

Downturn gathers pace in July

Written by editor

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The downturn in the region's economy gathered pace in July as output and new orders fell for the second month running although firms have continued to raise staffing levels according to a survey of purchasing managers.

The Lloyds TSB East of England business activity index, which measures manufacturing and services – fell to 45.4 in July, down from 49.3 in June to signal a second successive reduction in activity. The rate of contraction was the sharpest since February 2009 and was faster than the UK average.

Falling new orders had been the main factor leading to lower output and July saw reduction in outstanding business in the region, and the fastest since August 2009.

Firms in the region continued to take on staff although the rate of job creation slowed for the third month running and was only slight. Cost inflation at East of England companies continued to slow during the month, and was the weakest in 38 months.

Steve Elsom, area director for Lloyds TSB Commercial in East Anglia, said: "The East of England suffered another drop in business output levels during July, with the fastest rate of contraction in three years. The worrying acceleration in the rate of decline shows that the region continued to underperform relative to the UK as a whole. This suggests that the second half of 2012 is already presenting a difficult operating environment for local firms."