



# 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.

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The Lloyds Bank Commercial Banking Yorkshire & Humber 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 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.

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9th December 2013

## Activity growth loses momentum in November

### Key findings:

- Weakest rise in business activity in five months
- Pace of new order growth dips from October's record high
- Sixth consecutive month of employment growth

The latest Lloyds Bank Commercial Banking Yorkshire & Humber PMI® data signalled a further solid expansion of private sector business activity in November, though the momentum eased considerably from October.

### 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 from 59.0 in October to 56.9 in November. This was the thirteenth consecutive month of expansion in business activity at Yorkshire & Humber private sector firms, but the rate of growth eased from October to the weakest in five months.

New order growth eased only marginally from October's record high but was nevertheless surpassed by that recorded across the UK as a whole. Panellists cited new sales strategies and increased demand as contributory factors to November's rise.

### Employment and backlogs

Employment rose for the sixth consecutive month in November, though the rate of job creation eased from October. Manufacturers reported solid growth in payroll numbers whilst service providers registered a virtual stagnation in staffing levels. Some respondents attributed the latest rise in employment to higher workloads.

Backlogs of work fell for the first time in six months in November. In contrast, across the UK business outstanding grew for a sixth consecutive month, though at a slower pace. Within Yorkshire & Humber, slower new order growth and the resolution of quality issues were cited by respondents as factors contributing to the reduction of backlogs of work in November.

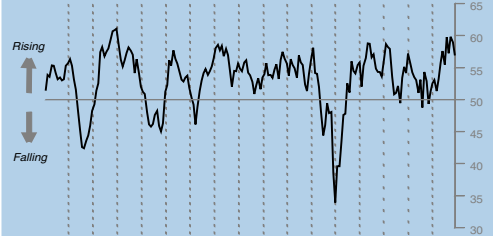
### Input and output prices

Input prices rose for the fifteenth consecutive month in November, and whilst the pace of inflation eased marginally from October, it remained relatively sharp. Panellists cited higher wages and increased transport and insurance costs as among the key drivers of the latest rise in input prices.

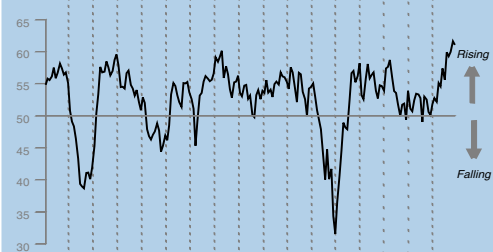
Meanwhile, prices charged increased for the seventh successive month in November. The pace of inflation eased from October and was slightly weaker than the UK average.

### Yorkshire & Humber Business Conditions

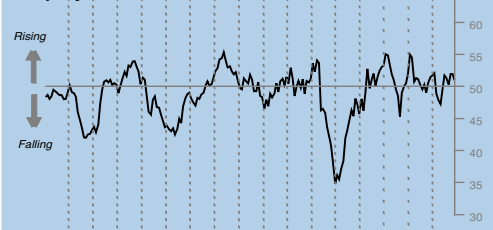
#### Output



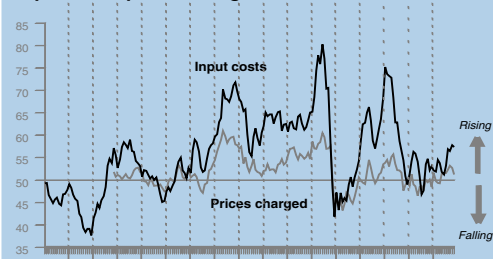
#### Order Books



#### Employment



#### Input costs/prices charged

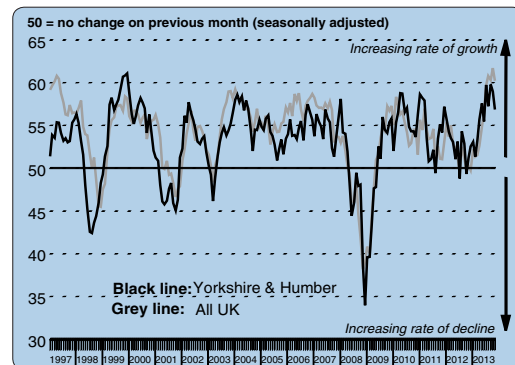




## Output / Business Activity

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
2013	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	60.5
	Oct	34.8	48.9	16.3	59.2	59.0	61.8
	Nov	30.1	51.8	18.1	56.0	56.9	60.2

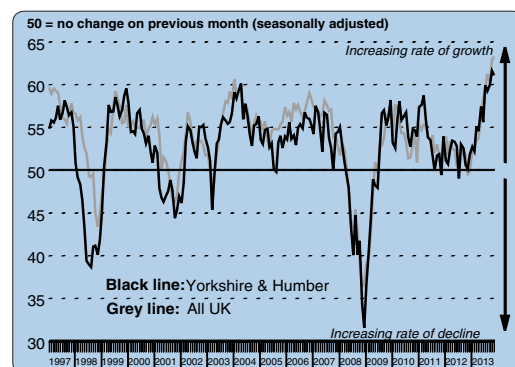


Business activity at private sector firms in Yorkshire & Humber grew for the thirteenth consecutive month in November. However, the pace of expansion eased from October to the weakest in five months and was substantially lower than the UK average. Whilst manufacturing firms reported an acceleration in the pace of output growth, service providers saw the rate of business activity expansion ease again in November. Favourable new legislation in foreign markets and an increase in order volumes were cited by respondents as factors behind the latest growth.

## 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	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	58.5
	Jul	37.9	46.0	16.1	60.9	60.0	59.7
	Aug	30.2	50.0	19.8	55.2	59.3	61.4
	Sep	38.4	48.8	12.8	62.8	60.0	60.5
	Oct	40.0	42.2	17.8	61.1	61.7	63.1
	Nov	33.7	51.8	14.5	59.6	61.1	63.3

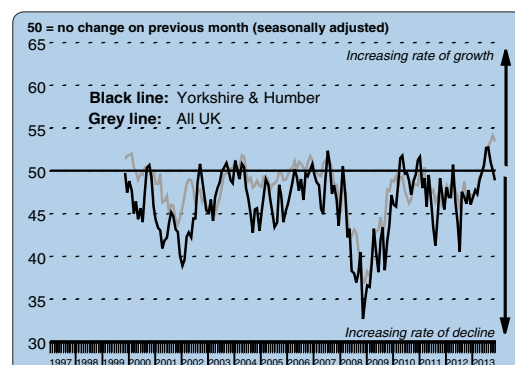


New order growth in Yorkshire & Humber remained sharp in November, easing only marginally from October's record high. The rate of expansion was, however, outpaced by that recorded across the UK as a whole for the fourth month in succession. The latest growth in new orders was largely attributed by panellists to new sales strategies and increased demand. Manufacturers registered substantially stronger growth than service providers.

## 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	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
	Nov	18.2	59.7	22.1	48.1	48.9	53.5



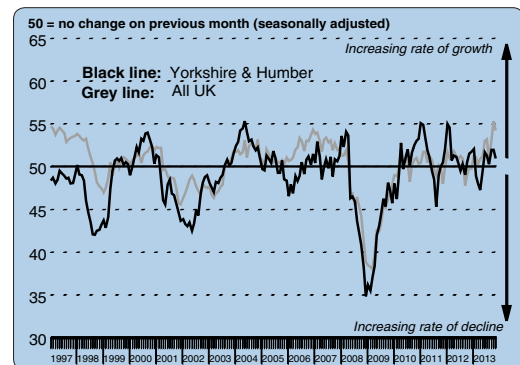
Business outstanding at Yorkshire & Humber private sector firms fell for the first time in five months in November. In contrast, across the UK as a whole work outstanding grew for a sixth consecutive month, though the pace eased. There was a divergence at the sector level, as manufacturers saw backlogs of work fall at an accelerated pace, whilst service providers reported solid growth in business outstanding. Slower growth in orders and the resolution of quality issues were cited by respondents as factors contributing to the reduction of backlogs of work in November.



## 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	Mar	14.3	71.4	14.3	50.0	48.0	50.3
	Apr	8.0	75.9	16.1	46.0	47.3	51.0
	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	53.3
	Aug	12.5	72.7	14.8	48.9	50.3	50.8
	Sep	17.2	73.6	9.2	54.0	52.0	53.3
	Oct	12.0	76.1	12.0	50.0	52.0	55.4
	Nov	13.3	77.1	9.6	51.8	51.0	54.2

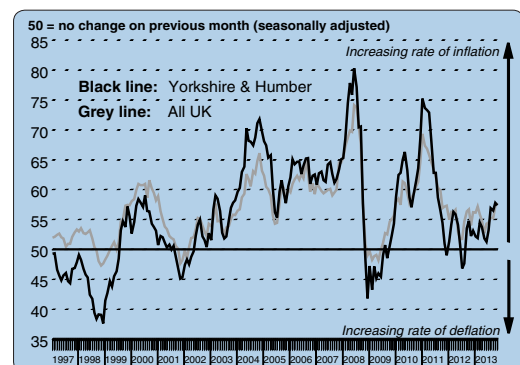


Employment rose at Yorkshire & Humber private sector firms for the sixth consecutive month in November. That said, the rate of growth eased from October to a three-month low and was substantially weaker than that recorded across the UK as a whole. Trends at manufacturers and service providers diverged as goods producers reported solid growth in payroll numbers whilst service providers recorded broadly no change. Of the roughly 13% of respondents that registered an increase in employment, a number cited peaks in lead time requirements and higher work loads as contributory factors.

## 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	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	55.2
	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
	Nov	14.5	79.5	6.0	54.2	57.4	57.8

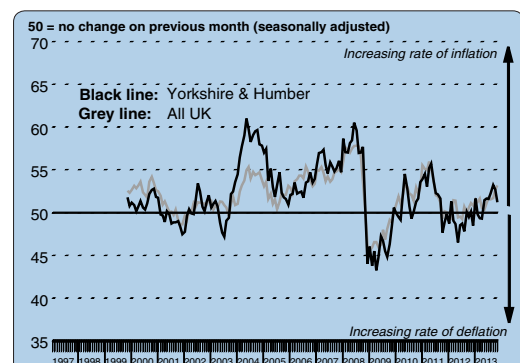


Private sector firms in the Yorkshire & Humber region reported a further increase in input prices in November. This was the fifteenth consecutive month in which prices rose, and whilst the pace of inflation eased marginally from October, it remained sharp. Across the UK, the pace of inflation was fractionally higher in comparison. Panellists cited higher wages as well as increased transport and insurance costs as the key drivers of the latest rise in input prices. Service providers saw costs increase at a markedly faster pace than manufacturers.

## 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	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
	Nov	6.0	88.0	6.0	50.0	51.2	53.2

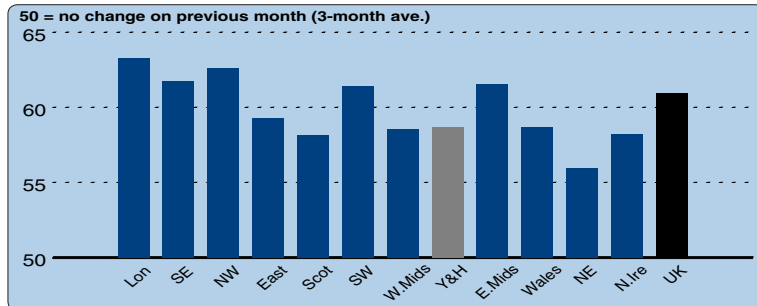


Output prices at private sector firms in Yorkshire & Humber rose for the seventh successive month in November. Similar to input prices, the pace of inflation eased from October and was slightly weaker than the UK average. Manufacturers reported a steeper rise in charges than service providers, though the rate of inflation was relatively subdued across the board. Of the 6% of firms that registered an increase in output prices, a number attributed this to the passing on of recent increases in wages to clients.



Regional Comparisons: Output

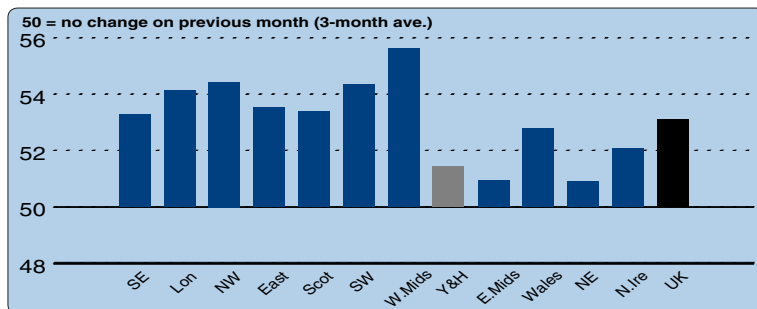
The graph below shows the regional PMI Output Indexes for the UK. An average of the latest three months is used (see also the table to the right). All 12 UK regions recorded sharp rises in business activity on average in the three months to November. The fastest rate of expansion was in London, followed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

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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.