

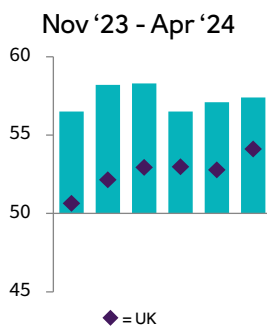


NatWest

NatWest London PMI[®]

Sustained rise in business activity across the capital

London Business Activity Index



Key findings

Growth in activity ticks up to three-month high

Robust and quicker expansion in new business

Renewed rise in staffing levels

The headline NatWest London 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 – posted 57.4 in April, up from 57.1 in March, and thereby signalled a sharp and quicker expansion in private sector activity across the capital, amid a notable uptick in incoming new business. Of the 12 monitored regions and nations, London recorded the strongest growth in activity for an eighth successive month.

Catherine van Weenen, NatWest London and the South East Regional Board, commented:

"London remained the strongest performing region of the 12 tracked regions and nations at the start of the second quarter. The sharp and quicker expansion in the capital also supported growth in activity across the UK as a whole. Moreover, the employment picture recovered, after faltering slightly in the previous survey period. A sustained rise in business requirements encouraged firms to take on staff. Additionally, backlogs across the capital continued to rise, suggesting there is scope for companies to step up their hiring activity in the coming months.

"In terms of prices, the rate of input price inflation intensified, with cost burdens rising markedly in April. Though sharp, the upturn in charges was weaker in comparison, indicating that companies were in part absorbing some of the heightened cost pressures."

London Business Activity Index

sa, >50 = growth since previous month



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About the London PMI® report

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

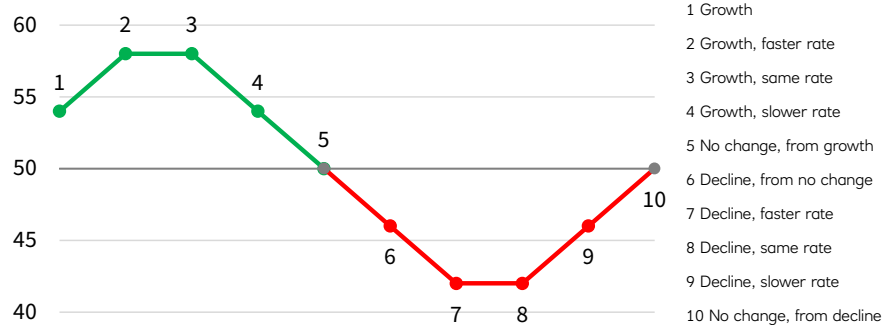
calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The London Business Activity Index is comparable to the UK Composite Output Index. It is sometimes referred to as the 'London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

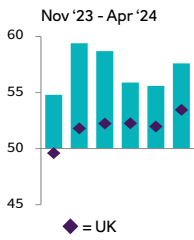
Index interpretation

50.0 = no change since previous month



Demand and outlook

New Business Index



New business growth ticks up

A sharp rise in inflows of new work was recorded across the capital in April, thereby extending the current run of increase to eight consecutive months. The rate of growth quickened to a three-month high and was rapid overall. Increased client activity was said to have supported the latest uptick in sales.

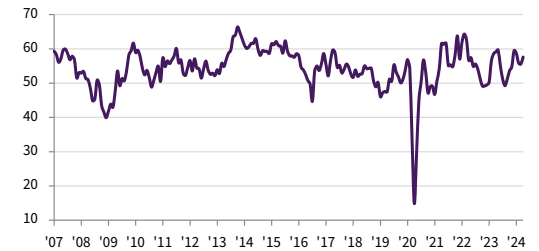
London took the lead and was the best performing region of the UK in April.

New Business Index

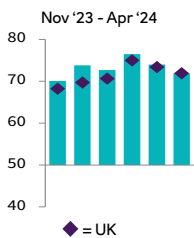
sa, >50 = growth since previous month

57.6

Apr '24



Future Activity Index



Sentiment eases further in April, but remains strong

April data indicated confidence regarding the 12-month outlook for activity across London. Sentiment remained historically strong, despite slipping slightly to a five-month low. Firms were hopeful that new and improved product launches and increased investment would support activity in upcoming months.

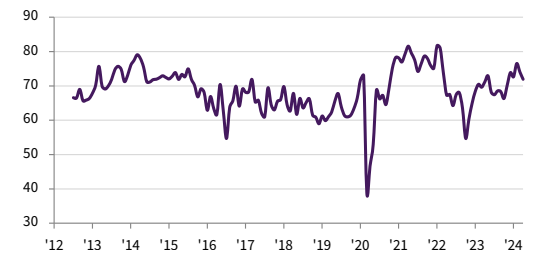
Sentiment across the capital aligned with that observed at the UK level.

Future Activity Index

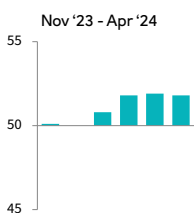
>50 = growth expected over next 12 months

71.9

Apr '24



Export Climate Index



Sustained improvement in export conditions

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

For the fourth straight month the index posted above the 50.0 neutral mark, registering 51.8 in April from 51.9 in March. The index signalled sustained improvement in export market conditions.

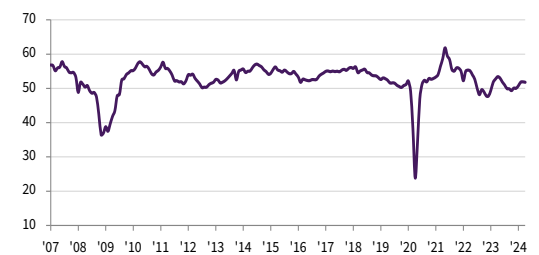
For the first time since May 2023, all of London's top five export markets recorded growth in business activity, with the Netherlands noting the strongest expansion.

Export Climate Index

sa, >50 = growth since previous month

51.8

Apr '24



Top export markets, London

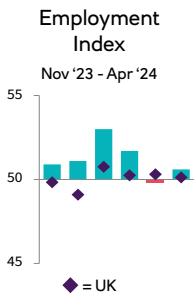
Rank	Market	Weight	Output Index, Apr '24
1	USA	38.1%	51.3
2	Ireland	8.3%	50.4
3	Germany	7.7%	50.6
4	Netherlands	6.2%	52.8
5	France	6.0%	50.5

Business capacity

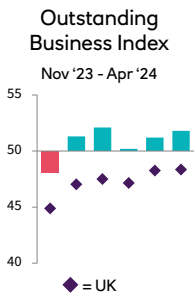
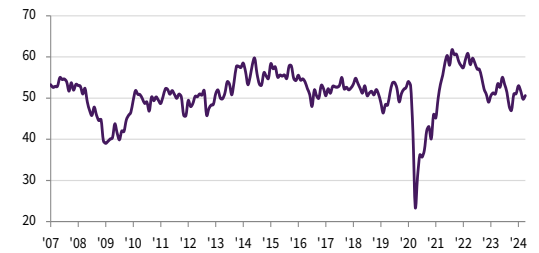
Fresh rise in workforce numbers

April data signalled a renewed expansion in workforce numbers across London, with growth now noted in five of the last six survey periods. According to anecdotal evidence, growth in sales encouraged private sector companies to raise their staffing levels.

While the upturn across London was marginal overall, it surpassed the UK-wide average, where jobs growth broadly stalled.



Employment Index
sa, >50 = growth since previous month
50.6
Apr '24

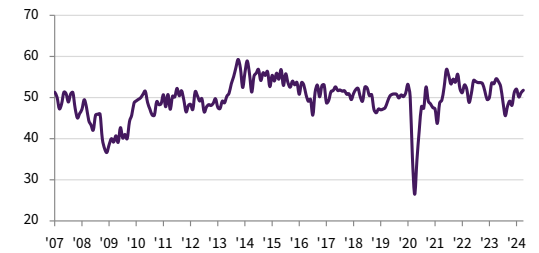


Quicker rise in backlogs

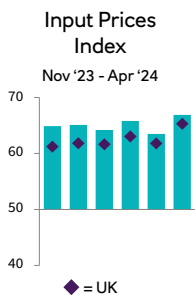
A quicker rate of backlog accumulation was recorded across London in April, with work-in-hand rising for the fifth straight month. Firms noted that increased business requirements and weak hiring activity underpinned the latest expansion in backlogs.

The upturn in backlogs across the capital went against the national trend, where outstanding business was depleted for a twelfth successive month.

Outstanding Business Index
sa, >50 = growth since previous month
51.8
Apr '24



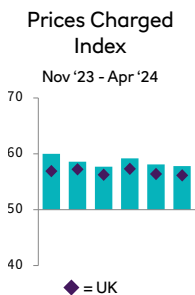
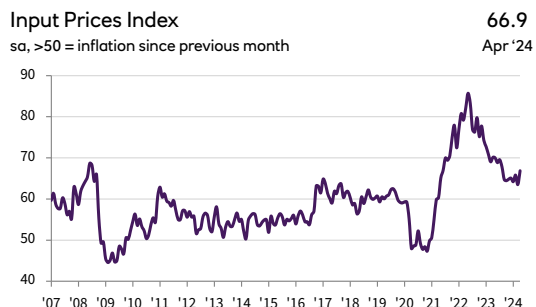
Prices



Input price inflation ticks up to an eight-month high

Cost pressures across the capital were marked in April, as the rate of input price inflation ticked up to an eight-month high. Panellists commonly associated rising costs with higher wages and increased import prices.

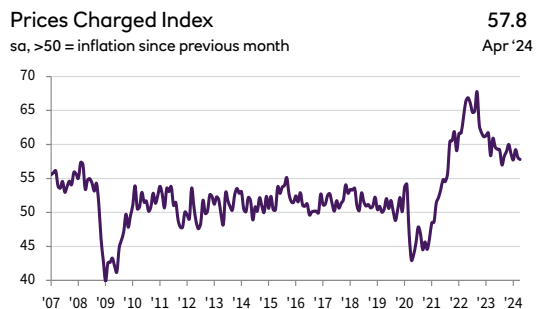
Of the 12 monitored UK regions and nations, London recorded the second-strongest uptick in input costs, with only the South West registering a stronger rate of inflation.



Softer rise in charges

The rate of output price inflation remained sharp in April, amid reports of growing cost burdens. Moreover, the increase in London continued to outpace the UK-wide average.

Despite the notable uptick in cost burdens, private sector companies across London raised their charges at a slightly weaker rate in April.



UK Sector PMI

Sector specialisation: London

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

London specialisation: Manufacturing

Rank	Sector	LQ	UK Output Index, Apr '24
1	Textiles & Clothing	2.59	48
2	Food & Drink	1.97	52
3	Timber & Paper	1.26	52
4	Other Manufacturing	1.07	50
5	Mechanical Engineering	0.84	52
6	Basic Metals	0.82	48
7	Electrical & Optical	0.75	45
8	Chemicals & Plastics	0.60	52
9	Transport	0.50	48

London specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Apr '24
1	Financial Intermediation	1.56	58
2	Computing & IT Services	1.06	55
3	Business-to-business Services	1.00	52
4	Personal & Community Services	0.75	50
5	Hotels, Restaurants & Catering	0.68	52
6	Transport & Communication	0.66	48

UK sector focus

Timber & Paper

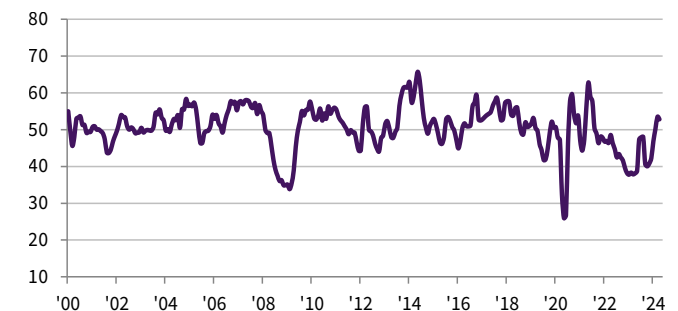
Latest data showed signs of a sustained recovery in production levels across the UK's Timber & Paper manufacturing sector, following a protracted downturn that had lasted almost two-and-a-half years. Output rose at a solid rate in the three months to April, after having returned to growth earlier in 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.

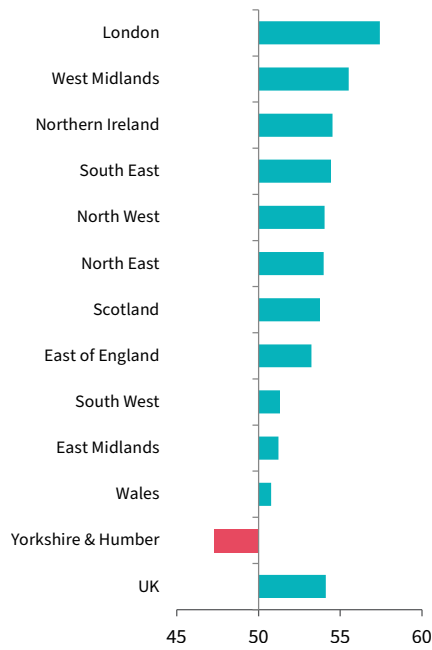
Employment

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



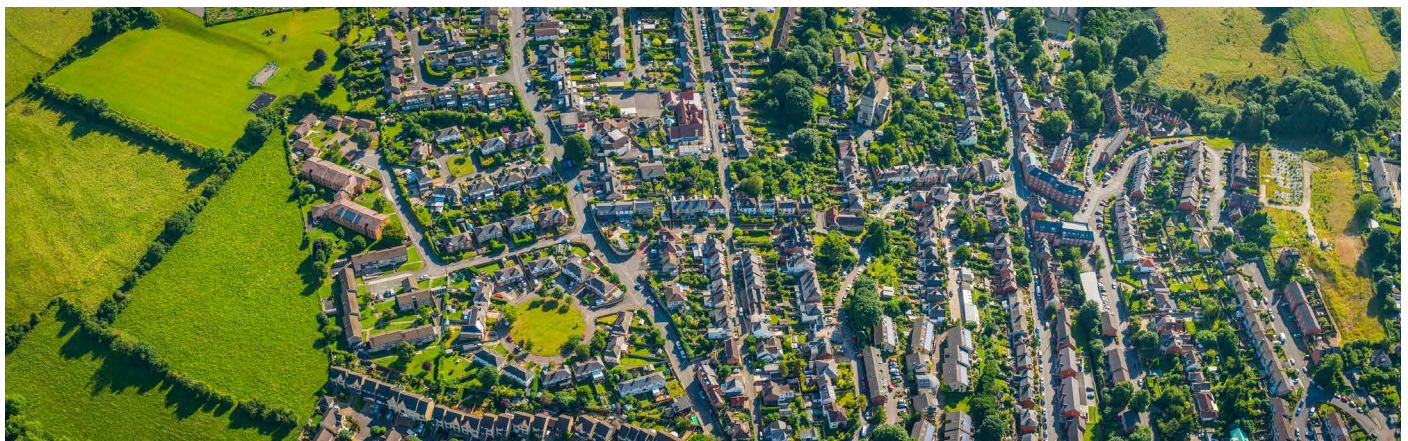
Employment Index
sa, >50 = growth since previous month, Apr '24



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

London

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	56.5	54.8	50.1	70.1	50.9	48.1	64.9	60.0
Dec '23	58.2	59.4	50.0	73.8	51.1	51.3	65.1	58.6
Jan '24	58.3	58.7	50.8	72.7	53.0	52.1	64.2	57.7
Feb '24	56.5	55.9	51.8	76.5	51.7	50.2	65.8	59.2
Mar '24	57.1	55.6	51.9	74.0	49.8	51.2	63.5	58.1
Apr '24	57.4	57.6	51.8	71.9	50.6	51.8	66.9	57.8

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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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