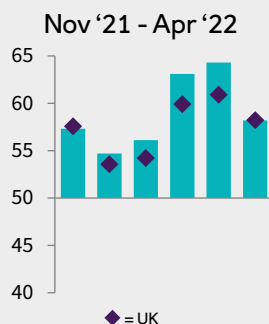


# NatWest Yorkshire & Humber PMI®

## Yorkshire & Humber business activity rises sharply, but growth slows to three-month low

### Yorkshire & Humber Business Activity Index



### Key findings

Activity growth slows as momentum from fewer restrictions fades

Demand growth eases to seven-month low amid sharp price hikes

Output charge inflation hits fresh survey peak in April

The headline NatWest Yorkshire & Humber PMI® 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 – slipped to a three-month low of 58.2 in April, down from 64.3 in March. Nevertheless, the headline measure pointed to a sharp expansion in business activity across Yorkshire & Humber at the start of the second quarter, with growth matching that seen for the UK as a whole.

Richard Topliss, Chair of NatWest North Regional Board, commented:

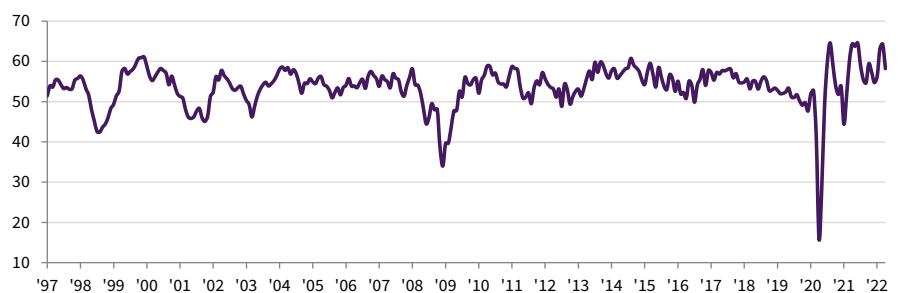
*"Despite the sizeable drop in the survey's headline output measure, it remained well above the crucial 50.0 threshold and thereby indicated another sharp expansion in business activity across Yorkshire & Humber during April. Overall, the loss of growth momentum is unsurprising as the boost from the removal of COVID-19 restrictions peters out.*

*"That said, the risks to growth continue to build. New order growth slowed to a seven-month low in April, with some survey respondents attributing weakness to higher prices charged. Indeed, output price inflation accelerated to a fresh record as businesses continue to see pass on soaring costs.*

*"The level of optimism also fell in April, slumping to its lowest since December 2020 as some panel members grew concerned about the economic outlook. Indeed uncertainties for businesses are notable, such as the war in Ukraine, lingering pandemic-related risks such as disruptions similar to those we've seen in China, and inflation."*

Yorkshire & Humber Business Activity Index

sa, >50 = growth since previous month



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## About the Yorkshire & Humber PMI® report

The NatWest Yorkshire & Humber PMI® is compiled by S&P Global from responses to questionnaires sent to Yorkshire & Humber 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

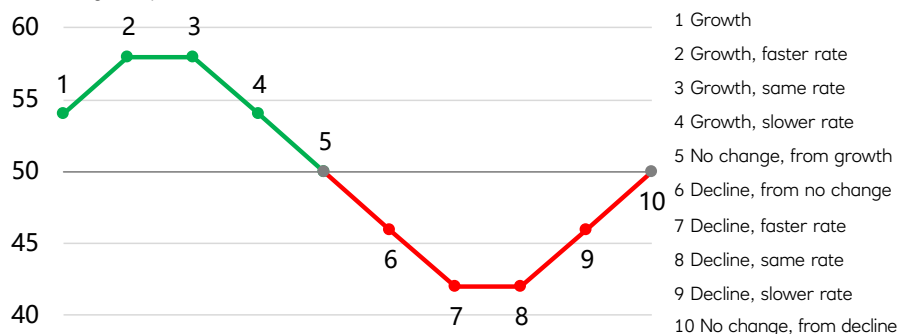
Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The Yorkshire & Humber Business Activity Index is comparable to the UK Composite Output Index. It is sometimes referred to as the 'Yorkshire & Humber 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

### New business growth slows to seven-month low in April

Having signalled expansions that were among the sharpest on record in both February and March, the seasonally adjusted New Business Index slumped to a seven-month low in April. Nevertheless, it remained above the 50.0 no-change threshold and pointed to a solid improvement in demand for goods and services provided by private sector firms in Yorkshire & Humber. Strong conditions in certain parts of the economy supported client appetite, although rising prices were reported by some companies as a drag on new order growth.

### Optimism at weakest level since December 2020

Latest survey data signalled a strong level of business confidence across Yorkshire & Humber during April. According to anecdotal evidence, investment plans and positive demand projections were cited as reasons to be optimistic. That said, output expectations slid to their weakest since December 2020 as some respondents were concerned about the economic outlook.

At the sector level, services providers remained more upbeat than their manufacturing counterparts.

## Exports

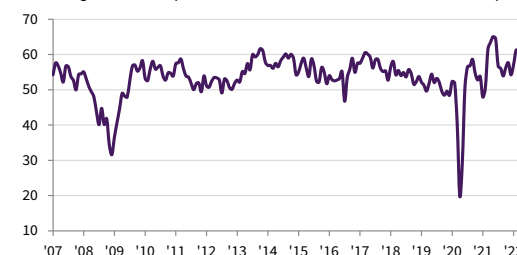
### Export market conditions improve at solid pace in April

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

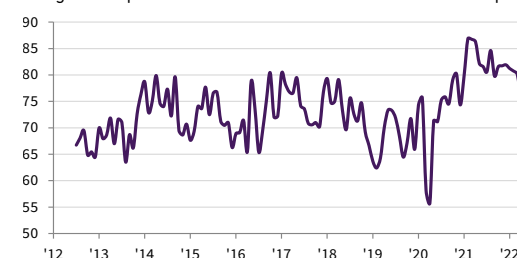
The Yorkshire & Humber Export Climate Index registered 54.7 during April, up slightly from 54.5 in March and indicating a solid improvement in the health of the region's goods export markets.

Latest survey data showed slightly weaker upturns in key markets such as the US, Germany and Ireland, but these were offset by faster expansions in the Netherlands and France.

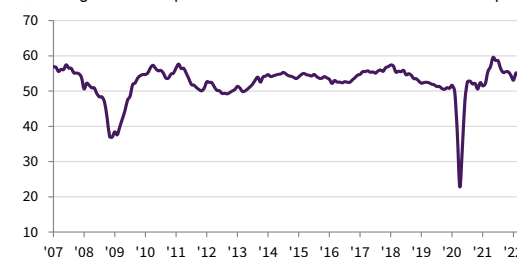
New Business Index  
sa, >50 = growth since previous month  
54.1  
Apr '22



Future Activity Index  
>50 = growth expected over next 12 months  
74.8  
Apr '22

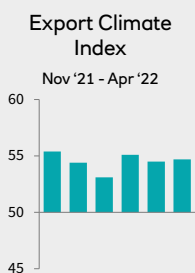
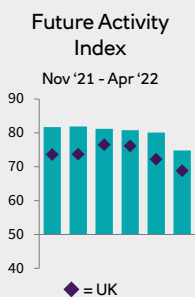
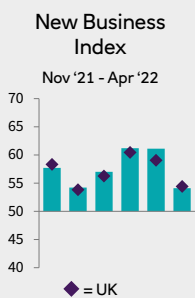


Export Climate Index  
sa, >50 = growth since previous month  
54.7  
Apr '22



Top export markets, Yorkshire & Humber

Rank	Market	Weight	Output Index, Apr' 22
1	USA	10.9%	56.0
2	Netherlands	9.6%	55.7
3	Germany	9.1%	54.3
4	Ireland	8.2%	59.6
5	France	6.5%	57.6



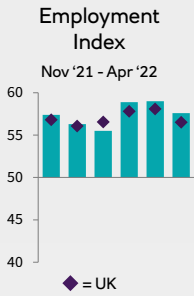
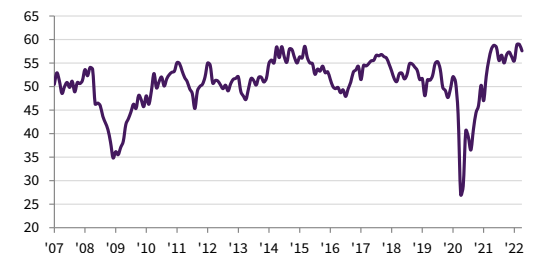
## Business capacity

### Sharp jobs growth continues in April

The level of employment across the private sector in Yorkshire & Humber continued to increase at a sharp pace that was well in excess of the survey average in April. Moreover, of the 12 monitored UK regions, only London posted a faster upturn.

Where jobs growth was reported, this was attributed to expansion efforts. That said, the increase in staffing numbers was the weakest since January.

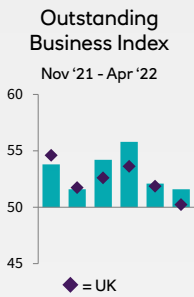
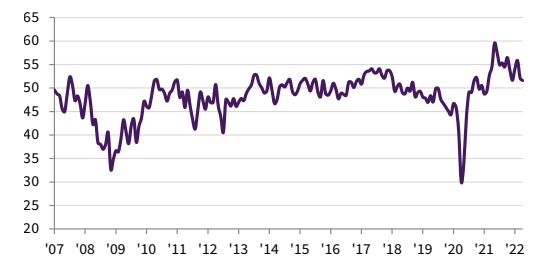
Employment Index  
sa, >50 = growth since previous month  
57.6  
Apr '22



### Operating capacities continued to be stretched

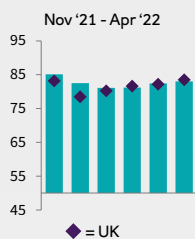
The seasonally adjusted Outstanding Business Index posted above the 50.0 no-change mark in April to signal additional strain on operating capacities across Yorkshire & Humber. Input delivery delays and staff shortages were linked to the increase in backlogs. That said, the increase in unfinished orders was only mild and the slowest since last December.

Outstanding Business Index  
sa, >50 = growth since previous month  
51.6  
Apr '22



## Prices

Input Prices Index



### Input cost inflation quickens to five-month high in April

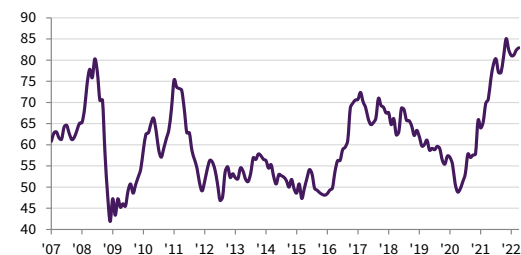
Private sector companies in Yorkshire & Humber recorded the fastest increase in operating costs since last November during the latest survey period. Rising energy, fuel and raw material prices were often cited as a cause of steep inflation by panellists. Overall, the increase in operating costs across the region was broadly level with that seen for the UK as a whole.

Input Prices Index

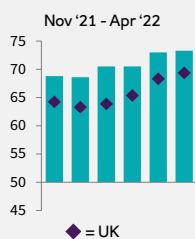
sa, >50 = inflation since previous month

83.0

Apr '22



Prices Charged Index



### Output prices rise at fastest rate on record

Prices set by private sector firms in Yorkshire & Humber for the provision of goods and services rose at strongest rate since the series was incepted in November 1999 during April. The accelerated increase reflected the pass-through of higher costs to clients, according to anecdotal evidence.

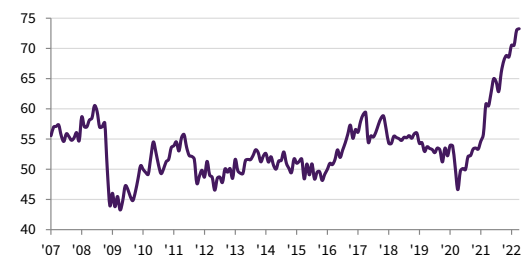
Of the 12 monitored UK regions, output price inflation in Yorkshire & Humber was the second-sharpest, only outpaced by Northern Ireland.

Prices Charged Index

sa, >50 = inflation since previous month

73.3

Apr '22



## UK Sector PMI

### Sector specialisation: Yorkshire & Humber

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 Yorkshire & Humber, broken down by manufacturing and services. The UK Output Index for each sub-sector is also displayed.

#### Yorkshire & Humber specialisation: Manufacturing

Rank	Sector	LQ	UK Output Index, Apr' 22 <sup>+</sup>
1	Other Manufacturing	1.54	55
2	Basic Metals	1.46	55
3	Textiles & Clothing	1.32	50
4	Food & Drink	1.22	55
5	Chemicals & Plastics	1.09	55
6	Timber & Paper	1.08	48
7	Mechanical Engineering	0.97	55
8	Electrical & Optical	0.50	55
9	Transport	0.26	55

#### Yorkshire & Humber specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Apr' 22 <sup>+</sup>
1	Transport & Communication	1.29	55
2	Hotels, Restaurants & Catering	1.12	60
3	Personal & Community Services	1.07	55
4	Business-to-business Services	0.99	55
5	Financial Intermediation	0.82	55
6	Computing & IT Services	0.62	55

## UK sector focus

### Mechanical Engineering

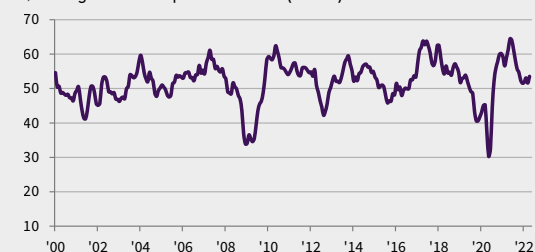
The UK's Mechanical Engineering sector saw sustained growth in output levels in the three months to April, albeit at a relatively subdued pace that was below the average for manufacturing as whole. The upturn was supported by rising inflows of new work.

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.

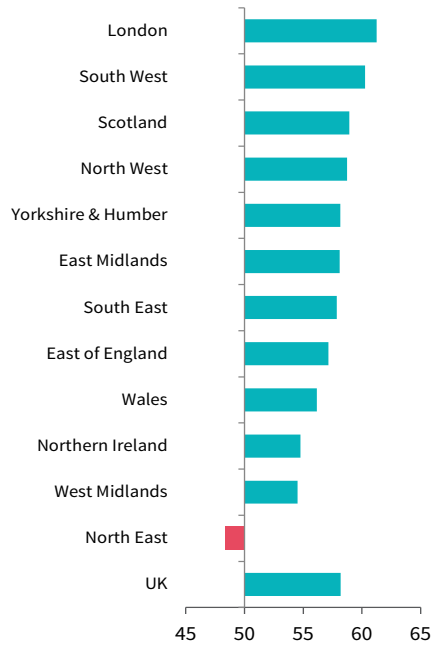
### Employment

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

### Yorkshire & Humber

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	57.3	57.7	55.4	81.7	57.4	53.8	85.1	68.8
Dec '21	54.7	54.2	54.4	81.9	56.3	51.6	82.5	68.6
Jan '22	56.1	57.0	53.1	81.2	55.5	54.2	81.1	70.5
Feb '22	63.1	61.2	55.1	80.8	58.9	55.8	81.2	70.5
Mar '22	64.3	61.1	54.5	80.1	59.0	52.1	82.4	73.0
Apr '22	58.2	54.1	54.7	74.8	57.6	51.6	83.0	73.3

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### About NatWest

NatWest serves customers in England and Wales, supporting them with their personal, private, and business banking needs. NatWest helps customers at all stages in their lives, from opening student accounts, to buying their first home, setting up a business, and saving for retirement.

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.

NatWest has been running MoneySense, an impartial financial education programme for 5–18 year-olds, for more than 21 years. By the end of 2018, NatWest will help another 1 million young people to understand and take control of their finances.

### About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

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.

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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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