

**NOT FOR BROADCAST OR PUBLICATION BEFORE 01:01 (UK), MONDAY 14 AUGUST 2017**

## **BANK OF SCOTLAND PMI<sup>®</sup>: SCOTTISH PRIVATE SECTOR OUTPUT GROWTH SURGES TO 33-MONTH HIGH**

- Headline PMI rises to 53.8, the highest since October 2014
- Solid expansions in new business and employment
- The trend of expansion in combined manufacturing and services output extended to its longest sequence since 2014

July's PMI<sup>®</sup> survey data from the Bank of Scotland signalled a strong start to the third quarter of 2017 for the Scottish private sector.

Output rose at the fastest pace in nearly three years, reflecting stronger expansions in both manufacturing and services. Increased output was driven by a steady expansion in new business in July. The manufacturing sector registered strong growth in new orders, while new business in the service sector rose at a comparatively moderate rate.

The seasonally adjusted headline Bank of Scotland PMI, a single-figure measure of the month-on-month change in combined manufacturing and services output, rose to 53.8 in July, from 51.1 in June. The latest data indicated the strongest growth of Scottish private sector output in 33 months. It also extended the current trend of expansion to eight months, the longest sequence since 2014.

Job creation was at a 31-month high in the latest survey, signalling an expansion in the Scottish private sector workforce for the second month running. Comments gathered in the survey suggested that firms responded to higher output requirements by hiring additional staff.

Finally, sentiment towards the future remained positive overall, and matched June's confidence reading.

**Fraser Sime, Regional Director, Bank of Scotland Commercial Banking said:**

*"July's survey results signalled the Scottish private sector moving up a gear, as the PMI posted its strongest result in 33 months. This good news was fuelled by the service sector returning to meaningful growth, alongside a faster increase in manufacturing output."*

*"Job creation remained positive for the second month running, with July marking the fastest expansion in employment in over two-and-a-half years. Employment growth was consistent across the manufacturing and service sectors."*

*"Input price inflation remained strong in the latest survey, with many firms blaming wage inflation and the exchange rate. That said, the positive effects of a subdued currency could be seen in the growth of manufacturing exports in July."*

**ENDS**

# Press Release



**BANK OF  
SCOTLAND**

The Bank of Scotland PMI<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by IHS Markit. The report 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.

## **Bank of Scotland PMI: Notes and Methodology** **PMI surveys**

*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) surveys 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 IHS Markit. 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. 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. *Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) surveys are now available for over 30 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 [www.markit.com/product/pmi](http://www.markit.com/product/pmi).

## **About IHS Markit**

IHS Markit (NASDAQ: INFO) is a world leader in critical information, analytics and expertise to forge 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 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

## **About Bank of Scotland**

Bank of Scotland is part of Lloyds Banking Group, the UK's largest retail bank and Scotland's largest financial services employer. Established in 1695, Bank of Scotland is the UK's oldest surviving clearing bank. Our goal is to be the best financial services provider in Scotland. We believe this means we must build a leadership position not on the basis of scale but on the foundations of reputation and recommendation.

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