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National Manufacturing
Conference 2018



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AFRC

ADVANCED FORMING RESEARCH CENTRE
UNIVERSITY OF STRATHCLYDE

CATAPULT
High Value Manufacturing

RSM

MANUFACTURING OUTLOOK

As good as its gets?

Rhys Herbert
Senior Economist
Lloyds Bank Commercial Banking

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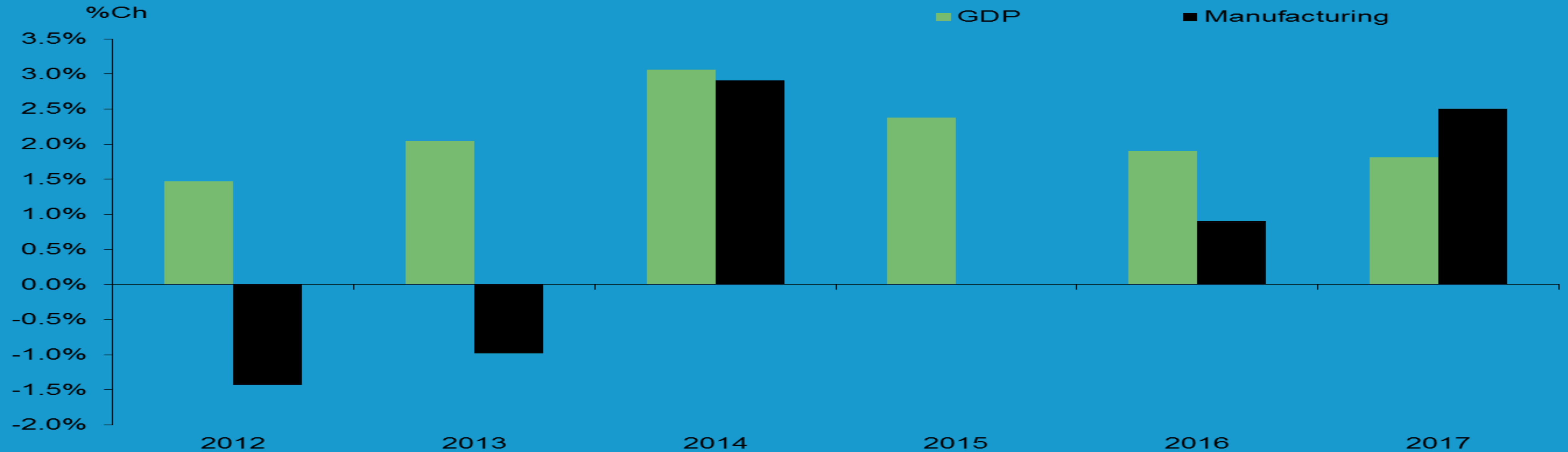
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UK MANUFACTURING OUTPERFORMED LAST YEAR



Source: Haver Analytics; LBCB

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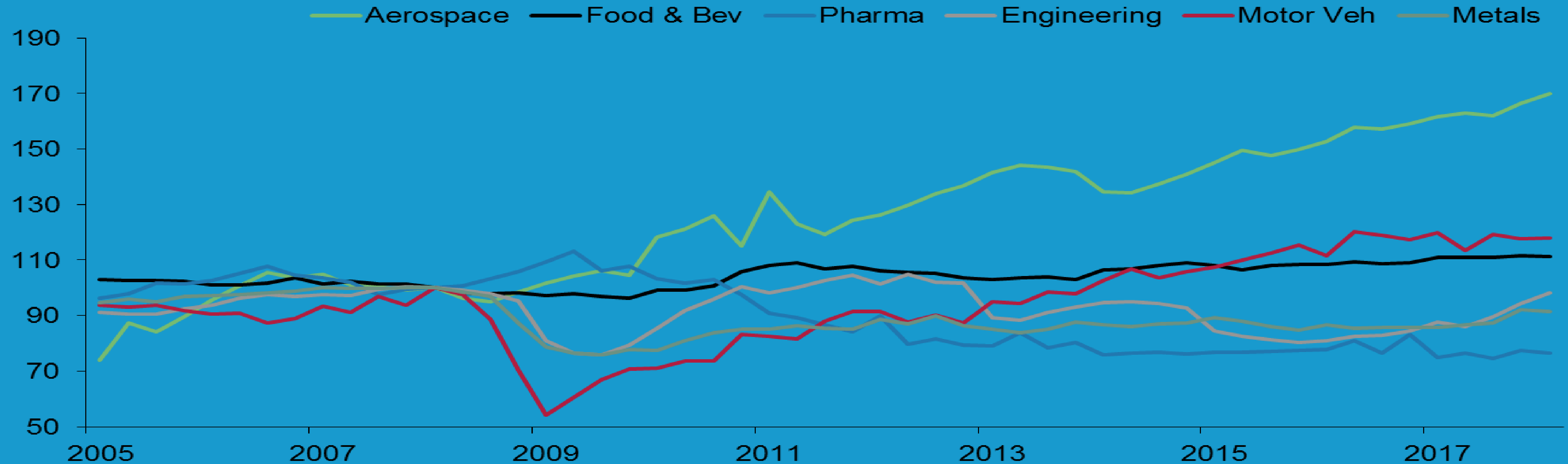
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WITHIN MANUFACTURING PERFORMANCE CONTINUES TO VARY

Index 2008Q1=100



Source: Haver Analytics; LBCB

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INTERNATIONAL TRADE LIKELY TO BE A SUPPORT TO IN THE NEAR TERM

Export orders



Source: Haver Analytics; LBCB

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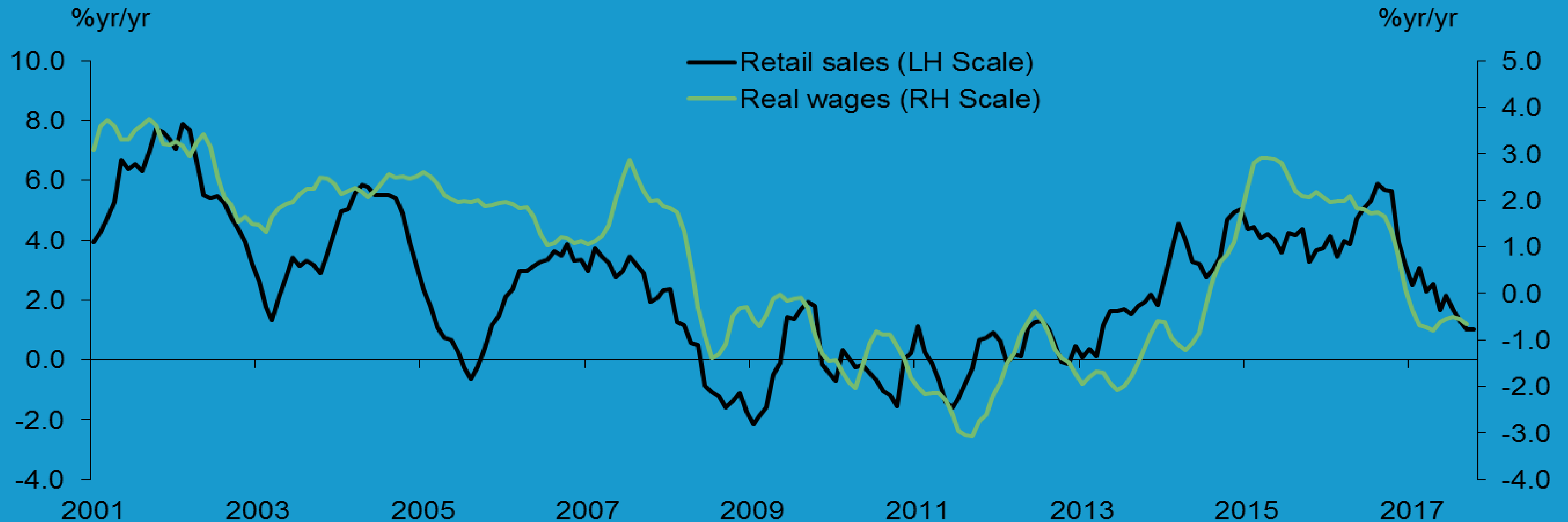
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HOUSEHOLDS HAVE BEEN SQUEEZED



Source: Haver Analytics; LBCB

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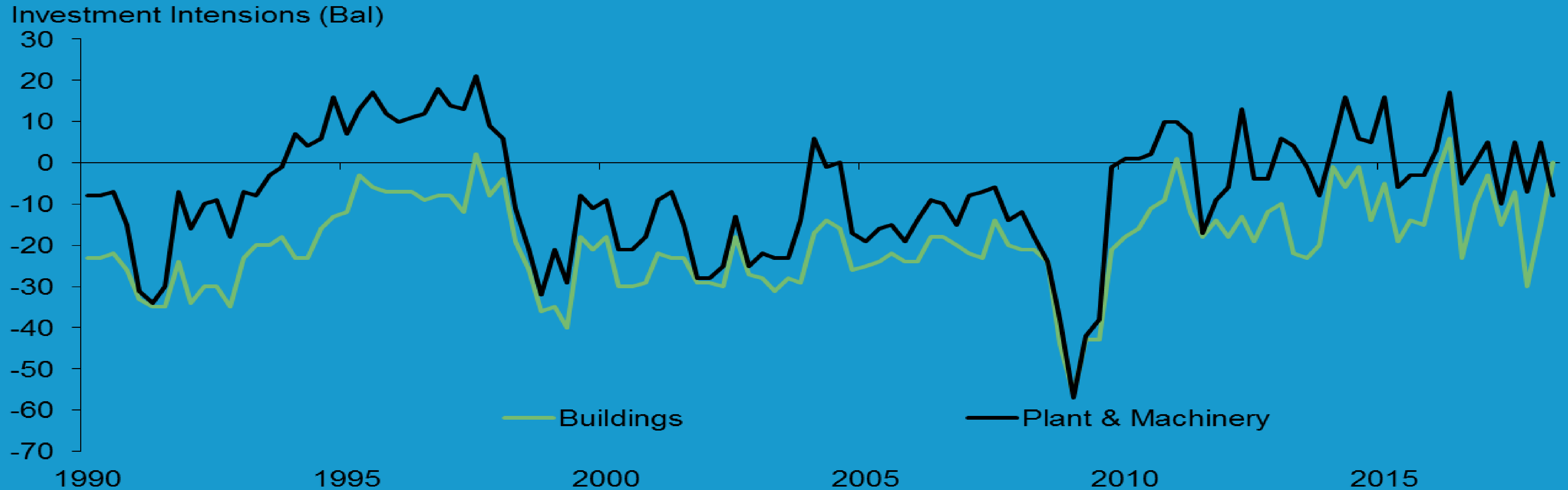
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COMPANIES STILL RELUCTANT TO INVEST



Source: Haver Analytics; LBCB

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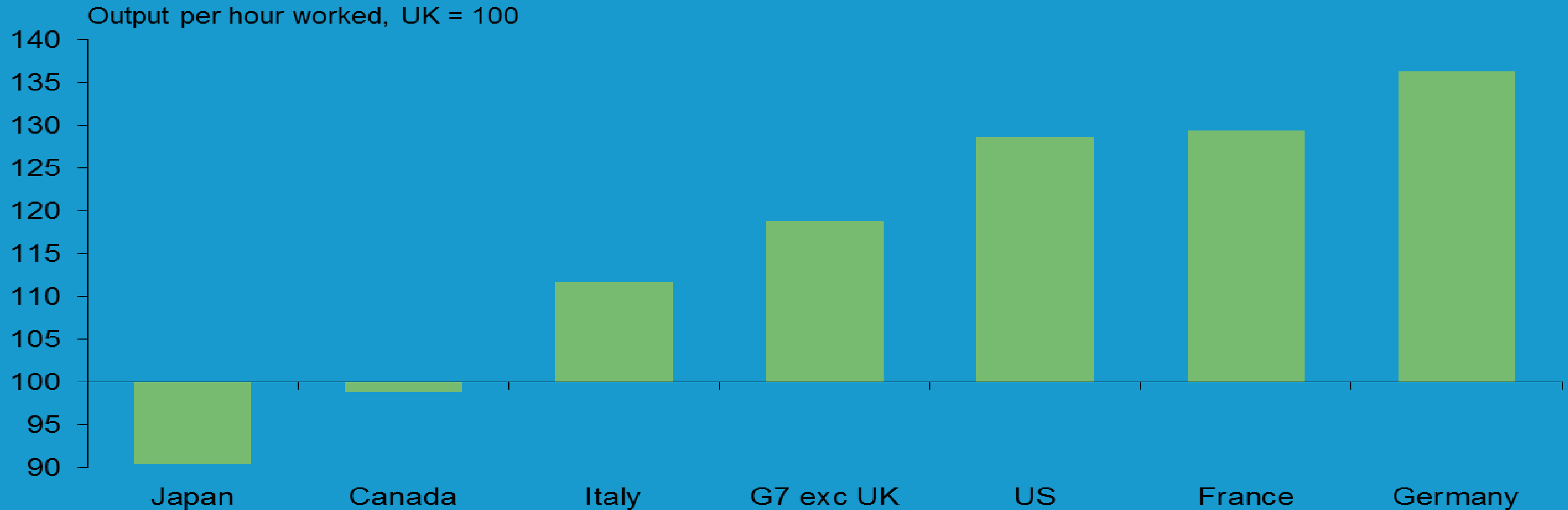
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UK PRODUCTIVITY REMAINS FAR LOWER THAN OUR PEERS



Source: Haver Analytics; LBCB

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SUMMARY

- Global economic growth has strengthened although there are still risks.
- Sterling's depreciation has had a marked impact on both economic growth and inflation.
- Short term downside risks from the referendum vote did not materialise, but growth has slowed.
- Inflation has picked up – it has reached a near-term peak but likely to remain above target.
- UK manufacturing in a sweet spot for now but unclear whether this will last.
- More interest rate rises to come in the UK.

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