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LLOYDS BANK ENGLAND AND WALES REGIONAL PMI[®]: STRONG GROWTH CONTINUES AT START OF SECOND QUARTER

- Growth remains robust, falling slightly from March's seven-month high
- Business activity driven by strong pipeline of new work
- Rate of job creation slows but remains strong
- Price of goods and services falls at fastest rate since 2009

Economic activity across England and Wales continued to grow strongly at the start of the second quarter of the year, according to the latest **Lloyds Bank Regional Purchasing Managers' Index[®] (PMI[®])**.

Robust increases in both business activity and new work were recorded in April, although the growth rates were slightly slower on average than in March. The survey also revealed the steepest monthly drop in prices charged since 2009, highlighting continued deflationary forces.

Business activity growth in England remained strong in April, dropping only slightly to 58.5 from 59.0 in March, and remaining well above the 50.0 'no-change' mark. This was the second-highest reading in the past eight months, and remained above the average for the first quarter as a whole. Growth has now been recorded continuously on a monthly basis for the past two-and-a-half years.

The fastest overall increase in business activity in England was recorded by businesses in the North East (62.4) where growth reached a nine-month high. Other standout performers were London (60.2) and the South East (60.0), which recorded the biggest rise in activity since November 2014. The slowest-growing region in terms of business activity was the East Midlands (55.4), followed by the South West (56.0).

Wales continued to see strong growth in April, with business activity measuring 59.3, while new business saw the sharpest increase in Wales for 13 months, at 60.9.

Growth of new work across the English regions was strong despite falling slightly since March from 59.4 to 58.1. Backlogs of work rose slightly on average (51.2), reflecting ongoing pressure on business capacity.

The survey also showed further broad-based growth in employment during April although the overall rate of creation slowed. The East of England (58.2) was the best-performing region for job creation, while Wales (55.9), the North East (54.5) and the North West (55.8) also recorded improved rates of employment growth.

Average prices charged for goods and services decreased during April, with the fastest rate of decline since September 2009. The average price of inputs meanwhile rose at a modest rate; slightly higher than the previous month.

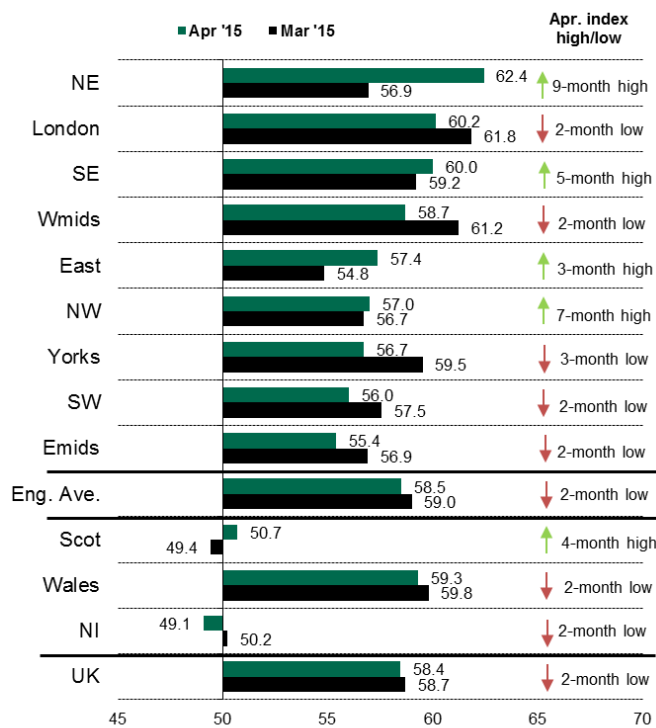
Tim Hinton, Managing Director, Mid Markets and SME Banking, Lloyds Banking Group said:

“The strong growth in business activity and job creation seen in April, are clear signs that business confidence continues to be high across England and Wales.

“However, companies may need to be careful over coming months. Increasing cost pressures might mean that they have less room to provide discounts for customers as a way of encouraging demand.”

– Ends –

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, April 2015



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 April 2015. 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 April 2015 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[®] (PMI[®])* please contact Zoe Redhead on 0131 655 5405 or zoe.redhead@bankofscotland.co.uk

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