

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit England and Wales Regional PMI®

### Business activity growth picks up in England in April, but Wales sees further slowdown

#### Key findings:

- Yorkshire & Humber leads broad-based expansion in private sector output
- Wales sees weakest activity growth for 21 months, but records faster job creation
- Input cost inflation eases from recent elevated levels

Data collected April 12-26

Private sector business activity increased across England and Wales at the start of the second quarter, led by robust growth in Yorkshire & Humber, according to latest regional PMI data from IHS Markit.

The increase in private sector output in England was broad-based by region, with the overall pace of expansion picking back up from a 20-month low in March, albeit still the second-slowest since August 2016. This was highlighted by the England Business Activity Index climbing to 53.8 in April from 53.0.

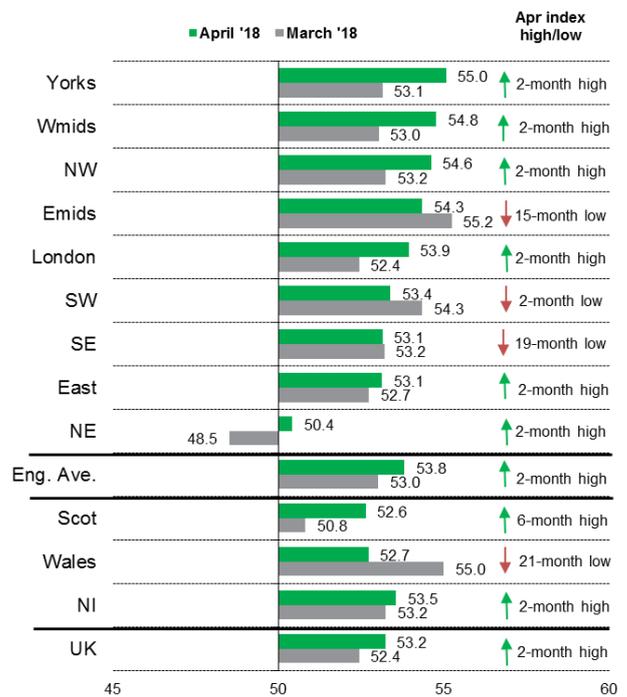
A PMI reading above 50.0 indicates expansion in business activity, and the further above the 50.0 level the faster the rate of expansion signalled.

Yorkshire & Humber topped the UK regions for business activity growth in April, the first time this has been the case since July last year. The West Midlands and North West also enjoyed strong expansions in output, with the rate of growth accelerating in both cases. The slowest rise in activity was recorded in the North East, where data showed only a modest rebound following a contraction in March.

The strongest employment growth in April was recorded in Wales, despite business activity in the home nation rising at its slowest rate for 21 months.

The rate of job creation in England eased to its weakest since August 2016. Notably, the South

#### 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.*

West saw no change in employment, while staffing levels fell in the North West for the first time for more than a year-and-a-half, albeit only marginally.

April survey data meanwhile showed a weakening of inflationary pressures from recent elevated levels. All English regions saw a slowdown in the rate of increase in firms' costs, which was reflected in a moderation in the overall rate of inflation in prices charged for goods and services. Businesses in Wales, however, faced a sharp and accelerated rise in input prices.

Finally, April saw an improvement in business confidence in most regions, the only exception

being the South West where firms' expectations towards future output weakened to the lowest July last year. The strongest business optimism was recorded in Yorkshire & Humber, as has been the case in each of the past five months.

## Comment:

Commenting on the England & Wales Regional PMI® survey data, **Phil Smith**, Principal Economist at IHS Markit and author of the report, said:

*"It was encouraging to see business activity rise in all regions in April, with the rate of growth rebounding in some cases following snow disruption in March."*

*"Of the regions surveyed, Yorkshire & Humber made the strongest start to the second quarter, recording the steepest rise in output and the second-fastest employment growth as the rate of job creation in the local economy ticked up."*

*"Wales, coming off a strong performance at the end of 2017, saw a further loss of momentum in April."*

*"Businesses faced another steep rise in input prices in April, but signs that cost pressures have cooled from the recent elevated levels is a welcome development. April's survey found that a more moderate pace of employment growth had partly reflected firms' efforts to control costs amid rises in staff pay and pension contributions."*

-Ends-

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## Notes to Editors:

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 April 2018. 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 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 Scotland PMI<sup>®</sup>** 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<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.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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