

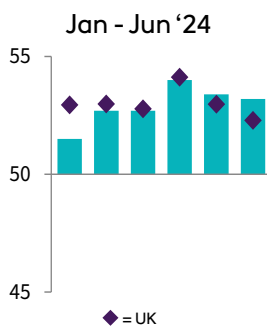


NatWest

NatWest North West Growth Tracker

Solid business activity growth maintained across the North West in June

North West Business Activity Index



Key findings

Output of goods and services rises for sixth straight month

Stronger demand drives further increase in employment

Firms raise output prices at quickest rate for a year

According to the NatWest North West Growth Tracker, business activity continued to rise at a solid rate across the region's private sector in June. Driving the upturn was stronger demand for goods and services, which in turn led to a further increase in employment. Inflationary pressures also picked up as average prices charged by local businesses rose at the fastest rate for a year.

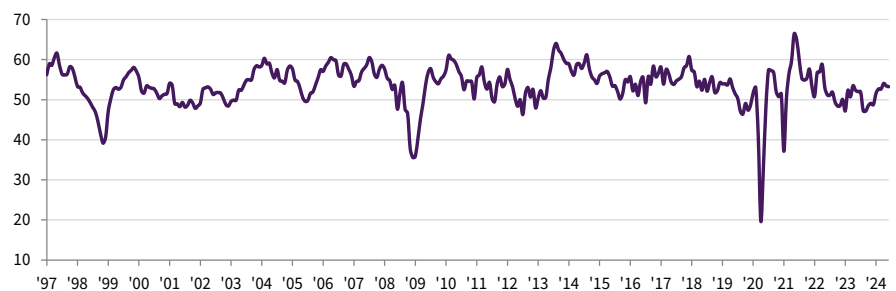
The headline North West Business Activity Index – a seasonally adjusted index that measures the month-on-month change in the combined output of the region's manufacturing and service sectors – registered 53.2 in June. This was down only fractionally from 53.4 in May and still comfortably above the 50.0 threshold that separates growth from contraction. The rise in business activity, which was linked by surveyed companies to improved underlying demand, was stronger than the UK average (52.3).

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

"The NatWest Growth Tracker points to another solid performance by the North West in June, with business activity once again rising solidly due to growing demand for the region's goods and services. Firms remain optimistic about the prospect of activity rising further in the year ahead and are positioning themselves for future growth by increasing employment. There are signs that the upturn in demand has given firms greater confidence around pricing strategies, with average charges for goods and services rising at the quickest rate for a year in June."

North West Business Activity Index

sa, >50 = growth since previous month



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About the North West Growth Tracker report

The NatWest North West Growth Tracker is compiled by S&P Global from responses to questionnaires sent to North West 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

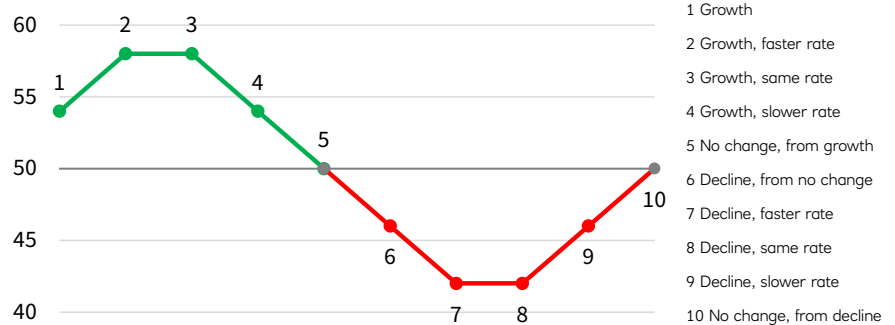
calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The North West Business Activity Index is comparable to the UK Composite Output Index.

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 survey methodology, please contact economics@spglobal.com.

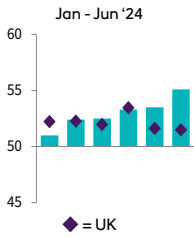
Index interpretation

50.0 = no change since previous month



Demand and outlook

New Business Index



Fastest rise in new business since April 2022

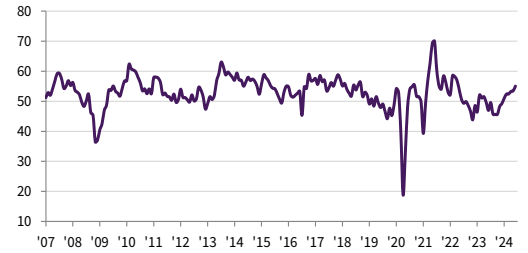
In a sign of improving demand across the North West private sector, firms in the regions reported a sixth successive monthly rise in the inflow of new business in June. The rate of growth was the fastest recorded since April 2022 and the third-strongest among the 12 nations and regions recorded by the survey. Although new work increased in both manufacturing and services, the latter was the main driver.

New Business Index

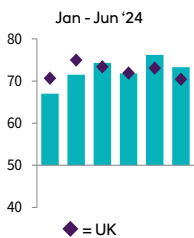
>50 = growth since previous month

55.1

Jun '24



Future Activity Index



Business expectations remain elevated despite easing

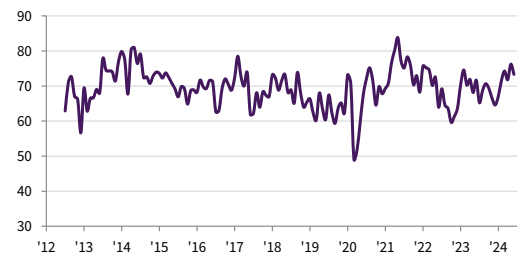
Firms operating in the North West remained strongly confident about the prospect of business activity rising in the next 12 months. The degree of optimism slipped back from May's 33-month high, but it was still above the long-run trend level and stronger than the national average. Those that were predicting growth remarked on plans for new products, greater marketing and general business expansion.

Future Activity Index

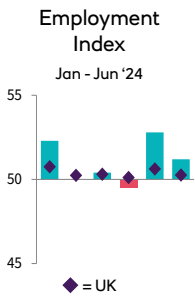
>50 = growth expected over next 12 months

73.3

Jun '24

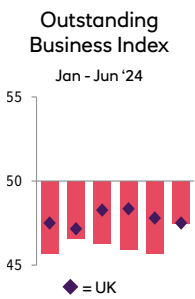


Business capacity



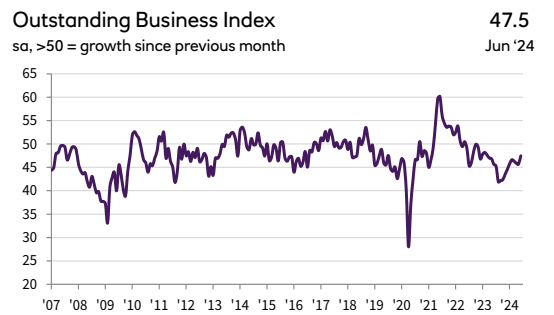
Employment rises at a more modest pace

Firms in the North West continued to take on additional staff during June, citing greater workloads and forecasts for higher activity in the coming months. After having shown the strongest increase since August 2022 in the previous month, employment rose at a more modest pace in the final month of the quarter, albeit one that still exceeded the national average. Growth in workforce numbers in the region's service sector offset manufacturing job cuts.

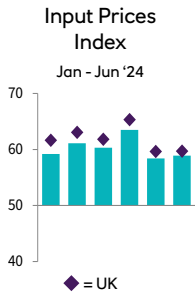


Decline in backlogs of work eases

Though businesses continued to run down their backlogs of work during June, helped by greater staffing capacity, they did so at a slower rate. The pace of depletion in fact eased sharply from the previous month and was the weakest recorded since March 2023, reflecting a pick-up in the amount of incoming new business.

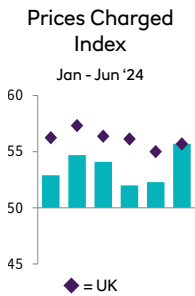
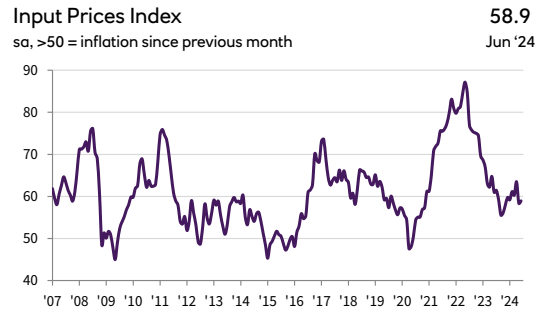


Prices



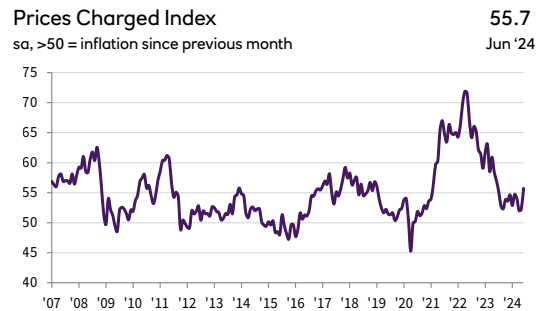
Costs rise at a rate little-changed from May

In June, business costs rose at a rate that was little-changed from the month before and in line with the historical series average. The increase was slightly slower than that seen UK wide. Reports from surveyed firms suggested a range of sources of cost inflation, including raw materials, IT equipment, transportation and wages. Underlying data showed that the rate of input price inflation in the services sector outpaced that seen in manufacturing.



Output price inflation ticks up notably

Average prices charged for goods and services rose at a much quicker rate in June. The speed of output price inflation had been among the lowest for three-and-half years (and the weakest of all the 12 nations and regions monitored) in the previous two months, but latest data showed it revive to a 12-month high.



UK Sectors

Sector specialisation: North West

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

North West specialisation: Manufacturing

Rank	Sector	LQ	UK Output Index, Jun '24*
1	Chemicals & Plastics	1.66	55
2	Transport	1.27	52
3	Textiles & Clothing	1.09	51
4	Timber & Paper	0.92	53
5	Food & Drink	0.85	54
6	Basic Metals	0.84	48
7	Other Manufacturing	0.77	52
8	Mechanical Engineering	0.59	51
9	Electrical & Optical	0.55	46

North West specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Jun '24*
1	Transport & Communication	1.19	50
2	Personal & Community Services	1.16	48
3	Hotels, Restaurants & Catering	1.11	46
4	Business-to-business Services	1.00	51
5	Computing & IT Services	0.76	53
6	Financial Intermediation	0.75	55

UK sector focus

Chemicals & Plastics

The UK's Chemicals & Plastics sector enjoyed strong growth of output in the second quarter of the year. Of all the manufacturing categories monitored by PMI data, its performance was second only to Food & Drink.

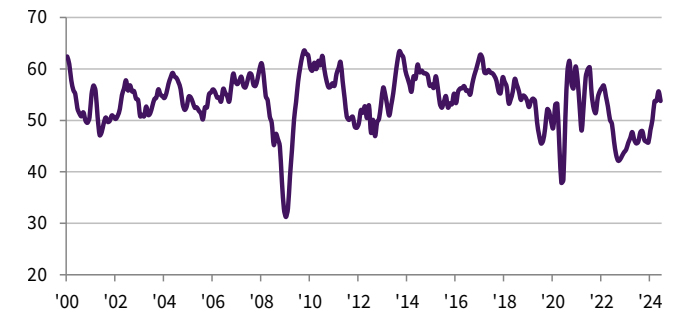
Production has been growing throughout most of this year, following a protracted period of contraction between mid-2022 and the beginning of 2024. The upturn, which underlying data showed was driven primarily by stronger domestic demand, prompted the first – albeit marginal – rise in employment in the sector for two years.

Data showed that firms were optimistic about the chances of output rising further in the coming 12 months, with expectations at their highest in almost three years and comfortably above the long-run average.

Input costs meanwhile rose solidly in the three months to June, with the rate of inflation accelerating to its highest since early 2023. Output prices rose at a more modest pace by comparison.

Output Index

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



* 3-month moving average



UK Regional Growth Tracker overview

Business Activity

The strongest rise in business activity in June was recorded in London, which went against the general trend and saw growth accelerate from the month before. The South West was the only other area where output rose at a faster rate. There were renewed falls in activity in both Yorkshire & Humber and Wales, while the South East's upturn stalled.

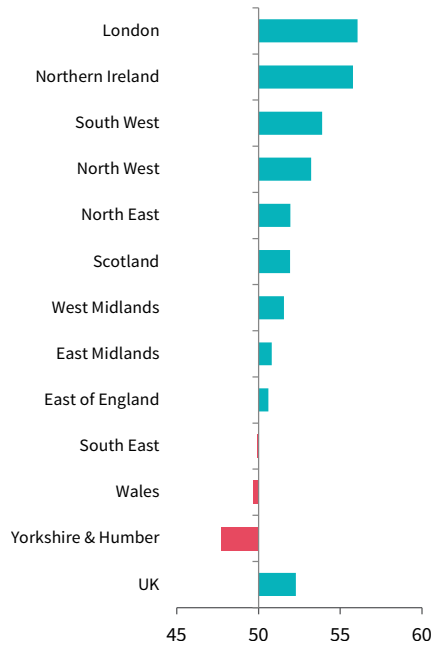
Employment

The majority of nations and regions recorded an increase in employment in June, although rates of job creation were often only modest. The most solid rises in workforce numbers were seen in the South East and North East. Staffing levels fell in just three areas, namely the South West, East Midlands and West Midlands.

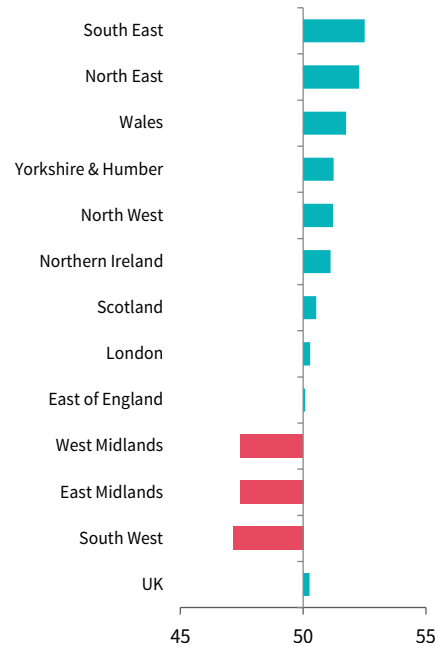
Future Activity

Business expectations towards activity over the coming year remained positive but weakened in most cases in June. Only the South West saw an improvement. For the second time in the past three months, optimism was strongest in the South East. At the other end of the scale, firms in the North East were the least upbeat about the outlook.

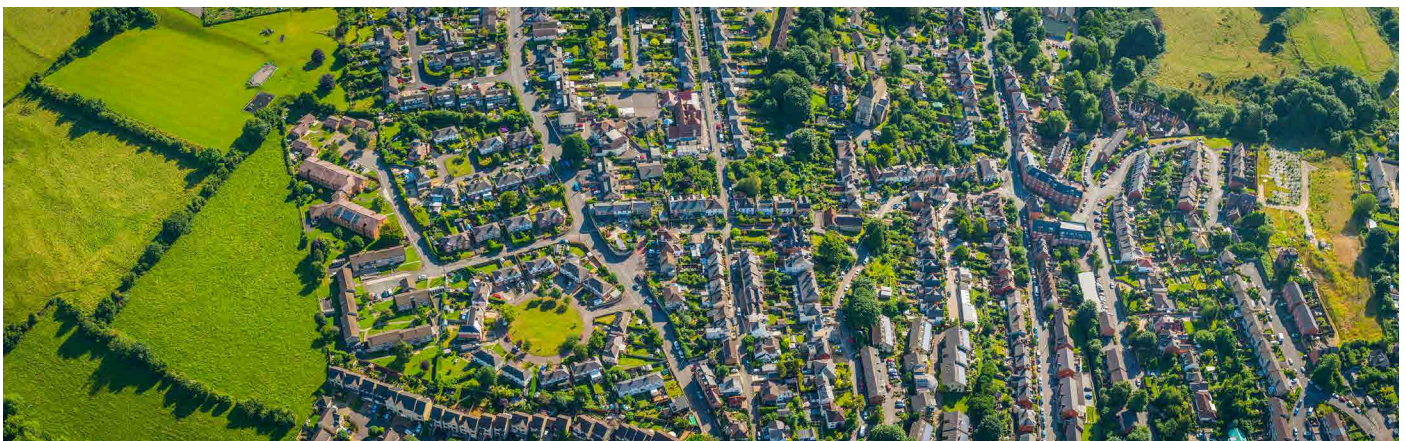
Business Activity Index
sa, >50 = growth since previous month, Jun '24



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



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



Index summary

North West

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
Jan '24	51.5	51.0	50.4	67.0	52.3	45.7	59.2	52.9
Feb '24	52.7	52.4	51.5	71.5	50.0	46.6	61.1	54.7
Mar '24	52.7	52.5	51.7	74.3	50.4	46.3	60.3	54.1
Apr '24	54.0	53.3	52.1	71.8	49.5	45.9	63.5	52.0
May '24	53.4	53.5	53.4	76.2	52.8	45.7	58.4	52.3
Jun '24	53.2	55.1	52.4	73.3	51.2	47.5	58.9	55.7

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