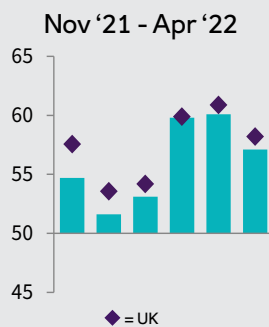


# NatWest East of England PMI<sup>®</sup>

## Activity growth across the East of England eases to three-month low in April

### East of England Business Activity Index



### Key findings

Business activity growth eases to three-month low but remains strong

Softest rise in new orders since December 2021

Charge inflation hits new survey-high during April

The headline NatWest East of England PMI<sup>®</sup> Business Activity Index – a seasonally adjusted index that measures the month-on-month change in the combined output of the region’s manufacturing and service sectors – fell from 60.1 in March to 57.1 in April. The rate of expansion in private sector business activity across the East of England was strong but eased to a three-month low amid a weaker upturn in client demand. Growth across the region continued to lag behind the UK average.

John Maude, NatWest Midlands & East Regional Board, commented:

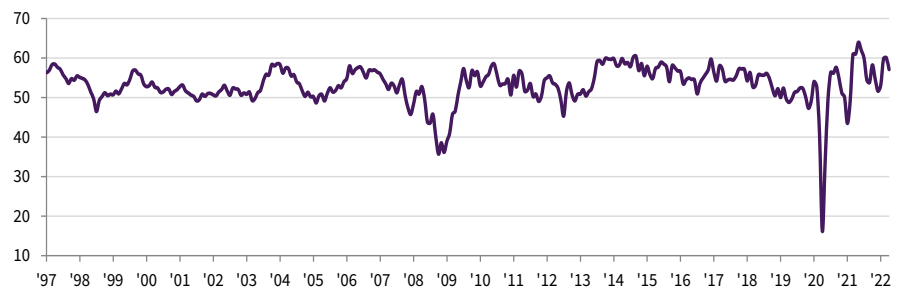
*"The East of England recorded a robust expansion in business activity during April. Growth remained strong overall as relaxed COVID-19 restrictions helped sustain higher levels of economic activity. That said, there was a clear loss in momentum as the upturn was the weakest in three months amid a slowdown in new order growth. Hiring activity also increased at a slightly slower pace in the latest survey period."*

*"Prices data remained a concern as steep inflationary pressures persisted. Average cost burdens soared again in April, with firms having to contend with the second-fastest rate of input price inflation since data collection began in 1997. Output charges were subsequently raised to the greatest extent on record as firms sought to pass higher labour and material costs on to their customers."*

*"Nevertheless, business confidence improved fractionally. Firms remained hopeful of continued gains in business activity over the coming 12 months as the COVID-19 recovery continues to revive the economy."*

East of England Business Activity Index

sa, >50 = growth since previous month



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## About the East of England PMI® report

The NatWest East of England PMI® is compiled by S&P Global from responses to questionnaires sent to East of England companies that participate in S&P Global's UK manufacturing and services PMI surveys.

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 is the Business Activity Index. This is a diffusion index

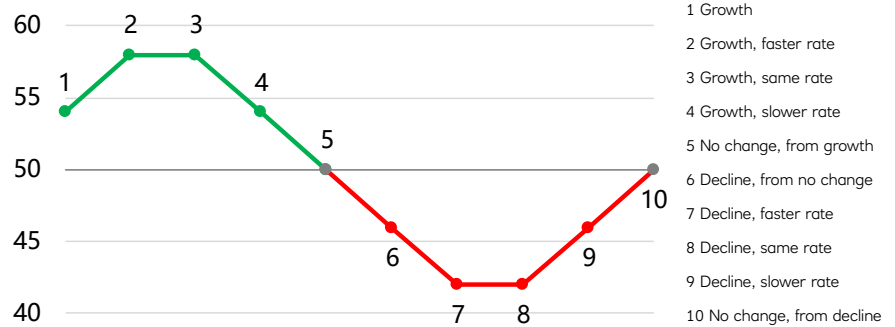
calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The East of England Business Activity Index is comparable to the UK Composite Output Index. It is sometimes referred to as the 'East of England 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](mailto:economics@ihsmarkit.com).

### Index interpretation

50.0 = no change since previous month



## Demand and outlook

### Softest rise in new orders in four months

April data signalled a solid increase in new business placed with firms in the East of England. Companies noted greater activity at clients as the market continued to recover from COVID-19. That said, the rate of growth eased to a four-month low and was the second-slowest in the current sequence of expansion that began in March 2021.

As has been the case since April last year, growth of new orders across the region was weaker than that seen across the UK as a whole.

### Uplift in confidence during April

Private sector firms across the East of England remained confident of greater business activity in the coming 12 months, with the degree of optimism strengthening slightly from the four-month low in March. According to anecdotal evidence, confidence was often linked to the relaxation of COVID-19 restrictions, supporting client demand, as well as hopes of an alleviation of supply-side pressures.

Expectations across companies in the East of England were broadly in line with those seen at the UK level.

## Exports

### Export conditions improve for the twenty-second month running

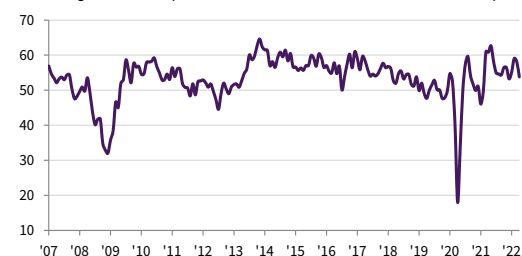
The East of England Export Climate Index is calculated by weighting together national PMI output data according to their importance to the manufacturing exports of the East of England. This produces an indicator for the economic health of the region's export markets.

The Export Climate Index remained broadly unchanged from March, falling only fractionally from 53.4 to 53.3 in April, highlighting a further solid improvement in export market conditions.

Across the East of England's top five export markets, France and the US registered the sharpest increases respectively, followed by the Netherlands. Meanwhile, growth in Germany eased for the second month running.

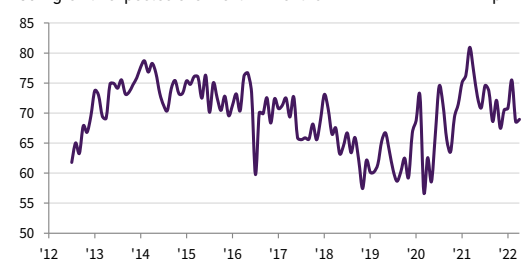
New Business Index  
sa, >50 = growth since previous month

53.8  
Apr '22



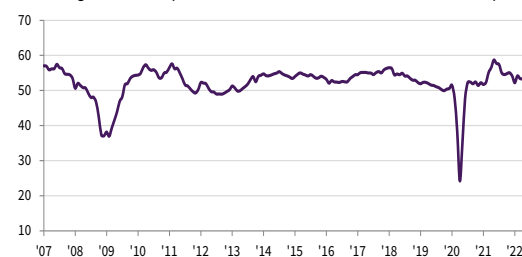
Future Activity Index  
>50 = growth expected over next 12 months

68.9  
Apr '22



Export Climate Index  
sa, >50 = growth since previous month

53.3  
Apr '22



Top export markets, East of England

Rank	Market	Weight	Output Index, Apr '22
1	USA	15.1%	56.0
2	Germany	10.1%	54.3
3	China	8.1%	37.2
4	France	5.6%	57.6
5	Netherlands	5.6%	55.7



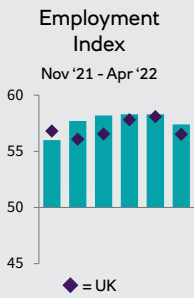
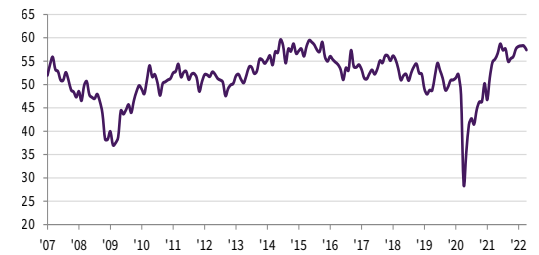
## Business capacity

### Slowest expansion in workforce numbers since November 2021

The East of England's private sector recorded an increase in employment levels during April, thereby extending the current sequence of expansion to 15 months. The pace of job creation slowed to a five-month low but remained strong overall. Firms noted that, as a result of greater activity, additional staff were hired to boost capacities.

The rate of employment growth across the region was among the quickest of the 12 monitored UK regions, behind only London and Yorkshire & Humber.

Employment Index  
sa, >50 = growth since previous month  
57.4  
Apr '22

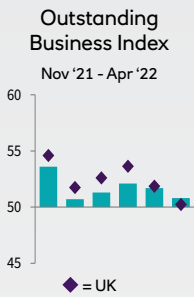
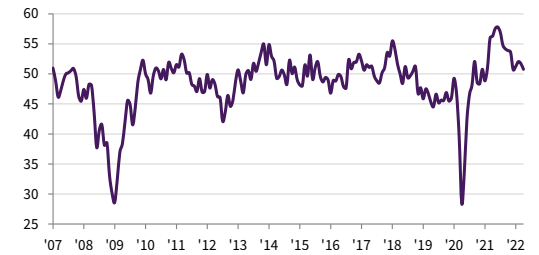


### Rate of backlog accumulation eases to four-month low

Backlogs of work rose across private sector firms in the East of England during April. Staff shortages and delayed input deliveries were often cited as the primary reasons for pressures on capacity. That said, the respective seasonally adjusted index fell for the second month in a row to signal the softest increase since December last year.

The region recorded a marginally faster rise in work outstanding than the UK-wide average.

Outstanding Business Index  
sa, >50 = growth since previous month  
50.8  
Apr '22



## Prices

### Average cost burdens increase at near-record rate

Input prices faced by firms in the East of England surged once again during April. Moreover, the rate of input cost inflation quickened to the second-fastest on record behind that seen last November. Firms attributed the increase to higher energy, transport, raw material and labour expenses.

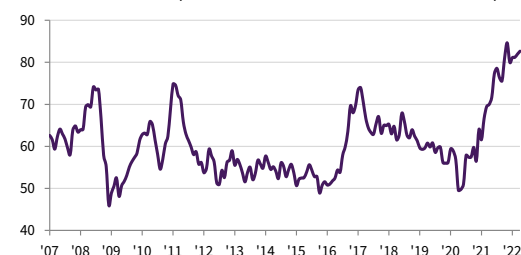
Although cost inflationary pressures across the region were steep, they were among the weakest seen across the 12 monitored UK areas, with only London and the South West of England recording slower rises in input prices.

### Output price inflation accelerates to record high in April

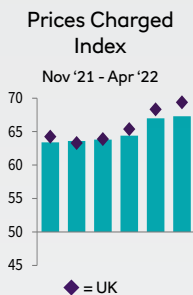
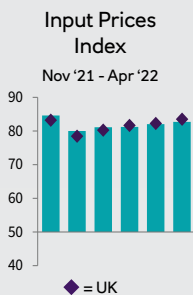
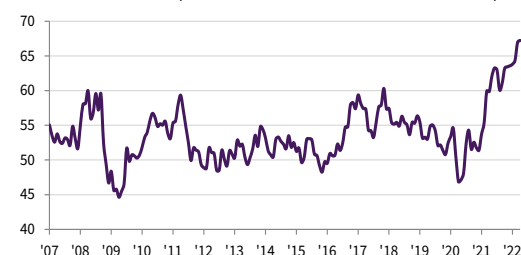
In line with the trend seen in average cost burdens, private sector firms across the East of England raised their prices charged in April. The rate of inflation accelerated to a series high, surpassing the previous peak set in March. The latest spike in output charges was a result of firms sharing cost burdens with clients in order to protect their margins, anecdotal evidence showed.

At the regional level, the East of England record the third-softest increase in charges, behind London and the South West of England.

Input Prices Index 82.7  
sa, >50 = inflation since previous month Apr '22



Prices Charged Index 67.3  
sa, >50 = inflation since previous month Apr '22



## UK Sector PMI

### Sector specialisation: East of England

Location quotients (LQs) are useful measures of regional economic specialisation and can identify industry clusters at a local level. They are ratios derived by comparing the share of sector output (or gross value added) in regions with the national share of output in the same sector.

Focusing on the manufacturing and service sectors in isolation, a location quotient is calculated by taking a sector's proportion of regional output and comparing it with the UK-wide share of output in the sector. An LQ of 1.0 in a sector means that the region and the UK as a whole are equally specialised in that sector. An LQ greater than 1.0 indicates that the sector has a greater economic footprint in the region than it does for the UK as a whole.

The tables below rank the location quotients for the East of England, broken down by manufacturing and services. The UK Output Index for each sub-sector is also displayed.

#### East of England specialisation: Manufacturing

Rank	Sector	LQ	UK Output Index, Apr '22 <sup>+</sup>
1	Electrical & Optical	1.30	55
2	Mechanical Engineering	1.26	52
3	Timber & Paper	1.21	48
4	Chemicals & Plastics	1.08	52
5	Other Manufacturing	1.03	55
6	Food & Drink	0.93	52
7	Basic Metals	0.93	55
8	Transport	0.66	58
9	Textiles & Clothing	0.43	50

#### East of England specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Apr '22 <sup>+</sup>
1	Transport & Communication	1.17	55
2	Business-to-business Services	1.12	55
3	Hotels, Restaurants & Catering	1.03	60
4	Personal & Community Services	0.94	55
5	Computing & IT Services	0.87	55
6	Financial Intermediation	0.67	55

## UK sector focus

### Mechanical Engineering

The UK's Mechanical Engineering sector saw sustained growth in output levels in the three months to April, albeit at a relatively subdued pace that was below the average for manufacturing as whole. The upturn was supported by rising inflows of new work.

Although easing from the record levels seen last year, supply chain bottlenecks remained a key issue facing businesses in the sector, leading to longer lead times on inputs, whilst also helping to fuel a continued surge in purchase prices. Higher costs were increasingly passed on to customers, with factory gate charge inflation reaching a survey-record high.

Still, Mechanical Engineering companies maintained a strongly positive outlook for output in the coming year and, as such, continued to add to workforce numbers at a rapid pace.

#### Output Index

sq, >50 = growth since previous month (3mma)<sup>+</sup>



<sup>+</sup> 3-month moving average



## UK Regional PMI overview

### Business Activity

In terms of business activity, April saw a general loss of momentum across the UK, with nine regions recording slower growth and the North East seeing a renewed contraction. London recorded the fastest overall rate of expansion, followed by the South West, while only the North West and Scotland registered quicker increases in business activity than the month before.

### Employment

A rise in employment was recorded in 11 of the 12 regions monitored by the survey in April. The only exception was the North East, where workforce numbers fell for the first time in 14 months, albeit only slightly. Elsewhere, rates of job creation generally remained solid, although they eased in all cases bar the West Midlands. London recorded the strongest growth ahead of Yorkshire & Humber.

### Future Activity

Although firms in all areas remained optimistic about the year-ahead outlook for activity in April, expectations eased in the majority of cases. Only Wales (ranked third out of 12), the South West (sixth), East of England (seventh) and Northern Ireland\* (twelfth and last) recorded improved confidence. Overall, businesses in the South East were the most upbeat, followed by those in Yorkshire & Humber.

Business Activity Index

sa, >50 = growth since previous month, Apr '22



Employment Index

sa, >50 = growth since previous month, Apr '22



Future Activity Index

>50 = growth expected over next 12 months, Apr '22



\* Coverage in Northern Ireland also includes retail and construction, alongside manufacturing and services.



## Index summary

### East of England

sa, 50 = no change over previous month. \*50 = no change over next 12 months.

	Business Activity	New Business	Export Climate	Future Activity*	Employment	Outstanding Business	Input Prices	Prices Charged
Nov '21	54.7	56.4	55.1	67.5	56.0	53.6	84.6	63.4
Dec '21	51.6	53.3	54.2	70.5	57.7	50.7	80.0	63.6
Jan '22	53.1	55.1	52.2	70.8	58.2	51.3	81.1	63.8
Feb '22	59.8	59.1	54.2	75.5	58.3	52.1	81.2	64.4
Mar '22	60.1	58.2	53.4	68.6	58.3	51.7	82.0	67.0
Apr '22	57.1	53.8	53.3	68.9	57.4	50.8	82.7	67.3

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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.

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

### 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.

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