaymentcode.org.uk) for BEIS. Independently, and through collaboration with business organisations, it provides vital advice to businesses of all sizes on how best to manage cashflow and credit.



Quote of the day

"Most obstacles melt away when we make up our minds to walk boldly through them."

Orison Swett Marden

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