



NOT FOR BROADCAST OR PUBLICATION BEFORE 00:01, MONDAY 11<sup>TH</sup> NOVEMBER 2013

## LLOYDS BANK ENGLAND AND WALES REGIONAL PMI: SHARP INCREASE IN BUSINESS ACTIVITY SUSTAINED ACROSS ENGLAND AND WALES

- Record rise in combined business activity in the English regions
- Strong growth in business activity maintained in Wales
- Job creation hits record levels across both England and Wales

Business activity rose across England and Wales in October, according to the latest **Lloyds Bank Commercial Banking Regional Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>)**, with the English regions as a whole recording the strongest growth since the survey began in January 2001. In Wales, private sector output growth also remained strong, although the pace of expansion eased slightly from the four-year high seen in September.

The headline index measuring overall business activity across the English regions reached 61.8 in October, compared to 60.7 in September, remaining above the 50.0 no-change mark for the twelfth consecutive month. The latest reading also indicated the strongest growth in business activity in almost 13 years of data collection.

All nine English regions registered strong increases in business activity during October. The strongest expansion was in London (65.0), followed by the East Midlands (63.9), while the North East once again saw the weakest rise in output (55.3).

The headline index for Wales recorded 59.1 in October, which was little-changed from September's four-year high of 59.2. The index has now remained above the neutral 50.0 mark for 15 months running, with the latest reading indicating a strong increase in private sector activity across the country.

Higher levels of business activity were driven by survey-record growth of new orders across the English regions as a whole. London witnessed the strongest expansion of incoming new work (66.4), followed by the South East (64.4) and South West (63.3). In Wales, new business growth remained strong, but eased slightly from September's recent peak.

The latest survey highlighted that job creation remained robust across England (55.5) and Wales in October (55.2), and was the strongest seen in almost 13 years. London (57.7) and the South East (56.3) recorded the sharpest increases in private sector employment.

Solid rises in average cost burdens were seen across both the English regions (56.5) and Wales (55.0), which survey respondents mainly linked to higher raw material prices and increased utility bills. This led to an increase in private sector output charges across England and Wales, but overall inflationary pressures remained relatively moderate.

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

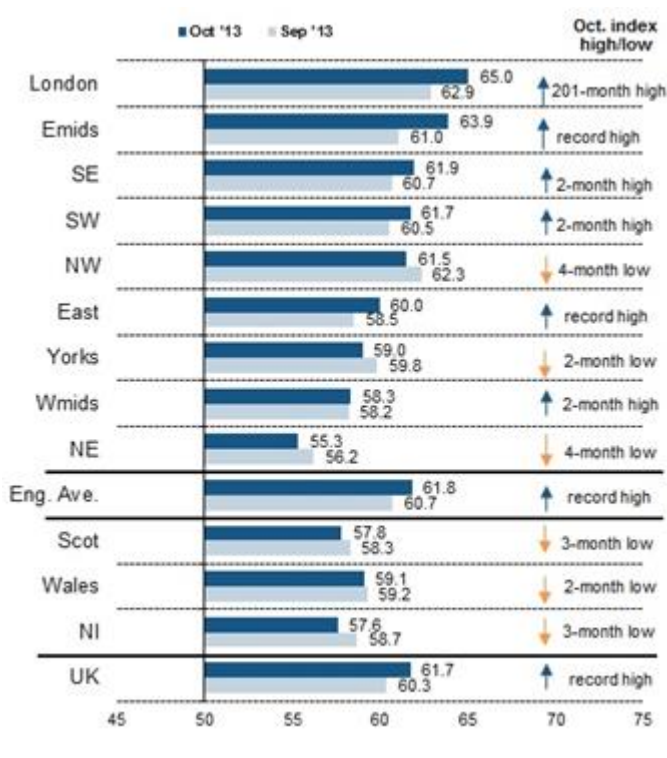
*"It is encouraging to see that private sector businesses have maintained the strong momentum they built up through the summer, as robust growth in business activity continued right across England and Wales last month."*

*“While London retained its place as the best performing region, underlying economic conditions are improving throughout the UK, indicating that the upturn is still broad-based across the manufacturing and service sectors.*

*“This was confirmed by five of the nine English regions registering record growth in new business in October, while strong increases in new orders were also seen elsewhere across the UK.*

*“A sustained period of demand growth is starting to encourage private sector job creation across the UK, which is an encouraging sign that businesses expect continued increases in business activity during the final quarter of 2013 and beyond.”*

### PMI Business Activity (Output) Index



### Heat map, October 2013



– Ends –

**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 PMIs** are based on data compiled in October 2013. 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<sup>®</sup>** features original survey data collected in October 2013 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<sup>®</sup> (PMI<sup>®</sup>)* 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.

### **About 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.

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<sup>®</sup> (PMI<sup>®</sup>)* please contact Zoe Redhead on 0131 655 5405 or [zoe.redhead@bankofscotland.co.uk](mailto:zoe.redhead@bankofscotland.co.uk)

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