

NOT FOR BROADCAST OR PUBLICATION BEFORE 00:01, MONDAY 14TH APRIL 2014

LLOYDS BANK ENGLAND AND WALES REGIONAL PMI®: BUSINESS ACTIVITY GROWTH REMAINS SOLID ACROSS ENGLAND AND WALES

- London regained its place as best performing English region in March
- Wales saw the strongest business activity expansion for over 13 years
- Input cost inflation weakened across the majority of English regions and Wales

Business activity across England and Wales increased again in March, according to survey data from the **Lloyds Bank Regional Purchasing Managers' Index® (PMI®)**. Companies reported that higher levels of private sector output were supported by an improving domestic economic backdrop, alongside rising business investment levels and higher consumer spending.

The seasonally adjusted index measuring overall business activity across the English regions stood at 58.1 in March, remaining well above the 50.0 value that indicates no change. Although this was down slightly from 58.9 in February and was the lowest for nine months, the overall level of activity growth remains strong.

At 59.5, London regained its place as the strongest growing English region in March, followed by the South West (58.8). Of the nine English regions, Yorkshire & Humber (55.8) and the North West (56.1) recorded the weakest rises in business activity.

In Wales, business activity rose from 59.2 in February to 60.5 in March, a higher figure than any of the English regions. The latest reading was the strongest expansion across Wales since the survey began in January 2001.

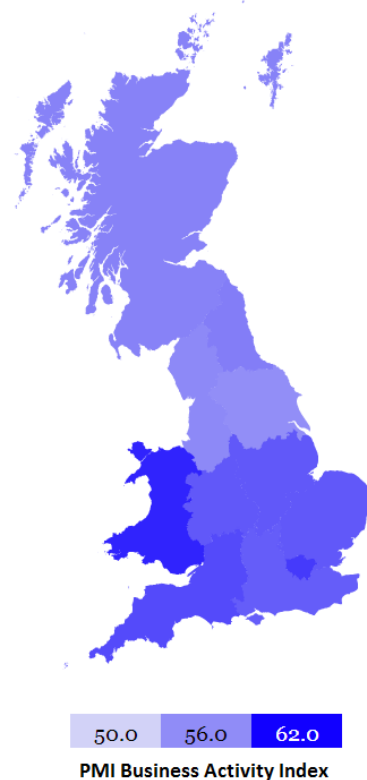
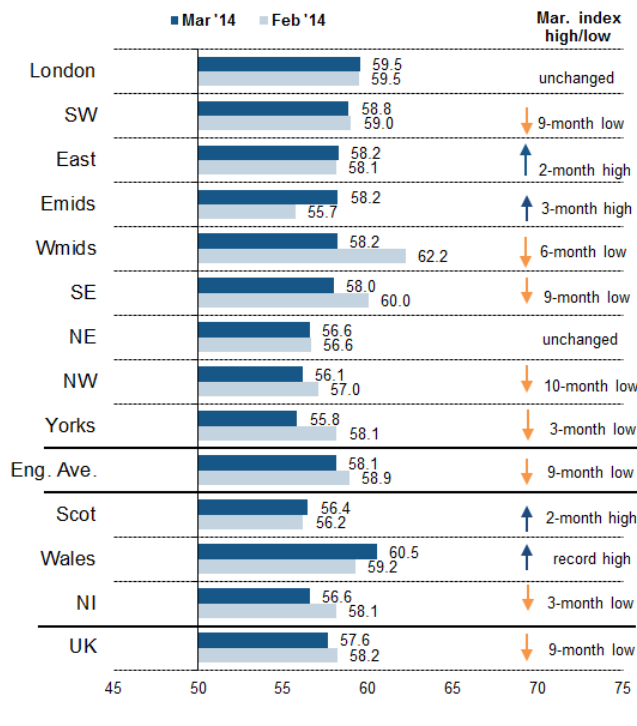
In line with the trend for activity, private sector companies in Wales recorded a stronger expansion of new work in March (60.9). London was the best performing English region in terms of new business growth (60.6), while Yorkshire & Humber experienced the weakest expansion (56.1).

All nine English regions and Wales saw job creation in March, reflecting greater output requirements and rising confidence about the economic outlook. There were again signs of pressures on operating capacity, with London recording the strongest increase in levels of incomplete work during March.

March also saw a further moderation in input cost inflation across the majority of the English regions and Wales. Meanwhile, prices charged by private sector firms increased only marginally, with respondents citing competitive pressures and relatively subdued input cost inflation. Wales was the main exception to this trend, with output prices rising at their strongest since April 2011.

Tim Hinton, Managing Director, SME & Mid Markets Banking, Lloyds Banking Group, said:

"Businesses across England and Wales are continuing to feel the benefits of improving economic conditions. A strong rise in new orders and lower input costs appears to be supporting job creation and investment in the private sector. This ongoing trend is helping build capacity and, in turn, hopefully contributing to further growth."



Compiled by Markit for Lloyds Bank Commercial Banking, this report is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 1200 private manufacturing and services companies. The panel is carefully selected to accurately replicate the true structure of the private sector economy.

England’s Regional PMI® surveys are based on data compiled in March 2014. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the ‘Report’ shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the ‘diffusion’ index. This index is the sum of the positive responses plus a half of those responding ‘the same’. Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease. The headline index for the English regions was first compiled in January 2001.

The Wales PMI® features original survey data collected in March 2014 from a representative panel of companies based in Wales and operating in both manufacturing and service sectors. The headline index for Wales was first compiled in January 2001.

The *Purchasing Managers’ Index*® (PMI®) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. PMI surveys are the *first* indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

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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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Its heritage means it has an unrivalled understanding of business needs and a proven track record of supporting businesses across the sectors and regions. Taking a relationship approach, it provides support to its clients throughout the economic cycle.

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*If you would like to receive information on the Bank of Scotland monthly *Scottish Purchasing Managers' Index[®] (PMI[®])* please contact Zoe Redhead on 0131 655 5405 or zoe.redhead@bankofscotland.co.uk

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