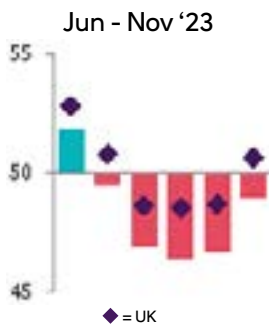


NatWest East of England PMI[®]

Output falls only slightly in November

East of England Business Activity Index



Key findings

Weakest decline in activity since July

Output expectations among strongest in UK

Input price inflation remains close to three-year low

The headline NatWest East of England PMI[®] Business Activity Index – a seasonally adjusted index that measures the month-on-month change in the combined output of the region’s manufacturing and service sectors – signalled a fifth successive monthly decline in activity in November. The index rose from October’s 46.7 to 49.0, however, to signal only a marginal rate of contraction that was the weakest since July. The downturn in new business slowed and the 12-month outlook brightened. Input price inflation rose slightly but remained close to a three-year low, while charges rose the most since July.

Falling output in the East of England contrasted with a slight rise across the UK as a whole, although this almost entirely reflected strong growth in London.

Rashel Chowdhury, NatWest Midlands and East Regional Board, commented:

"Although output fell again in November, the rate of decline slowed and was only marginal. This, combined with a slower reduction in new orders and sustained employment growth in the services sector, raises hopes that the region's downturn may be easing. Companies were at their most optimistic regarding the year-ahead outlook for business activity in five months, as they hope a further drop in inflation in the coming months will eventually lead to interest rate cuts and a boost to markets.

"Price pressures picked up in the latest period and remained above the long-run series trend, but the rate of input price inflation remains close to a three-year low."

East of England Business Activity Index
sa, >50 = growth since previous month



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About the East of England PMI® report

The NatWest East of England PMI® is compiled by S&P Global from responses to questionnaires sent to East of England companies that participate in S&P Global's UK manufacturing and services PMI surveys.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Business Activity Index. This is a diffusion index

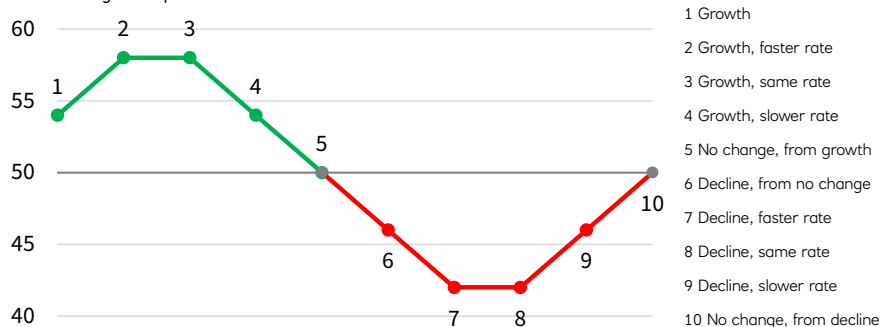
calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The East of England Business Activity Index is comparable to the UK Composite Output Index. It is sometimes referred to as the 'East of England PMI', but is not comparable with the headline UK Manufacturing PMI figure.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

Index interpretation

50.0 = no change since previous month



Demand and outlook

Downturn in new work slows in November

Private sector firms in the East of England reported a fifth successive monthly decline in new business volumes in November. The rate of contraction eased from October's 41-month record, but remained much stronger than the UK average. Companies reported that high interest rates were weighing on demand.

Manufacturers continued to report a steeper decline in new orders than service providers.

Expectations strengthen in November

Companies held positive expectations for output growth over the next 12 months in November. Moreover, confidence rose to the highest in five months, taking it above the long-run series average (since 2012). Companies linked positive sentiment to hopes that inflation will fall further leading to interest rate cuts.

Expectations in the East of England were among the strongest in the UK, with only the West Midlands, the South East and Yorkshire & Humber seeing stronger sentiment in November.

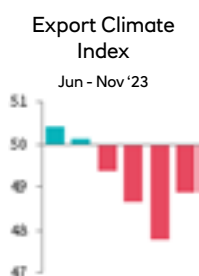
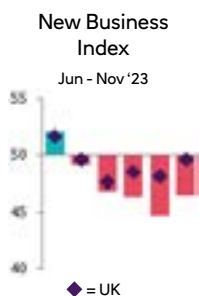
Exports

Downturn in export markets eases

The East of England Export Climate Index is calculated by weighting together national PMI output data according to their importance to the manufacturing exports of the East of England. This produces an indicator for the economic health of the region's export markets.

The Export Climate Index signalled a fourth successive monthly deterioration in export demand conditions for firms in the East of England in November. That said, rising to 48.9 from October's 47.8, the Index registered the slowest rate of decline in three months.

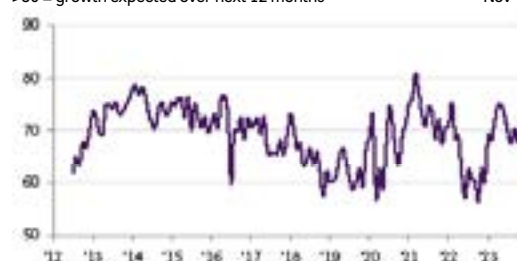
Of the top five export markets, output fell in France, the Netherlands and Germany, partially offset by rising activity in Ireland and the US.



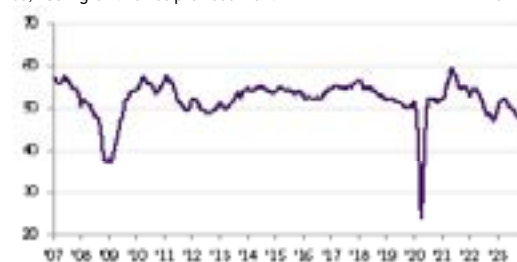
New Business Index
sa, >50 = growth since previous month
46.6
Nov '23



Future Activity Index
>50 = growth expected over next 12 months
71.6
Nov '23



Export Climate Index
sa, >50 = growth since previous month
48.9
Nov '23



Top export markets, East of England

Rank	Market	Weight	Output Index, Nov '23
1	Netherlands	20.1%	45.5
2	USA	19.1%	50.7
3	Germany	9.7%	47.8
4	France	7.6%	44.6
5	Ireland	5.1%	52.3

Business capacity

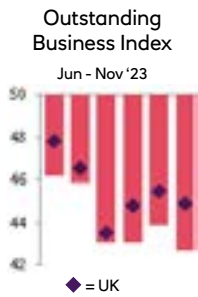


Employment falls for second time in three months

Private sector employment in the East of England declined in November, the second contraction in three months. Hiring growth in the services sector was insufficient to compensate for faster job cuts at manufacturers. That said, the rate of staff shedding was weaker than that registered in September.

The East of England was among seven English regions and UK nations to record job losses in November, with a fractional decline indicated at the UK level.

Employment Index
sa, >50 = growth since previous month
48.8
Nov '23



Fastest drop in backlogs since June 2020

The level of outstanding business in the East of England private sector economy continued to decline in November, reflecting the sustained drop in new work. The rate of backlog depletion was the fastest since June 2020. Incomplete workloads have fallen 18 times in the past 19 months.

The East of England continued to post a steeper drop in backlogs than the UK as a whole in November.

Outstanding Business Index
sa, >50 = growth since previous month
42.7
Nov '23

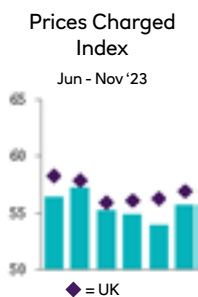
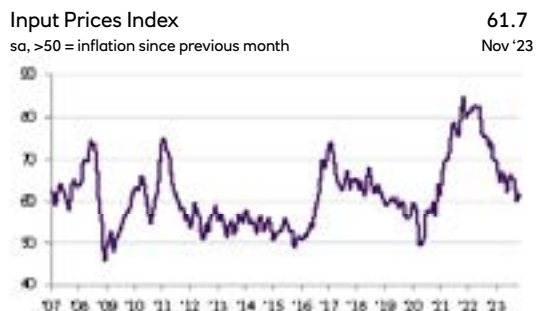


Prices



Input price inflation remains close to three-year low

Average input prices continued to rise strongly in November, with the seasonally adjusted Input Prices Index remaining above its long-run trend level of 59.0. Wages, fuel, supply shortages and high interest rates were all reported as contributing to cost pressures. The rate of inflation picked up from October's 35-month low, but was still among the weakest in the past three years. It was broadly in line with the UK average during the month. Cost pressures remained stronger at service providers than manufacturers.



Fastest rise in charges since July

Prices set by private sector firms for goods and services rose in November, extending the current sequence of inflation to three years and five months. The rate of inflation remained above the long-run survey average and accelerated since October to a four-month high. Output price inflation in the East of England remained below the UK average, however.



UK Sector PMI

Sector specialisation: East of England

Location quotients (LQs) are useful measures of regional economic specialisation and can identify industry clusters at a local level. They are ratios derived by comparing the share of sector output (or gross value added) in regions with the national share of output in the same sector.

Focusing on the manufacturing and service sectors in isolation, a location quotient is calculated by taking a sector's proportion of regional output and comparing it with the UK-wide share of output in the sector. An LQ of 1.0 in a sector means that the region and the UK as a whole are equally specialised in that sector. An LQ greater than 1.0 indicates that the sector has a greater economic footprint in the region than it does for the UK as a whole.

The tables below rank the location quotients for the East of England, broken down by manufacturing and services. The UK Output Index for each sub-sector is also displayed.

East of England specialisation: Manufacturing

Rank	Sector	LQ	UK Output Index, Nov '23
1	Electrical & Optical	1.30	55
2	Mechanical Engineering	1.26	50
3	Timber & Paper	1.21	45
4	Chemicals & Plastics	1.08	48
5	Other Manufacturing	1.03	45
6	Food & Drink	0.93	55
7	Basic Metals	0.93	48
8	Transport	0.66	50
9	Textiles & Clothing	0.43	52

East of England specialisation: Services

Rank	Sector	LQ	UK Business Activity Index, Nov '23
1	Transport & Communication	1.17	48
2	Business-to-business Services	1.12	48
3	Hotels, Restaurants & Catering	1.03	52
4	Personal & Community Services	0.94	48
5	Computing & IT Services	0.87	55
6	Financial Intermediation	0.67	52

UK sector focus

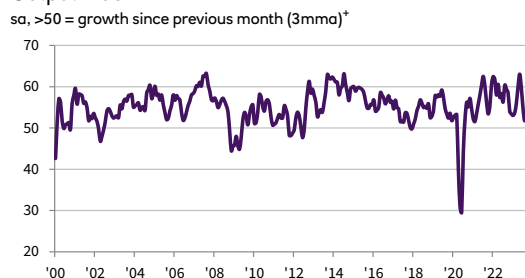
Computing & IT Services

Computing & IT Services was one of the UK economy's brightest spots in the three months to November. The sector, which has generally seen robust growth in the post-pandemic years, recorded a sharp and accelerated rise in output that was second only to that recorded by Food & Drink manufacturers.

Demand for Computing & IT Services remained strong, leading to a sustained build-up of backlogs of work. This in turn fuelled continued hiring across the sector. Although having slowed from the highs over the past three years, the rate of job creation remained robust.

Driven in part by rising salaries, input prices in the sector continued to grow at an above-trend rate in the three months to November. Cost inflation was, however, at its lowest in around two-and-a-half years, with the rate of increase in prices charged by firms also well down from last year's peak (although still elevated by historical standards).

Output Index



* 3-month moving average



UK Regional PMI overview

Business Activity

London continued to outperform the rest of the UK regions in November, recording a sharp and accelerated rise in business activity. The only other area to see growth was the West Midlands. The North East once again recorded the steepest fall in output. However, like in most places, the rate of contraction eased from the month before.

Employment

Just over half of the 12 monitored regions and nations recorded a fall in employment in November, the same result as seen in October. Firms in Wales registered the most marked drop in workforce numbers, followed by those in the North East and East Midlands, respectively. Scotland once again topped the rankings for job creation, ahead of the West Midlands.

Future Activity

A small majority of areas saw an improvement in business expectations in November. This included the West Midlands, which continued to record the highest overall degree of optimism. The greatest upswing in confidence was in Yorkshire & Humber. Sentiment was weakest in the North East, where it slipped to an 11-month low.

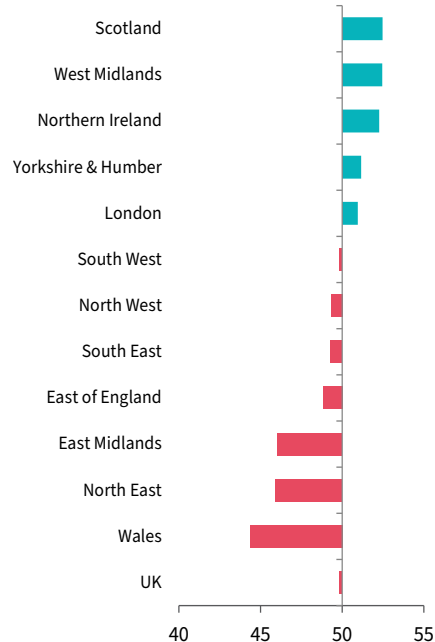
Business Activity Index

sa, >50 = growth since previous month, Nov '23



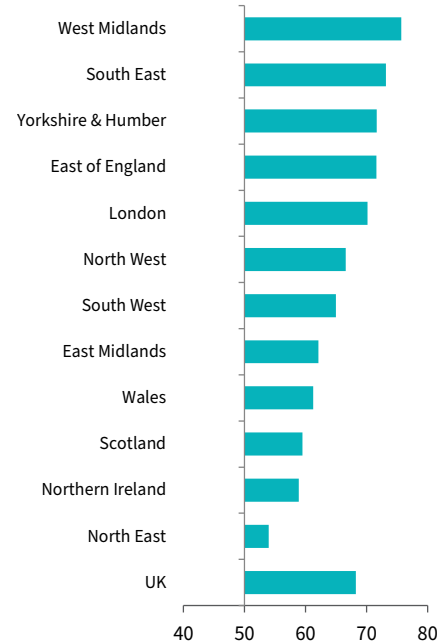
Employment Index

sa, >50 = growth since previous month, Nov '23



Future Activity Index

>50 = growth expected over next 12 months, Nov '23



* Coverage in Northern Ireland also includes retail and construction, alongside manufacturing and services.



Index summary

East of England

sa, 50 = no change over previous month. *50 = no change over next 12 months.

	Business Activity	New Business	Export Climate	Future Activity*	Employment	Outstanding Business	Input Prices	Prices Charged
Jun '23	51.8	52.0	50.4	72.9	53.3	46.2	62.4	56.4
Jul '23	49.5	49.2	50.1	69.7	53.6	45.9	66.3	57.2
Aug '23	46.9	46.9	49.4	67.5	50.9	43.1	65.7	55.2
Sep '23	46.4	46.4	48.7	70.4	47.8	43.1	64.9	54.9
Oct '23	46.7	44.8	47.8	67.7	50.1	43.9	60.0	53.9
Nov '23	49.0	46.6	48.9	71.6	48.8	42.7	61.7	55.7

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Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

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