

9 October 2024

# NatWest East Midlands Growth Tracker

## Output growth sustained in September



NatWest

PMI<sup>®</sup>

by S&P Global

9 October 2024

# NatWest East Midlands Growth Tracker

## Contents

Key findings

Business activity

Comment

Demand and outlook

Export markets

Jobs and capacity

Inflation

UK Regional Growth Tracker

UK sectors

Methodology and data

Further information



NatWest

PMI<sup>®</sup>

by **S&P Global**

# Key findings

September 2024

Further modest expansions in output and new orders

Continued cuts to employment, but business confidence elevated

Inflationary pressures strongest of the 12 monitored UK regions and areas

The NatWest East Midlands Growth Tracker provides a timely snapshot of regional economic performance.

The report tracks monthly changes in business activity, demand, employment, backlogs, prices and the year-ahead outlook. The data are compiled from local companies that participate in S&P Global's UK manufacturing and services PMI surveys.

For more reports on 12 UK nations and regions, visit [www.natwest.com/business/insights/economics](http://www.natwest.com/business/insights/economics)





# Output growth sustained in September

Latest Regional Growth Tracker survey data from NatWest showed a further expansion in business activity at East Midlands firms.

At 51.4 in September, the headline NatWest East Midlands Business Activity Index dipped slightly from 51.9 in August. The latest data signalled a further modest rise in output at East Midlands firms, albeit

one that was softer than in the previous survey period.

Where an increase in activity was noted, firms attributed this to a sustained upturn in new business and persistent demand.

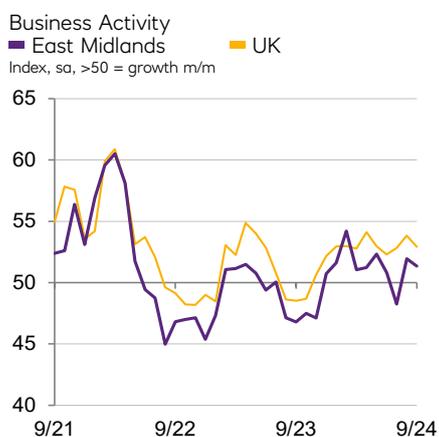
Nonetheless, the pace of growth indicated was slower than the UK average.

NatWest East Midlands Business Activity Index September 2024

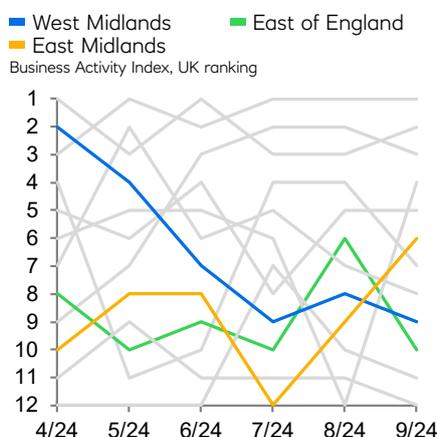
## 51.4

The Business Activity Index is a diffusion index calculated from companies' responses to a question on monthly changes in the volume of business activity. The index varies between 0 and 100 and is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. A reading above 50 indicates an increase compared to the previous month, and below 50 a decrease. The index is seasonally adjusted.

Data compiled 12-26 September



Sources: NatWest, S&P Global PMI. ©2024 S&P Global.



Sources: NatWest, S&P Global PMI. ©2024 S&P Global.



# NatWest

## Comment

**Lisa Phillips, Regional Managing Director, Midlands and East, Commercial Mid Markets, commented:**

"The East Midlands private sector signalled a more promising end to the third quarter than the situation seen in July. Output and new orders continued to increase, with business optimism buoyed by sustained demand.

"Nonetheless, efforts to cut costs led to a further fall in employment. On a slightly brighter note, the pace of

depletion in backlogs of work slowed to only a fractional pace, amid some sign of pressure on capacity emerging which could ease job shedding.

"Although one of the slowest in almost four years, input cost inflation quickened slightly amid higher wages and material prices. In turn, firms raised output charges at the sharpest pace in six months. Moreover, inflationary pressures in the region were the sharpest of the 12 monitored UK regions and areas."

### Business Activity

Index, sa, >50 = growth m/m. Dots = long-run average since 1998.



Sources: NatWest, S&P Global PMI. ©2024 S&P Global.



[Return to contents](#)

© 2024 S&P Global



# Demand and outlook

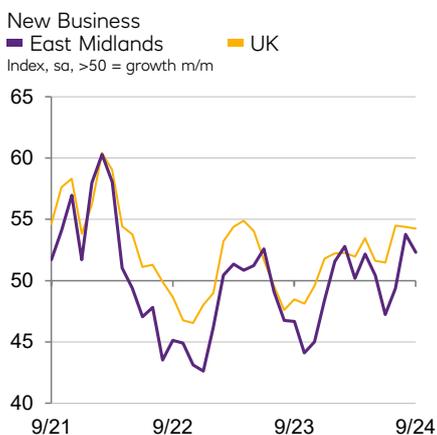
## New business increases further but at a slightly softer pace, with optimism at East Midlands firms remaining upbeat in September

Businesses across the East Midlands recorded a second successive monthly rise in new orders at the end of the third quarter. The pace of growth was moderate and in line with the long-run series trend, despite easing from August's near two-and-a-half year high.

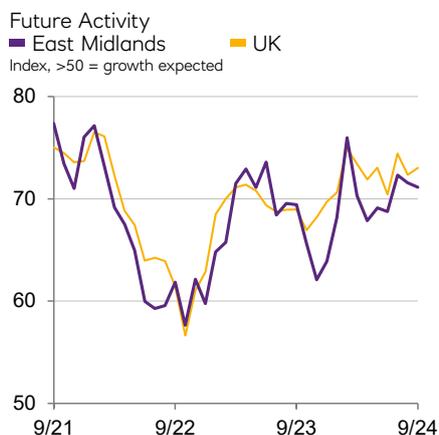
Alongside new client wins, firms stated that greater new business was driven by larger order volumes from existing customers.

Although slipping to the lowest for three months, business confidence at East Midlands firms remained historically upbeat in September. A focus on proactive sales and marketing initiatives is expected to help boost output in the coming year, according to panellists.

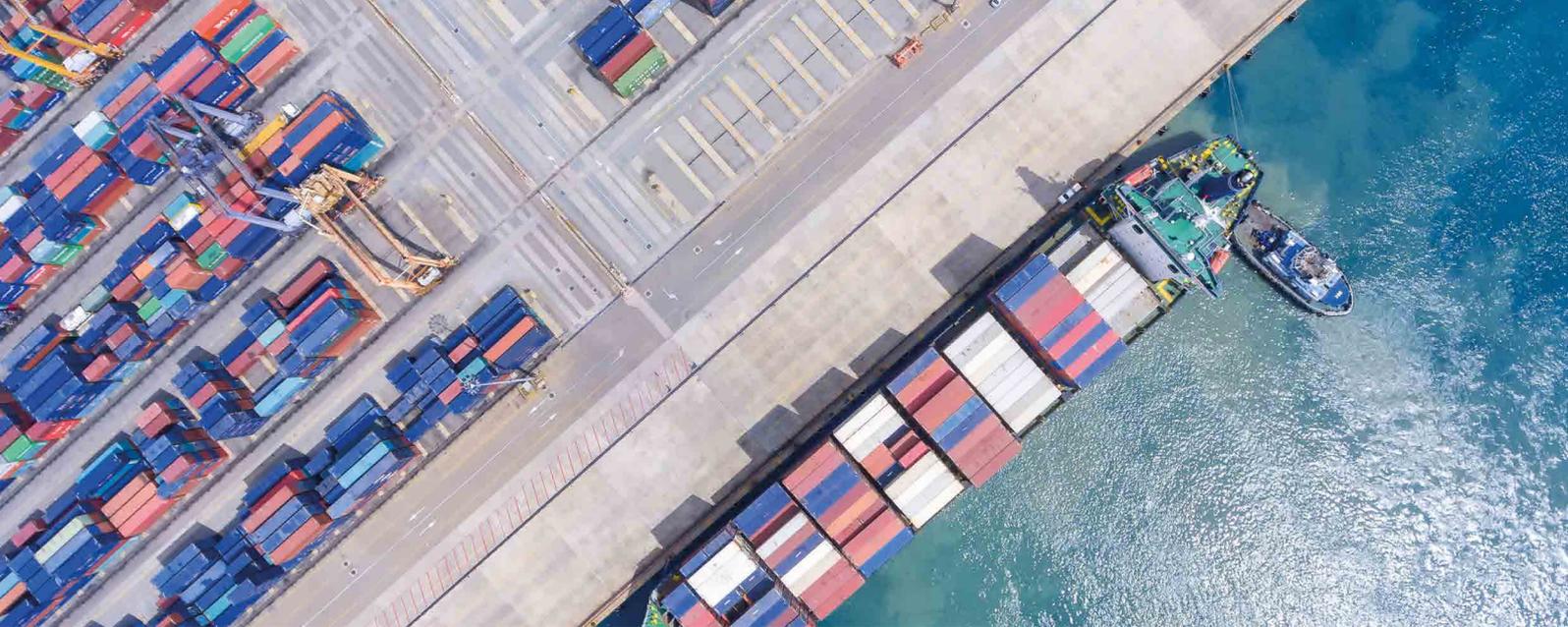
"The East Midlands private sector signalled a more promising end to the third quarter "



Sources: NatWest, S&P Global PMI. ©2024 S&P Global.



Sources: NatWest, S&P Global PMI. ©2024 S&P Global.



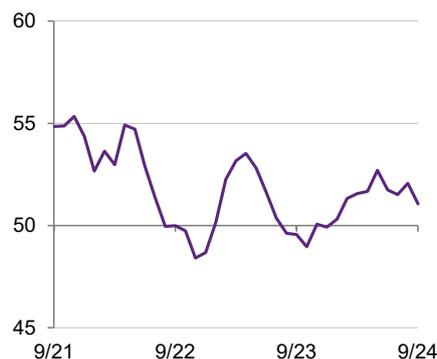
# Export markets

## Improvement in export climate slows to weakest in eight months

The headline ECI posted at 51.1 in September, down from 52.1 in August, to signal a further but softer uptick in export conditions for East Midlands firms. The improvement was the least marked since January.

Slower expansions in output in key export markets including the USA and Singapore weighed on the overall improvement. Meanwhile, French firms recorded a renewed fall in activity, joining companies in Germany and Hong Kong SAR who also registered a decline in output.

Export Conditions  
Index, sa, >50 = growth m/m



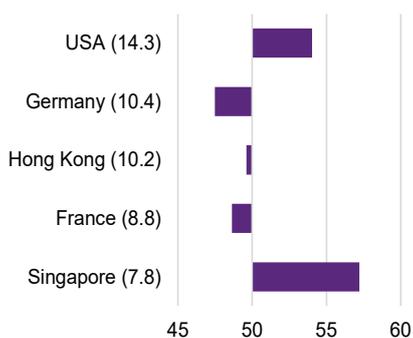
Sources: NatWest, S&P Global PMI. ©2024 S&P Global.

The East Midlands Export Climate Index (ECI) is an indicator for the economic health of the region's export markets. It is calculated by combining national PMI output data, weighted according to each nation's share of manufacturing exports of the East Midlands. A reading above 50 signals an improvement in export conditions, and below 50 a deterioration.

## Top export markets, East Midlands

% share of exports shown in brackets  
Output Index, sa, >50 = growth m/m

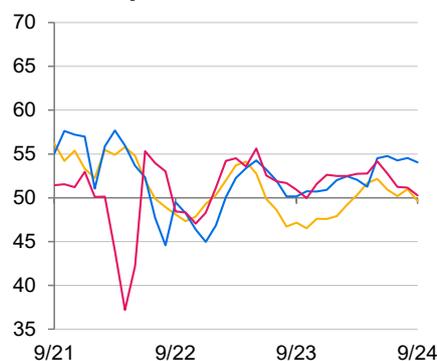
Sep '24



Sources: NatWest, S&P Global PMI. ©2024 S&P Global.

## Output

Legend: Eurozone (yellow), US (blue), China (red)  
Index, sa, >50 = growth m/m



Sources: NatWest, S&P Global PMI. ©2024 S&P Global.



# Jobs and capacity

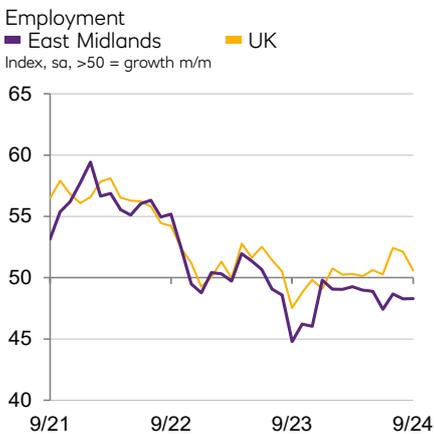
## Further drop in employment, but decline in backlogs of work slows in September

Private sector firms in the East Midlands registered another monthly fall in staffing numbers during September, thereby extending the current sequence of job losses that began in July 2023. The rate of decline matched that seen in August and was modest overall. Companies

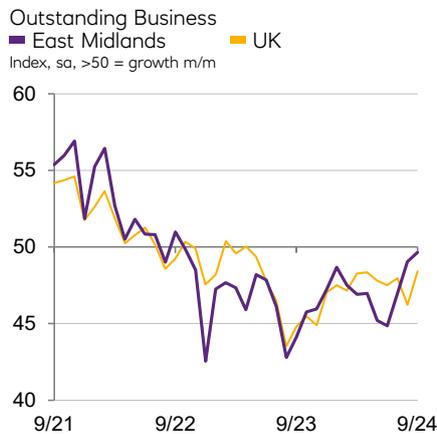
reported cutting workforce numbers amid efforts to lower costs. The decrease was the fastest of the 12 monitored UK regions and areas.

That said, greater new order inflows led to a slower rate of depletion in backlogs of work in September. The pace of decline was only fractional and the weakest since October 2022 amid signs of pressure on capacity.

"...some signs of pressure on capacity emerging... could ease job shedding"



Sources: NatWest, S&P Global PMI. ©2024 S&P Global.



Sources: NatWest, S&P Global PMI. ©2024 S&P Global.



# Inflation

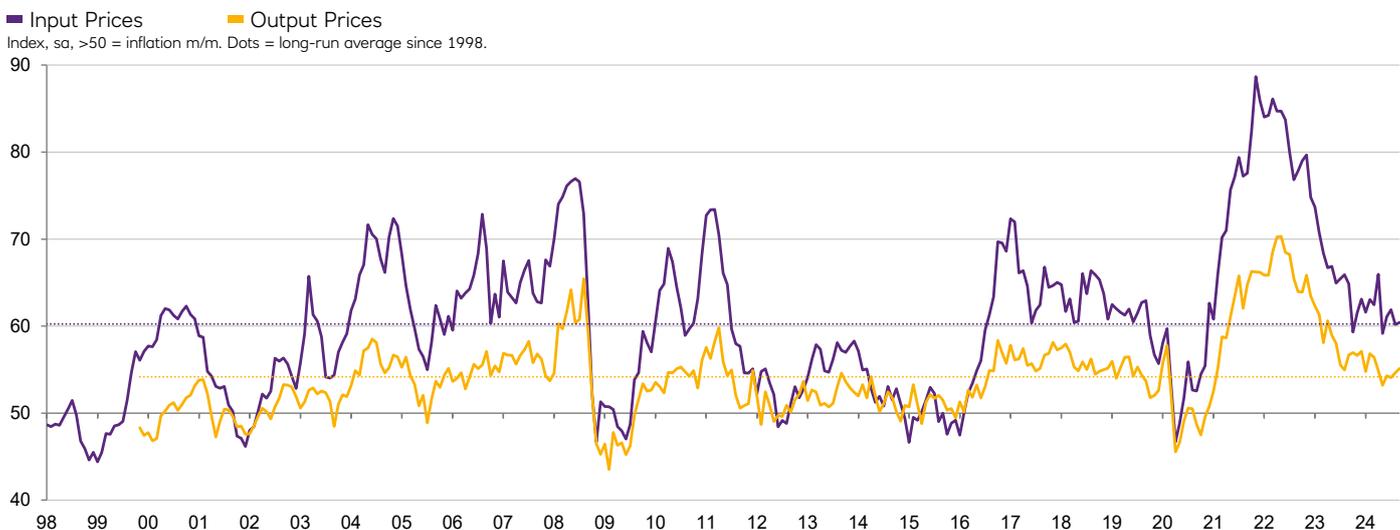
## Cost pressures pick up slightly, with selling price inflation accelerating to the fastest in six months

September data signalled stronger inflationary pressures across the East Midlands private sector. The acceleration in the pace of increase in costs was only slight, however, with input prices rising at one of the slowest rates over the past four years. Nonetheless, the pace of cost inflation was the sharpest of the 12

monitored UK regions, as firms cited higher raw material and software prices, alongside greater wage bills.

At the same time, East Midlands firms recorded a pick-up in the pace of selling price inflation for the second month running. Output charges rose at the steepest rate since March. The pace of inflation was historically elevated and, in line with the trend for input prices, was the fastest of the 12 monitored UK regions.

"...inflationary pressures in the region were the sharpest of the 12 monitored UK regions and areas."



Sources: NatWest, S&P Global PMI. ©2024 S&P Global.

# UK Regional Growth Tracker

## Business Activity

A renewed – albeit only slight – decrease in business activity in Wales in September prevented a second successive month of universal growth across the UK. Notably, rates of expansion generally eased compared to those seen in August. Northern Ireland was one of the exceptions, cementing its position at the top of the growth rankings with its fastest rise in output since May.

## Employment

Employment growth in September was also led by Northern Ireland, as was the case throughout the third quarter. Only half of the 12 UK nations and regions monitored reported a rise in workforce numbers, down from ten in August. Wales saw the steepest drop in staffing levels, although the decline was only modest overall.

## Future Activity

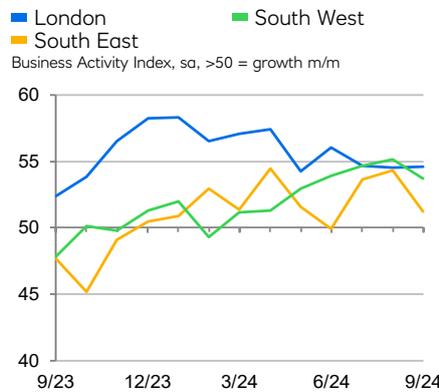
Trends in business expectations varied in September. Just over half of the monitored nations and regions reported a reduction in business confidence, but sentiment nevertheless remained positive across the board. Firms in the South East recorded not only the strongest overall growth expectation, but also the biggest upswing in optimism.



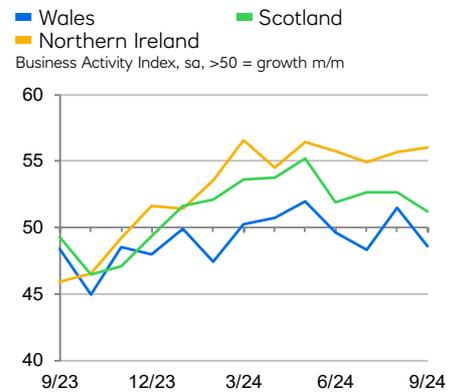
Sources: NatWest, S&P Global PMI. ©2024 S&P Global.



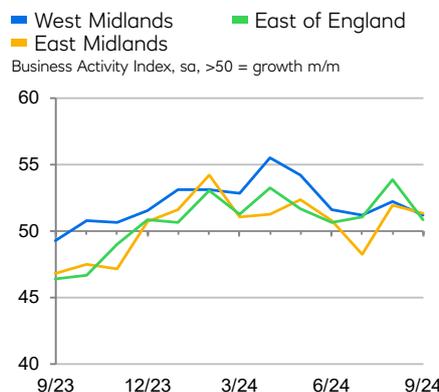
Sources: NatWest, S&P Global PMI. ©2024 S&P Global.



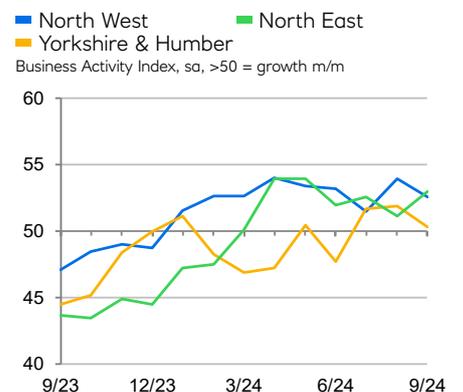
Sources: NatWest, S&P Global PMI. ©2024 S&P Global.



Sources: NatWest, S&P Global PMI. ©2024 S&P Global.



Sources: NatWest, S&P Global PMI. ©2024 S&P Global.



Sources: NatWest, S&P Global PMI. ©2024 S&P Global.

# UK sectors

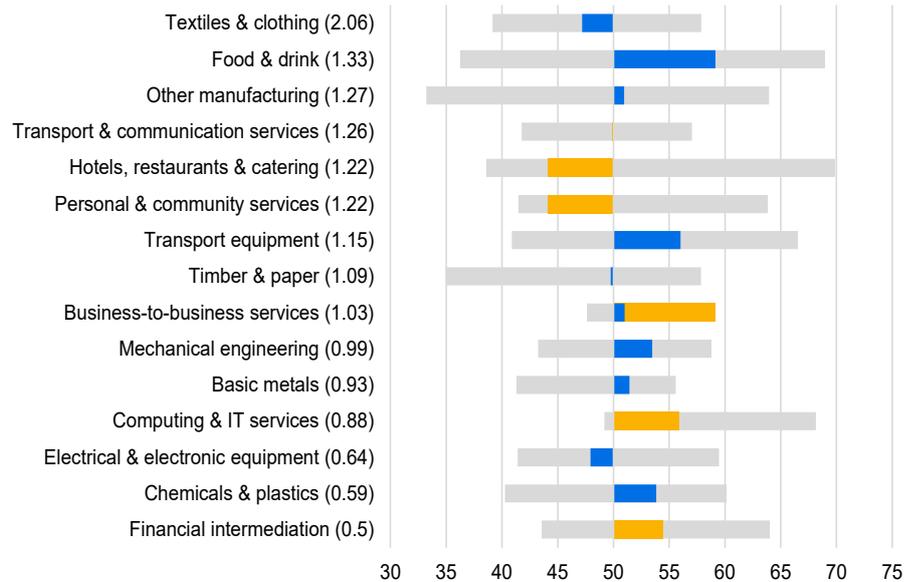
## Sector specialisation: East Midlands

The chart shows UK output indices by sector, ranked by location quotients for the East Midlands. Location quotients (LQs) 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.

UK sectors ranked by importance to the East Midlands economy

■ Manufacturing ■ Services ■ 3-year range  
UK Output Index, sa, >50 = growth m/m Sep '24



Sources: NatWest, S&P Global PMI. ©2024 S&P Global. Location quotients for the East Midlands are shown in brackets. Latest data are smoothed as three-month moving averages (3mma).

## Sector in focus: Business-to-business services

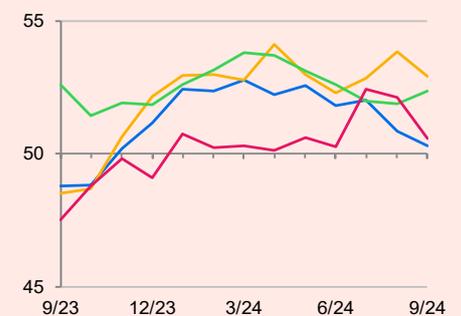
Growth in the UK's Business-to-business services sector came close to stalling in the third quarter. Activity rose only marginally and at the weakest rate for almost a year, with the lack of growth momentum reflecting only modest gains in new business in recent months. Firms in the sector increasingly turned to backlogged work to support growth, with outstanding business falling at a faster rate in the three months to September.

Latest data nevertheless showed sustained job creation across

business-to-business services, continuing a sequence of rising employment that stretches back to early 2021. The rate at which staffing levels rose even ticked up slightly and exceeded the average across the UK private sector as a whole.

As for prices, rates of inflation in both input costs and output charges remained among the lowest seen over the past three-and-a-half years, although they were still above their respective pre-pandemic long-run averages.

Output / Employment  
■/■ Business-to-business services\*  
■/■ Manufacturing & services  
Index, sa, >50 = growth m/m



Sources: NatWest, S&P Global PMI. ©2024 S&P Global. \*Data are smoothed as three-month moving average (3mma).

# Methodology

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

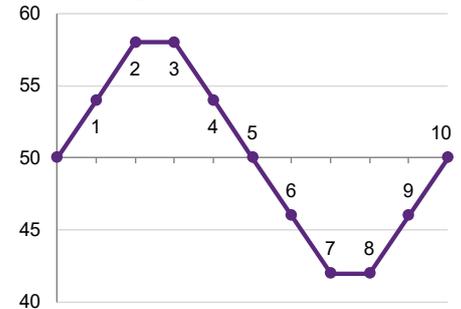
overall decrease. The indices are then seasonally adjusted.

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 East Midlands 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](mailto:economics@spglobal.com).

Index interpretation  
Index, sa, >50 = growth m/m



Sources: NatWest, S&P Global PMI. ©2024 S&P Global.

Key

- 1 Growth, from no change
- 2 Growth, faster rate
- 3 Growth, same rate
- 4 Growth, slower rate
- 5 No change, from growth
- 6 Decline, from no change
- 7 Decline, faster rate
- 8 Decline, same rate
- 9 Decline, slower rate
- 10 No change, from decline

# Data

East Midlands manufacturing and services Index, sa, 50 = no change over previous month. \*50 = no change over next 12 months.

	Business Activity	New Business	Export Climate Index	Employment	Outstanding Business	Future Activity*	Input Prices	Output Prices
4/24	51.2	52.2	51.7	49.0	47.0	67.9	65.9	54.9
5/24	52.3	50.4	52.7	48.9	45.2	69.1	59.2	53.2
6/24	50.8	47.2	51.7	47.4	44.9	68.8	61.1	54.3
7/24	48.3	49.4	51.5	48.7	46.9	72.3	61.9	54.1
8/24	51.9	53.8	52.1	48.3	49.0	71.6	60.2	54.6
9/24	51.4	52.3	51.1	48.3	49.6	71.1	60.4	55.1

# Further information

## 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.

[www.natwest.com/business/insights/economics](http://www.natwest.com/business/insights/economics)

[www.linkedin.com/company/natwest-business/](http://www.linkedin.com/company/natwest-business/)

## PMI by S&P Global

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.

[www.spglobal.com/marketintelligence/en/mi/products/pmi](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)

## S&P Global

S&P Global (NYSE: SPGI) provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

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.

[www.spglobal.com](http://www.spglobal.com)

## Contact

Kate Visser  
Regional Media & Campaigns  
Manager  
NatWest  
+44 (0) 7970 947 694  
[kate.visser@natwest.com](mailto:kate.visser@natwest.com)

Siân Jones  
Principal Economist  
S&P Global Market Intelligence  
+44 1491 461 017  
[sian.jones@spglobal.com](mailto:sian.jones@spglobal.com)

Sabrina Mayeen  
Corporate Communications  
S&P Global Market Intelligence  
T: +44 (0) 7967 447030  
[sabrina.mayeen@spglobal.com](mailto:sabrina.mayeen@spglobal.com)

## Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global 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 S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.



**NatWest**

**PMI®**

by **S&P Global**