

9 October 2024

NatWest Yorkshire & Humber Growth Tracker

Local economy maintains growth in September, but upturn lags behind UK as a whole



NatWest

PMI[®]

by S&P Global

9 October 2024

NatWest Yorkshire & Humber 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[®]

by **S&P Global**

Key findings

September 2024

Yorkshire & Humber maintains growth in September

Price pressures tick higher

Employment falls for first time since April

The NatWest Yorkshire & Humber 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





Local economy continues to grow

Regional growth tracker data from NatWest signalled another monthly increase in business activity levels across Yorkshire & Humber, marking a full quarter of expansion.

That said, after quickening to a 16-month high in August, the pace of increase in local private sector output slowed to a marginal pace and lagged behind the broader UK average. When compared with other 11 monitored parts of the UK, only Wales fared worse in September, with business activity here declining modestly since the previous month.

The headline 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 – fell for the first time since June. At 50.4, the index was down from 51.9 in August and its lowest for three months.

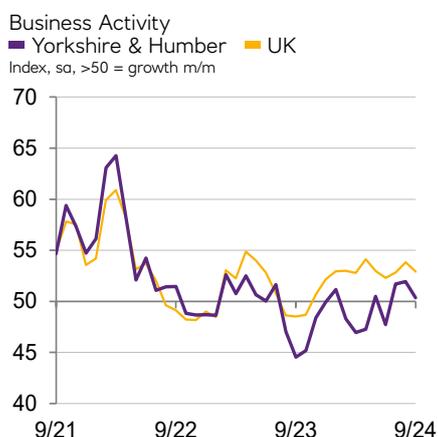
Crucially, however, a reading above 50.0 indicated a third consecutive monthly expansion in total business activity, which was the longest growth sequence for the region since May 2023.

NatWest Yorkshire & Humber Business Activity Index, September 2024

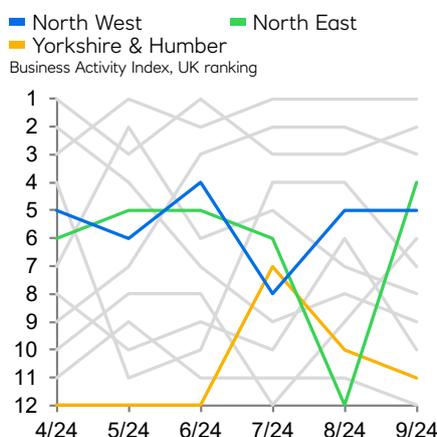
50.4

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.



[Return to contents](#)

© 2024 S&P Global



Comment

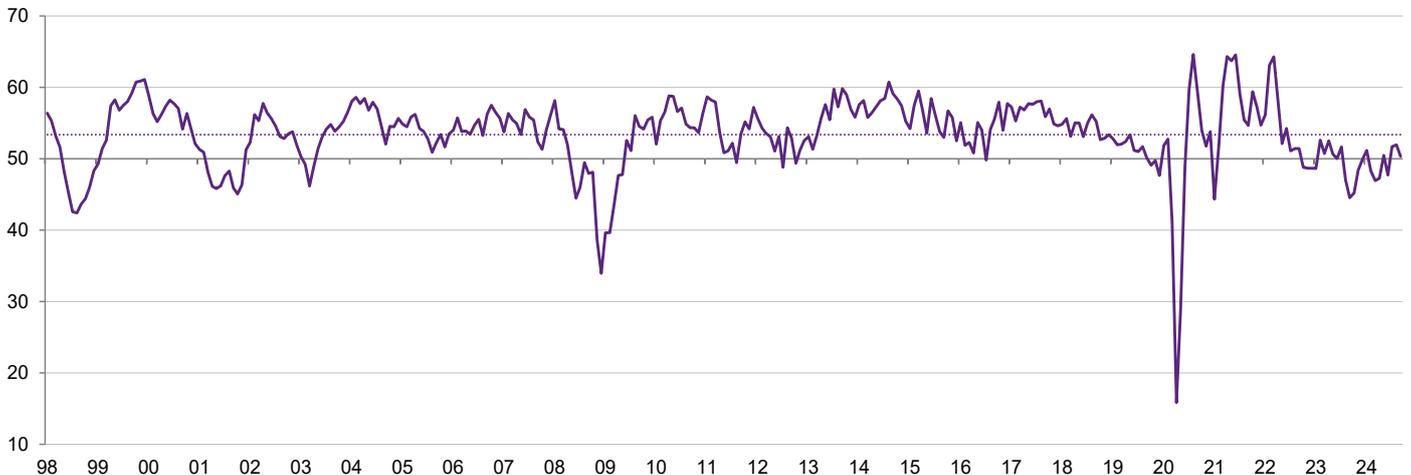
Malcolm Buchanan, Chair of the NatWest North Regional Board, commented:

"The latest regional growth tracker data for Yorkshire & Humber was pretty mixed. On the one hand, a third successive month of business activity growth is a real positive for the local economy, which has generally lagged the rest of the UK for much of the last 18 months. Another order book boost should give the current upturn further room to run.

"At the same time, local employment levels declined for the first time since April. Job cutting wasn't a trend unique to just Yorkshire & Humber, however, as several other regions saw headcounts drop. Survey comments suggested that efficiency gains were a motivator. In a competitive environment, this is hardly surprising, as companies will look for ways they can give themselves the edge. This is especially true during inflationary periods, and price pressures actually ticked higher in September."

Business Activity

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



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



Demand and outlook

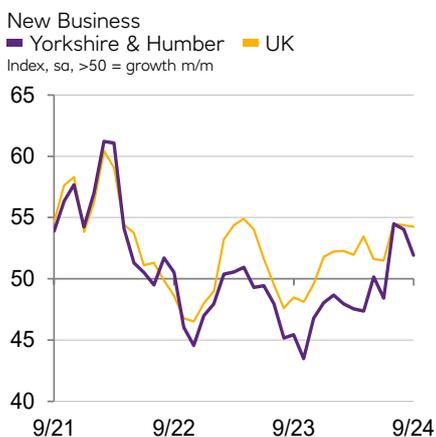
Yorkshire & Humber businesses reported a further improvement in their new order inflows during September, although the pace of growth slowed markedly and underperformed the UK average.

New customer wins and more buoyant sales conditions helped lift firms' order book volumes, anecdotal evidence showed. That said, growth momentum cooled again, with new

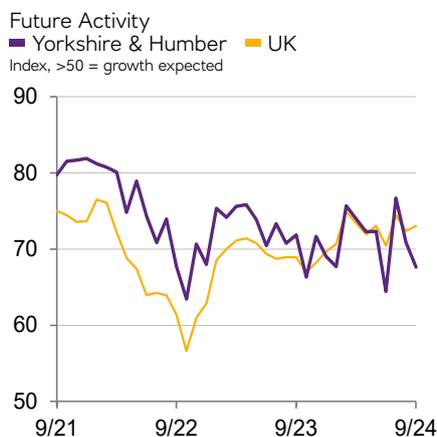
business rising at the softest pace in three months.

Expectations regarding activity remained upbeat as firms predicted higher activity over the coming 12 months. New product launches, entry into new markets and hopes that strategic changes would come to fruition underpinned optimism. However, the level of confidence fell to its weakest since June. Some companies cited concerns towards potential government policy changes.

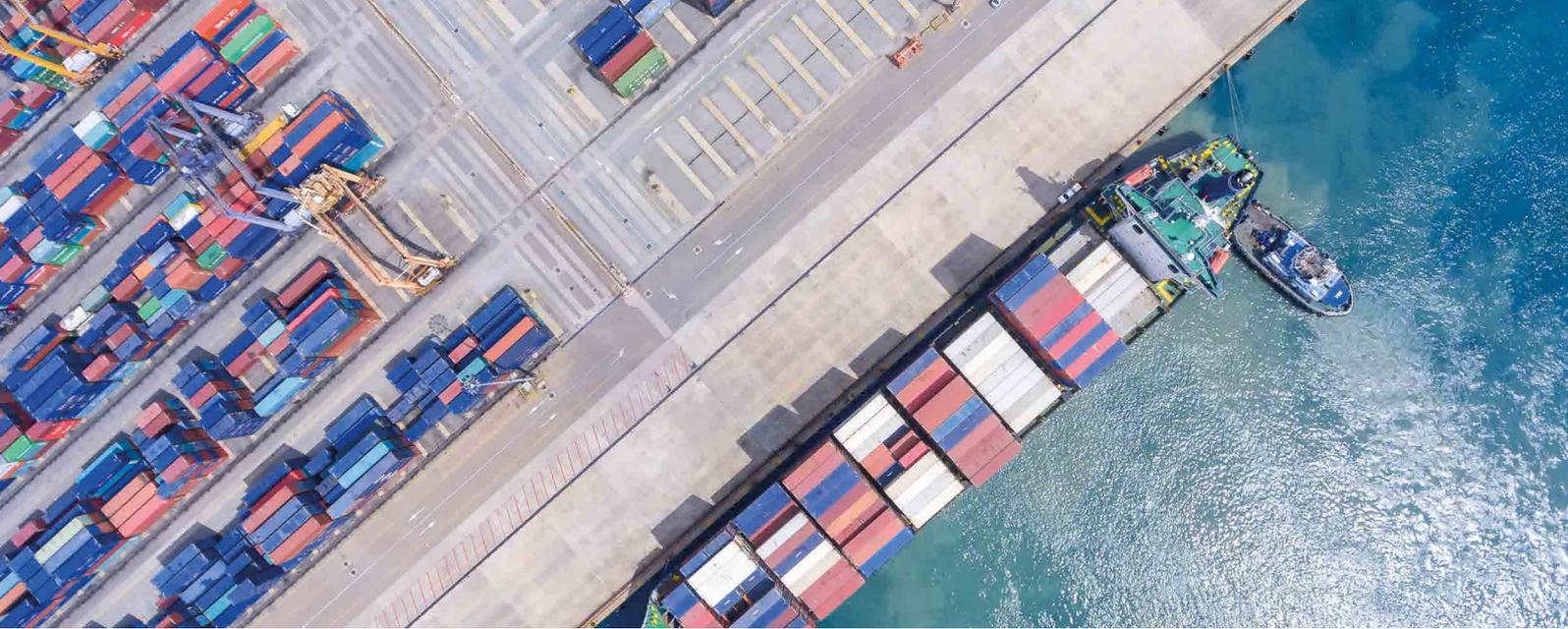
"Another order book boost should give the current upturn further room to run."



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



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

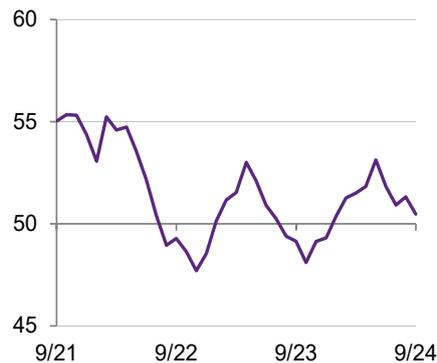


Export markets

Solid economic growth in major trading partners such as the US and Ireland helped drive a further improvement in the export climate for Yorkshire & Humber firms, but weakness in parts of Europe remain a headwind.

The ECI for Yorkshire & Humber recorded 50.5 in September, but this was down from 51.3 in August, signalling a pick-up in export market health that was only marginal and the slowest since January.

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

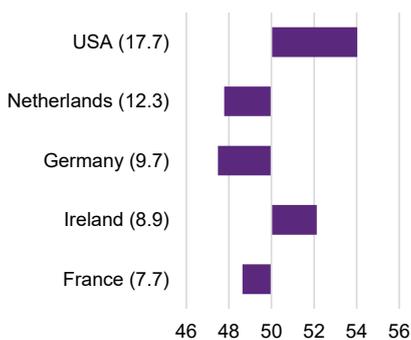


Sources: NatWest, S&P Global PMI. ©2024 S&P Global.

The Yorkshire & Humber 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 Yorkshire & Humber. A reading above 50 signals an improvement in export conditions, and below 50 a deterioration.

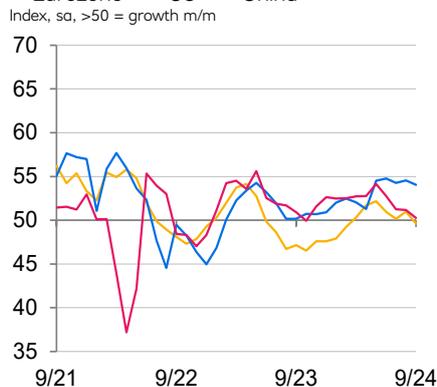
Top export markets, Yorkshire & Humber
% share of exports shown in brackets

Output Index, sa, >50 = growth m/m Sep '24



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

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



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



Jobs and capacity

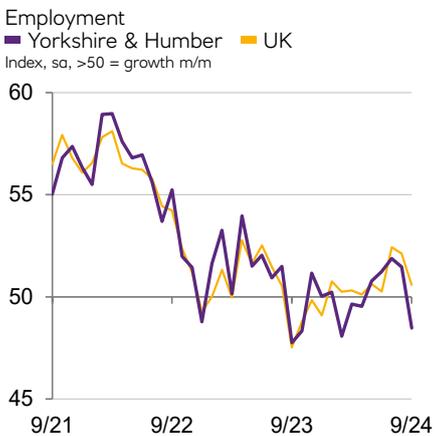
Despite sustained growth in new business and total activity, Yorkshire & Humber employment shrank for the first time since April at the end of the third quarter.

According to surveyed companies, cuts to headcounts were made to align staffing levels with overall workloads, although some companies noted that leavers were not replaced as part of efforts to boost efficiency. Lower employment locally contrasted with growth at the

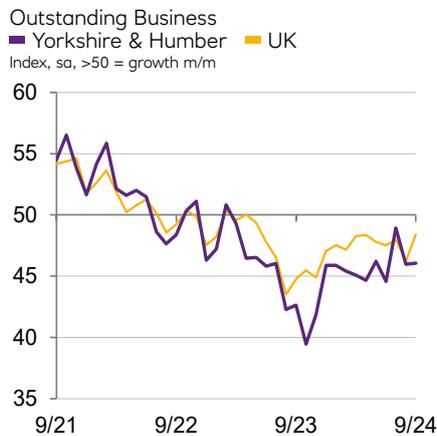
UK level in September.

Notably, Yorkshire & Humber firms recorded a marked decline in backlogs of work in September, signalling easing capacity pressures. In fact, the depletion in outstanding business seen locally was the sharpest of all 12 monitored UK areas. Quicker deliveries and improved component availability were reasons cited for the drop in pending orders.

"Job cutting wasn't a trend unique to just Yorkshire & Humber, however, as several other regions saw headcounts drop."



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



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



Inflation

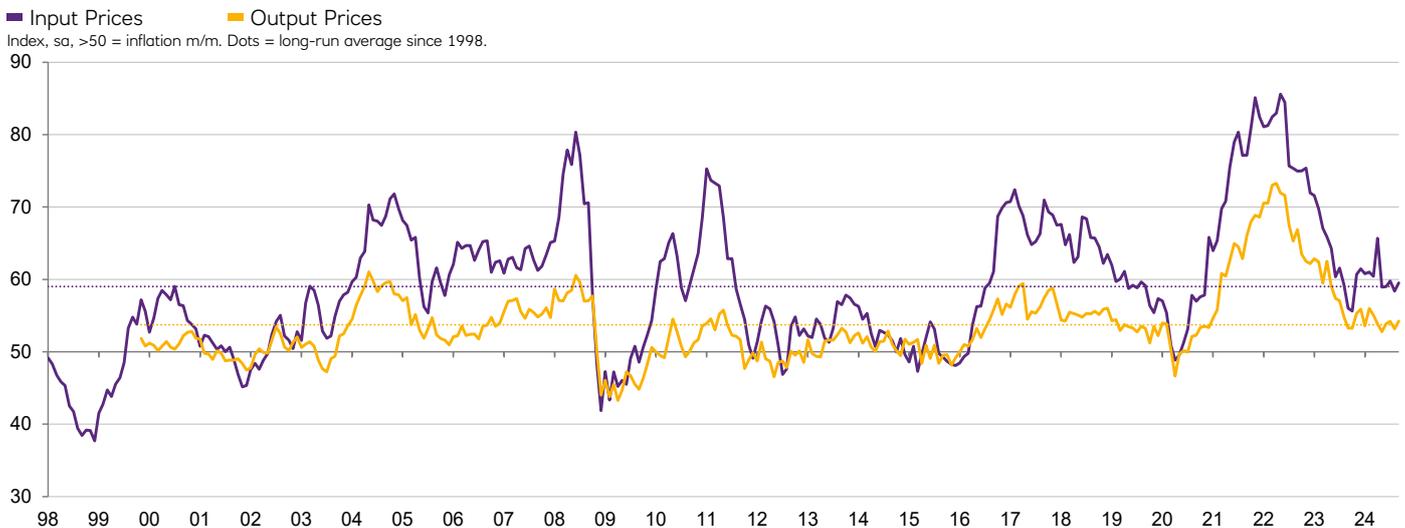
Price pressures across Yorkshire & Humber intensified slightly at the end of the third quarter. Both input costs and output prices rose at rates that were in excess of their long-run averages.

Wages remained a principal source of input price inflation, anecdotal evidence showed, although transport cost pressures were noted in some instances. The overall rate

of increase in operating expenses was sharp and similar to that seen across the UK as a whole.

September survey data pointed to a slight pick-up in output price inflation across Yorkshire & Humber. Higher charges often reflected the pass-through of costs. The extent to which local companies lifted their fees was broadly level with the year-to-date trend.

"In a competitive environment[...]companies will look for ways they can give themselves the edge. This is especially true during inflationary periods, and price pressures actually ticked higher in September."



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

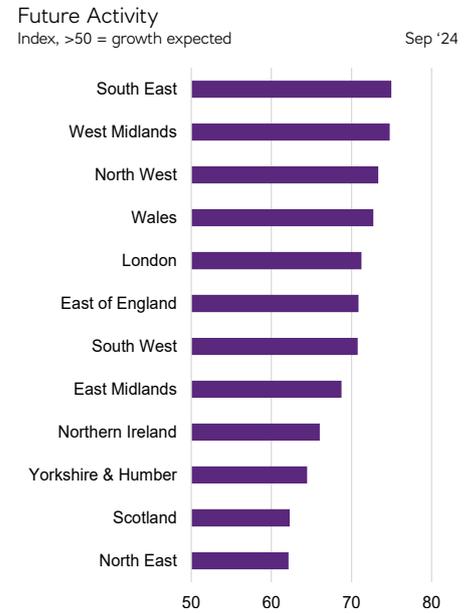
Employment growth in September was also led by Northern Ireland, as was the case throughout the third quarter. Only half of the 12 UK nations and regions monitored reported a rise in workforce numbers, down from ten in August. Wales saw the steepest drop in staffing levels, although the decline was only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

Future Activity

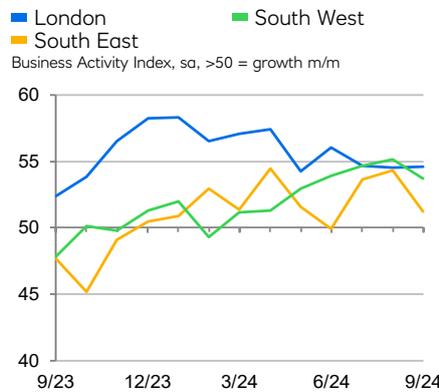
Trends in business expectations varied in September. Just over half of the monitored nations and regions reported a reduction in business confidence, but sentiment nevertheless remained positive across the board. Firms in the South East recorded not only the strongest overall growth expectation, but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



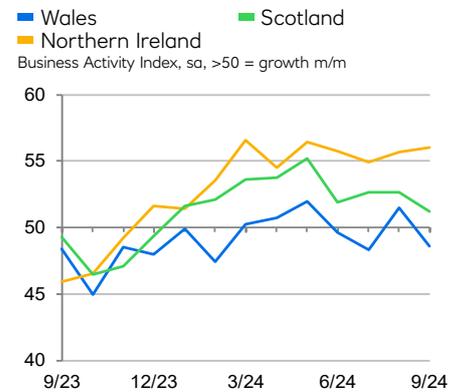
Sources: NatWest, S&P Global PMI. ©2024 S&P Global.



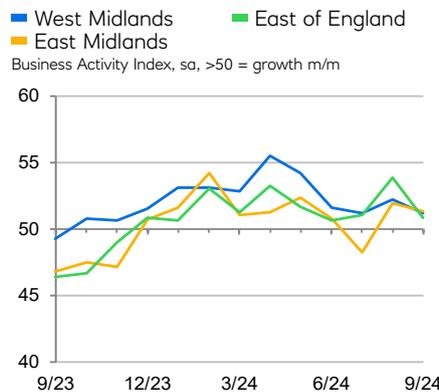
Sources: NatWest, S&P Global PMI. ©2024 S&P Global.



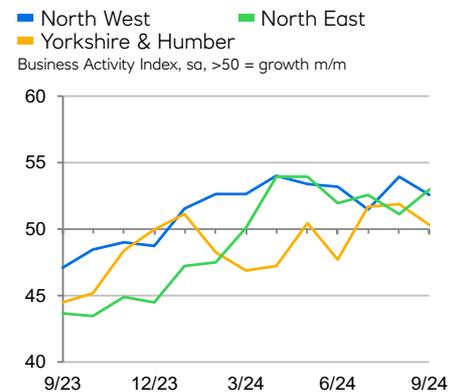
Sources: NatWest, S&P Global PMI. ©2024 S&P Global.



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.

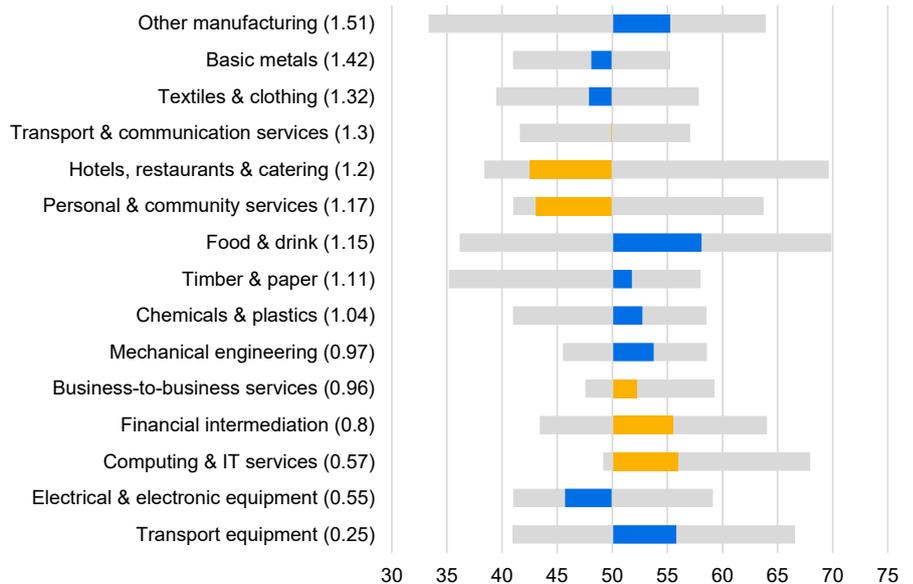
UK sectors

Sector specialisation: Yorkshire & Humber

The chart shows UK output indices by sector, ranked by location quotients for Yorkshire & Humber. 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 Yorkshire & Humber 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 Yorkshire & Humber are shown in brackets. Latest data are smoothed as three-month moving averages (3mma).

Sector in focus: Business-to-business services

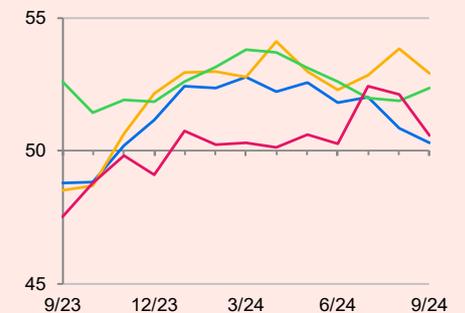
Growth in the UK's Business-to-business services sector came close to stalling in the third quarter. Activity rose only marginally and at the weakest rate for almost a year, with the lack of growth momentum reflecting only modest gains in new business in recent months. Firms in the sector increasingly 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 Yorkshire & Humber Growth Tracker is compiled by S&P Global from responses to questionnaires sent to companies in Yorkshire & Humber 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.

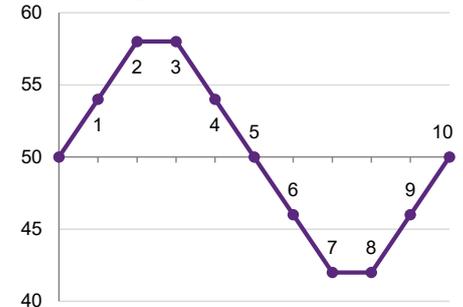
The headline figure is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The Yorkshire & Humber Business Activity Index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

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

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

Yorkshire & Humber 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	47.3	47.4	51.8	49.5	44.7	72.3	65.7	53.8
5/24	50.5	50.2	53.1	50.8	46.2	72.3	58.9	52.8
6/24	47.7	48.4	51.8	51.2	44.6	64.4	59.0	53.9
7/24	51.7	54.5	50.9	51.9	48.9	76.7	59.8	54.2
8/24	51.9	54.0	51.3	51.5	46.0	70.9	58.4	53.2
9/24	50.4	51.9	50.5	48.5	46.1	67.6	59.5	54.2

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

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

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

Contact

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

Joe Hayes
Principal Economist
S&P Global Market Intelligence
+44 1344 328 099
joe.hayes@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 (0) 7967 447030
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**