



NatWest UK Regional PMI[®]

April sees another near-universal increase in business activity across the UK

UK Regional PMI

Business Activity Index
sa, >50 = growth since previous month, Apr '24



Key findings

Almost all nations and regions record higher output in April

Employment trends remain mixed

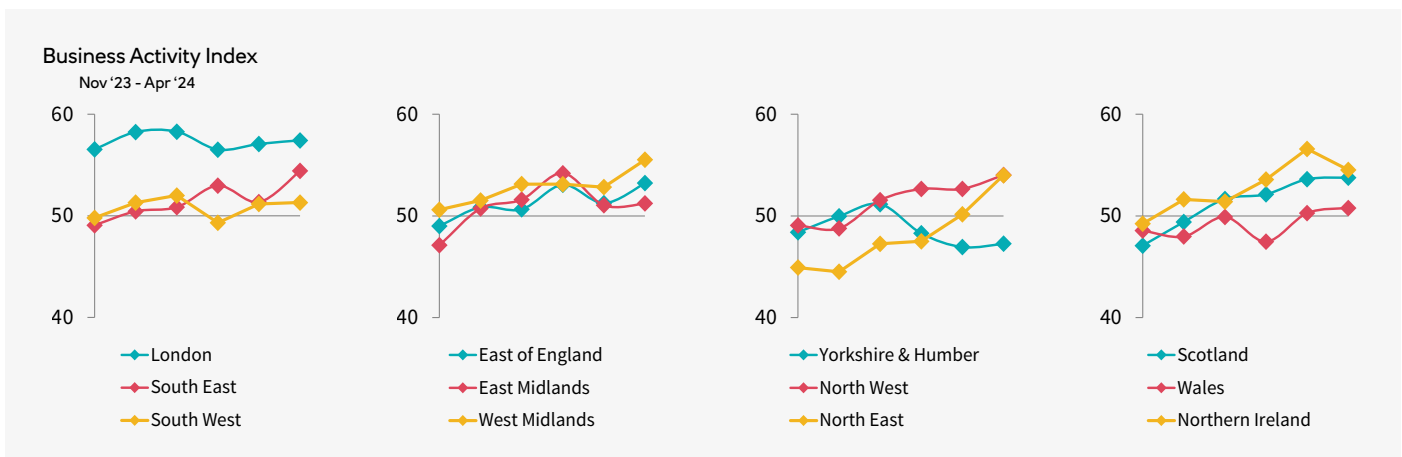
Business cost increase sharply, driven by wage rise

Business activity continued to rise across almost all UK nations and regions during April, latest Regional PMI[®] survey data from NatWest showed. Just half of areas saw an increase in employment, however, with businesses facing a sharp, wage-led rise in costs.

The PMI Business Activity Index is the first fact-based indicator of regional economic health published each month, tracking the monthly change in the output of goods and services across the private sector. A reading above 50 signals growth, and the further above the 50 level the faster the expansion signalled.

Nearly all nations and regions recorded a rise in business activity for the second month running in April. London (index at 57.4) continued to lead growth, recording its steepest rise in output for three months, ahead of the West Midlands (55.5) and Northern Ireland* (54.5). As was the case in March, only Yorkshire & Humber (47.3) saw activity decline, albeit with the rate of contraction there easing from the month before.

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



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About the UK Regional PMI® report

The NatWest UK Regional PMI® data are compiled by S&P Global from responses to questionnaires sent to companies that participate in S&P Global's UK PMI surveys. S&P Global compiles data for nine English regions, Scotland, Wales and Northern Ireland (NUTS 1 definitions).

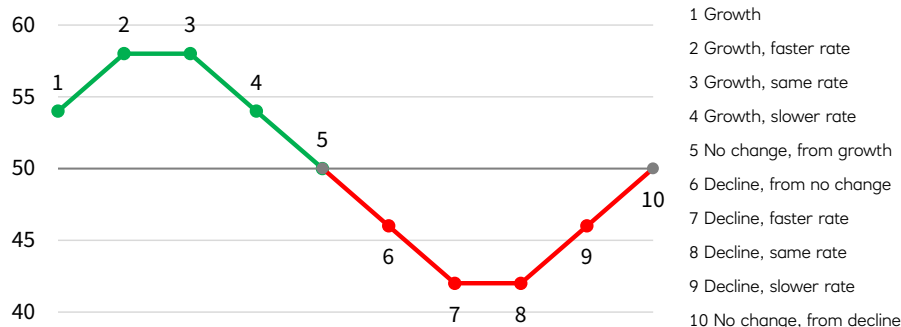
Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. 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 for each region 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 Business Activity Index is comparable to the UK Composite Output Index. It is sometimes referred to as the 'PMI', but is not comparable with the headline UK Manufacturing PMI figure.

Index interpretation

50.0 = no change since previous month



Comment

Sebastian Burnside, Royal Bank of Scotland Chief Economist, commented:

"Most areas of the UK are enjoying a revival in business activity, with growth even accelerating in most cases in April.

"Yorkshire & Humber is the one area where we are yet to see the economy kick into gear, though the region's firms are optimistic about their prospects for the coming year, as is the case across the UK.

"Whilst there are generally positive signs for activity and demand, hiring remains somewhat lacklustre. Just

half of the 12 nations and regions monitored by the survey saw employment rise at the start of the second quarter, which equated to broadly no change at the UK level.

"Businesses appear to be taking a more cautious approach to hiring, at a time when costs are continuing to rise relatively sharply, not least due to staff pay increases. April's near-10% jump in the National Living Wage, and the expansion of its coverage, has lifted rates of business cost inflation once again. Slower increases in prices charged for goods and services in April will be music to the ears of policymakers, but they

will be keeping their eyes firmly on these numbers going forward should the economy continue to pick up speed."

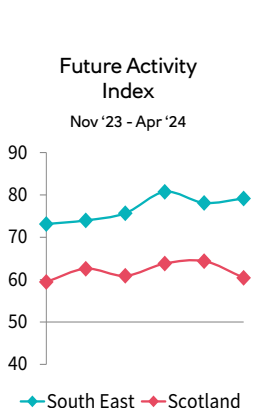
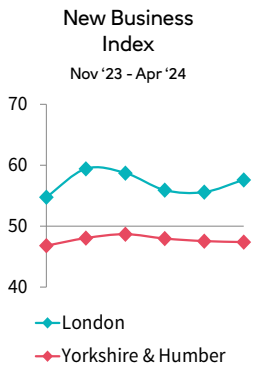
Demand and outlook

London tops rankings for new order growth

Ten of the 12 monitored UK nations and regions saw a rise in inflows of new business in April, indicative of improved underlying demand. London overtook Northern Ireland at the top of the rankings having recorded its strongest increase in new orders for three months. Decreases were meanwhile seen in Yorkshire & Humber and the East of England.

Business expectations remain elevated despite softening

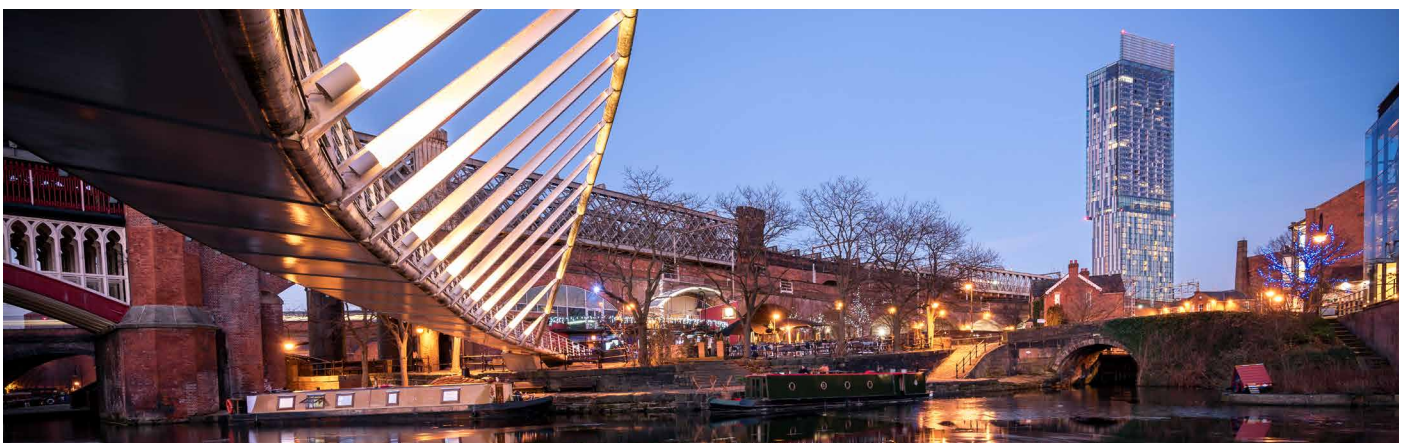
Business confidence towards growth prospects in the coming year eased in the majority of nations and regions in April, although expectations were still stronger than their respective long-run averages in most cases. Optimism was highest in the South East, followed closely by the West Midlands, and lowest in Scotland.



New Business Index
sa, >50 = growth since previous month, Apr '24



Future Activity Index
>50 = growth expected over next 12 months, Apr '24



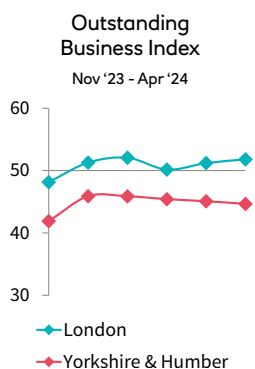
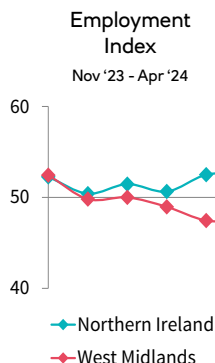
Business capacity

Employment rises in half of regions and nations

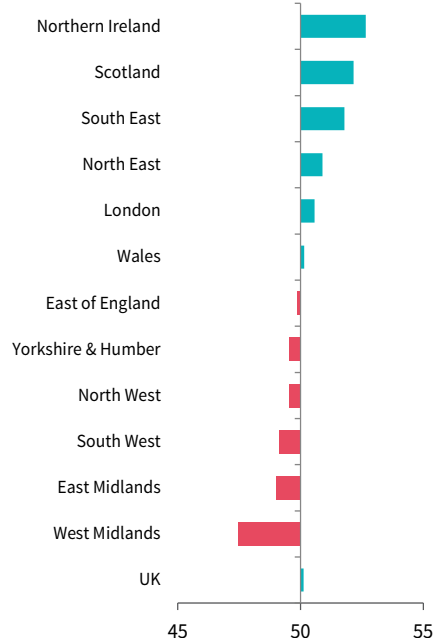
Once again, there were mixed trends on the employment front in April. Northern Ireland topped the rankings for job creation for the second successive month, with Scotland also seeing a solid rise in workforce numbers. However, decreases were recorded in half of the monitored areas, the steepest of which was registered in the West Midlands.

Northern Ireland sees renewed rise in backlogs

Backlogs of work continued rising in London during April, the fifth month in a row in which this has been the case. They also increased in Northern Ireland for the first time in a year. In all other areas, there was a lack pressure on business capacity as outstanding business fell once again. The most marked decline was recorded in Yorkshire & Humber.



Employment Index
sa, >50 = growth since previous month, Apr '24



Outstanding Business Index
sa, >50 = growth since previous month, Apr '24



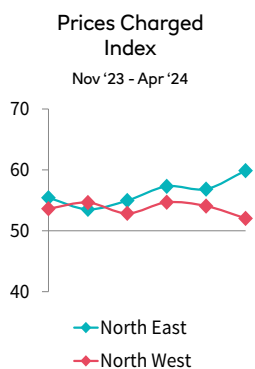
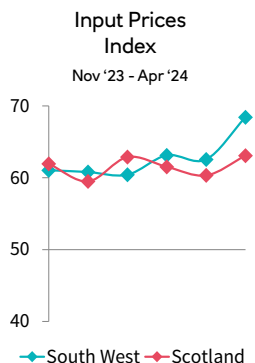
Prices

Broad-based increase in input cost inflation

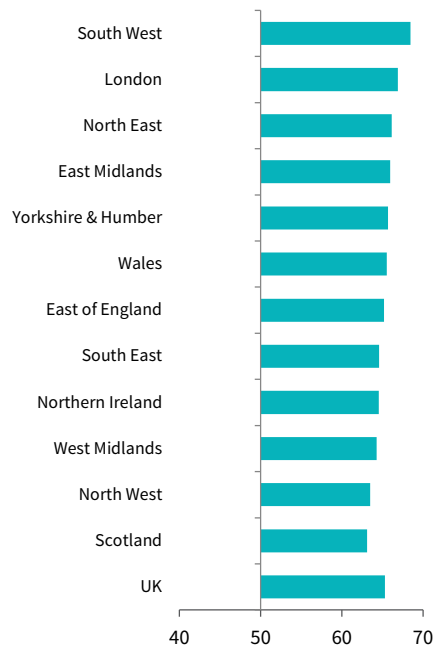
April saw a universal increase in cost inflation across the UK as many businesses faced a rise in staff pay. In all areas, input prices rose at rates well above their respective long-run averages. Firms in the South West recorded the strongest increase in operating expenses, followed by those in London. The least marked rise was in Scotland.

Prices charged rise more slowly in most areas

The fastest rise in output prices in April was recorded in the North East, where the rate of inflation hit an 11-month high. Scotland likewise saw a sharp and accelerated increase in prices charged. That said, most other areas recorded slower rates of output price inflation, including the lowest-ranked region, the North West.



Input Prices Index
sa, >50 = inflation since previous month, Apr '24



Prices Charged Index
sa, >50 = inflation since previous month, Apr '24



Index summary

UK regions

sa, 50 = no change over previous month / *50 = no change over next 12 months, Apr '24

	Business Activity	New Business	Future Activity*	Employment	Outstanding Business	Input Prices	Prices Charged
London	57.4	57.6	71.9	50.6	51.8	66.9	57.8
South East	54.4	52.6	79.2	51.8	47.2	64.6	56.6
South West	51.3	53.9	70.1	49.1	48.7	68.4	54.6
East of England	53.2	49.8	73.3	49.9	46.0	65.2	55.7
East Midlands	51.2	52.2	67.9	49.0	47.0	65.9	54.9
West Midlands	55.5	53.0	78.7	47.5	48.0	64.3	56.3
Yorkshire & Humber	47.3	47.4	72.3	49.5	44.7	65.7	53.8
North West	54.0	53.3	71.8	49.5	45.9	63.5	52.0
North East	54.0	53.3	63.9	50.9	46.0	66.1	59.9
Scotland	53.8	51.0	60.4	52.2	48.8	63.1	58.4
Wales	50.8	52.0	70.1	50.1	45.6	65.5	55.8
Northern Ireland	54.5	55.2	66.8	52.7	51.2	64.5	54.3

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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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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.

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