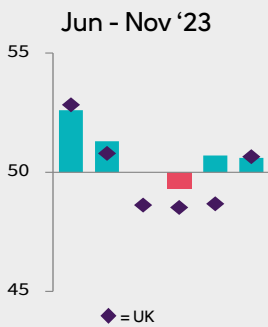


NatWest West Midlands PMI[®]

Output growth in the West Midlands maintained in November

West Midlands Business Activity Index



Key findings

New business and output rise marginally

Improved outlook boosts job creation

Price pressures among the weakest in around three years

Resilient demand for West Midlands goods and services underpinned sustained growth of new business and output midway through the fourth quarter, according to the NatWest PMI[®] data. Firms also became more optimistic about the year-ahead outlook for business activity, a factor that spurred recruitment efforts. Price pressures intensified, but remained among the weakest in around three years.

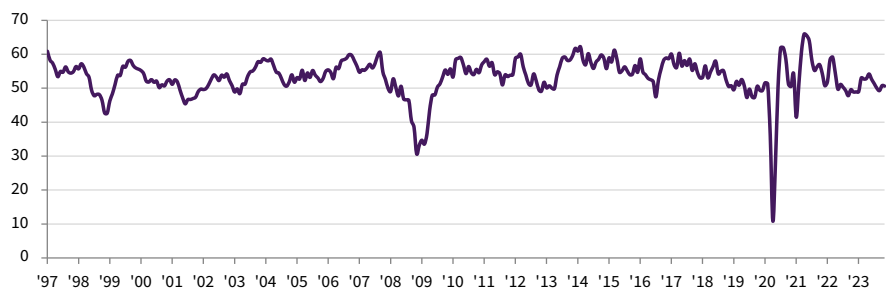
The headline Business Activity Index – a seasonally adjusted index that measures the month-on-month change in the combined output of the region’s manufacturing and service sectors – was little-changed from October’s reading of 50.7, registering 50.6 in November to signal a marginal increase in output. Rising intakes of new work and better demand trends encouraged growth, anecdotal evidence showed.

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

"It's encouraging to see the West Midlands near the top of the regional growth rankings for both new business intakes and output during November. Even more so, is the fact that local employment continued to rise at a healthy rate as firms prepared for anticipated improvements in demand in the coming months. Although companies were faced with another uptick in expenses, the rate of inflation was the weakest seen out of the 12 monitored UK regions and nations. This means that any cost-cutting efforts here don't need to be as severe as elsewhere, and that local firms can perhaps invest to ensure their businesses' readiness for the expected rebound in sales."

West Midlands 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 West Midlands PMI® report

The NatWest West Midlands PMI® is compiled by S&P Global from responses to questionnaires sent to West Midlands 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

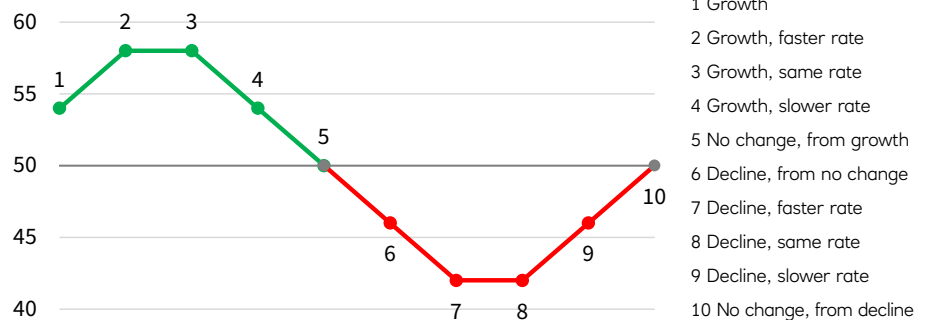
calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The West Midlands Business Activity Index is comparable to the UK Composite Output Index. It is sometimes referred to as the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

Private sector companies in the West Midlands continued to report higher intakes of new work during November, thereby stretching the current sequence of expansion to ten months. Demand resilience, restocking efforts among clients and growing market shares reportedly underpinned the uptick. That said, the rate of increase in overall sales was marginal and softer than that recorded in October.

Local firms registered the second-best trend for new orders regionally, behind London.

Private sector optimism strengthens in November

Business confidence in the West Midlands remained positive in November, with the overall level of sentiment improving since October to move further above its long-run average. Local firms generally foresee better demand and economic conditions in the year ahead, though investment and marketing initiatives also boosted optimism.

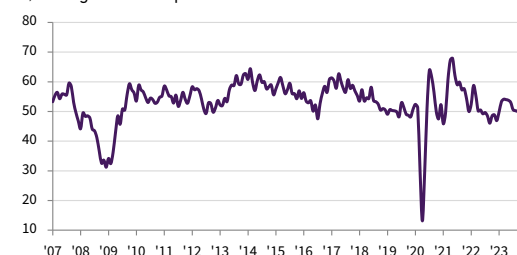
West Midlands companies were the most upbeat regionally.

New Business Index

sa, >50 = growth since previous month

50.4

Nov '23

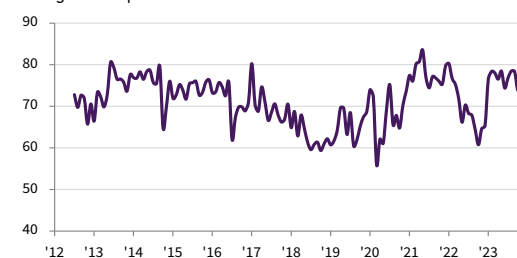


Future Activity Index

>50 = growth expected over next 12 months

75.7

Nov '23

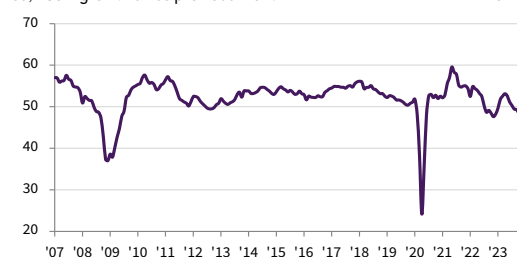


Export Climate Index

sa, >50 = growth since previous month

49.6

Nov '23

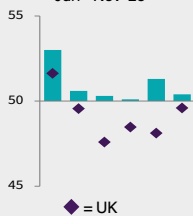


Top export markets, West Midlands

Rank	Market	Weight	Output Index, Nov '23
1	USA	24.3%	50.7
2	Germany	11.9%	47.8
3	China	8.5%	51.6
4	France	7.7%	44.6
5	Ireland	7.2%	52.3

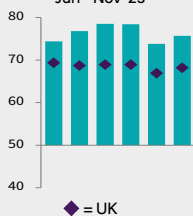
New Business Index

Jun - Nov '23



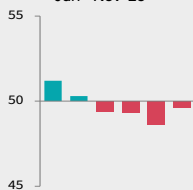
Future Activity Index

Jun - Nov '23



Export Climate Index

Jun - Nov '23



Exports

Export conditions nearly stabilise in November

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

At 49.6 in November, up from 48.6 in October, the ECI moved closer to the no-change mark of 50.0. The latest reading was consistent with a fractional deterioration in export opportunities that was the weakest in four months.

Output Index readings for the West Midlands top five export markets were either equal to or higher than in October. China, Ireland and the US registered growth, while France and Germany posted further contractions.

Business capacity

Employment growth hits seven-month high

November data highlighted back-to-back increases in private sector employment across the West Midlands. Moreover, quickening to the strongest since April, the rate of job creation outpaced the series trend. Survey participants indicated that existing vacancies had been filled, with acquisitions and resourcing for the year ahead also supporting recruitment.

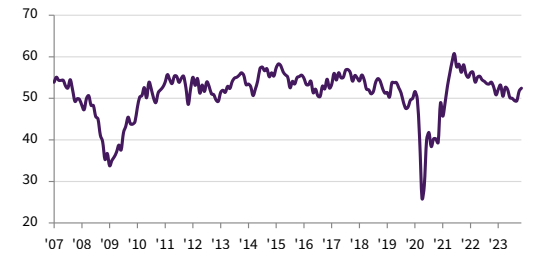
Of the 12 monitored parts of the UK, only Scotland recorded a better trend for jobs than that seen locally.

Firms continue to clear outstanding business

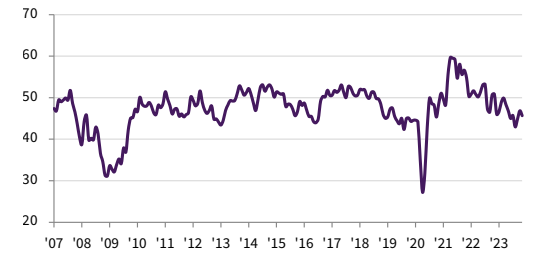
With new business gains losing growth momentum, private sector companies in the West Midlands diverted resources towards the completion of pending workloads. Unfinished business decreased markedly in November, and to a greater extent than in October. Moreover, the latest fall stretched the current sequence of depletion to one year.

The rate of reduction in backlogs across the West Midlands was softer than the UK average.

Employment Index
sa, >50 = growth since previous month
52.4
Nov '23



Outstanding Business Index
sa, >50 = growth since previous month
45.7
Nov '23



Prices

Cost inflation ticks higher, but remains below trend

Companies in the West Midlands experienced a further increase in overall expenses midway through the fourth quarter. According to them, food, fuel, material and wage costs were up since October. Despite quickening, the overall rate of inflation was among the weakest seen in three years and softer than the log-run series average.

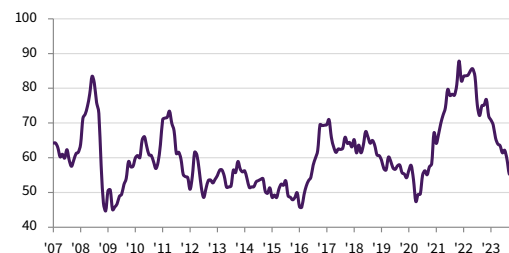
Out of the 12 monitored UK regions and nations, the West Midlands registered the slowest rate of cost inflation.

Output charge inflation quickens to four-month high

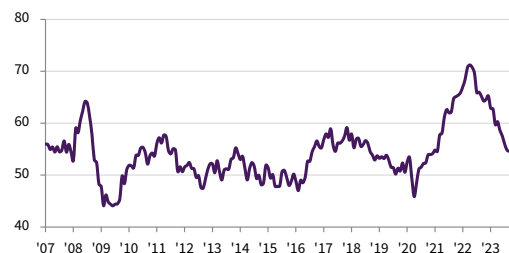
Ongoing cost increases triggered another upturn in prices charged for goods and services in the West Midlands. The overall rate of inflation was marked and above its long-run average, but remained one of the weakest seen in nearly three years.

As has been the case in the previous seven months, local prices rose at a slower rate than that seen at the UK level.

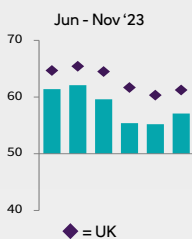
Input Prices Index 57.1
sa, >50 = inflation since previous month Nov '23



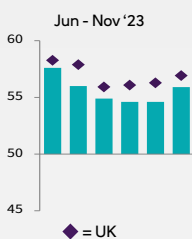
Prices Charged Index 55.9
sa, >50 = inflation since previous month Nov '23



Input Prices Index



Prices Charged Index



UK Sector PMI

Sector specialisation: West Midlands

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 West Midlands, broken down by manufacturing and services. The UK Output Index for each sub-sector is also displayed.

West Midlands specialisation: Manufacturing

Rank	Sector	LQ	UK Output Index, Nov' 23 ⁺
1	Transport	2.35	50
2	Basic Metals	1.44	48
3	Mechanical Engineering	1.17	48
4	Other Manufacturing	0.89	45
5	Timber & Paper	0.61	42
6	Electrical & Optical	0.59	48
7	Textiles & Clothing	0.57	52
8	Food & Drink	0.51	55
9	Chemicals & Plastics	0.47	48

West Midlands specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Nov' 23 ⁺
1	Transport & Communication	1.19	48
2	Hotels, Restaurants & Catering	1.16	52
3	Personal & Community Services	1.08	48
4	Computing & IT Services	0.98	55
5	Business-to-business Services	0.97	48
6	Financial Intermediation	0.74	52

UK sector focus

Computing & IT Services

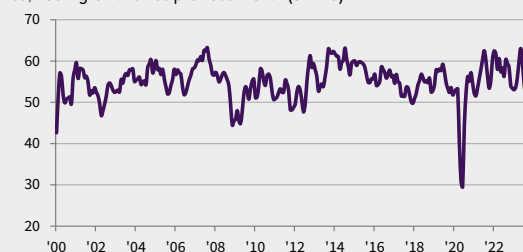
Computing & IT Services was one of the UK economy's brightest spots in the three months to November. The sector, which has generally seen robust growth in the post-pandemic years, recorded a sharp and accelerated rise in output that was second only to that recorded by Food & Drink manufacturers.

Demand for Computing & IT Services remained strong, leading to a sustained build-up of backlogs of work. This in turn fuelled continued hiring across the sector. Although having slowed from the highs over the past three years, the rate of job creation remained robust.

Driven in part by rising salaries, input prices in the sector continued to grow at an above-trend rate in the three months to November. Cost inflation was, however, at its lowest in around two-and-a-half years, with the rate of increase in prices charged by firms also well down from last year's peak (although still elevated by historical standards).

Output Index

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



⁺3-month moving average



UK Regional PMI overview

Business Activity

London continued to outperform the rest of the UK regions in November, recording a sharp and accelerated rise in business activity. The only other area to see growth was the West Midlands. The North East once again recorded the steepest fall in output. However, like in most places, the rate of contraction eased from the month before.

Employment

Just over half of the 12 monitored regions and nations recorded a fall in employment in November, the same result as seen in October. Firms in Wales registered the most marked drop in workforce numbers, followed by those in the North East and East Midlands, respectively. Scotland once again topped the rankings for job creation, ahead of the West Midlands.

Future Activity

A small majority of areas saw an improvement in business expectations in November. This included the West Midlands, which continued to record the highest overall degree of optimism. The greatest upswing in confidence was in Yorkshire & Humber. Sentiment was weakest in the North East, where it slipped to an 11-month low.

Business Activity Index

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



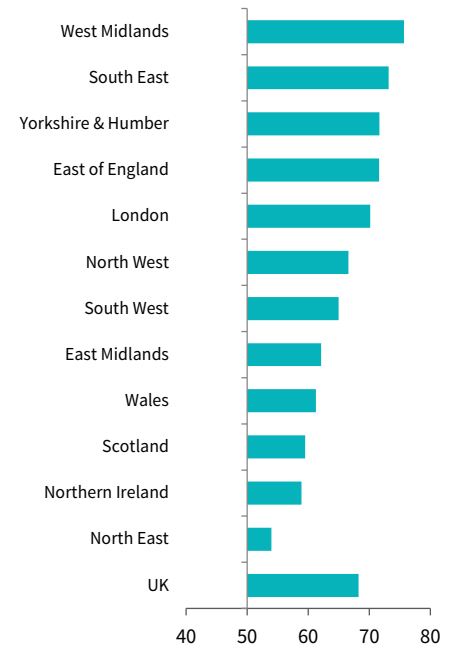
Employment Index

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



Future Activity Index

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



* Coverage in Northern Ireland also includes retail and construction, alongside manufacturing and services.



Index summary

West Midlands

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 '23	52.6	53.0	51.2	74.4	50.2	45.0	61.4	57.6
Jul '23	51.3	50.6	50.3	76.8	50.0	45.7	62.1	56.0
Aug '23	50.0	50.3	49.4	78.5	49.4	43.0	59.6	54.9
Sep '23	49.3	50.1	49.3	78.4	49.4	44.9	55.4	54.6
Oct '23	50.7	51.3	48.6	73.8	51.7	46.8	55.2	54.6
Nov '23	50.6	50.4	49.6	75.7	52.4	45.7	57.1	55.9

Contact

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

Pollyanna De Lima
Economics Associate Director
S&P Global Market Intelligence
+44 149 146 1075
pollyanna.delima@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 (0) 7967 447030
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.

www.spglobal.com/marketintelligence/en/mi/products/pmi

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.