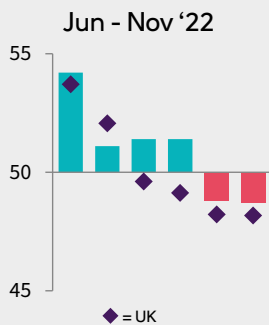




NatWest Yorkshire & Humber PMI®

Business activity in Yorkshire & Humber falls at quickest pace since January 2021

Yorkshire & Humber Business Activity Index



Key findings

Business activity falls again in November as demand weakens

Sharpest fall in new orders for two-and-a-half years

Yorkshire & Humber the most optimistic region across the UK again

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 – posted 48.7 in November. Albeit down only fractionally from 48.8 in October, the latest data signalled the quickest decline in private sector business activity across Yorkshire & Humber since January 2021.

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

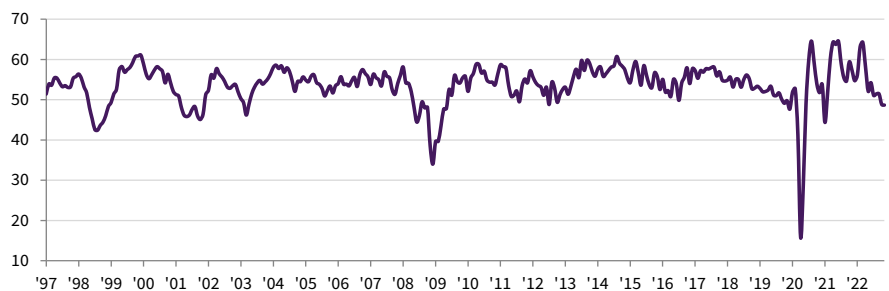
"Yorkshire & Humber's private sector economy contracted once again in November, with the decline gathering some pace since October as demand conditions worsened. As such, this puts the region on course for its worst quarterly performance since the mid-point in 2020 during the first COVID-19 lockdown.

"Falling new business intakes created a strong headwind for businesses in November. Weak client confidence reportedly led to lower spending, and also resulted in the non-replacement of voluntary leavers at some companies. This ultimately weighed on job creation, which slowed to a 22-month low in November.

"Nevertheless, companies across Yorkshire & Humber remained strongly optimistic towards the year ahead, and were much more upbeat than any of the other parts of the UK monitored by the survey. Despite rising interest rates and high inflation, a number of companies signalled their intention to continue investing in their business."

Yorkshire & Humber Business Activity Index

sa, >50 = growth since previous month



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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

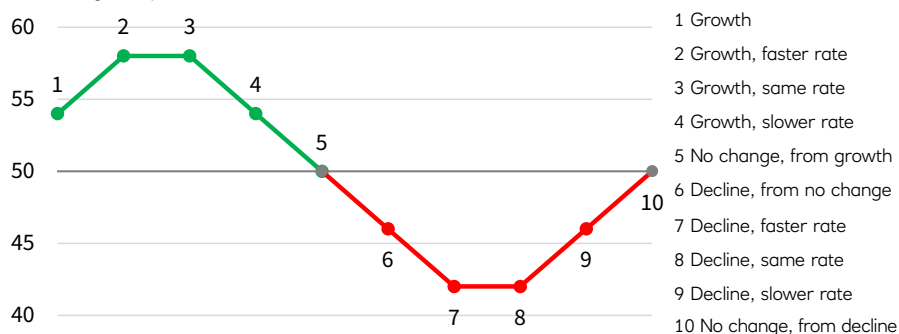
Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The Yorkshire & Humber Business Activity Index is comparable to the UK Composite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

Index interpretation

50.0 = no change since previous month



Demand and outlook

New business falls at strongest pace in two-and-a-half years

Private sector companies in Yorkshire & Humber recorded a second successive monthly decline in the level of incoming new work in November. The decrease was solid and the sharpest in two-and-a-half years. Worsening demand conditions, in part linked to falling client confidence, was mentioned by surveyed companies.

Sector data showed stronger reductions in new orders at both manufacturers and service providers.

Yorkshire & Humber firms the most optimistic across UK in November

The Future Activity Index regained some ground in November, rising from October's 30-month low to its highest level since August. Of the 12 monitored parts of the UK, Yorkshire & Humber registered the strongest level of optimism.

Strategic investment plans, quoted work for 2023, additional marketing and market share gains were cited by companies as reasons to be upbeat toward the year-ahead outlook.

Exports

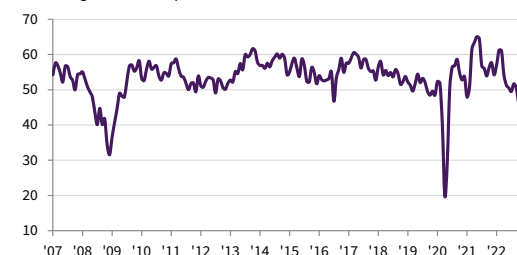
Export Climate Index falls again in November to 29-month low

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.

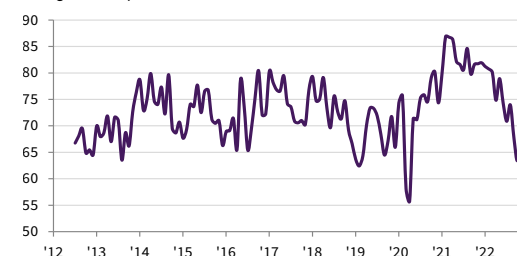
The Yorkshire & Humber Export Climate Index fell to 47.7 in November. This was down from 48.5 in October and signalled the strongest deterioration in economic conditions across the region's overseas markets since June 2020.

The US, Yorkshire & Humber's largest export destination, saw activity levels decline at a faster pace in November. Some of the region's biggest European export markets also saw conditions worsen, notably the Netherlands and Germany.

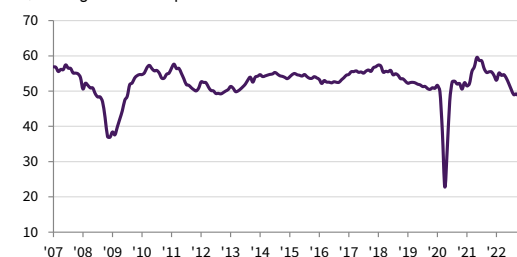
New Business Index
sa, >50 = growth since previous month
44.6
Nov '22



Future Activity Index
>50 = growth expected over next 12 months
70.7
Nov '22



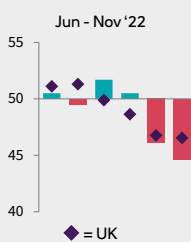
Export Climate Index
sa, >50 = growth since previous month
47.7
Nov '22



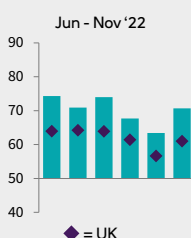
Top export markets, Yorkshire & Humber

Rank	Market	Weight	Output Index, Nov '22
1	USA	10.9%	46.4
2	Netherlands	9.6%	43.2
3	Germany	9.1%	46.3
4	Ireland	8.2%	48.8
5	France	6.5%	48.7

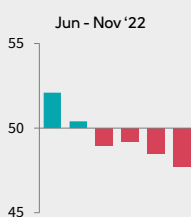
New Business Index
Jun - Nov '22



Future Activity Index
Jun - Nov '22

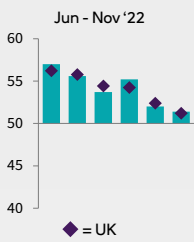


Export Climate Index
Jun - Nov '22



Business capacity

Employment Index
Jun - Nov '22



Employment growth slows to 22-month low in November

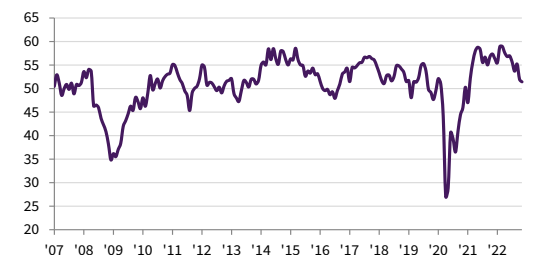
Private sector companies in Yorkshire & Humber increased their staffing numbers in November, marking a twenty-second successive monthly increase. That said, the rate of job creation was the weakest seen over this period and only modest. Some companies opted not to replace voluntary leavers.

The increase in employment across the region broadly matched that seen for the UK as a whole.

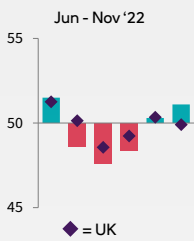
Employment Index

sa, >50 = growth since previous month

51.4
Nov '22



Outstanding Business Index
Jun - Nov '22



Outstanding business levels rise in November

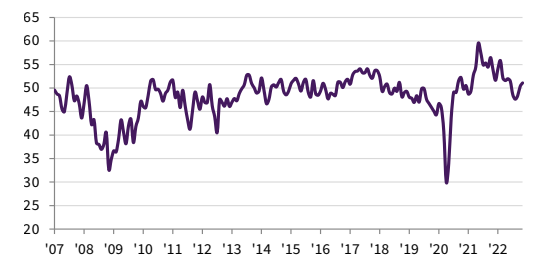
There was an increase in backlogs of work at private sector companies in Yorkshire & Humber midway through the fourth quarter of 2022. The rate of accumulation was modest and the quickest in five months. Supply-chain issues were commonly cited by those that recorded an intensification of capacity pressures.

The increase contrasted with the UK-wide trend, which showed backlogs of work falling fractionally. Only three of the 12 monitored parts of the UK saw unfinished orders rise in November.

Outstanding Business Index

sa, >50 = growth since previous month

51.1
Nov '22



Prices

Cost pressures remain stubbornly elevated

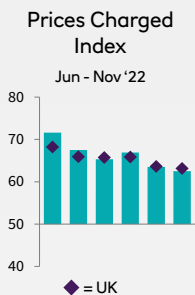
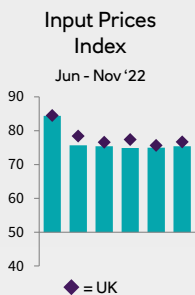
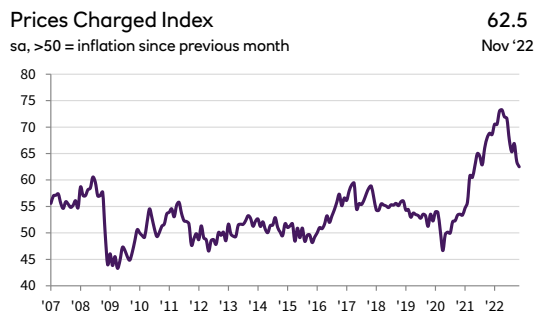
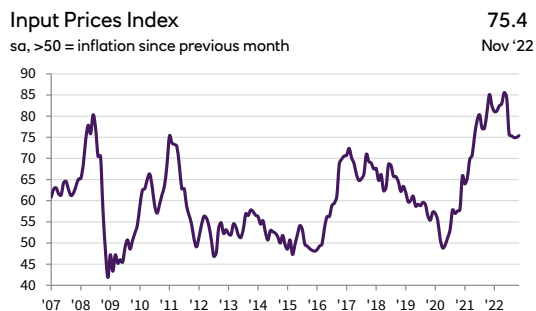
The seasonally adjusted Input Prices Index remained well-above the 50.0 no-change mark, signalling a steep rate of cost inflation faced by Yorkshire & Humber private sector firms. Overall, this was slightly up from October and the quickest in three months.

Where an increase was reported, this was generally linked to higher energy, transport and raw material costs.

Output prices rise sharply, but at softest pace in 19 months

Prices charged for the provision of goods and services by private sector companies in Yorkshire & Humber rose during November. Many firms reportedly raised their charges in an effort to share the burden of higher costs with their clients.

The rate of inflation was sharp, but the slowest in just over a year-and-a-half.



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, Nov 22 ⁺
1	Other Manufacturing	1.54	50
2	Basic Metals	1.46	45
3	Textiles & Clothing	1.32	45
4	Food & Drink	1.22	52
5	Chemicals & Plastics	1.09	45
6	Timber & Paper	1.08	40
7	Mechanical Engineering	0.97	50
8	Electrical & Optical	0.50	48
9	Transport	0.26	45

Yorkshire & Humber specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Nov 22 ⁺
1	Transport & Communication	1.29	48
2	Hotels, Restaurants & Catering	1.12	45
3	Personal & Community Services	1.07	48
4	Business-to-business Services	0.99	50
5	Financial Intermediation	0.82	48
6	Computing & IT Services	0.62	52

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.

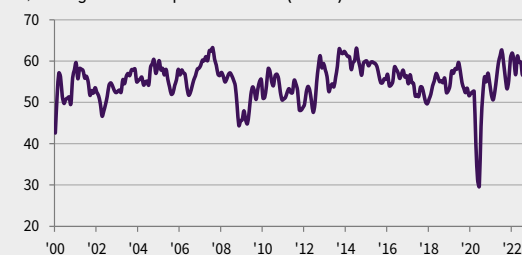
The sector did, however, exhibit a loss of momentum, with the rate of business activity growth slowing to its weakest since the opening quarter of 2021. This reflected a softening trend in new business.

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

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
Jun '22	54.2	50.5	52.1	74.3	57.0	51.5	84.4	71.6
Jul '22	51.1	49.5	50.4	70.9	55.6	48.6	75.7	67.5
Aug '22	51.4	51.7	49.0	74.0	53.7	47.6	75.4	65.3
Sep '22	51.4	50.5	49.2	67.7	55.2	48.4	74.9	66.9
Oct '22	48.8	46.1	48.5	63.4	52.0	50.3	75.0	63.5
Nov '22	48.7	44.6	47.7	70.7	51.4	51.1	75.4	62.5

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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

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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.

ihsmarket.com/products/pmi.html

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