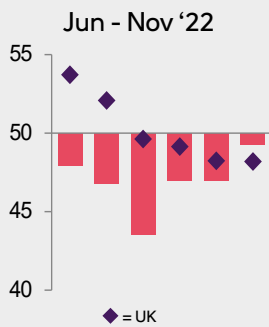




NatWest East of England PMI[®]

Contraction in business activity cools across the East of England

East of England Business Activity Index



Key findings

Downturns in activity and new business soften

Price pressures intensify from October's recent lows

Hiring activity eases in November

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 – ticked up from October’s reading of 47.0 to 49.3 in November, signalling the softest downturn in business activity in the current six-month sequence of contraction. A further, albeit slower, decrease in new business was also recorded. The contraction of the region’s private sector came as client activity declined amid rising market uncertainty and resulted in a further cooldown in hiring activity. In terms of prices, upward pressure on both firms’ input costs and output charges remained strong in November. Moreover, the rates of inflation quickened from the recent lows registered in October.

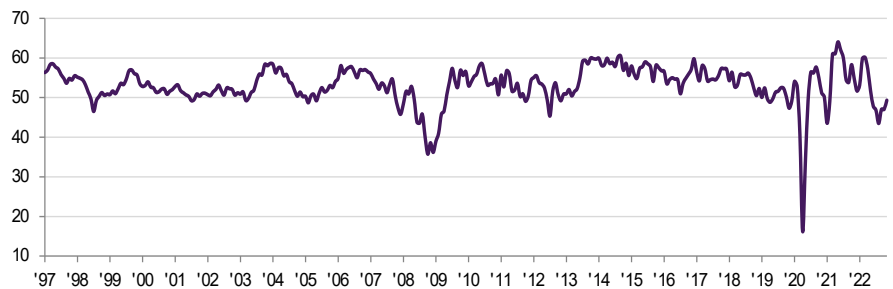
Rashel Chowdhury, NatWest Midlands and East Regional Board, commented:

"While the downturn in activity softened during November, it signalled a sixth consecutive month of contraction across the East of England private sector. A loss of demand, economic uncertainty and the cost of living crisis continued to stifle growth. Moreover, the ongoing fall in business requirements resulted in only a mild increment in headcounts during the latest survey period.

"The region also faces intense price pressures. Both input price and output charge inflation gathered pace on the month and remained historically elevated. Nonetheless, business confidence strengthened to a seven-month high as firms hoped demand will pick up in the coming year."

East of England Business Activity Index

sa, >50 = growth since previous month



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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

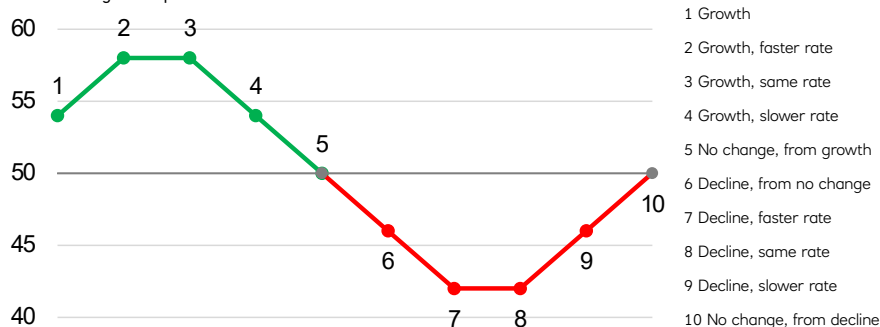
calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The East of England Business Activity Index is comparable to the UK Composite Output Index. It is sometimes referred to as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

Downturn in new orders slows during November

Latest survey data signalled a fall in incoming new business across the East of England's private sector, thereby extending the current run of contraction to six months. Hesitancy among customers and market uncertainty were in part blamed for the latest fall. That said, the downturn eased from the preceding month and was modest overall.

The rate of contraction in new business across the East of England was softer than that seen across the UK as a whole.

Business confidence strengthen on the month

Business expectations improved during the latest survey period across the East of England, scoring a seven-month high, albeit remaining below the long-term survey average (69.2). Firms linked optimism to new business wins and projected expansions in the coming year.

Business sentiment at the UK level was slightly weaker than compared to the East of England.

Exports

Export market conditions worsen for the fourth month running in November

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.

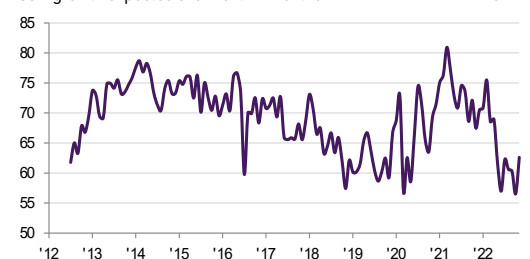
The Export Climate Index fell from 48.5 in October to 47.8 in November, signalling the fastest contraction in output across the region's export markets in the current four-month sequence of reduction.

All five of the top export markets reported a deterioration, with Netherlands indicating the fastest fall in output during November. Germany and the US noted solid downturns, while the pace of contraction in output across China and France was modest overall.

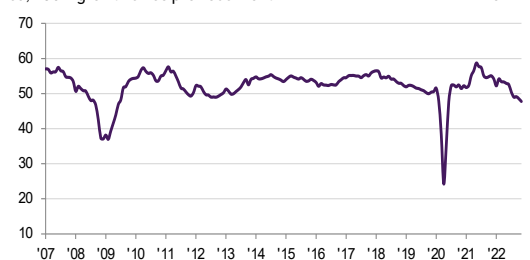
New Business Index
sa, >50 = growth since previous month
Nov '22



Future Activity Index
>50 = growth expected over next 12 months
Nov '22



Export Climate Index
sa, >50 = growth since previous month
Nov '22



Top export markets, East of England

Rank	Market	Weight	Output Index, Oct '22
1	USA	15.1%	46.4
2	Germany	10.1%	46.3
3	China	8.1%	47.0
4	France	5.6%	48.7
5	Netherlands	5.6%	43.2



Business capacity

Job growth moderates from October

Employment across the East of England's private sector rose during November, extending the recent sequence of growth to 22 months. According to surveyed firms, an expected rise in business requirements supported hiring activity. However, the rate of job creation moderated for the fourth straight month, signalling the second-softest rise in headcounts in the aforementioned sequence amid reports from some firms of staff cuts and resignations.

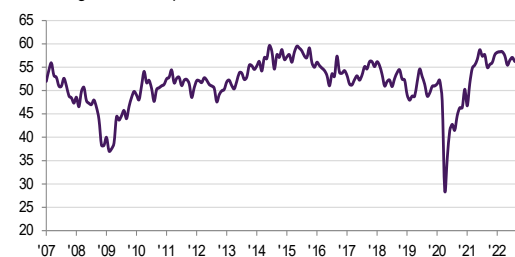
The upturn in staffing levels across the East of England was the third-strongest of the 12 monitored regions, behind the West Midlands and South East of England.

November sees levels of unfinished work broadly stabilise

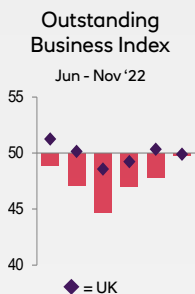
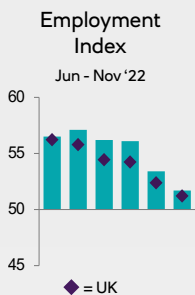
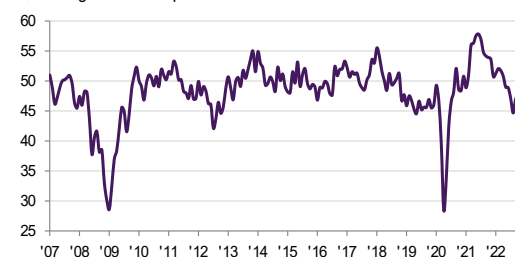
Private sector firms across the East of England reported a fall in the level of unfinished work during November. That said, the latest index reading posted only slightly below the 50.0 no-change mark, signalling a near stabilisation of work-in-hand. The fractional downturn in backlogs was linked in part to a loss in sales, while increased lead-times on purchases was another contributing factor.

The pace of depletion across the East of England was broadly in line with that recorded for the UK as a whole.

Employment Index 51.7
sa, >50 = growth since previous month Nov '22



Outstanding Business Index 49.8
sa, >50 = growth since previous month Nov '22



Prices

Cost burdens rise rapidly in November

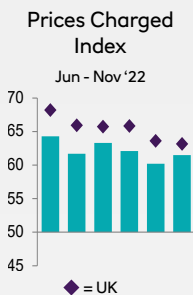
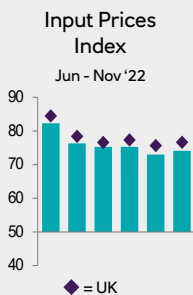
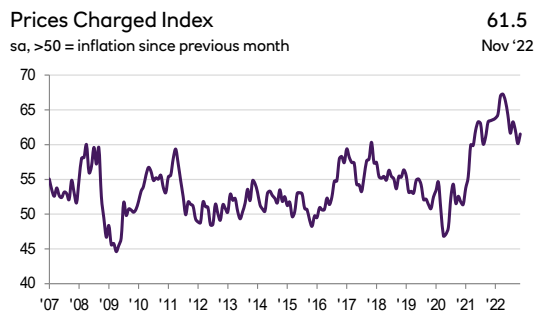
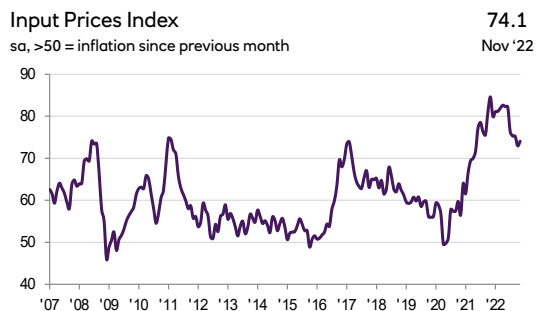
Upward pressure on costs remained historically elevated across the East of England during November. The pace of input price inflation accelerated from October's 17-month low. Energy, raw material and labour costs were commonly linked to the latest increase.

That said, input price inflation across the East of England was again the second-weakest nationally ahead of only the South West of England.

Charge inflation quickens from October

Reflecting the rise in input prices, the latest survey data signalled an increase in average fees charged for the provision of goods and services across the East of England for the twenty-ninth successive month. The pace of charge inflation gathered speed from October's 14-month low and was sharp overall.

The rate of increase in output prices across the East of England was weaker than the UK average, which in contrast eased in November.



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, Nov '22*
1	Electrical & Optical	1.30	50
2	Mechanical Engineering	1.26	50
3	Timber & Paper	1.21	45
4	Chemicals & Plastics	1.08	45
5	Other Manufacturing	1.03	50
6	Food & Drink	0.93	55
7	Basic Metals	0.93	45
8	Transport	0.66	45
9	Textiles & Clothing	0.43	45

East of England specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Nov '22*
1	Transport & Communication	1.17	50
2	Business-to-business Services	1.12	50
3	Hotels, Restaurants & Catering	1.03	45
4	Personal & Community Services	0.94	45
5	Computing & IT Services	0.87	55
6	Financial Intermediation	0.67	50

UK sector focus

Computing & IT Services

Computing & IT Services was the UK's top-performing sector by far in the three months to November. In fact, it was the only part of the services economy to see a rise in business activity.

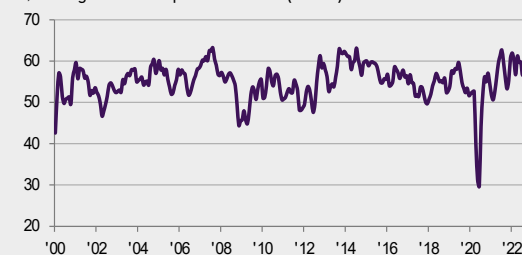
The sector did, however, exhibit a loss of momentum, with the rate of business activity growth slowing to its weakest since the opening quarter of 2021. This reflected a softening trend in new business.

Computing & IT Services firms remained optimistic about the year-ahead outlook, and more so than any other services sector, which in turn helped drive a sustained rise in employment. That said, both expectations and the pace of job creation eased to the lowest since late-2020.

Cost pressures remained much higher than normal, according to latest data. However, they were relatively subdued compared to other parts of the services economy, with the rate of input cost inflation the lowest among the six monitored sectors.

Output Index

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



* 3-month moving average



UK Regional PMI overview

Business Activity

All 12 monitored regions recorded a further fall in business activity in November. However, rates of contraction slowed in just over half of cases, including Wales and the North East, the two top-ranked areas, where activity came close to stabilising. Scotland recorded the most marked fall in output, followed by the South West.

Employment

Workforce numbers rose across the majority of regions and nations in November, albeit more slowly in most instances. The West Midlands saw the fastest pace of job creation, moving ahead of the South East in the rankings. The East Midlands and North East went against the trend and recorded lower employment.

Future Activity

Business expectations improved almost universally in November. Yorkshire & Humber was the most optimistic region and saw the joint-sharpest increase in sentiment from the previous month, with Wales. Firms in Northern Ireland and the North East remained pessimistic, albeit less so than in October.

Business Activity Index

sa, >50 = growth since previous month, Nov '22



Employment Index

sa, >50 = growth since previous month, Nov '22



Future Activity Index

>50 = growth expected over next 12 months, Nov '22



* 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
Jun '22	47.9	47.6	52.6	57.0	56.5	48.9	82.3	64.3
Jul '22	46.8	49.3	50.4	62.3	57.1	47.1	76.3	61.7
Aug '22	43.5	46.8	49.0	60.6	56.2	44.7	75.3	63.3
Sep '22	47.0	49.1	49.1	60.3	56.1	47.0	75.3	62.1
Oct '22	47.0	46.9	48.5	56.5	53.4	47.8	73.0	60.2
Nov '22	49.3	48.6	47.8	62.6	51.7	49.8	74.1	61.5

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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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