

Economic Overview

29th October 2009



markit™



Economic Overview

Agenda

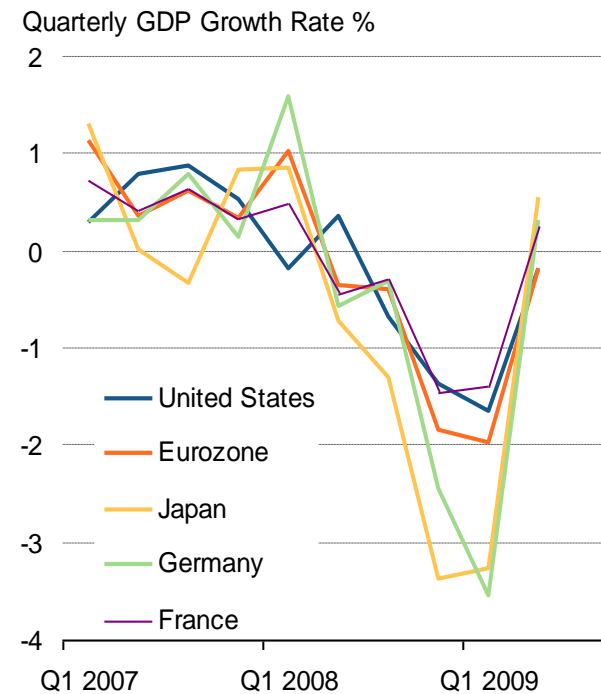
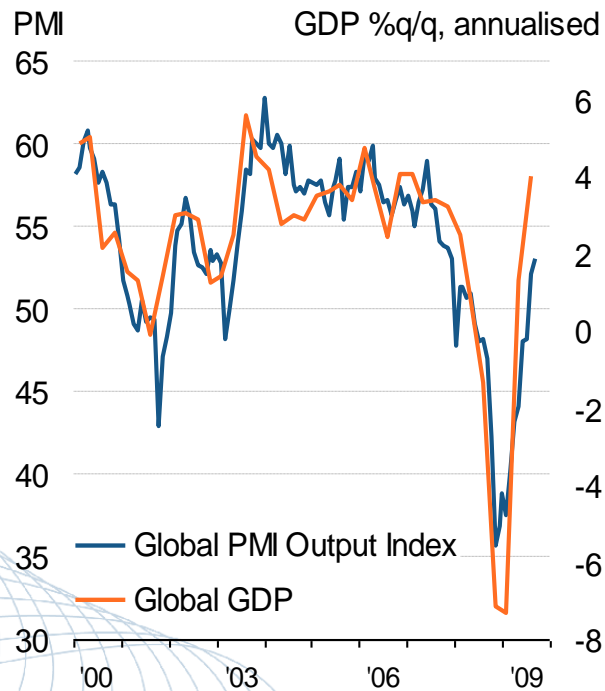
- Introduction to PMI data
- Global economic overview
- The UK and the West Midlands

Introduction: The PMIs

- Provide fast, factual accurate economic indicators
- Fill gap in official data
 - Official figures often released weeks or months after reference period
 - Frequently revised after initial publication
 - Respected by central bankers, governments etc.
- PMI data are accurate and comprehensive at the:
 - Global level
 - National level
 - ...and across manufacturing and services

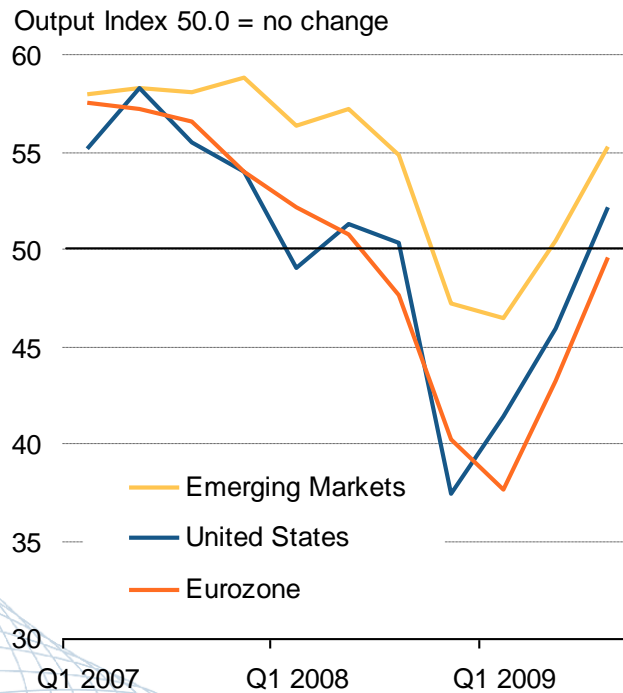
Global GDP rises in Q3, as synchronised downturn is followed by a synchronised rebound

- Global GDP rose 2% annualised in Q3 '09 (record 7% contraction in Q1)
- Most major countries expected to exit recession by Q3
 - notable exceptions being the UK(?), Italy and Spain

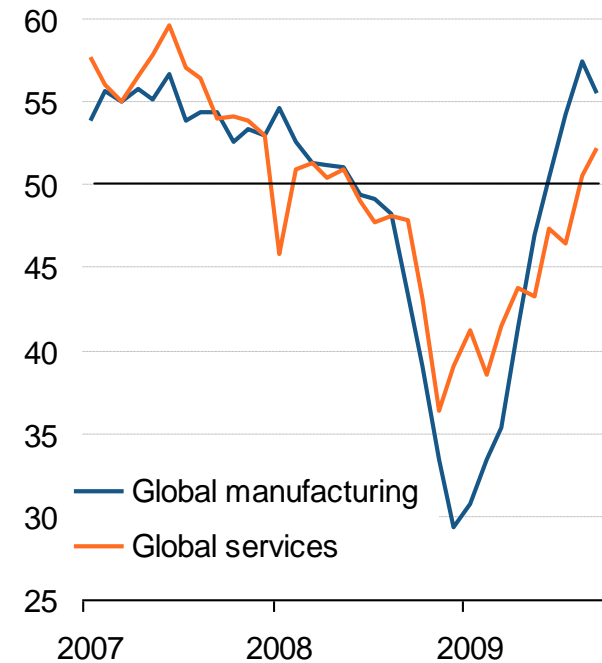


Rebound led by emerging markets and manufacturing

Manufacturing & Services PMIs

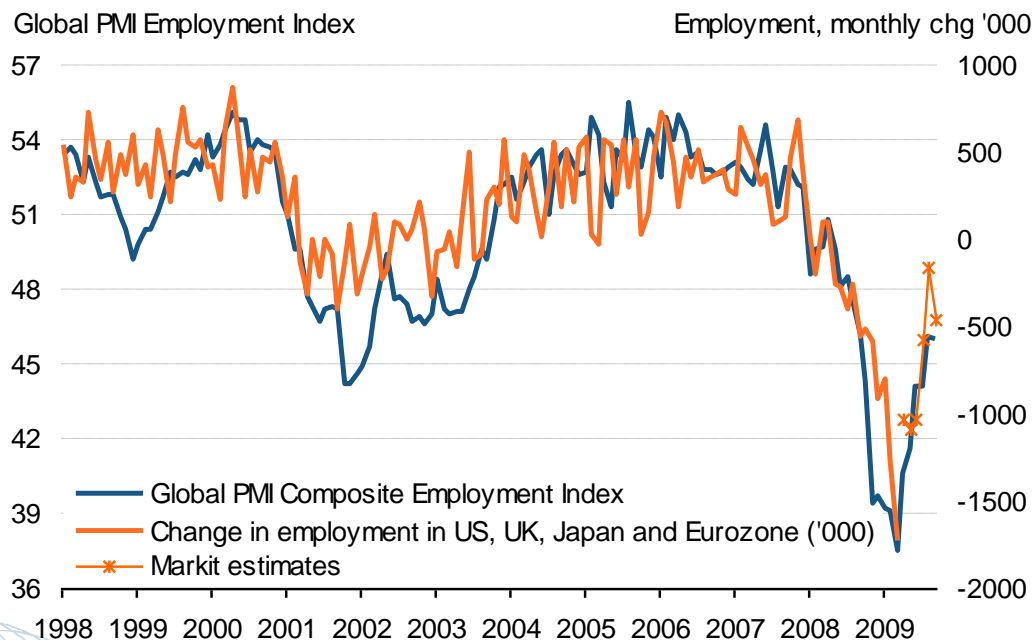


Global PMI Output / Activity index



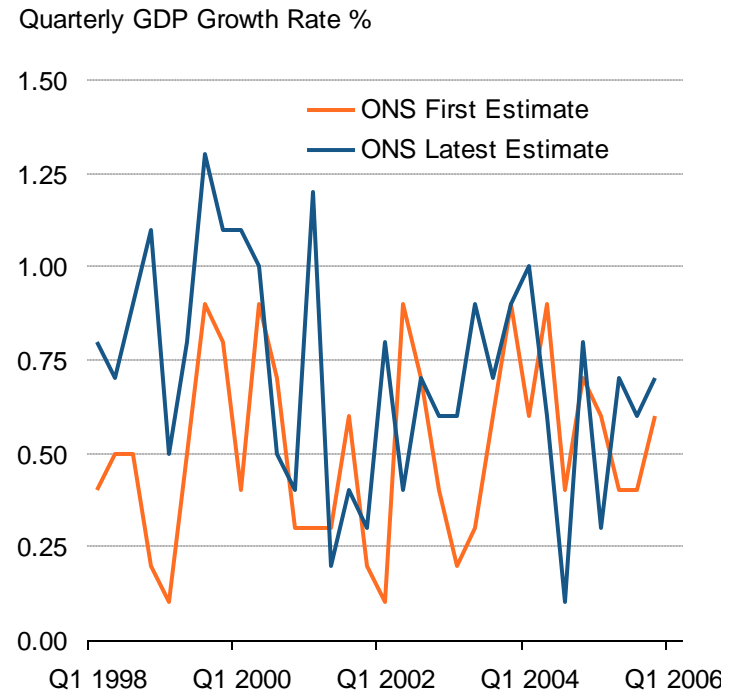
Global employment continues to disappoint

- Job losses running at 1.7m-1.8m pcm in March
- Eased to near 100k pcm in August
- September PMI data point to acceleration – but hopefully temporary



The UK: Still in recession?

- GDP down 0.4% q/q in Q3. Expected outcome 0.2% growth
- Could be correct...but reasonable doubt remains



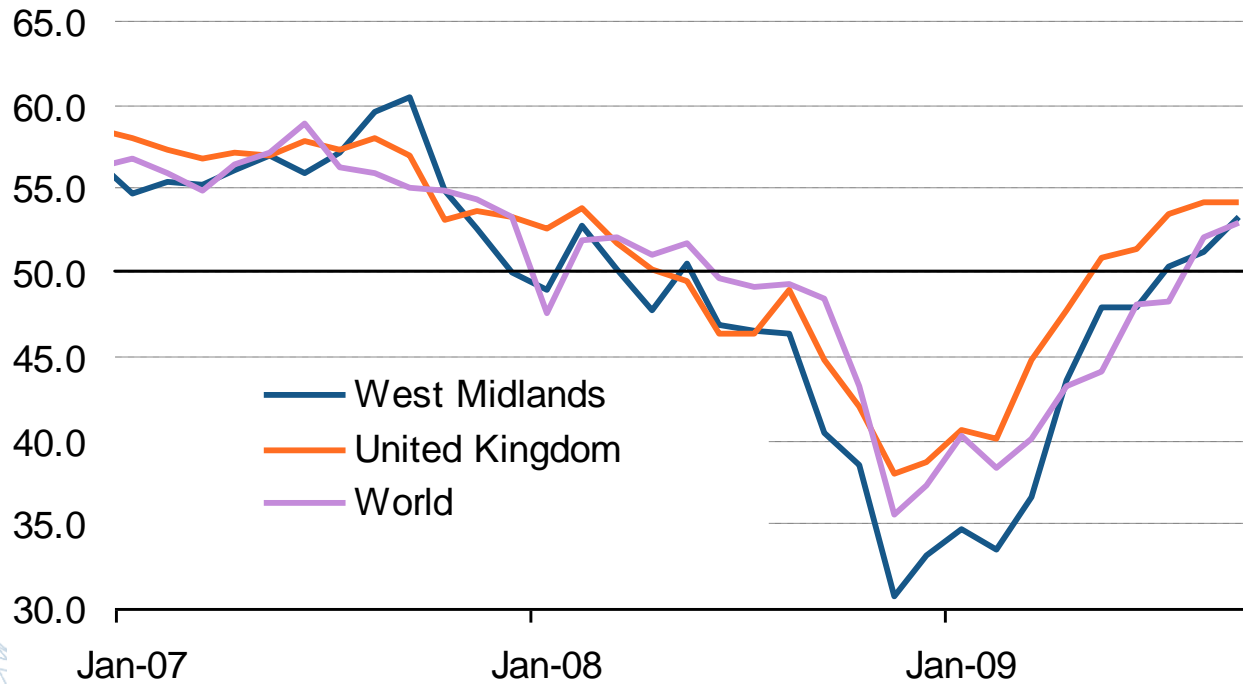
The UK: GDP impact of recession

- Impact of recession has been particularly hard on the UK

	Peak-to- 'trough' (Q2 09)	Loss-to- potential
United States	-3.9%	-6.8%
Eurozone	-4.5%	-7.4%
United Kingdom	-5.6%	-8.1%
Japan	-8.3%	-9.6%

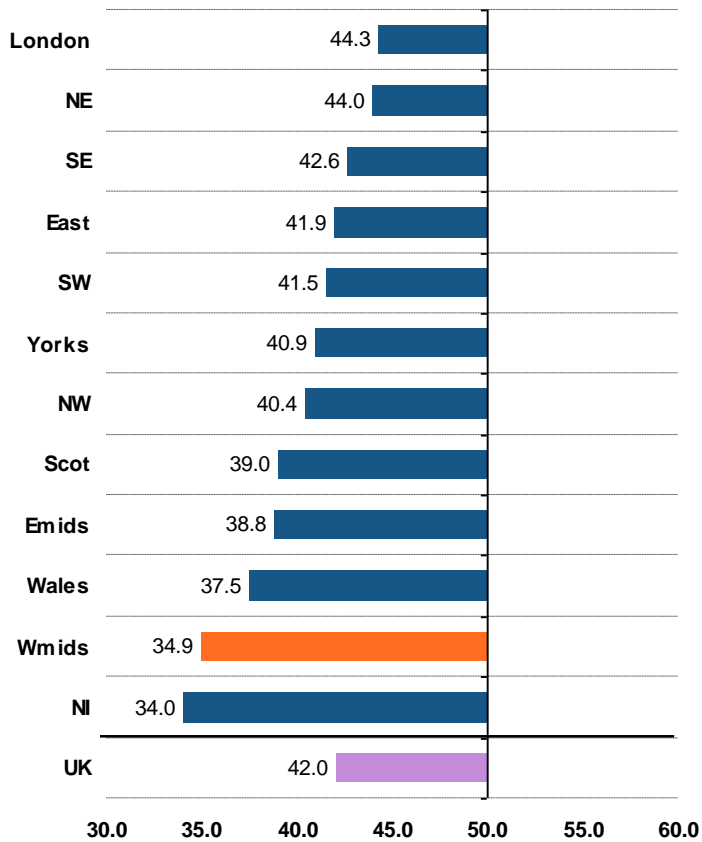
UK & West Midlands: Business Activity

sa, M&S Business Activity, 50 = no change

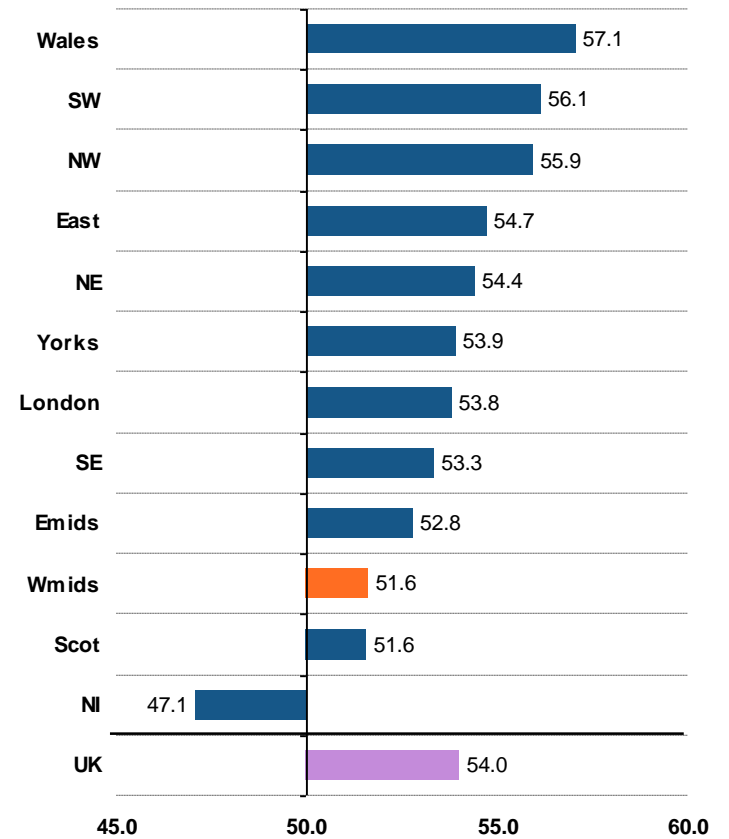


UK & West Midlands: Business Activity

Business Activity: Q1 2009

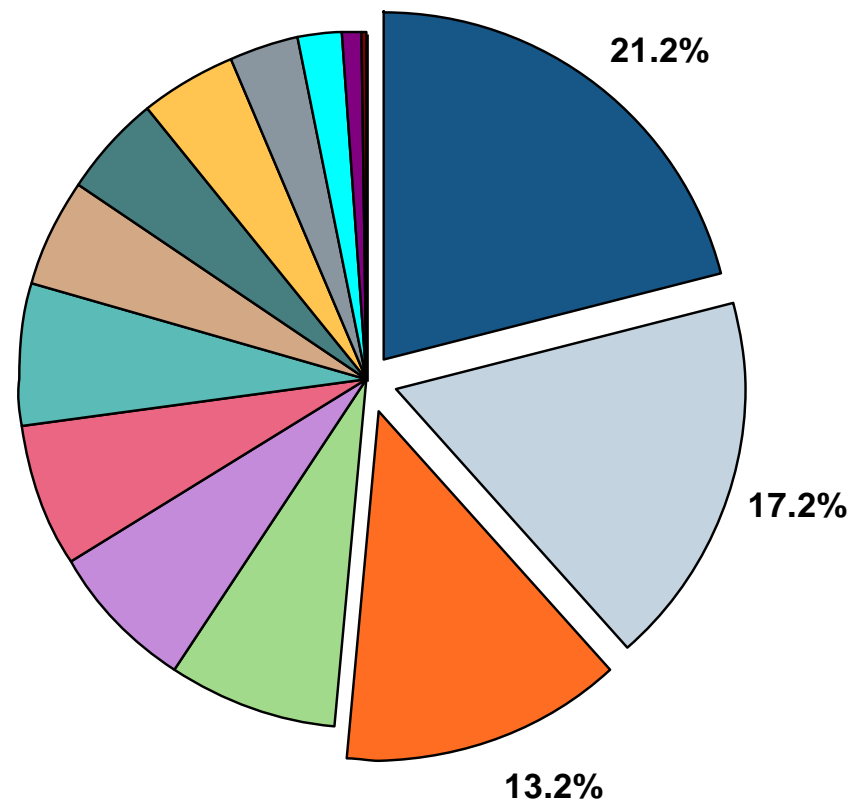


Business Activity: Q3 2009



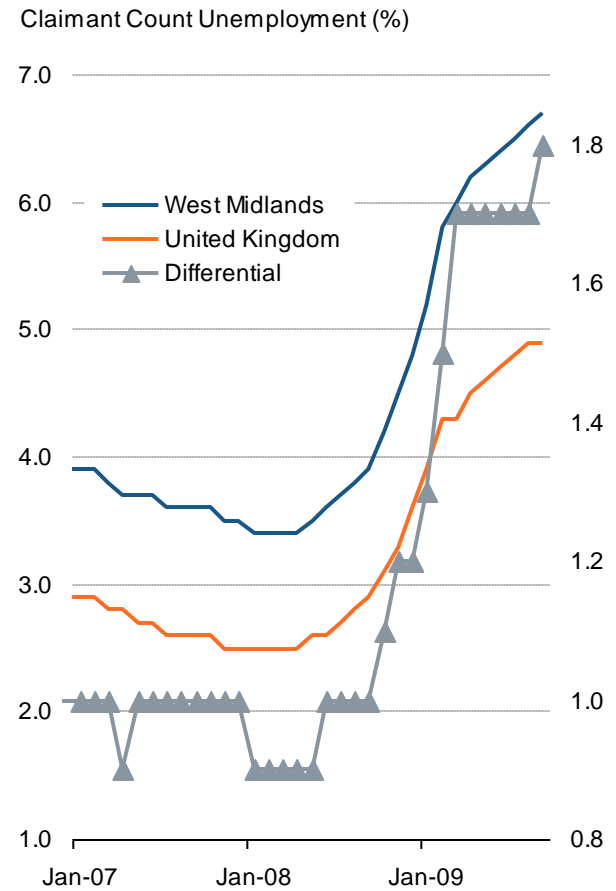
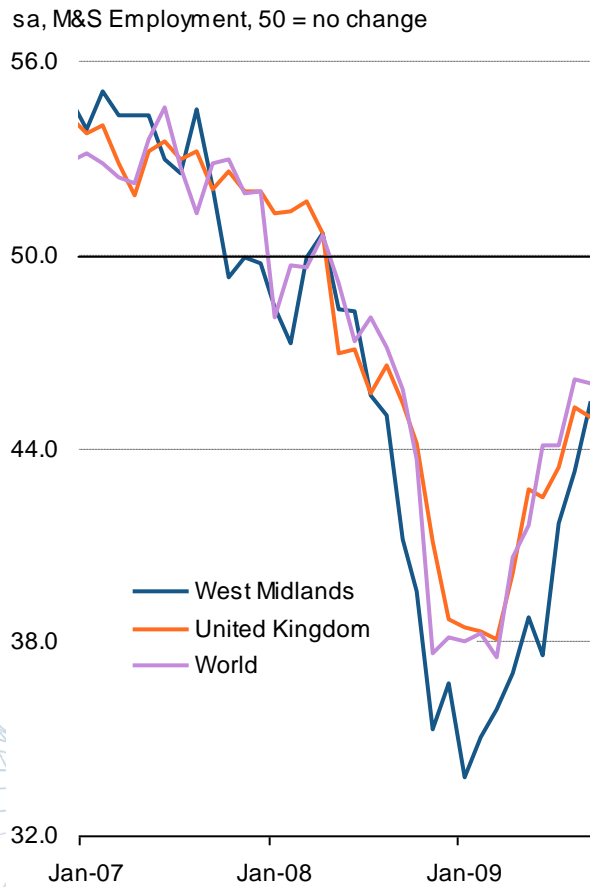
West Midlands: Economic Structure (2006)

- Real estate, renting and business activities
- Manufacturing
- Wholesale and retail trade (including motor trade)
- Health and social work
- Education
- Construction
- Transport, storage and communication
- Financial intermediation
- Other services
- Public administration and defence
- Hotels and restaurants
- Electricity, gas and water supply
- Agriculture, hunting, forestry & fishing
- Other mining and quarrying
- Mining and quarrying of energy producing materials



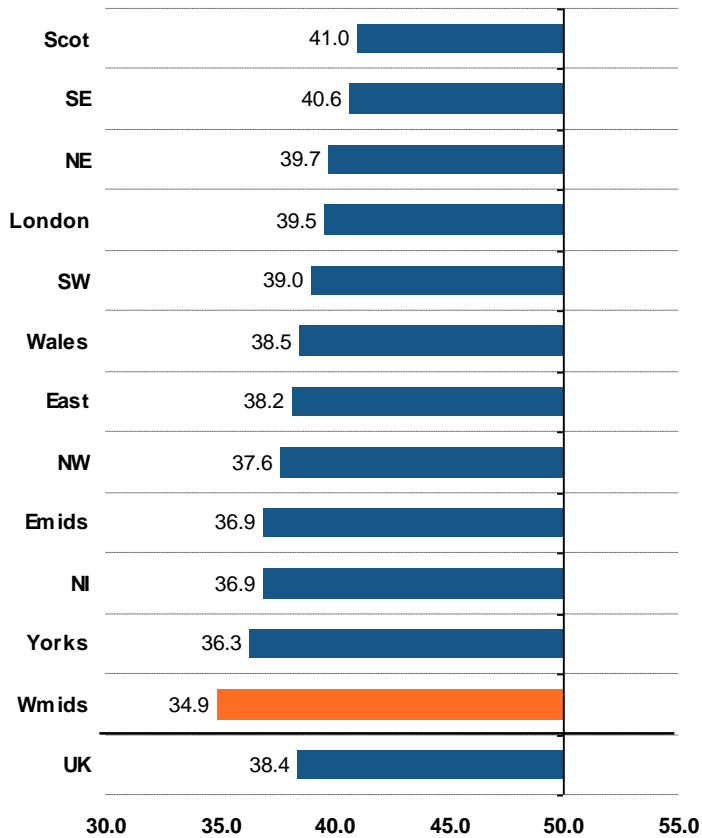
Source: Office for National Statistics

UK & West Midlands: Employment

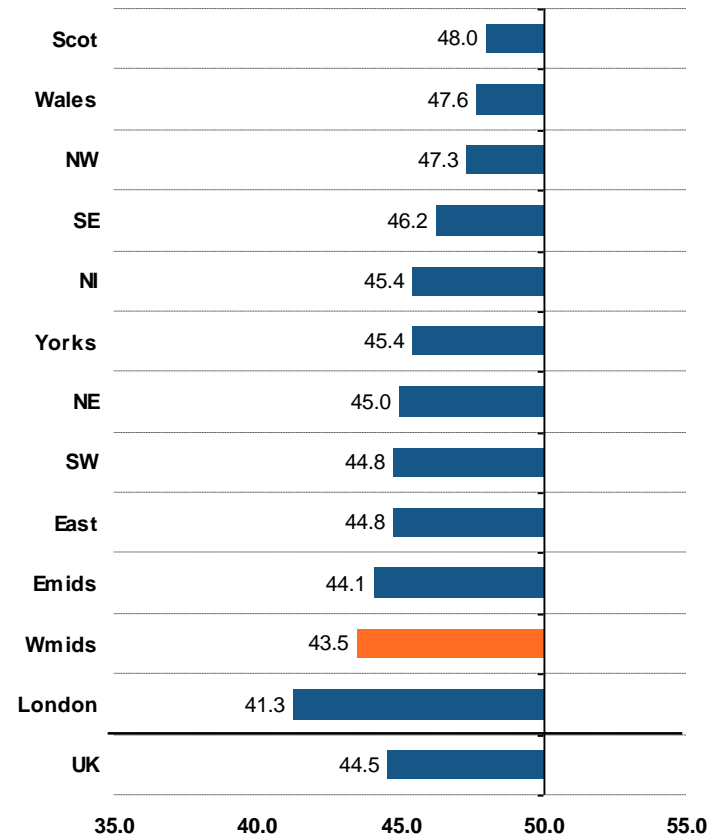


UK & West Midlands: Employment

Employment: Q1 2009



Employment: Q3 2009



UK & West Midlands: Looking Ahead

- Current situation...
 - Rebound reliant on price discounting and government support
 - Structure made UK and West Midlands vulnerable to downturn

- ...but looking ahead the following are causes for optimism
 - 1) Monetary and fiscal conditions remain supportive
 - 2) Car scrappage scheme extended
 - 3) Weak sterling + global recovery = boost to exports
 - 4) Manufacturing has led the global rebound (WM)