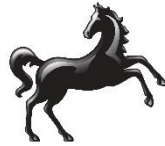


LLOYDS BANK



NOT FOR BROADCAST OR PUBLICATION BEFORE 01:01, MONDAY AUGUST 14TH 2017

LLOYDS BANK ENGLAND AND WALES REGIONAL PMI[®]: THIRD QUARTER STARTS WITH RISES IN BUSINESS ACTIVITY AND EMPLOYMENT

- England sees sustained moderate growth in business activity at start of third quarter
- Wales maintains its recent strong performance thanks to pipeline of new orders
- Yorkshire & Humber and West Midlands remain top-performing regions overall while the North East sees a decrease in business activity
- Employment growth picks up to 18-month high

Business activity increased across England and Wales for the twelfth month in a row in July, rising at a steady pace, according to the latest Lloyds Bank Regional Purchasing Managers' Index (PMI).

England's business activity index – a measure that tracks changes in the total output across the manufacturing and service sectors – registered 54.4 in July, little-changed from June's nine-month low of 54.3. Wales's business activity index meanwhile read 55.7, outperforming the UK as a whole, despite seeing growth slow slightly since June (55.9).

The Lloyds Bank Regional PMI is based on businesses in the manufacturing and service sectors and is the leading economic health-check of regions across England and Wales. A reading greater than 50 signifies growth in business activity, while a reading below 50 signifies a contraction. The greater the divergence from the 50 mark, the faster the rate of change.

Yorkshire & Humber (58.0) overtook the West Midlands (56.7) to become the fastest growing region in terms of output in July, with the East Midlands (55.9) the third-best performer. The North East (48.6) recorded the only decrease in business activity, ending an 11-month period of growth in the region.

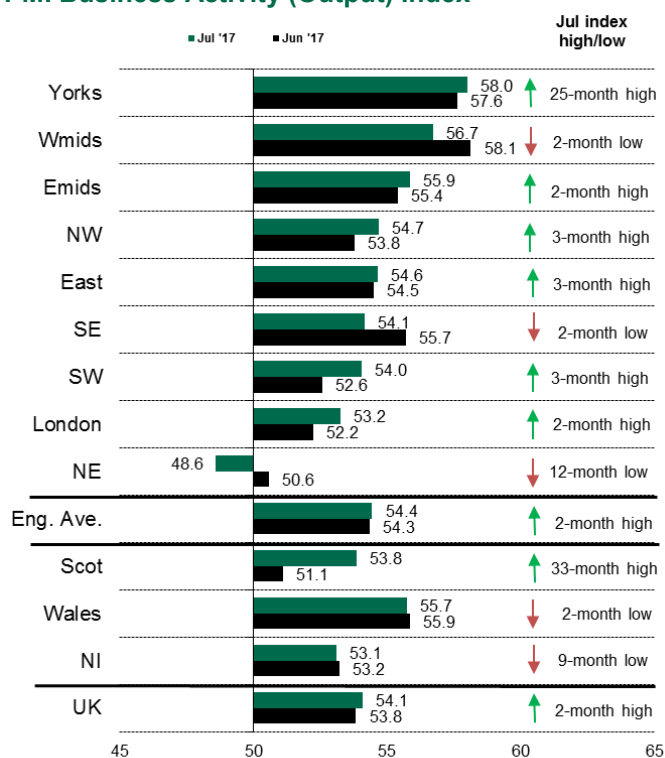
Employment across England and Wales meanwhile rose at the fastest rate in 18 months, supported by a strong flow of new orders placed with businesses.

However, inflationary pressures remained high, with average prices charged for goods and services rising at the fastest rate for three months, as firms passed on higher costs to customers.

Tim Hinton, Managing Director and Head of Mid-Markets and SME Banking, Lloyds Banking Group said: *Business activity continued to grow at a steady pace in July similar to the previous month's performance. Job creation improved to show the strongest rise in employment for 18 months, boosted by particularly strong growth in the West Midlands and Yorkshire & Humber. Strong price pressures remain a concern for businesses with costs rising at a faster rate for a second month in a row which is feeding through to higher prices for goods and services."*

- 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, July 2017



Business Activity PMI

48.0 54.0 60.0

Compiled by IHS 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 July 2017. 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 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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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.

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

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