

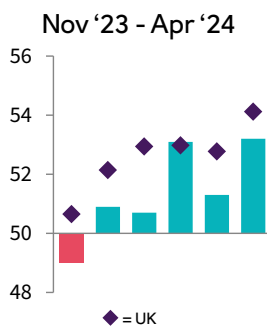


NatWest

NatWest East of England PMI[®]

Fastest output growth in two years in April

East of England Business Activity Index



Key findings

Companies remain relatively confident on 12-month outlook

New business and employment broadly stable

Cost pressures highest in eight months

Private sector output in the East of England rose at a faster rate in April and companies remained relatively upbeat regarding the next 12 months, according to the latest NatWest PMI[®] data. The NatWest East of England 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 – remained above the no-change mark of 50.0 in April to signal growth of output in the region for the fifth month running. The Index rose to 53.2, from 51.3 in March, indicating the fastest growth since April 2022. That said, it remained below the UK figure of 54.1.

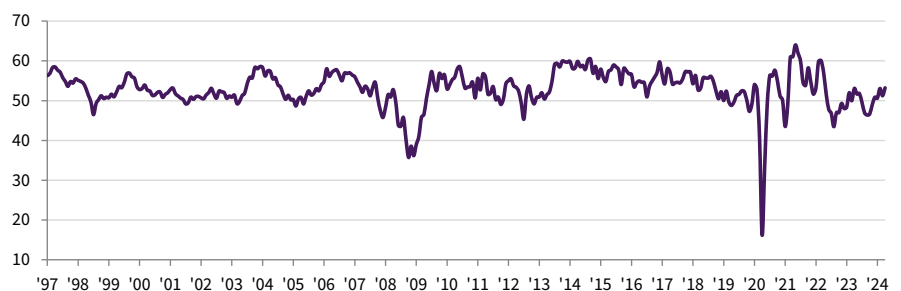
Inflows of new business and employment were broadly stable during April, while export conditions showed signs of strength. The latest findings also revealed a jump in input cost inflation, leading to another strong rise in prices charged for goods and services.

Rashel Chowdhury, NatWest Midlands and East Regional Board, commented:

"The stronger increase in activity in April was welcome news, but the jump in input price inflation is a concern and may partly explain the softening of the 12-month outlook and lack of jobs growth. That said, the bigger than usual increase in the National Living Wage may be partly responsible for the spike in costs in April, so we may see a correction in May. And despite easing to a three-month low, output expectations remain relatively strong."

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

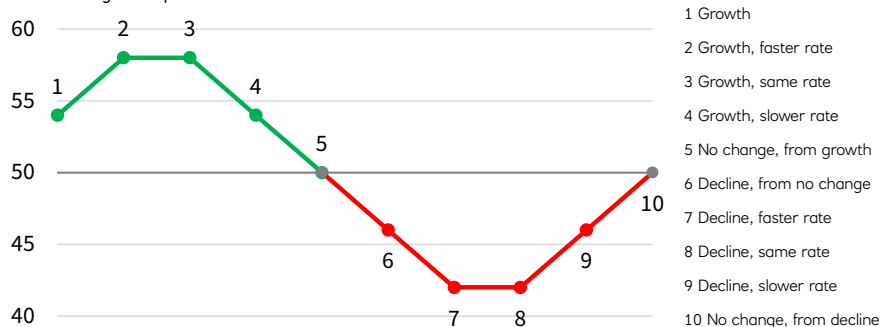
calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The East of England Business Activity Index is comparable to the UK Composite Output Index. It is sometimes referred to as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

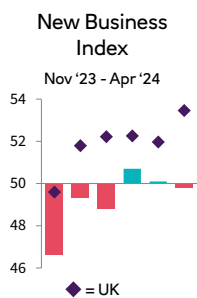
For further information on the PMI survey methodology, please contact economics@spglobal.com.

Index interpretation

50.0 = no change since previous month



Demand and outlook

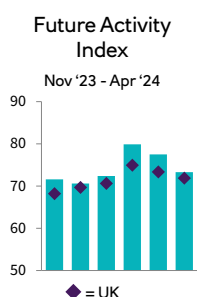
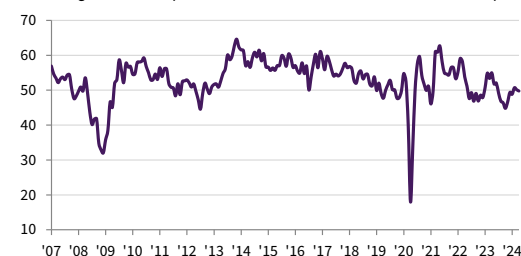


Level of incoming new work remains broadly stable

The volume of incoming new business received by private sector firms in the East of England remained broadly unchanged in April, as has been the case on balance during 2024 so far. This contrasted with declining new orders throughout the second half of 2023.

Across the UK as a whole new business rose for the fifth month running, and at the fastest rate in nearly a year.

New Business Index 49.8
sa, >50 = growth since previous month
Apr '24

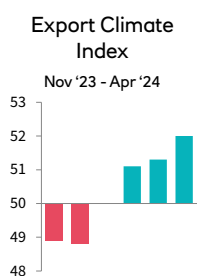
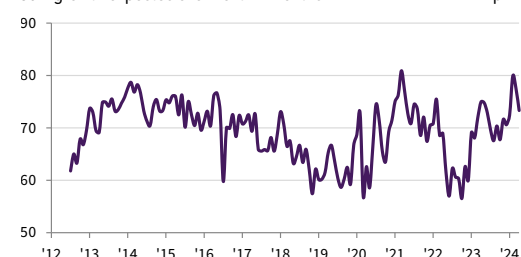


Expectations ease but remain relatively strong

Although demand failed to expand in April, companies remained strongly positive in their expectations for output growth over the next 12 months. Confidence was linked to new products, strong new business pipelines and a market recovery despite the upcoming elections. The Future Activity Index eased to a three-month low, but remained well above its long-run trend level of 69.4.

The East of England remained the third most optimistic among the 12 UK nations and regions in the latest period, behind the South East and West Midlands.

Future Activity Index 73.3
>50 = growth expected over next 12 months
Apr '24



Exports

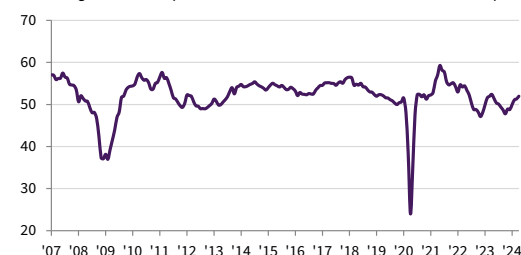
Export markets strengthen in April

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 signalled the best improvement in export demand conditions for firms in the East of England for 12 months in April. The Index rose to 52.0, indicating a third successive month of growth in output across the region's export markets.

All of the top five international markets registered higher output in April, led by the Netherlands and the US.

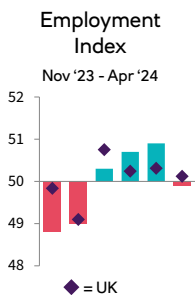
Export Climate Index 52.0
sa, >50 = growth since previous month
Apr '24



Top export markets, East of England

Rank	Market	Weight	Output Index, Apr '24
1	Netherlands	20.1%	52.8
2	USA	19.1%	51.3
3	Germany	9.7%	50.6
4	France	7.6%	50.5
5	Ireland	5.1%	50.4

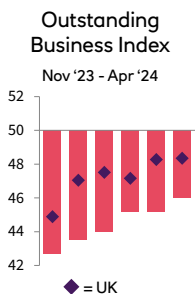
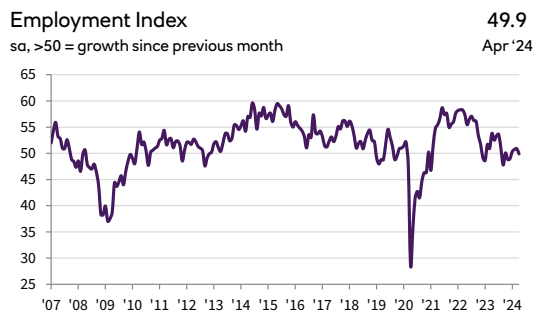
Business capacity



Employment broadly stable

Private sector employment in the East of England was little-changed compared with one month earlier in April. This followed a three-month period of jobs growth. Reports of recruitment linked to expected new business were offset by the non-replacement of leavers and some reduction in temporary roles.

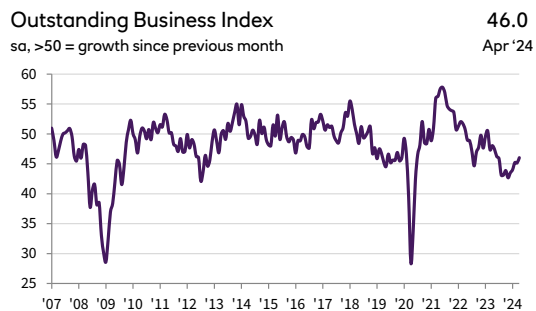
The East of England posted a similar private sector employment trend to the UK as a whole in April. Northern Ireland and Scotland recorded the strongest employment growth.



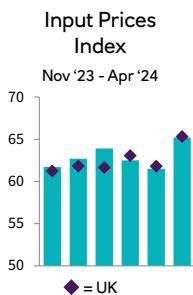
Decline in outstanding work eases

Private sector firms in the East of England private sector economy continued to work through their existing order books in April. The rate of decline was solid, but the slowest since June 2023. Incomplete workloads have fallen throughout the past two years except for a brief increase in February 2023.

The East of England continued to post a steeper drop in backlogs than the UK as a whole in April.



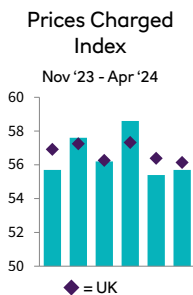
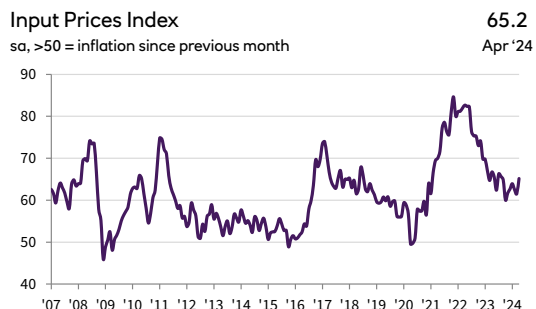
Prices



Input price inflation jumps in April

Cost pressures in the East of England accelerated at the start of the second quarter, with the rate of input price inflation rising sharply to the highest since last August. Wages remained a key drive of higher costs, with specific reports of the recent increase in the National Living Wage. Fuel, software and telecoms costs were also mentioned.

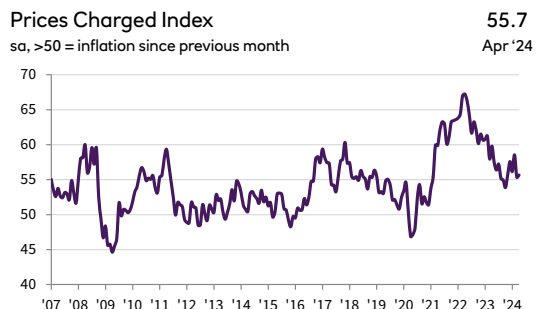
The overall rate of inflation remained above the long-run survey trend, and was in line with the UK average.



Output charges continue to rise sharply

Private sector firms in the East of England continued to raise their prices charged for goods and services in April, passing on greater cost burdens to customers. The rate of inflation was slightly up on March and above the long-run average, but still among the weakest over the past three years.

Across the UK, the North East posted the strongest rate of output price inflation, and the North West the weakest.



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 '24 ⁺
1	Electrical & Optical	1.33	48
2	Mechanical Engineering	1.24	52
3	Chemicals & Plastics	1.11	52
4	Other Manufacturing	1.01	50
5	Timber & Paper	1.01	52
6	Food & Drink	0.93	52
7	Basic Metals	0.79	48
8	Transport	0.71	48
9	Textiles & Clothing	0.43	48

East of England specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Apr '24 ⁺
1	Transport & Communication	1.22	48
2	Hotels, Restaurants & Catering	1.13	52
3	Business-to-business Services	1.09	52
4	Personal & Community Services	1.04	50
5	Computing & IT Services	0.91	52
6	Financial Intermediation	0.65	55

UK sector focus

Timber & Paper

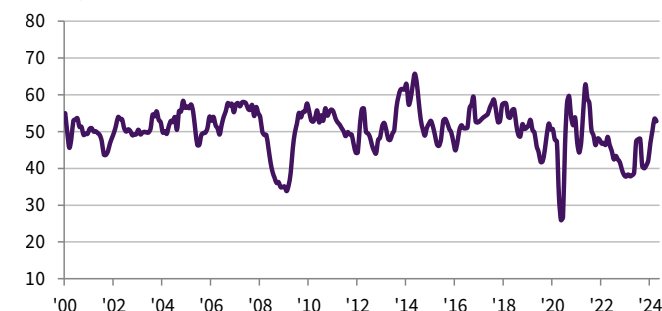
Latest data showed signs of a sustained recovery in production levels across the UK's Timber & Paper manufacturing sector, following a protracted downturn that had lasted almost two-and-a-half years. Output rose at a solid rate in the three months to April, after having returned to growth earlier in the year. Supporting the rebound was a pick-up in underlying demand, which was evidenced by a renewed rise in new orders.

Firms were increasingly optimistic about the outlook for output, with expectations reaching a two-year high. Nevertheless, falling backlogs of work pointed to a lack of pressure on business capacity and, as such, employment continued to be scaled back.

On the price front, Timber & Paper manufacturers reported the first rise in average factory gate charges for over a year. This reflected a combination of stronger customer demand and rising input cost inflation, which reached the fastest since late 2022.

Output Index

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



⁺3-month moving average



UK Regional PMI overview

Business Activity

For the second month running, nearly all nations and regions recorded a rise in business activity. London continued to lead growth, recording its steepest rise in output for three months, ahead of the West Midlands and Northern Ireland*. As was the case in March, only Yorkshire & Humber saw activity decline, albeit with the rate of contraction easing from the month before.

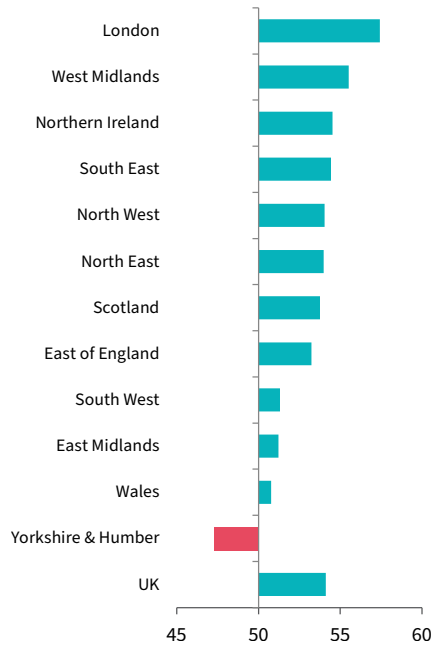
Employment

Once again, there were mixed trends on the employment front in April. Northern Ireland topped the rankings for job creation for the second successive month, with Scotland also seeing a solid rise in workforce numbers. However, declines were seen in half of the monitored areas, the steepest of which was recorded in the West Midlands.

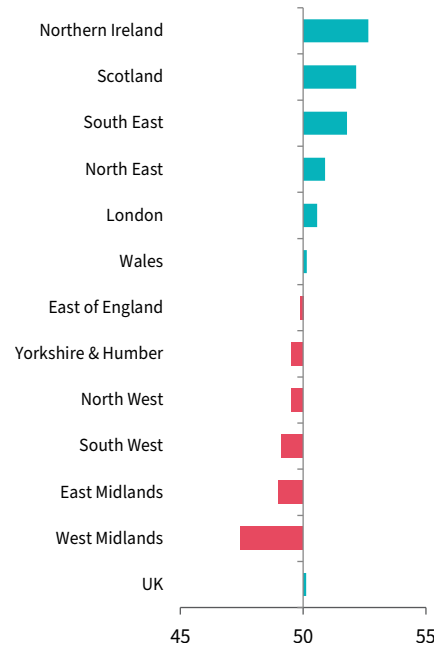
Future Activity

Business confidence towards growth prospects in the coming year eased in the majority of nations and regions in April, although expectations were still stronger than their respective long-run averages in most cases. Optimism was highest in the South East, followed closely by the West Midlands, and lowest in Scotland.

Business Activity Index
sa, >50 = growth since previous month, Apr '24



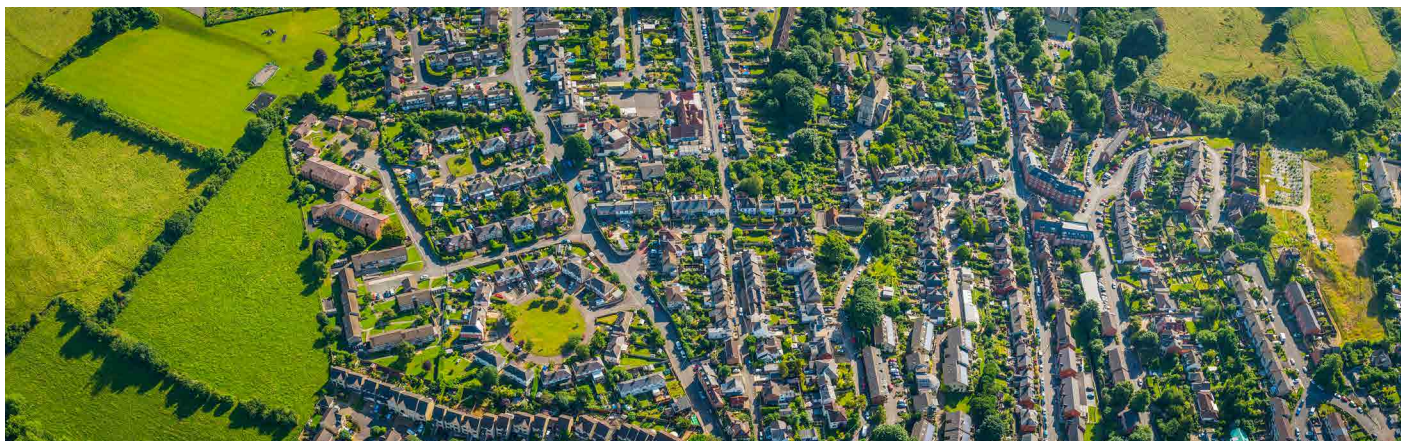
Employment Index
sa, >50 = growth since previous month, Apr '24



Future Activity Index
>50 = growth expected over next 12 months, Apr '24



* 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 '23	49.0	46.6	48.9	71.6	48.8	42.7	61.7	55.7
Dec '23	50.9	49.3	48.8	70.6	49.0	43.5	62.7	57.6
Jan '24	50.7	48.8	50.0	72.4	50.3	44.0	63.9	56.2
Feb '24	53.1	50.7	51.1	79.9	50.7	45.2	62.5	58.6
Mar '24	51.3	50.1	51.3	77.5	50.9	45.2	61.5	55.4
Apr '24	53.2	49.8	52.0	73.3	49.9	46.0	65.2	55.7

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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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