

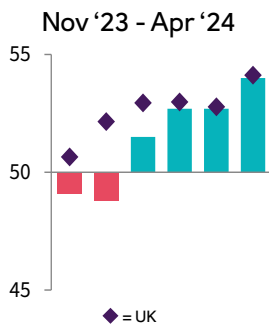


NatWest

# NatWest North West PMI<sup>®</sup>

## Recovery in North West economy gains momentum in April

### North West Business Activity Index



### Key findings

Business Activity Index climbs to two-year high of 54.0

Employment dips slightly amid strong pay growth

Prices charged rise at slower rate despite uptick in cost pressures

Latest Regional PMI<sup>®</sup> survey data from NatWest showed solid growth in business activity across the North West private sector in April. Firms in the region reported a strengthening of demand and were optimistic about growth prospects in the coming year. Employment meanwhile fell slightly and for the first time in four months as businesses faced an increase in cost pressures.

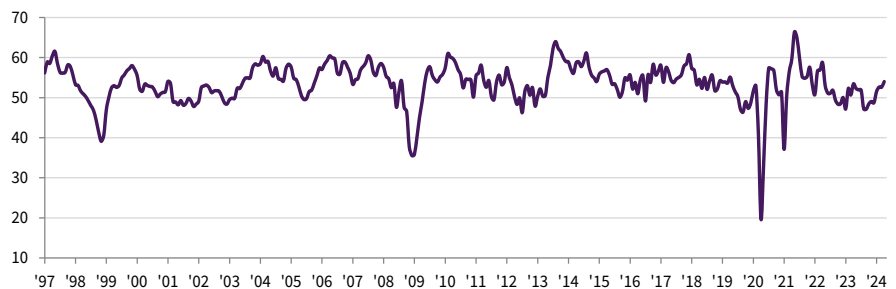
The headline North West PMI Business Activity Index – a seasonally adjusted index that measures the month-on-month change in the combined output of the region’s manufacturing and service sectors – registered above the 50.0 no-change threshold for the fourth month running in April. At 54.0, up from March’s 52.7, the latest reading indicated a solid and accelerated rate of growth that was the quickest seen for two years.

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

*"The recovery in the North West private sector gained momentum in April as business activity growth accelerated to its fastest rate in two years. Encouragingly, a sustained upturn in new business in the region points to a strengthening of underlying demand and is fuelling hope among firms that activity can continue rising over the coming year. Cost pressures do however remain an issue with the data suggesting that output prices are not keeping pace with those input costs."*

North West Business Activity Index

sa, >50 = growth since previous month



Contents

- About the report
- Demand and outlook
- Exports
- Business capacity
- Prices
- UK Sector PMI
- UK Regional PMI
- Data summary
- Contact

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

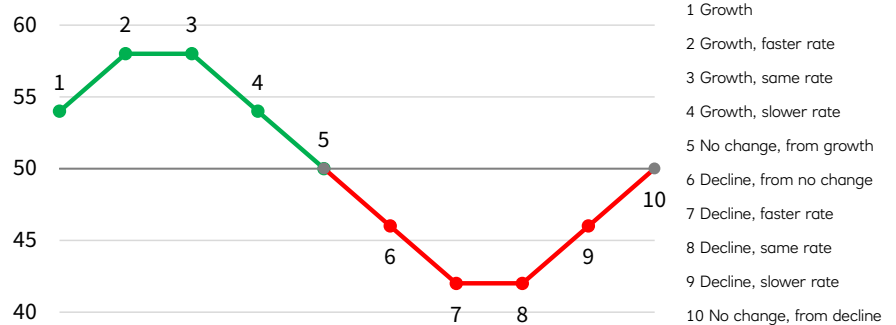
calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The North West Business Activity Index is comparable to the UK Composite Output Index. It is sometimes referred to as the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

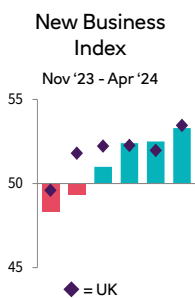
For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

Index interpretation

50.0 = no change since previous month

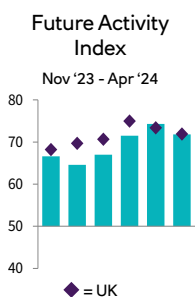
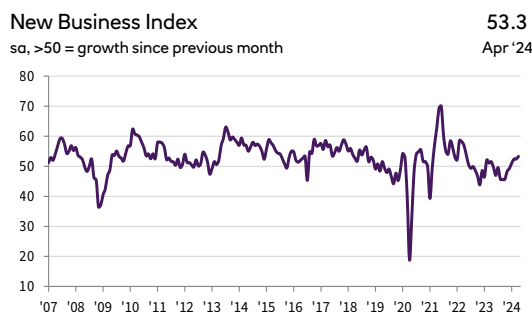


## Demand and outlook



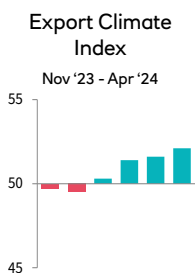
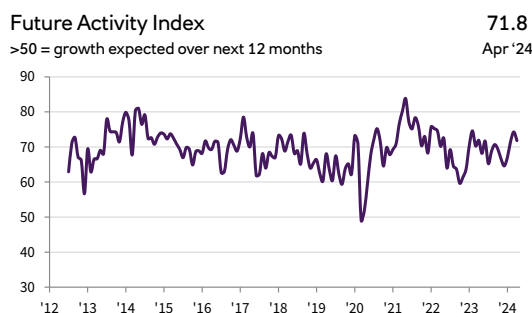
### Inflows of new work rise at fastest rate for nearly two years

In a sign of demand conditions continuing to improve across the North West private sector, firms in the region recorded a fourth straight monthly rise in new business in April. Furthermore, the rate of growth accelerated to the quickest in nearly two years. The increase in new work was centred on the service sector, where companies reported improved customer confidence, the provision of new services and successful marketing campaigns.



### Business expectations remain high despite ticking down

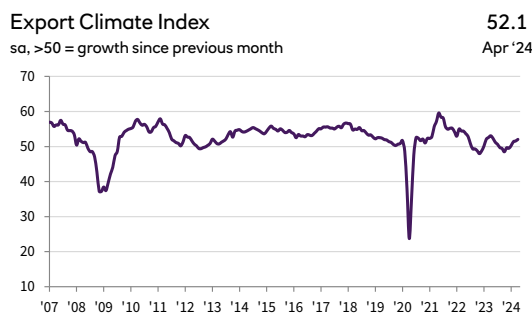
Businesses in the North West remained optimistic about growth prospects in the coming year in April. The degree of optimism eased from March's 13-month high, but it remained above the series trend and was broadly in line with the UK-wide average. According to panel member reports, activity was expected to rise on the back of new and improved products, growing market confidence and greater export sales.



## Exports

### Sustained improvement in export conditions

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.



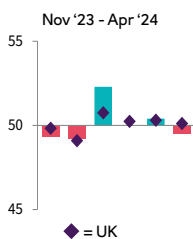
The ECI registered above the critical 50.0 threshold for the fourth month running and remained on upward trajectory. April's reading of 52.1 was highest recorded for nearly a year, amid an increasingly broad-based upturn in global activity. In fact, growth was registered in all five of the North West's top export markets – the US, Netherlands, Germany, Ireland and China – for the first time since February 2023.

Top export markets, North West

Rank	Market	Weight	Output Index, Apr '24
1	USA	13.7%	51.3
2	Netherlands	10.0%	52.8
3	Germany	9.9%	50.6
4	Ireland	6.5%	50.4
5	China	5.8%	52.8

## Business capacity

### Employment Index



### Workforce numbers trimmed slightly in April

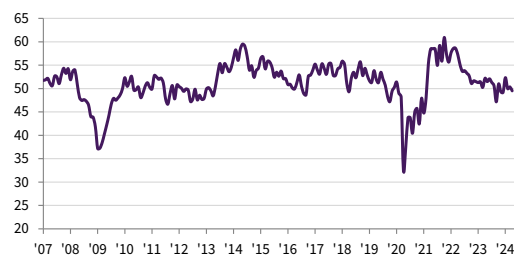
Workforce numbers across the North West private sector ticked down slightly in April, marking the first decrease for four months. According to underlying data, the result mainly reflected job shedding in the manufacturing sector, in which there were reports of efforts being made to contain costs. Across the UK as a whole, employment was broadly unchanged from the month before.

### Employment Index

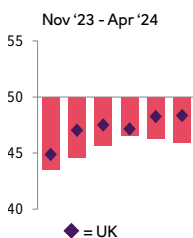
sa, >50 = growth since previous month

49.5

Apr '24



### Outstanding Business Index



### Backlogs of work continue to fall

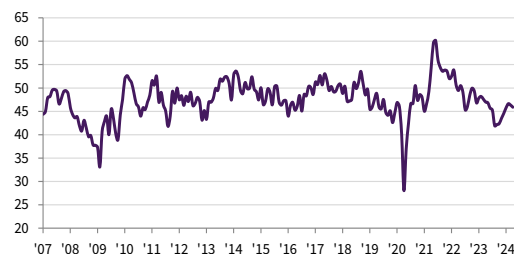
Despite inflows of new business rising in recent months, there was still little pressure on business capacity as backlogs of work continued falling at the start of the second quarter. April marked the twenty-third month in a row in which a decrease in outstanding business has been recorded. The rate of depletion even accelerated slightly to the fastest in three months, and it was one of the quickest among the 12 regions and nations monitored by the survey.

### Outstanding Business Index

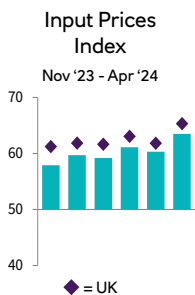
sa, >50 = growth since previous month

45.9

Apr '24

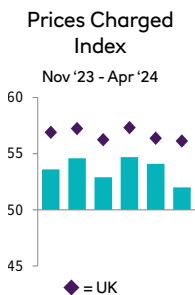
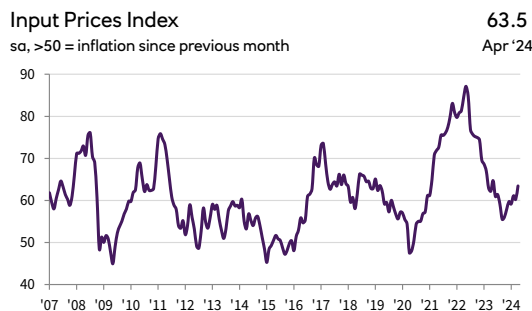


## Prices



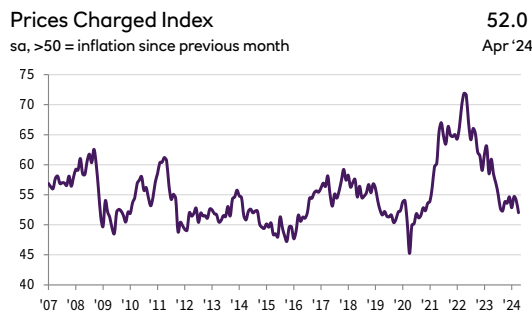
### Cost pressures increase sharply

Cost pressures increased across the North West private sector in April. The rate of input price inflation rose noticeably since March – its fifth increase in the past seven months – to its highest for just under a year. There were reports from surveyed companies of higher energy and raw material costs, alongside a rise in staff pay, which was in part linked to changes in the National Living Wage (both its level and coverage).



### Slower rise in price charged for goods and services

Whilst cost pressures facing firms intensified in April, average prices charged for goods and services rose more slowly during the month. The rate of output price inflation was in fact the weakest seen for over three-and-a-half years and the lowest among the 12 regions and nations monitored. Underlying data showed similar price-setting trends across both manufacturing and services.



## 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 '24*
1	Chemicals & Plastics	1.66	
2	Transport	1.27	
3	Textiles & Clothing	1.09	
4	Timber & Paper	0.92	
5	Food & Drink	0.85	
6	Basic Metals	0.84	
7	Other Manufacturing	0.77	
8	Mechanical Engineering	0.59	
9	Electrical & Optical	0.55	

#### North West specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Apr '24*
1	Transport & Communication	1.19	
2	Personal & Community Services	1.16	
3	Hotels, Restaurants & Catering	1.11	
4	Business-to-business Services	1.00	
5	Computing & IT Services	0.76	
6	Financial Intermediation	0.75	

## UK sector focus

### Timber & Paper

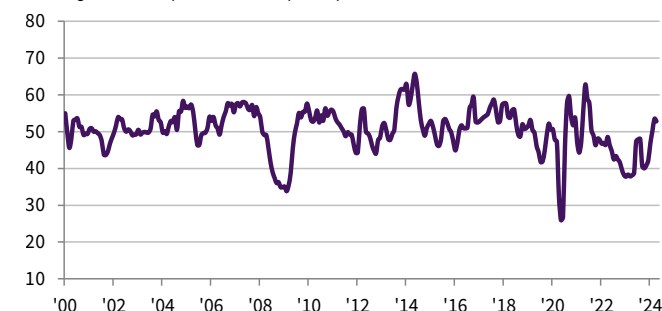
Latest data showed signs of a sustained recovery in production levels across the UK's Timber & Paper manufacturing sector, following a protracted downturn that had lasted almost two-and-a-half years. Output rose at a solid rate in the three months to April, after having returned to growth earlier in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

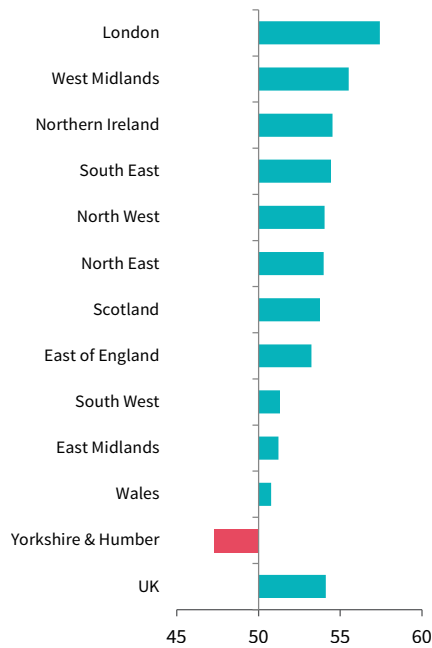
### Future Activity

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.

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

#### Business Activity Index

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



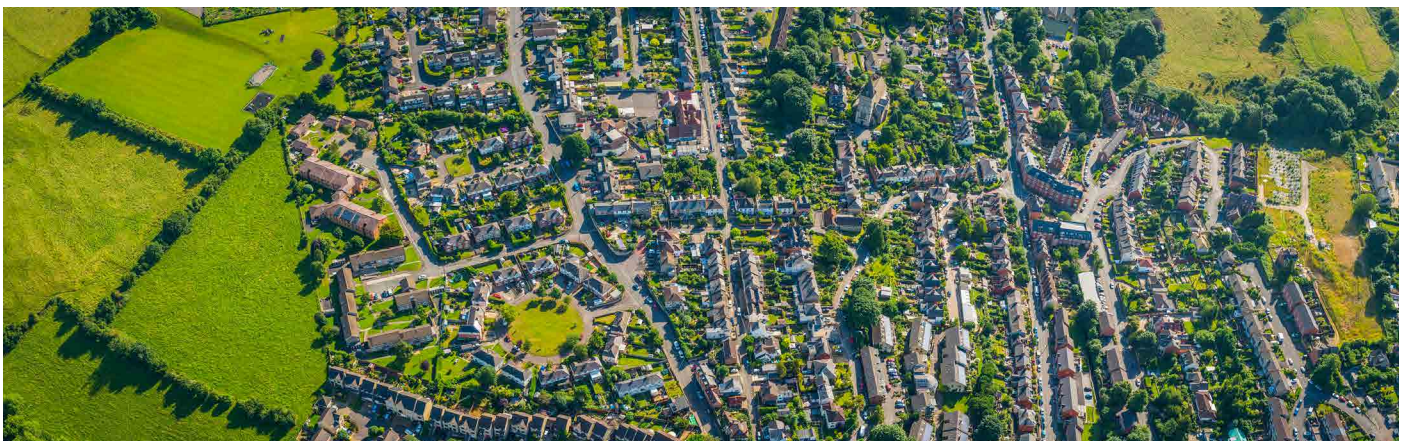
#### Employment Index

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



#### Future Activity Index

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



## 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 '23	49.1	48.3	49.7	66.6	49.3	43.5	57.9	53.6
Dec '23	48.8	49.3	49.5	64.6	49.2	44.6	59.7	54.6
Jan '24	51.5	51.0	50.3	67.0	52.3	45.7	59.2	52.9
Feb '24	52.7	52.4	51.4	71.5	50.0	46.6	61.1	54.7
Mar '24	52.7	52.5	51.6	74.3	50.4	46.3	60.3	54.1
Apr '24	54.0	53.3	52.1	71.8	49.5	45.9	63.5	52.0

## Contact

Vonnie Sandlan  
Regional Campaign Manager  
NatWest  
+44 (0) 7401 278 778  
[yvonne.sandlan@natwest.com](mailto:yvonne.sandlan@natwest.com)

Phil Smith  
Economics Associate Director  
S&P Global Market Intelligence  
+44 1491 461 009  
[phil.smith@spglobal.com](mailto:phil.smith@spglobal.com)

Sabrina Mayeen  
Corporate Communications  
S&P Global Market Intelligence  
+44 796 744 7030  
[sabrina.mayeen@spglobal.com](mailto:sabrina.mayeen@spglobal.com)

### 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.

### 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.  
[www.spglobal.com](http://www.spglobal.com)

### About PMI

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.

[www.spglobal.com/marketintelligence/en/mi/products/pmi](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.