

National and international				Leeds City Region			
Indicator	Latest position	Chart	Trend	Indicator	Latest position	Chart	Trend
<b>Economic headlines</b>	<p>Global activity is strengthening amid rising confidence and a pick up in trade, according to the latest Global Economic Prospects report from the World Bank. Japan has led the way among developed economies with growth of 1% in Q2. The US expanded by 0.8%, with the Eurozone achieving 0.6% growth in Q2 2017.</p> <p>The UK economy grew by 0.3% in Q2 2017, a slight increase from 0.2% in Q1, but lower than other major economies and below levels seen in 2016.</p>	<p>UK GDP growth - 2007-17</p> <p>Source: Office for National Statistics, 2017</p>		<b>Economic headlines</b>	<p>Yorkshire &amp; Humber is the fastest growing region of the UK in terms of business activity, according to the Markit/Lloyds Bank Regional PMI for July. The region's PMI of 58 is higher than any other region, overtaking the West Midlands since June (a reading of above 50 represents growth).</p> <p>The Quarterly Economic Survey (QES) with the Chambers of Commerce for Leeds City Region for Q2 2017 showed a rebound in service sector activity from Q1. The pace of growth slowed among manufacturers, but nonetheless remains in positive territory.</p>	<p>Purchasing Managers Index (PMI) - Northern Powerhouse regions, 2016-17</p> <p>Source: Markit/Lloyds Bank Regional PMI, 2016-17</p>	
<b>Business performance &amp; confidence</b>	<p>Activity in both the manufacturing and service sectors accelerated in July, according to data from the Markit/CIPS PMI, with employment increasing. Optimism among service sector firms remains dampened by Brexit-related uncertainty, however.</p> <p>The construction sector also recorded growth, albeit at a reduced pace from June. Cost pressures remain a concern across the economy, but are most pronounced among construction firms with prices rising at their fastest pace for five years.</p>	<p>Purchasing Managers Index (PMI) by sector, 2016-17</p> <p>Source: Markit/CIPS PMIs, 2016-17</p>		<b>Business performance &amp; confidence</b>	<p>1,330 new business bank accounts were opened in Leeds City Region in July, broadly in line with 2016 activity. There have been around 1% fewer accounts opened so far this year than at the same point in 2016 compared to a 2.2% fall nationally.</p> <p>The QES found a divergence on confidence by sector, with manufacturers' expectations of increasing turnover and profitability both falling to their lowest levels in almost four years. Conversely, service sector respondents were more optimistic on these measures than they had been in Q1.</p>	<p>Number of new business bank accounts - LCR districts, year to July 2013-17</p> <p>BankSearch, 2017</p>	
<b>Trade and exports</b>	<p>Retail sales volumes increased by 0.6% in the three months to July. This growth was driven by food sales, with all other categories seeing volumes fall between June and July.</p> <p>The UK's trade deficit (the difference between exports and imports) stood at £8.9bn in Q2 2017, broadly unchanged from Q1. Exports increased by £0.8bn over the time, with imports up £0.9bn.</p>	<p>UK balance of trade - 2007-17</p> <p>Source: UK Trade, ONS 2017</p>		<b>Trade</b>	<p>Export activity continued to expand in Q2 2017 according to the QES, though there was a divergence in trends between service sector firms and their manufacturing counterparts.</p> <p>The service sector in Leeds City Region continued its recent recovery, reporting its strongest export performance since mid-2015. In contrast, the pace of expansion slowed among manufacturers. Whilst exports sales continue to grow, this does suggest that the recent strong growth in export activity reported by manufacturers may have peaked.</p>	<p>Leeds City Region business performance - exports, 2012-17</p> <p>Source: Leeds City Region &amp; Chambers of Commerce Quarterly Economic Survey, 2017</p>	
<b>Labour market</b>	<p>The UK employment rate has surpassed 75% for the first time since records began. 381,000 more people are working full-time than a year ago, whilst the number working part-time has declined by 43,000. The unemployment rate has also reached a new record, falling to a low of 4.4% down from 4.9% a year ago.</p> <p>Inflation remained at 2.6% in July, unchanged from June but down slightly from May's 2.7% peak. Meanwhile regular pay growth has risen to 2.1%, so whilst real pay growth remains negative, the gap between wages and inflation has narrowed slightly.</p>	<p>UK employment growth, 2008-17</p> <p>Source: Office for National Statistics, 2017</p>		<b>Labour market</b>	<p>There are 8,700 more people in work in Q1 2017 than in Q4 2016 and 28,500 more than a year ago. This 2.1% increase is higher than in any other northern LEP area, and is 2<sup>nd</sup> only to Greater Birmingham &amp; Solihull among core city LEPs.</p> <p>The employment rate has increased to 73.5%, up from 73.1% in the previous quarter. At district level, Kirklees, Craven, Calderdale, Leeds and Barnsley have seen increases in the employment rate in the past quarter. Recent jobs growth has focused on full-time work, with the proportion of LCR residents who are working full-time increasing to 73.7% compared to 72.3% a year ago.</p>	<p>Employment rate - Leeds City Region districts, 2015-17</p> <p>Source: NOMIS, 2016</p>	
<b>Forecasts/prospects</b>	<p>The World Bank's growth forecasts remain largely unchanged from their January projections. They expect global growth to reach 2.7% this year and 2.9% in each of the next two years.</p> <p>The UK's outlook has been revised up slightly in the latest World Bank projections. They now expect growth of 1.7% this year (up from 1.2% in January), and 1.5% growth in 2017 and 2018 (both up from 1.3%). This still reflects a slowdown from growth of 1.8% in 2016.</p>	<p>Global growth - actual and forecast, 2016-19</p> <p>Source: World Bank Global Economic Prospects, June 2017</p>		<b>Other indicators</b>	<p>Average house prices in Yorkshire &amp; Humber grew by 4.9% between June 2016 and June 2017 – the same growth rate as the UK as a whole. Within LCR, York saw the fastest increase, up 7.6% on a year earlier.</p> <p>Calderdale (6.5%) and Barnsley (5.7%) also saw prices increase faster than the national average. Harrogate saw a small decline in prices over the past year, down 0.7%, though average prices in the district are still higher than elsewhere in the City Region.</p>	<p>Annual house price growth - LCR districts, year to June 2014-2017</p> <p>Source: Land Registry House Price Index, 2017</p>	
<b>Summary</b>	<p>In headline terms, the UK economy's continued expansion, with growth picking up slightly in Q2, is positive news. The labour market in particular continues to go from strength to strength. However, growth appears highly dependent on the service sector and the UK growth rate is now substantially below that in other major developed economies, suggesting uncertainty stemming from Brexit negotiations is having an impact on UK GDP growth. The City Region has outpaced national averages in terms of job creation of late. This has helped to narrow the gap to the national average on key indicators including employment rate and the proportion who work full-time, but there is still some way to go to close this gap.</p>						