11 November 2026

NatWest Wales Growth Tracker

Sharpest rise in Welsh business activity since June 2022





NatWest

PMI® by S&P Global

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Key findings

October 2026

Quicker expansion in output amid stronger rise in new orders

Cost pressures build further

Slowest decrease in backlogs since May

The NatWest Wales 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



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Sharpest rise in Welsh business activity since June 2022

Output levels at Welsh firms increased at a notably faster pace in October, according to the NatWest Cymru Growth Tracker, amid stronger demand conditions.

The headline Wales Business Activity Index – a seasonally adjusted index that measures the month-on-month change in the combined output of the area's manufacturing and service sectors – posted 53.2 in October, up from 50.6 in September, and signalled the steepest expansion in output since June 2022. The upturn was the among the fastest of the 12 monitored UK areas, behind only the South East.

The rise in business activity was supported by stronger demand conditions, as new orders increased at the quickest rate since June 2025.

Nonetheless, companies continued to lower headcounts and business confidence slipped from September's recent high. Backlogs of work fell further, but at the slowest pace since May.

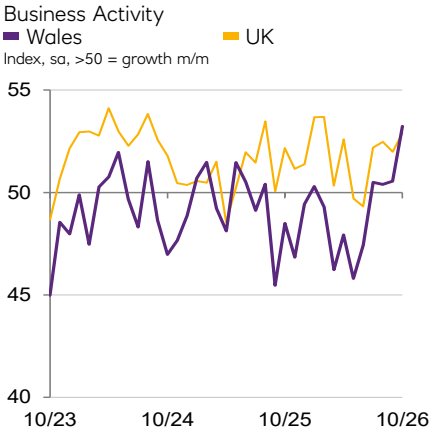
At the same time, input cost inflation strengthened to the fastest in four months, but selling prices rose at the weakest rate since January.

NatWest Wales Business Activity Index October 2026

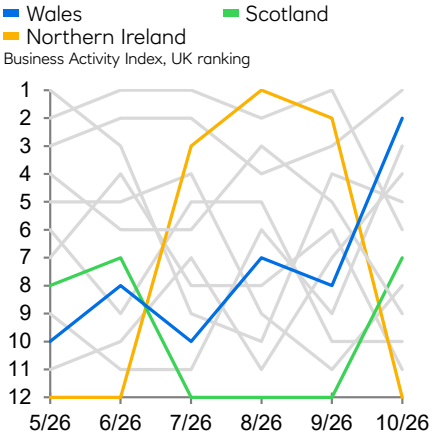
53.2

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 12-28 October 2026



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NatWest

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Comment

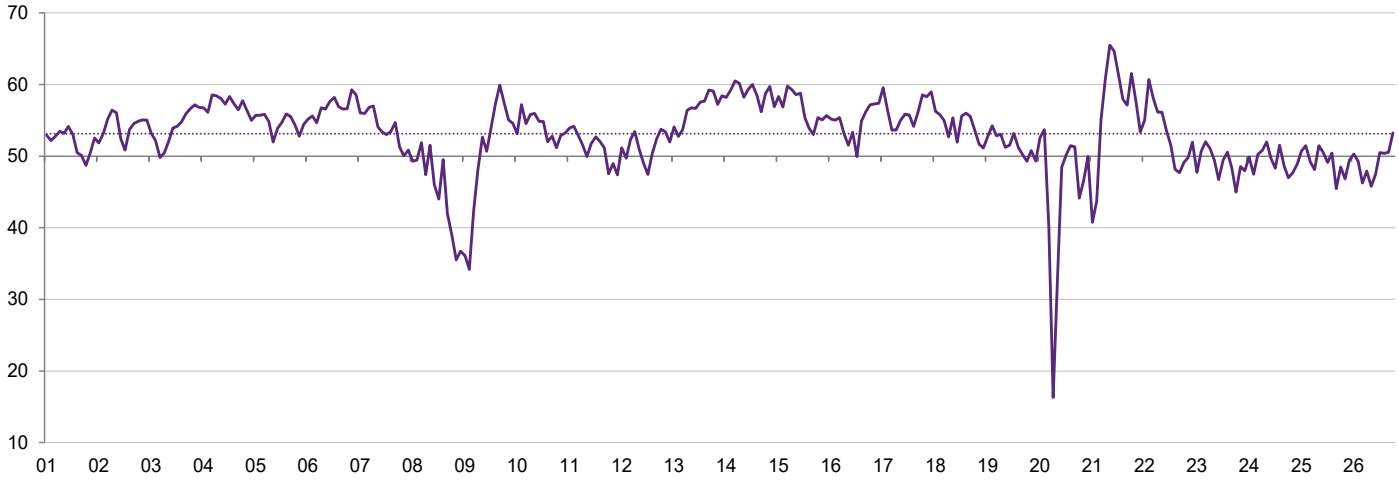
Commenting on the Tracker's findings, Jessica Shipman, Chair, NatWest Cymru Board, said:

"Welsh businesses began the fourth quarter on a positive note, as activity and new orders expanded at much quicker rates amid stronger customer demand. Moreover, the rate of output growth was the steepest since June 2022. More accommodative demand conditions also supported continued confidence among businesses in an upturn in output over the coming year.

"Challenges remained in underlying data, however. Cost pressures continued to strengthen and place strain on balance sheets, as firms noted targeting a reduction in headcounts amid sufficient capacity to process incoming work. Previously weak demand and economic uncertainty have led to hesitancy among firms to expand employment despite more upbeat demand. At the same time, selling prices increased at the slowest pace since January as efforts to retain clients led to discounting."

Business Activity

Index, sa, >50 = growth m/m. Dots = long-run average since 2001.



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Demand and outlook

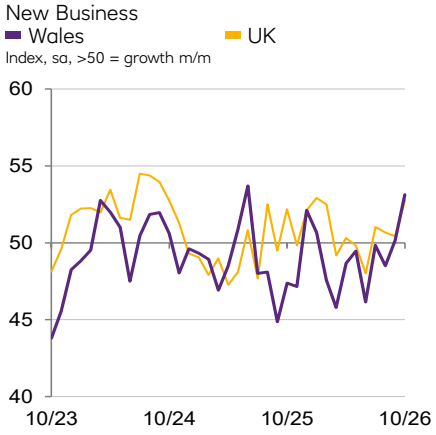
Expansion in new orders gains pace in October

Welsh businesses recorded a second successive monthly upturn in new business during October. The rate of growth quickened notably to the sharpest since June 2025 and was faster than the series average. Anecdotal evidence suggested that higher new sales stemmed from the retention of existing customers and greater demand from new clients. Welsh firms signalled one of the strongest upturns in new orders of the 12 monitored UK areas, with only the South East and Yorkshire & Humber recording quicker expansions.

At the same time, businesses remained confident of a rise in output over the coming year during October. The level of optimism slipped from September's eight-month high and was lower than the UK average, but was broadly in line with the series trend. Hopes for increased activity levels were reportedly linked to new product launches, new client wins and planned expansion into new markets.

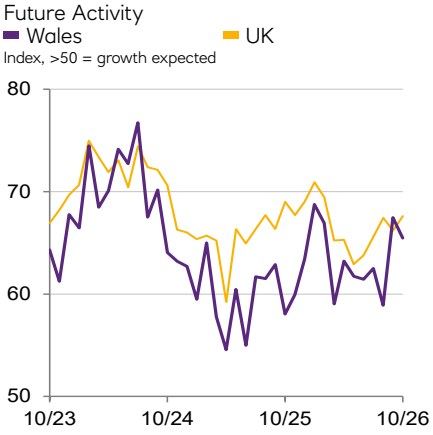
"Welsh businesses began the fourth quarter on a positive note, as activity and new orders expanded at much quicker rates..."

New Business



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Future Activity



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

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Jobs and capacity

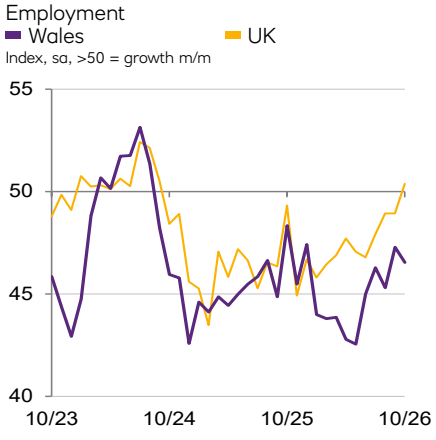
Rate of job shedding quickened despite slower fall in backlogs of work

October data indicated another solid round of job cuts at Welsh companies. The rate of contraction in employment gained pace from September and was the sharpest of the 12 monitored UK areas. Despite a pick up in demand conditions, panellists noted that previously subdued new order inflows had led to a push for cost savings and restructuring.

Although backlogs of work continued to decline in October, the pace of the latest decrease was the slowest since May. Welsh firms stated that they had sufficient capacity to work through incoming new business. The rate of depletion in outstanding work was the quickest of the 12 UK areas, meanwhile.

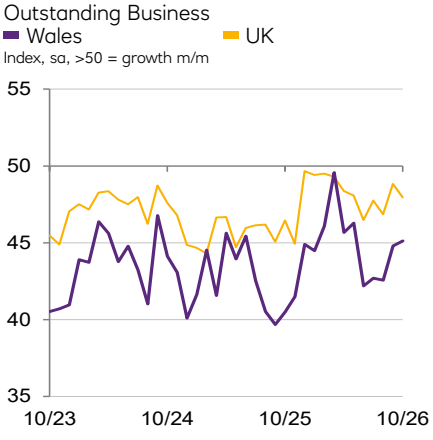
"Cost pressures continued to strengthen and place strain on balance sheets, as firms noted targeting a reduction in headcounts amid sufficient capacity to process incoming work."

Employment



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

Outstanding Business



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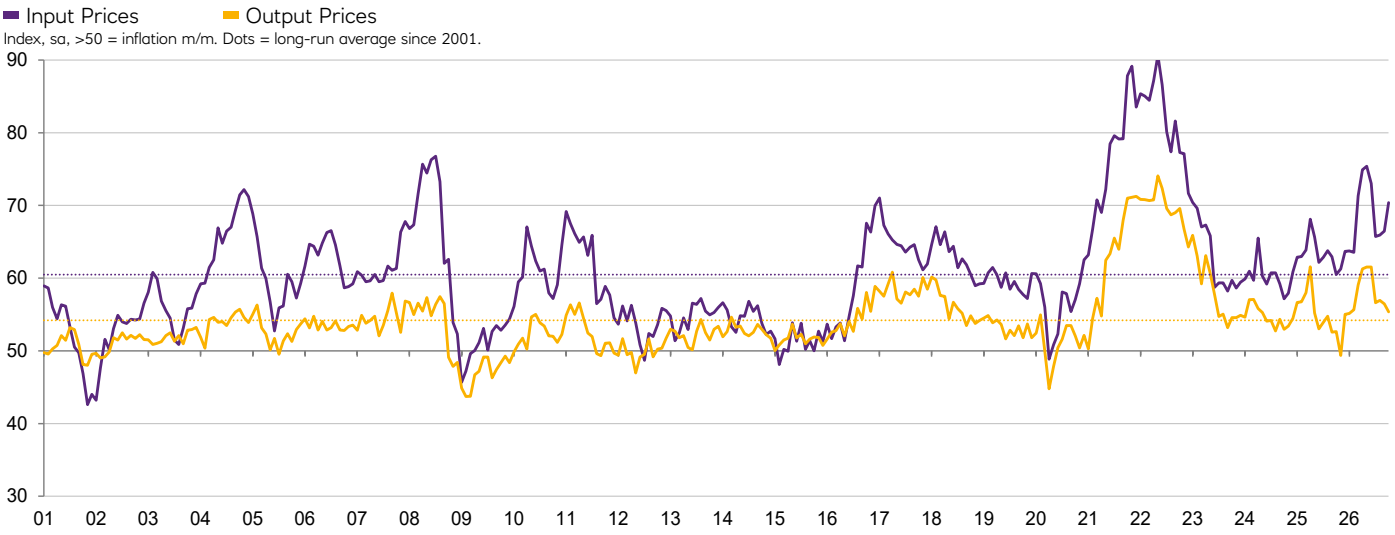
Inflation

Input cost inflation at four-month high in October

Average input costs at Welsh companies increased at a steeper pace at the start of the fourth quarter. The rate of inflation quickened for the third month running and was the fastest since June. As well as being sharper than the series average, the pace of increase was more marked than the UK trend. The latest rise in operating expenses was attributed to higher raw material, transportation, fuel and wage costs. Some also noted the reintroduction of surcharges at some suppliers relating to greater fuel bills.

That said, the pace of charge inflation eased again in October and was the slowest since January. At the UK level, only the East of England recorded a weaker rise in selling prices. Although the rate of output charge inflation was faster than the series trend, Welsh businesses stated that the slower uptick was due to discount requests from customers.

"...selling prices increased at the slowest pace since January as efforts to retain clients led to discounting."



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UK Regional Growth Tracker

Business Activity

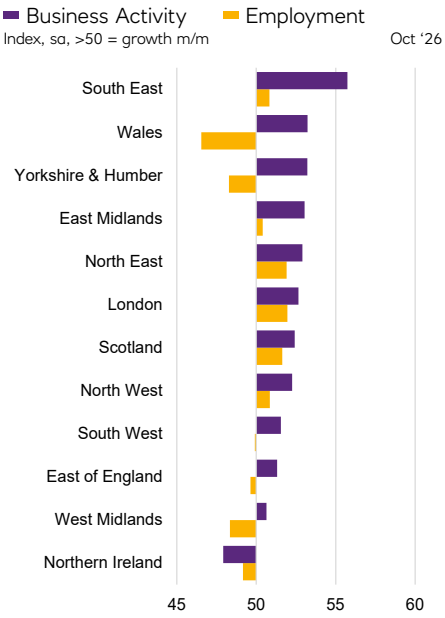
Business activity rose across 11 of the 12 UK nations and regions monitored by the survey in October. Growth was led by the South East, where the pace of expansion accelerated sharply to its highest in four-and-a-half years. The one exception to the broad-based upturn was Northern Ireland, which saw a renewed decline in activity following strong growth in the third quarter of the year.

Employment

October saw employment rise in half of the surveyed areas, the most in over two years. London topped the rankings for workforce growth, having seen job creation accelerate to the quickest since September 2024. It was followed closely by the North East. At the other end of the scale, firms in Wales noted the most marked fall in staffing levels.

Future Activity

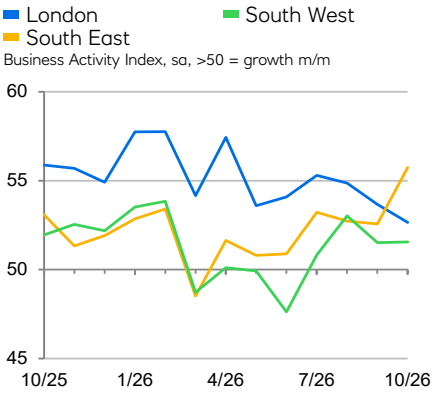
Business expectations towards activity over the next 12 months improved in the majority of cases at the start of the fourth quarter. The greatest upswing in confidence was recorded in the East Midlands, where sentiment reached an eight-month high, while neighbouring West Midlands posted the highest overall degree of optimism ahead of the South East.



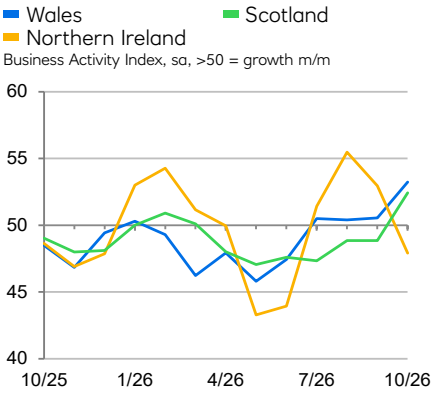
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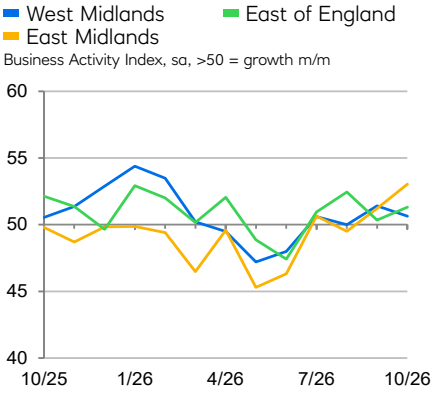
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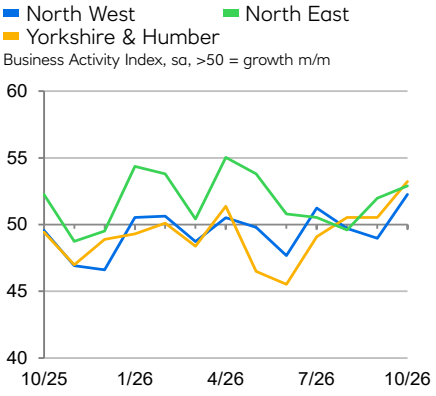
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Growth Tracker heat map

October 2026

Darker colour = higher business growth



Wales

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

53.2



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UK sectors

Sector specialisation: Wales

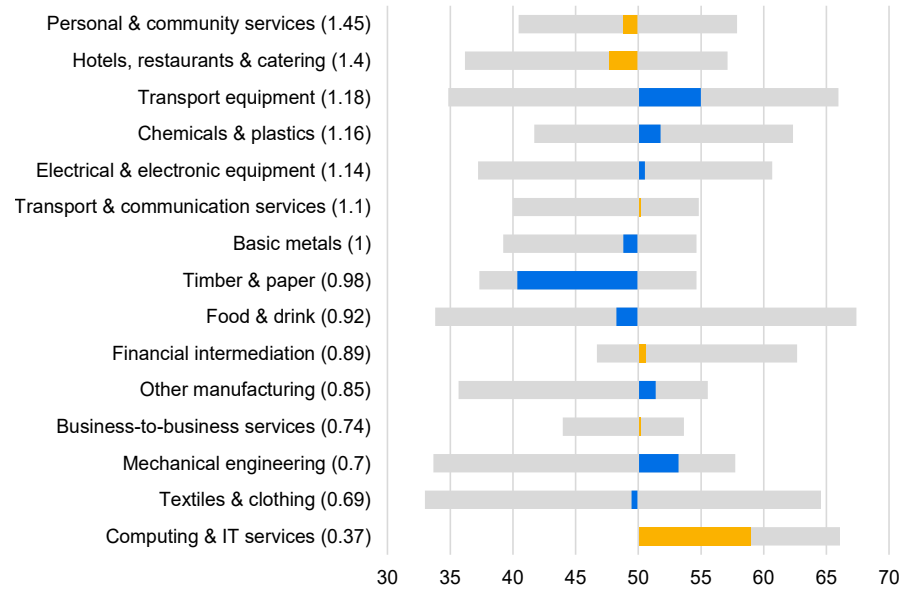
The chart shows UK output indices by sector, ranked by location quotients for Wales. Location quotients (LQs) are ratios derived by comparing the share of sector output (or gross value added) in regions with the national share of output in the same sector.

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 Welsh economy

Manufacturing Services 3-year range

UK Output Index, sa, >50 = growth m/m Oct '26



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

Location quotients for Wales are shown in brackets. Latest data are smoothed as three-month moving averages (3mma).

Sector in focus: Textiles & clothing

Latest data showed a notable upturn in demand across the UK's textiles & clothing sector in the three months to October, with new orders rising strongly and for the first time since February. This in turn led to a near-stabilisation in production levels as the rate of contraction slowed sharply to the weakest since the current sequence of decline began at the start of the second quarter.

Although firms continued scaling back both employment and purchasing activity, the respective rates of decline slowed, as did that of backlogs of work.

Elsewhere, the latest data showed an uptick in price pressures across the sector. Input price inflation climbed closer to the highs seen in the second quarter, while prices charged rose at a rate that comfortably exceeded the long-run average. This coincided with signs of sustained strain on supply chains.

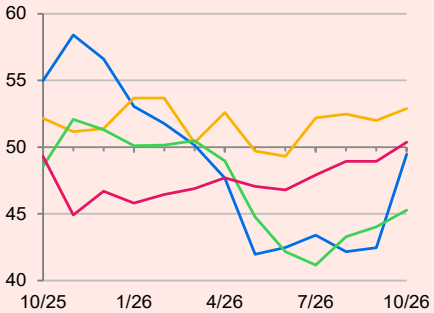
Looking ahead, textiles & clothing manufacturers were strongly confident of output levels rising in the next 12 months.

Output / Employment

/ Textiles & clothing*

/ Manufacturing & services

Index, sa, >50 = growth m/m



*Data are smoothed as three-month moving average

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

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Methodology

The NatWest Wales Growth Tracker is compiled by S&P Global from responses to questionnaires sent to Welsh companies that participate in S&P Global's UK manufacturing and services PMI surveys.

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.

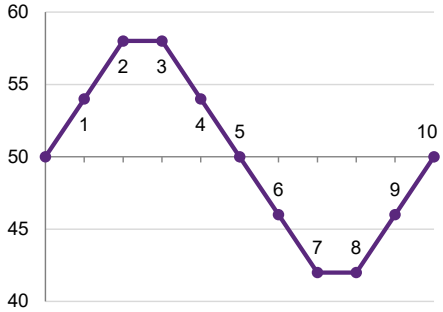
The headline figure is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The Wales Business Activity Index is comparable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

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

Key

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

Data

Wales manufacturing and services

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

	Business Activity	New Business	Export Climate Index	Employment	Outstanding Business	Future Activity*	Input Prices	Output Prices
5/26	45.8	49.5	51.1	42.5	46.3	61.7	75.4	61.5
6/26	47.4	46.1	51.5	45.0	42.2	61.5	73.0	61.5
7/26	50.5	49.8	52.9	46.3	42.7	62.5	65.7	56.6
8/26	50.4	48.5	53.1	45.3	42.6	58.9	65.9	57.0
9/26	50.6	50.2	54.3	47.3	44.8	67.5	66.5	56.5
10/26	53.2	53.1		46.5	45.1	65.5	70.4	55.4

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