15 July 2026

NatWest UK Regional Growth Tracker

Challenging business conditions persist across most UK regions in June

NatWest

PMI by S&P Global

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Key findings

June 2026

Most regions continue to record subdued trends in business activity

Although still high, cost pressures eased across all UK nations and regions in June, with generally slower rises in prices charged

Labour market resilience in Scotland contrasts with weakness elsewhere

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:

"After an encouraging start to the year for most of the UK's nations and regions, firms in nearly all areas found it tougher going in the second quarter as businesses and households alike felt the effects of higher oil prices and increased levels of market uncertainty. Encouragingly, however, we have seen signs of inflationary pressures easing in the latest data, with firms in all parts of the UK reporting slower increases in costs than the month before. If this easing of inflationary pressures continues, it will support further falls in headline inflation and increase the Bank of England's scope to consider reducing interest rates.

"Aside from just a few pockets of growth, most notably in London and North East, we saw a generally more subdued picture for business activity in June, reflecting some underlying softness in demand for goods and services. There's been greater scrutiny around spending as a result of the spike in price pressures and more clouded business outlook in recent months.

"Business confidence has also steadied across the UK, with the generally more settled geopolitical picture in June helping to lift firms' growth expectations."

Business Activity Employment
Index, sa, >50 = growth m/m, Jun '26

Sources: NatWest, S&P Global PMI. ©2026 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 11-27 June

NatWest

Business activity

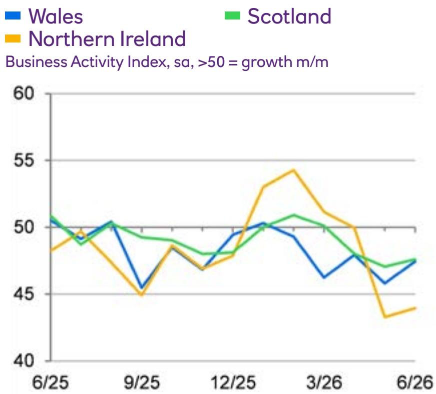
Business activity was subdued across large parts of the UK in June, according to the latest NatWest Growth Tracker survey, amid a backdrop of elevated inflationary pressures. Positively, however, firms in all areas saw costs rise at a slower rate than the month before.

The Tracker's headline figure is the Business Activity Index. Any reading above 50.0 signals growth, and the further above the 50.0 threshold it is, the faster the rate of signalled growth.

Business activity rose across three of the 12 UK nations and regions monitored by the survey at the end of the second, matching the result seen the month before. Growth was once again confined to London (index at 54.1), South East (50.9) and North East (50.8).

At the other end of the scale, firms in Northern Ireland (43.9) posted the most marked fall in output, followed by those in Yorkshire & Humber (45.5).

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



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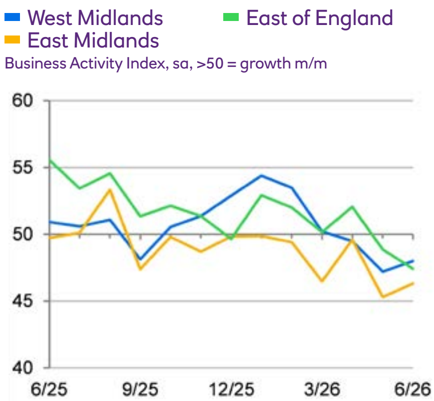

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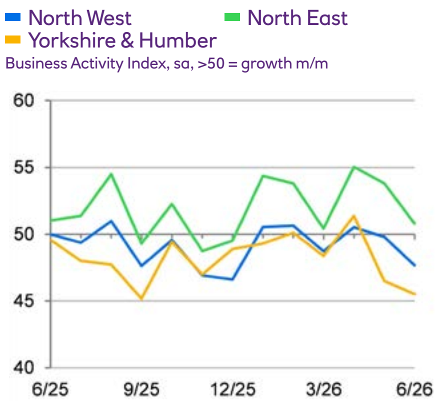


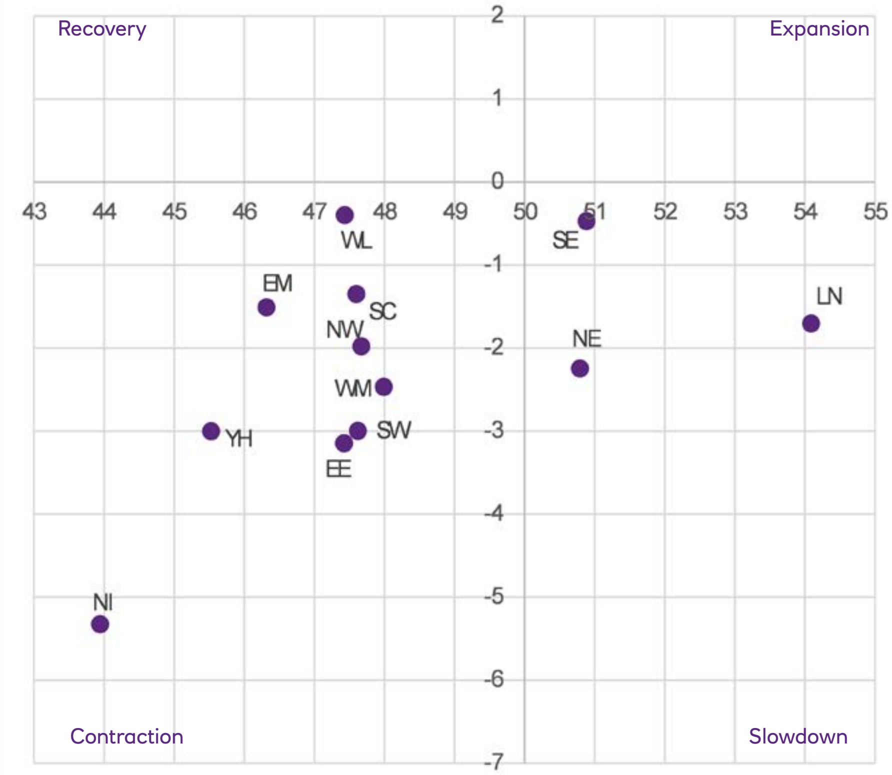
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

Business cycle by nation and region

Business Activity

X axis = Business Activity Index, sa, >50 = growth m/m, Jun '26

Y axis = Change in Index compared with six-month average



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

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

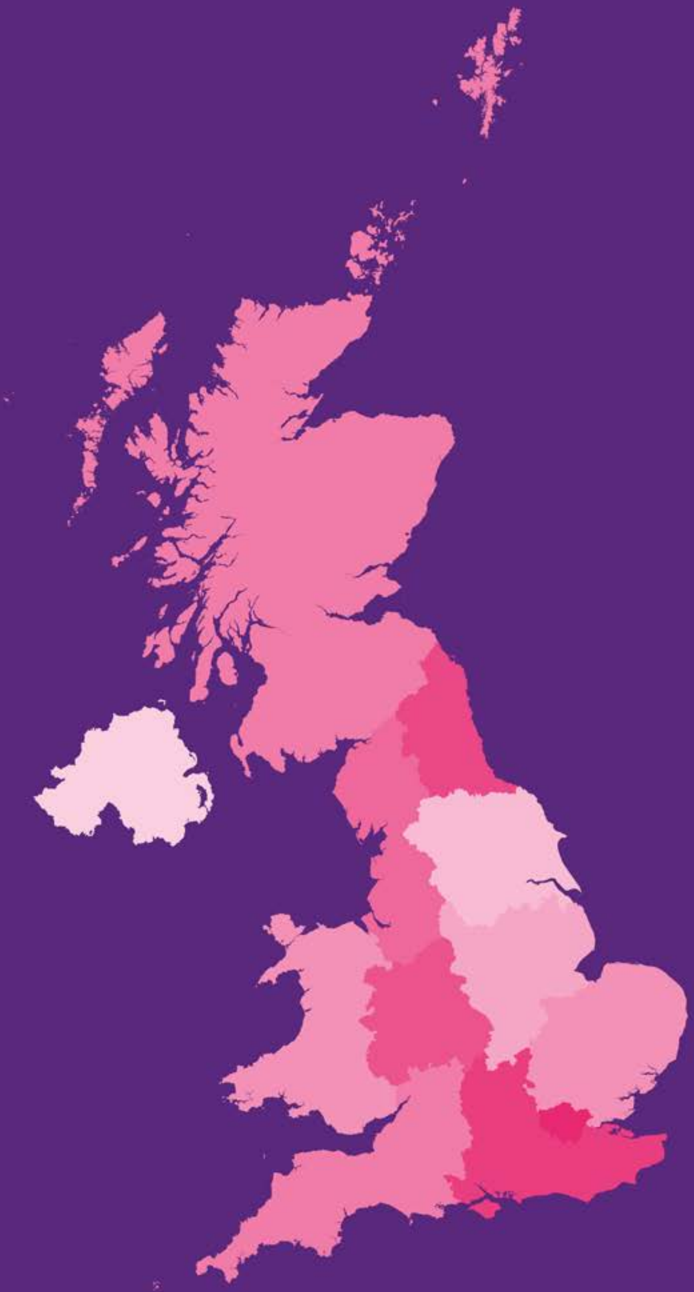
Regions are **contracting**, and at a **faster rate** than the trend over the past six months. Regions furthest left are contracting at the strongest rate in the latest period, and the lowest regions are seeing the greatest acceleration in the rate of contraction over the past six months.

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 2026
Darker colour = higher business growth



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

London	54.1
South East	50.9
North East	50.8
West Midlands	48.0
North West	47.7
South West	47.6
Scotland	47.6
Wales	47.4
East of England	47.4
East Midlands	46.3
Yorkshire & Humber	45.5
Northern Ireland	43.9

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

Demand and outlook

Demand for goods and services eases in most areas

Inflows of new business rose in just two areas of the UK, namely London and the North East. After posting a brief upturn in May, the North West joined the other nine UK nations and regions in recording lower intakes of new work in June. The steepest reduction was registered in Northern Ireland.

Business confidence ticks up in the majority of regions

Although generally remaining subdued, expectations towards activity in the next 12 months improved in most areas of the UK in June. This included the West Midlands, which registered the highest overall degree of optimism towards future activity ahead of the East of England. Northern Ireland recorded the lowest business confidence, albeit with sentiment turning positive.

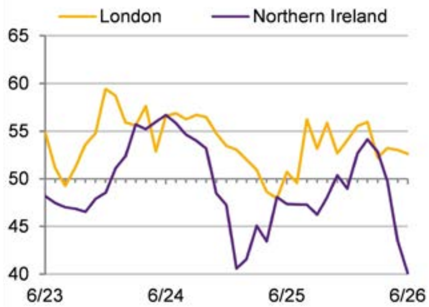
New Business   Future Activity*

Index, sa, >50 = growth m/m (*>50 = growth expected), Jun '26

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

New Business

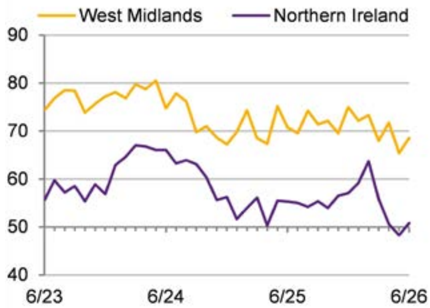
Index, sa, >50 = growth m/m



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

Future Activity

Index, >50 = growth expected



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

Employment and capacity

Weak labour market trends persist

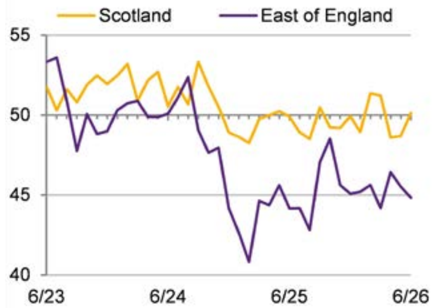
Employment decreased almost across the board in June, with only Scotland going against the trend having seen a fractional rise in workforce numbers. Where staffing levels fell, rates of decline did however ease in nearly half of the cases. The East of England saw the steepest drop in headcounts, followed closely by Wales.

Broad-based reduction in backlogs of work

There was a lack of pressure on business capacity across the board in June. All 12 of the UK nations and regions monitored by the report recorded a drop in backlogs of work, the second time in the past three months in which this has been the case. Northern Ireland posted the steepest drop, and London the softest.

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

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



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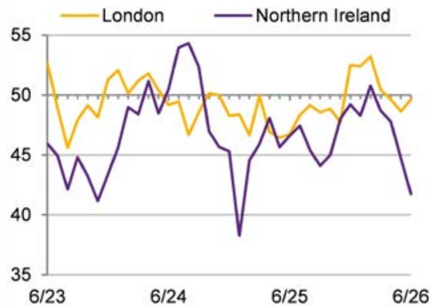
Outstanding Business
Index, sa, >50 = growth m/m



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

Inflation

Rates of input cost inflation ease in all areas

Although cost pressures remained elevated by historical standards at the end of the second quarter, the latest data showed a general easing of the rates of inflation from the highs seen in the previous two months. In some cases, such as the East of England and North East, rates of increase in input prices eased substantially from the month before.

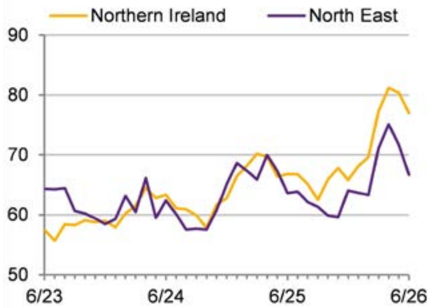
Firms generally report slower increases in prices charged

Firms were generally less aggressive with their price increases in June, in line with an easing of underlying cost pressures. Rates of output price inflation in fact moderated in all areas except Wales, where the pace of increase was unchanged. Despite the slowdowns, however, prices charged continued to be raised steeply by historical standards, with Northern Ireland seeing the steepest rise.

Input Prices Output Prices
Index, sa, >50 = inflation m/m, Jun '26

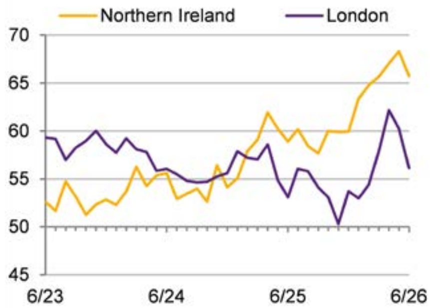
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

Input Prices
Index, sa, >50 = inflation m/m



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

Output Prices
Index, sa, >50 = inflation m/m



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

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*.

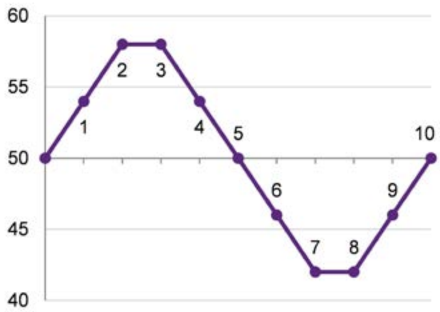
Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses.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

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

Manufacturing and services
Index, sa, 50 = no change over previous month. *50 = no change over next 12 months. Jun '26

	Business Activity	New Business	Future Activity*	Employment	Outstanding Business	Input Prices	Output Prices
London	54.1	52.6	66.5	45.8	49.6	68.6	56.1
South East	50.9	49.2	64.5	49.7	45.6	71.0	59.2
South West	47.6	44.5	60.4	45.9	48.0	68.9	57.9
East of England	47.4	45.7	66.6	44.8	45.4	67.5	58.4
East Midlands	46.3	45.6	63.8	45.8	43.2	72.4	59.0
West Midlands	48.0	47.3	68.5	48.5	47.3	72.8	62.7
Yorkshire & Humber	45.5	45.8	66.3	45.6	45.2	76.0	58.5
North West	47.7	47.6	61.8	47.1	46.5	72.2	60.0
North East	50.8	50.5	61.1	46.1	45.6	66.7	60.3
Scotland	47.6	46.7	55.4	50.1	47.3	69.4	58.9
Wales	47.4	46.1	61.5	45.0	42.2	73.0	61.5
Northern Ireland	43.9	40.1	50.8	48.4	41.7	77.0	65.7

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