9 September 2026

Ulster Bank Northern Ireland Growth Tracker

Output rises at fastest pace in almost two years in August

Ulster Bank

PMI® by S&P Global

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Contents

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Key findings

August 2026

Marked increase in output amid renewed growth of new orders

Employment ticks down

Cost inflation eases, but charges rise at faster pace

The Ulster Bank Northern Ireland 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 local 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

Output rises at fastest pace in almost two years in August

The latest Ulster Bank Regional Growth Tracker pointed to strengthening growth of business activity in Northern Ireland's private sector as new orders rose for the first time in five months.

Despite this, employment dipped for the second time in three months and there were some tentative signs of capacity pressures building. Input costs continued to rise sharply, while selling price inflation hit a three-month high.

The headline Business Activity Index – a seasonally adjusted index that measures the month-on-month change in the combined output of the region's private sector – rose to 55.5 in August from 51.4 in July, pointing to a marked monthly increase in business activity in the region and one that was the fastest since October 2024.

Moreover, the rise in output in Northern Ireland was the strongest of the 12 UK areas covered by the report.

Panellists linked rising activity to new projects getting started and higher tourism numbers.

Growth was led by the manufacturing and service sectors.

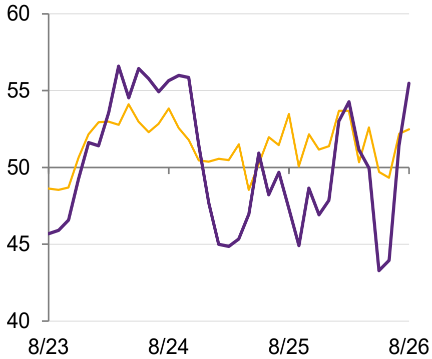
Ulster Bank Northern Ireland Business Activity Index, August 2026

55.5

The Business Activity Index is a diffusion index calculated from companies' responses to a question on monthly changes in the volume of business activity. The index varies between 0 and 100 and is 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 index is seasonally adjusted.

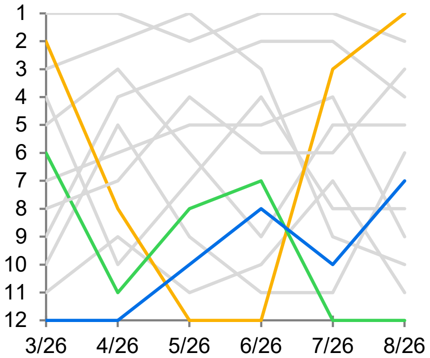
Data compiled 12-26 August

Business Activity
Northern Ireland UK
Index, sa, >50 = growth m/m



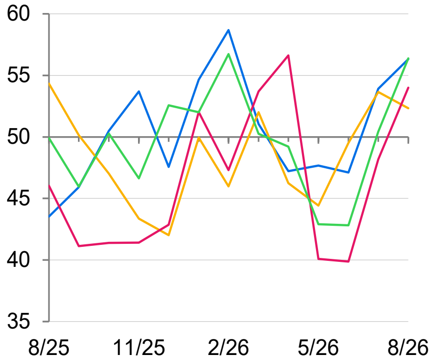
Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global.

Wales Scotland
Northern Ireland
Business Activity Index, UK ranking



Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global.

Manufacturing Services
Construction Retail
Business Activity Index, sa, >50 = growth m/m



Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global.

Comment

Sebastian Burnside, Chief Economist for Ulster Bank, commented:

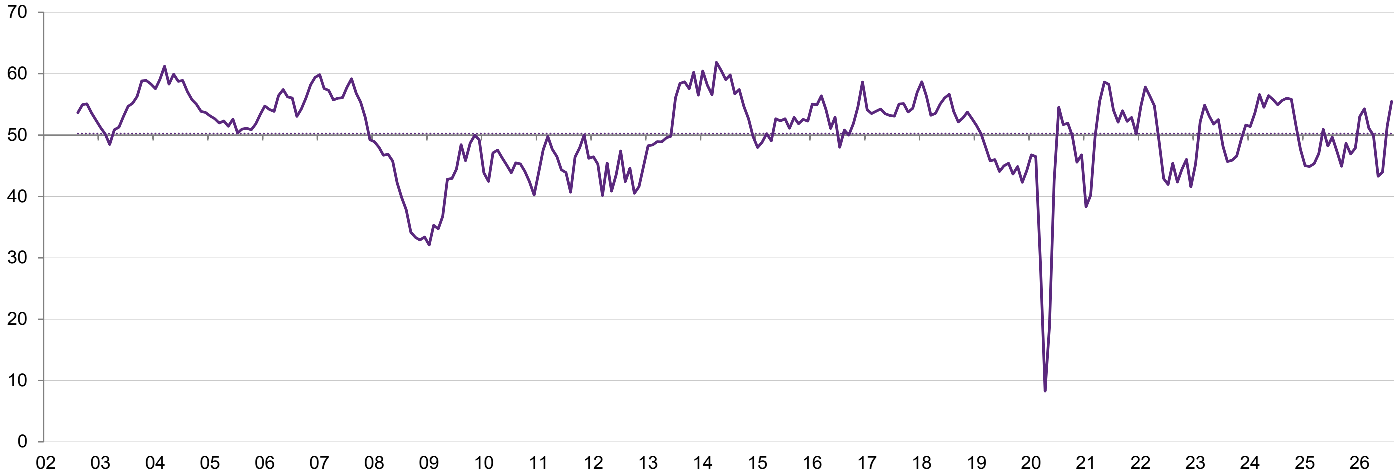
"Northern Ireland companies are putting the disruption of the late-Spring behind them, with August seeing a sharp rise in business activity amid renewed growth of new orders. In fact, Northern Ireland was the fastest growing part of the UK in terms of output. Expansions were particularly pronounced in manufacturing – where new projects are starting to ramp up, and services – boosted by increased tourism numbers and events such as the Fleadh Cheoil.

"Difficulties hiring staff to resource the new business coming in were highlighted again, meaning that employment decreased. This, alongside rising new orders meant that operating capacity was only just able to keep outstanding business from expanding.

"Companies will be hoping to see further growth in the months ahead, but inflationary pressures remain a headwind. Costs for fuel and staff increased again in August, with other firms highlighting rising prices for steel. In turn, charges increased at the fastest pace for three months, potentially limiting demand growth."

Business Activity

Index, sa, >50 = growth m/m. Dots = long-run average since 2002.



Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global.

Demand and outlook

New orders return to growth

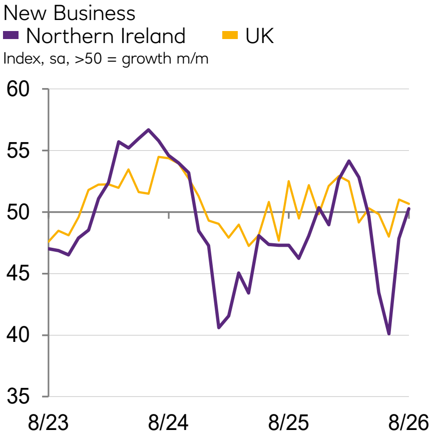
August data pointed to a renewed increase in new orders in Northern Ireland's private sector, thereby ending a four-month sequence of decline. Some panellists reported that contracts had been signed for projects due to start next year.

That said, the rate of expansion was only marginal and weaker than the UK average. Growth was driven by the manufacturing and service sectors, with lower new business seen in construction and retail.

For the third month running, companies were optimistic that output will rise over the coming year, with new projects set to get underway. Some firms reported being particularly confident regarding the outlook for the final quarter of 2026.

Business confidence ticked down, however, and was just below the series average. Optimism was signalled in the manufacturing, services and retail sectors, but construction firms maintained a pessimistic outlook.

> "August saw a sharp rise in business activity amid renewed growth of new orders."



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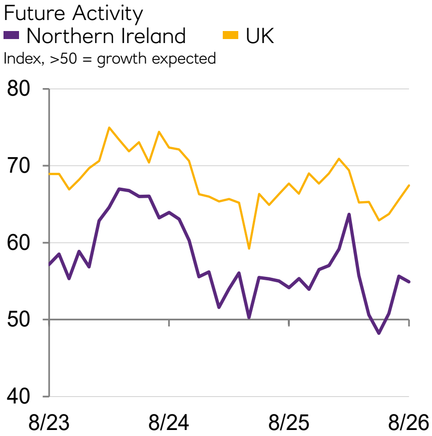

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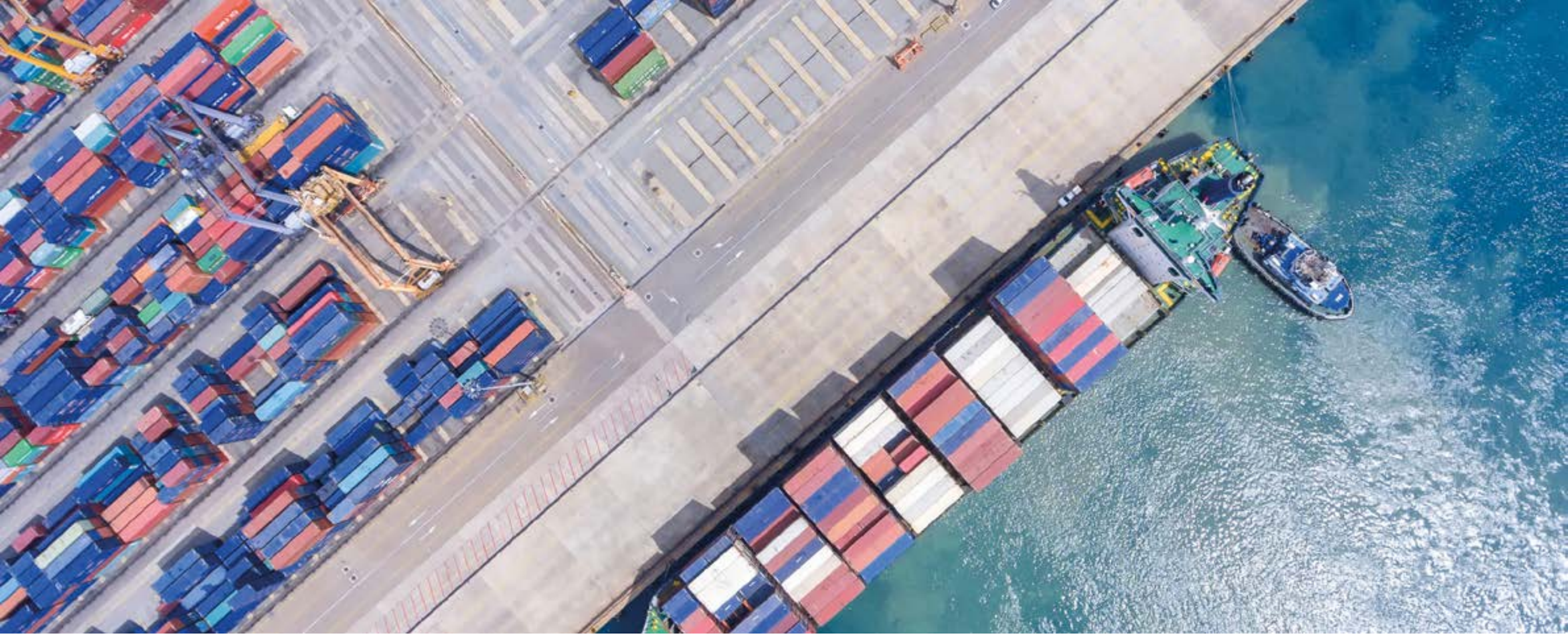


Export markets

New export orders continue to fall

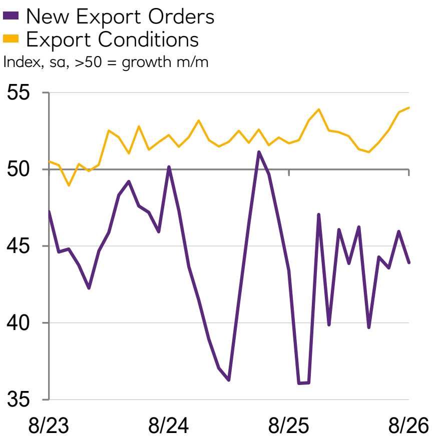
The renewed increase in total new orders was recorded despite a further decline in new business from abroad in August. The rate of contraction was sharp and faster than that seen in July. New export orders have now decreased in 15 successive months.

Largest improvement in export climate for over four years

The ECI rose to 54.0 in August, up from 53.7 in July and its highest since May 2022. The latest reading signalled a solid monthly strengthening of demand conditions in export markets.

Sharp and accelerated increases in business activity were signalled in the Republic of Ireland and USA. Meanwhile, Germany also posted a rise in output, albeit one that was only modest. France and Canada posted further reductions in activity.

The Northern Ireland Export Climate Index (ECI) is an indicator for the economic health of the region's export markets. It is calculated by combining national PMI output data, weighted according to each nation's share of manufacturing exports of Northern Ireland. A reading above 50 signals an improvement in export conditions, and below 50 a deterioration.



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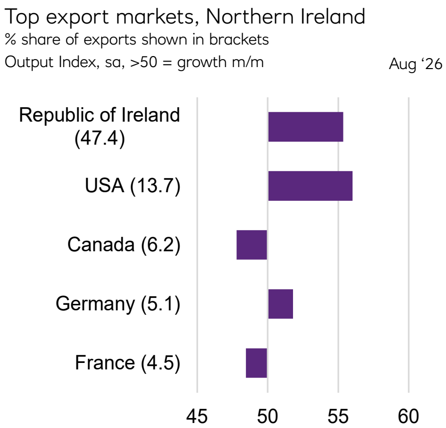

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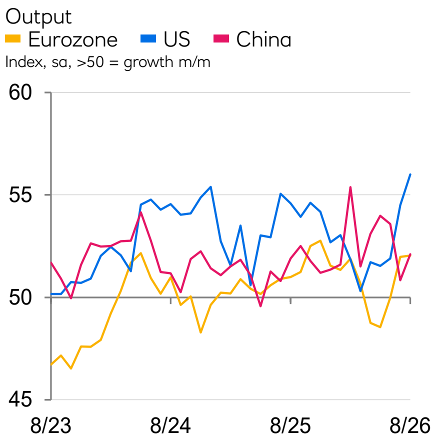

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Jobs and capacity

Backlogs of work largely stabilise amid rising new orders and dip in employment

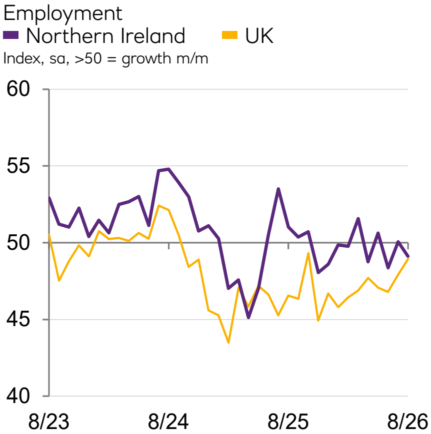
Outstanding business was broadly unchanged in August, following a marked reduction in the previous month. Panellists reported some pressure on capacity as a result of rising new orders and staff shortages.

Employment decreased for the second time in the past three months, albeit only slightly. A number of respondents indicated that they had found it difficult to replace departing staff due to a shortage of suitable candidates.

The services and construction categories posted increases in employment, but declines were seen in manufacturing and retail.

Suppliers' delivery times lengthened for the fourteenth consecutive month in August, and to a sharp degree that was the most pronounced since April. Panellists reported longer lead times for receiving a range of items, with some linking this to shipping delays.

> "Difficulties hiring staff to resource the new business coming in were highlighted again, meaning that employment decreased."



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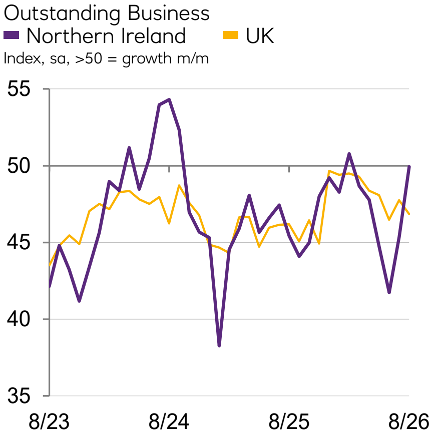

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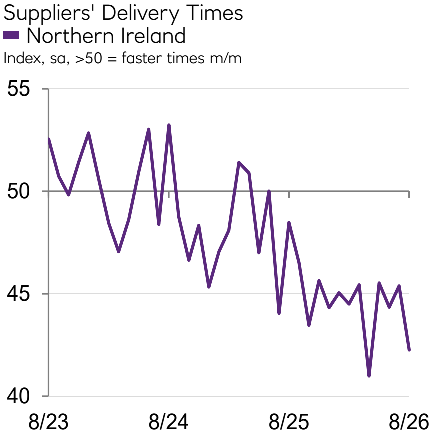

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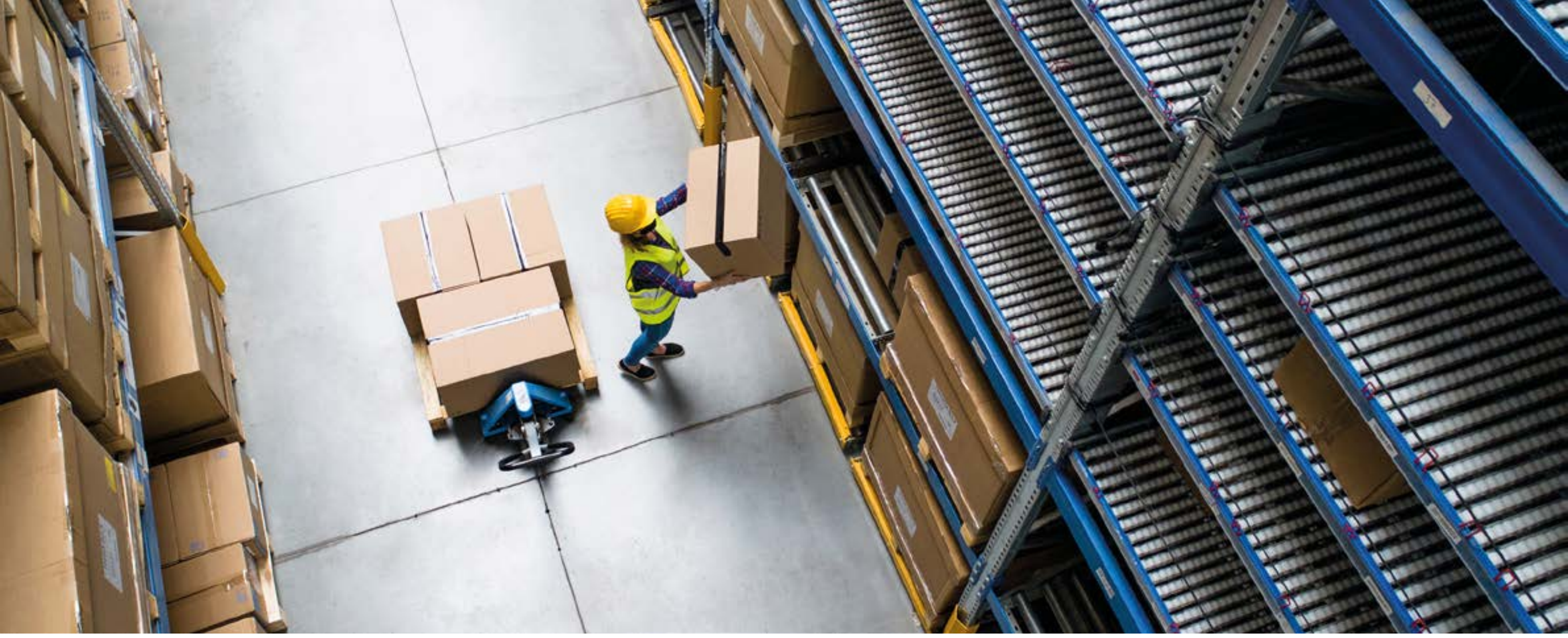


Inflation

Input costs continue to rise sharply

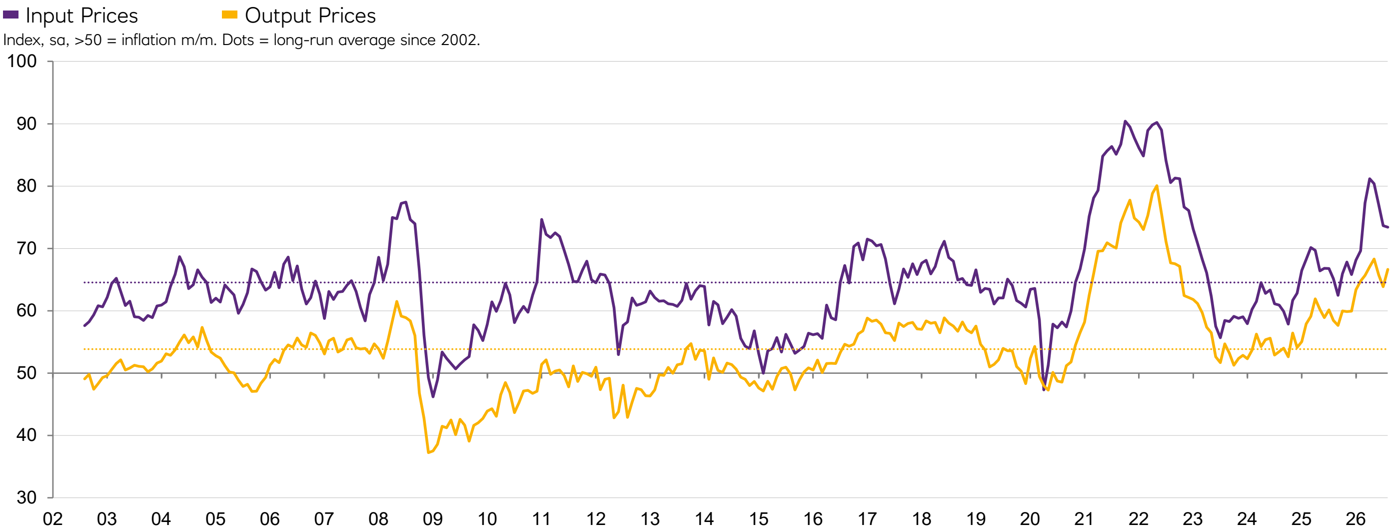
Although the rate of input price inflation eased for the fourth consecutive month in August to a six-month low, companies continued to register a sharp monthly increase in input costs during the month.

Higher fuel prices were widely mentioned, with other respondents highlighting rising costs for steel. Increased wages were also a factor behind greater company expenses. Particularly sharp rises in costs were recorded in the retail and manufacturing sectors.

The passing on of higher input costs to customers resulted in another steep monthly rise in output prices. Moreover, the rate of charge inflation quickened to a three-month high.

Both input costs and output prices rose more quickly in Northern Ireland than elsewhere in the UK.

"Companies will be hoping to see further growth in the months ahead, but inflationary pressures remain a headwind."



Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global.

UK Regional Growth Tracker

Business Activity

Over half of the 12 UK nations and regions monitored saw an increase in business activity in August. Growth was led by Northern Ireland*, which recorded its strongest performance for almost two years, followed by London. Output was unchanged in the West Midlands, while the North West, North East, East Midlands and Scotland each saw slight decreases in activity.

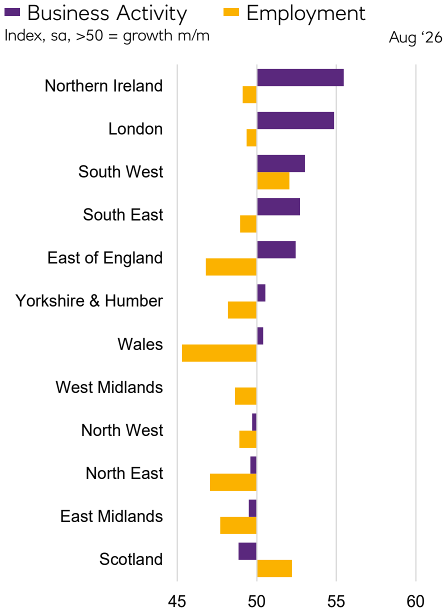
Employment

Whilst there were pockets of employment growth in August, labour market conditions generally remained subdued. Scotland saw workforce numbers rise for a third straight month, while there was a renewed increase in the South West, the first since April. Staffing levels fell elsewhere, with Wales recording the most marked decline.

Future Activity

Business expectations towards activity in the next 12 months perked up in the majority of areas in August. This included the West Midlands, which recorded the highest overall degree of optimism. Sentiment was weakest in Northern Ireland.

*As well as manufacturing and services, coverage in Northern Ireland also includes construction and wholesale & retail.



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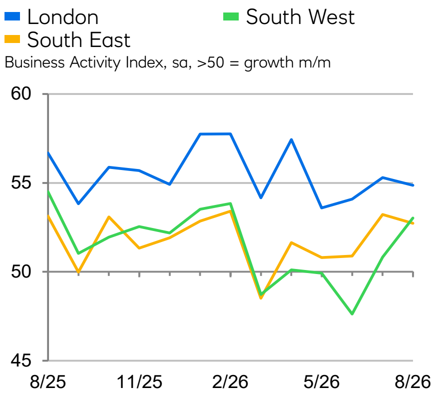

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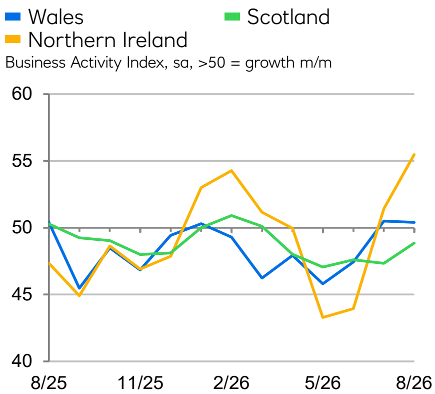

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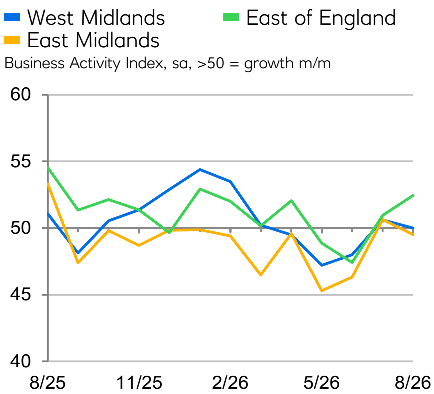

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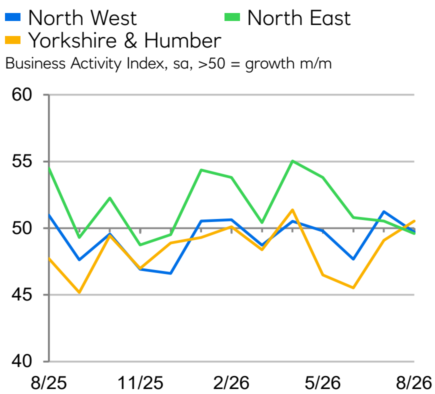
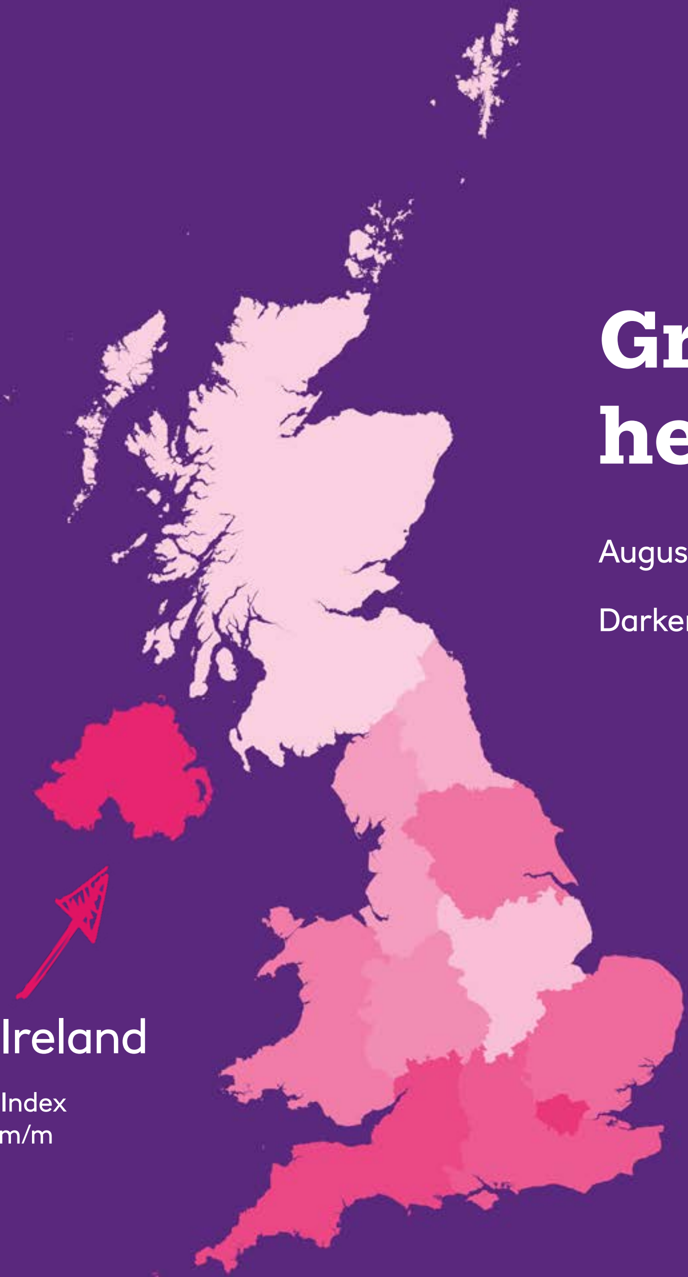


Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global.

Growth Tracker heat map

August 2026

Darker colour = higher business growth



Northern Ireland

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

55.5

Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

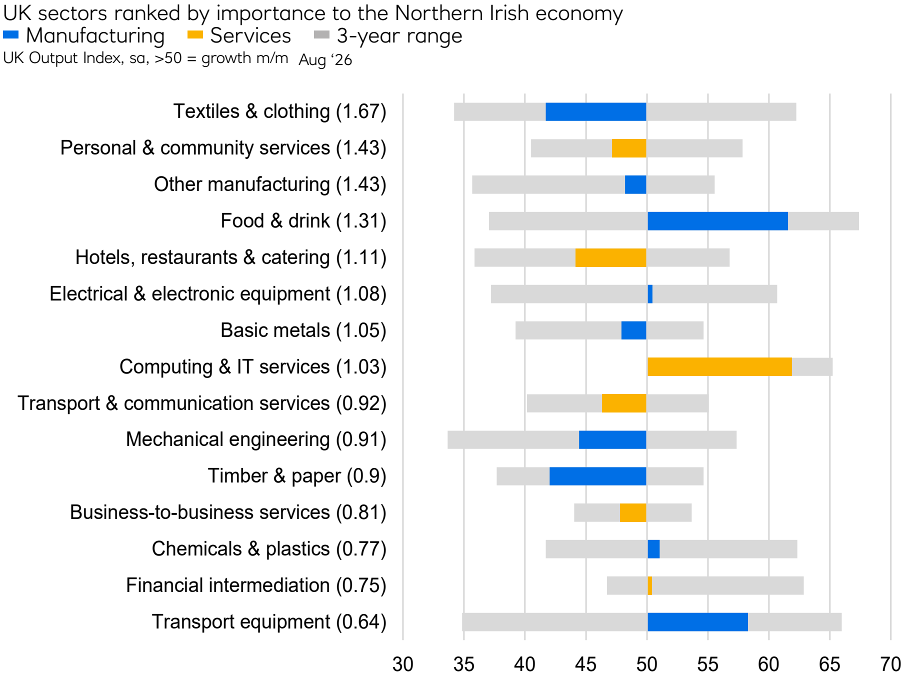
UK sectors

Sector specialisation: Northern Ireland

The chart shows UK output indices by sector, ranked by location quotients for Northern Ireland. Location quotients (LQs) are ratios derived by comparing the share of sector output (or gross value added) in regions with the national share of output in the same sector.

Focusing on the manufacturing and service sectors in isolation, a location quotient is calculated by taking a sector's proportion of regional output and comparing it with the UK-wide share of output in the sector. An LQ of 1.0 in a sector means that the region and the UK as a whole are equally specialised in that sector. An LQ greater than 1.0 indicates that the sector has a greater economic footprint in the region than it does for the UK as a whole.

UK sectors ranked by importance to the Northern Irish economy



Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global.
Location quotients for Northern Ireland are shown in brackets. Latest data are smoothed as three-month moving averages (3mma).

Sector in focus: Mechanical engineering

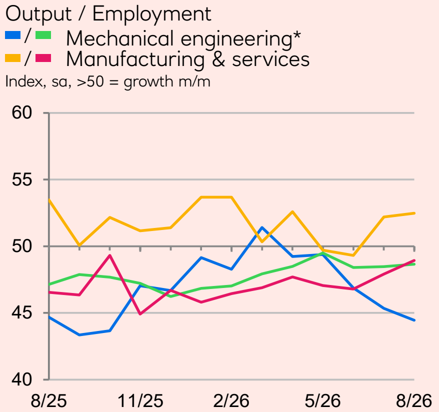
The latest data signalled a sustained downturn in output across the UK's mechanical engineering sector. The rate of decline in the three months to August was the quickest recorded for ten months and one of the fastest seen among the sectors covered by the survey data (see chart above).

Production levels were scaled back in line with falling demand, which included weaker export sales. Accordingly, companies in the sector were firmly in retrenchment mode, cutting employment, purchasing activity and stocks.

Cost pressures facing mechanical engineering firms were elevated, with input price inflation running close to its highest for three-and-a-half years. Factory gate charges were meanwhile raised to the greatest extent since March 2023.

Despite the challenges, businesses in the sector were optimistic about the outlook for activity over the next 12 months. Sentiment recovered further from the lows seen in the second quarter but remained just below the long-run average.

Output / Employment



Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global.
*Data are smoothed as three-month moving average (3mma).

Methodology

The Ulster Bank Northern Ireland Growth Tracker is compiled by S&P Global from responses to questionnaires sent to a panel of around 200 private sector companies in Northern Ireland, operating in the manufacturing, construction, retail and services sectors.

The panel has been carefully selected in order to accurately reflect the true structure of the economy and therefore provide an accurate picture of business conditions.

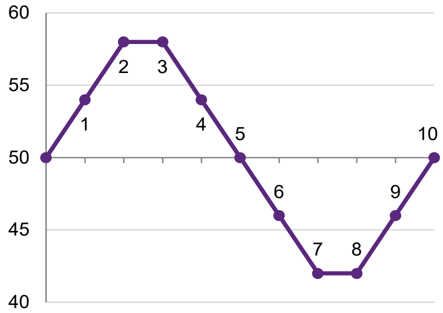
Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses.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

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

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



Sources: Ulster Bank, S&P Global PMI. ©2026 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

Northern Ireland
Index, sa, 50 = no change over previous month. *50 = no change over next 12 months.

	Business Activity	New Business	New Export Business	Export Climate Index	Employment	Outstanding Business	Suppliers' Delivery Times	Future Activity*	Input Prices	Output Prices
3/26	51.2	52.8	46.2	51.3	51.6	48.7	45.4	55.7	77.3	65.7
4/26	50.0	49.7	39.7	51.1	48.8	47.8	41.0	50.6	81.2	67.0
5/26	43.3	43.5	44.3	51.8	50.6	44.7	45.5	48.2	80.4	68.3
6/26	43.9	40.1	43.6	52.6	48.4	41.7	44.3	50.8	77.0	65.7
7/26	51.4	47.8	46.0	53.7	50.1	45.4	45.4	55.6	73.7	63.9
8/26	55.5	50.3	43.9	54.0	49.1	49.9	42.3	54.9	73.4	66.6

		Business Activity	New Business	Employment	Outstanding Business	Future Activity*	Input Prices	Output Prices
Manufacturing	8/26	56.3	57.0	49.7	54.3	62.1	79.5	73.0
Construction	8/26	52.3	41.8	51.0	48.9	40.6	67.7	70.1
Retail	8/26	54.0	45.3	45.8	48.9	57.1	81.2	81.0
Services	8/26	56.4	50.8	50.4	47.9	58.6	69.2	57.9

Further information

Ulster Bank

Ulster Bank is a member of NatWest Group. Ulster Bank acts as a full service institution to its customer base, providing an extensive range of retail banking, business banking, investment banking and capital markets services to corporate, personal and institutional clients.

Our focus is firmly centred on our customers. Every business customer benefits from access to a dedicated, professional and highly trained relationship manager. Their role is to gain a genuine understanding of our customers' business needs and provide dedicated financial information and assistance.

We work together to achieve business success, no matter how simple or complex our customers' requirements. A combination of size, financial strength and wide ranging capability means we can deliver for our customers, whatever their business may be.

https://www.ulsterbank.co.uk/business/insights/economics.html

https://www.linkedin.com/company/ulster-bank-northern-ireland-business/

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