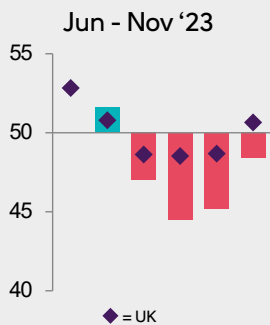




NatWest Yorkshire & Humber PMI[®]

Yorkshire & Humber business activity contracts for fourth month running, but downturn cools

Yorkshire & Humber Business Activity Index



Key findings

Yorkshire & Humber Business Activity rises to four-month high of 48.4

Employment growth returns as confidence towards outlook strengthens

Fastest increases in output prices and input costs since July

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 – signalled a fourth successive month of falling private sector output across the region. However, having risen to 48.4 in November, from 45.2 in October, the headline index pointed to a contraction in activity that was modest and the weakest seen over the current sequence of decline. According to panel members, subdued demand conditions led output volumes to shrink, with the recent completion of projects and low client confidence reportedly restricting sales growth.

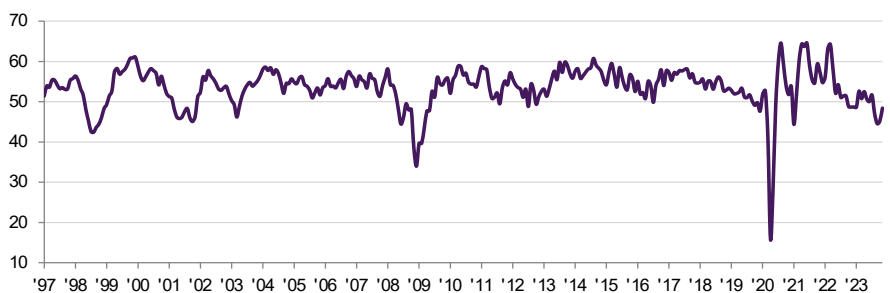
Malcolm Buchanan, Chair of the NatWest North Regional Board, commented:

"The direction of travel was positive in November – the downturn in business activity once again lost momentum. However, Yorkshire & Humber continues to lag behind the UK as a whole, which moved back into growth territory for the first time since the summer."

"Disappointment on the output and demand front is being offset by positive movements in other areas, as businesses grew more optimistic towards the outlook for the next 12 months. Subsequently, we saw firms step back into hiring mode, as employment rose for the first time since August. It seems that companies do not expect the current weak patch to persist for long in 2024."

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

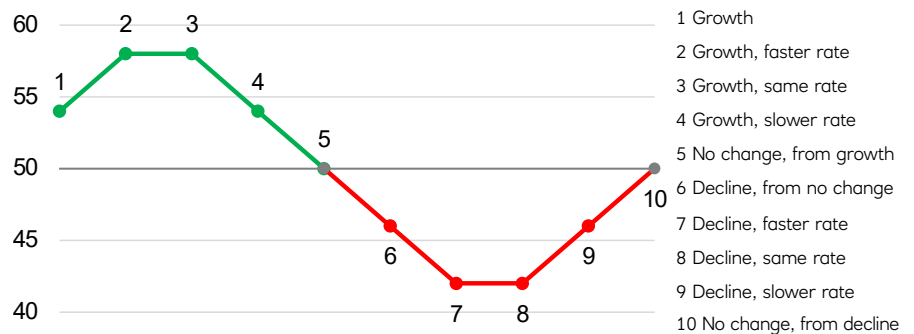
Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The Yorkshire & Humber Business Activity Index is comparable to the UK Composite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

Index interpretation

50.0 = no change since previous month



Demand and outlook

Downturn in new business slows in November

The seasonally adjusted New Business Index remained in sub-50.0 contraction territory in November, but rose to a four-month high, signalling a slower deterioration in demand for Yorkshire & Humber goods and services. Panellists commented on subdued market conditions, in part due to weaker client confidence.

As has been the case throughout 2023 to date, the trend in new business in Yorkshire & Humber was weaker than seen for the UK overall.

Business confidence strengthens

Private sector businesses across Yorkshire & Humber remained strongly optimistic towards the 12-month outlook for activity in November. Furthermore, the level of positive sentiment strengthened and was above the UK-wide average.

Expectations of greater new orders underpinned growth forecasts, in addition to new product launches and marketing initiatives.

Exports

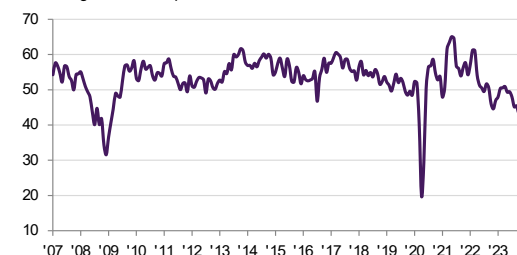
Export climate continues to deteriorate in November

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.

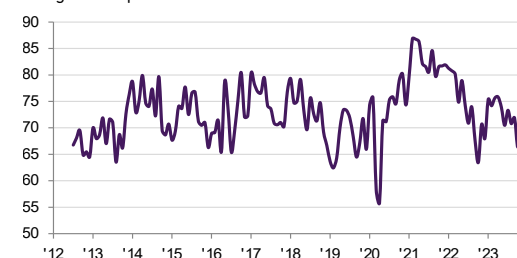
A reading of 49.0 in the Yorkshire & Humber Export Climate Index for November signalled yet another month of worsening conditions faced by exporters. This was up from 47.9 in October and marked a fourth consecutive deterioration.

European trading partners presented the strongest drag in November, with France, Germany and the Netherlands all registering contractions in business activity.

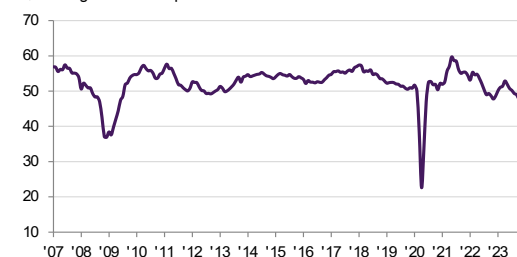
New Business Index
sa, >50 = growth since previous month
46.8
Nov '23



Future Activity Index
>50 = growth expected over next 12 months
71.7
Nov '23



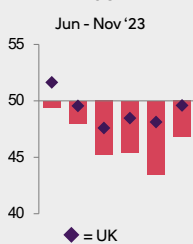
Export Climate Index
sa, >50 = growth since previous month
49.0
Nov '23



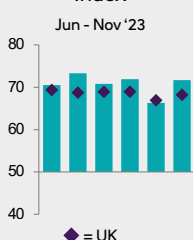
Top export markets, Yorkshire & Humber

Rank	Market	Weight	Output Index, Nov '23
1	USA	18.1%	50.7
2	Netherlands	14.7%	45.5
3	Germany	9.8%	47.8
4	Ireland	7.9%	52.3
5	France	7.3%	44.6

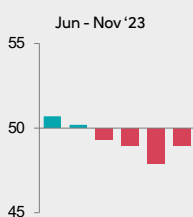
New Business Index
Jun - Nov '23



Future Activity Index
Jun - Nov '23



Export Climate Index
Jun - Nov '23



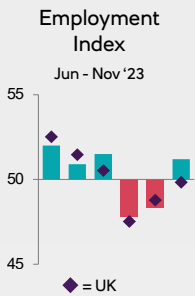
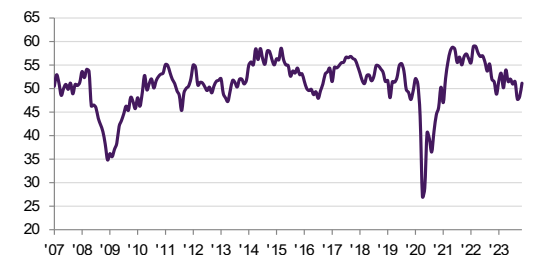
Business capacity

Job creation returns after two months of falling employment

The seasonally adjusted Employment Index moved back into expansion territory during November, posting above the 50.0 mark for the first time since August to signal renewed job creation across Yorkshire & Humber.

Increased workforce numbers locally contrasted with a fractional drop at the national level. Additional staff were recruited in line with business requirements, anecdotal evidence showed.

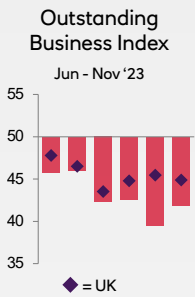
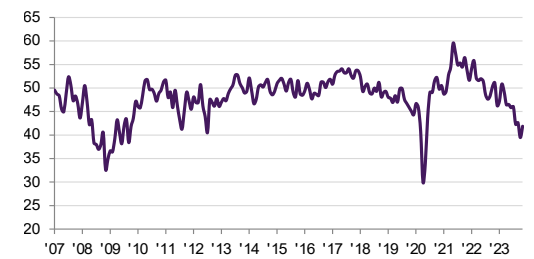
Employment Index 51.2
 sa, >50 = growth since previous month Nov '23



Backlogs of work continue to decline rapidly

Companies in Yorkshire & Humber reported a further reduction in the amount of work pending completion midway through the fourth quarter. The decrease in outstanding business was sharp, despite easing from October's near three-and-a-half-year record, and among the fastest seen of all 12 monitored parts of the UK.

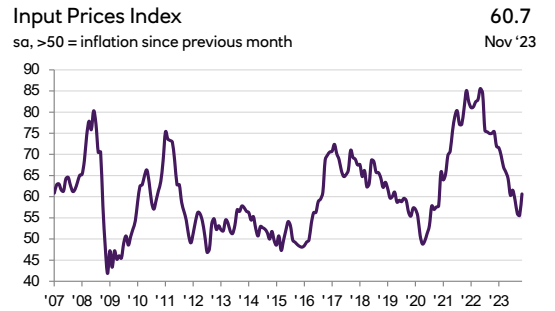
Outstanding Business Index 41.9
 sa, >50 = growth since previous month Nov '23



Prices

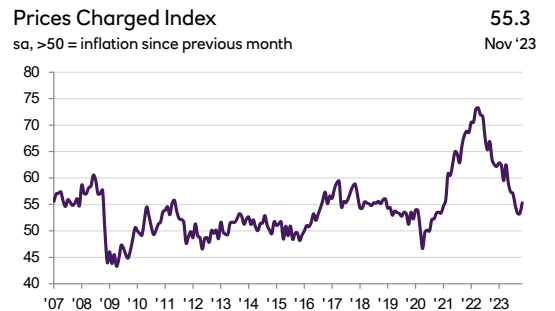
Input cost inflation ticks up to four-month high

Yorkshire & Humber firms' operating expenses rose at a sharp and accelerated pace during November. According to respondents, greater insurance fees, wage pressures and supplier price increases led to steeper cost rises. The rate of inflation was the quickest in four months and broadly in line with that seen for the UK overall.

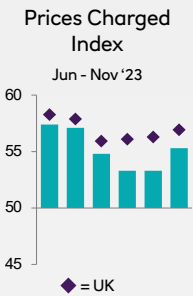
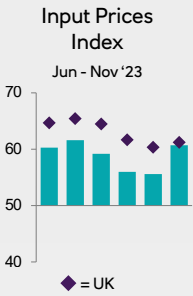


Cost pressures passed on to clients as prices charged rise

Private sector businesses in Yorkshire & Humber raised their prices charged once again in November, reflecting firms' efforts to protect margins due to further increases in costs. The extent to which selling prices were raised was strong and the greatest since July.



That said, the local rate of inflation was among the weakest seen across the monitored parts of the UK, with only Wales, the North West and Northern Ireland posting slower rises.



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 23 ⁺
1	Other Manufacturing	1.54	48
2	Basic Metals	1.46	46
3	Textiles & Clothing	1.32	52
4	Food & Drink	1.22	55
5	Chemicals & Plastics	1.09	48
6	Timber & Paper	1.08	42
7	Mechanical Engineering	0.97	48
8	Electrical & Optical	0.50	45
9	Transport	0.26	50

Yorkshire & Humber specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Nov 23 ⁺
1	Transport & Communication	1.29	48
2	Hotels, Restaurants & Catering	1.12	52
3	Personal & Community Services	1.07	48
4	Business-to-business Services	0.99	48
5	Financial Intermediation	0.82	52
6	Computing & IT Services	0.62	55



UK sector focus

Computing & IT Services

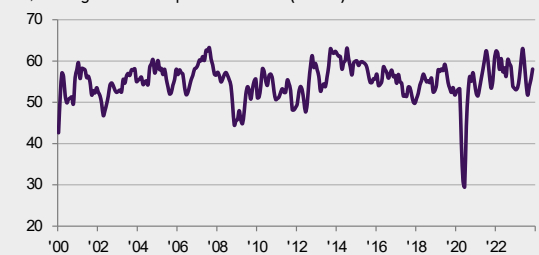
Computing & IT Services was one of the UK economy's brightest spots in the three months to November. The sector, which has generally seen robust growth in the post-pandemic years, recorded a sharp and accelerated rise in output that was second only to that recorded by Food & Drink manufacturers.

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

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 '23	50.0	49.4	50.7	70.5	52.0	45.8	60.3	57.4
Jul '23	51.6	48.0	50.2	73.3	50.9	46.0	61.6	57.1
Aug '23	47.0	45.2	49.3	70.8	51.5	42.3	59.2	54.8
Sep '23	44.5	45.4	49.0	71.9	47.8	42.6	56.0	53.3
Oct '23	45.2	43.5	47.9	66.3	48.3	39.5	55.6	53.3
Nov '23	48.4	46.8	49.0	71.7	51.2	41.9	60.7	55.3

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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.

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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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