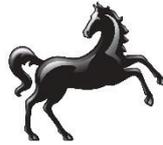


# LLOYDS BANK



**NOT FOR BROADCAST OR PUBLICATION BEFORE 01:01, MONDAY SEPTEMBER 11<sup>TH</sup> 2017**

## **LLOYDS BANK REGIONAL PMI<sup>®</sup>: PRIVATE SECTOR ECONOMY SHOWS FURTHER STEADY GROWTH IN AUGUST**

- England sees ongoing moderate business activity growth
- Output growth slows in Wales and Scotland
- Pace of job creation ticks up to near two-year high
- West Midlands leads growth of both output and employment, while North East remains worst performing region for these measures

Business activity in England continued to grow steadily in August, outstripping the rates of expansion recorded in Scotland and Wales, according to the latest Lloyds Bank Regional Purchasing Managers' Index (PMI).

England's business activity index – a measure that tracks changes in the total output across the manufacturing and service sectors – registered a reading of 54.5 in August, rising slightly from July's 54.4 and remaining broadly in line with the historical average.

The Lloyds Bank Regional PMI is based on businesses in the manufacturing and service sectors and is the leading economic health-check of regions across England, Scotland and Wales. A reading greater than 50 represents growth in business activity, while a reading below 50 indicates a contraction. The greater the deviation from the 50 mark, the faster the rate of change.

Wales meanwhile saw slower growth of output in August, with its business activity index dipping to a four-month low of 54.1, from 55.7 in July. Scotland (52.2) also recorded a weaker rate of business activity growth midway through the third quarter, with the pace of expansion slowing from July's 33-month high.

The fastest growing region in terms of private sector output was the West Midlands (58.6), which regained the top position from Yorkshire & Humber (58.1). Notably, the South East (53.3) saw a further loss of momentum as growth slowed to an 11-month low.

The West Midlands and Yorkshire & Humber also recorded the strongest rates of employment growth during August. The pace of job creation at the national level was in fact the fastest seen for almost two years. All regions recorded higher employment except the North East, where staff numbers fell slightly for the second month running.

Elsewhere, August survey data showed a further increase in inflationary pressures, with average prices charged for goods and services rising at the fastest rate for four months along with strong growth in businesses' costs.

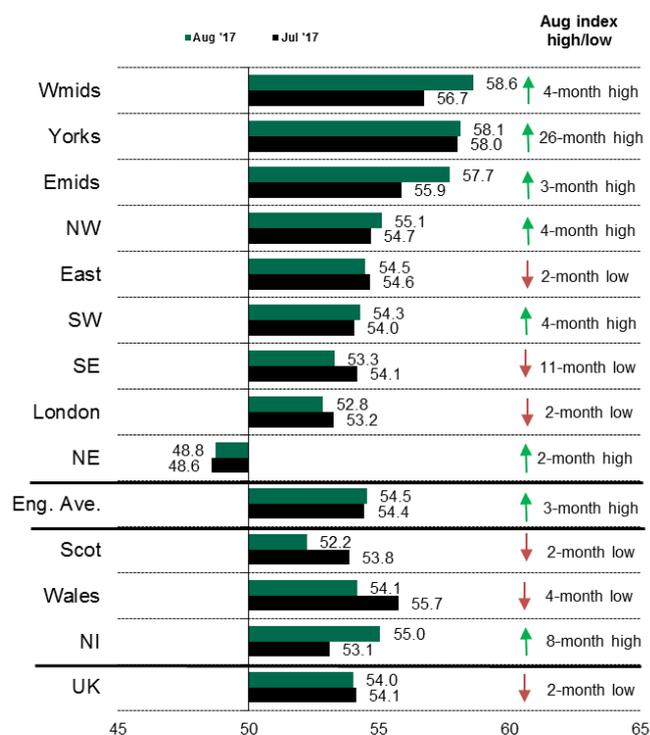
**Tim Hinton, Managing Director and Head of Mid-Markets and SME Banking, Lloyds Banking Group said:** *"Business activity continued to rise at a steady pace across the country*

in August. The good news was that job creation reached the fastest rate for almost two years, with employment rising in all regions bar the North East.

“However, the survey’s price indicators sounded a more cautionary note, highlighting stronger inflationary pressures as average prices charged for goods and services rose at a faster rate.”

- END -

## PMI Business Activity (Output) Index



Numbers relate to monthly seasonally adjusted diffusion indexes. An index reading above 50 signals an increase on the previous month. A reading below 50 signals a decline. The greater the divergence from 50, the greater the rate of change indicated.

## Heat map, August 2017



Compiled by IHS 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 August 2017. 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 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 Bank of Scotland PMI®** features original survey data collected from a panel of around 500 companies based in Scotland and operating in both manufacturing and service sectors. The panel has been carefully selected in order to accurately reflect the true structure of the Scottish economy and therefore provide an accurate picture of business conditions in the region. The Scotland survey forms part of a series of regional surveys and is derived from the highly regarded national PMI survey produced by IHS Markit.

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 Claire McKenzie on 07584 607295 or [clairehobson@bankofscotland.co.uk](mailto:clairehobson@bankofscotland.co.uk)

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