

LLOYDS BANK



NOT FOR BROADCAST OR PUBLICATION BEFORE 00:01, MONDAY MARCH 14th 2016

LLOYDS BANK ENGLAND AND WALES REGIONAL PMI®: OUTPUT RISES AT SLOWEST RATE FOR NEARLY THREE YEARS IN FEBRUARY

- Output growth slows to 34-month low, leading to slowdown in hiring
- Wales sees strong progress in business activity, surpassed only by the East Midlands
- Average prices charged rise only marginally alongside low cost pressures

February saw a slowdown in the growth of UK business output, according to the latest **Lloyds Bank Regional Purchasing Managers' Index® (PMI®)**. Staff hiring also eased, while average prices charged for goods and services were reported to have risen only marginally.

At 52.9, down from January's 56.2, England's business activity index – measuring changes in the combined output of manufacturing and services – was at its lowest level for 34 months in February, and signalled a rate of growth that was well below the average since late-2012 (56.8).

Growth slowed in most regions during February apart from the North East which saw its index improve since January (from 50.7 to 51.2). Despite the slowdown in growth in the remaining regions the East Midlands (55.4) and West Midlands (54.8) saw business activity remain at relatively solid rates.

Wales maintained solid growth momentum into February, with its business activity index reading 55.0, down only slightly from January's 55.2.

UK employment rose during February, led by solid job creation in the East of England and London. However, the pace of hiring eased to the weakest for two-and-a-half years and there were falls in employment in Wales and the North East.

The cost environment for businesses remained agreeable, with input price inflation staying well below the historical trend due to the recent slump in commodity prices. This was reflected in only a marginal rise in average prices charged for goods and services.

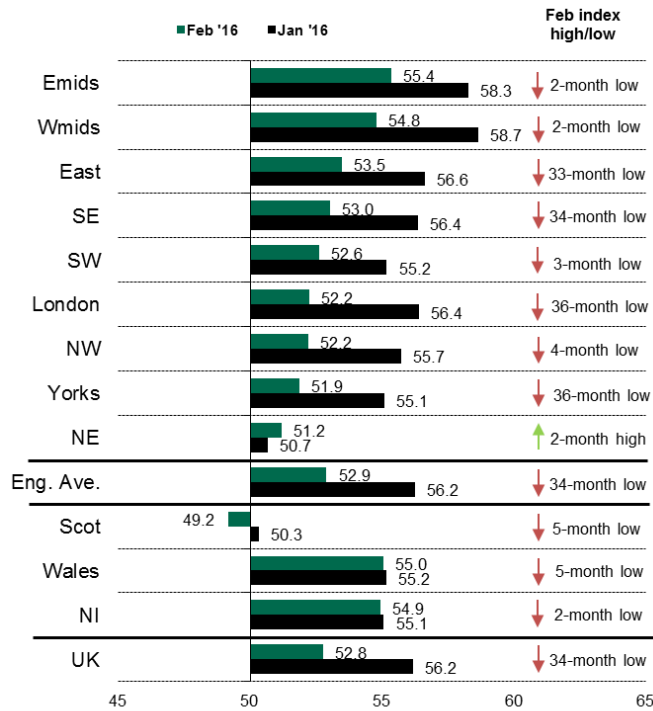
Tim Hinton, Managing Director, Mid-Markets and SME Banking, Lloyds Banking Group said:

“The economy lost some momentum in February as output and new business levels rose at their slowest rates for close to three years. Respondents in this month's survey highlighted increased uncertainty surrounding the global economy and market conditions as influencing factors.

“However, with employment still rising and cost pressures staying low, businesses should continue to see good consumer demand levels to help maintain growth.”

- END -

PMI Business Activity (Output) Index



Numbers relate to monthly seasonally adjusted diffusion indexes. An index reading above 50 signals an increase on the previous month. A reading below 50 signals a decline. The greater the divergence from 50, the greater the rate of change indicated.

Compiled by Markit for Lloyds Bank Commercial Banking, this report is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 1200 private manufacturing and services companies. The panel is carefully selected to accurately replicate the true structure of the private sector economy.

England's Regional PMI® surveys are based on data compiled in February 2016. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'. Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease. The headline index for the English regions was first compiled in January 2001.

The Wales PMI® features original survey data collected in February 2016 from a representative panel of companies based in Wales and operating in both manufacturing and service sectors. The headline index for Wales was first compiled in January 2001.

The *Purchasing Managers' Index*® (PMI®) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. PMI surveys are the *first* indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

About Lloyds Bank Commercial Banking

Lloyds Bank Commercial Banking provides comprehensive expert financial services to businesses of all sizes, from small businesses, through to mid-sized businesses and multinational corporations. These corporate clients range from privately-owned firms to FTSE 100 PLCs, multinational corporations and financial institutions.

Maintaining a network of relationship teams across the UK, as well as internationally, Lloyds Bank Commercial Banking delivers the mix of local understanding and global expertise necessary to provide long-term support and advice to its clients.

Lloyds Bank Commercial Banking offers a broad range of finance beyond just term lending and this spans import and export trade finance, structured and asset finance, securitisation facilities and capital market funding. Its product specialists provide bespoke financial services and solutions including tailored cash management, international trade, treasury and risk management services.

Its heritage means it has an unrivalled understanding of business needs and a proven track record of supporting businesses across the sectors and regions. Taking a relationship approach, it provides support to its clients throughout the economic cycle.

<http://www.lloydsbank-commercialbanking.com/>

About Markit

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ approximately 4,000 people in 11 countries. Markit shares are listed on NASDAQ under the symbol MRKT. For more information, please see www.markit.com

*If you would like to receive information on the Bank of Scotland monthly *Scottish Purchasing Managers' Index*[®] (*PMI*[®]) please contact Zoe Redhead on 0131 655 5405 or zoe.redhead@bankofscotland.co.uk

For further information, contact:

Ed Smith

Communications Business Partner,
Commercial Banking (Client Relationships)
ed.smith1@lloydsbanking.com

Phil Smith

Economist, Markit
Telephone +44-1491-461009
Email phil.smith@markit.com

T: 020 7661 4936

M: 07917 520464

The intellectual property rights to the England and Wales Regional PMI[®] provided herein is owned by the Markit. Lloyds Bank Commercial Banking use the above marks under licence. Markit and the Markit logo are registered trade marks of Markit Group Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. 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 Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data.