

National and international				Leeds City Region			
Indicator	Latest position	Chart	Trend	Indicator	Latest position	Chart	Trend
Economic headlines	<p>Recent concerns about trade tensions have escalated of late. Combined with signs of a cyclical slowdown in some major nations, the global economy has lost some momentum in late 2018 and early 2019.</p> <p>UK GDP growth slowed to 0.2% in Q4 2018, a marked slowdown from growth of 0.6% in Q3. The UK economy as a whole saw output decline by 0.4% in the month of December.</p>	<p>UK GDP growth, 2008-18</p> <p>Source: Office for National Statistics, 2019</p>		Economic headlines	<p>Manufacturers in Leeds City Region reported a sharp slowdown in domestic and export sales growth at the end of 2018, according to the Chambers of Commerce Quarterly Economic Survey (QES) for Q4 2018. Activity in the service sector was more buoyant.</p> <p>54% of City Region businesses told the QES that they were either confident or very confident that they could withstand potential disruption from a “no deal” scenario, with 16% not very or not at all confident.</p>	<p>Brexit preparedness</p> <p>Source: Leeds City Region & Chambers of Commerce Quarterly Economic Survey, 2018</p>	
Business performance & confidence	<p>All sectors of the economy have seen a marked slowdown at the start of 2019 according to Markit's PMI surveys. Activity in the service and construction sectors fell close to the 50 point level, which indicates declining output, in January.</p> <p>Whilst manufacturing was a little more positive, it still experienced a slowdown. Stockpiling at the fastest rate in the survey's 27 year history helped sustain activity, but employment also fell in the sector.</p>	<p>Purchasing Managers Index (PMI) by sector, 2016-19</p> <p>Source: Markit/CIPs PMIs, 2016-19</p>		Business performance & confidence	<p>Profitability expectations declined in both sectors in Q4 with manufacturers seeing a sharper fall in confidence. Rising input prices appear to be a factor, as companies look to build up stock in advance of Brexit.</p> <p>15,500 new business bank accounts were opened over 2018 as a whole in Leeds City Region, down 5.9% on 2017 and the lowest annual total since data collection began in 2008. The number of new accounts was down 8.4% nationally over the year.</p>	<p>Number of new business bank accounts - LCR districts, 2014-18</p> <p>Source: BankSearch, 2019</p>	
Labour market	<p>The number of people in work in the UK increased by 167,000 in the last three months of 2018 to 32.6 million, according to ONS. The employment rate returned to a joint record high of 75.8%.</p> <p>Unemployment fell by 14,000 to 1.36 million, and the number economically inactive fell by 94,000. The unemployment rate remained steady at 4%.</p>	<p>UK employment growth 2008-18</p> <p>Source: Office for National Statistics, 2019</p>		Labour market	<p>The number of people in work fell by almost 10,000 (0.7%) over the quarter. Unemployment also fell, down 1,600 (2.5%) to 63,600.</p> <p>The employment rate for Leeds City Region dropped from 73.7% in Q2 to 73.1% in Q3. This employment rate is similar to Sheffield City Region (73.3%) and Greater Manchester (73%) but below West of England and D2N2 among core city LEPs.</p>	<p>Employment rate - Leeds City Region districts, 2016-18</p> <p>Source: Annual Population Survey, NOMIS, 2019</p>	
Trade and exports	<p>Following a slowdown in late 2018, retail sales increased by 0.7% in the three months to January, and by 3.5% on the same period a year earlier. Clothing stores enjoyed a strong January, with food stores also seeing growth.</p> <p>The UK's trade deficit widened to £10.4bn in the three months to December, with a £1.8bn increase in imports outpacing £1bn growth in exports.</p>	<p>UK retail sales, 2008-19</p> <p>Source: Office for National Statistics, 2019</p>		Trade & exports	<p>The value of goods exported from Yorkshire & Humber was largely unchanged between Q2 2018 and Q3 2018 at £4.55bn. There was a 1.6% drop in EU exports, and a 2.2% increase in trade with other markets.</p> <p>Total goods exports from the region are 11.8% higher than Q3 2017, compared to 4.3% growth nationally.</p>	<p>Export of goods - Northern Powerhouse regions, 2016-18</p> <p>Source: Regional Trade Statistics, HMRC 2018</p>	
Inflation and wages	<p>Inflation fell to 1.8% in January, below the official target of 2% for the first time since January 2017. Falling energy costs were a key factor.</p> <p>Average earnings increased by 3.4% in the three months to December, maintaining recent strong growth. Combined with falling inflation, real pay has increased by 1.2% in the past three months.</p>	<p>Wage growth and inflation, 2008-19</p> <p>Source: Office for National Statistics, 2019</p>		Housing and property	<p>House prices in Yorkshire & Humber increased by 4.2% in the year to December 2018 to an average of £165,100. Prices increased by 2% between November and December. The region's annual growth rate is the same as the East Midlands, and only West Midlands (+5.2%) saw faster growth last year.</p> <p>However, sales volumes were down across all regions in the year to October 2018. There were 10.7% fewer sales in this period in Yorkshire & Humber compared to a 12.3% fall nationally.</p>	<p>Average house prices, LCR districts</p> <p>Source: ONS / Land Registry House Price Index, December 2018</p>	
Summary	<p>The ongoing uncertainty associated with Brexit appears to be increasingly weighing on business confidence and is now clearly affecting decision making. Whilst stockpiling and forward planning is helping to offset this in some areas of manufacturing, the broader picture is of slowing momentum affected by both Brexit and more challenging global conditions. Whilst it is encouraging that a majority of City Region businesses surveyed have actively considered the implications of Brexit and are confident of withstanding a no deal scenario, there remains a substantial number who have either not taken action or are not confident their response is sufficient.</p>						