

Surge in new business boosts activity

Written by editor

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Business activity in the region hit an eight-month high in May as companies reported increased activity and new order levels, according to a survey of purchasing managers.

New business grew at the fastest rate in just over two years and employment levels also rose, while cost inflation fell to a ten-month low.

The headline seasonally adjusted Lloyds TSB East of England business activity index posted 52.2 in May, up from April's 51.5 and the sixth month running it has registered growth.

Helped by improved economic conditions and stronger demand companies said order book volumes also rose at an accelerated pace in May, and for a sixth successive survey period. The rate of expansion was the sharpest since April 2011 with a solid rise in service sector activity offsetting a decline in new work at manufacturers.

Meanwhile, higher workloads led to the highest rate of job creation in the region three months and a level above the UK average. An increase in incoming new business was also reflected in rising levels of outstanding business and backlogs of work accumulated.

The rate of input cost inflation eased to the weakest since last July. Companies linked the slower cost increase to a decline in some raw material prices. Companies raised their output charges, albeit only slightly.

Steve Elsom, area director for Lloyds TSB Commercial Banking in East Anglia, said: "Business activity and new work orders continued their recent upward trend during May. This continued improvement in demand should support growing business confidence in the coming months, leading to further growth and job creation. The increased employment levels and backlogs of work also underline the region's improving economic conditions, with firms taking on staff in response to greater demand."