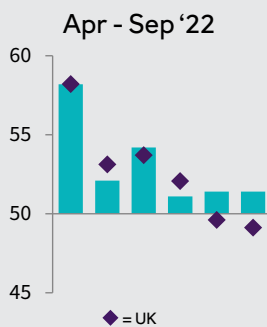




NatWest Yorkshire & Humber PMI[®]

Yorkshire & Humber sees further modest growth in business activity in September

Yorkshire & Humber Business Activity Index



Key findings

Output rises slightly against broader UK trend

Solid rate of job creation despite waning business confidence

Price pressures remain historically high

Yorkshire & Humber's private sector economy saw further modest growth in business activity in September, latest Regional PMI[®] data from NatWest showed. 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 – registered 51.4, unchanged from August and slightly above the 50.0 threshold that separates growth from contraction.

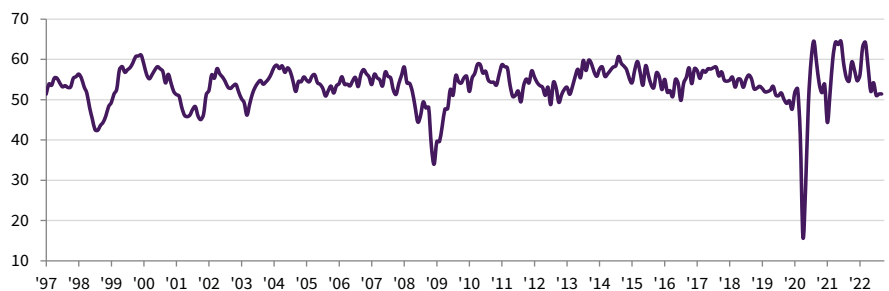
The region's quarterly growth performance was its weakest in over two years. Still, September's increase in output – albeit modest – contrasted with a deepening contraction across the UK as a whole.

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

"Yorkshire & Humber has managed to keep its head above water and eke out further modest growth, at a time when most other areas across the UK have started to see output levels decline. It's encouraging to see some resilience in demand for goods and services produced across Yorkshire & Humber, as well as a continued increase in regional employment. However, persistently high inflation and increasing customer uncertainty are growing concerns among local firms, who are now the least optimistic about the outlook since the initial COVID-19 shock. The rate of cost inflation faced by businesses has eased slightly, but it remains uncomfortably high and continues to drive up prices charged for goods and services, thereby compounding cost of living pressures."

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

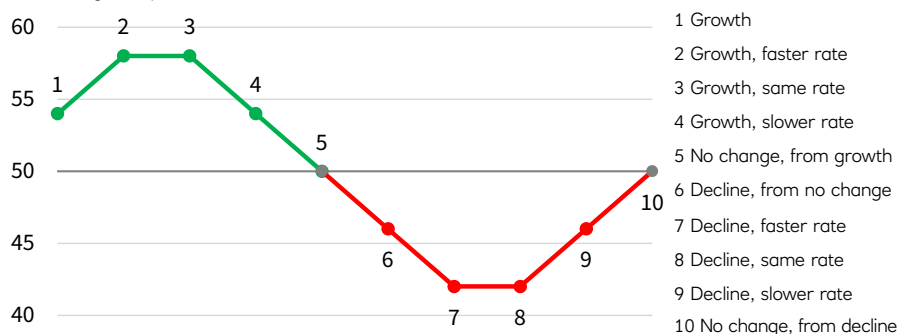
Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The Yorkshire & Humber Business Activity Index is comparable to the UK Composite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

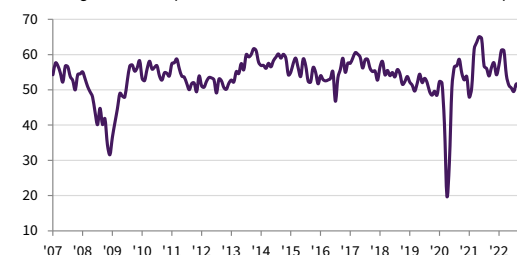


Demand and outlook

New business creeps higher, defying broader slowdown

Firms across Yorkshire & Humber recorded a slight increase in inflows of new business at the end of the third quarter. Although the rate of growth was far weaker than seen at the turn of the year, the result nevertheless pointed to relative resilience in demand for the region's goods and services, with the UK as a whole having seen a deepening decline in new orders in September.

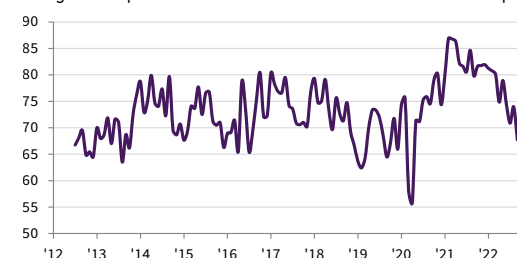
New Business Index 50.5
sa, >50 = growth since previous month Sep '22



September sees a further loss of business confidence

As has been the case in seven of the first nine months of the year, firms' expectations towards future growth prospects weakened in September. It meant that sentiment, although still positive and stronger than in any of the other 11 monitored regions, fell to the lowest since the initial COVID-19 shock almost two-and-a-half years ago.

Future Activity Index 67.7
>50 = growth expected over next 12 months Sep '22



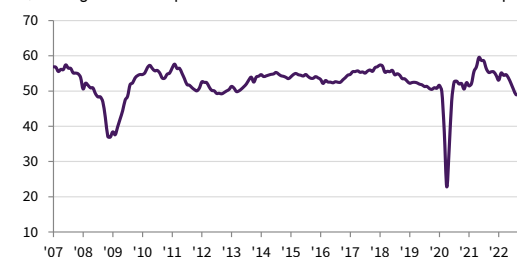
Anecdotal evidence showed increasing concerns about persistent high inflation and its impact on client confidence and spending power.

Exports

Further slight decline in export demand conditions

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.

Export Climate Index 49.2
sa, >50 = growth since previous month Sep '22



After falling below the 50.0 threshold in August for the first time since June 2020, the Yorkshire & Humber's ECI read 49.2 in September, signalling another slight decline in export demand conditions.

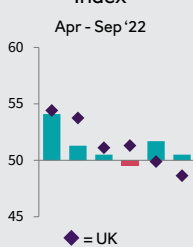
Two of the region's top export markets, the Netherlands and Germany, saw marked and accelerated declines in output. This was partly offset by modest growth in both Ireland and France.

Top export markets, Yorkshire & Humber

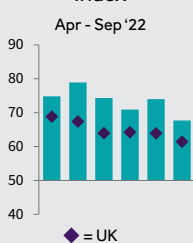
Rank	Market	Weight	Output Index, Sep '22
1	USA	10.9%	49.3*
2	Netherlands	9.6%	46.4
3	Germany	9.1%	45.7
4	Ireland	8.2%	52.2
5	France	6.5%	51.2

*Flash data

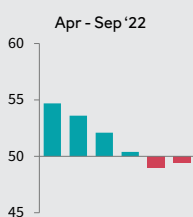
New Business Index
Apr - Sep '22



Future Activity Index
Apr - Sep '22



Export Climate Index
Apr - Sep '22

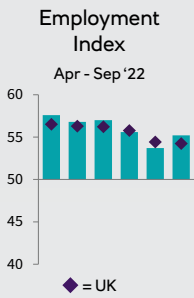
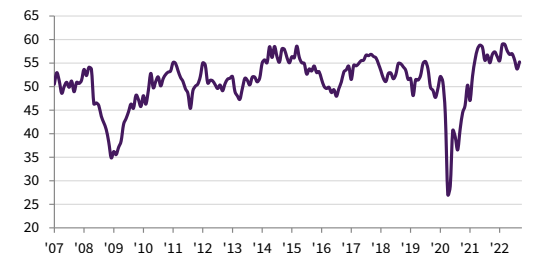


Business capacity

Rate of job creation re-accelerates

Latest data signalled a sustained increase in employment across the Yorkshire & Humber private sector, amid reports of vacancies being filled and efforts to expand operating capacity. After slipping to an 18-month low in August, the rate of job creation accelerated and was the third-fastest among the 12 monitored regions, behind the East of England and South East.

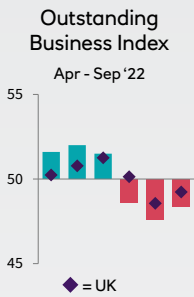
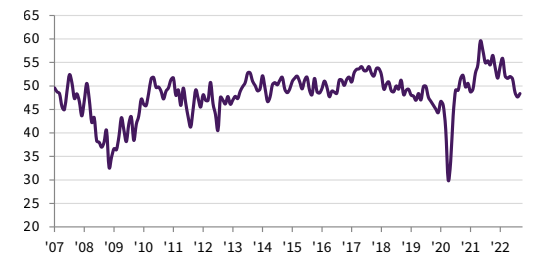
Employment Index 55.2
 sa, >50 = growth since previous month Sep '22



Outstanding business falls for third straight month

Greater staffing capacity allowed firms to make inroads into their order backlogs during September. Outstanding business has now decreased in each of the past three months. The rate of depletion eased from August's 26-month record but was still quicker than that seen across the UK as a whole.

Outstanding Business Index 48.4
 sa, >50 = growth since previous month Sep '22



Prices

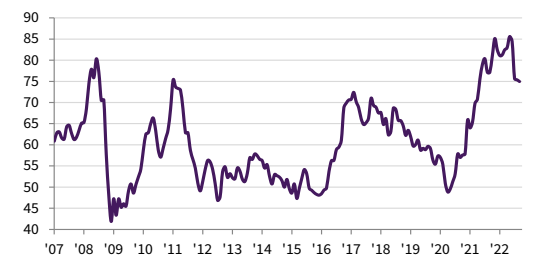
Cost pressures remain elevated despite softening slightly

Firms across Yorkshire & Humber continued to face strong cost pressures during September, reflecting a combination of soaring energy prices, wage pressures and higher charges from suppliers. However, whilst remaining elevated by historical standards, the rate of input price inflation slipped further from May's record high to the lowest since April 2021.

Input Prices Index

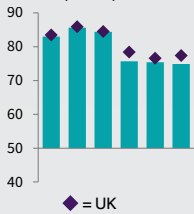
sa, >50 = inflation since previous month

74.9
Sep '22



Input Prices Index

Apr - Sep '22



◆ = UK

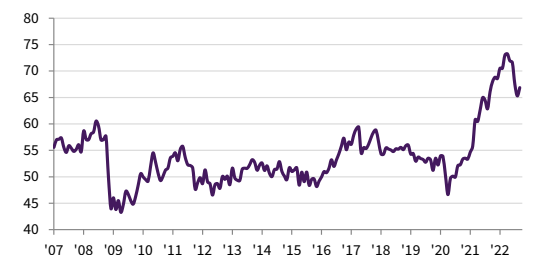
Output price inflation ticks up at end of Q3

With many local businesses looking to pass on higher costs in order to protect profit margins, September saw another steep rise in average prices charged for goods and services across the region. The rate of inflation picked up slightly from August's 12-month low, although it was still below the series-record highs seen earlier in the year.

Prices Charged Index

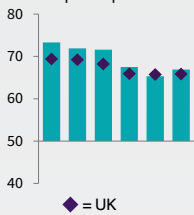
sa, >50 = inflation since previous month

66.9
Sep '22



Prices Charged Index

Apr - Sep '22



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

Yorkshire & Humber specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Sep' 22 ⁺
1	Transport & Communication	1.29	45
2	Hotels, Restaurants & Catering	1.12	45
3	Personal & Community Services	1.07	45
4	Business-to-business Services	0.99	45
5	Financial Intermediation	0.82	50
6	Computing & IT Services	0.62	55

UK sector focus

Business-to-Business Services

The UK's large Business-to-Business Services sector suffered a downturn in activity in the three months to September, latest PMI data showed. Output levels fell, albeit only slightly, for the first time since the third national lockdown at the start of 2021.

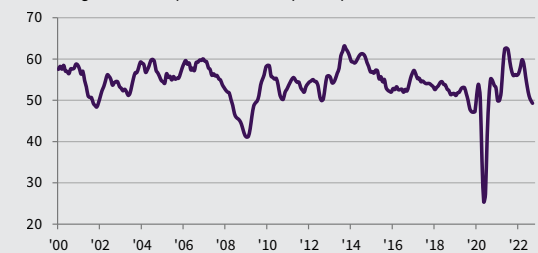
High inflation and waning confidence among customers acted as headwinds to growth, according to surveyed businesses. With rising interest rates forecast to further dampen demand, firms' expectations towards future activity fell to the lowest for almost two-and-a-half years.

Employment continued to rise across the sector. However, whilst still solid by historical standards, the pace of job creation slowed to the weakest since early-2021.

On the price front, rates of both input cost and output charge inflation remained elevated but maintained a steady decline from their recent record highs in Q2.

Output Index

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



⁺3-month moving average



UK Regional PMI overview

Business Activity

Nine of the 12 monitored regions recorded lower levels of business activity in September. The fastest rates of contraction were seen in Northern Ireland* and the South West. London was the best-performing region, despite seeing growth slow to a 20-month low, ahead of Yorkshire & Humber. Business activity in the South East was unchanged on the month, after having fallen slightly in August.

Employment

Although employment rose in most regions in September, rates of job creation slowed in the majority of cases. This included the East of England, which nevertheless topped the rankings ahead of the South East. Workforce numbers fell in the North East for the fourth month running, whilst the South West recorded its first decline since February 2021.

Future Activity

Business confidence towards future output fell across three-quarters of the surveyed regions in September. Yorkshire & Humber recorded the strongest optimism, despite seeing the greatest reduction in expectations from the previous month. Business sentiment was generally positive, with the exception of Northern Ireland and the North East.

Business Activity Index

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



Employment Index

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



Future Activity Index

>50 = growth expected over next 12 months, Sep '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
Apr '22	58.2	54.1	54.7	74.8	57.6	51.6	83.0	73.3
May '22	52.1	51.3	53.6	78.9	56.8	52.0	85.6	71.9
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

Contact

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

Phil Smith
Economics Associate Director
S&P Global Market Intelligence
+44 1491 461 009
phil.smith@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
+44 7967 447 030
sabrina.mayeen@spglobal.com

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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.

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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.

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