

## **BANK OF SCOTLAND PMI<sup>®</sup>: PRIVATE SECTOR OUTPUT GROWTH PICKS UP TO THREE-MONTH HIGH**

- Headline PMI rises to 52.7 in October, from 52.2 in September
- New orders and employment grow at faster rates
- Input prices continue to rise sharply

The Scottish private sector made a positive start to the fourth quarter, as output growth quickened at the fastest pace since July.

The seasonally adjusted headline Bank of Scotland PMI<sup>®</sup> - a single-figure measure of the month-on-month change in combined manufacturing and services output - edged higher in October to 52.7, from 52.2 in September. This signalled the strongest rate of growth since July, albeit one that was moderate overall.

In line with higher output, employment across the private sector increased in October. The rate of job creation was moderate overall but accelerated since September. This coincided with the most marked rate of backlog depletion for 12 months.

Meanwhile, Scottish private sector companies continued to face rising input costs. The rate of input price inflation was sharp in October, despite easing since September. In turn, output charges were raised modestly, with the rate of inflation unchanged from that seen in September.

Businesses remained upbeat towards growth prospects in October. That said, the degree of optimism eased to the joint-weakest since April.

### **Fraser Sime, Regional Director, Bank of Scotland Commercial Banking said:**

*“Scottish private sector companies began Q4 positively, with output growth accelerating to a three-month high. The upturn was broad-based, with both manufacturing and service output expanding at quicker paces.*

*“Latest data also pointed to an overall expansion in new business orders although growth was only evident in the service sector. Manufacturers received slightly fewer new business orders albeit higher output allowed backlogs of work to clear.*

*“Input costs continued to remain in sharp inflationary territory amid reports of higher raw material prices and wage bills. Nonetheless, higher labour costs did not deter businesses from taking on more staff. The rate of job creation quickened to a modest pace.”*

**ENDS**

# Press Release



**BANK OF  
SCOTLAND**

The Bank of Scotland PMI<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by IHS Markit. The report features original survey data collected from a panel of around 500 companies based in Scotland and operating in both manufacturing and service sectors. The panel has been carefully selected in order to accurately reflect the true structure of the Scottish economy and therefore provide an accurate picture of business conditions in the region. The Scotland survey forms part of a series of regional surveys and is derived from the highly regarded national PMI survey produced by IHS Markit.

## **Bank of Scotland PMI: Notes and Methodology**

### **PMI surveys**

*Purchasing Managers' Index*<sup>®</sup> (PMI<sup>®</sup>) surveys are monthly surveys of carefully selected companies which provide an advance indication of what is really happening in the private sector economy by tracking variables such as output, new orders, employment and prices across both manufacturing and service sectors. The PMI surveys are based on fact, not opinion, and are the first indicators of economic conditions each month. The data are collected using identical methods in all countries and regions so that accurate comparisons may be made. Questionnaires are completed in the latter half of each month and are collected and processed by economists at IHS Markit. Respondents are asked to state whether business conditions for a number of variables have improved, deteriorated or stayed the same compared with the previous month.

### **Index numbers**

Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline. These indices vary between 0 and 100 with readings of exactly 50.0 signalling no change on the previous month. Readings above 50.0 signal an increase or improvement; readings below 50.0 signal a decline or deterioration. Reasons given by survey respondents for any changes are analysed to provide insight into the causes of movements in the indices and are also used to adjust for expected seasonal variations. The indexes are seasonally adjusted to take into consideration expected variations for the time of year, such as summer holiday shutdowns and national holidays such as Christmas. IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. *Purchasing Managers' Index*<sup>®</sup> (PMI<sup>®</sup>) surveys are now available for over 30 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. To learn more go to [www.markit.com/product/pmi](http://www.markit.com/product/pmi).

### **About IHS Markit**

IHS Markit (NASDAQ: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

### **About Bank of Scotland**

Bank of Scotland is part of Lloyds Banking Group, the UK's largest retail bank and Scotland's largest financial services employer. Established in 1695, Bank of Scotland is the UK's oldest surviving clearing bank. Our goal is to be the best financial services provider in Scotland. We believe this means we must build a leadership position not on the basis of scale but on the foundations of reputation and recommendation.

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