



Lloyds TSB Yorkshire & Humber PMI®

Lloyds TSB Commercial

Part of Lloyds Banking Group, Lloyds TSB Commercial provides banking services and tailored lending for small and medium-sized enterprises with an annual turnover of up to £15 million.

We put great emphasis on a long-term relationship-led approach to banking and are committed to providing firms with a service that goes beyond day-to-day banking facilities.

Our team of well established and experienced relationship managers provide locally-based support to a wide range of businesses, discussing new strategies and ideas as well helping them to access other sources of guidance.

We recognise the importance of working closely with our customers so we can fully understand their needs and we are actively looking to meet their funding requirements.

To find out more about Lloyds TSB Commercial please visit

www.lloydstsb.com/business

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 April 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.

For further information, please contact:

economics@markit.com

The intellectual property rights to the Yorkshire & Humber PMI provided herein is owned by Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are registered trade marks of Markit Economics Limited. Lloyds TSB use the above marks under licence. Markit and the Markit logo are registered trade marks of Markit Group Limited.

13th May 2013

Activity rises at strongest pace since January 2012

Key findings:

- Activity growth fastest among all nine English regions
- New business increases strongly in April
- Employment falls for third month running

Lloyds TSB Yorkshire & Humber PMI® data indicated that the rate of expansion in private sector output was the strongest in 15 months during April. Firms generally linked the increase in activity to a strong rise in new business, as well as a further depletion of backlogs of work. However, employment in Yorkshire & Humber's private sector fell for the third month running, with the rate of job losses the strongest since August 2011.

Output and demand

Business activity in the Yorkshire & Humber's private sector rose for the sixth consecutive month in April. The increase largely reflected higher services output, however, as manufacturing production was broadly the same as in March. Overall, the rate of growth was strong and the fastest among all nine English regions.

Firms linked the increase in activity to greater client demand and new contract wins. Concurrently, the volume of new business received by private sector companies rose strongly in April, although at a slightly weaker pace than March's near two-year peak.

Employment and backlogs

The level of work-in-hand at monitored companies meanwhile fell for the twelfth consecutive month in April. However, the latest depletion of outstanding business was modest and the weakest in the current sequence.

Despite the increases in both output and new business, firms reduced their workforces in April. Employment in Yorkshire & Humber's private sector has fallen for three straight months, with the latest reduction the sharpest since August 2011. Job losses were evident in both the manufacturing and service sectors.

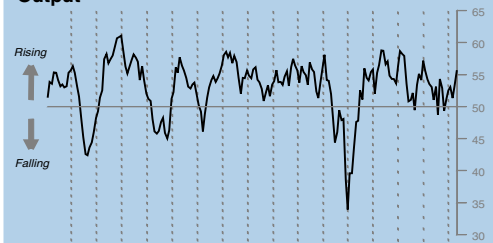
Input and output prices

Input costs continued to rise in April, with panellists commonly reporting higher prices for fuel and raw materials. A number of respondents also commented that unfavourable exchange rates contributed to the increase in costs. Overall, the rate of input price inflation was solid, but weaker than the UK average.

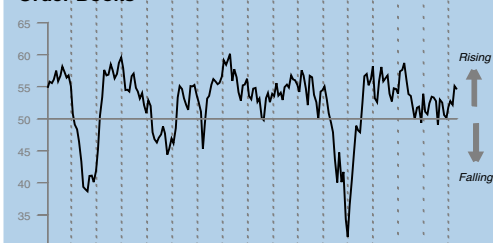
Meanwhile, output charges fell for the third month running, albeit marginally. Lower selling prices were recorded in both the manufacturing and service sectors, with the overall reduction the strongest among all 12 UK regions.

Yorkshire & Humber Business Conditions

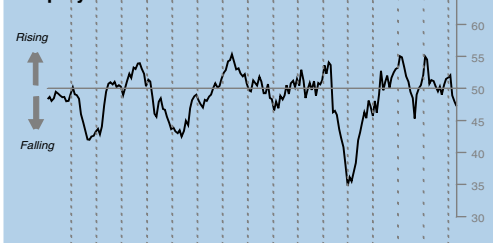
Output



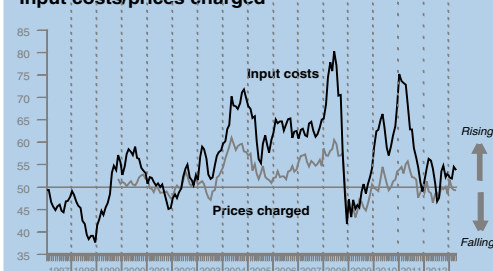
Order Books



Employment



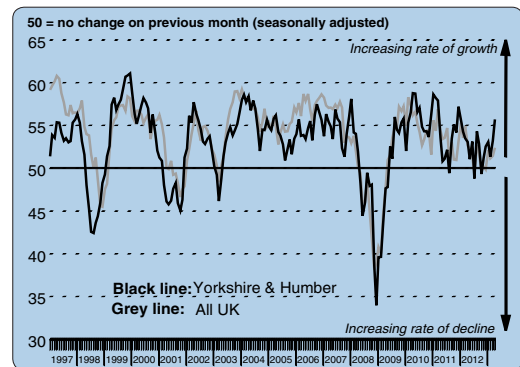
Input costs/prices charged



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	Aug	25.8	46.1	28.1	48.9	54.3	52.7
	Sep	33.7	47.2	19.1	57.3	52.9	51.7
	Oct	30.3	40.4	29.3	50.5	49.4	49.7
	Nov	29.7	50.5	19.8	54.9	51.2	50.2
	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	52.1
	Feb	32.6	43.5	23.9	54.3	51.3	51.2
	Mar	29.7	51.6	18.7	55.5	53.3	51.4
	Apr	32.2	50.6	17.2	57.5	55.7	52.4

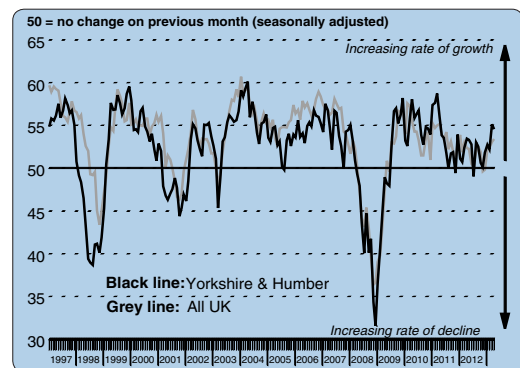


The seasonally adjusted Business Activity Index registered above the 50.0 no-change mark in April, suggesting a further increase in private sector output in Yorkshire & Humber. Almost one-third of respondents reported higher activity levels compared with one month previously, often linking this to increased new business. Although the rate of growth reflected higher services output, with manufacturing production broadly the same as in March, the overall increase in activity was the strongest since January 2012 and the fastest among all nine English regions.

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	Aug	28.4	39.8	31.8	48.3	53.0	51.9
	Sep	37.9	35.6	26.4	55.7	52.5	52.5
	Oct	28.6	40.8	30.6	49.0	50.6	51.9
	Nov	27.8	47.8	24.4	51.7	50.1	49.6
	Dec	28.1	44.9	27.0	50.6	51.8	49.8
2013	Jan	31.1	35.6	33.3	48.9	52.8	52.2
	Feb	37.4	38.5	24.2	56.6	52.2	52.4
	Mar	38.2	40.4	21.3	58.4	55.2	53.1
	Apr	31.4	51.2	17.4	57.0	54.6	53.4

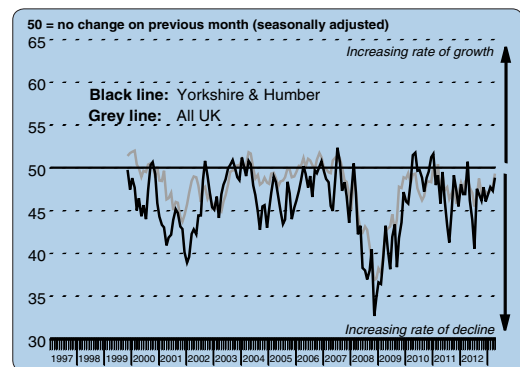


Incoming new work at private sector companies rose further in April, with a number of firms citing greater client demand and new contract wins. The rate of new order growth was strong and faster than the long-run series average, despite having eased from March's near two-year peak. Both manufacturers and service providers recorded an increase in new business during the latest survey period, with the larger rise reported by the latter.

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	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
	Feb	16.9	62.7	20.5	48.2	47.8	47.4
	Mar	18.5	58.0	23.5	47.5	47.3	47.9
	Apr	15.0	67.5	17.5	48.8	48.9	49.4

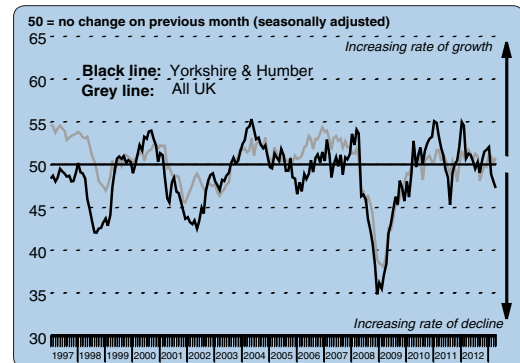


Following the trend that has been registered in each month since May 2012, the level of outstanding business at private sector firms fell during April. However, the latest reduction largely reflected lower levels of work-in-hand at manufacturers, with service providers reporting an increase since March. Overall, the rate of backlog depletion was stronger than that registered for the UK as a whole, but was only modest and the weakest in the current sequence.

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	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
	Feb	7.6	80.4	12.0	47.8	48.9
	Mar	14.3	71.4	14.3	50.0	48.0
	Apr	8.0	75.9	16.1	46.0	47.3

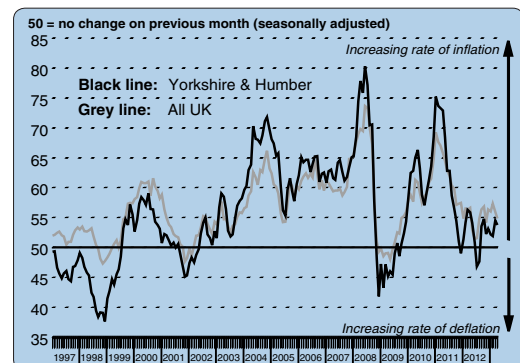


Employment in Yorkshire & Humber's private sector fell for the third consecutive month in April. Approximately 16% of companies reduced their employee numbers since March (while 8% increased their headcount), often linking this to business restructuring that led to some redundancies. Job losses were evident in both the manufacturing and service sectors in the latest survey period. Overall, the rate of contraction was the sharpest in 20 months and in contrast with growth across the UK as a whole.

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	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
	Feb	21.7	69.6	8.7	56.5	52.0
	Mar	25.3	72.5	2.2	61.5	54.5
	Apr	18.4	74.7	6.9	55.7	53.8

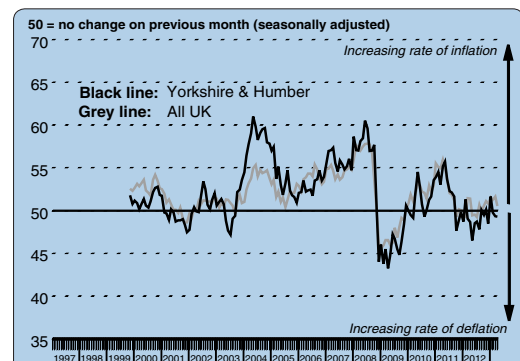


Input costs faced by monitored companies increased in April, with fuel and raw materials (including steel alloys and chemicals) commonly reported as having risen in price since March. A number of firms also commented that unfavourable exchange rates contributed to the overall rise in costs. Both manufacturers and service providers recorded higher input prices, with the sharper rise reported by the latter. Overall, the rate of input price inflation was weaker than the UK average.

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	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
	Feb	13.0	79.3	7.6	52.7	49.8
	Mar	7.7	81.3	11.0	48.4	49.4
	Apr	9.2	86.2	4.6	52.3	50.5

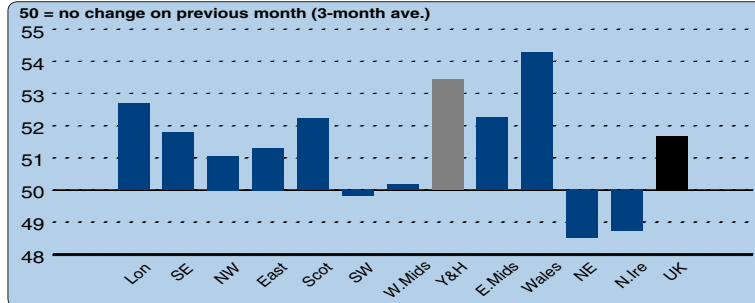


The seasonally adjusted Output Prices Index posted below the 50.0 no-change mark in April, suggesting lower selling prices on average at private sector companies in the region. Output charges have fallen for three straight months, with sector data indicating that tariffs were lower at both manufacturing and service companies. Although marginal, Yorkshire & Humber recorded the strongest rate of decline among all 12 UK regions in the latest survey period.



Regional Comparisons: Output

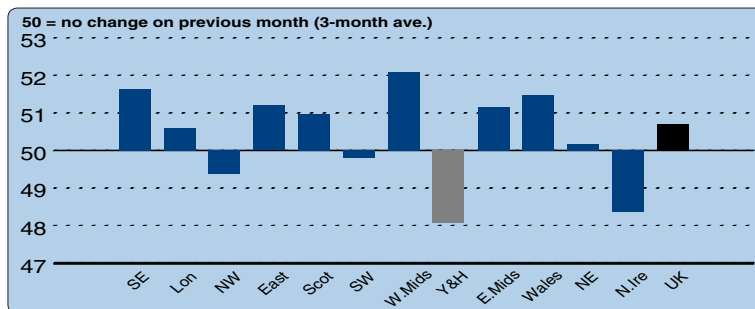
The graph below shows the regional PMI Output Indexes for the UK. An average of the latest three months is used (see also the table to the right). Business activity increased in nine of the twelve UK regions monitored, led by Wales and Yorkshire & Humber respectively. Only the North East, Northern Ireland and South West registered lower output on average in the three months to April.



	Share of UK GVA, 2010 (National Statistics)	PMI Output Index		
		Last 12 months	Latest 3 months	Latest month
London	(21.5%)	52.2	52.7	53.4
South East	(14.7%)	51.2	51.8	51.8
North West	(9.5%)	50.3	51.1	50.6
East of England	(8.7%)	50.7	51.3	51.5
Scotland	(8.3%)	51.3	52.3	53.1
South West	(7.7%)	50.2	49.8	51.0
West Midlands	(7.3%)	51.1	50.2	49.8
Yorks & Humber	(7.0%)	52.2	53.4	55.7
East Midlands	(6.4%)	51.8	52.2	53.6
Wales	(3.6%)	52.2	54.3	56.4
North East	(3.2%)	48.5	48.5	49.5
N.Ireland	(2.2%)	45.0	48.7	48.9
UK	(100.0%)	51.2	51.7	52.4

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). Jobs growth was registered in the majority of UK regions during the three months to April, with West Midlands companies posting the fastest expansion. Meanwhile, Yorkshire & Humber saw the most marked slide in workforce numbers.



	Contribution to UK Employment, 2008 (National Statistics)	PMI Employment Index		
		Last 12 months	Latest 3 months	Latest month
South East	(14.6%)	51.3	51.6	52.7
London	(12.3%)	49.7	50.6	49.9
North West	(10.9%)	48.7	49.4	48.5
East of England	(9.6%)	50.6	51.2	50.4
Scotland	(8.7%)	50.7	51.0	51.2
South West	(8.6%)	49.6	49.8	50.1
West Midlands	(8.6%)	51.7	52.1	52.9
Yorks & Humber	(8.2%)	50.1	48.1	47.3
East Midlands	(7.3%)	52.5	51.2	51.3
Wales	(4.6%)	50.0	51.5	52.3
North East	(3.9%)	48.7	50.2	49.1
N.Ireland	(2.7%)	47.7	48.4	47.3
UK	(100.0%)	50.4	50.7	50.8

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.

About Lloyds TSB Commercial and Markit Economics

Lloyds TSB Commercial is a trading name of Lloyds TSB Bank plc and Lloyds TSB Scotland plc and serves customers with an annual turnover of up to £15M.

Lloyds TSB Bank plc Registered office: 25 Gresham Street, London EC2V 7HN. Registered in England and Wales no. 2065. Telephone: 020 7626 1500.

Lloyds TSB Scotland plc Registered office: Henry Duncan House, 120 George Street, Edinburgh EH2 4LH. Registered in Scotland no. 95237. Telephone: 0131 225 4555.

Authorised and regulated by the Financial Services Authority.

Lending is subject to status.

The Lloyds Banking Group includes Lloyds TSB Bank plc and a number of other companies using brands including Lloyds TSB, Halifax and Bank of Scotland, and their associated companies.

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.