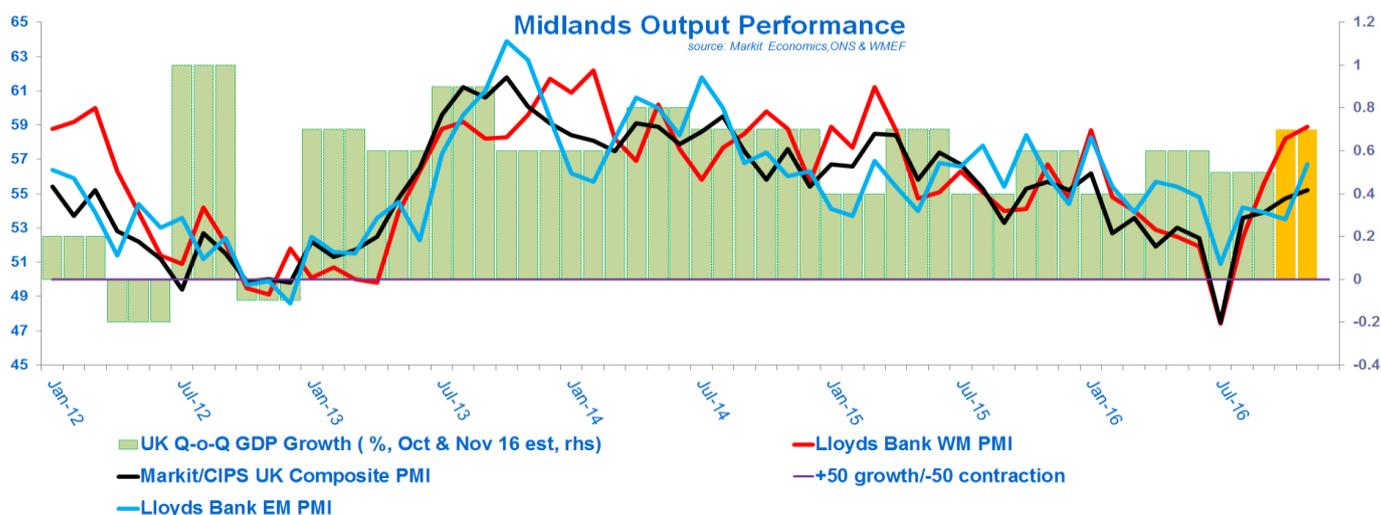


Region's growth rate expands at fastest rate for 20 months

According to the latest Lloyds Bank regional PMI for November released today:

- WM PMI strengthens to 58.9 in November from 58.2 previously
- EM PMI rebounds to 56.7 in November from 53.5 previously
- November WM PMI records strongest regional growth rate in UK
- Acceleration in WM business activity fastest in 3-months to November
- Price pressures continue to tighten but regional-national differential narrowing
- Employment growth reaches a 10-month peak
- Growth momentum in both EM & WM expected to be sustained into H1 2017



The WM outperformed all other UK regions according to the latest regional Lloyds Bank WM PMI produced by IHS Markit, with private sector enterprises recording output growth at its strongest for 20-months. Buoyed by new business orders, and although work backlogs are rising, this has contributed to increased recruitment. The pattern of growth was balanced across manufacturing and services sectors, and attributed to stronger confidence levels amongst customers and clients.

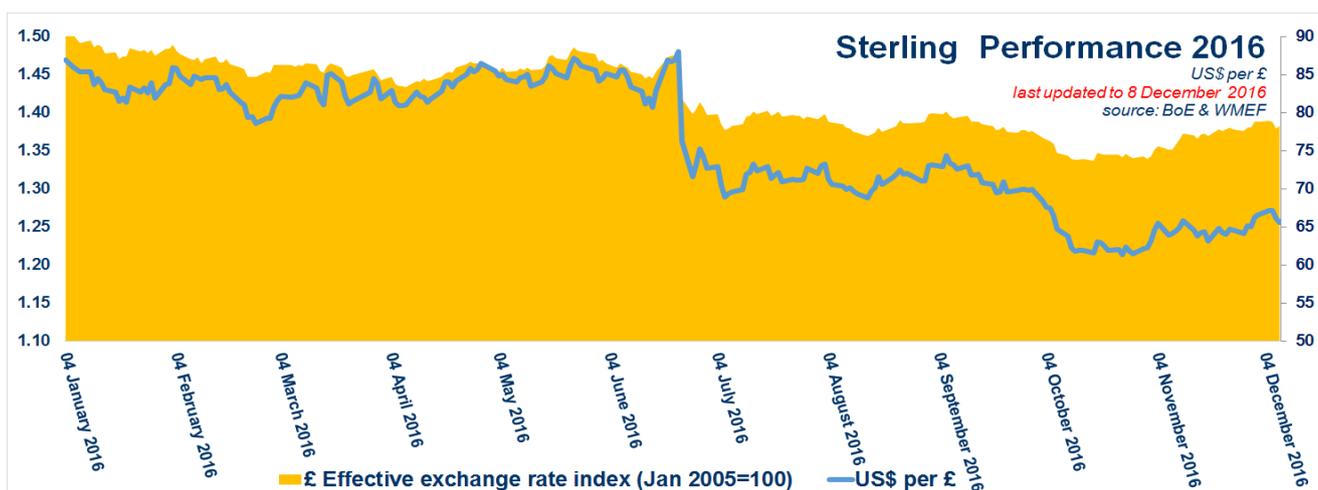
The robust rate of expansion was leading to many respondents reporting some capacity constraints. As a result, if demand continues at this pace into the New

Year, access to capital financing for investment, as well as additional labour resources in an already tightening market, will be critical to sustaining momentum.

Similar build-up of pressures in the labour market were reflected in last week's IHS/REC Midlands Jobs Report, which saw close to half of all firms reporting an increase in permanent appointments.

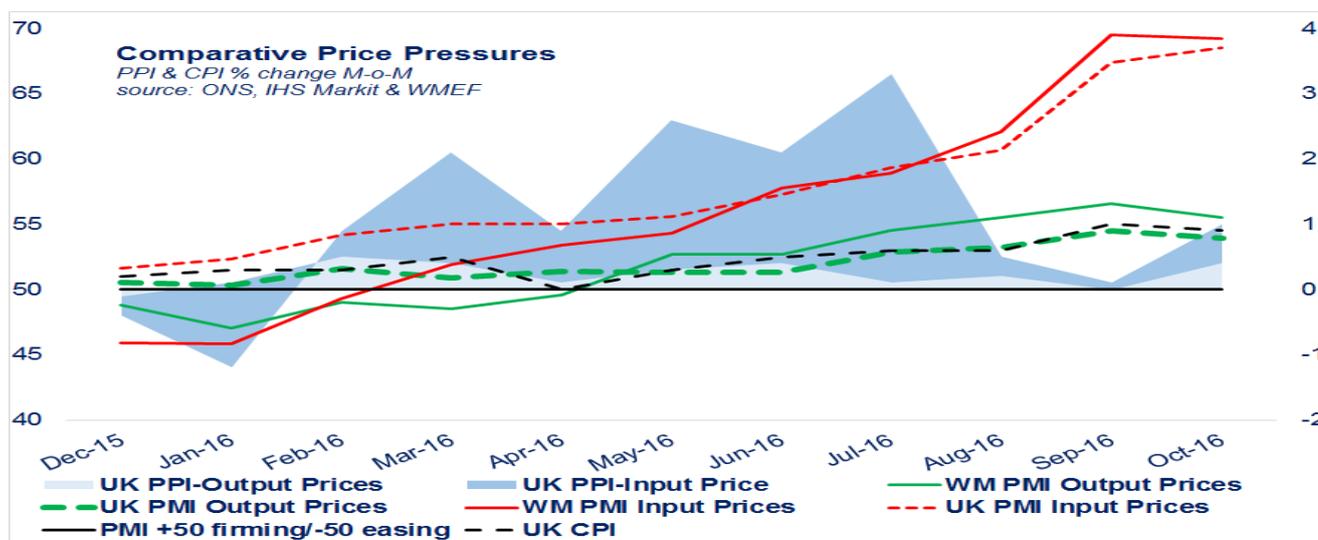
This continued resilience of economy, notwithstanding widespread earlier pessimistic commentary on the likely impact of Brexit, was presaged by the recent national PMI data – the revival of manufacturing continued for a fourth consecutive month to November; the construction sector recorded a rebound in the same month after faltering performance in the third quarter; whilst services performance accelerated.

ONS data was more mixed, with manufacturing easing according to official data. However the second estimate of third quarter activity registered that GDP was 2.3% higher in July to September 2016 compared with the same quarter a year ago, with the ONS concluding that Brexit has as yet had scant impact on growth prospects. Furthermore, between the second and third quarter, business investment is estimated to have increased by 0.9%, from £43.8 billion to £44.2 billion, the second consecutive quarter of growth.



Consumer prices have been on an upward trajectory since the second quarter, with underlying price pressures firming notably in the second half. Prices prior to the referendum, rose largely as a result of the recovery in commodity prices since the beginning of the year, notably oil, but have since intensified by the post referendum

depreciation of £ - in nominal terms equivalent to 15%. Whilst producer input prices surged as £ fell in the second quarter, this was not immediately reflected in producer output prices, indeed there was some easing in price pressures in August and September. Further weakening of £ in November has however led to a pick in both producer input and output prices, and this can be expected to feed through into rising CPI in the new year. The latest WM PMI indicates that producer prices are continuing to accelerate rapidly, although regional-national differential narrowed.



Quotes:

Professor Julian Beer, Deputy Vice-Chancellor at Birmingham City University, said: “The regional economy seems to have shrugged off the immediate downside associated with Brexit; indeed output growth seems to be establishing a new higher trajectory. Anecdotal evidence would appear to support PMI data that indicate the economy is touching key capacity constraints, and the positive news from the Autumn Statement, on some increases in infrastructure investment, may help ease these. However into 2017, fresh access to investment capital and skilled experienced workers for the private sector are likely to prove key factors determining if the region is to succeed in the increasingly Brexit-driven economic environment”.

ENDS

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Notes:**Birmingham City University:**

Birmingham City University is a dynamic, business-engaged institution. As a substantial employer with over 2,000 staff and through the provision of graduate talent, research and knowledge transfer, we contribute around £180 million to Birmingham's gross domestic product (GDP).

The university works with in excess of 5,000 businesses, regionally, nationally and internationally, with our courses informed by Industry Advisory Boards, where information about business needs are reviewed and skills challenges are discussed. In 2015 we launched Advantage, the business growth service from Birmingham City University enabling organisations and individuals to get connected with knowledge, skills and money in business, innovation and enterprise.

We have extensive sector linkages providing detailed intelligence and input into future innovation, driving thinking around smart specialisation, the creative economy, advanced manufacturing and health-related life sciences. Through our work with partners such as the GBS LEP, WMCA, Science City, and Creative City Partnership, we take a lead on cross innovation, design and climate change. Innovation is at the core of our work. Working in partnership is at the core of our approach to business.

Midlands Economic Forum:

The Midlands Economic Forum is a neutral, independent forum bringing together representatives of the public, private and voluntary sectors to evaluate real trends in the local economy. Midlands Economic Forum is part of the West Midlands Economic Forum Group.

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The Midlands Economic Forum is a neutral, independent forum bringing together representatives of the public, private and voluntary sectors to evaluate real trends in the local economy.