



# NatWest UK Regional PMI®

## Slowdown in UK growth in November led by downturn in London business activity

### Key Findings

East Midlands leads regional output growth for second month running

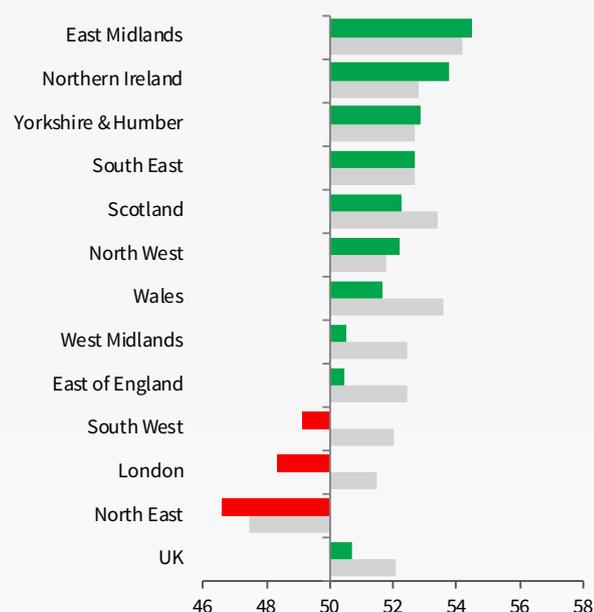
London and South West record decreases in output for first time in over two years

North West tops rankings for job creation, ahead of Wales

### UK Regional PMI Overview

#### Output Index by region

sa, >50 = growth since previous month, Nov-18 ■ (Oct-18 ■)



The latest NatWest Regional PMI® showed markedly different trends in performance across areas of the UK private sector midway through the fourth quarter, with downturns in activity in London, the North East and South West contributing to a slowdown in overall UK growth. A particular bright spot was the East Midlands, which registered the strongest output growth for the second month running.

The East Midlands Business Activity Index read 54.5 in November, ahead of those for Northern Ireland (53.7) and Yorkshire & Humber (52.9). The Index measures changes in the combined output of the region's manufacturing and service sectors, and any reading above 50.0 signifies growth from the previous month. In all three cases, growth was slightly faster than in October. The North West (52.2) was the only other region that enjoyed a quicker pace of expansion, with an unchanged rate of growth seen in the South East (52.7).

Scotland (52.2) and Wales (51.7), two of the best performers in October, each saw a notable loss of growth momentum, as was also the case for both the West Midlands and East of England (both 50.5).

Three regions saw a decrease in activity in November. The North East (46.6) – which saw output fall for the third month running and at a quicker pace – was joined in contraction by London (48.3) and the South West (49.1). In both cases, it was the first fall in output since July 2016 – the month immediately after the EU referendum.

### Demand

Accordingly, it was businesses in the East Midlands that recorded the strongest rise in demand for goods and services in November, with the region seeing new order growth accelerate to the fastest since August. Although the North East saw the steepest overall drop in order books, perhaps more significant was a decrease in demand in London, the first in the capital since the aftermath of the Brexit vote.

### Capacity

All regions recorded a drop in outstanding business in November, the most notable being the North East and Scotland. However, despite signs of capacity pressures easing, there was an increase in employment across 11 of the 12 monitored regions, led by a solid pace of job creation in the North West. The only decrease in employment was in the North East.

### Prices

Northern Ireland again saw the steepest monthly rise in prices charged for goods and services, despite the rate of inflation having eased since October, followed by Yorkshire & Humber and the North East. The latter meanwhile saw the most intense upward pressure on business costs.

### Outlook

Firms operating in Yorkshire & Humber maintained the strongest optimism towards future output. However, as was the case in eight of the nine English regions and Wales, confidence eased since October.

## Demand and Outlook

### New Business Index

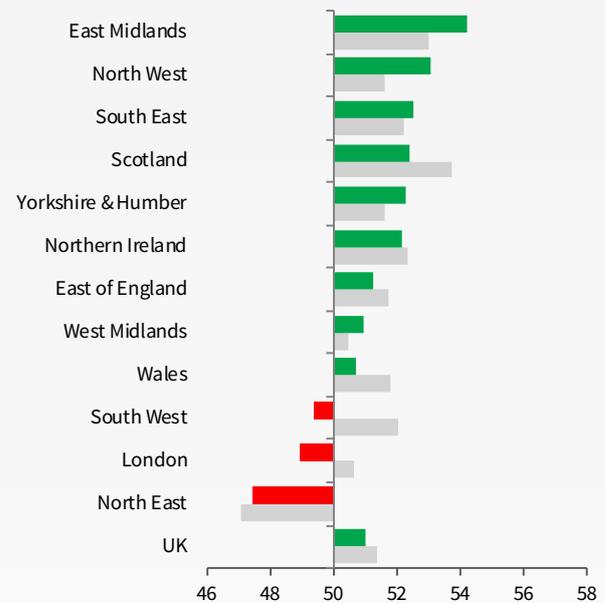
There were contrasting trends across UK regions in terms of new business. While the top four ranked regions for new order growth – the East Midlands, North West, South East and Yorkshire & Humber – all saw faster rises, the remainder (excepting the West Midlands) recorded either slower growth or outright falls in new orders. For London and the South West, the decreases were the first since July 2016.

**New Business Index**  
sa, >50 = growth since previous month



**New Business Index by region**

sa, >50 = growth since previous month, Nov-18 ■ (Oct-18 ■■)

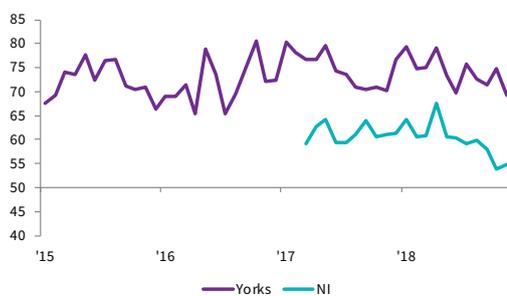


### Future Output Index

Firms in Yorkshire & Humber maintained the highest optimism towards future output, despite business confidence in the region having softened to a 28-month low. Sentiment in fact moderated across most regions. One of the exceptions was Northern Ireland where, despite expectations having rebounded from October's recent low, the degree of optimism was still the weakest overall.

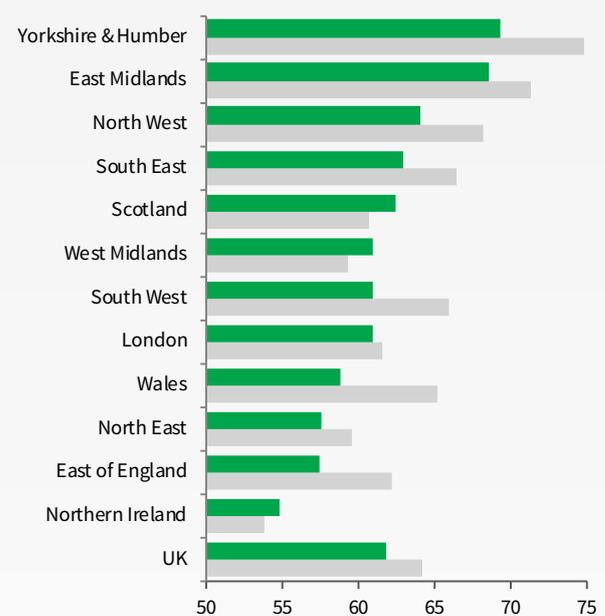
**Future Output Index**

>50 = growth expected over next 12 months



**Future Output Index by region**

>50 = growth expected over next 12 months, Nov-18 ■ (Oct-18 ■■)



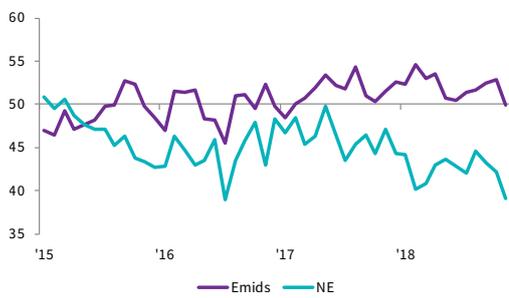
# Capacity

## Outstanding Business Index

Latest data showed decreases in outstanding business across all monitored regions. Companies in the North East recorded the steepest reduction, as has been the case in each month throughout the past one-and-a-half years, followed by those in Scotland. The fall in the East Midlands was negligible, though it nevertheless ended a record run of growth in backlogs in the region that began in February 2017.

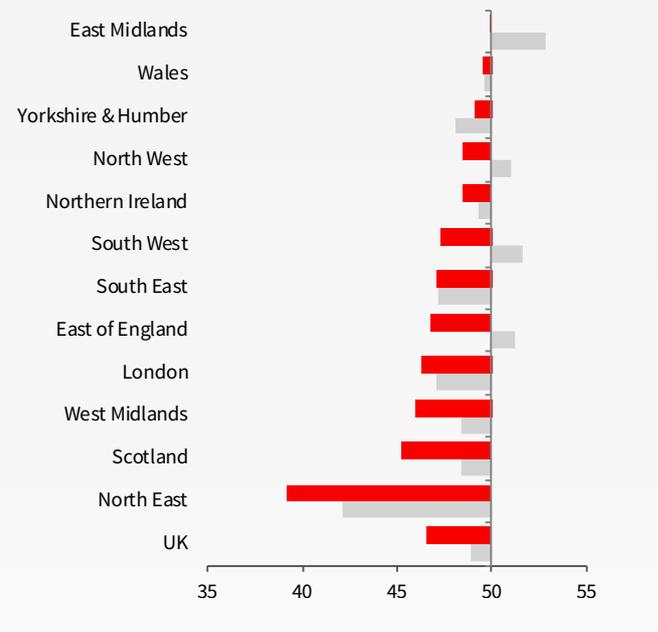
Outstanding Business Index

sa, >50 = growth since previous month



Outstanding Business Index by region

sa, >50 = growth since previous month, Nov-18 (Oct-18 ■)

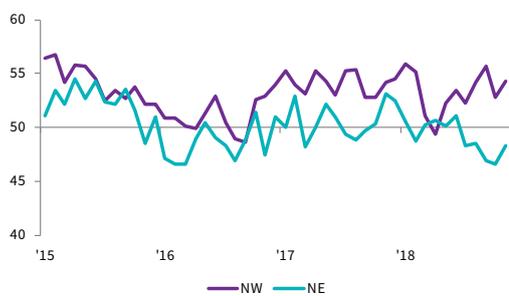


## Employment Index

The North West was the top performing region for employment growth in November, having seen job creation re-accelerate to the second-quickest since February. Wales, which was ranked second overall, also enjoyed a pick-up in the pace of hiring, to the quickest in over a year. The North East saw the only decrease in private sector employment, though the rate of decline was the slowest since August.

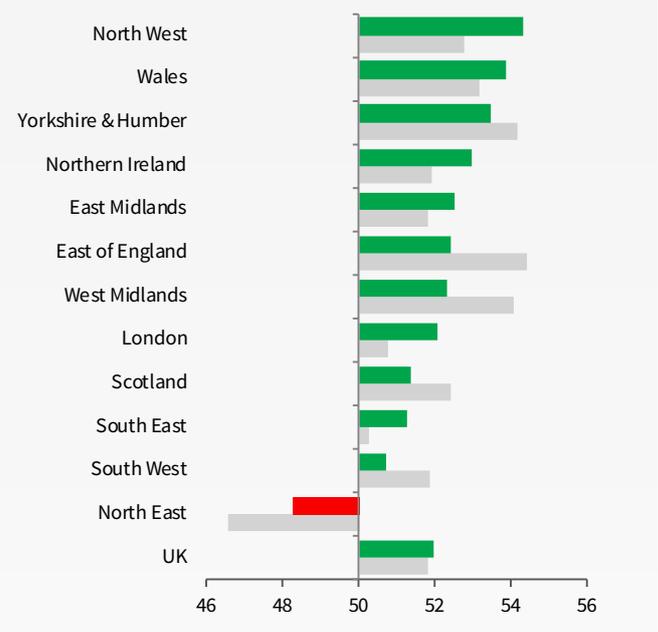
Employment Index

sa, >50 = growth since previous month



Employment Index by region

sa, >50 = growth since previous month, Nov-18 (Oct-18 ■)



# Prices

## Input Prices Index

The rate of input price inflation slowed in all 12 monitored regions in November. Nevertheless, cost pressures generally remained elevated by historical standards, with businesses operating in the North East seeing the steepest monthly increase for the third time in as many months. At the other end of the scale, Welsh businesses recorded the least marked rise in costs, with the rate of input price inflation at a 28-month low.

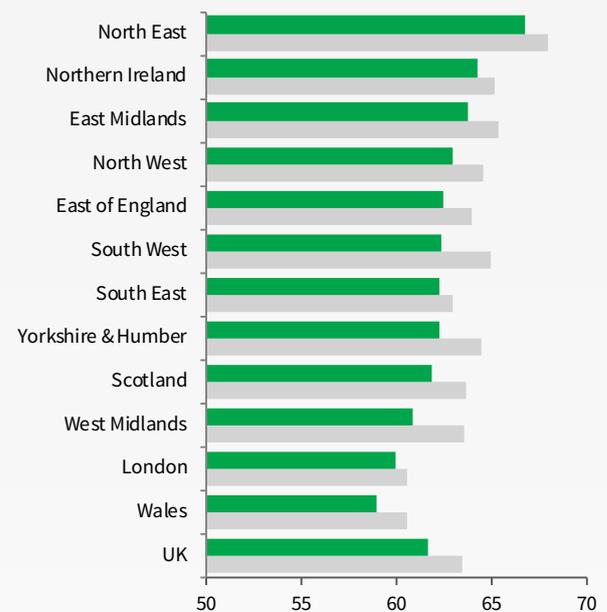
Input Prices Index

sa, >50 = inflation since previous month



Input Prices Index by region

sa, >50 = inflation since previous month, Nov-18 (Oct-18)



## Prices Charged Index

November saw a broad-based increase in prices charged for goods and services, led by a steep (albeit slightly slower) monthly rise in Northern Ireland. There were also sharp increases across Yorkshire & Humber and the North East, where rates of inflation accelerated to the highest for 11 and eight months respectively. London again saw the slowest increase, with firms in the capital raising charges only slightly.

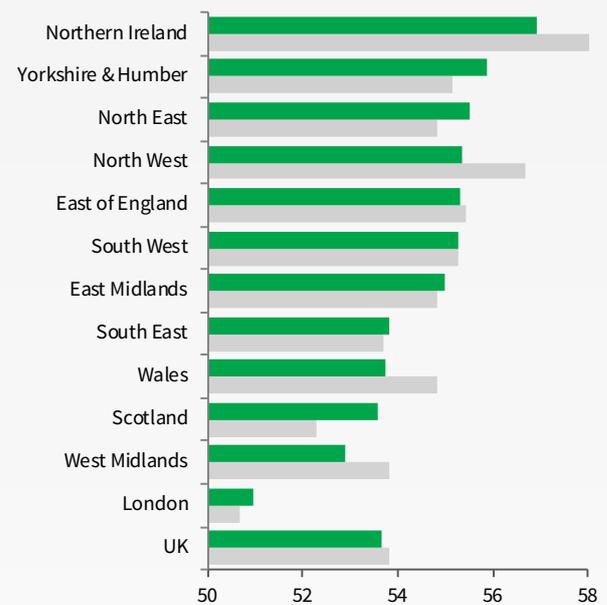
Prices Charged Index

sa, >50 = inflation since previous month



Prices Charged Index by region

sa, >50 = inflation since previous month, Nov-18 (Oct-18)



## Contact

### NatWest

Jonathan Rennie  
Regional PR Manager  
07769 932 102  
jonathan.rennie@rbs.co.uk

### IHS Markit

Phil Smith  
Principal Economist  
+44 1491 461 009  
phil.smith@ihsmarkit.com

Joanna Vickers  
Corporate Communications  
+44 207 260 2234  
joanna.vickers@ihsmarkit.com

### Methodology

The NatWest UK Regional PMI® data are compiled by IHS Markit from responses to questionnaires sent to companies that participate in IHS Markit's UK PMI surveys. IHS Markit 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.

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](mailto:economics@ihsmarkit.com).

### 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. To learn more go to [ihsmarkit.com/products/pmi.html](http://ihsmarkit.com/products/pmi.html).

### About NatWest

NatWest serves customers in England, Wales and Western Europe, supporting them with their personal, private, and business banking needs. NatWest helps customers 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 IHS Markit

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2018 IHS Markit Ltd. All rights reserved.

### Disclaimer

The intellectual property rights to the NatWest UK Regional PMI® provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit 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 IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. NatWest uses the above marks under licence. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.