

| National and international                   |   |       |       | Leeds City Region                            |  |       |       |
|--|---|-------|-------|--|--|-------|-------|
| Indicator                                    | Latest position   | Chart | Trend | Indicator                                    | Latest position  | Chart | Trend |
| <b>Economic headlines</b>                    | <p>Global growth has been subdued in recent months as range of geopolitical tensions show signs of taking effect on investment, trade and demand, increasing fears of recession.</p> <p>UK GDP decreased by 0.2% in Q2 2019, the first quarterly contraction since 2012. The tailing off of Brexit-related stockpiling was a factor – this contributed to stronger than predicted growth in Q1 which tailed off thereafter.</p>   |       | ☁️    | <b>Economic headlines</b>                    | <p>Businesses reported a slowdown in domestic and export activity in the Q2 Quarterly Economic Survey with the Chambers of Commerce, with many businesses holding stock following the Brexit preparations in Q1.</p> <p>The service sector exports net balance turned negative for the first time in a decade at -3%, and though the net balance also fell among manufacturers, it remains close to its long run average at 20%.</p>   |       | ☁️    |
| <b>Business performance &amp; confidence</b> | <p>Activity fell for the third consecutive month in the construction and manufacturing sectors in July, according to the ISH Markit / CIPS PMI surveys. A fall in new orders saw manufacturing production fall at the fastest pace for seven years.</p> <p>More positively, the service sector reported a slight improvement with modest expansion recorded for the 4<sup>th</sup> consecutive month but growth still substantially below trend.</p>  |       | ☁️    | <b>Business performance &amp; confidence</b> | <p>The service sector saw the fifth consecutive quarterly fall in profitability expectations. Cash flow shows a similar trajectory. Manufacturers are a little more positive, with an upturn in profitability expectations and an easing of cash flow concerns.</p> <p>8,150 new accounts have been opened so far in 2019, a 2% increase on the same period last year compared to a 0.4% increase nationally, which ranks Leeds City Region 14<sup>th</sup> out of 38 LEPs.</p>          |       | ☁️    |
| <b>Labour market</b>                         | <p>32.75 million people were in work in the three months to May 2019, up 28,000 on the preceding three months, according to ONS. The employment rate of 76% is down slightly from the peak of 76.1% - the first quarterly decrease in almost a year.</p> <p>Unemployment has fallen by 116,000 over the past year, to 1.29 million. The unemployment rate remains at a record low of 3.8%.</p>  |       | ☀️    | <b>Labour market</b>                         | <p>Employment in Leeds City Region increased by 6,100 (0.4%) between Q4 2018 and Q1 2019. The City Region employment rate increased from 73.4% in Q4 2018 to 73.8% in Q1 2019 – the highest on record. It remains below the UK rate of 75.2% but among core city LEPs only West of England has a significantly higher employment rate (79.5%).</p> <p>Unemployment in the City Region fell by 1,700 (2.9%) last quarter, taking the unemployment rate to a joint record low of 3.9%.</p> |       | ☀️    |
| <b>Trade and exports</b>                     | <p>The volume of retail sales increased by 0.7% in Q2 2019 compared to Q1, a slowdown from an increase of 1.6% in the preceding quarter.</p> <p>The UK's trade deficit narrowed £16bn to £4.3bn in Q2 after widening in Q1. Total exports fell by 2.2% to £160.6bn, but imports fell more sharply – down 10.6% to £164.9bn.</p>   |       | ☀️    | <b>Trade &amp; exports</b>                   | <p>Yorkshire &amp; Humber businesses exported goods worth £4.46bn in Q1 2019, a fall of 4.8% from the record high of Q4 2018. Two other regions – the West Midlands and the South East – saw similar falls. The region's goods exports were 1.9% higher than in Q1 2018.</p> <p>The value of goods imported into the region increased by 5.5% between Q4 2018 and Q1 2019, to £9.56bn. This increase is significantly in excess of the 0.4% increase in national imports.</p>            |       | ☀️    |
| <b>Inflation and wages</b>                   | <p>Inflation remains stable, in line with the government's target of 2% in May and June.</p> <p>Regular pay increased by 3.6% in the year to May 2019. Accounting for the effects of inflation, wages increased by 1.7%, up from 1.5% in April and the highest real terms increase since October 2015.</p>  |       | ☀️    | <b>Housing and property</b>                  | <p>House prices in Yorkshire and Humber increased by 0.9% in the year to June 2019, in line with the increase seen nationally. T</p> <p>Sales volumes declined by 2.5% in Yorkshire in June 2019, compared to the same period last year. This is a relatively small decline compared to other regions, with national sales volumes down 7.2%. Only West Midlands saw a smaller fall in activity than Yorkshire &amp; Humber.</p>   |       | ☀️    |
| <b>Summary</b>                               | <p>The global economy appears to be slowing and the risk of recession rising for major economies, and markets appear to be increasingly expectant of a downturn. This slowdown seen in Q2 is an added layer of uncertainty for those businesses who have forward provisioned for the initial Brexit deadline and who may face cash flow challenges, particularly when faced with a similar set of circumstances ahead of the UK's prospective departure date in October. Implementing similar plans for a second time may pose practical and financial challenges for many businesses. Other data point to a slightly more subdued level of activity in the local and regional economy this quarter, though in most cases performance remains at a similar or higher level than a year ago.</p> |       |       |  |  |       |       |