

National and international				Leeds City Region			
Indicator	Latest position	Chart	Trend	Indicator	Latest position	Chart	Trend
<b>Economic headlines</b>	Trade and geopolitical tensions have increased throughout 2019, contributing to increased uncertainty in the global trading system. Projections for global growth have been downgraded to 3% in 2019 according to the International Monetary Fund. This would represent the lowest growth since 2008-09.  UK GDP growth was flat in the three months to October, following growth of 0.3% in Q3. The service sector was the only sector to see growth over this period, whilst output in both the production and construction sectors contracted.			<b>Economic headlines</b>	Businesses were more positive about the outlook in Q4 2019, particularly driven by stronger activity in domestic markets towards the end of the year.  Export activity remains subdued, however with activity falling in the service sector and largely flat among manufacturers. Whilst Brexit is likely part of the explanation, the broader slowdown in activity internationally is also a factor.		
<b>Business performance &amp; confidence</b>	The pace of the slowdown in production industries quickened at the end of 2019 according to the IHS Markit/CIPS PMI surveys. Both sectors reported declines in new work continued through December.  Service sector companies were slightly more optimistic with the survey index at 50, indicating neither growth nor contraction, following a decline in November.			<b>Business performance &amp; confidence</b>	There was an increase in business confidence in Q4 according to the QES, despite the uncertainty of a general election. Businesses were more confident about their profitability and cash flow situation, particularly driven by domestic activity.  3,800 new business bank accounts were opened in Leeds City Region in Q3, a 0.3% increase on Q3 2018. This compares to a 0.4% fall in activity on this measure nationally.		
<b>Labour market</b>	There were 32.8 million people in work in the three months to October, according to ONS, an increase of 24,000 on three months earlier. The employment rate remains at a joint record high of 76.2%. The unemployment rate also remains at a record low of 3.8%.  Whilst the number of people in full time work increased, there were falls in those in part-time.			<b>Labour market</b>	Employment in Leeds City Region has decreased by 6,000 (0.4%) between Q1 2019 and Q2 2019 though data can fluctuate from quarter to quarter. The City Region employment rate decreased from 73.8% in Q1 2019 to 73.4% in Q2 2019 though remains high by historic standards.  The unemployment rate of 4.1% is in line with the national average.		
<b>Trade and exports</b>	The volume of retail sales decreased by 0.4% in the three months to November, the first quarterly fall since April 2018.  The UK's trade deficit widened by £2.3bn to £7.2bn in the three months to August. The deficit with both EU and non-EU nations widened. Both imports and exports increased, but growth in imports was faster.			<b>Trade &amp; exports</b>	Goods worth £4.15bn were exported from Yorkshire & Humber in Q3 2019, largely unchanged from Q2 but a fall of 8.2% from Q1. UK exports were 2.5% higher in Q3 than in Q2.  The region saw growth in exports to Asia & Oceania in H1 2019, up 14% on a year ago. This has been offset by a 6.3% decline in exports to the EU and a smaller decline in exports to North America.		
<b>Inflation and wages</b>	Inflation stood at 1.5% in November, unchanged from August.  Regular pay increased by 3.5% in the year to October 2019, down from 3.9% in the preceding three months.  Accounting for the effects of inflation, wages increased by 1.8% in real terms in the year to October.			<b>Brexit preparations</b>	Just over half of companies surveyed in the QES said they were confident in their Brexit preparations in Q4. However, there was a sharp fall in those saying they were very confident, from 23% in Q3 to 5% in Q4.  There was also a slight fall in the proportion of businesses saying they were not confident they were prepared to withstand a no deal scenario, down to 11% in Q4 from 16% in Q1.		
<b>Summary</b>	For the most part there has been a continued trend of downward revision of growth trajectories, raising concerns about the threat of recession globally. The UK economic picture remains mixed, with GDP growth returning to zero early in Q4 and retail sales falling to suggest activity remains subdued. The labour market remaining strong, however, and the general election and subsequent passing of the withdrawal will provide some certainty around Brexit. In some respects the UK is outperforming the wider EU, emphasising that Brexit is not the only factor influencing growth. Businesses in Leeds City Region reported a somewhat more positive outlook in Q4, perhaps buoyed by the fact that a potentially disruptive scenario had been averted at the end of October, and the potential greater clarity that a general election could bring.						