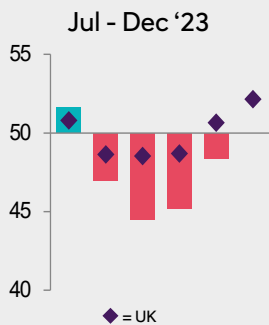


NatWest Yorkshire & Humber PMI®

Yorkshire & Humber private sector stabilises in December

Yorkshire & Humber Business Activity Index



Key findings

Yorkshire & Humber Business Activity Index rises to 50.0 no-change mark

Contraction in new orders slows, but business confidence weakens

Rates of input cost and output price inflation hit five-month highs

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 for the third month in a row to 50.0, from 48.4 in November, signalling a stabilisation of the private sector economy in the region following four successive months of contraction in business activity. That said, this compared with a moderate expansion in private sector output across the UK overall at the end of 2023.

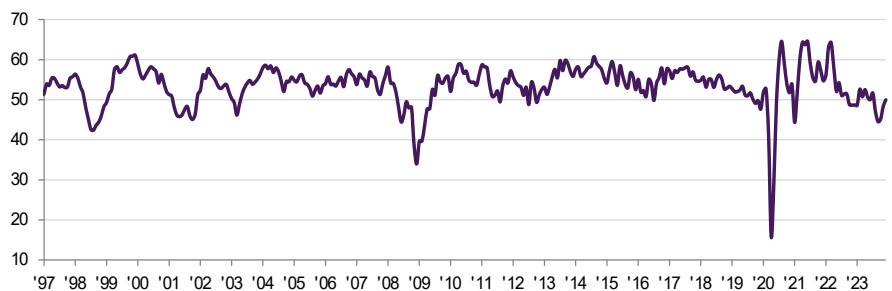
Malcolm Buchanan, Chair of the NatWest North Regional Board, commented:

"The stabilisation of Yorkshire & Humber's private sector is a slice of good news as it ends a four-month period of contraction. That said, the region is still underperforming by comparison with the UK average, which showed a strengthening of growth at the end of 2023.

"Nevertheless, another month in which the slump in demand has eased suggests Yorkshire & Humber may be past the worst of its downturn, and we can begin to look towards some greenshoots in 2024. Indeed, anecdotally, we saw businesses cite sales growth as a reason to be optimistic for the year ahead, with new product launches and slowing inflation expected to boost demand."

Yorkshire & Humber 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 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

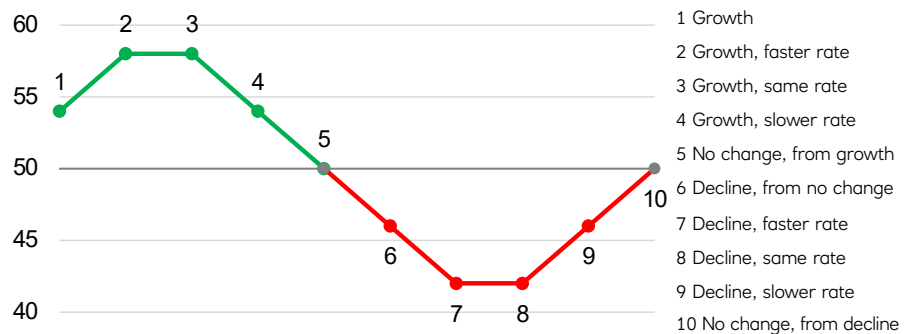
Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The Yorkshire & Humber Business Activity Index is comparable to the UK Composite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

Index interpretation

50.0 = no change since previous month



Demand and outlook

New business declines for eighth month running in December

Private sector companies in Yorkshire & Humber recorded another monthly fall in their new business intakes during December. Generally subdued demand conditions, in part due to a slowing UK economy, was noted by panellists.

While the rate of contraction was modest and the weakest since July, Yorkshire & Humber recorded the second-fastest decline in new orders of all 12 monitored UK regions. The UK as a whole saw growth for the first time in six months.

Growth expectations remain historically subdued

Although the Future Activity Index remained in firm optimistic territory, it fell further below its long-term average in December, signalling subdued expectations for growth in the year ahead. Predictions of sales growth and new product development underpinned confidence, although economic headwinds was cited as a reason to be downbeat towards the outlook.

Exports

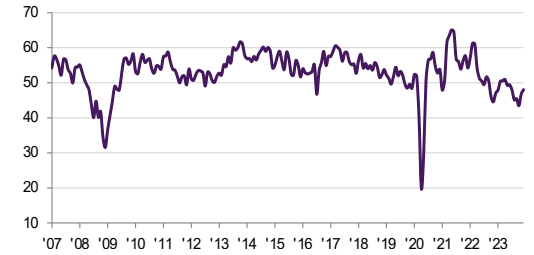
Export conditions worsen further at the end of 2023

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.

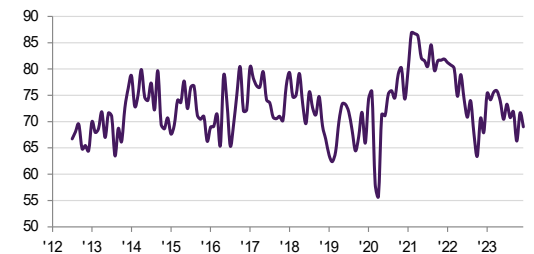
There was a further deterioration in export market conditions during December, as signalled by the Export Climate Index posting below the 50.0 mark for a fifth month running. A reading of 49.2 pointed to a marginal worsening when compared to November, albeit one that was the softest since August.

European markets remained the primary drags on export performance, particularly France and the Netherlands, offsetting stronger growth in the US.

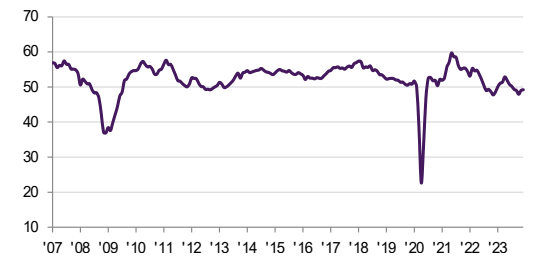
New Business Index
sa, >50 = growth since previous month
48.0
Dec '23



Future Activity Index
>50 = growth expected over next 12 months
69.0
Dec '23



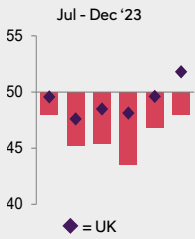
Export Climate Index
sa, >50 = growth since previous month
49.2
Dec '23



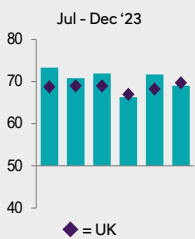
Top export markets, Yorkshire & Humber

Rank	Market	Weight	Output Index, Dec '23
1	USA	18.1%	50.9
2	Netherlands	14.7%	44.7
3	Germany	9.8%	47.4
4	Ireland	7.9%	51.5
5	France	7.3%	44.8

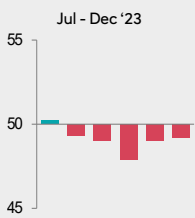
New Business Index
Jul - Dec '23



Future Activity Index
Jul - Dec '23



Export Climate Index
Jul - Dec '23



Business capacity

Employment stagnates in December

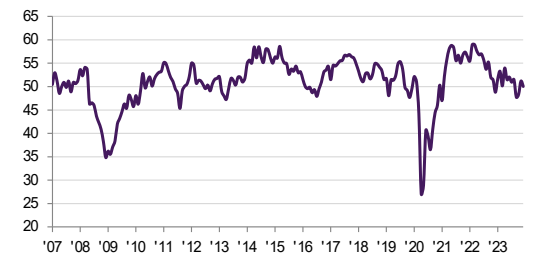
After rising for the first time in three months in November, staffing levels across Yorkshire & Humber stagnated during the latest survey period. Efforts to raise productivity were noted by companies that expanded their workforces, although others opted to not extend temporary worker contracts or replace voluntary leavers due to weak demand.

Notably, Yorkshire & Humber was only one of four parts of the UK to not see a decline in employment in December.

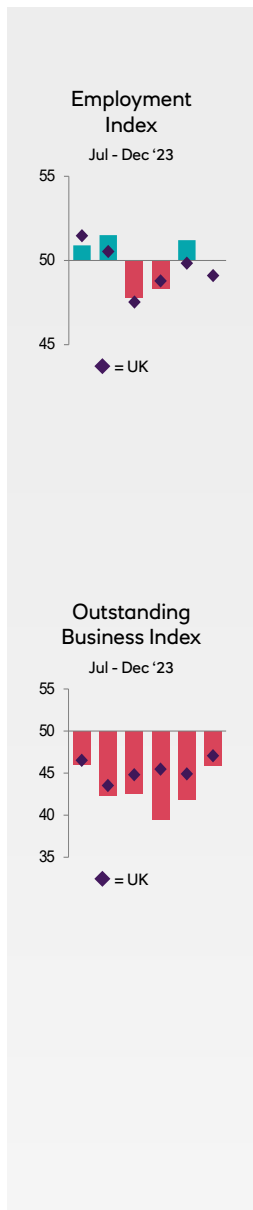
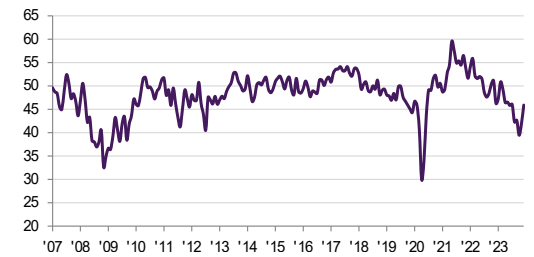
Backlogs of work fall, but at slowest pace in five months

Signs of spare capacity within Yorkshire & Humber's private sector were seen through a tenth successive monthly reduction in the volume of work outstanding during December. Weak demand conditions reportedly facilitated the sustained completion of unfinished business. That said, while the rate of backlog depletion was strong, it was the softest since July.

Employment Index
sa, >50 = growth since previous month
50.0
Dec '23



Outstanding Business Index
sa, >50 = growth since previous month
45.9
Dec '23



Prices

Input cost inflation at five-month high

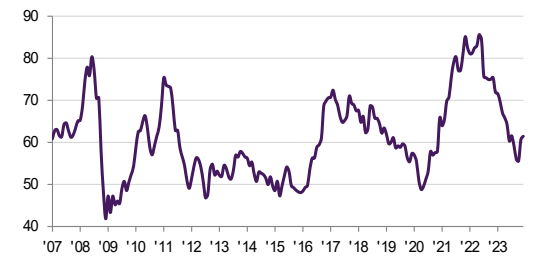
Private sector companies in Yorkshire & Humber continued to face rising input prices during December. Where greater costs were registered, firms commented on general inflationary pressures across the economy, although some noted higher labour expenses. Overall, the rate of increase in operating costs was sharp and the steepest since July.

Input Prices Index

sa, >50 = inflation since previous month

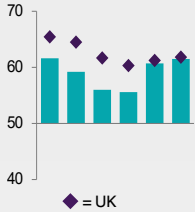
61.5

Dec '23



Input Prices Index

Jul - Dec '23



◆ = UK

Firms raise their own prices to the quickest extent since July

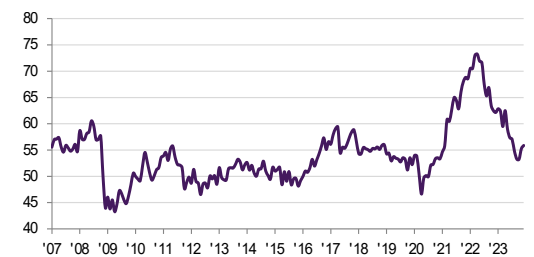
In response to higher input costs, private sector firms in Yorkshire & Humber raised prices charged for their own goods and services during December. The rate of inflation quickened to a five-month high, but remained below that seen for the UK as a whole.

Prices Charged Index

sa, >50 = inflation since previous month

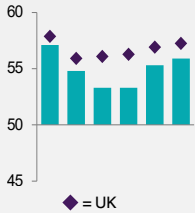
55.9

Dec '23



Prices Charged Index

Jul - Dec '23



◆ = UK



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, Dec 23 ⁺
1	Other Manufacturing	1.54	48
2	Basic Metals	1.46	46
3	Textiles & Clothing	1.32	52
4	Food & Drink	1.22	53
5	Chemicals & Plastics	1.09	46
6	Timber & Paper	1.08	44
7	Mechanical Engineering	0.97	48
8	Electrical & Optical	0.50	46
9	Transport	0.26	52

Yorkshire & Humber specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Dec 23 ⁺
1	Transport & Communication	1.29	48
2	Hotels, Restaurants & Catering	1.12	52
3	Personal & Community Services	1.07	48
4	Business-to-business Services	0.99	50
5	Financial Intermediation	0.82	52
6	Computing & IT Services	0.62	54



UK sector focus

Textiles & Clothing

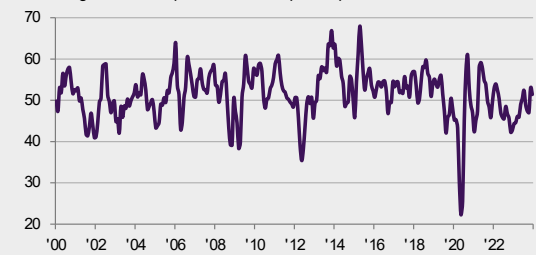
The UK's Textiles & Clothing sector saw a slight increase in production volumes in the three months to December. It was one of only three manufacturing sub-sectors monitored by PMI data to record growth, alongside Food & Drink and Transport. The result represented a marked turnaround from the solid rate of contraction seen in the opening quarter of 2023.

Driving the upturn was a strong increase in new orders, which in part reflected improved demand from abroad in recent months. Firms reacted by upping the pace of job creation to one of the quickest rates in the past five years. They also continued to build up stocks of both purchases and finished goods.

On the price front, latest data showed a sustained rebound in input costs following a decline during the middle part of 2023. Average factory gate charges meanwhile rose modestly, and at one of the slowest rates in the past three years.

Output Index

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



⁺3-month moving average

UK Regional PMI overview

Business Activity

Seven of the 12 monitored regions and nations recorded higher business activity in December, the most since last June. Growth was once again led by London, where output rose sharply during the month. At the other end of the scale, the North East recorded the most marked fall in output, followed by Wales.

Employment

Labour market trends worsened in most cases in December. Just three areas saw employment rise, the fewest since last September, with rates of growth slowing in both Scotland and Northern Ireland*. For the second month running, Wales posted the sharpest drop in workforce numbers – its fastest since January 2021.

Future Activity

Business expectations improved in the majority of cases as 2023 drew to a close. This included the West Midlands, which topped the rankings ahead of the South East. The most marked upswing in confidence was in Wales, followed by the North East. Firms in Northern Ireland were the least optimistic about the year-ahead outlook.

Business Activity Index

sa, >50 = growth since previous month, Dec '23



Employment Index

sa, >50 = growth since previous month, Dec '23



Future Activity Index

>50 = growth expected over next 12 months, Dec '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
Jul '23	51.6	48.0	50.2	73.3	50.9	46.0	61.6	57.1
Aug '23	47.0	45.2	49.3	70.8	51.5	42.3	59.2	54.8
Sep '23	44.5	45.4	49.0	71.9	47.8	42.6	56.0	53.3
Oct '23	45.2	43.5	47.9	66.3	48.3	39.5	55.6	53.3
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

Contact

Emily Potts
Regional Campaign Manager
NatWest
+44 (0) 7890 892 748
emily.potts@natwest.com

Joe Hayes
Principal Economist
S&P Global Market Intelligence
+44 1344 328 099
joe.hayes@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
+44 7967 447 030
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.

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.

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.

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.

spglobal.com/products/pmi.html

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.