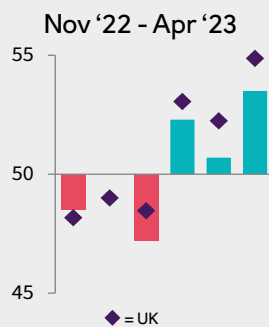


NatWest North West PMI®

North West business activity growth gains momentum in April

North West Business Activity Index



Key findings

Business Activity Index jumps to 12-month high of 53.5

Rate of job creation quickens

Output price inflation ticks up despite easing cost pressures

The North West private sector made a positive start to the second quarter, the latest UK Regional PMI® survey from NatWest showed, recording a strong rate of business activity growth alongside a faster rise in employment. On the price front, local firms recorded a sharp and slightly accelerated increase in average prices charged for goods and services, despite signs of easing cost pressures.

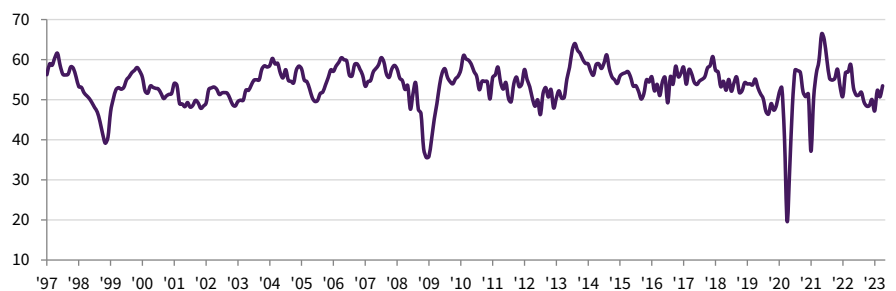
The headline North West PMI Business Activity Index – a seasonally adjusted index that measures the month-on-month change in the combined output of the region’s manufacturing and service sectors – registered above the 50.0 no-change mark for a third straight month in April. Furthermore, at 53.5, up from March’s 50.7, the latest reading signalled the strongest rate of growth for a year.

Malcolm Buchanan, Chair of the NatWest North Regional Board, commented:

"The North West economy showed renewed vigour at the start of the second quarter, recording the fastest growth in business activity for a year as well as an uptick in the rate of job creation. Business confidence has recovered strongly from the low levels seen late last year, moving slightly further above the long-run average in April, in a sign of resilience among the region's firms. At the same time, however, the survey points to sticky inflationary pressures, with businesses recording another steep rise in average prices charged for goods and services, and at a quicker rate than the month before. This is despite costs pressures continued to ebb from the ultra-high levels we saw last year."

North West Business Activity Index

sa, >50 = growth since previous month



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About the North West PMI® report

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

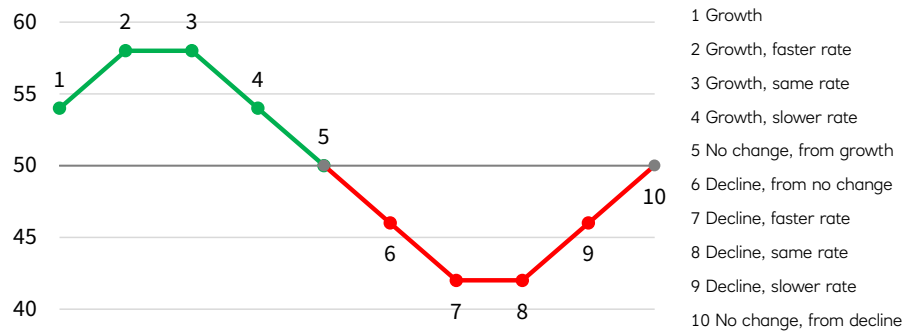
calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The North West Business Activity Index is comparable to the UK Composite Output Index. It is sometimes referred to as the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

Index interpretation

50.0 = no change since previous month



Demand and outlook

New business continues to grow, but slower than national rate

April survey data showed a third straight monthly increase in new business across the North West. Despite picking up slightly from March, the rate of growth remained only modest and was noticeably slower than the UK-wide average. The increase in new work in the North West was driven exclusively by the region's service sector, with local manufacturers recording a sustained downturn in demand.

North West firms maintain positive outlook

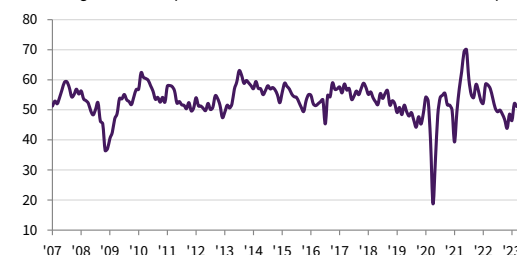
Firms operating in the North West remained optimistic about the year-ahead outlook for activity in April. Expectations edged up slightly from the previous survey period and were broadly in line with the national average. Where an increase in business activity was anticipated, firms cited plans for new investments, expansions of product ranges and greater marketing activity.

New Business Index

sa, >50 = growth since previous month

51.5

Apr '23

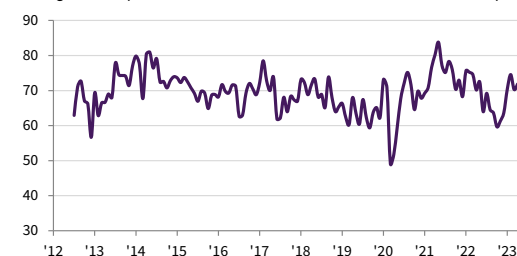


Future Activity Index

>50 = growth expected over next 12 months

71.9

Apr '23

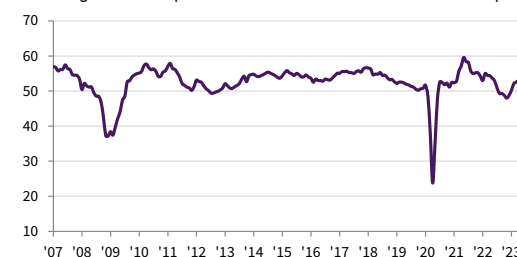


Export Climate Index

sa, >50 = growth since previous month

53.1

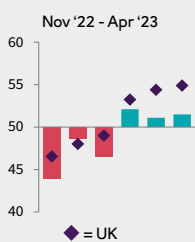
Apr '23



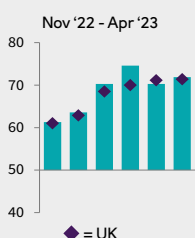
Top export markets, North West

Rank	Market	Weight	Output Index, Mar '23
1	USA	13.7%	53.4
2	Netherlands	10.0%	47.7
3	Germany	9.9%	54.2
4	Ireland	6.5%	53.5
5	China	5.8%	53.6

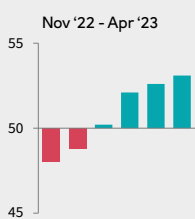
New Business Index



Future Activity Index



Export Climate Index



Exports

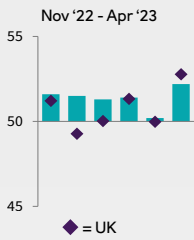
Growth momentum builds in export markets

The North West Export Climate Index (ECI) is calculated by weighting together national PMI output data according to their importance to the manufacturing exports of the North West. This produces an indicator for the economic health of the region's export markets. A reading above 50 signals an improvement in export conditions.

Export demand conditions continued to improve during April, reflecting strong growth across several key markets. This was underlined by the ECI moving to an 11-month high of 53.1. The US, Germany and Ireland each recorded faster rates of expansion, while China saw a further (albeit slightly slower) rise in activity.

Business capacity

Employment Index

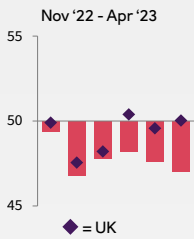


Solid rise in employment as rate of job creation picks up

The rate of job creation across the North West private sector accelerated at the start of the second quarter, after coming close to stalling in March. Latest data signalled a solid rise in employment that was the most marked since September last year. Even so, the pace of employment growth was weaker than that seen across the UK as a whole.

Hiring in the region was largely centred on the service sector, where there were reports of staffing capacity being expanded to meet higher demand and prepare for future growth.

Outstanding Business Index



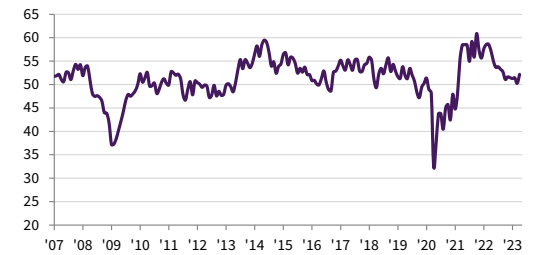
Local firms make further inroads into backlogs of work

As has been the case in each of the past 11 months, private sector firms in the North West recorded a decrease in their outstanding business (i.e. work awaiting completion) during April. Furthermore, the pace of backlog depletion quickened to the fastest in the year-to-date. The decline was driven by the manufacturing sector, which saw a lack of incoming new orders to replace completed projects.

Employment Index

sa, >50 = growth since previous month

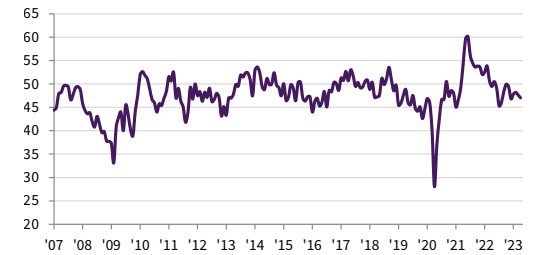
52.2
Apr '23



Outstanding Business Index

sa, >50 = growth since previous month

47.0
Apr '23



Prices

Input price inflation at 27-month low

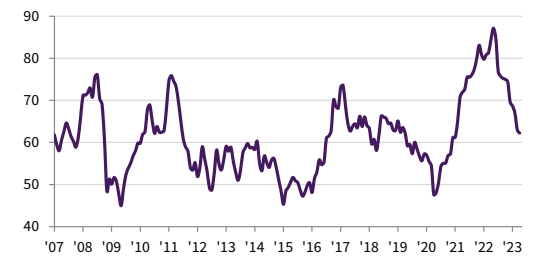
Latest data showed a sustained slowdown in the rate of input price inflation faced by firms in the North West. This was highlighted by the respective seasonally adjusted index slipping further from last year's record highs to the lowest since January 2021. Although still historically strong, the rise in operating expenses in the North West was the least marked among the 12 regions monitored. Salaries and energy were the main sources of cost inflation, anecdotal evidence showed.

Input Prices Index

sa, >50 = inflation since previous month

62.2

Apr '23



Average output prices rise at slightly faster rate

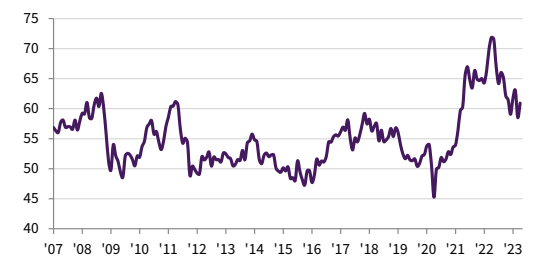
April saw another steep increase in average prices charged for goods and services by businesses across the North West, as higher operating expenses were often passed on to customers. The rate of inflation ticked up from the previous survey period and was considerably quicker than the long-run series average.

Prices Charged Index

sa, >50 = inflation since previous month

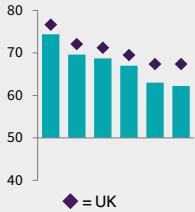
60.9

Apr '23



Input Prices Index

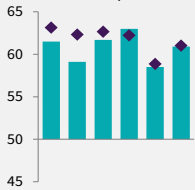
Nov '22 - Apr '23



◆ = UK

Prices Charged Index

Nov '22 - Apr '23



◆ = UK



UK Sector PMI

Sector specialisation: North West

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

North West specialisation: Manufacturing

Rank	Sector	LQ	UK Output Index, Apr '23 ⁺
1	Chemicals & Plastics	1.72	48
2	Transport	1.25	52
3	Textiles & Clothing	1.18	48
4	Timber & Paper	0.91	40
5	Basic Metals	0.84	50
6	Food & Drink	0.79	48
7	Other Manufacturing	0.72	50
8	Mechanical Engineering	0.56	52
9	Electrical & Optical	0.51	55

North West specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Apr '23 ⁺
1	Transport & Communication	1.18	48
2	Hotels, Restaurants & Catering	1.10	55
3	Business-to-business Services	1.03	52
4	Personal & Community Services	1.03	50
5	Computing & IT Services	0.81	55
6	Financial Intermediation	0.76	58

UK sector focus

Basic Metals

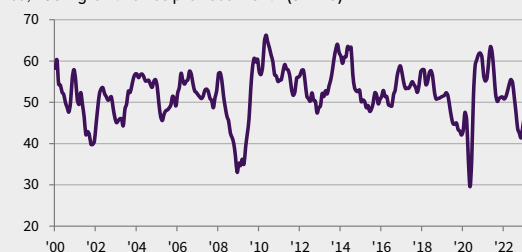
The three months to April saw a modest rise in production levels across the UK's Basic Metals sector. With new orders remaining in contraction territory (albeit falling at a slower rate), output growth was driven by progress on backlogs of work, which fell sharply in the latest three-month period.

The increase in output was further supported by improved material availability. Lead times on inputs shortened substantially, and to the greatest extent for almost 14 years. This easing of supply-demand imbalances also manifested itself in a cooling of price pressures. Input cost inflation was the slowest in over two-and-a-half years. Factory gate prices also increased at a slower rate, although inflation on this front remained comparatively more elevated.

Looking ahead, Basic Metals producers were optimistic about growth prospects in the next 12 months. Expectations were in fact the highest for over a year.

Output Index

sa, >50 = growth since previous month (3mma)⁺



⁺ 3-month moving average



UK Regional PMI overview

Business Activity

All 12 UK nations and regions monitored by the survey saw a rise in business activity in April, the first time this has been the case since February last year. The strongest growth by far was recorded in London, where it hit a ten-month high. Wales sank to the bottom of the rankings for output growth and was one of only two areas (alongside Northern Ireland*) where the pace of expansion slowed.

Employment

Employment rose across all areas of the UK during April except in Wales. Here, workforce numbers fell for the fourth month running, albeit at the slowest rate in this sequence. Northern Ireland recorded the fastest rate of job creation, as has been the case in each of the past four months, followed by Scotland. Notably, the North East saw staffing levels rise - albeit marginally - for the first time in nearly a year.

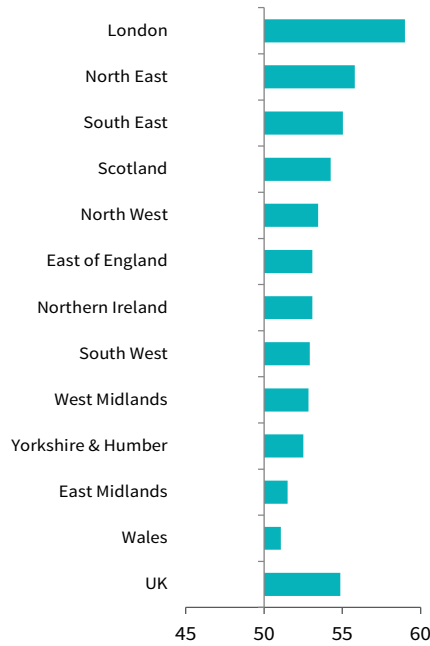
Future Activity

Business expectations were generally positive in April, although trends varied. The West Midlands recorded the highest degree of optimism towards future activity, despite it being one of five areas where sentiment weakened from the month before (alongside the South East, South West, Scotland and Northern Ireland). The greatest uptick in the level of confidence was in the North East.

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

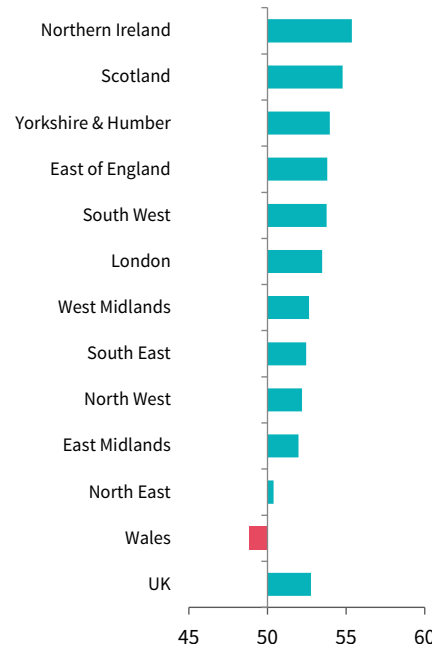
Business Activity Index

sa, >50 = growth since previous month, Apr '23



Employment Index

sa, >50 = growth since previous month, Apr '23



Future Activity Index

>50 = growth expected over next 12 months, Apr '23



Index summary

North West

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 '22	48.5	43.9	48.0	61.3	51.6	49.4	74.4	61.5
Dec '22	50.0	48.6	48.8	63.6	51.5	46.8	69.6	59.1
Jan '23	47.2	46.5	50.2	70.3	51.3	47.8	68.7	61.7
Feb '23	52.3	52.1	52.1	74.6	51.4	48.2	67.0	63.0
Mar '23	50.7	51.1	52.6	70.3	50.2	47.6	63.0	58.5
Apr '23	53.5	51.5	53.1	71.9	52.2	47.0	62.2	60.9

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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.

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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.

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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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