Fiscal Tightening Will Work, Say UK Importers And Exporters

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Travelex Confidence Index Summary Oct 2010 PDF (0.76 mb)

76% of importers and exporters believe Chancellorâ€™s austerity programme will work

Importers and exporters adopt a â€˜wait and seeâ€™ approach in October

Over three quarters of the UKâ€™s SME importers and exporters believe that fiscal tightening will successfully reduce the UKâ€™s budget deficit, according to the latest Travelex Confidence Index (TCI) report.

76% believe that the Coalitionâ€™s aggressive programme of spending cuts and tax hikes will work. Travelex said that their ringing endorsement of the Chancellorâ€™s plans echoes that of rating agency Standard & Poorâ€™s, who recently upgraded t UKâ€™s economic outlook.

â€œMost of our business customers seem to be accepting that Government spending cuts are a â€˜necessary evil.â€™ Whilst t might hurt business in the short-term, they are confident that the fiscal squeeze will reduce the deficit over the long-term, which is encouraging,â€• said David Sear, Global Managing Director at Travelex Global Business Payments.

Most importers and exporters adopted a â€œwait and seeâ€• approach in October, as the overall Confidence Index remained stable at 104. The index is now 7 points lower than it was in August.

Faith in the current economic situation worsened; with confidence in the current economic environment falling 6% to 50%. Despite this, confidence in future international trading conditions edged up 2% to 62%.

â€œOverall, the latest index shows that UK importers and exporters seem to feel better about their longer term prospects than they do about their current situation. However, a recent string of positive UK data, such as stronger than expected third quarter growth and upbeat manufacturing activity, suggests sentiment among local importers and exporters may head higher over the near term,â€• commented David Sear.

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