

14 October 2026

NatWest Wales Growth Tracker

**New orders expand for
the first time in eight
months in September**



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Key findings

September 2026

**Greater new sales support
faster rise in output**

**Business confidence at eight-
month high**

**Cost pressures intensify but
selling price inflation cools**

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





New orders expand for the first time in eight months in September

Welsh businesses registered a faster rise in business activity during September amid a fresh expansion in new sales, according to the NatWest Cymru Growth Tracker.

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 50.6 in September, up slightly from 50.4 in August, and signalled the quickest increase in output levels since May 2025. The rise in activity was only marginal, however, and slower than both the

UK and series averages. Meanwhile, new orders increased for the first time since January, albeit only fractionally. The improvement reportedly stemmed in part from new client wins. Similarly, business confidence ticked up to an eight-month high.

Although employment levels continued to decline in September, the rate of job shedding eased to the weakest in 2026 to date.

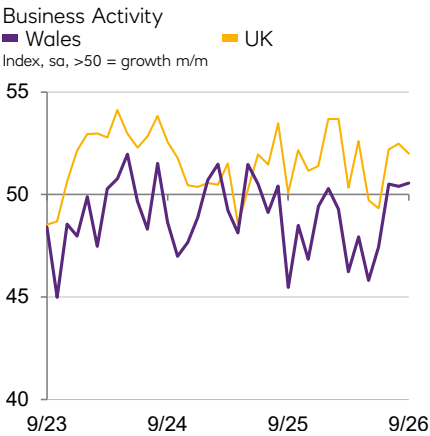
Cost pressures quickened in September, but in a bid to drive sales, firms raised their selling prices at the softest pace since February.

NatWest Wales Business Activity Index
September 2026

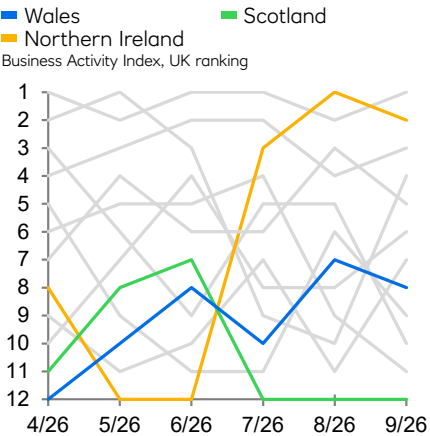
50.6

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 10-28 September



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



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

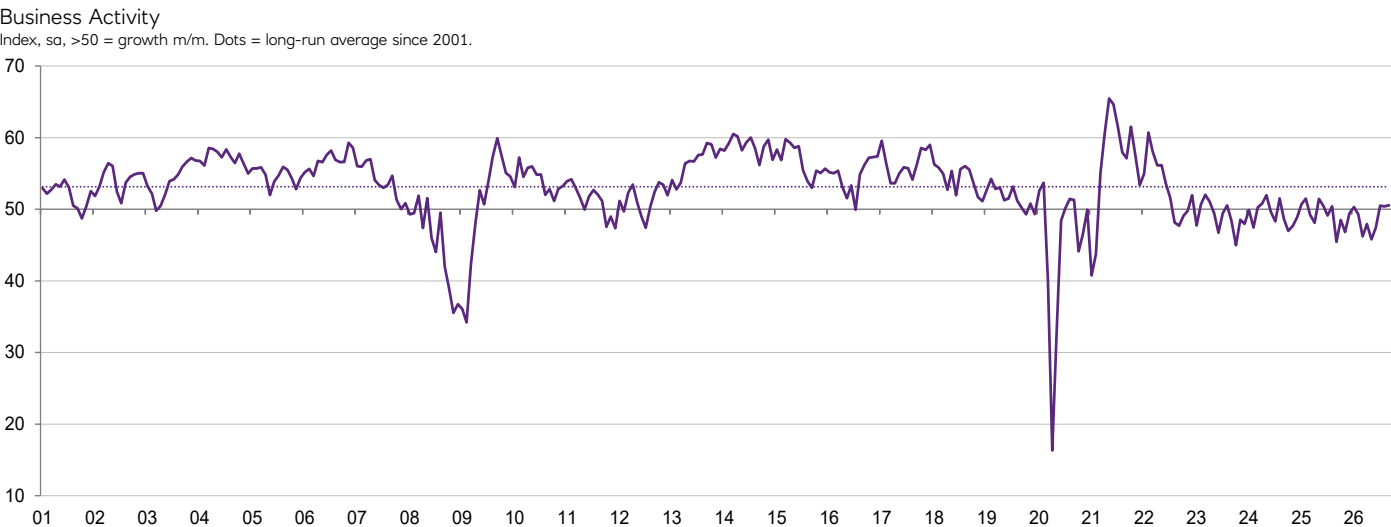


Comment

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

"A renewed improvement in demand conditions spurred a stronger expansion in output and a notable uptick in business confidence for the year ahead in September. Although only slight, growth in new orders was the first seen since January, and helped support the strongest quarterly performance in the Welsh private sector in 2026 so far. The uptick in optimism, meanwhile, resulted in the greatest degree of positive sentiment in the outlook since January.

"Greater demand was insufficient to pull firms out of retrenchment mode, however, as employment fell at a solid pace amid further signs of spare capacity. Cost considerations remained prevalent in the minds of business leaders, as input costs rose at a sharper pace. In fact, companies chose to prioritise new sales over margin protection, as selling prices increased at the weakest rate since February. Inflationary pressures in Wales were among the least pronounced of the 12 UK areas, however."



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



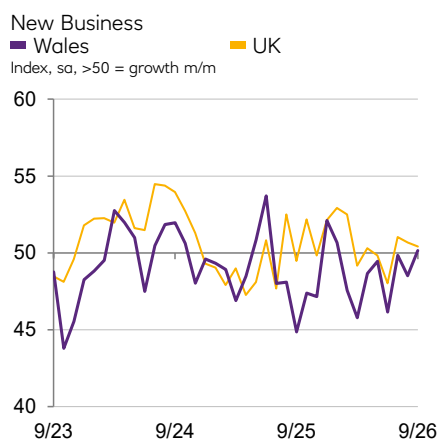
Demand and outlook

Renewed expansion in new business in September

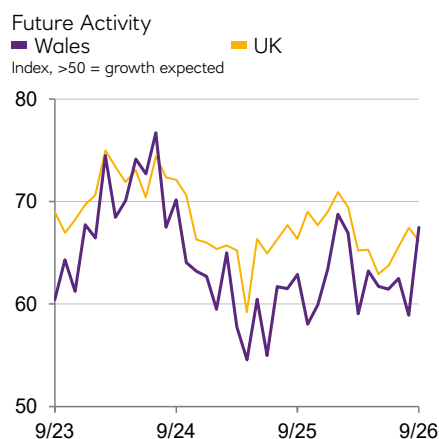
Welsh private sector firms recorded a fresh uptick in new sales, following a seven-month period of contraction. Panellists stated that greater new order inflows were due to new customer acquisitions and increased interest from existing clients. The rise in new business was fractional, though only slightly softer than the UK average.

Stronger demand conditions underpinned a notable improvement in output expectations at Welsh businesses in September. The degree of confidence picked up to its highest since January and was historically elevated. Welsh firms were among the most optimistic of the 12 monitored UK areas. Companies also hoped that new product development and greater economic certainty would support growth in the next year.

"...growth in new orders was the first seen since January, and helped support the strongest quarterly performance in the Welsh private sector in 2026 so far."



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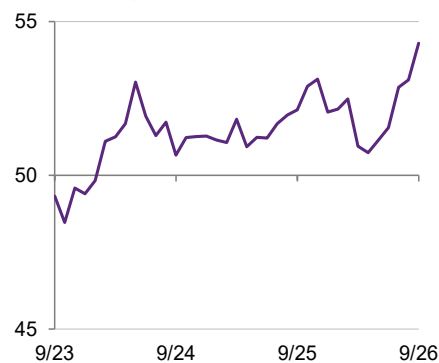
Export markets

Strongest improvement in export conditions since May 2022

At 54.3 in September, the Export Climate Index was up from 53.1 in August and signalled the greatest upturn in the export climate in almost four-and-a-half years.

All five main export markets for Welsh goods and services registered output growth during September. A renewed expansion in activity was recorded in France, while the pace of increase quickened in the USA, Germany, Ireland and the Netherlands.

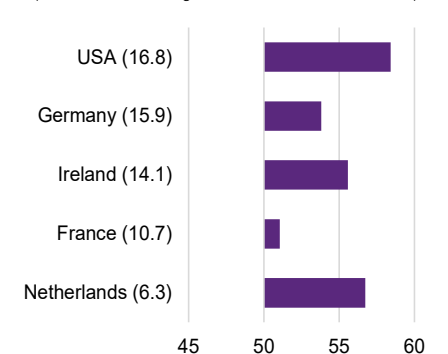
Export Conditions
Index, sa, >50 = growth m/m



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

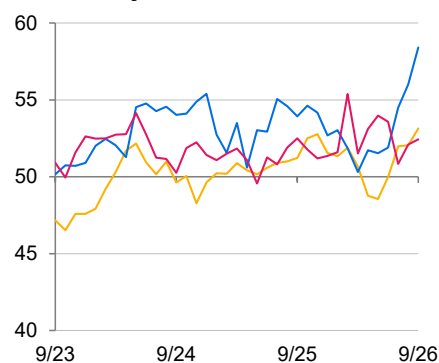
The Wales Export Climate Index (ECI) is an indicator for the economic health of the region's export markets. It is calculated by combining national PMI output data, weighted according to each nation's share of manufacturing exports of Wales. A reading above 50 signals an improvement in export conditions,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

Top export markets, Wales
% share of exports shown in brackets
Output Index, sa, >50 = growth m/m



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

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



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



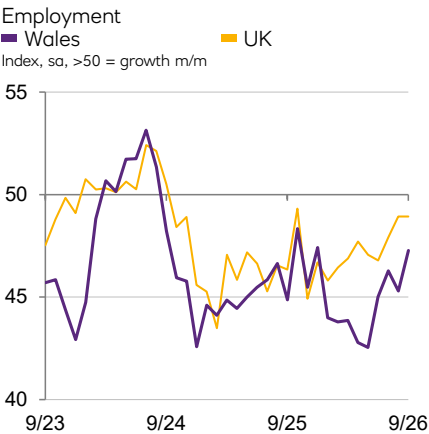
Jobs and capacity

Decline in employment eases to slowest in 2026 so far

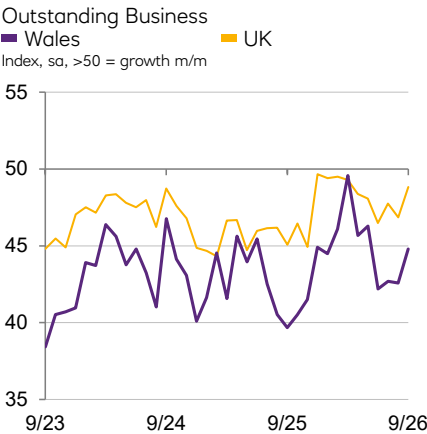
Workforce numbers at Welsh businesses continued to contract in September. Survey respondents widely attributed job shedding to relatively weak new order inflows and efforts to cut costs. The rate of job cuts was solid overall and quicker than both the series and UK averages, although it nevertheless softened to the slowest since December 2025.

September data indicated a further strong depletion of backlogs of work at Welsh companies. The fall in outstanding business was the weakest in four months, but the fastest of the 12 monitored UK areas. The decline in work-in-hand was often due to relatively subdued customer demand in recent months, according to survey respondents.

"Greater demand was insufficient to pull firms out of retrenchment mode, however, as employment fell at a solid pace..."



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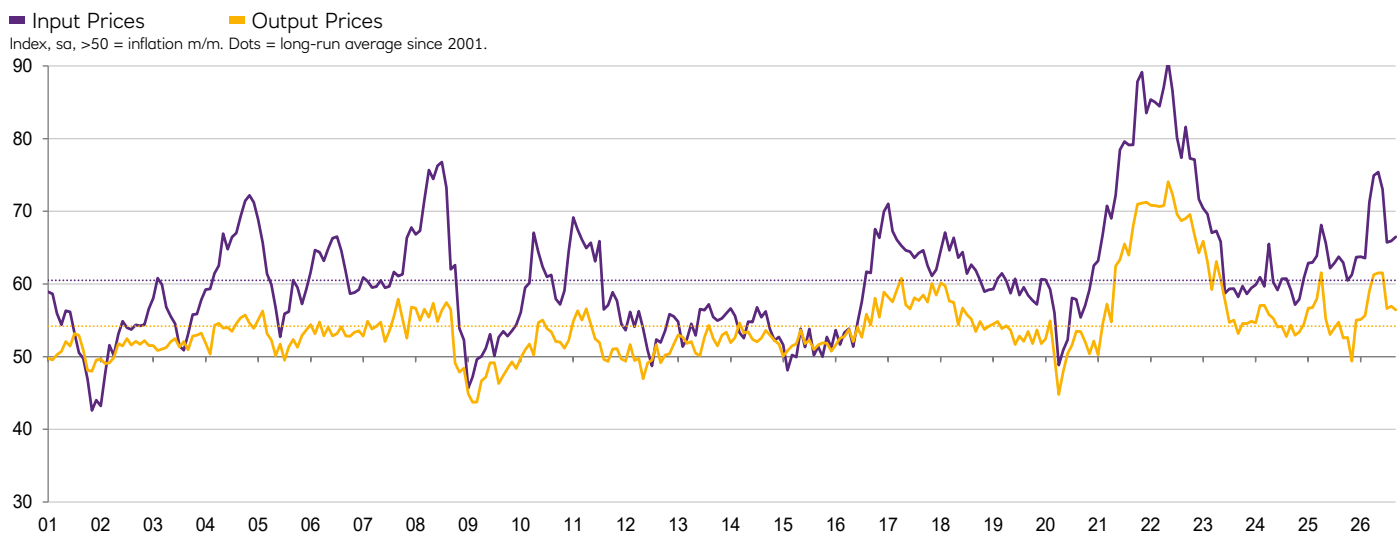
Inflation

Fastest rise in cost burdens for three months in September

Operating expenses at Welsh businesses increased at a marked pace that was sharper than the series average. Higher input prices were largely linked to greater fuel, material and wage bills. Although accelerating, the pace of cost inflation was the slowest of the 12 monitored UK areas.

Meanwhile, output charges continued to rise, but at a slower pace at the end of the third quarter. Despite reports of Welsh firms passing through higher costs to customers, some panellists noted discounting in a bid to retain customers and drive new business. The rate of selling price inflation cooled to the weakest since February and was among the least marked of the 12 monitored UK areas.

"In fact, companies chose to prioritise new sales over margin protection, as selling prices increased at the weakest rate since February."



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

UK Regional Growth Tracker

Business Activity

The majority of the 12 UK nations and regions monitored by the Growth Tracker saw an increase in business activity in September. London saw the steepest expansion, while the North East, West Midlands and East Midlands each recorded renewed increases in output. Scotland and the North West both recorded modest falls in activity.

Employment

Employment rose across more areas in September, the number rising from just two in August to five at the end of the third quarter – the most since November 2024. Scotland maintained the fastest rate of job creation, as has been the case in each of the past four months. At the other end of the scale, the West Midlands meanwhile saw the steepest reduction in workforce numbers.

Future Activity

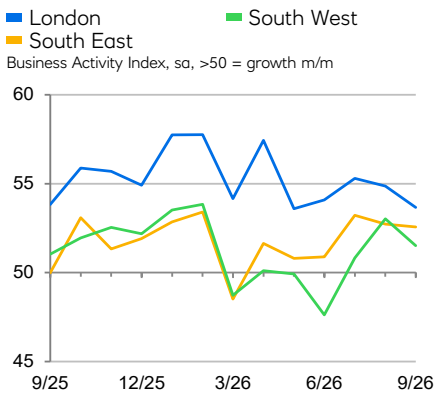
There was once again widespread optimism towards the outlook for activity over the next 12 months. Expectations did, however, ease in the majority of cases. One exception was the South East, which recorded the highest overall degree of optimism, while Wales registered the most marked improvement in confidence from the month before.



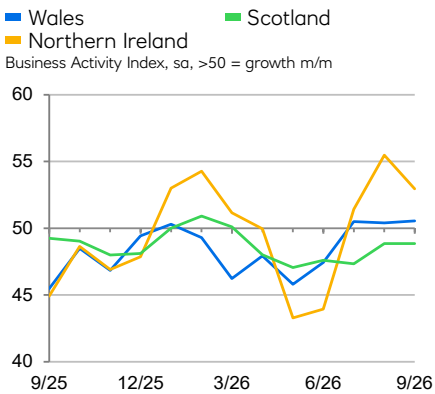
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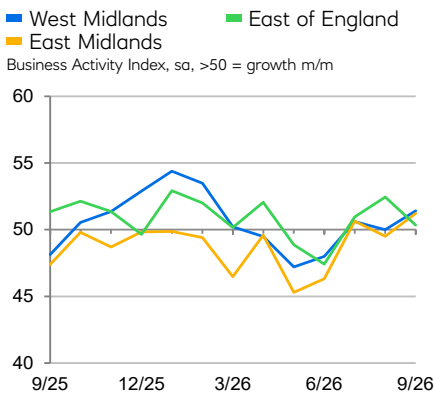
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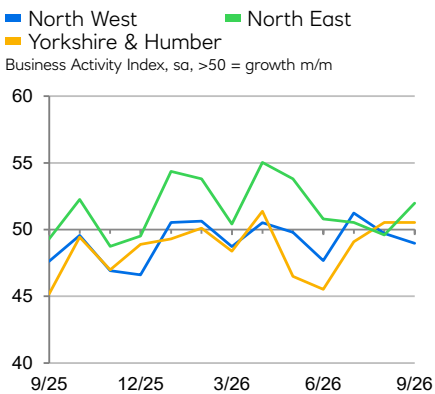
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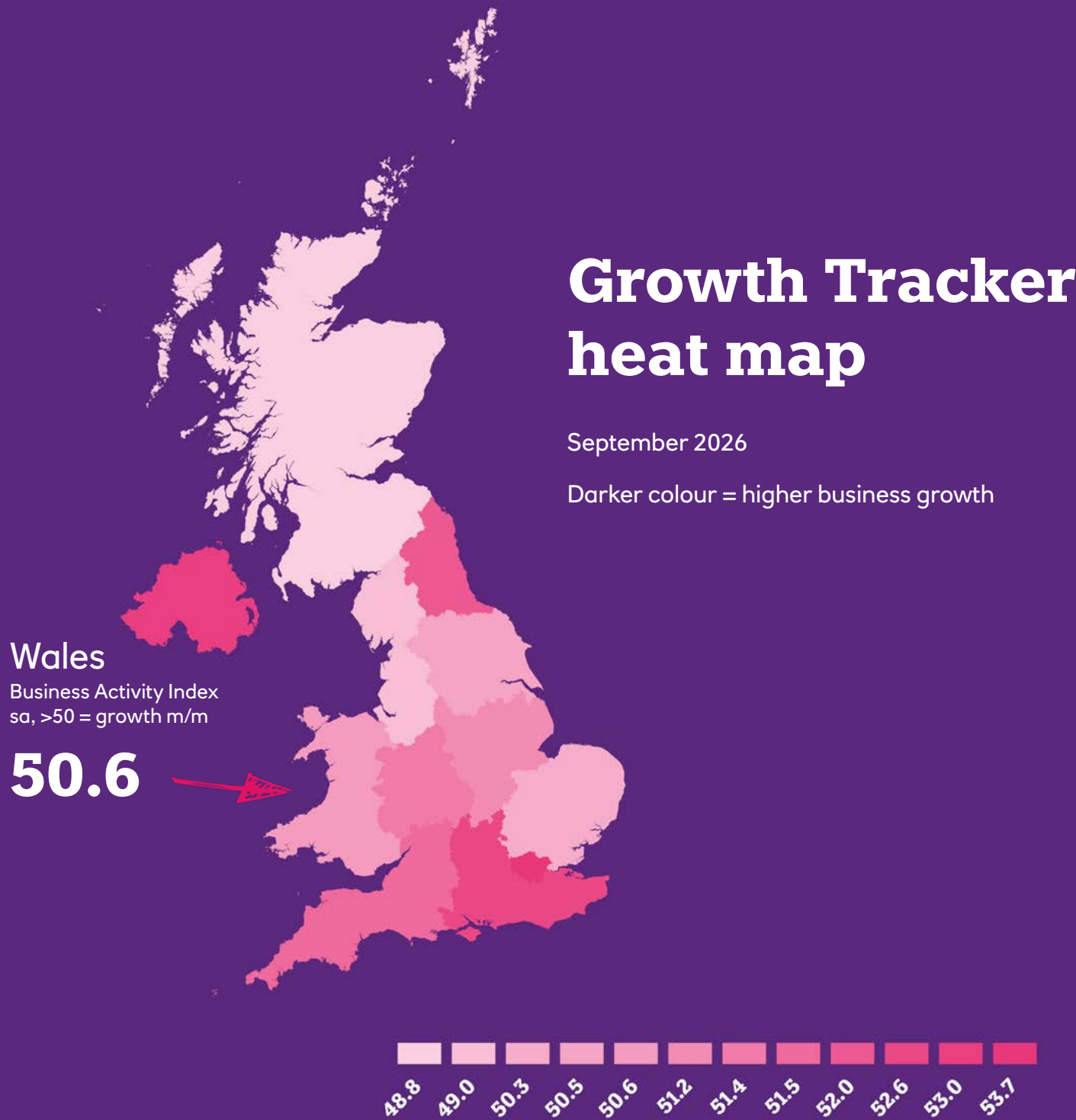
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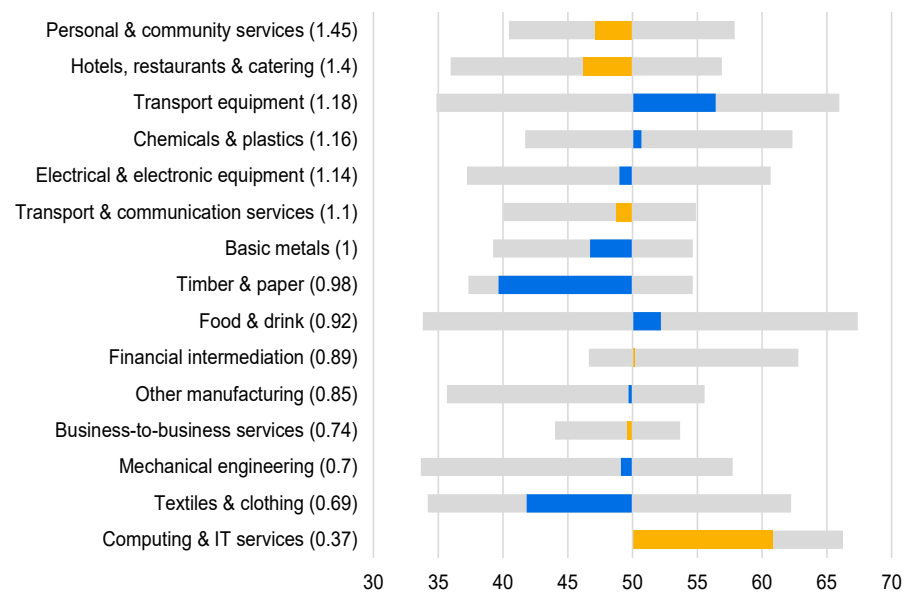
UK sectors

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 Sep '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: Business-to-business services

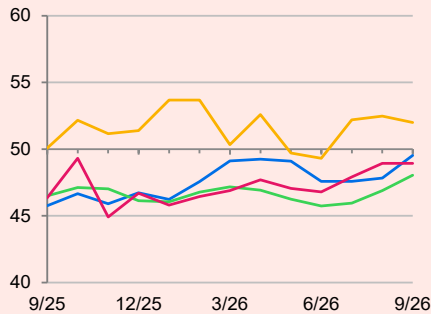
Output levels came close to stabilising across the business-to-business services sector in the third quarter of the year, recording only a marginal contraction that was the weakest since mid-2025. This reflected more stable underlying demand conditions, with inflows of new business falling only modestly and at the softest rate for nearly two years.

A sustained sharp decline in backlogs of work across the sector pointed to underutilised capacity. As such, job numbers were cut further

in the three months to September, maintaining a sequence of decline seen since early last year. After accelerating in the second quarter to the fastest seen since the initial phase of the pandemic, the pace of job shedding showed an easing trend, tallying with a partial recovery in business confidence.

As for prices, rates of both input cost and output charge inflation were running below the highs seen in the second quarter, but they remained elevated by historical standards.

Output / Employment
■/■ Business-to-business services*
■/■ 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.

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.

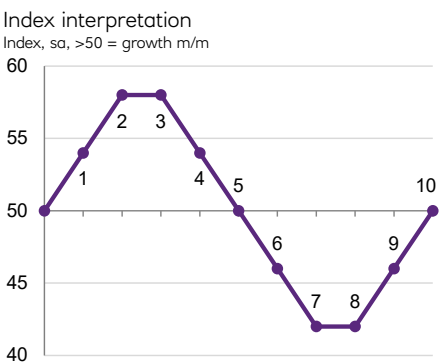
Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses.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



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
4/26	47.9	48.7	50.7	42.8	45.7	63.2	74.9	61.3
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

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