



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 June 2014 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:

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14th July 2014

New business increases at fastest rate since November 2013

Key findings:

- Incoming new business rises for the twenty-third month in a row
- Output growth hits four-month high
- Payroll numbers increase further

Business conditions in the Yorkshire & Humber private sector economy improved further in June, as output and new business continued to grow at robust rates. This led companies to hire additional workers for the thirteenth month in a row. Moreover, the pace of job creation was higher than in the previous month and above the UK average for the fifth consecutive month in June.

Output and demand

The headline Lloyds Bank Yorkshire & Humber Business Activity Index - a seasonally adjusted index that measures the combined output of the region's manufacturing and service sectors - registered at 58.1 in June, up from 57.3 in May, highlighting improved business conditions in the Yorkshire & Humber region. Evidence from survey participants highlighted increased sales and better economic fundamentals.

Growth of new business supported the strong rise in total activity in June. The rate of expansion in new work was higher than in May and the fastest seen since November 2013.

Employment and backlogs

Backlogs of work in the Yorkshire & Humber region rose for the second month running in June. However, the overall pace of accumulation was only marginal, with only the service sector noting a rise in unfinished work as manufacturers recorded a marked fall.

Employment increased for the thirteenth month in a row in June. Moreover, the rate of job creation was higher than the previous month and faster than the long-run series average. Companies indicated that payroll numbers rose in tandem with new business growth.

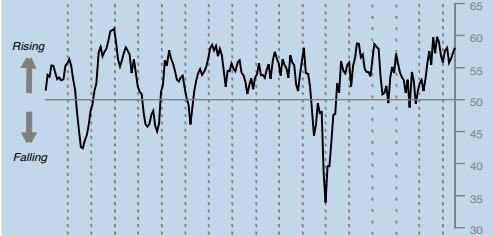
Input and output prices

Average purchase costs rose further in June, with panellists reporting higher prices paid for energy and raw materials. The overall rate of cost inflation was moderate, but faster than in the previous month. The latest rise in purchase prices, was nonetheless slower than the UK average for the third month running.

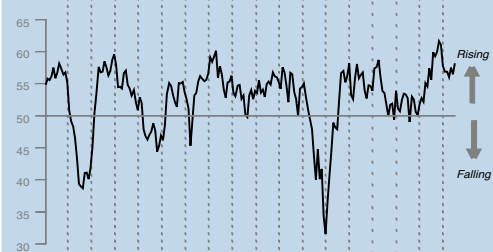
Some additional cost burdens were passed on to clients, as average tariffs rose further in June. The rate of charge inflation across the region was weaker than that seen for costs, but accelerated to the strongest since March.

Yorkshire & Humber Business Conditions

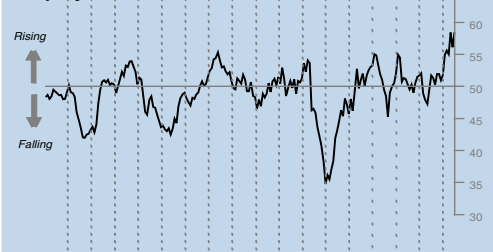
Output



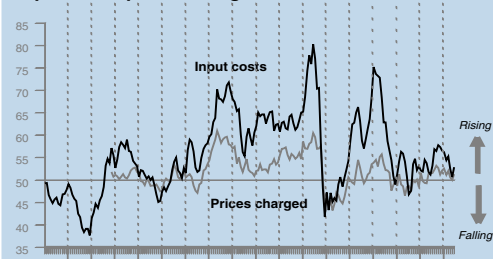
Order Books



Employment



Input costs/prices charged

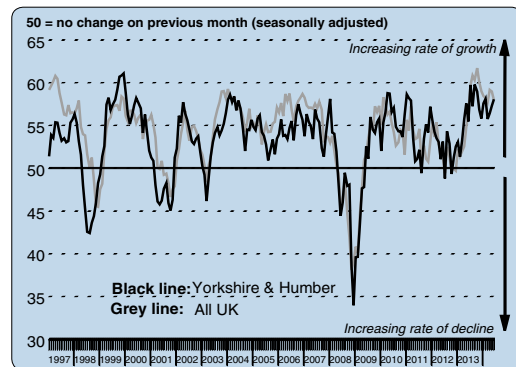




Output / Business Activity

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	Oct	34.8	48.9	16.3	59.2	59.0	61.7
	Nov	30.1	51.8	18.1	56.0	56.9	60.1
	Dec	29.8	50.0	20.2	54.8	55.8	59.1
2014	Jan	27.7	55.3	17.0	55.3	57.6	58.5
	Feb	39.5	44.2	16.3	61.6	58.1	58.2
	Mar	33.0	50.0	17.0	58.0	55.8	57.8
	Apr	31.9	50.5	17.6	57.1	56.4	59.2
	May	30.0	51.1	18.9	55.6	57.3	59.0
	Jun	33.3	54.2	12.5	60.4	58.1	58.0

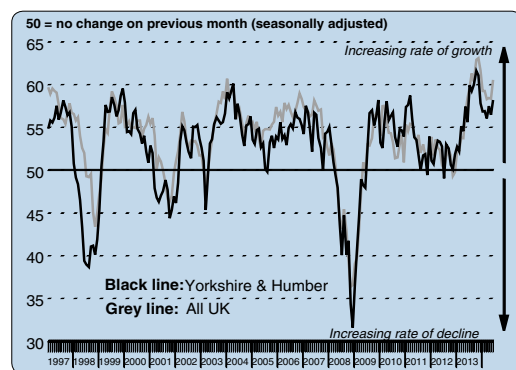


Private sector output across the Yorkshire & Humber region rose in June, stretching the current sequence of expansion to 20 months. The overall pace of increase remained robust and stronger than the long-run average. Broad-based growth was registered in the latest month, with both manufacturing and services indicating higher business activity. Panellists commented on increased sales and improved underlying economic conditions.

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	Oct	40.0	42.2	17.8	61.1	61.7	62.9
	Nov	33.7	51.8	14.5	59.6	61.1	63.1
	Dec	33.7	41.0	25.3	54.2	57.8	61.7
2014	Jan	29.0	48.4	22.6	53.2	56.9	59.3
	Feb	42.4	38.8	18.8	61.8	56.9	59.3
	Mar	36.8	46.0	17.2	59.8	56.1	58.3
	Apr	34.4	51.1	14.4	60.0	57.5	58.5
	May	32.6	46.1	21.3	55.6	56.5	58.4
	Jun	32.3	45.8	21.9	55.2	58.2	60.6

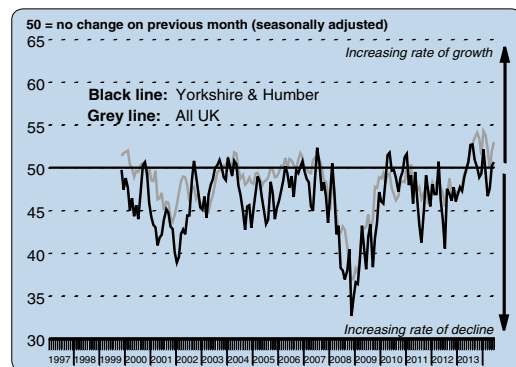


New business placed at private sector firms in Yorkshire & Humber increased for the twenty-third month running. The overall rate of expansion was marked and the fastest since November 2013. As with the trend for output, incoming new work rose at both manufacturers and service providers. Evidence from survey participants highlighted strengthening demand conditions and higher new orders from both the domestic and export markets.

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	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
	Dec	16.9	58.4	24.7	46.1	49.4	51.5
2014	Jan	24.4	53.5	22.1	51.2	52.2	54.3
	Feb	19.5	55.8	24.7	47.4	49.6	53.9
	Mar	17.7	59.5	22.8	47.5	46.7	52.2
	Apr	17.3	64.2	18.5	49.4	47.6	49.9
	May	13.4	67.1	19.5	47.0	50.2	52.0
	Jun	19.5	60.9	19.5	50.0	50.7	53.0

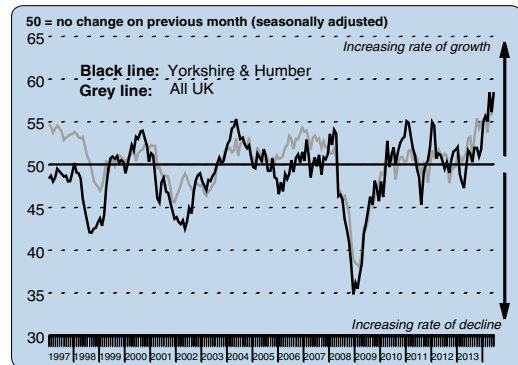


Backlogs of work in the Yorkshire & Humber private sector economy continued to rise for the second month running in June. This was indicated by the seasonally adjusted Business Outstanding Index posting above the 50.0 no-change mark. That said, the overall pace of growth was only marginal, with backlogs rising slightly in the service sector while the manufacturing sector recorded a marked fall.

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	Oct	12.0	76.1	12.0	50.0	52.0	55.4
	Nov	13.3	77.1	9.6	51.8	51.0	54.3
	Dec	13.1	78.6	8.3	52.4	51.8	54.9
2014	Jan	20.2	71.3	8.5	55.9	55.0	55.2
	Feb	23.3	70.9	5.8	58.7	55.7	55.5
	Mar	21.6	70.5	8.0	56.8	55.1	53.8
	Apr	24.2	68.1	7.7	58.2	58.5	55.9
	May	24.4	66.7	8.9	57.8	56.2	55.9
	Jun	30.2	60.4	9.4	60.4	58.5	58.2

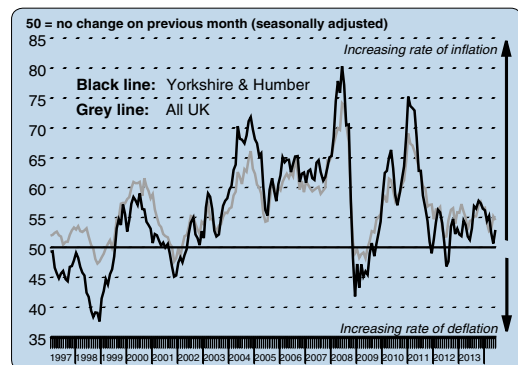


June data indicated that private sector employment in Yorkshire & Humber increased for the thirteenth month running. Moreover, the pace of job creation rose from the previous month with both the manufacturing and service sectors registering a sharp rise in employment in June. Anecdotal evidence suggested that workforce numbers were raised to cope with higher production and to reduce backlogs.

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	Oct	19.6	73.9	6.5	56.5	57.8	57.1
	Nov	14.5	79.5	6.0	54.2	57.4	57.6
	Dec	11.9	82.1	6.0	53.0	56.6	56.5
2014	Jan	24.5	68.1	7.4	58.5	56.3	56.7
	Feb	23.3	67.4	9.3	57.0	54.5	54.0
	Mar	21.6	71.6	6.8	57.4	55.3	52.8
	Apr	12.1	79.1	8.8	51.6	52.5	53.1
	May	12.2	75.6	12.2	50.0	50.7	55.2
	Jun	14.6	76.0	9.4	52.6	53.0	54.6

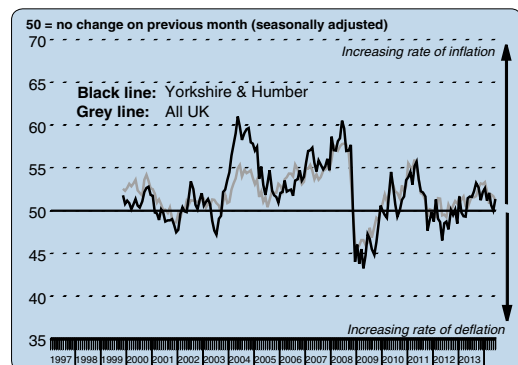


Companies operating in Yorkshire & Humber indicated that average purchase prices rose in June. The overall rate of cost inflation was moderate, but stronger than in the previous month. Almost 15% of surveyed firms reported higher overall costs, and mainly commented that raw materials had increased in price since May. The main driver of the price increases, however, was the service sector, as manufacturers registered an overall fall in input prices for the fourth month running.

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	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
	Dec	6.0	90.5	3.6	51.2	52.2	53.1
2014	Jan	16.0	79.8	4.3	55.9	52.6	53.3
	Feb	10.5	81.4	8.1	51.2	51.2	52.2
	Mar	12.5	85.2	2.3	55.1	52.1	50.8
	Apr	4.4	94.5	1.1	51.6	50.6	51.9
	May	4.4	93.3	2.2	51.1	50.0	51.7
	Jun	7.3	91.7	1.0	53.1	51.4	51.2

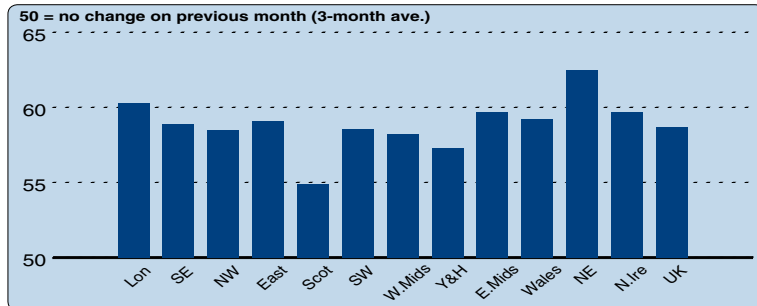


As part of efforts to protect margins, Yorkshire & Humber private sector firms raised their selling prices in June. The rate of charge inflation was marginal, but the strongest since March and above the UK average. The seasonally adjusted Output Prices Index has now posted above the 50.0 no-change mark in 13 of the past 14 months.



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 UK regions posted sharp rises in business activity on average over the second quarter of 2014, with the fastest rate of expansion seen in the North East.

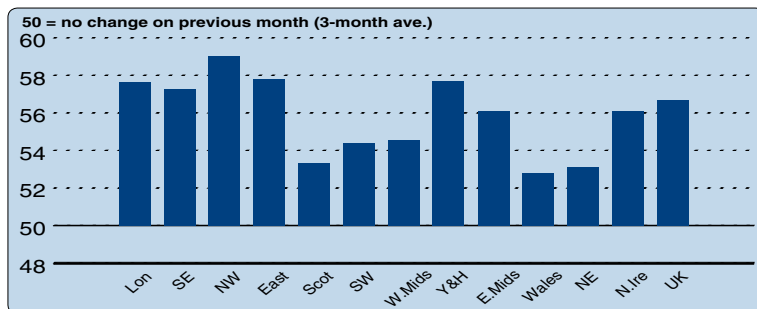


	Share of UK GVA, 2012 (National Statistics)	PMI Output Index		
		Last 12 months	Latest 3 months	Latest month
London	(22.8%)	60.9	60.3	58.4
South East	(14.9%)	60.4	58.9	58.0
North West	(9.6%)	59.7	58.5	57.8
East of England	(8.6%)	59.2	59.1	58.9
Scotland	(7.8%)	56.3	54.9	55.9
South West	(7.5%)	60.3	58.6	59.4
West Midlands	(7.2%)	59.3	58.2	57.6
Yorks & Humber	(6.9%)	57.7	57.3	58.1
East Midlands	(5.9%)	59.4	59.7	58.4
Wales	(3.5%)	58.7	59.2	59.3
North East	(3.1%)	58.3	62.5	64.8
N.Ireland*	(2.2%)	57.9	59.7	60.6
UK	(100.0%)	59.4	58.7	58.0

* Northern Ireland data only available to May 2014

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). Increased payroll numbers were recorded across all UK regions on average during the second quarter of 2014. Companies in the North West posted the steepest rise in staffing levels, followed by the East of England.



	Contribution to UK Employment, 2012 (National Statistics)	PMI Employment Index		
		Last 12 months	Latest 3 months	Latest month
London	(22.8%)	56.0	57.7	59.7
South East	(14.9%)	54.8	57.3	58.9
North West	(9.6%)	56.2	59.0	59.0
East of England	(8.6%)	55.3	57.8	59.6
Scotland	(7.8%)	53.3	53.4	54.0
South West	(7.5%)	55.3	54.4	54.4
West Midlands	(7.2%)	54.3	54.5	57.2
Yorks & Humber	(6.9%)	53.9	57.7	58.5
East Midlands	(5.9%)	52.8	56.1	56.0
Wales	(3.5%)	52.7	52.8	52.0
North East	(3.1%)	52.5	53.1	54.7
N.Ireland*	(2.2%)	53.1	56.1	56.4
UK	(100.0%)	54.7	56.7	58.2

* Northern Ireland data only available to May 2014

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.