



NOT FOR BROADCAST OR PUBLICATION BEFORE 00:01, MONDAY 14 OCTOBER 2013

LLOYDS BANK ENGLAND AND WALES REGIONAL PMI: STRONG BUSINESS ACTIVITY GROWTH RATES MAINTAINED ACROSS ENGLISH REGIONS AND WALES IN SEPTEMBER

- Combined business activity of the English regions rose strongly in September
- Wales records strongest business output expansion for four years while London leads the English regions
- Employment increases across Wales and all nine English regions

The combined business activity of the English regions continued to increase strongly in September, according to the latest **Lloyds Bank Commercial Banking Regional Purchasing Managers' Index[®] (PMI[®])** and a similar pattern was seen in Wales, where the rate of growth in activity reached a four-year high.

While the headline index measuring overall business activity across the English regions fell slightly from 61.0 in August to 60.7 in September, it was once again well above the 50.0 'no-change' mark. The index has now shown rising business activity for 11 consecutive months. Although the latest reading signalled a strong rate of expansion, it was slightly slower than the record high seen in August (61.0).

In Wales, the equivalent index for overall business activity rose to 59.2 in September (up from 57.7 in August). This was above the 50.0 no-change value and signalled the strongest output growth rate for four years.

London recorded the strongest output growth in England last month (62.9), followed by the North West (62.3) and the East Midlands (61.0). While the North East remained the weakest performing area in terms of business activity expansion (56.2), the region had still recorded growth for the past five months.

Improvements in domestic business and consumer sentiment were cited as key drivers of greater business activity, and increased volumes of new business were also recorded across all of England and Wales. The strongest rate of growth was seen in London (64.0), with the latest upturn reflecting a marked improvement in levels of new work within the capital's service sector.

Higher levels of employment were reported by private sector companies across England and Wales in September, with a number of survey respondents noting that rising backlogs of work and greater confidence in the economic outlook had encouraged staff hiring among businesses. The West Midlands saw the strongest rise in employment (55.6), followed by the North West (55.3).

The survey also highlighted increased costs for private sector firms across all of England and Wales, as rising energy bills and staff salaries drove up input prices. As a result, prices charged by manufacturers and service providers across England and Wales continued to rise in September, with inflation the strongest in the East Midlands (54.6) and weakest in London (50.4).

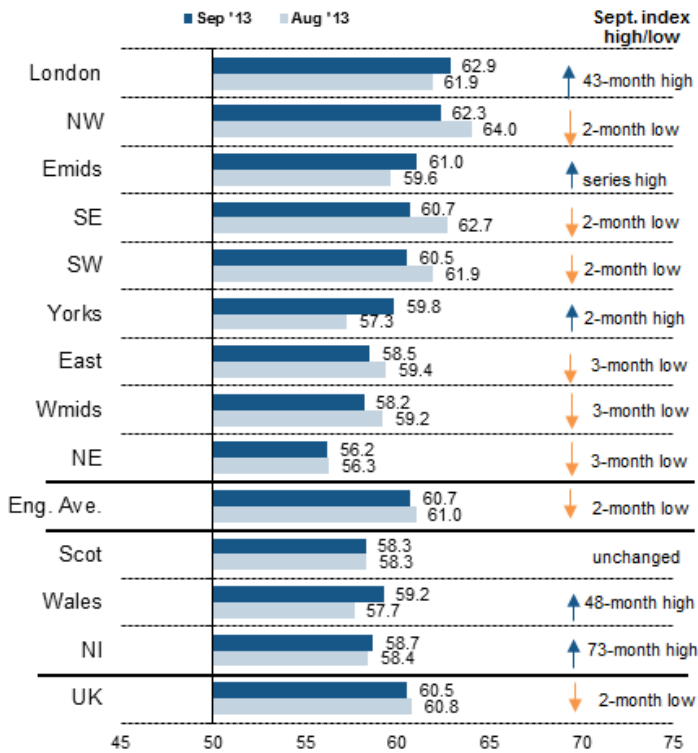
David Oldfield, Managing Director, SME & Mid Markets Banking, Lloyds Banking Group, said: "Businesses across England and Wales have put in a strong performance in recent months, and September's survey demonstrates that this trend is continuing. Growth continued across England and Wales and there was an impressive rise in levels of new business."

“These figures are a sign of a real building of momentum that we expect to continue into the final quarter of 2013. Companies throughout England and Wales have grown in confidence during the summer, and the latest survey shows that this newfound optimism is translating into results.

“Increasing numbers of businesses are now turning their attention towards recruiting additional staff and ramping up production capacity to meet growing output requirements.”

PMI Business Activity (Output) Index

Heat map, September 2013



– Ends –

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 PMIs are based on data compiled in September 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 Wales PMI® features original survey data collected in September 2013 from a representative panel of companies based in Wales and operating in both manufacturing and service sectors.

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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