

## **Deloitte**

20 July 2010

### **Number of manufacturing administrations drops dramatically**

Total administrations in the UK manufacturing sector have dropped 46 per cent for the first half of the year compared with 2009, according to data compiled by business advisory firm Deloitte. This is a far more positive outlook than six months ago when Deloitte's annual administration figures for 2009 indicated that manufacturing was the second hardest hit sector of the economy, representing 17 per cent of total administrations for the year.

David Raistrick, UK manufacturing industry leader based at Deloitte's Leeds office, commented:

"The manufacturing sector is certainly in a better position than it was a year ago, however demand has not increased to the level required to give the sector the boost it needs. While we are seeing order books pick up, businesses have tightened up operationally and are running with a lower level of working capital, so the significant 'restocking effect' that was hoped for has not happened. Corporate investment in capital expenditure also remains tight. While there are certainly a number of issues at play affecting UK manufacturing, end demand and business investment are the primary drivers and until there is a significant and sustainable increase in demand, the outlook for the sector will continue to be uncertain."

Administration data from the first half of the year shows that the retail sector enjoyed the highest rate of decline with administrations down 57 per cent year on year, followed by the manufacturing sector (46 per cent) and property and construction (43 per cent).

#### **Total administrations:**

- 1,065 administrations in H110; down 43 per cent from 1,856 in H109
- 1,440 administrations in H108
- 1,205 administrations in H107
- 1,419 administrations in H106

#### **Manufacturing administrations:**

- 167 administrations in H110

- 311 administrations in H109
- 210 administrations in H108

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**About Deloitte:**

Deloitte analyses all UK administration and appointment figures announced in The Gazette.