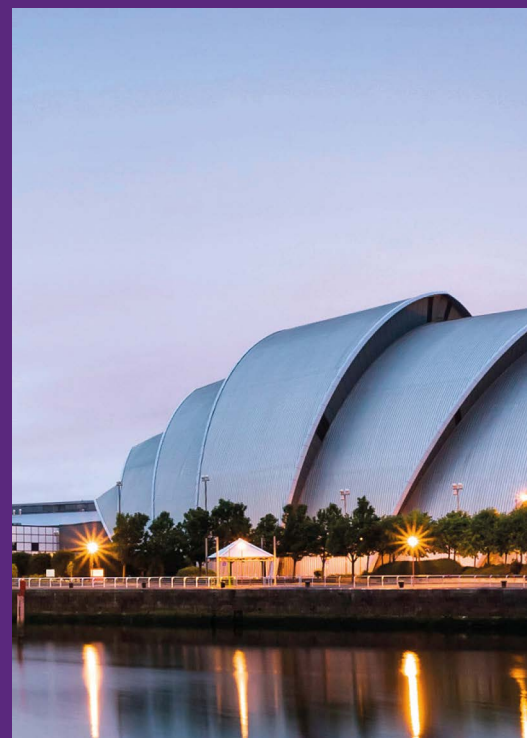


8 July 2025

NatWest UK Regional Growth Tracker

Positive end to second quarter as business activity grows across most UK nations and regions in June



NatWest

PMI[®]

by S&P Global

8 July 2025

NatWest UK Regional Growth Tracker

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by **S&P Global**

Key findings

June 2025

East of England, South West and London the main growth drivers at end of Q2

Northern Ireland outperforms on employment front

Rates of output price inflation ease across the UK

The NatWest UK Regional Growth Tracker provides a timely snapshot of regional economic performance.

The report tracks monthly changes in business activity, demand, employment, backlogs, prices and the year-ahead outlook. The data are compiled from companies that participate in S&P Global's UK manufacturing and services PMI surveys.

For more reports on 12 UK nations and regions, visit www.natwest.com/business/insights/economics





Comment

Sebastian Burnside, NatWest Chief Economist, commented:

"It was a positive end to the second quarter, with most UK nations and regions back in growth territory. Even where business activity dipped in June, with the rates of decline being only modest and the performances better than seen on average over the first half of the year, those areas are still in what we dub 'recovery' territory.

"The same is true for underlying demand. New business either rose or was on a more stable footing compared to earlier in the year.

"The labour market is the main weak spot at the moment, as the combination of wage pressures and underutilised capacity encourages

firms to look for productivity gains where possible.

"Encouragingly, cost inflation has come down from the highs seen in the spring, dropping even further in June across most parts of the UK. Businesses in all areas have been able to make smaller and smaller price increases of their own in last couple of months, relieving some of the pressure on demand."



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.

The Business Activity and Employment indices are diffusion indices calculated from companies' responses to questions on monthly changes in the volume of business activity and employment, respectively. The indices vary between 0 and 100 and are the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. A reading above 50 indicates an increase compared to the previous month, and below 50 a decrease. The indices are seasonally adjusted.

Data compiled 12-26 June

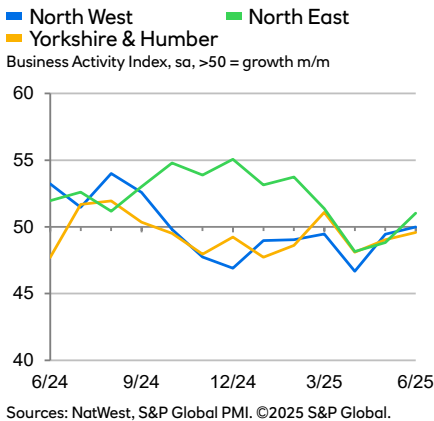
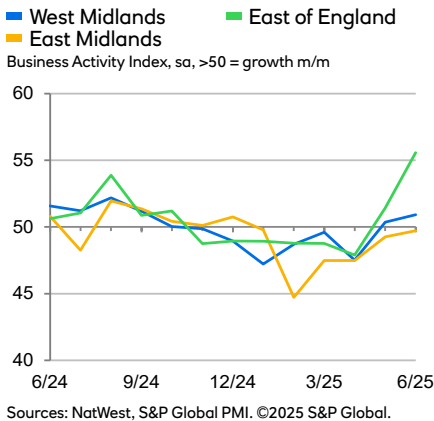
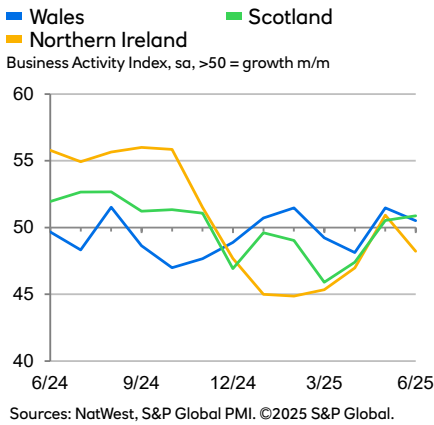
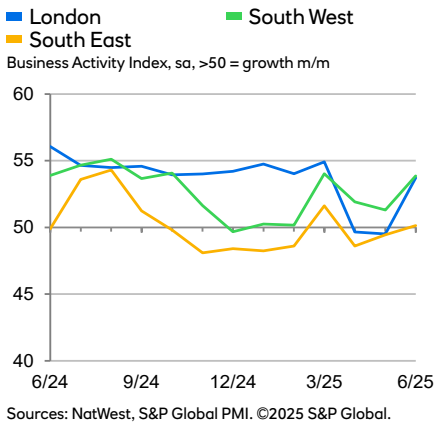


Business activity

The latest NatWest Regional Growth Tracker showed improved performances across most parts of the UK in June, with business activity rising in eight out of the 12 nations and regions monitored.

The Tracker – which surveyed businesses operating in the manufacturing and services sectors across 12 regions of the country – showed business activity growth broaden from six nations and regions in May to eight in June, which was the most since September last year.

The East of England recorded the fastest rate of expansion, the quickest it has seen for more than three years, followed by the South West and London. Business activity was unchanged in the North West and came close to stabilising in both the East Midlands and Yorkshire & Humber, while Northern Ireland saw a minor setback following growth in May.

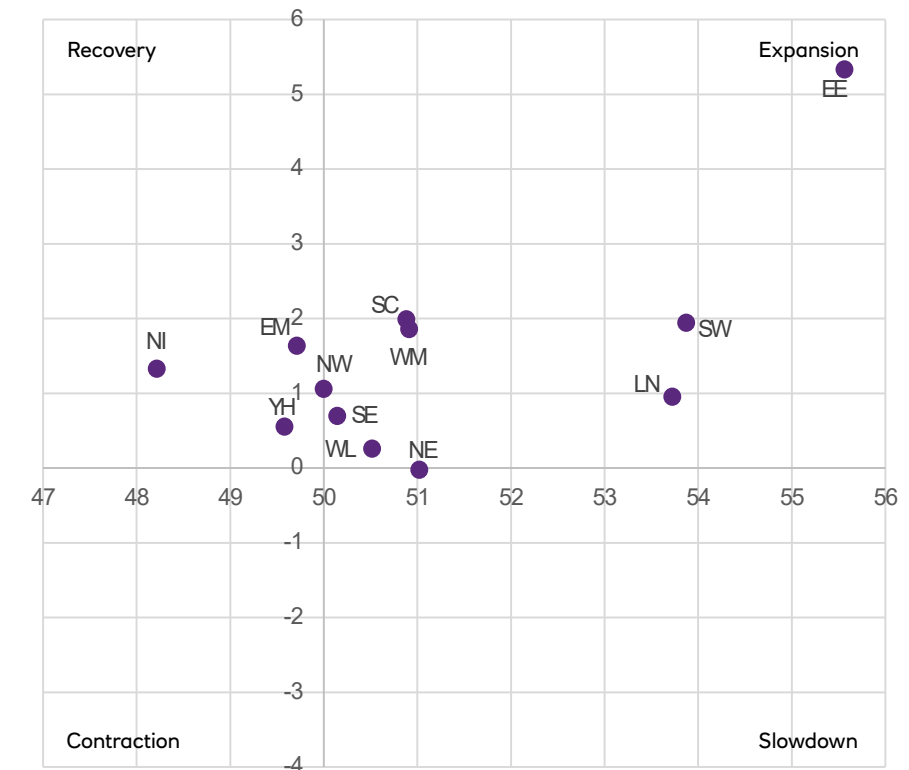




Business cycle by nation and region

Business Activity

X axis = Business Activity Index, sa, >50 = growth m/m, Jun '25 Y axis = Change in Index compared with six-month average



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.

- | | | | |
|---------------|--------------------|-----------------------|---------------------|
| LN London | EE East of England | NW North West | SC Scotland |
| SE South East | EM East Midlands | NE North East | WL Wales |
| SW South West | WM West Midlands | YH Yorkshire & Humber | NI Northern Ireland |

In a typical business cycle, regions will move in a clockwise direction through the four quadrants in the chart to the left.

Expansion

Regions are **expanding**, and at a **faster rate** than the trend over the past six months. Regions furthest right are expanding at the strongest rate in the latest period, and the highest regions are seeing the greatest acceleration in growth over the past six months.

Slowdown

Regions are **expanding**, but at a **slower rate** than the trend over the past six months. Regions furthest right are expanding at the strongest rate in the latest period, and the lowest regions are seeing the greatest deceleration in growth over the past six months.

Contraction

Regions are **contracting**, and at a **faster rate** than the trend over the past six months. Regions furthest left are contracting at the strongest rate in the latest period, and the lowest regions are seeing the greatest acceleration in the rate of contraction over the past six months.

Recovery

Regions are **contracting**, but at a **slower rate** than the trend over the past six months. Regions furthest left are contracting at the strongest rate in the latest period, and the highest regions are seeing the greatest deceleration in the rate of contraction over the past six months.

Growth Tracker heat map

June 2025
Darker colour = higher business growth

Business Activity Index, sa, >50 = growth m/m

| | |
|--------------------|------|
| East of England | 55.6 |
| South West | 53.9 |
| London | 53.7 |
| North East | 51.0 |
| West Midlands | 50.9 |
| Scotland | 50.9 |
| Wales | 50.5 |
| South East | 50.1 |
| North West | 50.0 |
| East Midlands | 49.7 |
| Yorkshire & Humber | 49.6 |
| Northern Ireland | 48.2 |



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



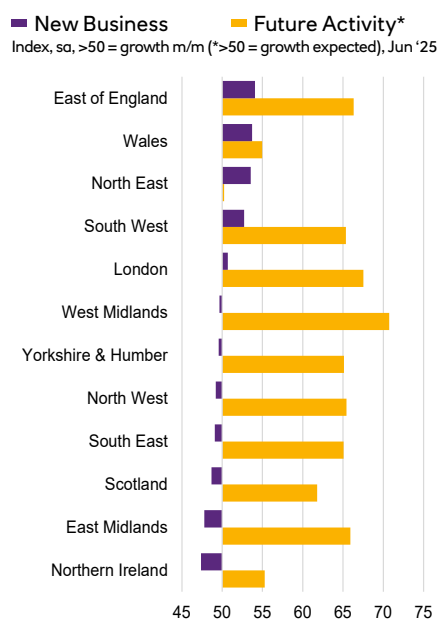
Demand and outlook

East of England sees steepest rise in new business

Alongside sustained growth in new business in Wales, there were renewed upturns in the East of England, North East, South West and London in June. The East of England recorded the fastest rate of expansion - its quickest for over two years. At the other end of the scale was Northern Ireland, which saw a modest drop in new orders.

Business confidence weakens in most areas

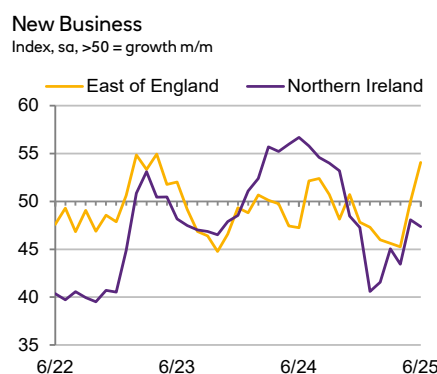
Business expectations towards activity in the next 12 months remained positive across the board in June, with the strongest optimism seen in the West Midlands. That said, in most cases confidence decreased from the month before, most notably in the North East.



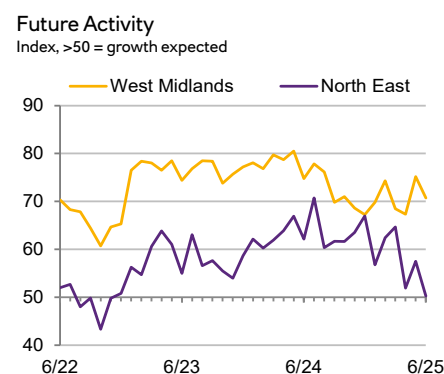
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.

"New business either rose or was on a more stable footing compared to earlier in the year"

Sebastian Burnside,
NatWest Chief Economist



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



Employment and capacity

Job creation in Northern Ireland goes against general trend

Nearly all parts of the UK saw a decrease in employment in June. The only exception was Northern Ireland, where workforce numbers rose for the first time in five months, albeit only marginally. The steepest decline in staffing level was recorded in Yorkshire & Humber.

Outstanding business decreases in almost all areas

June saw the volume of outstanding business (i.e. the volume of orders or projects awaiting completion) decrease in almost all 12 nations and regions, indicating a general lack of pressure on business capacity. The sharpest declines were jointly recorded in the North West and Yorkshire & Humber. The only increase – albeit marginal – was in the neighbouring North East.

■ Employment Index, sa, >50 = growth m/m, Jun '25
■ Outstanding Business

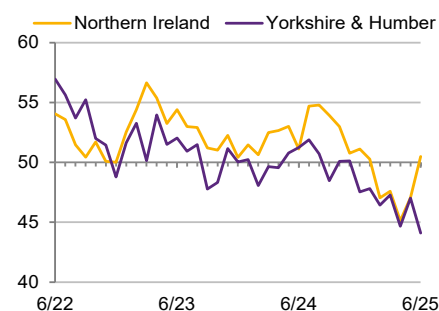


Sources: NatWest, S&P Global PMI. ©2025 S&P Global.

"...the combination of wages pressures and underutilised capacity encourages firms to look for productivity gains where possible"

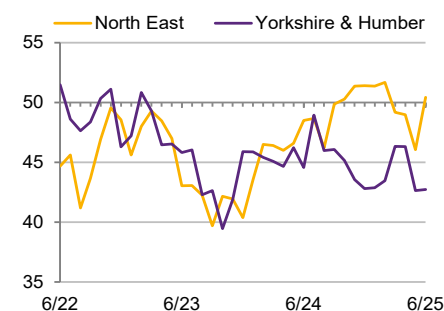
Sebastian Burnside,
NatWest Chief Economist

Employment Index, sa, >50 = growth m/m



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.

Outstanding Business Index, sa, >50 = growth m/m



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



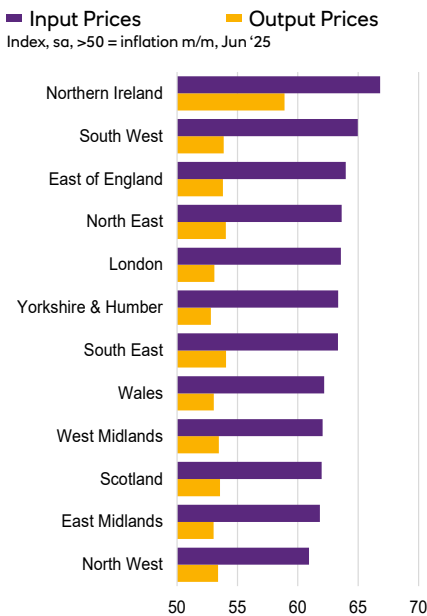
Inflation

Cost pressures ease across England and Wales

Firms across all nine English regions and in Wales recorded slower increases in input prices in June. The weakest overall cost inflation was seen in the North West. By contrast, both Northern Ireland and Scotland saw slightly faster increases in firms' operating expenses, with the former recorded the steepest overall rise.

Output price inflation slows universally

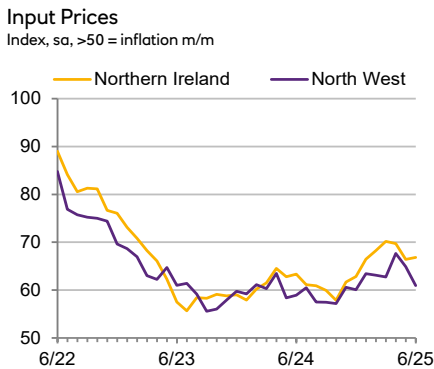
Although average prices charged for goods and services continued rising across the UK in June, rates of inflation eased in all areas. The most marked slowdown was seen in the West Midlands, while the lowest overall rate of increase was in Yorkshire & Humber. As was the case for input costs, the steepest rise in output prices was seen in Northern Ireland.



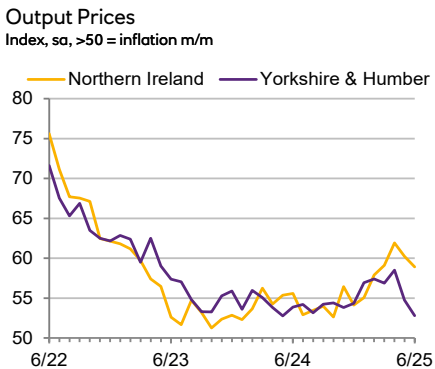
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.

"Businesses in all areas have been able to make smaller and smaller price increases of their own in last couple of months, relieving some of the pressure on demand"

Sebastian Burnside,
NatWest Chief Economist



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



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Methodology

The NatWest UK Regional Growth Tracker data are compiled by S&P Global from responses to questionnaires sent to companies that participate in S&P Global's UK PMI surveys. S&P Global compiles data for Scotland, Wales, Northern Ireland and nine English regions*.

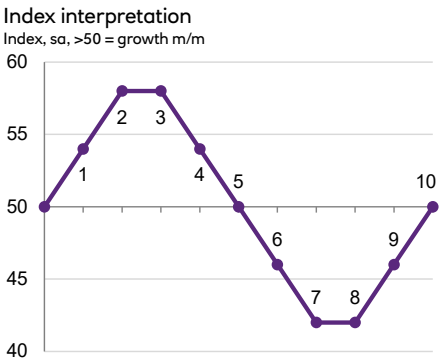
Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100,

with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure for each region is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The Business Activity Index is comparable to the UK Composite Output Index.

For further information on the survey methodology, please contact economics@spglobal.com.

*International Territorial Level 1 definitions.



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.

- Key
- | | | | |
|---|------------------------|----|-------------------------|
| 1 | Growth, from no change | 6 | Decline, from no change |
| 2 | Growth, faster rate | 7 | Decline, faster rate |
| 3 | Growth, same rate | 8 | Decline, same rate |
| 4 | Growth, slower rate | 9 | Decline, slower rate |
| 5 | No change, from growth | 10 | No change, from decline |

Data

Manufacturing and services
Index, sa, 50 = no change over previous month. *50 = no change over next 12 months. Jun '25

| | Business Activity | New Business | Future Activity* | Employment | Outstanding Business | Input Prices | Output Prices |
|--------------------|-------------------|--------------|------------------|------------|----------------------|--------------|---------------|
| London | 53.7 | 50.7 | 67.5 | 47.1 | 46.7 | 63.6 | 53.1 |
| South East | 50.1 | 49.1 | 65.1 | 47.1 | 45.8 | 63.3 | 54.1 |
| South West | 53.9 | 52.7 | 65.3 | 47.9 | 46.0 | 65.0 | 53.9 |
| East of England | 55.6 | 54.1 | 66.3 | 44.2 | 48.4 | 64.0 | 53.8 |
| East Midlands | 49.7 | 47.8 | 65.9 | 46.1 | 45.2 | 61.8 | 53.0 |
| West Midlands | 50.9 | 49.7 | 70.7 | 45.6 | 44.3 | 62.1 | 53.5 |
| Yorkshire & Humber | 49.6 | 49.6 | 65.1 | 44.1 | 42.7 | 63.3 | 52.8 |
| North West | 50.0 | 49.2 | 65.4 | 44.8 | 42.7 | 60.9 | 53.4 |
| North East | 51.0 | 53.5 | 50.2 | 45.8 | 50.4 | 63.6 | 54.0 |
| Scotland | 50.9 | 48.7 | 61.8 | 49.9 | 47.8 | 62.0 | 53.6 |
| Wales | 50.5 | 53.7 | 55.0 | 45.5 | 45.4 | 62.2 | 53.0 |
| Northern Ireland | 48.2 | 47.4 | 55.3 | 50.5 | 46.6 | 66.8 | 58.9 |

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