



**NOT FOR BROADCAST OR PUBLICATION BEFORE 00:01, MONDAY SEPTEMBER 12<sup>th</sup> 2016**

## **LLOYDS BANK ENGLAND AND WALES REGIONAL PMI<sup>®</sup>: ECONOMY REBOUNDS IN AUGUST ACROSS ALL REGIONS**

- Output returns to growth following July's abrupt fall
- Broad-based increase in business activity across England and Wales led by North West
- Employment rises slightly, reversing the fall in the month before
- Weak pound leads to strongest increase in costs for five years

Business activity in England and Wales bounced back in August, having fallen abruptly following the EU referendum vote in July, according to the latest Lloyds Bank Regional PMI survey.

Returning confidence and a boost to export business from a weak pound were some of the factors behind the revival.

The Lloyds Bank Regional PMI, or Purchasing Managers' Index, is the leading economic health-check of regions across England and Wales. It is based on responses from businesses in the manufacturing and service sectors about the value of goods and services produced during August compared with a month earlier.

England's PMI climbed strongly to 53.7 in August, up from July's seven-year low of 47.4. A reading above 50 signifies expansion, while a reading below signals contraction. The greater the divergence from the 50 mark, the faster the rate of change.

All nine English regions monitored by the survey saw increases in business activity, with the strongest growth recorded in the North West (55.7), the South West (55.5) and the South East (54.3).

Businesses in Wales also reported a strong upturn in output, as shown by the PMI improving to a five-month high of 54.9 in August from 49.9 in July.

After falling in July for the first time in over three-and-a-half years, employment returned to growth in August. However the extent to which workforce numbers increased was only slight.

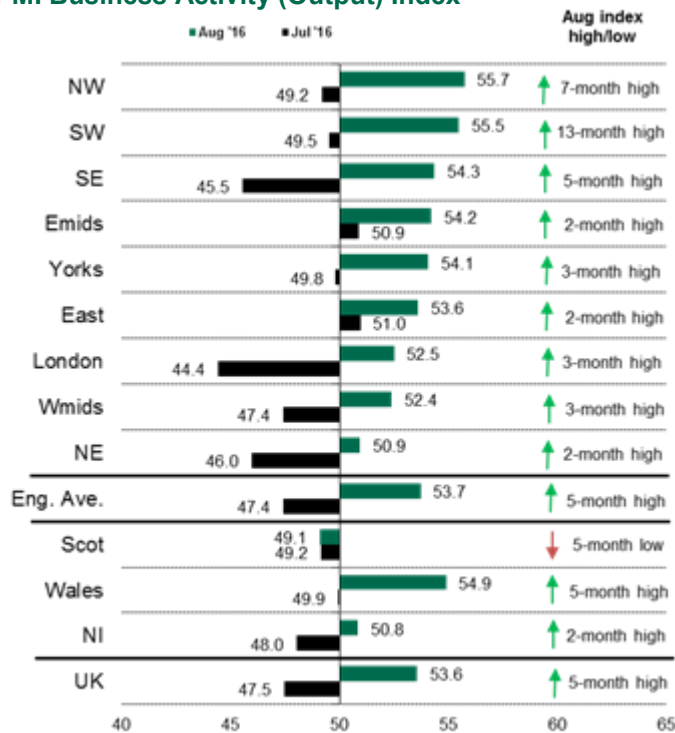
A weak pound contributed to the strongest rise in businesses' input costs for five years, in turn leading to an increase in average prices charged for goods and services.

**Tim Hinton, Managing Director, Mid-Markets and SME Banking, Lloyds Banking Group said:** *"It's good to see the measures of business activity rebounding in August with increases across all regions, shaking off the 7-year lows reported last month and back to their highest levels since the 1st quarter."*

*“A weaker pound since June has boosted exports and certain other activities but on the downside, companies have also seen a steep rise in their import and other input costs, putting potential pressure on inflation in the coming months.”*

- 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.*

### Heat map, August 2016



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 August 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 August 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.

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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.

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\*If you would like to receive information on the Bank of Scotland monthly Scottish *Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) please contact Mairi Gordon on 07825 377 384 or [mairi.gordon@lloydsbanking.com](mailto:mairi.gordon@lloydsbanking.com).

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