



Lloyds Bank Yorkshire & Humber PMI®

Lloyds Bank Commercial Banking

Lloyds Bank Commercial Banking provides comprehensive expert financial services to businesses of all sizes, from start-ups, through to small businesses, mid-sized businesses and multinational corporations. These corporate clients range from privately-owned firms to FTSE 100 PLCs, multinational corporations and financial institutions.

Maintaining a network of relationship teams across the UK, as well as internationally, Lloyds Bank Commercial Banking delivers the mix of local understanding and global expertise necessary to provide long-term support and advice to its clients.

Lloyds Bank Commercial Banking offers a broad range of finance beyond just term lending and this spans import and export trade finance, structured and asset finance, securitisation facilities and capital market funding. Its product specialists provide bespoke financial services and solutions including tailored cash management, international trade, treasury and risk management services.

The Lloyds Bank Commercial Banking Yorkshire & Humber PMI® (Purchasing Managers' Index®)

The report features original survey data collected in October 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 Bank Commercial Banking 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 Bank Commercial Banking use the above marks under licence. Markit and the Markit logo are registered trade marks of Markit Group Limited.

11th November 2013

Sharp pace of activity growth continues in October

Key findings:

- Business activity growth remains sharp, but eases slightly from September
- New orders rise at fastest pace in series history
- Fifth successive month of job creation

The latest Lloyds Bank Commercial Banking Yorkshire & Humber PMI® data signalled a continued expansion of business activity. This was supported by sharp new order growth and rising employment. Inflationary pressures arose from higher input prices in October, and charges increased as firms passed on rising costs to their customers.

Output and demand

The headline Lloyds Bank Commercial Banking Yorkshire & Humber Business Activity Index – a seasonally adjusted index that measures the combined output of the region's manufacturing and service sectors – fell slightly from 59.8 in September to 59.0 in October.

New orders saw an acceleration in the rate of growth as the seasonally adjusted index posted the highest reading in almost 17 years of data collection. Anecdotal evidence suggested that fuller order books were in part a result of improvements in the wider domestic economy. A number of respondents cited stronger demand from clients in the construction sector and rising housing market related spending.

Employment and backlogs

Employment in Yorkshire & Humber rose for the fifth successive month in October, though the pace of growth failed to match the UK average. Firms cited improving business conditions and strong turnover growth as the key drivers behind the latest increase in payroll numbers.

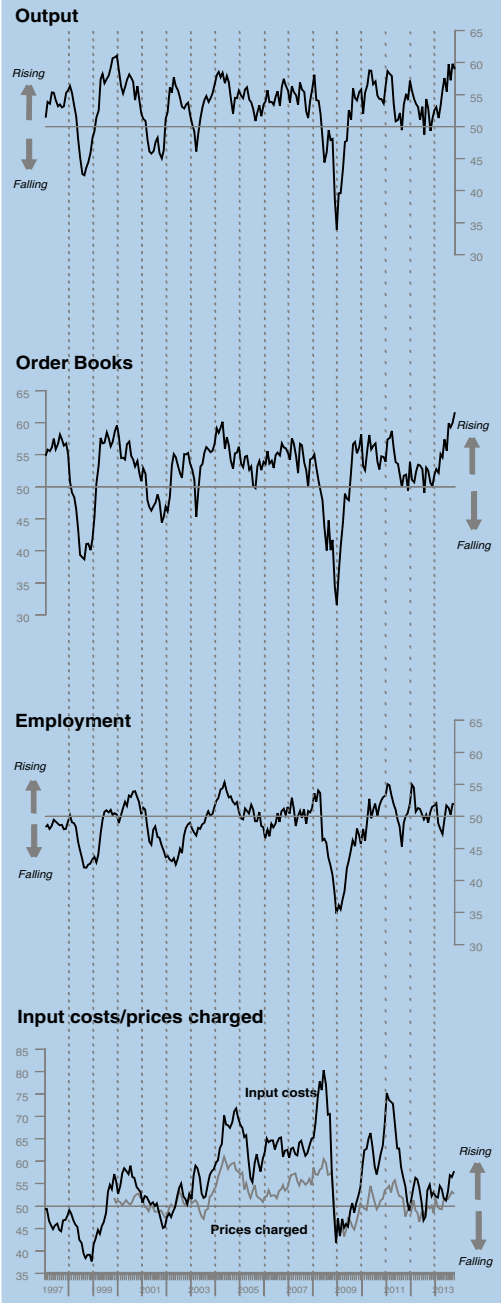
Growth in business outstanding slowed to a near stagnation during the latest survey period. Anecdotal evidence indicated that staff recruitment had helped prevent a build up of outstanding business in October.

Input and output prices

Input price rose for a fourteenth successive month in October and the pace accelerated from September. Yorkshire & Humber saw a sharper pace of cost inflation than across the UK as a whole. A number of panellists attributed increases to rising wages and higher fuel costs.

October marked a sixth consecutive month of output price inflation, though the pace slowed marginally from September. Higher costs, in particular rising utility bills and prices for raw materials, were cited by firms as the primary reasons for increased output charges.

Yorkshire & Humber Business Conditions

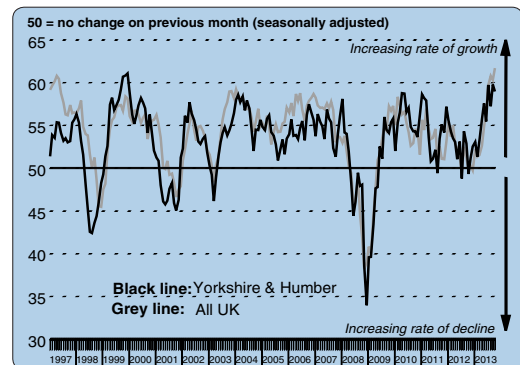




Output / Business Activity

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
2013	Feb	32.6	43.5	23.9	54.3	51.3	51.4
	Mar	29.7	51.6	18.7	55.5	53.3	51.6
	Apr	32.2	50.6	17.2	57.5	55.7	52.7
	May	32.9	47.1	20.0	56.5	57.6	54.9
	Jun	25.9	49.4	24.7	50.6	55.5	56.6
	Jul	37.5	51.1	11.4	63.1	59.8	59.7
	Aug	25.3	51.7	23.0	51.1	57.3	60.8
	Sep	37.9	50.6	11.5	63.2	59.8	60.3
	Oct	34.8	48.9	16.3	59.2	59.0	61.7

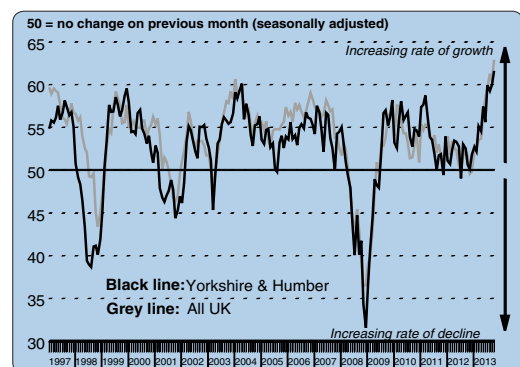


October marked the twelfth successive month of business activity expansion in the Yorkshire & Humber region. The pace of growth remained sharp but eased slightly from the near-record high seen September. Manufacturers saw business activity increase at a more rapid pace than service providers in October. Survey respondents widely noted that a strong improvement in underlying business and consumer demand had helped lift output levels.

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
2013	Feb	37.4	38.5	24.2	56.6	52.2	52.4
	Mar	38.2	40.4	21.3	58.4	55.2	53.5
	Apr	31.4	51.2	17.4	57.0	54.6	53.7
	May	35.7	46.4	17.9	58.9	57.4	56.6
	Jun	26.2	50.0	23.8	51.2	55.6	58.4
	Jul	37.9	46.0	16.1	60.9	60.0	59.7
	Aug	30.2	50.0	19.8	55.2	59.3	61.3
	Sep	38.4	48.8	12.8	62.8	60.0	60.4
	Oct	40.0	42.2	17.8	61.1	61.7	62.9

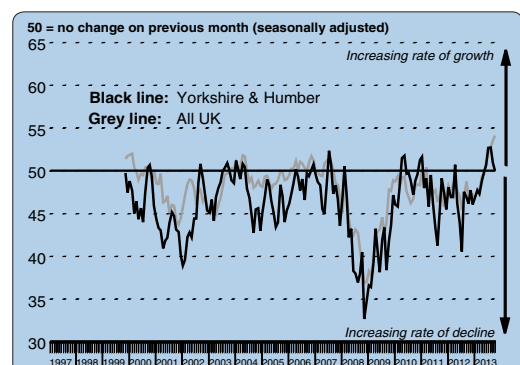


Whilst the pace of expansion eased fractionally for business activity, new orders saw an acceleration in the rate of growth. The seasonally adjusted Incoming New Business Index posted its highest reading in almost 17 years of data collection. Despite this, an even sharper pace of expansion was registered for the UK as a whole. Anecdotal evidence suggested that effective pricing strategies, alongside rising demand related to the housing market and construction sector, had boosted overall intakes of new work.

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
2013	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
	May	19.5	59.7	20.8	49.4	49.9	49.6
	Jun	21.1	57.9	21.1	50.0	50.7	51.0
	Jul	19.8	64.2	16.0	51.9	52.7	52.1
	Aug	16.7	65.5	17.9	49.4	52.8	52.8
	Sep	17.3	65.4	17.3	50.0	51.0	53.5
	Oct	23.8	52.4	23.8	50.0	50.1	54.2



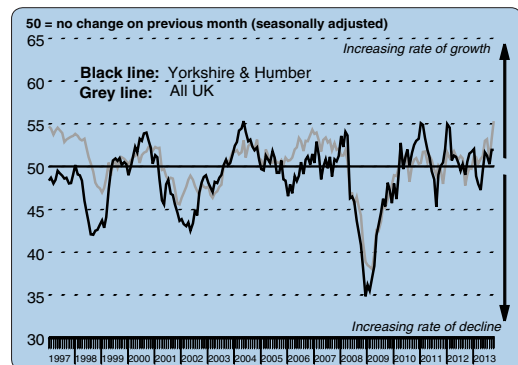
Growth in business outstanding slowed to a near stagnation in October, following a four-month sequence of moderate growth. Though the seasonally adjusted index posted well above the historical series average, it was markedly lower than that recorded for the UK as a whole. Anecdotal evidence indicated that increased production capacity and rising staffing levels had helped prevent an accumulation of unfinished business in October.



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	S.Adj'd Ind
2013	Feb	7.6	80.4	12.0	47.8	48.9	51.1
	Mar	14.3	71.4	14.3	50.0	48.0	50.3
	Apr	8.0	75.9	16.1	46.0	47.3	50.9
	May	18.8	69.4	11.8	53.5	49.6	51.3
	Jun	10.6	75.3	14.1	48.2	51.7	53.1
	Jul	14.8	73.9	11.4	51.7	51.3	53.2
	Aug	12.5	72.7	14.8	48.9	50.3	50.8
	Sep	17.2	73.6	9.2	54.0	52.0	53.2
	Oct	12.0	76.1	12.0	50.0	52.0	55.3

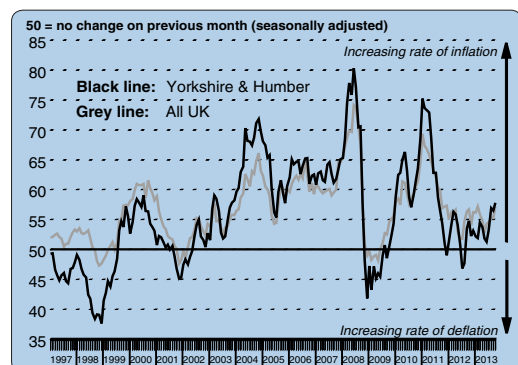


Employment rose for the fifth successive month in October, registering exactly the same pace of expansion as seen in September. Whilst the rate of employment growth in Yorkshire & Humber was solid, it was surpassed by the wider UK trend. Firms cited improved confidence in the economic outlook and strong turnover growth as the key drivers behind the latest increase in payroll numbers.

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	S.Adj'd Ind
2013	Feb	21.7	69.6	8.7	56.5	52.0	57.2
	Mar	25.3	72.5	2.2	61.5	54.5	55.9
	Apr	18.4	74.7	6.9	55.7	53.8	54.9
	May	15.3	76.5	8.2	53.5	51.9	52.8
	Jun	12.9	72.9	14.1	49.4	51.3	54.3
	Jul	14.9	74.7	10.3	52.3	53.2	54.5
	Aug	15.9	81.8	2.3	56.8	56.9	55.3
	Sep	19.5	73.6	6.9	56.3	56.5	55.3
	Oct	19.6	73.9	6.5	56.5	57.8	57.2

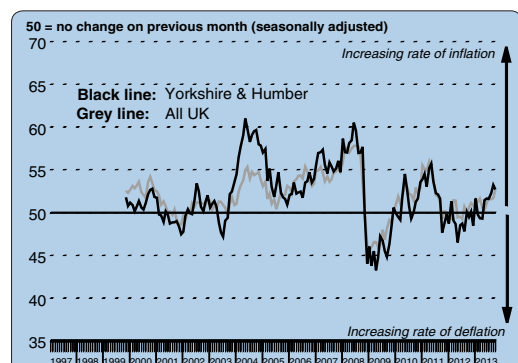


Input price inflation entered a fourteenth successive month, and reached its strongest since February. The rate at which average costs rose was marginally sharper in Yorkshire & Humber than across the UK as a whole. Close to 20% of respondents saw input costs rise in October, compared with just 7% that recorded a decline. A number of panellists attributed cost increases to rising wages and higher utility bills.

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	S.Adj'd Ind
2013	Feb	13.0	79.3	7.6	52.7	49.8	51.3
	Mar	7.7	81.3	11.0	48.4	49.4	51.7
	Apr	9.2	86.2	4.6	52.3	49.3	50.5
	May	5.9	92.9	1.2	52.4	51.5	50.4
	Jun	9.4	83.5	7.1	51.2	51.6	51.1
	Jul	4.5	93.2	2.3	51.1	51.6	51.8
	Aug	8.0	88.6	3.4	52.3	52.3	51.6
	Sep	5.7	93.1	1.1	52.3	53.2	51.7
	Oct	7.6	85.9	6.5	50.5	52.7	52.7

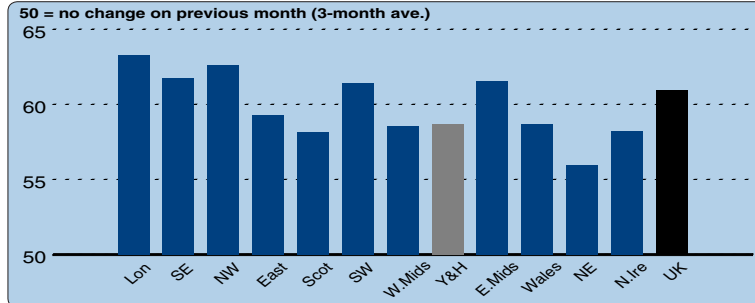


October marked six consecutive months of output price inflation in the Yorkshire & Humber private sector, though the pace slowed marginally from September. The rate at which output charges rose was in line with the national average. Higher cost burdens, in particular for energy and raw materials, were cited by a number of firms as the primary reason for increases in their charges.



Regional Comparisons: Output

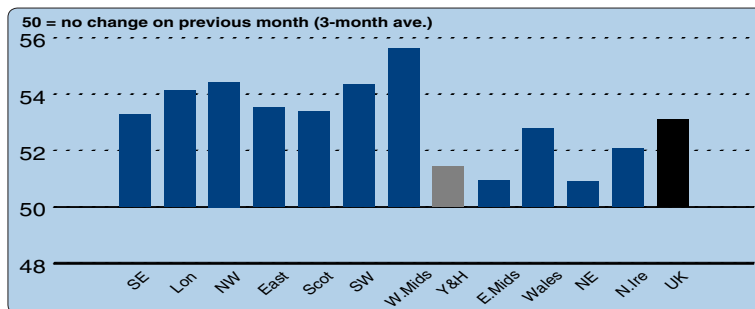
The graph below shows the regional PMI Output Indexes for the UK. An average of the latest three months is used (see also the table to the right). Strong rates of output growth were recorded in all 12 UK regions during the three months to October. London posted the fastest pace of expansion, followed by the North West.



	Share of UK GVA, 2010 (National Statistics)	PMI Output Index		
		Last 12 months	Latest 3 months	Latest month
London	(21.5%)	56.6	63.3	65.0
South East	(14.7%)	55.2	61.8	61.9
North West	(9.5%)	55.6	62.6	61.5
East of England	(8.7%)	54.1	59.3	60.0
Scotland	(8.3%)	54.4	58.1	57.8
South West	(7.7%)	54.3	61.4	61.7
West Midlands	(7.3%)	53.8	58.6	58.3
Yorks & Humber	(7.0%)	55.5	58.7	59.0
East Midlands	(6.4%)	54.7	61.5	63.9
Wales	(3.6%)	55.8	58.7	59.1
North East	(3.2%)	51.9	56.0	55.3
N.Ireland	(2.2%)	50.9	58.2	57.6
UK	(100.0%)	55.2	61.0	61.7

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). Net job creation was broad-based across the 12 UK regions on average in the three months to October. The West Midlands recorded the most marked rise in staffing levels.



	Contribution to UK Employment, 2008 (National Statistics)	PMI Employment Index		
		Last 12 months	Latest 3 months	Latest month
SE	(14.6%)	52.2	53.3	56.3
London	(12.3%)	51.7	54.1	57.7
North West	(10.9%)	51.3	54.4	54.6
East of England	(9.6%)	52.1	53.5	55.4
Scotland	(8.7%)	51.7	53.4	53.4
South West	(8.6%)	51.8	54.3	56.2
West Midlands	(8.6%)	52.9	55.6	56.2

<ASCII-WIN>

Region	Contribution to UK Employment, 2008 (National Statistics)	Last 12 months	Latest 3 months	Latest month
SE	(14.6%)	52.2	53.3	56.3
London	(12.3%)	51.7	54.1	57.7
North West	(10.9%)	51.3	54.4	54.6
East of England	(9.6%)	52.1	53.5	55.4
Scotland	(8.7%)	51.7	53.4	53.4
South West	(8.6%)	51.8	54.3	56.2
West Midlands	(8.6%)	52.9	55.6	56.2

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 Bank Commercial Banking and Markit Economics

Lloyds Bank Commercial Banking

Lloyds Bank Commercial Banking provides comprehensive expert financial services to businesses of all sizes, from start-ups, through to small businesses, mid-sized businesses and multinational corporations. These corporate clients range from privately-owned firms to FTSE 100 PLCs, multinational corporations and financial institutions.

Maintaining a network of relationship teams across the UK, as well as internationally, Lloyds Bank Commercial Banking delivers the mix of local understanding and global expertise necessary to provide long-term support and advice to its clients.

Lloyds Bank Commercial Banking offers a broad range of finance beyond just

term lending and this spans import and export trade finance, structured and asset finance, securitisation facilities and capital market funding. Its product specialists provide bespoke financial services and solutions including tailored cash management, international trade, treasury and risk management services.

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.