

NatWest Purchasing Manager Index (PMI) Survey¹, Released December 2023: Midlands Regions

An interactive version can be found [here](#).

In Summary:

- The West Midlands Business Activity Index decreased from 50.7 in October 2023 to 50.6 in November 2023. The latest reading still indicated a slight increase in output, and this was due to rising intakes of new work and better demand trends encouraging growth.
- The East Midlands Business Activity Index decreased from 47.5 in October 2023 to 47.1 in November 2023, the fourth consecutive month where output was under the 50-growth mark. Firms reported weaker client demand with some reports of order cancellations and postponements.
- The UK Business Activity Index increased from 48.7 in October 2023 to 50.7 in November 2023.
- Out of the twelve UK regions, the West Midlands was the second highest and East Midlands was third lowest for business activity in November 2023.
- The West Midlands Future Business Activity Index increased from 73.8 in October 2023 to 75.7 in November 2023 and was still the most optimistic region for the fifth consecutive month. Optimism from firms was linked to hopes of better demand and economic conditions for the next twelve months along with investment and marketing initiatives.
- The East Midlands Future Activity Index decreased from 65.6 in October 2023 to 62.1 in November 2023, slipping to the lowest levels seen since December 2022. Where firms were optimistic, there were hopes of an increase in client demand and investment in new products. Optimism was restricted due to high interest rates and subdued demand conditions.
- Out of the twelve UK regions, the West Midlands was the highest and the East Midlands was fifth lowest for the Future Business Activity Index in November 2023.

In Detail:

Business Activity Index

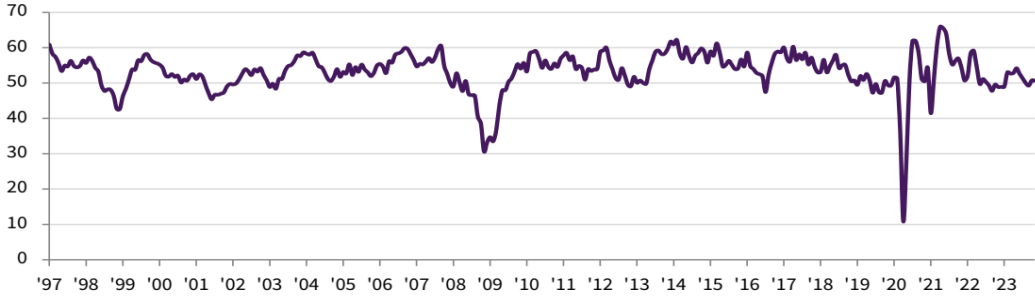
- The West Midlands Business Activity Index decreased from 50.7 in October 2023 to 50.6 in November 2023. The latest reading still indicated a slight increase in output, and this was due to rising intakes of new work and better demand trends encouraging growth.
- The East Midlands Business Activity Index decreased from 47.5 in October 2023 to 47.1 in November 2023, the fourth consecutive month where output was under the 50-growth mark. Firms reported weaker client demand with some reports of order cancellations and postponements.
- Out of the twelve UK regions, the West Midlands was the second highest and East Midlands was third lowest for business activity in November 2023. London was the highest with 56.5 and the North East was the lowest at 44.9.

¹ Source: NatWest UK regional PMI reports for November 2023, released December 2023. Please note, the seasonally adjusted 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 following chart shows the West Midlands Business Activity Index trends up to November 2023:

West Midlands Business Activity Index

sa, >50 = growth since previous month

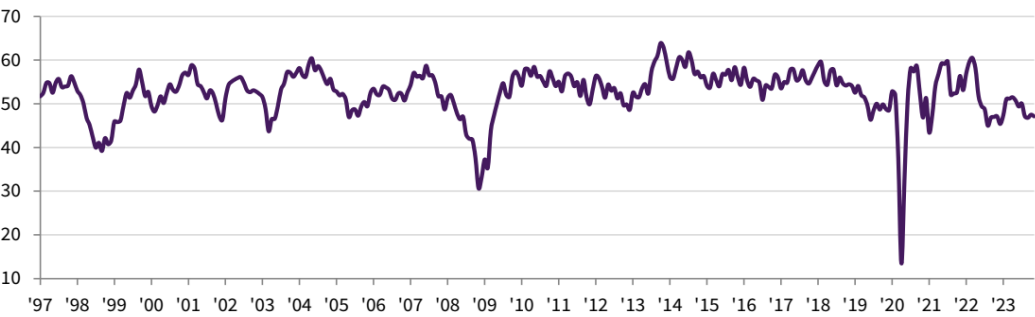


Source: NatWest PMI, December 2023

The following chart shows the East Midlands Business Activity Index trends up to November 2023:

East Midlands Business Activity Index

sa, >50 = growth since previous month



Source: NatWest PMI, December 2023

The following chart shows the Business Activity Index across all UK regions in November 2023:

Business Activity Index

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



Source: NatWest PMI, December 2023

Demand

- The West Midlands New Business Index decreased from 51.3 in October 2023 to 50.4 in November 2023. Where growth was reported, this was linked to demand resilience, restocking of efforts among clients and growing market shares.
- The East Midlands New Business Index increased from 44.1 in October 2023 to 45.0 in November 2023, the sharpest fall of all regions. The fifth consecutive month with a contraction as firms reported a drop in new orders due to weak client confidence and lower purchasing power.

Exports²

- The West Midlands Export Climate Index increased from 48.6 in October 2023 to 49.6 in November 2023, remaining under the 50- growth mark for the fourth month. The latest figure shows a fractional deterioration in export opportunities.
- The East Midlands Export Climate Index increased from a ten-month low of 48.8 in October 2023 to 49.9 in November 2023, although this was the fourth consecutive month under the 50-growth mark.

Business Capacity

- The West Midlands Employment Index increased from 51.7 in October 2023 to 52.4 in November 2023, the strongest levels seen since April 2023 and the rate of job creation outstripped the series trend. The growth was linked to existing vacancies being filled along with acquisitions and resourcing for the year ahead supporting recruitment.
- The East Midlands Employment Index decreased from 46.2 in October 2023 to 46.0 in November 2023, the fifth consecutive month of contraction and was the second-fastest job shedding since January 2021. The fall in employment was linked to lower new order inflows and cost cutting initiatives.
- The West Midlands Outstanding Business Index decreased from 46.8 in October 2023 to 45.7 in November 2023, remaining under the 50-mark threshold since December 2022. As firms diverted resources towards the completion of pending workloads.
- The East Midlands Outstanding Business Index increased from 45.8 in October 2023 to 46.0 in November 2023, this is the fourteenth month under the 50-mark. Lower levels of unfinished business was linked to a further reduction in new order and sufficient capacity to process incoming work.

Prices

- The West Midlands Input Prices Index increased from 55.2 in October 2023 to 57.1 in November 2023. Despite the increase, the overall rate of inflation was among the weakest seen in three years. However, firms still reported a further increase in overall expenses for food, fuel, material and wages since October 2023.
- The East Midlands Input Prices Index increased from 59.3 in October 2023 to 61.5 in November 2023, the increase was led by the service sector. The increase was the second-slowest seen in almost three years.
- The West Midlands Prices Charged Index increased from 54.6 in October 2023 to 55.9 in November 2023, as ongoing costs caused another increase in prices charged for goods and services. Although, the latest figure is above the long-run average it remained one of the weakest seen in nearly three years.
- The East Midlands Prices Charged Index decreased from 57.0 in October 2023 to 56.6 in November 2023, the rate of charge inflation was still above the series average.

² The Export Climate Index is calculated by weighting together national PMI output data according to their importance to the manufacturing exports of the region. This produces an indicator for the economic health of the region's export markets.

Outlook

- The West Midlands Future Business Activity Index increased from 73.8 in October 2023 to 75.7 in November 2023 and was still the most optimistic region for the fifth consecutive month. Optimism from firms was linked to hopes of better demand and economic conditions for the next twelve months along with investment and marketing initiatives.
- The East Midlands Future Activity Index decreased from 65.6 in October 2023 to 62.1 in November 2023, slipping to the lowest levels seen since December 2022. Where firms were optimistic, there were hopes of an increase in client demand and investment in new products. Optimism was restricted due to high interest rates and subdued demand conditions.
- Out of the twelve UK regions, the West Midlands was the highest and the East Midlands was fifth lowest for the Future Business Activity Index in November 2023. The South East was the second highest at 73.1 and the North East was the lowest at 54.0.

The following chart shows the Future Activity Index across all UK regions in November 2023:

Future Activity Index

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



Source: NatWest PMI, December 2023