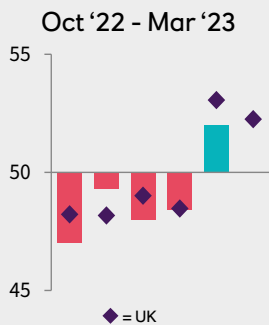


NatWest East of England PMI[®]

Business activity stagnates, despite further rise in new orders

East of England Business Activity Index



Key findings

Solid rise in new business, but output unchanged on the month

Slowest rises in input costs and output charges since early-2021

Business confidence strengthens

The headline 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 – posted 50.0 in March, down from 52.0 in February, to signal a stagnation in output at firms in the East of England. The region saw the worst performance in business activity of the 12 monitored UK areas. Where companies saw an increase in output, they attributed this to a further rise in new orders. Others, however, stated that material shortages dampened any expansion.

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

"Companies in the East of England saw new business rise further in March, as client demand continued to pick up. That said, material shortages continued to hold back manufacturing production and contributed to an overall stagnation in output. Firms engaged in another round of job creation, despite challenges faced with regards to output. Supporting the upturn in employment were more upbeat expectations for the year-ahead outlook, as optimism reached the highest in over a year.

"Although easing to the slowest since the opening months of 2021, rates of input cost and output charge inflation remained marked overall. Wage pressures and hikes in supplier prices largely drove up prices, with firms passing through higher costs to customers, where possible."

East of England 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 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

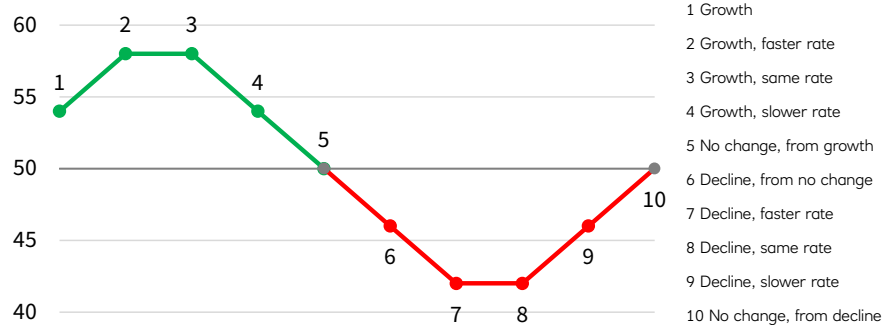
calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The East of England Business Activity Index is comparable to the UK Composite Output Index. It is sometimes referred to as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

Index interpretation

50.0 = no change since previous month

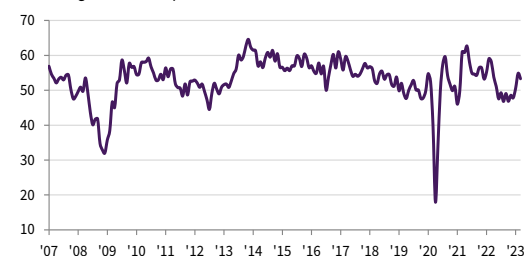


Demand and outlook

Solid rise in new business in March

New business at private sector firms across the East of England rose at a solid pace during March, driven by stronger client demand and successful advertising campaigns. Although the rate of growth softened from that seen in February, it was broadly in line with the long-run series average. The pace of growth was slightly slower than for the UK as a whole, which saw a quicker rise in new orders.

New Business Index
sa, >50 = growth since previous month
53.3
Mar '23

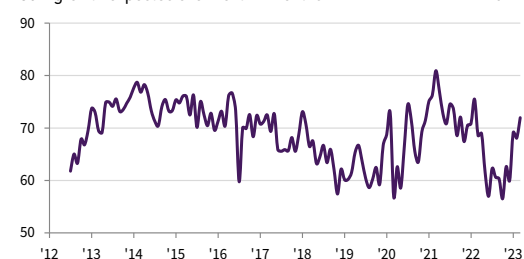


Optimism strengthens to highest since February 2022

Business confidence across the East of England private sector improved at the end of the first quarter. Optimism reportedly stemmed from new product launches and hopes of a further uptick in client demand. The level of positive sentiment rose to the strongest since February 2022 and was greater than the UK average.

Manufacturing firms and service providers in the region recorded improvements in output expectations, with the former the more upbeat.

Future Activity Index
>50 = growth expected over next 12 months
72.0
Mar '23



Exports

Export climate improves during March

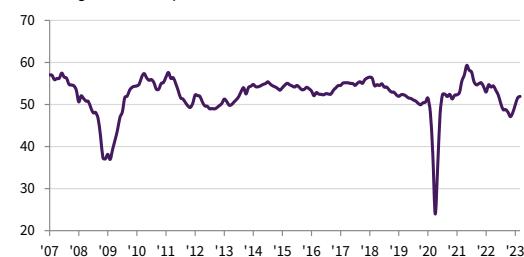
The East of England Export Climate Index is calculated by weighting together national PMI output data according to their importance to the manufacturing exports of the East of England. This produces an indicator for the economic health of the region's export markets.

The Export Climate Index posted 51.9 in March, up slightly from 51.6 in February, to signal a further improvement in the export climate for firms in the East of England.

The upturn in export conditions stemmed from sharper expansions in output across some of the region's key export markets. Growth in activity in the USA, Germany and France quickened. At the same time, firms in the Republic of Ireland registered a modest increase in output.

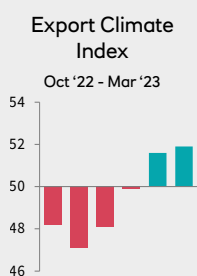
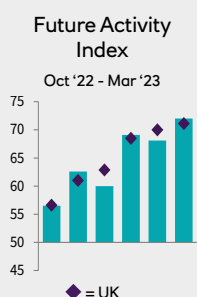
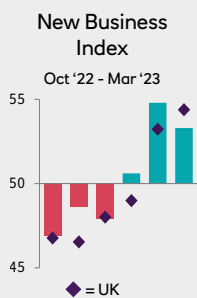
By contrast, the Netherlands recorded a renewed contraction in activity.

Export Climate Index
sa, >50 = growth since previous month
51.9
Mar '23



Top export markets, East of England

Rank	Market	Weight	Output Index, Mar '23
1	Netherlands	20.1%	48.2
2	USA	19.1%	52.3
3	Germany	9.7%	52.6
4	France	7.6%	52.7
5	Ireland	5.1%	52.8



Business capacity

Marginal upturn in employment in March

East of England companies registered a second successive monthly increase in workforce numbers during March. Firms reportedly raised employment in response to greater new orders and to expand capacity. Although the pace of job creation slowed from that seen in February, it compared favourably with the stabilisation in staffing numbers seen across the UK as a whole.

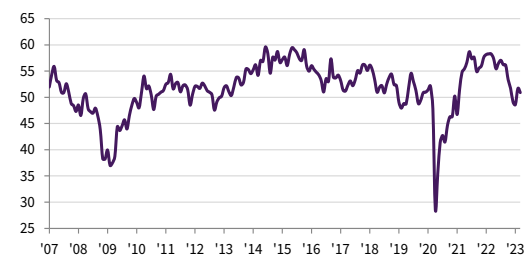
The increase in headcounts was driven by service providers, as manufacturers recorded a further decline.

Renewed fall in backlogs of work

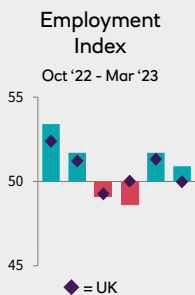
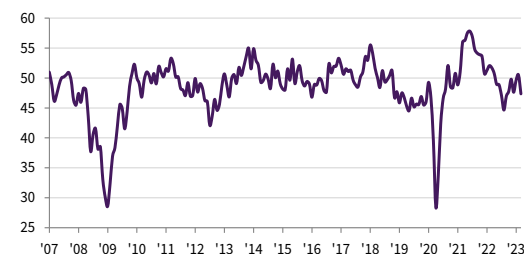
March data signalled a return to contraction in the level of outstanding business at private sector firms in the East of England, following a fractional uptick in February. The decrease in backlogs of work was solid overall and the quickest since last September. The rate of decline was among the quickest of the 12 monitored UK regions, with only Wales and the East Midlands recording steeper falls.

Firms in the region often noted sufficient capacity to process incoming new work.

Employment Index
sa, >50 = growth since previous month
50.9
Mar '23



Outstanding Business Index
sa, >50 = growth since previous month
47.4
Mar '23



Prices

Input cost inflation moderates further

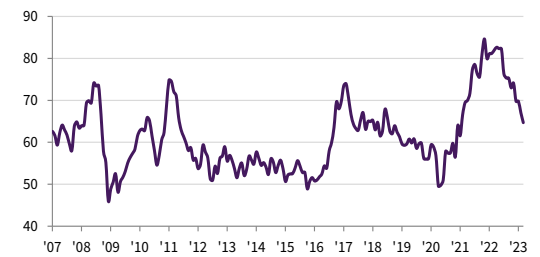
March data indicated a marked rise in cost burdens at companies across the East of England. Higher operating expenses were linked to increased imported material prices and greater wage bills. That said, the rate of input cost inflation slowed again to the softest since January 2021. The pace of increase was also the second-weakest of the 12 monitored UK regions, with only firms in the North West registering a slower rise in cost burdens.

Input Prices Index

sa, >50 = inflation since previous month

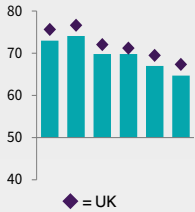
64.7

Mar '23



Input Prices Index

Oct '22 - Mar '23



◆ = UK

Softer rise in output charges in March

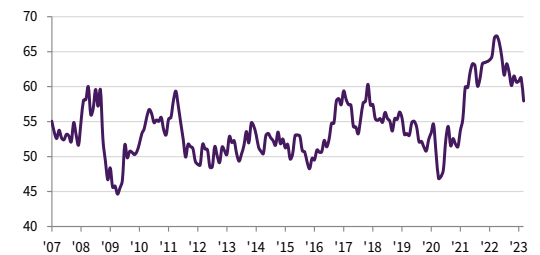
Companies operating across the East of England reported a further substantial uptick in output charges during March. The rise in selling prices was historically elevated and commonly attributed to the pass-through of higher material and wage costs to clients. Although marked, the pace of increase lost momentum, as output charges increased at the slowest pace since February 2021. Furthermore, the rate of inflation was the weakest of the 12 monitored UK regions.

Prices Charged Index

sa, >50 = inflation since previous month

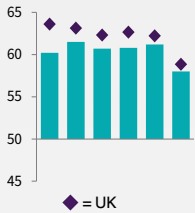
58.0

Mar '23



Prices Charged Index

Oct '22 - Mar '23



◆ = UK



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, Mar '23
1	Electrical & Optical	1.30	55
2	Mechanical Engineering	1.26	55
3	Timber & Paper	1.21	45
4	Chemicals & Plastics	1.08	50
5	Other Manufacturing	1.03	55
6	Food & Drink	0.93	55
7	Basic Metals	0.93	55
8	Transport	0.66	50
9	Textiles & Clothing	0.43	45

East of England specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Mar '23
1	Transport & Communication	1.17	55
2	Business-to-business Services	1.12	55
3	Hotels, Restaurants & Catering	1.03	55
4	Personal & Community Services	0.94	55
5	Computing & IT Services	0.87	55
6	Financial Intermediation	0.67	55

UK sector focus

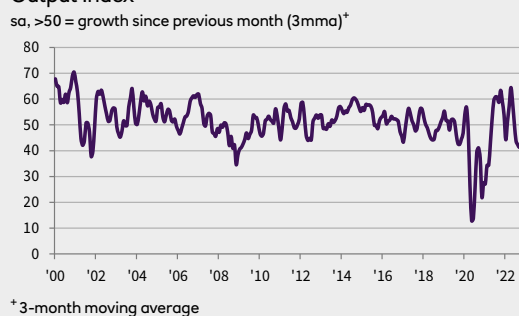
Hotels, Restaurants & Catering

Latest data showed a sharp rebound in business activity across the UK's Hotels, Restaurants & Catering sector in the opening quarter, following a sustained downturn in the second half of last year. The rise in activity was the steepest among the services sub-sectors monitored by the survey and supported by a robust rise in new business.

Prices pressures in the sector meanwhile remained elevated. Although input cost inflation was down from its record peak in 2022, it remained higher than at any time before the pandemic and drove a sustained sharp (and even slightly accelerated) rise in output prices.

Business confidence among Hotels, Restaurants & Catering firms perked up in the three months to March, reaching its highest for almost a year. Nevertheless, data showed a continued fall in sector workforce numbers, in line with the trend since the middle of last year.

Output Index



UK Regional PMI overview

Business Activity

Nearly all areas of the UK recorded a rise in business activity in March, the only exception being the East of England where output was unchanged. However, growth slowed in the majority of cases, including the top-ranked region, London. The most notable upswing in momentum was in Northern Ireland, where business activity rose at the quickest rate for a year.

Employment

March data showed divergent trends in regional employment. Northern Ireland saw a steep and accelerated rise in workforce numbers and was one of only two areas where the pace of job creation quickened, alongside Scotland. At the other end of the scale, the North East and Wales both saw deepening declines in staffing levels. In most other areas, employment was little-changed.

Future Activity

Business expectations were optimistic across the board in March. Furthermore, confidence improved in just over half of the monitored areas, rising sharpest in the North East (although it remained at the foot of the rankings). Firms in the West Midlands were the most upbeat about the outlook, as was the case in both January and February, followed by those in Yorkshire & Humber.

Business Activity Index

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



Employment Index

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



Future Activity Index

>50 = growth expected over next 12 months, Mar '23



* 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
Oct '22	47.0	46.9	48.2	56.5	53.4	47.8	73.0	60.2
Nov '22	49.3	48.6	47.1	62.6	51.7	49.8	74.1	61.5
Dec '22	48.0	47.9	48.1	60.0	49.1	47.6	69.8	60.7
Jan '23	48.4	50.6	49.9	69.1	48.6	49.6	69.8	60.8
Feb '23	52.0	54.8	51.6	68.1	51.7	50.5	67.0	61.2
Mar '23	50.0	53.3	51.9	72.0	50.9	47.4	64.7	58.0

Contact

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

Siân Jones
Senior Economist
S&P Global Market Intelligence
T: +44-1491-461-017
sian.jones@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
+44 796 744 7030
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.

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.

ihsmarkit.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 registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited 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.