



NOT FOR BROADCAST OR PUBLICATION BEFORE 00:01, MONDAY 8 JULY 2013

LLOYDS TSB ENGLAND REGIONAL PMI: BUSINESS ACTIVITY INCREASES AT FASTEST RATE SINCE JANUARY 2012

- Business activity continues to grow in all nine English regions
- Fastest rise in output in London, followed by the North West
- Most regions report increased job creation in June, with London seeing most marked rise in private sector employment since August 2007

There was an increase in business activity across all of the English regions in June, according to the latest **Lloyds TSB Regional Purchasing Managers' Index[®] (PMI[®])** survey.

At 55.9 during June, up from 54.8 in May, the headline index measuring overall business activity remained well above the 50.0 'no-change' mark and showed the strongest growth since January 2012. The fastest rates of expansion were seen in London (58.3), the North West (58.1) and the West Midlands (56.3). The North East (51.7) remained the weakest performing English region in June.

One of the key economic drivers, levels of new business, also increased in all nine English regions during June. The North West (59.2), the West Midlands (58.9) and London (58.7) were the strongest three regions in terms of new business gains last month. Anecdotal evidence suggested that improving business and consumer confidence, alongside successful product launches, had boosted new order volumes.

Higher levels of business activity and increases in new work encouraged companies to hire additional staff in June. Eight of the nine English regions showed overall increases in new jobs, with the North East the only exception due to a marginal decrease in employment levels (49.2). The West Midlands registered the biggest rise in staffing levels (54.0), followed by London (53.9), as a result of the most marked rise in private sector employment across the capital since August 2007.

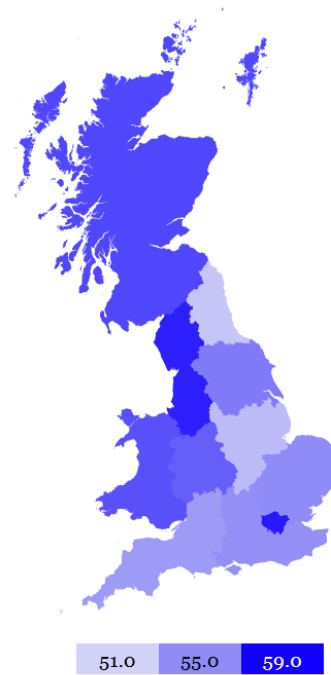
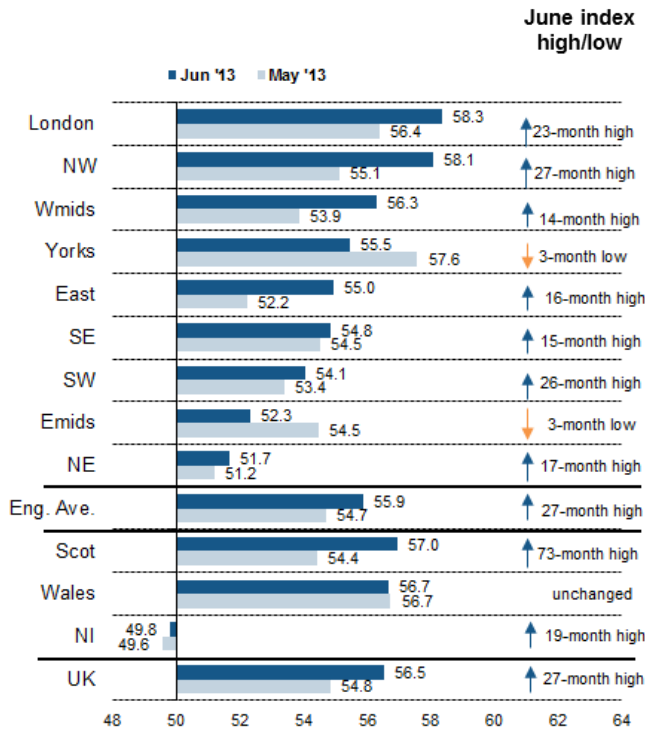
Average input costs continued to rise in June, which a number of survey respondents attributed to higher energy bills. Input cost inflation was strongest in the South East (55.2), and weakest in the North East (50.4).

The majority of English regions recorded an increase in companies' output prices in June, with the North East (47.0) and East of England (49.4) the only exceptions. Companies in London recorded the most marked rise in average prices charged (52.9). Survey respondents suggested that these had been raised to reflect increased cost burdens, but margins remained under pressure amid strong competition for new work in June.

David Oldfield, Managing Director, SME & Mid Markets Banking, Lloyds Banking Group, said: "Business activity stepped up a gear in June, while increases in new orders and stronger job creation added to the brightening economic picture across the English regions. A sustained period of rising output has spurred private sector job creation over the summer, with London, the North West and the South West all recording the fastest employment growth for over five years. Businesses also reported gains in new work from both domestic and international clients, helped by successful new product launches and signs of stronger economic conditions in key markets."

PMI Business Activity (Output) Index

Heat map, June 2013



PMI Business Activity Index

Darker colours show faster growth in business activity.

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.

– Ends –

Compiled by Markit for Lloyds TSB Commercial, 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 PMIs are based on data compiled in June 2013. 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 *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.

About Lloyds TSB Commercial

Lloyds TSB Commercial is a trading name of Lloyds TSB Bank plc and Lloyds TSB Scotland plc and serves customers with an annual turnover of up to £15M, from start-ups to established companies looking to grow.

Lloyds TSB Bank plc Registered office: 25 Gresham Street, London EC2V 7HN. Registered in England and Wales no. 2065. Telephone: 020 7626 1500.

Lloyds TSB Scotland plc Registered office: Henry Duncan House, 120 George Street, Edinburgh EH2 4LH. Registered in Scotland no. 95237. Telephone: 0131 225 4555.

To find out more about Lloyds TSB Commercial please visit www.lloydstsb.com/business

About Markit

Markit is a leading global financial information services company with over 2,800 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial marketplace. For more information, see www.markit.com.

For further information, contact:

Emile Abu-Shakra
Head of Media Relations, Commercial
Lloyds Banking Group
Tel: 020 7356 1878
Email: emile.abu-shakra@lloydbanking.com
www.mediacentre.lloydstsb.com

Caroline Lumley, Corporate Communications
Telephone +44-20-7260-2047
Mobile +44-78-1581-2162
Email caroline.lumley@markit.com

The intellectual property rights to the England Regional PMIs[®] provided herein is owned by Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. PMI[®] and Purchasing Managers' Index[®] are registered trademarks of Markit Economics Limited. Markit and the Markit logo are registered trade marks of Markit Group Limited.