



# Lloyds TSB Yorkshire & Humber PMI®

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**The Lloyds TSB Yorkshire & Humber PMI® (Purchasing Managers' Index®)** is produced for Lloyds TSB Commercial by Markit.

The report features original survey data collected in January 2013 from a representative panel of companies based in Yorkshire & Humber and operating in both manufacturing and service sectors.

The Yorkshire & Humber survey forms part of a series of ten regional surveys published by Lloyds TSB Commercial and is derived from the highly regarded national PMI surveys produced by Markit.

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11th February 2013

## Solid rise in output during January, with rate of growth at five-month high

### Key findings:

- Fastest rate of output growth among the nine English regions
- Employment increases at strongest pace since last February
- Input price inflation slows to five-month low

Lloyds TSB Yorkshire & Humber PMI® data indicated the strongest expansion of private sector output in five months during January. Moreover, the rate of growth was solid and the strongest among all nine English regions. Firms generally cited increased new business. Concurrently, employment in Yorkshire & Humber rose further in January and at the fastest pace since February 2012, while the rate of input price inflation remained muted in the context of historical data.

### Output and demand

Business activity in Yorkshire & Humber's private sector rose for the third consecutive month in January. Both manufacturers and service providers reported an increase in output, with the sharper rise registered by the latter. Overall, the rate of growth was the strongest since last August and the second-fastest across the 12 UK regions, with only Wales posting a stronger output expansion.

Firms largely linked higher output levels to increased volumes of new business. Incoming new work rose moderately at the start of 2013, with the latest increase also a five-month high.

### Employment and backlogs

Outstanding business meanwhile fell for the ninth successive month in January. The rate of backlog depletion was solid, albeit weaker than in December, and largely reflective of lower levels of work-in-hand at manufacturing companies.

Employment in Yorkshire & Humber's private sector increased further during January, with approximately one-in-nine firms hiring additional staff over the month. Moreover, the rate of job creation was above the UK average and the fastest since February 2012.

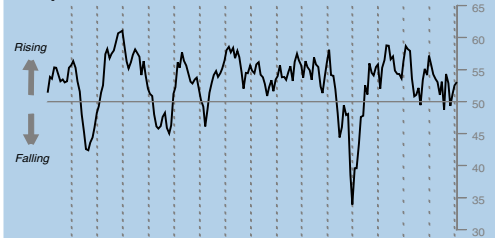
### Input and output prices

Input prices faced by private sector firms rose for the fifth consecutive month in January, with raw materials and salary bills commonly reported as having risen in cost. However, the rate of inflation was the weakest in this sequence and slower than that recorded across the UK as a whole.

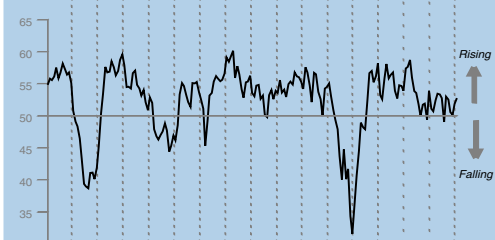
Firms raised their selling prices on average in January, as greater cost burdens were generally passed on to clients. Although the latest increase was modest, it was nonetheless the strongest since September 2011. That said, while manufacturers reported higher output prices over the month, service providers continued to lower their charges.

### Yorkshire & Humber Business Conditions

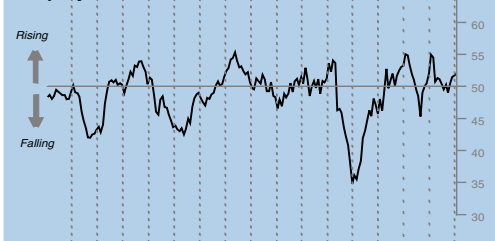
#### Output



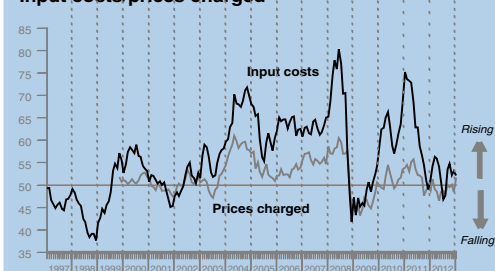
#### Order Books



#### Employment



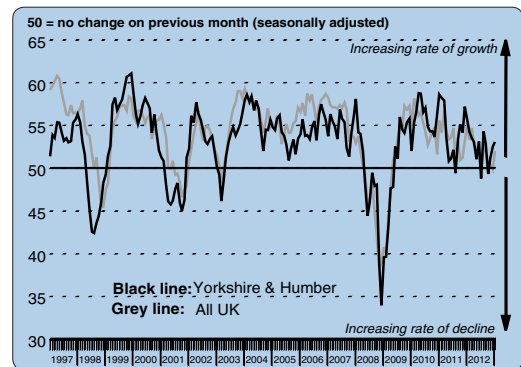
#### Input costs/prices charged



Output / Business Activity

Q. Is the level of output or business activity at your company higher, the same or lower this month than one month ago?

		Yorkshire & Humber Companies				All UK		
		Higher %	Same %	Lower %	Index 50=no chg	S.Adj'd Index	S.Adj'd Ind	
2012	May	28.7	40.2	31.0	48.9	51.1	52.3	
	Jun	27.7	55.4	16.9	55.4	53.1	51.3	
	Jul	19.5	51.7	28.7	45.4	48.8	49.6	
	Aug	25.8	46.1	28.1	48.9	54.3	52.8	
	Sep	33.7	47.2	19.1	57.3	52.9	51.9	
	Oct	30.3	40.4	29.3	50.5	49.4	49.6	
	Nov	29.7	50.5	19.8	54.9	51.2	50.5	
	Dec	27.8	51.1	21.1	53.3	52.5	49.9	
	2013	Jan	27.5	40.7	31.9	47.8	53.1	52.0

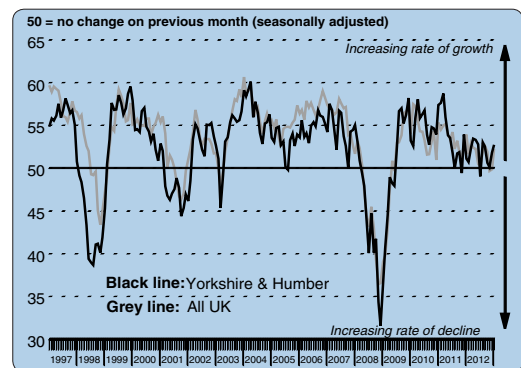


After adjusting for seasonal variation, output in Yorkshire & Humber's private sector increased for the third consecutive month in January. Moreover, the rate of growth was solid and the fastest since last June. Both manufacturers and service providers reported higher activity levels than in December, with firms generally citing greater new order requirements. Although business activity also increased across the UK as a whole, the expansion in Yorkshire & Humber was stronger than the UK average.

New Orders / Incoming New Business

Q. Is the level of new orders or incoming new business at your company higher, the same or lower this month than one month ago?

		Yorkshire & Humber Companies				All UK		
		Higher %	Same %	Lower %	Index 50=no chg	S.Adj'd Index	S.Adj'd Ind	
2012	May	34.9	33.7	31.4	51.7	53.4	52.3	
	Jun	28.0	47.6	24.4	51.8	52.8	50.5	
	Jul	21.2	42.4	36.5	42.4	49.1	50.2	
	Aug	28.4	39.8	31.8	48.3	53.0	51.9	
	Sep	37.9	35.6	26.4	55.7	52.5	52.6	
	Oct	28.6	40.8	30.6	49.0	50.6	51.9	
	Nov	27.8	47.8	24.4	51.7	50.1	49.7	
	Dec	28.1	44.9	27.0	50.6	51.8	49.9	
	2013	Jan	31.1	35.6	33.3	48.9	52.8	52.3

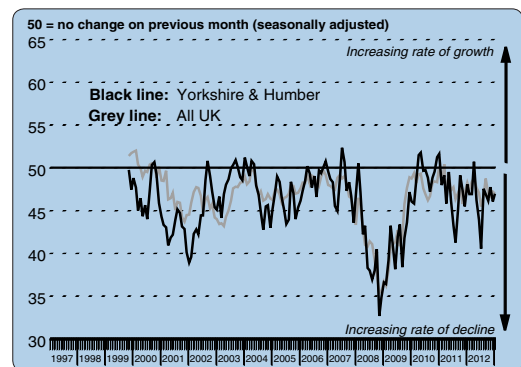


Incoming new work at private sector firms rose further during January, continuing the trend that has been recorded in each month since last August. The latest increase in new business was moderate and, with the seasonally adjusted New Orders Index having risen since December, the strongest in five months. That said, while new business at service companies increased in January, new order volumes at manufacturing firms fell marginally. A number of respondents commented on winning new contracts despite unfavourable underlying business conditions during the latest survey period.

Business Outstanding

Q. Is the level of business outstanding at your company higher, the same or lower this month than one month ago?

		Yorkshire & Humber Companies				All UK		
		Higher %	Same %	Lower %	Index 50=no chg	S.Adj'd Index	S.Adj'd Ind	
2012	May	13.0	63.6	23.4	44.8	46.2	47.7	
	Jun	8.2	65.8	26.0	41.1	43.9	47.1	
	Jul	13.5	52.7	33.8	39.9	40.5	45.5	
	Aug	17.7	65.8	16.5	50.6	47.6	46.8	
	Sep	15.0	60.0	25.0	45.0	47.0	48.8	
	Oct	21.8	48.3	29.9	46.0	46.2	47.0	
	Nov	18.8	57.5	23.8	47.5	47.7	46.7	
	Dec	12.2	58.5	29.3	41.5	46.1	47.3	
	2013	Jan	16.7	57.1	26.2	45.2	47.0	47.0

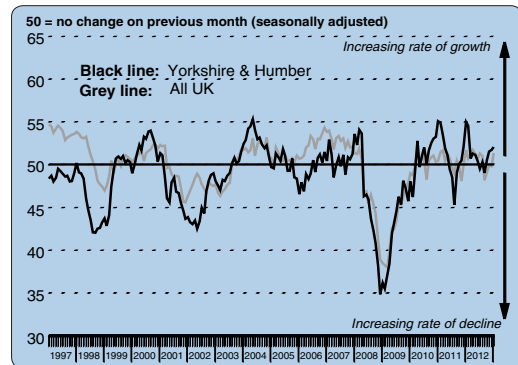


The seasonally adjusted Business Outstanding Index remained below the 50.0 no-change mark in January, signalling a further reduction in the level of work-in-hand at private sector companies. Firms have reported a depletion of backlogs in each month since May 2012, with the latest decline solid but weaker than one month previously. January data meanwhile showed a divergence at the sector level, with manufacturers reporting a reduction in outstanding business, while service providers registered an increase.

Employment

Q. Is the level of employment at your company higher, the same or lower this month than one month ago?

		Yorkshire & Humber Companies				All UK	
		Higher %	Same %	Lower %	Index 50=no chg	S.Adj'd Index	
2012	May	17.2	69.0	13.8	51.7	51.2	
	Jun	13.3	67.5	19.3	47.0	50.4	
	Jul	17.2	67.8	14.9	51.1	49.6	
	Aug	12.4	74.2	13.5	49.4	50.3	
	Sep	12.4	75.3	12.4	50.0	49.1	
	Oct	13.3	77.6	9.2	52.0	50.6	
	Nov	15.4	72.5	12.1	51.6	51.5	
	Dec	13.5	77.5	9.0	52.2	51.8	
	2013	Jan	11.1	80.0	8.9	51.1	52.1
							51.3

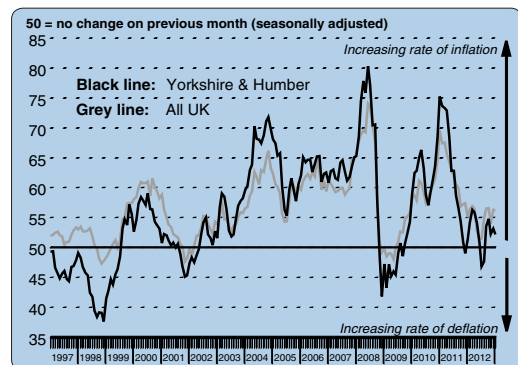


Employment in Yorkshire & Humber's private sector increased in January, with approximately 11% of firms hiring additional staff since December. Moreover, the rate of job creation was the fastest since February 2012 and the second-strongest across all 12 UK regions, behind the South East. The overall rise in headcounts, however, largely reflected an increase in services employment, as staff numbers in manufacturing were largely the same as one month previously.

Input Prices / Costs

Q. Have average input prices or input costs risen, fallen or remained unchanged this month compared with one month ago?

		Yorkshire & Humber Companies				All UK	
		Higher %	Same %	Lower %	Index 50=no chg	S.Adj'd Index	
2012	May	25.3	64.4	10.3	57.5	54.2	
	Jun	13.3	68.7	18.1	47.6	50.8	
	Jul	11.6	68.6	19.8	45.9	46.9	
	Aug	9.0	75.3	15.7	46.6	47.7	
	Sep	18.2	67.0	14.8	51.7	53.6	
	Oct	21.2	67.7	11.1	55.1	54.8	
	Nov	8.9	80.0	11.1	48.9	52.3	
	Dec	10.0	76.7	13.3	48.3	53.2	
	2013	Jan	18.7	71.4	9.9	54.4	52.2
							56.2

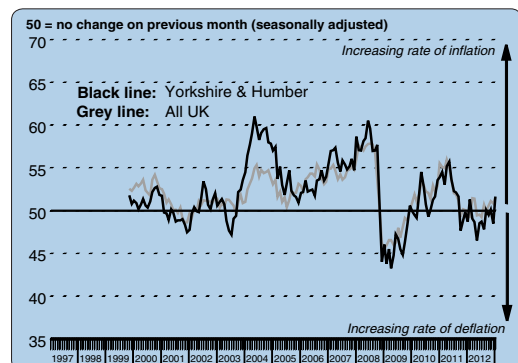


Average input costs faced by private sector companies in Yorkshire & Humber rose further at the start of 2013. Higher input prices have been reported in each month since last September, but the rate of inflation was only modest and the weakest in this sequence. Additionally, the latest increase in input costs remained weaker than that signalled by UK-wide data. Panellists commonly reported an increase in raw material prices, as well as higher labour costs during the latest survey period.

Output Prices

Q. Are the average prices charged for goods and services by your company higher, the same or lower this month than one month ago?

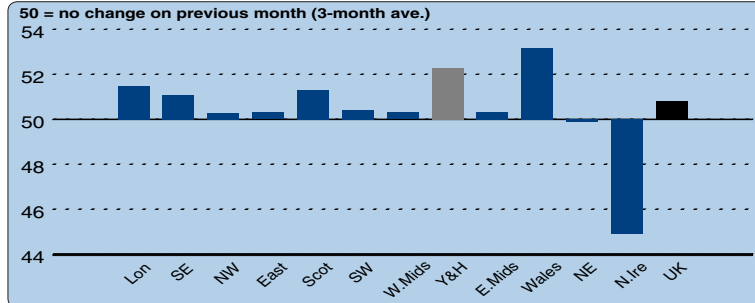
		Yorkshire & Humber Companies				All UK	
		Higher %	Same %	Lower %	Index 50=no chg	S.Adj'd Index	
2012	May	4.6	85.1	10.3	47.1	46.5	
	Jun	3.6	91.6	4.8	49.4	48.5	
	Jul	3.4	88.5	8.0	47.7	48.7	
	Aug	2.2	87.6	10.1	46.1	47.8	
	Sep	6.8	86.4	6.8	50.0	50.1	
	Oct	6.1	84.8	9.1	48.5	49.5	
	Nov	3.3	92.3	4.4	49.5	50.1	
	Dec	2.2	90.0	7.8	47.2	48.5	
	2013	Jan	13.2	83.5	3.3	54.9	51.7
							51.5



After reducing their output charges in December, selling prices at firms in Yorkshire & Humber's private sector increased in January. Approximately 13% of panellists raised their output prices over the month (while 3% reported a decrease), as greater cost burdens were generally passed on to clients. Although the overall rise in average selling prices was only modest, it was nonetheless the strongest since September 2011 and largely reflective of higher factory gate prices, as service providers on the whole reduced their output charges.

## Regional Comparisons: Output

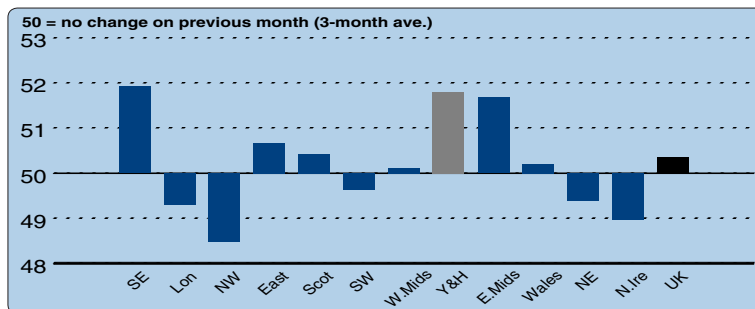
The graph below shows the regional PMI Output Indexes for the UK. An average of the latest three months is used (see also the table to the right). Business activity increased in the majority of UK regions during the three months to January, with the North East and Northern Ireland the only exceptions. Wales recorded the strongest pace of output expansion, followed by Yorkshire & Humber.



	Share of UK GVA, 2010 (National Statistics)	PMI Output Index		
		Last 12 months	Latest 3 months	Latest month
London	(21.5%)	53.0	51.5	52.3
South East	(14.7%)	51.7	51.1	52.4
North West	(9.5%)	50.8	50.3	50.4
East of England	(8.7%)	51.4	50.3	50.9
Scotland	(8.3%)	51.5	51.3	52.3
South West	(7.7%)	50.4	50.4	51.2
West Midlands	(7.3%)	53.2	50.3	50.1
Yorks & Humber	(7.0%)	52.3	52.3	53.1
East Midlands	(6.4%)	52.2	50.3	52.5
Wales	(3.6%)	51.6	53.2	54.1
North East	(3.2%)	48.6	49.9	48.1
N.Ireland	(2.2%)	43.7	44.9	48.3
<b>UK</b>	<b>(100.0%)</b>	<b>51.7</b>	<b>50.8</b>	<b>52.0</b>

## Regional Comparisons: Employment

The graph below shows the regional PMI Employment Indexes for the UK. An average of the latest three months is used (see also the table to the right). Staffing numbers increased in just over half of the UK regions monitored by the survey during the three months to January, although in each case the pace of job creation was only marginal. Of those regions that saw a drop in employment, the fastest fall was in the North West.



	Contribution to UK Employment, 2008 (National Statistics)	PMI Employment Index		
		Last 12 months	Latest 3 months	Latest month
South East	(14.6%)	51.1	51.9	53.7
London	(12.3%)	49.3	49.3	51.1
North West	(10.9%)	48.8	48.5	49.9
East of England	(9.6%)	50.8	50.7	51.8
Scotland	(8.7%)	51.0	50.4	50.7
South West	(8.6%)	49.9	49.6	48.6
West Midlands	(8.6%)	51.9	50.1	51.4
Yorks & Humber	(8.2%)	51.1	51.8	52.1
East Midlands	(7.3%)	53.2	51.7	51.7
Wales	(4.6%)	49.8	50.2	50.3
North East	(3.9%)	48.9	49.4	49.9
N.Ireland	(2.7%)	47.4	49.0	50.7
<b>UK</b>	<b>(100.0%)</b>	<b>50.6</b>	<b>50.4</b>	<b>51.3</b>

## PMI Survey Methodology

### PMI surveys

Purchasing Managers' Indexes® (or PMIs®) are monthly surveys of carefully selected companies which provide an advance indication of what is really happening in the private sector economy by tracking variables such as output, new orders, employment and prices across both manufacturing and service sectors. The PMI surveys are based on fact, not opinion, and are the first indicators of economic conditions each month. The data are collected using identical methods in all countries and regions so that accurate comparisons may be made.

Questionnaires are completed in the latter half of each month and are collected and processed by economists at Markit Economics. Respondents are asked to state whether business conditions for a number of variables have improved, deteriorated or stayed the same compared with the previous month.

### Index numbers

Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline. These indices vary between 0 and 100 with readings of exactly 50.0 signalling no change on the previous month. Readings above 50.0 signal an increase or improvement; readings below 50.0 signal a decline or deterioration.

Reasons given by survey respondents for any changes are analysed to provide insight into the causes of movements in the indices and are also used to adjust for expected seasonal variations. The indexes are seasonally adjusted to take into consideration expected variations for the time of year, such as summer holiday shutdowns and national holidays such as Christmas.

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**Markit Economics** is a specialist compiler of business surveys and economic indices, including the Purchasing Managers' Index® (PMI®) series, which is now available for 32 countries and key regions including the Eurozone.

The PMIs are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.