

NatWest UK Regional PMI[®]

Embargoed until 0101 (UK) 13 May 2019

North West remains at top of rankings for business activity growth in April

Key Findings

- Number of areas recording growth in output rises from five (out of 12) in March to eight
- Northern Ireland and East of England see steepest falls in business activity
- Employment rises in only half of UK areas, despite general pick-up in business confidence

The UK remained divided into areas of growth and areas of contraction at the start of the second quarter, according to the latest NatWest UK Regional PMI[®] survey. The North West saw the fastest rise in business activity in April, while Northern Ireland recorded the most marked decline. The latter was also the worst performer on the jobs front.

The North West registered a Business Activity Index reading of 55.2 in April. This was up from 53.7 in March and a seven-month high. It compared with a UK-wide average of 50.9. The PMI Business Activity Index is the first fact-based indicator of regional economic health published each month, tracking the monthly change in the output of goods and services across the private sector.

Other areas that grew faster than the national rate were Wales (53.0), the West Midlands (52.6), Yorkshire & Humber (52.4), the South East (51.7), the East Midlands (51.4) and Scotland (51.0). Business activity rose in the North East (50.3) for the first time in eight months, albeit marginally.

The South West (49.6), London (49.6) and the East of England (48.8) each saw further, albeit only slight contractions in output in April. In Northern Ireland (45.8), the rate of decline was more substantial, having accelerated to the quickest in over six years.

News release



Demand

Growth in underlying demand for goods and services was led by Wales, ahead of Yorkshire & Humber and the North West. Northern Ireland saw the steepest decline in new orders, while there were also notable decreases in London and the East of England.

Capacity

Six of the 12 areas of the UK saw a rise in employment in April – the same six that had recorded increases in March. Rates of job creation slowed in most cases, however. The only exceptions were the West Midlands, which saw a rate of increase that was identical to March and the quickest overall, and Scotland where growth hit a six-month high.

All 12 areas of the UK saw a fall in outstanding business in April. The most marked decrease was in Northern Ireland, where the rate of decline accelerated to the quickest since December 2012. The next-fastest decreases were in the East of England and North East. Wales and the East Midlands – which had been the only two areas to see rises in backlogs in March – recorded the softest rates of decline.

Prices

Firms in the East Midlands continued to be the most confident in their price-setting in April, reporting the steepest rise in average charges in over a year. There were also faster rates of output price inflation in Wales, the South West, West Midlands, Scotland, Yorkshire & Humber and the South East, whilst London – ranked bottom overall – saw a renewed (albeit only marginal) increase following no change in March.

Northern Ireland saw the steepest increase in input prices in April, followed by Scotland and then the North West. The latter had recorded the joint-strongest cost pressures in March (with Northern Ireland) but saw the rate of increase ease to an 11-month low. Neighbouring North East was ranked bottom in terms of input price inflation, its rate having slowed to the weakest in almost two years.

Outlook

Business confidence towards the outlook for output over the next 12 months improved in most areas in April. Expectations were highest overall in Yorkshire & Humber, where businesses showed the strongest optimism since October last year. Sentiment also improved sharply in the West Midlands, which was ranked second overall. Only firms in Northern Ireland were downbeat about the outlook, although the degree of pessimism eased slightly since March.

NatWest serves customers in England, Wales and Western Europe, supporting them with their personal, private, and business banking needs. NatWest helps customers from opening student accounts, to buying their first home, setting up a business, and saving for retirement.

Alongside a wide range of banking services, NatWest offers businesses specialist sector knowledge in areas such as manufacturing and technology, as well as access to specialist entrepreneurial support.

NatWest has been running MoneySense, an impartial financial education programme for 5–18 year-olds, for more than 21 years. By the end of 2018, NatWest will help another 1 million young people to understand and take control of their finances.



News release



Comment

Sebastian Burnside, NatWest Chief Economist, commented:

“There were parts of the UK that continued to grow at a healthy rate at the start of the second quarter, the most notable of these being the North West and Wales; however, other areas such as Northern Ireland and London remained stuck in contraction, with the latest surveys highlighting the lingering influence of Brexit.

“Underlying demand remained sluggish and tended to exhibit a weaker trend than overall business activity in most areas, which was reflected in a broad-based drop in outstanding business during the month.

“It remained a mixed picture for employment, with only half of the 12 UK areas seeing a rise in job numbers in April, though recovering business confidence could spur more widespread hiring in the coming months.”

-ENDS-

NatWest serves customers in England, Wales and Western Europe, supporting them with their personal, private, and business banking needs. NatWest helps customers from opening student accounts, to buying their first home, setting up a business, and saving for retirement.

Alongside a wide range of banking services, NatWest offers businesses specialist sector knowledge in areas such as manufacturing and technology, as well as access to specialist entrepreneurial support.

NatWest has been running MoneySense, an impartial financial education programme for 5–18 year-olds, for more than 21 years. By the end of 2018, NatWest will help another 1 million young people to understand and take control of their finances.



News release



Contact

NatWest

Jonathan Rennie

Regional PR Manager

07769 932 102

jonathan.ennie@rbs.co.uk

IHS Markit

Phil Smith

Principal Economist

+44 1491 461 009

phil.smith@ihsmarkit.com

Joanna Vickers

Corporate Communications

+44 207 260 2234

joanna.vickers@ihsmarkit.com

NatWest serves customers in England, Wales and Western Europe, supporting them with their personal, private, and business banking needs. NatWest helps customers from opening student accounts, to buying their first home, setting up a business, and saving for retirement.

Alongside a wide range of banking services, NatWest offers businesses specialist sector knowledge in areas such as manufacturing and technology, as well as access to specialist entrepreneurial support.

NatWest has been running MoneySense, an impartial financial education programme for 5–18 year-olds, for more than 21 years. By the end of 2018, NatWest will help another 1 million young people to understand and take control of their finances.



News release



Notes to editors

Methodology

The NatWest UK Regional PMI[®] data are compiled by IHS Markit from responses to questionnaires sent to companies that participate in IHS Markit's UK PMI surveys. IHS Markit compiles data for nine English regions, Scotland, Wales and Northern Ireland (NUTS 1 definitions).

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure for each region is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The Business Activity Index is comparable to the UK Composite Output Index. It is sometimes referred to as the 'PMI', but is not comparable with the headline UK Manufacturing PMI figure.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

About PMI

Purchasing Managers' Index[®] (PMI[®]) surveys are now available for over 40 countries and also for key regions including the eurozone. They 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. To learn more go to ihsmarkit.com/products/pmi.html.

About IHS Markit

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2019 IHS Markit Ltd. All rights reserved.

Disclaimer

The intellectual property rights to the NatWest UK Regional PMI[®] provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS 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 IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index[®] and PMI[®] are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. NatWest uses the above marks under licence. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

NatWest serves customers in England, Wales and Western Europe, supporting them with their personal, private, and business banking needs. NatWest helps customers from opening student accounts, to buying their first home, setting up a business, and saving for retirement.

Alongside a wide range of banking services, NatWest offers businesses specialist sector knowledge in areas such as manufacturing and technology, as well as access to specialist entrepreneurial support.

NatWest has been running MoneySense, an impartial financial education programme for 5–18 year-olds, for more than 21 years. By the end of 2018, NatWest will help another 1 million young people to understand and take control of their finances.

