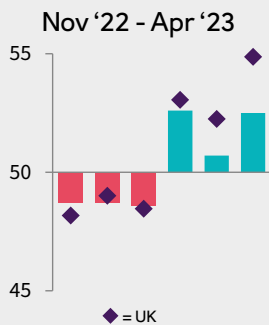


NatWest Yorkshire & Humber PMI®

Yorkshire & Humber business activity growth quickens in April

Yorkshire & Humber Business Activity Index



Key findings

Yorkshire & Humber growth improves, but lags behind UK as a whole

Business confidence strengthens and job creation accelerates

Input cost inflation eases to 26-month low

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 – rose to 52.5 in April, from 50.7 in March, signalling a stronger expansion in private sector business activity across Yorkshire & Humber.

That said, the region was one of the weakest performers across the UK in April, lagging behind the national average once again. In fact, compared to the 11 other monitored parts of the UK, only the East Midlands and Wales registered weaker expansions.

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

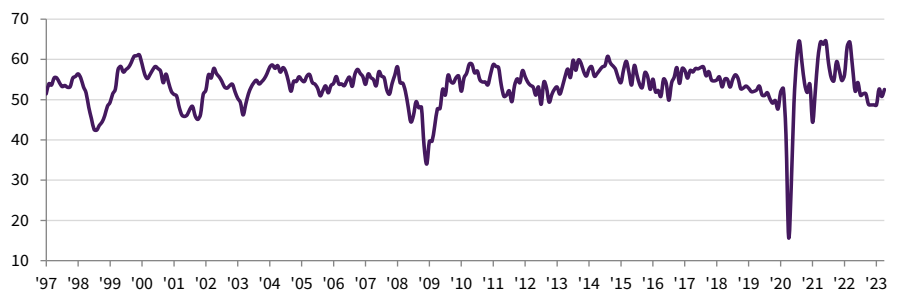
"There were positive developments for Yorkshire & Humber businesses in April, with activity growth quickening and confidence improving. There was even a modest strengthening in demand conditions, and firms responded by boosting their staffing capacities."

"That said, compared to other parts of the UK, the region's performance is not so impressive. Growth was notably weaker than seen for the UK as a whole in April, with only the East Midlands and Wales recording weaker rates of expansion in business activity."

"Meanwhile, although cost pressures eased further, they remained substantial, reportedly due to higher wage demands in response to the cost-of-living crisis."

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

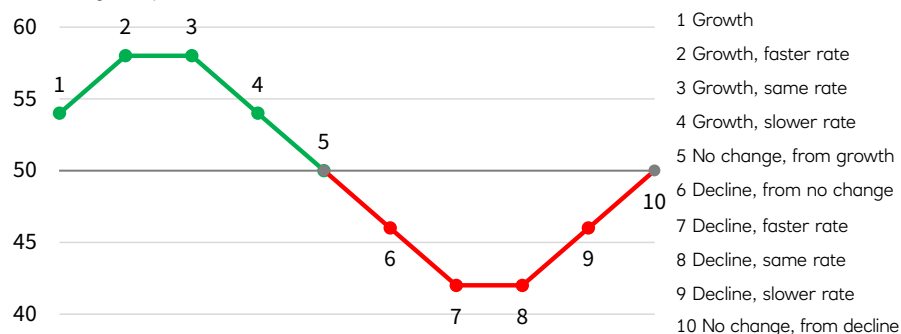
Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The Yorkshire & Humber Business Activity Index is comparable to the UK Composite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

Index interpretation

50.0 = no change since previous month



Demand and outlook

Marginal improvement in demand conditions

April survey data signalled a third successive monthly increase in new business received by private sector companies in Yorkshire & Humber. The improvement strengthened slightly and was the quickest since last August, but only marginal overall.

The rise in new orders seen across the region continued to lag behind the UK as a whole. Compared to the other 11 parts of the UK monitored by the survey, only the East Midlands and Northern Ireland saw slower upturns.

Yorkshire & Humber firms remain strongly optimistic

Private sector companies across Yorkshire & Humber remained firmly upbeat towards growth prospects over the coming 12 months, latest survey data showed. Furthermore, the level of positive sentiment strengthened slightly to an 11-month high. New product launches, investment plans and expectations of a gain in market share supported firms' growth projections, according to anecdotal evidence.

Exports

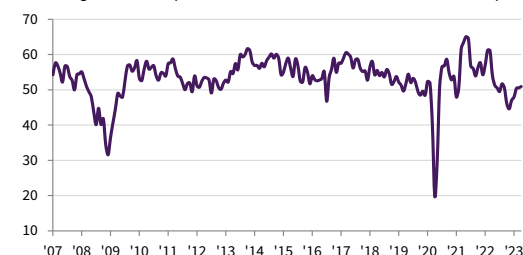
Strongest improvement in export climate since May 2022

The Yorkshire & Humber Export Climate Index (ECI) 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.

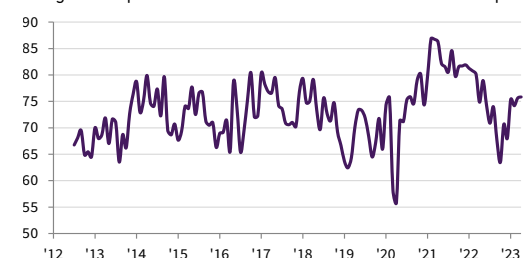
The Yorkshire & Humber Export Climate Index increased to an 11-month high of 52.9 in April, from 51.4 in March. This signalled a moderate but stronger improvement in export market conditions for firms in Yorkshire & Humber.

The US, which is the largest of the region's goods export markets, saw growth accelerate to its fastest since May 2022. Meanwhile in Germany, the region's third-largest overseas goods market, growth hit a one-year high.

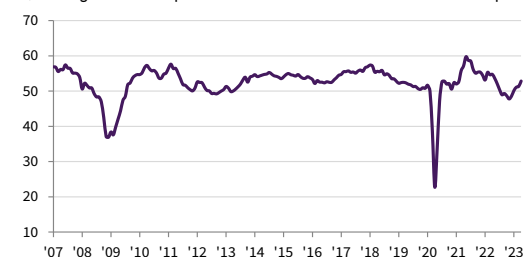
New Business Index
sa, >50 = growth since previous month
50.9
Apr '23



Future Activity Index
>50 = growth expected over next 12 months
75.8
Apr '23

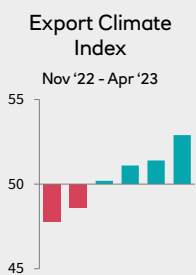
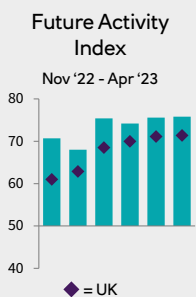
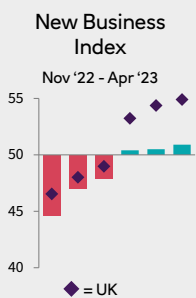


Export Climate Index
sa, >50 = growth since previous month
52.9
Apr '23



Top export markets, Yorkshire & Humber

Rank	Market	Weight	Output Index, Mar' 23
1	USA	18.1%	53.4
2	Netherlands	14.7%	47.7
3	Germany	9.8%	54.2
4	Ireland	7.9%	53.5
5	France	7.3%	52.4

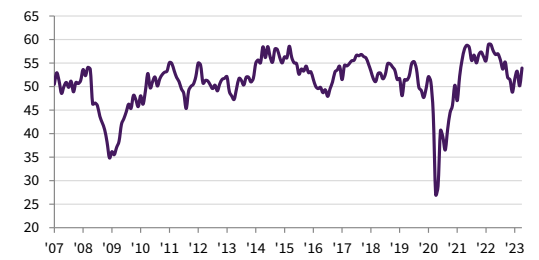


Business capacity

Sold rise in staffing capacity

The seasonally adjusted Employment Index posted above the 50.0 no-change mark in April, signalling an expansion in staffing levels across Yorkshire & Humber. The rate of job creation quickened markedly since March to a solid pace that was the fastest since last September. Surveyed companies commented on the replacement of leavers and efforts to boost capacity.

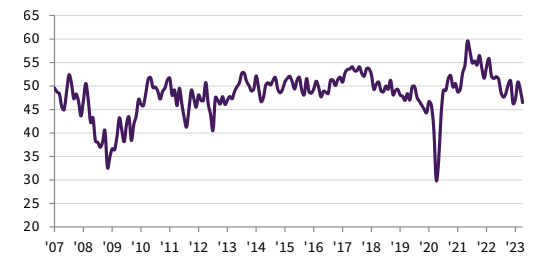
Employment Index 54.0
 sa, >50 = growth since previous month Apr '23



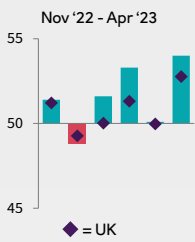
Backlogs of work fall for second successive month in April

Private sector companies in Yorkshire & Humber registered a second straight monthly decline in the volume of outstanding business at the beginning of the second quarter. According to surveyed firms, subdued demand and increased capacity supported the catch-up on unfilled orders.

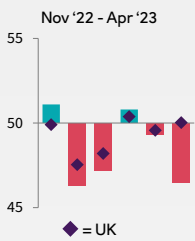
Outstanding Business Index 46.5
 sa, >50 = growth since previous month Apr '23



Employment Index



Outstanding Business Index

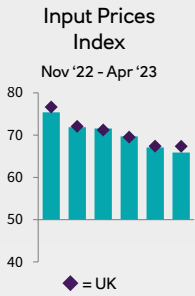
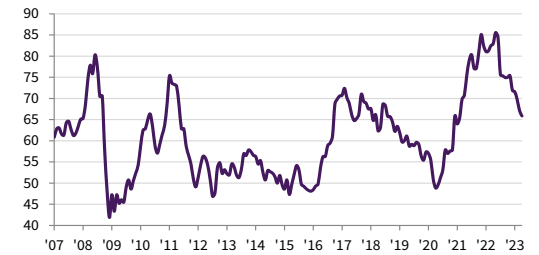


Prices

Input price inflation slows to 26-month low

Private sector businesses in Yorkshire & Humber were faced with another steep monthly rise in their operating costs during April. Salary expenses were noted as a key source of inflation by survey respondents. That said, the rate at which overall input prices increased was the slowest in just over two years, with downward pressures reportedly coming from raw material costs.

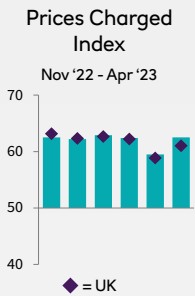
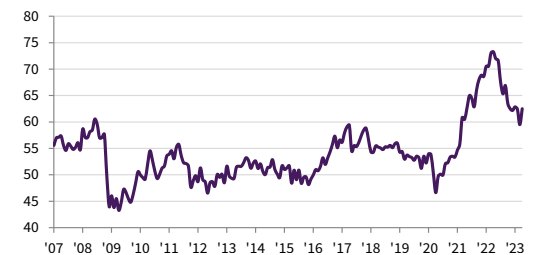
Input Prices Index
sa, >50 = inflation since previous month
65.9
Apr '23



Selling prices rise at slightly faster pace

Prices charged for goods and services by private sector firms in Yorkshire & Humber continued to increase at the start of the second quarter. Output prices were reportedly lifted to offset the impact of rising costs. The rate of inflation was steep and accelerated slightly from March's 25-month low. Wales was the only monitored part of the UK to record a faster increase in charges than Yorkshire & Humber.

Prices Charged Index
sa, >50 = inflation since previous month
62.5
Apr '23



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 23 ⁺
1	Other Manufacturing	1.54	52
2	Basic Metals	1.46	51
3	Textiles & Clothing	1.32	48
4	Food & Drink	1.22	47
5	Chemicals & Plastics	1.09	46
6	Timber & Paper	1.08	40
7	Mechanical Engineering	0.97	50
8	Electrical & Optical	0.50	55
9	Transport	0.26	52

Yorkshire & Humber specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Apr 23 ⁺
1	Transport & Communication	1.29	50
2	Hotels, Restaurants & Catering	1.12	55
3	Personal & Community Services	1.07	52
4	Business-to-business Services	0.99	53
5	Financial Intermediation	0.82	58
6	Computing & IT Services	0.62	58

UK sector focus

Basic Metals

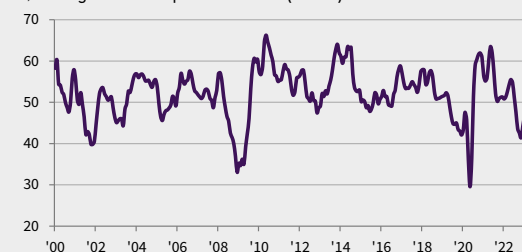
The three months to April saw a modest rise in production levels across the UK's Basic Metals sector. With new orders remaining in contraction territory (albeit falling at a slower rate), output growth was driven by progress on backlogs of work, which fell sharply in the latest three-month period.

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.

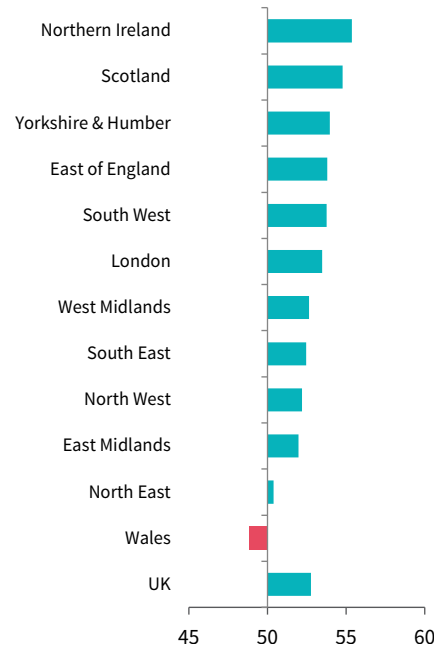
Business Activity Index

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



* 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 '22	48.7	44.6	47.8	70.7	51.4	51.1	75.4	62.5
Dec '22	48.7	47.0	48.6	68.0	48.8	46.3	71.9	62.2
Jan '23	48.6	47.9	50.2	75.4	51.6	47.2	71.6	62.9
Feb '23	52.6	50.4	51.1	74.2	53.3	50.8	69.7	62.4
Mar '23	50.7	50.5	51.4	75.6	50.1	49.3	67.1	59.5
Apr '23	52.5	50.9	52.9	75.8	54.0	46.5	65.9	62.5

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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.

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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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