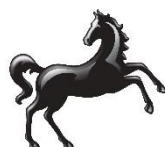


LLOYDS BANK



NOT FOR BROADCAST OR PUBLICATION BEFORE 00:01, MONDAY MAY 15TH 2017

LLOYDS BANK ENGLAND AND WALES REGIONAL PMI[®]: APRIL SEES FASTEST BUSINESS ACTIVITY GROWTH IN 2017 SO FAR

- Business activity growth gains momentum for second month running
- Job creation revives as new orders surge
- Businesses raise prices charged at fastest rate in nearly nine years
- West Midlands is top-performing region, recording fastest growth in output and employment

Business activity grew at its fastest rate across England in 2017 so far, with job creation also picking up speed, according to the latest Lloyds Bank Regional Purchasing Managers' Index (PMI).

However, the survey highlighted the continued build-up of inflationary pressures, as prices charged for goods and services rose at the fastest rate since 2008 due to a combination of rising costs and strong demand.

The Lloyds Bank Regional PMI, based on businesses in the manufacturing and service sectors, 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.

In England, the business activity index rose to a four-month high of 57.1 in April, up from March's 55.7 and its second-highest reading since mid-2015. Wales's business activity index, on the other hand, was unchanged at 53.6, its lowest reading since July 2016.

All regions in England saw a rise in business activity. The strongest growth was recorded in the West Midlands (60.3), where the pace of expansion was the highest for over two years, followed by the East Midlands (57.8) and East of England (57.3). The North East (52.0) was the weakest performer despite seeing growth recover from near stagnation in March.

Businesses recorded a strong increase in new orders in April, which was reflected in faster employment growth in most regions. The West Midlands led job creation ahead of the North West.

As well as improved business performance, latest data also showed price pressures intensifying. On average prices charged for goods and services rose at their fastest rate since September 2008, linked to a further strong increase in businesses' costs.

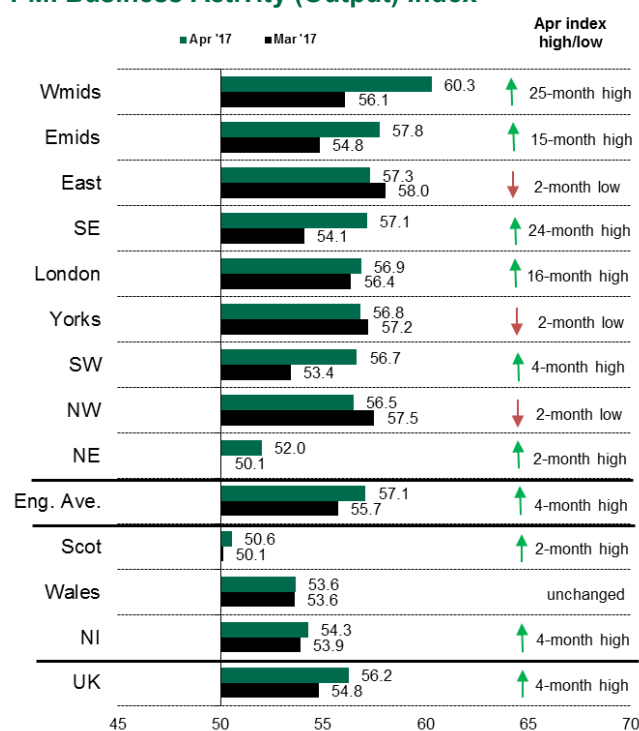
Tim Hinton, Managing Director and Head of Mid-Markets and SME Banking, Lloyds Banking Group said:

"Business activity has started strongly in the second quarter marking its fastest growth in 2017 so far, coupled with rising employment across the majority of regions."

“Demand remains resilient despite rising prices and the current political and macroeconomic uncertainty. Based on current indicators and once the general election is over, growth is likely to continue into the summer.”

- 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 April 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 in April 2017 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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