

NatWest Purchasing Manager Index (PMI) Survey¹, Released March 2024: Midlands Regions

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

In Summary:

- The West Midlands Business Activity Index remained at 53.1 in February 2024. This reading still indicates an increase in business activity which was due to new orders, demand resilience and promotional activity.
- The East Midlands Business Activity Index increased from 51.6 in January 2024 to 54.2 in February 2024, the fastest growth rate since April 2022. The increase in business activity was linked to stronger client demand and increased investment.
- The UK Business Activity Index increased from 52.9 in January 2024 to 53.0 in February 2024.
- Out of the twelve UK regions, the West Midlands was the fourth highest and East Midlands was second highest for business activity in February 2024.
- The West Midlands Future Business Activity Index decreased from 78.1 in January 2024 to 76.8 in February 2024. Despite the fall, 58% of firm expect to see an increase in output volumes and only 4% reporting pessimism. Firms were also optimistic due to hopes of better demand conditions and marketing effects.
- The East Midlands Future Activity Index increased from 68.2 in January 2024 to 76.0 in February 2024, highest since January 2022. Optimism was linked to investment in new product and service lines, increased marketing and hopes of further new business activity.
- Out of the twelve UK regions, the West Midlands was third highest and the East Midlands was fifth highest for the Future Business Activity Index in February 2024.

In Detail:

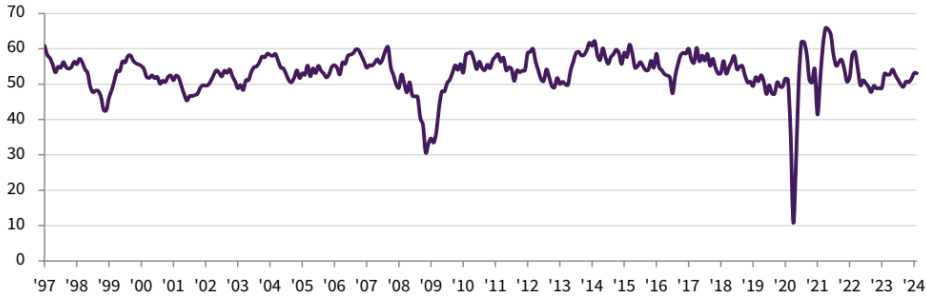
Business Activity Index

- The West Midlands Business Activity Index remained at 53.1 in February 2024. This reading still indicates an increase in business activity which was due to new orders, demand resilience and promotional activity.
- The East Midlands Business Activity Index increased from 51.6 in January 2024 to 54.2 in February 2024, the fastest growth rate since April 2022. The increase in business activity was linked to stronger client demand and increased investment.
- Out of the twelve UK regions, the West Midlands was the fourth highest and East Midlands was second highest for business activity in February 2024. London was the highest with 56.5 and Wales was the lowest at 47.5.

¹ Source: NatWest UK regional PMI reports for February 2024, released March 2024. 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 February 2024:

West Midlands Business Activity Index
sa, >50 = growth since previous month



Source: NatWest PMI, March 2024

The following chart shows the East Midlands Business Activity Index trends up to February 2024:

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



Source: NatWest PMI, March 2024

The following chart shows the Business Activity Index across all UK regions in February 2024:

Business Activity Index
sa, >50 = growth since previous month, Feb '24



Source: NatWest PMI, March 2024

Demand

- The West Midlands New Business Index decreased from 51.5 in January 2024 to 50.9 in February 2024. Despite the fall, this is the 13th consecutive month of growth. Growth was restricted due to economic uncertainty and sufficient stock levels among customers.
- The East Midlands New Business Index increased from 51.6 in January 2024 to 52.8 in February 2024, the second consecutive month of growth (and fastest growth seen in almost two years). The increase was linked to stronger client demand and the onboarding of new clients.

Exports²

- The West Midlands Export Climate Index increased from 50.2 in January 2024 to 51.3 in February 2024, the second consecutive month of improvement in trade conditions.
- The East Midlands Export Climate Index increased from 50.2 in January 2024 to 51.4 in February 2024, strongest rise since mid-2023.

Business Capacity

- The West Midlands Employment Index decreased from 50.0 in January 2024 to 49.0 in February 2024, the second decline in three months. The fall was mainly due to non-replacement of voluntary leavers, cost considerations and redundancies.
- The East Midlands Employment Index decreased from 49.1 in January 2024 to 49.0 in February 2024. Lower employment was in part due to the non-replacement of voluntary leavers due to cost considerations.
- The West Midlands Outstanding Business Index increased from 47.4 in January 2024 to 47.7 in February 2024. The fall was linked to subdued demand conditions, efficient gains and staff working overtime.
- The East Midlands Outstanding Business Index decreased from 48.7 in January 2024 to 47.5 in February 2024. The fall in backlogs of work was driven by manufacturers who registered a sharp decrease in work-in-hand.

Prices

- The West Midlands Input Prices Index increased from 59.9 in January 2024 to 61.3 in February 2024, this was at a seven-month high. The increase was linked to an increase in expenses (food material and shipping costs) as well as currency fluctuations, disruptions in the Red Sea, input shortages and higher cost of living.
- The East Midlands Input Prices Index increased from 61.6 in January 2024 to 63.1 in February 2024, joint fastest growth since September 2023. The increase was linked to additional shipping and transportation costs and increased supplier charges.
- The West Midlands Prices Charged Index decreased from 57.3 in January 2024 to 57.2 in February 2024. Some firms hiked fees while other reduced them in an attempt to boost sales and expand market shares.
- The East Midlands Prices Charged Index increased from 54.8 in January 2024 to 56.8 in February 2024. Higher output prices were due to the passthrough of greater costs to customers.

Outlook

- The West Midlands Future Business Activity Index decreased from 78.1 in January 2024 to 76.8 in February 2024. Despite the fall, 58% of firm expect to see an increase in output volumes and only 4% reporting pessimism. Firms were also optimistic due to hopes of better demand conditions and marketing effects.
- The East Midlands Future Activity Index increased from 68.2 in January 2024 to 76.0 in February 2024, highest since January 2022. Optimism was linked to investment in new product and service lines, increased marketing and hopes of further new business activity.

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.

- Out of the twelve UK regions, the West Midlands was third highest and the East Midlands was fifth highest for the Future Business Activity Index in February 2024. The South East was the highest at 80.7 and the North East was the lowest at 60.2.

The following chart shows the Future Activity Index across all UK regions in February 2024:

Future Activity Index

>50 = growth expected over next 12 months, Feb '24



Source: NatWest PMI, March 2024