



Royal Bank
of Scotland

Embargoed until 0001, Monday 17th April 2023

Royal Bank of Scotland PMI[®]

Private sector activity expands for the second month running

- **Quickest rise in private sector activity since June 2022**
- **Growth in new orders also picks up**
- **Employment growth at eight-month high**

According to the latest Royal Bank of Scotland PMI[®] data, the Scottish private sector saw a second successive monthly rise in business activity, with underlying data showing quicker growth across both the manufacturing and service sectors. The rate at which private sector output grew was the strongest in nine months, with the Scotland Business Activity Index rising from February's 51.0 to 52.9 in March. This compared favourably against the UK as a whole (52.2), where the rate of expansion slowed.

Furthermore, firms across Scotland noted a solid and accelerated rise in new business inflows in March. In turn, back-to-back expansions were noted in private workforce numbers, again the latest rate of job creation quickening on the month and signalling the strongest intake of staff since last July.

Private sector companies across Scotland signalled a second monthly rise in volumes of new business at the end of the first quarter. The upturn was quickest since last May and robust overall. The rise in business inflows was attributed to an array of reasons including increased advertising and investment, stronger sterling against the dollar and improved client demand. Nonetheless, the uptick in new order inflows was weaker than that recorded for the UK as a whole.

While the degree of confidence weakened in March, due to a slight dip in optimism at service providers, business sentiment towards 12-month activity was highly positive and above the historical trend. Optimism stemmed from greater client enquires, new business development, higher marketing and new contracts in the pipeline. Confidence across Scotland, however, posted the third-weakest of all the monitored UK regions, ahead of the North East of England and Northern Ireland.

Firms across Scotland raised their payroll numbers for the second successive month in March. The rate of job creation was the fastest seen in eight months,

PMI[®]

by **S&P Global**

Royal Bank of Scotland has paved the way in banking ever since it was established in 1727. From the world's first overdraft, and the first house purchase loan by a UK bank, to the first fully-fledged internet banking service and mobile banking app the bank has a history of making life easier for its customers.

The bank has commitment to retain its close connections with the Scottish communities it serves.



**Royal Bank
of Scotland**

with only Northern Ireland registering stronger growth across the UK. The positive performance of the sector supported a stronger intake of staff, suggested anecdotal evidence. Underlying data pointed to quicker upturns in workforce numbers across both the manufacturing and service sectors.

Scottish firms were able to reduce their outstanding business during March, thereby stretching the current run of contraction to ten months. The rate of backlog depletion remained unchanged from the preceding survey period, the joint-softest decrease in unfinished work in the aforementioned sequence. The rate of decrease in backlogs across Scotland was quicker than that seen at the UK level.

Continuing the trend observed since December 2022, private sector firms noted a further cooling in input cost inflation during March. The rate of growth was the weakest in 22 months and only marginally faster than the UK-wide average. Nonetheless, the pace of inflation was comfortably above the long run average, with respondents blaming wage, food and energy costs.

In line with the strong growth in prices, Private sector firms across Scotland raised their charges sharply. That said, the pace of charge inflation was the second-softest in 22 months, behind February's reading. Charges levied for the provision of goods and services across Scotland rose at a similar pace to that seen across the UK as a whole.

Continued...

PMI[®]

by **S&P Global**

Royal Bank of Scotland has paved the way in banking ever since it was established in 1727. From the world's first overdraft, and the first house purchase loan by a UK bank, to the first fully-fledged internet banking service and mobile banking app the bank has a history of making life easier for its customers.

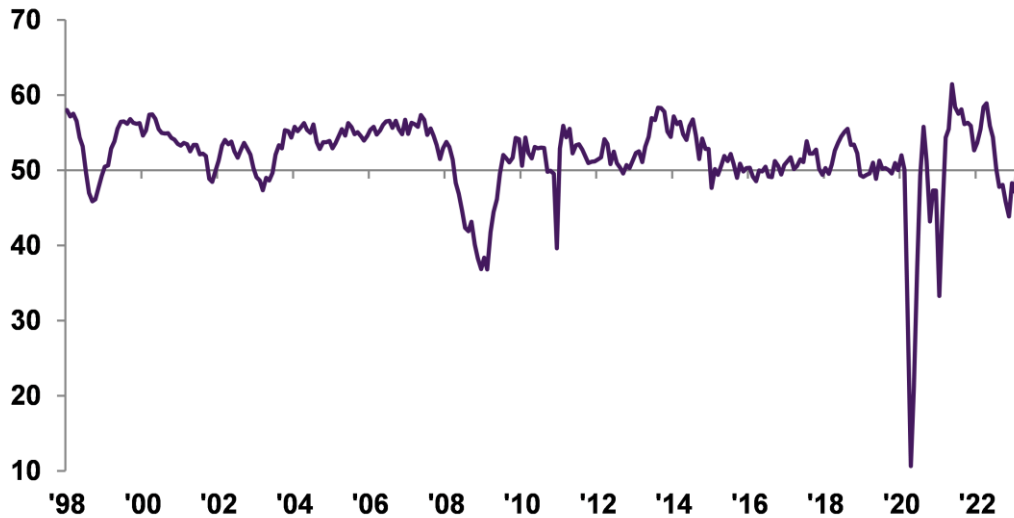
The bank has commitment to retain its close connections with the Scottish communities it serves.



Royal Bank
of Scotland

Scotland Business Activity Index

sa, >50 = growth since previous month



Source: Royal Bank of Scotland, S&P Global.

COMMENT

Judith Cruickshank, Chair, Scotland Board, Royal Bank of Scotland, commented:

"The rate of expansion in private sector activity across Scotland quickened at the end of the first quarter. Both manufacturing and services registered growth, with goods producers noting the stronger upturn. More so, improved investment and advertising has been fruitful, with order volumes picking up at a historically strong rate. The upturns in output and new business resulted in a further expansion in workforce numbers. In fact, despite levels of unfinished work falling at a modest pace, hiring activity across the Scottish private sector was at an eight-month high.

"Looking ahead, confidence across the private sector faltered slightly from the recent high seen in February. Nonetheless, private sector firms across Scotland were strongly confident in regards to longer term future output."

ENDS

Royal Bank of Scotland has paved the way in banking ever since it was established in 1727. From the world's first overdraft and the first house purchase loan by a UK bank to the first fully-fledged internet banking service and mobile banking app, the bank has a history of making life easier for its customers. Across Scotland, the Royal Bank of Scotland has teams offering customers the support and the skills to make the most of online and mobile banking.

PMI[®]

by **S&P Global**

Royal Bank of Scotland has paved the way in banking ever since it was established in 1727. From the world's first overdraft, and the first house purchase loan by a UK bank, to the first fully-fledged internet banking service and mobile banking app the bank has a history of making life easier for its customers.

The bank has commitment to retain its close connections with the Scottish communities it serves.



**Royal Bank
of Scotland**

For more information

Royal Bank of Scotland

Vonnie Sandlan
Regional Media & Campaigns Manager
+44 740 127 8778
vonnie.sandlan@natwest.com

S&P Global

Maryam Baluch
Economist
S&P Global Market Intelligence
+44 134 432 7213
maryam.baluch@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
+44 796 744 7030
sabrina.mayeen@spglobal.com

PMI[®]

by **S&P Global**

Royal Bank of Scotland has paved the way in banking ever since it was established in 1727. From the world's first overdraft, and the first house purchase loan by a UK bank, to the first fully-fledged internet banking service and mobile banking app the bank has a history of making life easier for its customers.

The bank has commitment to retain its close connections with the Scottish communities it serves.



**Royal Bank
of Scotland**

Notes to Editors

Methodology

The Royal Bank of Scotland PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 500 manufacturers and service providers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP.

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, for the manufacturing and services sectors. 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. Comparable manufacturing and services indices are then weighted together to form a composite index, with the weights based on official value added data.

The headline figure is the Business Activity Index. This is a composite index calculated by weighting together the Manufacturing Output Index and the Services Business Activity Index. The Scotland Business Activity Index is comparable to the UK Composite Output Index. It is sometimes referred to as the 'Scotland 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.

The survey data for March were collected 10-29 March 2023.

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

About PMI

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. To learn more go to ihsmarkit.com/products/pmi.html.

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Royal Bank of Scotland uses the above marks under licence. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

PMI®

by **S&P Global**

Royal Bank of Scotland has paved the way in banking ever since it was established in 1727. From the world's first overdraft, and the first house purchase loan by a UK bank, to the first fully-fledged internet banking service and mobile banking app the bank has a history of making life easier for its customers.

The bank has commitment to retain its close connections with the Scottish communities it serves.