



# Lloyds Bank West Midlands 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 West Midlands PMI® (Purchasing Managers' Index®)** is produced for Lloyds Bank Commercial Banking by Markit.

The report features original survey data collected in November 2013 from a representative panel of companies based in the West Midlands and operating in both manufacturing and service sectors.

The West Midlands 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](mailto:economics@markit.com)

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9th December 2013

## New business rises at survey-record pace in November

### Key findings:

- Strong growth of new orders drives sharpest rise in activity since March 2012
- Employment continues to increase at marked pace
- Output price inflation accelerates to 30-month high

The latest Lloyds Bank Commercial Banking West Midlands PMI® report showed that the West Midlands private sector economy strengthened further in November. Incoming new business rose at the fastest pace in the history of the survey, driving a sharper rise in activity. Employment growth was maintained at a marked rate, while backlogs of work increased slightly. Output price inflation accelerated to a two-and-a-half year high, but input costs rose at a slower pace than in October.

### Output and demand

Business activity at private sector companies in the West Midlands rose for a seventh successive month in November. The rate of growth was strong, having quickened to the fastest since March 2012. This was signalled by the seasonally adjusted Lloyds Bank Commercial Banking West Midlands Business Activity Index – which measures the combined output of the region's manufacturing and service sectors – posting 59.6, up from 58.3 in October.

Activity growth was supported by a further increase in new business during November. Growth of new work was the strongest in the survey's history, with panellists commenting on a general improvement in demand conditions.

### Employment and backlogs

Staffing levels at private sector companies in the West Midlands increased for an eleventh consecutive month in November. The rate of jobs growth remained marked, despite easing to the slowest since August. Anecdotal evidence suggested that companies hired additional staff to deal with higher workloads and expand capacity.

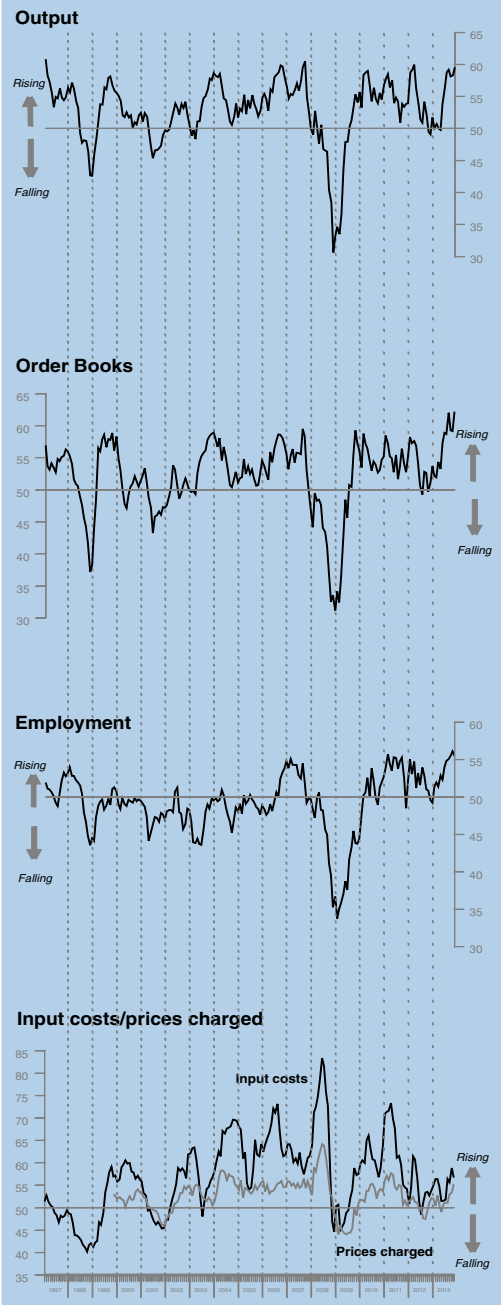
Outstanding business at West Midlands private sector companies increased for the fourth month running during November. That said, the latest rise was only marginal and weaker than the UK average.

### Input and output prices

West Midlands companies reported another rise in input prices during November, which they frequently attributed to higher raw material costs. That said, the rate of input price inflation eased from October's 18-month high.

Output prices increased at a stronger pace in November. The latest rise was the fastest in 30 months.

### West Midlands Business Conditions

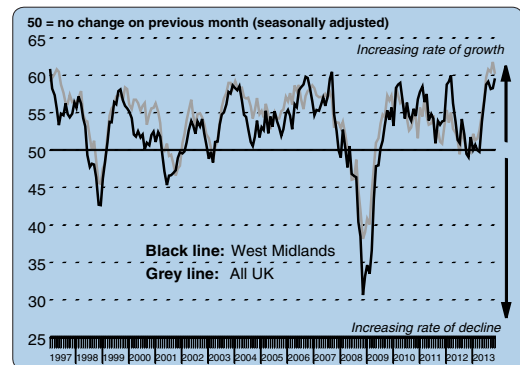




## Output / Business Activity

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

		West Midlands Companies				All UK	
		Higher %	Same %	Lower %	Index 50=no chg	S.Adj'd Index	S.Adj'd Ind
2013	Mar	29.9	51.3	18.8	55.6	50.0	51.6
	Apr	27.7	52.7	19.6	54.0	49.8	52.7
	May	27.3	57.3	15.5	55.9	53.9	54.9
	Jun	34.9	53.2	11.9	61.5	56.3	56.6
	Jul	32.7	46.9	20.4	56.1	58.8	59.7
	Aug	29.9	50.5	19.6	55.1	59.2	60.8
	Sep	34.7	44.6	20.8	56.9	58.2	60.5
	Oct	35.3	43.1	21.6	56.9	58.3	61.8
	Nov	34.9	50.9	14.2	60.4	59.6	60.2

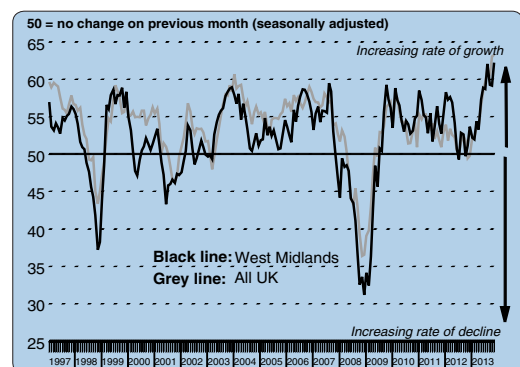


Business activity at private sector firms in the West Midlands increased further in November, extending the current period of expansion to seven months. Moreover, the rate of growth accelerated to the strongest since March 2012. This was highlighted by the seasonally adjusted Business Activity Index recording 59.6, up from 58.3. However, the region posted a slightly slower rate of expansion 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?

		West Midlands Companies				All UK	
		Higher %	Same %	Lower %	Index 50=no chg	S.Adj'd Index	S.Adj'd Ind
2013	Mar	32.8	50.9	16.4	58.2	54.4	53.5
	Apr	31.8	47.3	20.9	55.5	53.3	53.7
	May	34.3	47.2	18.5	57.9	57.3	56.6
	Jun	37.6	48.6	13.8	61.9	58.9	58.5
	Jul	34.7	42.9	22.4	56.1	58.7	59.7
	Aug	39.6	41.5	18.9	60.4	62.1	61.4
	Sep	37.4	41.4	21.2	58.1	59.3	60.5
	Oct	35.6	42.6	21.8	56.9	59.2	63.1
	Nov	37.5	49.0	13.5	62.0	62.2	63.3

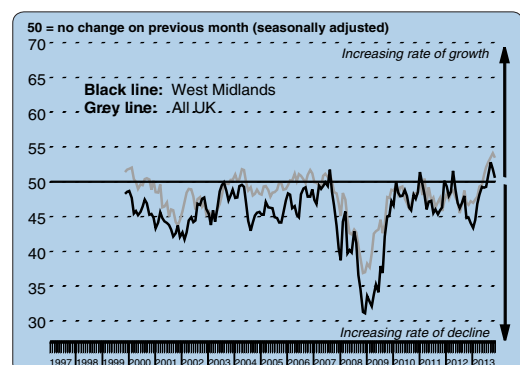


New business placed with West Midlands private sector firms continued to rise in November. At 62.2, up from 59.2 in October, the seasonally adjusted Incoming New Business Index signalled the strongest rate of growth since data collection started in January 1997. Anecdotal evidence suggested that growth of new orders was supported by a general improvement in demand conditions.

## Business Outstanding

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

		West Midlands Companies				All UK	
		Higher %	Same %	Lower %	Index 50=no chg	S.Adj'd Index	S.Adj'd Ind
2013	Mar	21.1	60.6	18.3	51.4	46.9	47.9
	Apr	15.2	69.5	15.2	50.0	48.2	49.4
	May	12.4	76.2	11.4	50.5	49.3	49.6
	Jun	17.0	67.9	15.1	50.9	49.2	51.0
	Jul	14.7	68.4	16.8	48.9	49.3	52.1
	Aug	16.3	72.1	11.5	52.4	50.9	52.8
	Sep	19.6	59.8	20.6	49.5	52.8	53.5
	Oct	15.3	66.3	18.4	48.5	51.8	54.2
	Nov	14.0	68.0	18.0	48.0	50.6	53.5



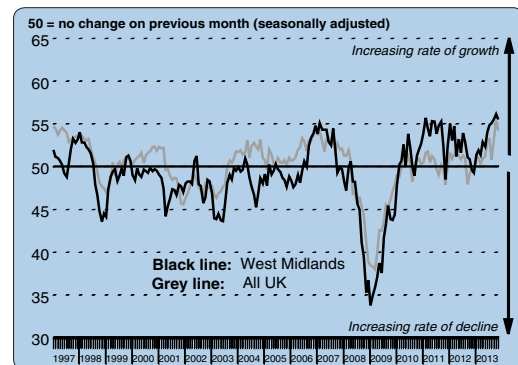
November data indicated a further rise in outstanding business in the West Midlands private sector. However, the seasonally adjusted Business Outstanding Index slipped to 50.6, from 51.8 in October, signalling the weakest increase in the current four-month period of growth. Higher backlogs of work at service providers offset a reduction at manufacturers. The region posted a slower rate of expansion in unfinished work than the UK average.



## Employment

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

		West Midlands Companies			All UK		
		Higher %	Same %	Lower %	Index 50=no chg	S.Adj'd Index	S.Adj'd Ind
2013	Mar	19.5	69.0	11.5	54.0	51.4	50.3
	Apr	20.9	66.4	12.7	54.1	52.9	51.0
	May	18.5	67.6	13.9	52.3	52.4	51.3
	Jun	24.8	66.1	9.2	57.8	54.0	53.1
	Jul	21.4	72.4	6.1	57.7	54.9	53.3
	Aug	21.5	71.0	7.5	57.0	55.1	50.8
	Sep	25.3	62.6	12.1	56.6	55.6	53.3
	Oct	22.8	68.3	8.9	56.9	56.2	55.4
	Nov	15.2	72.4	12.4	51.4	55.5	54.2

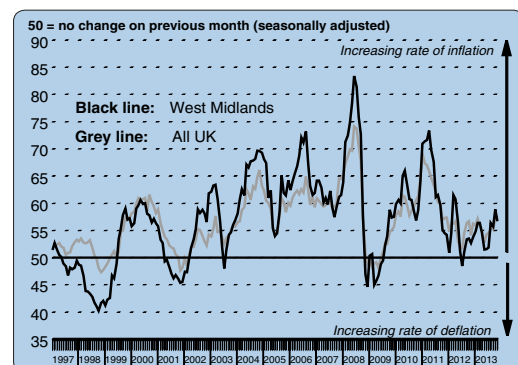


Employment in the West Midlands private sector rose for an eleventh consecutive month in November. Although easing to the slowest since August, the rate of growth remained marked. This was indicated by the seasonally adjusted Employment Index posting 55.5, down from 56.2 in October. Panellists reported that additional staff were recruited to deal with higher workloads and as part of business expansion plans.

## Input Prices / Costs

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

		West Midlands Companies			All UK		
		Higher %	Same %	Lower %	Index 50=no chg	S.Adj'd Index	S.Adj'd Ind
2013	Mar	27.6	69.0	3.4	62.1	56.5	55.9
	Apr	22.3	70.5	7.1	57.6	54.7	54.9
	May	10.9	78.2	10.9	50.0	51.5	52.8
	Jun	12.7	78.2	9.1	51.8	51.6	54.3
	Jul	13.1	73.7	13.1	50.0	51.9	54.5
	Aug	13.9	83.3	2.8	55.6	56.4	55.2
	Sep	16.7	75.5	7.8	54.4	55.7	55.3
	Oct	24.3	68.0	7.8	58.3	58.9	57.2
	Nov	14.2	74.5	11.3	51.4	56.7	57.8

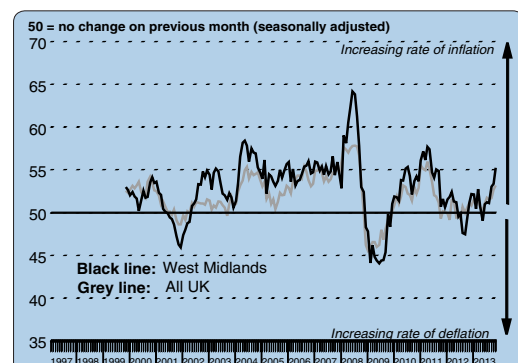


West Midlands companies registered a further rise in input prices during November. The rate of inflation was marked, albeit slower than in October and below the UK average. This was signalled by a seasonally adjusted Input Prices Index reading of 56.7, down from 58.9. Service providers signalled a stronger rate of cost inflation than manufacturers. A number of panellists commented on higher prices paid for raw materials.

## 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?

		West Midlands Companies			All UK		
		Higher %	Same %	Lower %	Index 50=no chg	S.Adj'd Index	S.Adj'd Ind
2013	Mar	11.1	86.3	2.6	54.3	52.8	51.7
	Apr	9.9	82.9	7.2	51.4	50.7	50.5
	May	6.4	84.5	9.1	48.6	49.1	50.4
	Jun	7.3	87.3	5.5	50.9	51.0	51.1
	Jul	8.1	84.8	7.1	50.5	51.2	51.8
	Aug	6.5	88.8	4.7	50.9	51.1	51.6
	Sep	6.9	89.2	3.9	51.5	53.0	51.7
	Oct	10.7	83.5	5.8	52.4	53.4	52.7
	Nov	12.3	82.1	5.7	53.3	55.2	53.2

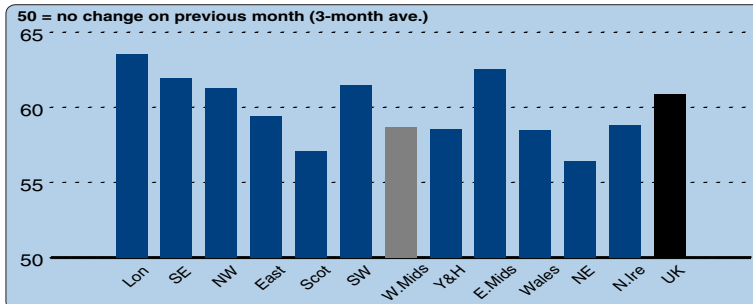


Prices charged by West Midlands private sector firms increased for a sixth consecutive month in November. At 55.2, up from 53.4 in October, the seasonally adjusted Output Prices Index signalled the sharpest rate of charge inflation for two-and-a-half years. Moreover, the region posted a sharper increase in charges than the UK average. Approximately 12% of panellists indicated a rise in output prices, compared with around 6% that noted a fall.



## Regional Comparisons: Output

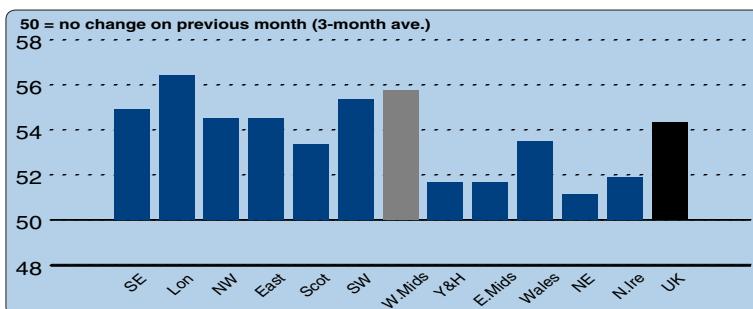
The graph below shows the regional PMI Output Indexes for the UK. An average of the latest three months is used (see also the table to the right). All 12 UK regions recorded sharp rises in business activity on average in the three months to November. The fastest rate of expansion was in London, followed by the East Midlands.



	Share of UK GVA, 2010 (National Statistics)	PMI Output Index		
		Last 12 months	Latest 3 months	Latest month
London	(21.5%)	57.5	63.5	62.6
South East	(14.7%)	56.2	62.0	63.3
North West	(9.5%)	56.2	61.3	60.0
East of England	(8.7%)	55.0	59.4	59.8
Scotland	(8.3%)	54.8	57.1	55.2
South West	(7.7%)	55.3	61.5	62.1
West Midlands	(7.3%)	54.7	58.7	59.6
Yorks & Humber	(7.0%)	56.0	58.6	56.9
East Midlands	(6.4%)	55.8	62.6	62.8
Wales	(3.6%)	56.1	58.5	57.2
North East	(3.2%)	52.4	56.4	57.6
N.Ireland	(2.2%)	52.5	58.8	60.2
<b>UK</b>	<b>(100.0%)</b>	<b>56.0</b>	<b>60.8</b>	<b>60.2</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). Higher levels of employment were indicated in all UK regions during the three months to November. Job creation was strongest in London and the West Midlands.



	Contribution to UK Employment, 2008 (National Statistics)	PMI Employment Index		
		Last 12 months	Latest 3 months	Latest month
South East	(14.6%)	52.6	54.9	55.0
London	(12.3%)	52.5	56.4	57.7
North West	(10.9%)	51.8	54.5	53.6
East of England	(9.6%)	52.6	54.5	55.3
Scotland	(8.7%)	52.0	53.4	53.3
South West	(8.6%)	52.2	55.4	56.1
West Midlands	(8.6%)	53.4	55.8	55.5
Yorks & Humber	(8.2%)	50.5	51.6	51.0
East Midlands	(7.3%)	51.3	51.7	52.4
Wales	(4.6%)	52.0	53.5	52.3
North East	(3.9%)	50.4	51.1	51.6
N.Ireland	(2.7%)	49.9	51.9	51.2
<b>UK</b>	<b>(100.0%)</b>	<b>52.1</b>	<b>54.3</b>	<b>54.2</b>

## PMI Survey Methodology

### PMI surveys

*Purchasing Managers' Indexes® (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

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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 also for key regions including the Eurozone.

The PMIs have become 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.