

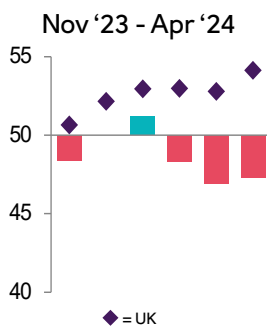


NatWest

# NatWest Yorkshire & Humber PMI<sup>®</sup>

## Yorkshire & Humber remains the worst-performing part of the UK in April

### Yorkshire & Humber Business Activity Index



### Key findings

Activity and new orders fall, contrasting with expansions at UK level

Input cost inflation at one-year high as pay pressures grow

Business confidence remains strong, but dips to three-month low

Although the headline NatWest Yorkshire & Humber PMI<sup>®</sup> 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 for the first time since the beginning of the year from 46.9 in March to 47.3 in April, it remained below the 50.0 no-change mark, making the region the only monitored part of the UK to see private sector output shrink at the start of the second quarter. The decrease in the region’s economic activity contrasted starkly with the UK-wide trend, which signalled the fastest expansion in a year.

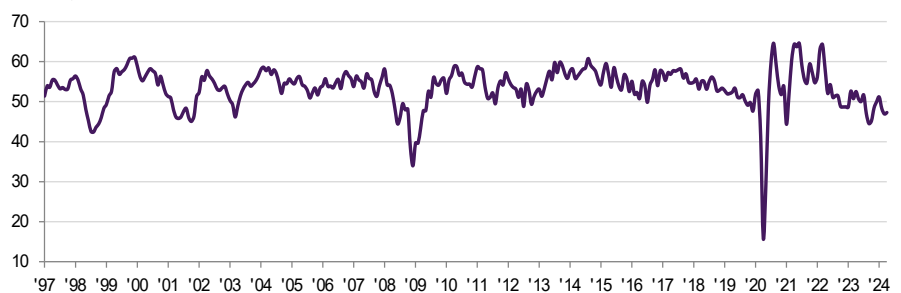
Notably, Yorkshire & Humber was the worst-performing part of the UK, both in terms of business activity and new orders, as was also the case in the previous month. That said, business confidence remained strong, while employment levels across the region were only marginally reduced, despite widespread reports of intensifying wage pressures.

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

*"April marked yet another challenging month for the Yorkshire & Humber private sector, which was once again the only part of the UK to see a decrease in business activity. The good news is that the rate of contraction slowed since March, and companies haven't really made significant changes to their employment levels throughout this difficult period. With economic conditions domestically and abroad improving, this should provide tailwinds for growth in the coming months."*

Yorkshire & Humber Business Activity Index

sa, >50 = growth since previous month



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## About the Yorkshire & Humber PMI<sup>®</sup> report

The NatWest Yorkshire & Humber PMI<sup>®</sup> 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

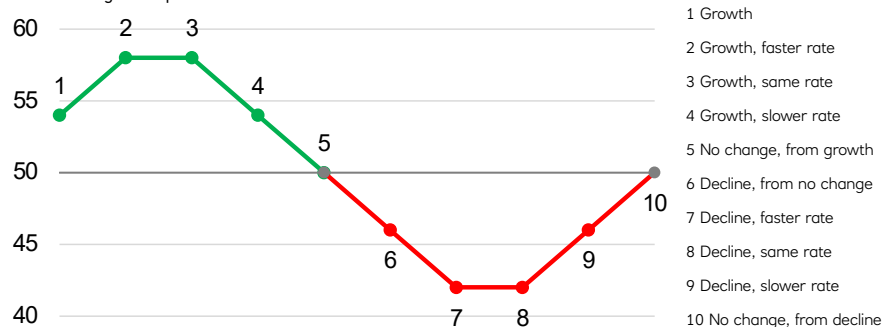
Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The Yorkshire & Humber Business Activity Index is comparable to the UK Composite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

### Index interpretation

50.0 = no change since previous month



## Demand and outlook

### Demand for goods and services continues to weaken

The level of new business received by private companies in Yorkshire & Humber continued to shrink in April. The rate of decline was fractionally faster than that seen in March, and was therefore the quickest since November last year. Weak client confidence was linked to the reduction in sales, while some respondents commented on generally subdued demand conditions across various industries.

Notably, Yorkshire & Humber was one of just two parts of the UK to see a drop in new business, with the region also seeing the quickest fall.

### Firms upbeat, but optimism slips to three-month low

The Future Activity Index posted well above the 50.0 no-change mark, signalling robust growth expectations by private sector firms in Yorkshire & Humber during April. New product releases, strategic business changes and forecasts of greater customer numbers underpinned optimism, anecdotal evidence showed.

Although the level of positive sentiment dipped to a three-month low, it was slightly stronger than seen for the UK on average.

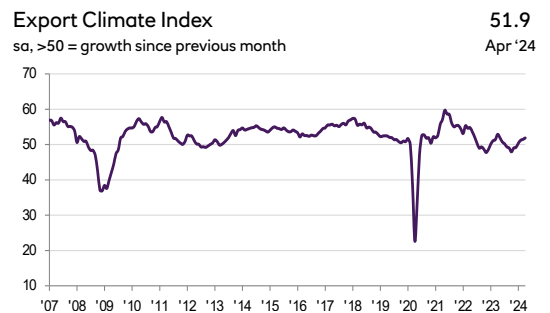
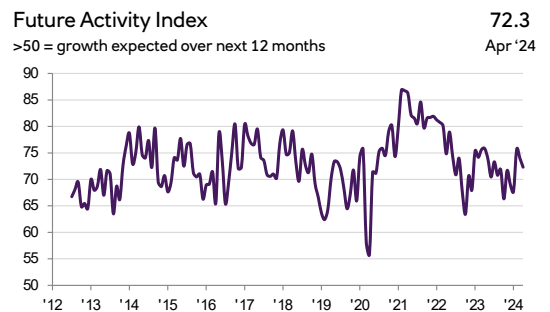
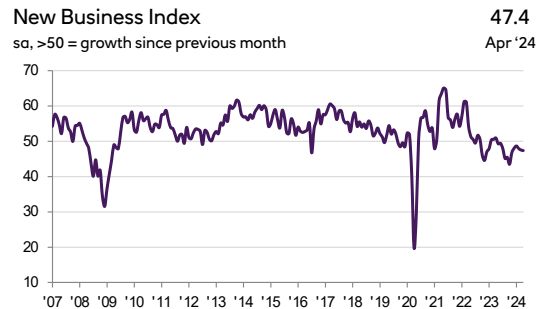
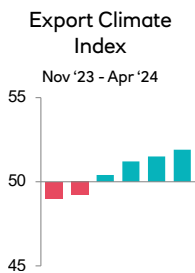
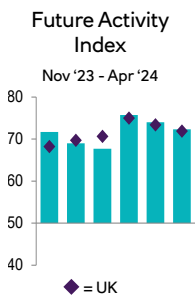
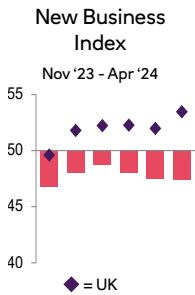
### Exports

### Strongest improvement in export conditions in nearly a year

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

Rising to 51.9 in April, from 51.5 in March, the index signalled the best improvement in export market conditions for Yorkshire & Humber companies in almost one year.

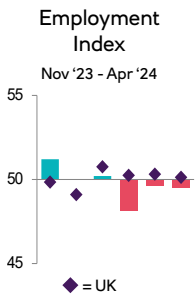
Recovering economic activity in parts of Europe was behind the latest pick-up. Renewed expansions in the German and French economies were accompanied by an accelerated upturn in the Netherlands. These positive trends outweighed the negative impact of slowing growth in the US economy.



Top export markets, Yorkshire & Humber

Rank	Market	Weight	Output Index, Apr '24
1	USA	18.1%	51.3
2	Netherlands	14.7%	52.8
3	Germany	9.8%	50.6
4	Ireland	7.9%	50.4
5	France	7.3%	50.5

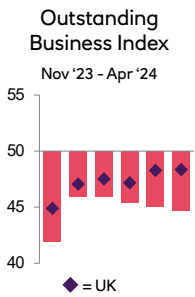
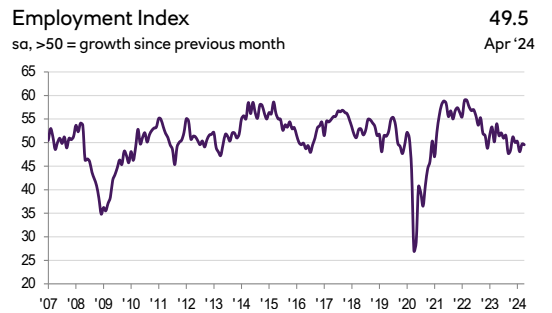
## Business capacity



### Third successive monthly fall in employment

Continuing the trend which began in February, private sector businesses in Yorkshire & Humber cut their workforce numbers during the latest survey period. The non-replacement of leavers was commonly noted as a reason for lower staffing capacity, anecdotal evidence showed.

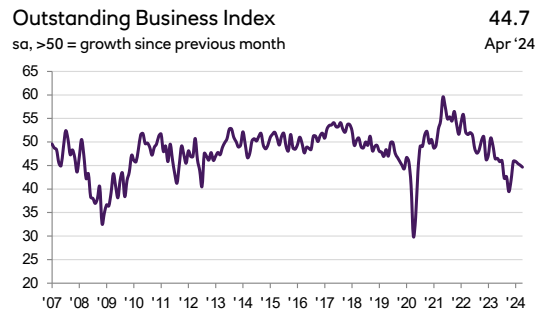
However, the decrease in employment was only marginal overall. This compared with broadly unchanged staffing levels at the broader UK level.



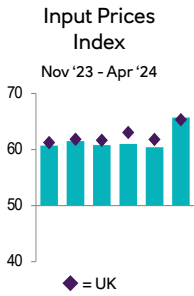
### Sustained fall in backlogs of work highlights spare capacity

Posting below the 50.0 no-change threshold for a fourteenth successive month in April, the seasonally adjusted Outstanding Business Index signalled a sustained reduction in the volume of work pending completion at private sector companies in Yorkshire & Humber.

Furthermore, the latest data pointed to a solid decrease in backlogs of work, and one that was the quickest of all 12 monitored parts of the UK.

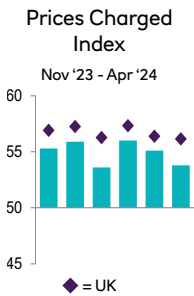
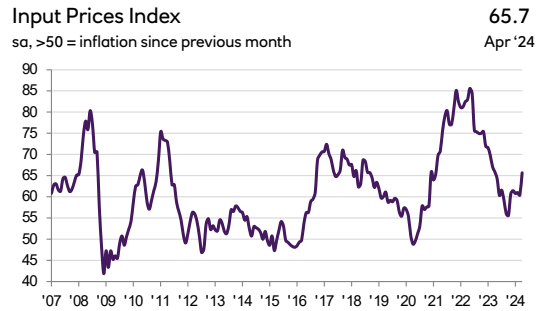


## Prices



### Input cost inflation accelerates to 12-month high

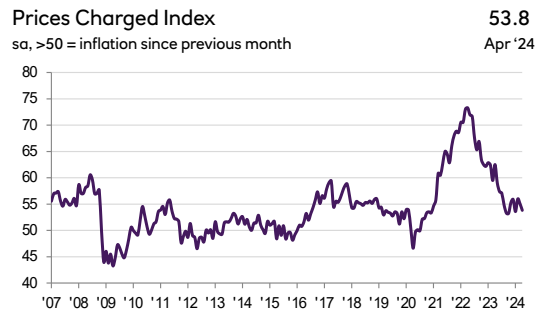
Private sector companies in Yorkshire & Humber recorded a further steep month-on-month increase in their overall operating costs in April. Moreover, the rate of inflation quickened markedly from March to its highest in a year. Greater wage pressures were reported by survey respondents, in addition to higher costs associated with raw materials, fuel, insurance and the distribution of goods.



### Selling prices increase, albeit to softest extent since January

Prices charged for the provision of goods and services continued to be raised by companies in Yorkshire & Humber, latest survey data showed. In many cases, selling prices were lifted to offset the impact on margins from greater costs. That said, the extent to which output charges rose was moderate and the slowest for three months.

Yorkshire & Humber recorded the second-softest rate of selling price inflation of the 12 monitored parts of the UK, with only the North West seeing a slower pace of increase.



## 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 '24 <sup>+</sup>
1	Other Manufacturing	1.51	50
2	Basic Metals	1.42	48
3	Textiles & Clothing	1.32	48
4	Food & Drink	1.15	52
5	Timber & Paper	1.11	52
6	Chemicals & Plastics	1.04	52
7	Mechanical Engineering	0.97	52
8	Electrical & Optical	0.55	45
9	Transport	0.25	48

#### Yorkshire & Humber specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Apr '24 <sup>+</sup>
1	Transport & Communication	1.30	48
2	Hotels, Restaurants & Catering	1.20	52
3	Personal & Community Services	1.17	50
4	Business-to-business Services	0.96	52
5	Financial Intermediation	0.80	55
6	Computing & IT Services	0.57	52

## UK sector focus

### Timber & Paper

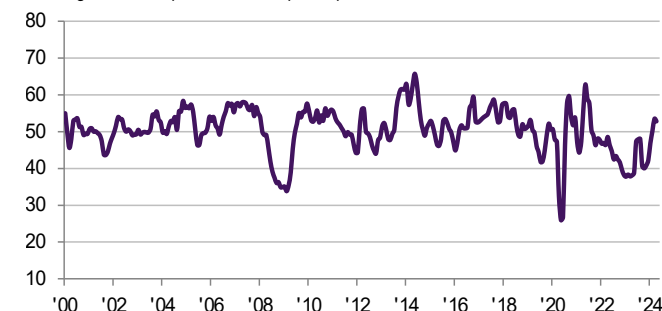
Latest data showed signs of a sustained recovery in production levels across the UK's Timber & Paper manufacturing sector, following a protracted downturn that had lasted almost two-and-a-half years. Output rose at a solid rate in the three months to April, after having returned to growth earlier in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

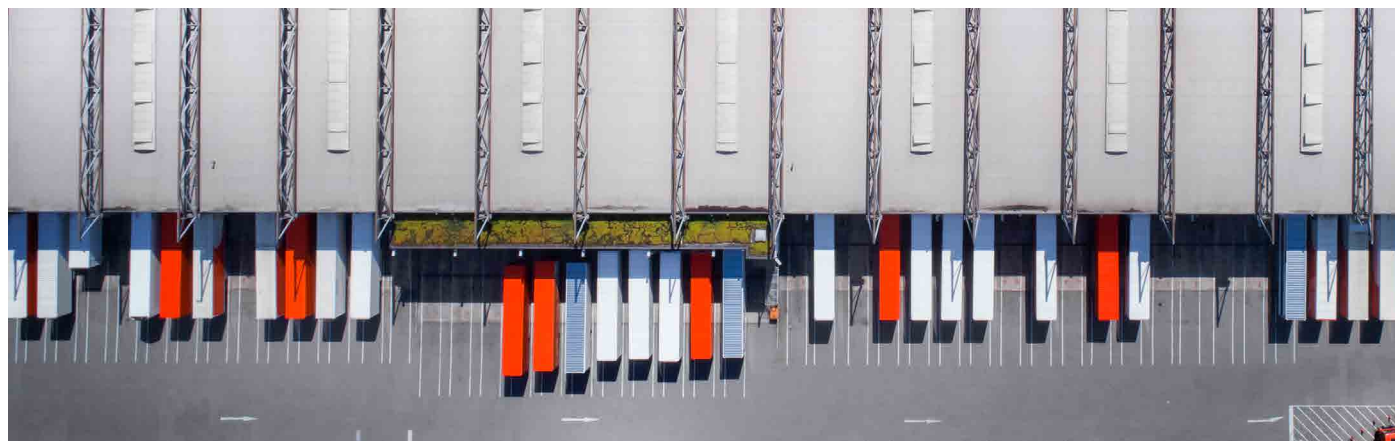
On the price front, Timber & Paper manufacturers reported the first rise in average factory gate charges for over a year. This reflected a combination of stronger customer demand and rising input cost inflation, which reached the fastest since late 2022.

#### Output Index

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



<sup>+</sup> 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



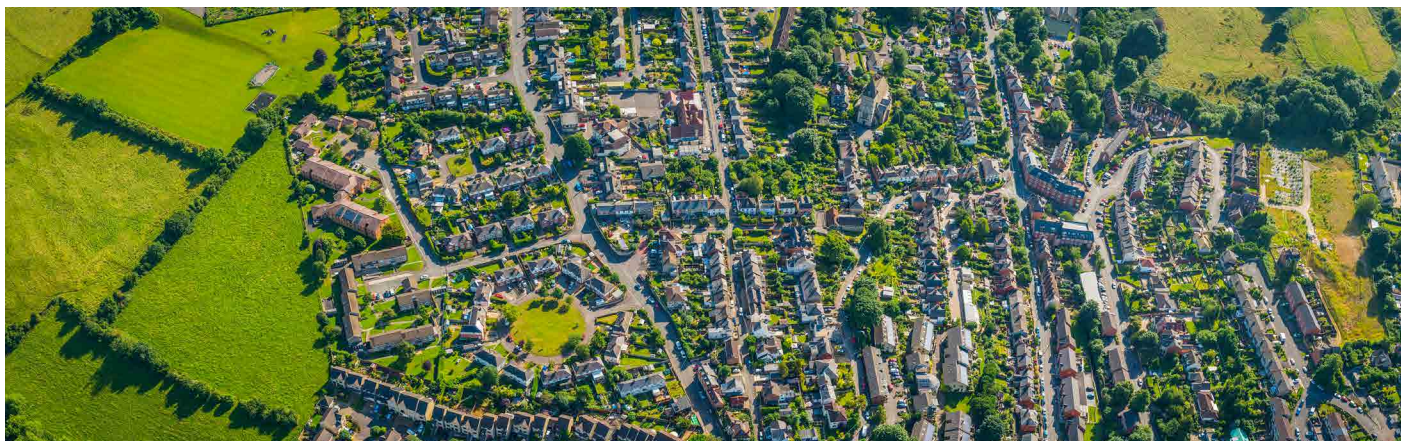
**Employment Index**  
sa, >50 = growth since previous month, Apr '24



**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

### 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 '23	48.4	46.8	49.0	71.7	51.2	41.9	60.7	55.3
Dec '23	50.0	48.0	49.2	69.0	50.0	45.9	61.5	55.9
Jan '24	51.2	48.7	50.4	67.7	50.2	45.9	60.8	53.6
Feb '24	48.3	48.0	51.2	75.7	48.1	45.4	61.0	56.0
Mar '24	46.9	47.5	51.5	74.0	49.6	45.1	60.4	55.1
Apr '24	47.3	47.4	51.9	72.3	49.5	44.7	65.7	53.8

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NatWest serves customers in England and Yorkshire & Humber, 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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Purchasing Managers' Index™ (PMI<sup>®</sup>) 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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