

**NOT FOR BROADCAST OR PUBLICATION BEFORE 01:01 (UK), MONDAY 9 OCTOBER 2017**

## **BANK OF SCOTLAND PMI<sup>®</sup>: SCOTTISH PRIVATE SECTOR CONTINUES TO EXPAND MODERATELY**

- Headline PMI remains at 52.2 in September
- Employment growth eases to marginal pace
- Rising cost pressures lead to further increase in output prices

September's PMI<sup>®</sup> survey signalled a modest expansion in Scottish private sector output, with the rate of growth unchanged from that seen in August.

The seasonally adjusted headline Bank of Scotland PMI - a single-figure measure of the month-on-month change in combined manufacturing and services output - remained unchanged from August at 52.2 in September. The latest data indicated a moderate pace of growth, extending the current sequence of expansion to ten months.

Latest composite employment data signalled the slowest rate of growth in staff numbers in the current four-month period of rising headcounts.

In line with the trend over the past 18 months, input price inflation remained sharp in September, picking up to the quickest pace since May. Respondents noted that adverse exchange rate effects and raw material price hikes intensified cost pressures across the Scottish private sector.

Despite the uptick in input costs, prices charged increased at a slower rate than that seen in August. Nevertheless, latest data marked the fourteenth successive month of output price rises.

Finally, confidence rose sharply in September, led by manufacturers signalling the highest degree of optimism in 28 months.

**Fraser Sime, Regional Director, Bank of Scotland Commercial Banking said:**

*"Scotland's headline PMI remained unchanged from August at 52.2 in September, indicating stable private sector growth.*

*"Despite flatter momentum in output, new order growth picked up from August, signalling a modest rise. The upturn in new business, however, did not facilitate stronger job creation, with the rate of employment growth only slightly above the no-change mark.*

*"Although cost pressures intensified further in September, led by sterling depreciation and raw material price hikes, output prices remained relatively modest. Nonetheless, business confidence over the coming 12 months remained buoyant."*

**ENDS**

# Press Release



**BANK OF  
SCOTLAND**

The Bank of Scotland PMI® (*Purchasing Managers' Index*®) is produced by IHS Markit. The report features original survey data collected from a panel of around 500 companies based in Scotland and operating in both manufacturing and service sectors. The panel has been carefully selected in order to accurately reflect the true structure of the Scottish economy and therefore provide an accurate picture of business conditions in the region. The Scotland survey forms part of a series of regional surveys and is derived from the highly regarded national PMI survey produced by IHS Markit.

## **Bank of Scotland PMI: Notes and Methodology**

### **PMI surveys**

*Purchasing Managers' Index*® (*PMI*®) surveys are monthly surveys of carefully selected companies which provide an advance indication of what is really happening in the private sector economy by tracking variables such as output, new orders, employment and prices across both manufacturing and service sectors. The PMI surveys are based on fact, not opinion, and are the first indicators of economic conditions each month. The data are collected using identical methods in all countries and regions so that accurate comparisons may be made. Questionnaires are completed in the latter half of each month and are collected and processed by economists at IHS Markit. Respondents are asked to state whether business conditions for a number of variables have improved, deteriorated or stayed the same compared with the previous month.

### **Index numbers**

Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline. These indices vary between 0 and 100 with readings of exactly 50.0 signalling no change on the previous month. Readings above 50.0 signal an increase or improvement; readings below 50.0 signal a decline or deterioration. Reasons given by survey respondents for any changes are analysed to provide insight into the causes of movements in the indices and are also used to adjust for expected seasonal variations. The indexes are seasonally adjusted to take into consideration expected variations for the time of year, such as summer holiday shutdowns and national holidays such as Christmas. IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. *Purchasing Managers' Index*® (*PMI*®) surveys are now available for over 30 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 [www.markit.com/product/pmi](http://www.markit.com/product/pmi).

### **About IHS Markit**

IHS Markit (NASDAQ: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

### **About Bank of Scotland**

Bank of Scotland is part of Lloyds Banking Group, the UK's largest retail bank and Scotland's largest financial services employer. Established in 1695, Bank of Scotland is the UK's oldest surviving clearing bank. Our goal is to be the best financial services provider in Scotland. We believe this means we must build a leadership position not on the basis of scale but on the foundations of reputation and recommendation.

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