

National and international				Leeds City Region			
Indicator	Latest position	Chart	Trend	Indicator	Latest position	Chart	Trend
<b>Economic headlines</b>	<p>UK GDP increased by 0.4% Q2, compared to the previous three months. This is up from growth of 0.2% in Q1. Growth was strongest at the start of the quarter, but slowed to 0.1% in June. Construction output increased by 0.9% over the quarter, with services output up 0.5%. This was offset by a 0.8% fall in production.</p> <p>UK productivity decreased by 0.4% in Q1 2018. It is 0.9% higher than a year earlier, below the pre-recession growth rate of 2%.</p>	<p>UK GDP growth, 2008-18</p> <p>Source: Office for National Statistics, 2018</p>		<b>Economic headlines</b>	<p>There was a slight slowdown in private sector growth across the Yorkshire &amp; Humber region in June, according to the Natwest/Markit regional PMI. The headline measure of business activity dipped to 53.1 in June, down from 55 in May and below the UK level of 55.2 (a reading of over 50 indicates growth).</p> <p>A combination of factors have led to increasing price pressures for Yorkshire businesses including raw material costs, wage growth and the weakness of sterling.</p>	<p>Purchasing Managers Index (PMI) - Northern Powerhouse regions, 2016-18</p> <p>Source: Markit/Lloyds Bank Regional PMI, 2016-18</p>	
<b>Business performance &amp; confidence</b>	<p>Construction output accelerated in July, according to Markit/CIPS, with housebuilding and commercial activity growing at its fastest pace in over two years. Despite solid expansion, sentiment was subdued among construction and manufacturing firms, with both citing Brexit uncertainty.</p> <p>Expansion slowed in the service sector, with respondents noting more risk-aversion and delays in decision making due to Brexit.</p>	<p>Purchasing Managers Index (PMI) by sector, 2016-18</p> <p>Source: Markit/CIP's PMIs, 2016-18</p>		<b>Business performance &amp; confidence</b>	<p>Whilst optimism was higher than most other UK regions, it was still at a 22 month low, according to the Natwest/Markit PMI.</p> <p>Just over 4,000 new business bank accounts were opened in Leeds City Region in Q1 2018 according to BankSearch, an almost identical number to Q1. The number of new accounts opened is 3.1% lower than Q2 2017, a smaller fall than the 8.4% fall seen nationally.</p>	<p>Number of new business bank accounts - LCR districts, H1 2014-18</p> <p>Source: BankSearch, 2018</p>	
<b>Trade and exports</b>	<p>Good weather and the football World Cup helped retail sales to increase by 2.1% in the three months to June, their fastest pace since 2015.</p> <p>The UK's trade deficit increased by £5bn to £8.3bn in the three months to May, thanks to a fall in goods exports and a rise in goods imports.</p>	<p>UK balance of trade - 2007-18</p> <p>Source: UK Trade, ONS 2018</p>		<b>Trade and exports</b>	<p>Goods worth a total of £4.34bn were exported from Yorkshire &amp; Humber in Q1 2018, down only slightly from the record £4.39bn seen in Q4 2017. The value of the region's goods exports was 2.9% higher than the same period last year, broadly in line with the 2.7% growth seen nationally.</p> <p>The EU accounted for 61.6% of goods exports from the region in Q1 2018, higher than the 58% averaged across 2017. North America and Asia/Oceania accounted for 11% each.</p>	<p>Export of goods - Northern Powerhouse regions, 2013-18</p> <p>Source: Regional Trade Statistics, HMRC 2018</p>	
<b>Labour market</b>	<p>Total employment in the UK increased by 137,000 to 32.4 million in the three months to May 2018, according to ONS. The employment rate has risen to a new record high of 75.7%.</p> <p>Unemployment also fell in the three months to May. The unemployment rate of 4.2% is down from 4.5% a year ago.</p> <p>Inflation held steady at 2.4% in June whilst average earnings increased by 2.7% in the three months to May. Pay increased by 0.2% in real terms over this period.</p>	<p>UK employment growth 2008-18</p> <p>Source: Office for National Statistics, 2018</p>		<b>Labour market</b>	<p>There were 1.41 million Leeds City Region residents in work in Q1 2018, largely unchanged from the previous quarter according to ONS. 5,000 more people are in work than a year ago, an increase of 0.4%. The employment rate for Leeds City Region is 73.5%.</p> <p>Total unemployment in the City Region fell by 1,800 to 68,300 – a fall of 2.8%. The City Region unemployment rate of 4.6% is close to the UK average of 4.4%.</p>	<p>Private, full-time and total employment rates - Leeds City Region districts, March 2018</p> <p>Source: Annual Population Survey, NOMIS, 2018</p>	
<b>Forecasts/prospects</b>	<p>The World Bank expects global growth to remain at 2017 levels this year, before tailing off in subsequent years. However, they remain cautious about the risks that trade protectionism and volatility in financial markets pose, particularly to emerging economies.</p> <p>The World Bank expect UK growth to slow from 1.8% last year to 1.4% in 2018, before recovering to 1.5% and 1.7% in the subsequent two years.</p>	<p>Global growth - actual and forecast, 2017-20</p> <p>Source: World Bank Global Economic Prospects, June 2018</p>		<b>Housing and property</b>	<p>Price growth was slightly stronger in West Yorkshire, where average prices were up 3.2%. Across the wider City Region, Selby (+5.7%) saw the fastest growth, though prices declined by 2.1% in York.</p> <p>Average rents for West Yorkshire office space dipped slightly in Q2 2018, from £14 per square foot to £13.8 according to CoStar. Industrial rents in Leeds are £5.3/sf, compared to around £4.5/sf elsewhere in West Yorkshire.</p>	<p>House prices - LCR districts, May 2018</p> <p>Source: Land Registry House Price Index, 2018</p>	
<b>Summary</b>	<p>A range of factors have led to a more mixed outlook for the global economy. The prospects of a trade war have increased with the imposition of tariffs on trade between the US, China and the EU. These issues also appear to be contributing to a less confident outlook for UK businesses, and indeed those in our region. Brexit however appears increasingly central to the thinking of many businesses as the March date for the UK to leave the EU approaches with many issues unresolved, with the uncertainty having an impact on investment and confidence.</p>						

