11 November 2026

Royal Bank of Scotland Growth Tracker

Scottish private sector activity expands at fastest rate in over two years





Royal Bank of Scotland

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11 November 2026

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Key findings

October 2026

Firms signal fresh increases in output and new orders

Employment rises for fifth straight month

Inflation pressures intensify

The Royal Bank of Scotland 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 Scotland 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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Scottish private sector activity expands at fastest rate in over two years

The latest Royal Bank of Scotland Growth Tracker data signalled stronger business conditions across Scotland's private sector at the start of the final quarter of 2026. Firms recorded fresh increases in both output and new orders, while staffing levels rose further and business confidence improved.

The headline Royal Bank of Scotland Business Activity Index – a seasonally adjusted index that measures the month-on-month change in the combined output of Scotland's manufacturing and service sectors – posted above the neutral mark of 50.0 for the first time in seven months in October. Moreover, a reading of 52.4, up from 48.8 in September, indicated a strong rise in activity that was the most marked since August 2024.

Renewed increases in activity were recorded across both manufacturers and service providers. Anecdotal evidence often linked growth to improved customer demand and firmer economic conditions.

Output across the UK as a whole was up for a fourth month running in October. The pace of growth was the fastest in eight months and slightly quicker than that seen for Scotland.

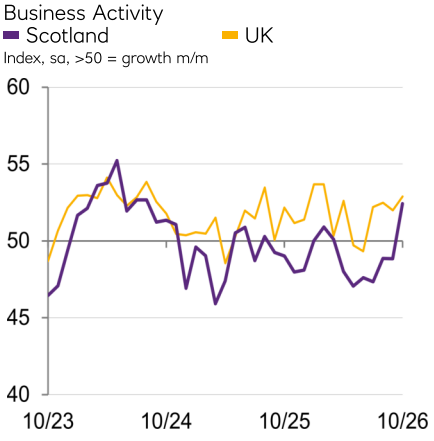
Royal Bank of Scotland Business Activity Index October 2026

52.4

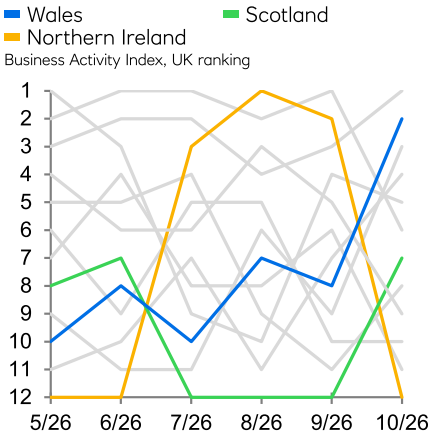
The Business Activity Index is a diffusion index calculated from companies' responses to a question on monthly changes in the volume of business activity. The index varies between 0 and 100 and is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. A reading 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

Business Activity



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

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Comment

Commenting on the Tracker's findings, Iain Morrison, Scotland Managing Director, Commercial Mid-Market, Royal Bank of Scotland, said:

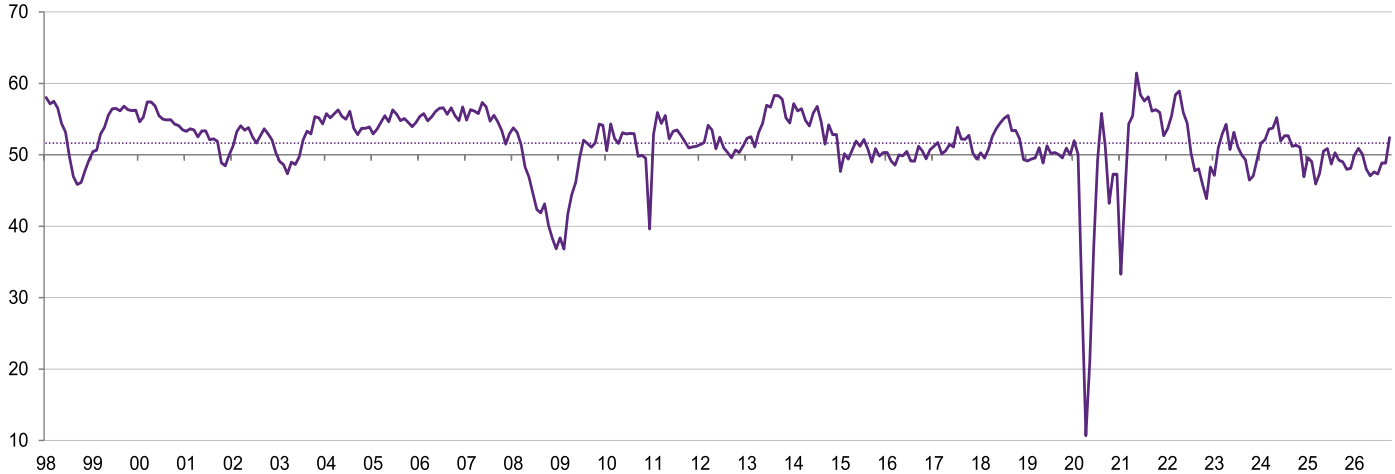
"October marked a clear turnaround for Scotland, with output returning to growth. While services were the main growth engine, manufacturing also provided a modest lift.

"For the first time in over two years, demand improved, with new business expanding. Employment also continued to rise, albeit at a slowing pace compared to the previous four months. Together, these positive indicators suggest a more upbeat end to the year.

"However, inflation remains high and continues to intensify. This presents a threat that could choke off the return to growth for Scottish businesses that we are seeing in this report."

Business Activity

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



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Demand and outlook

New business expands for first time in over two years

Scottish private sector firms reported a renewed rise in new business at the start of the fourth quarter of 2026, as the respective seasonally adjusted index posted in growth territory for the first time in 25 months. Though modest, the pace of growth was the fastest seen since July 2024. The upturn was driven by the service sector, with firms attributing higher sales to new projects, client wins and improved demand conditions.

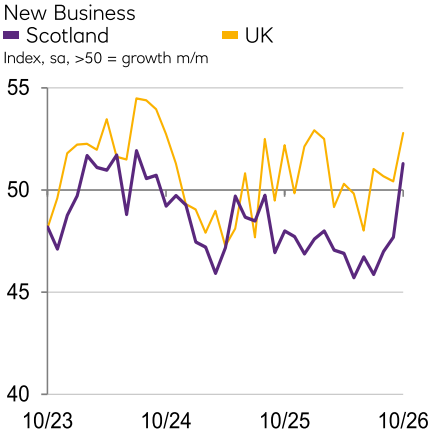
Scotland was one of 10 UK nations and regions, out of the 12 tracked, to see new business rise, although the pace of growth was slower than the UK average.

Scottish businesses remained confident about output growth over the next 12 months in October. Optimism was commonly linked to plans for greater investment in advertising and new products, expected project wins and hopes of stronger demand.

Although sentiment improved from September, Scottish firms were the second least confident about the outlook of all UK areas tracked, ahead only of Northern Ireland.

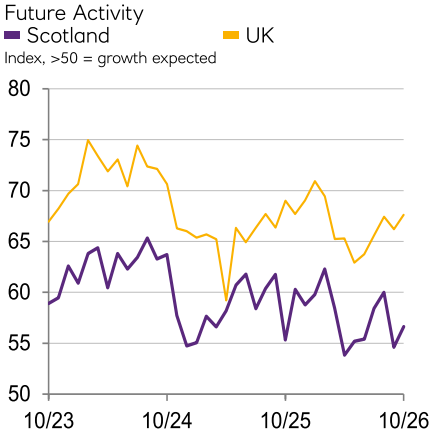
"For the first time in over two years, demand improved, with new business expanding"

New Business



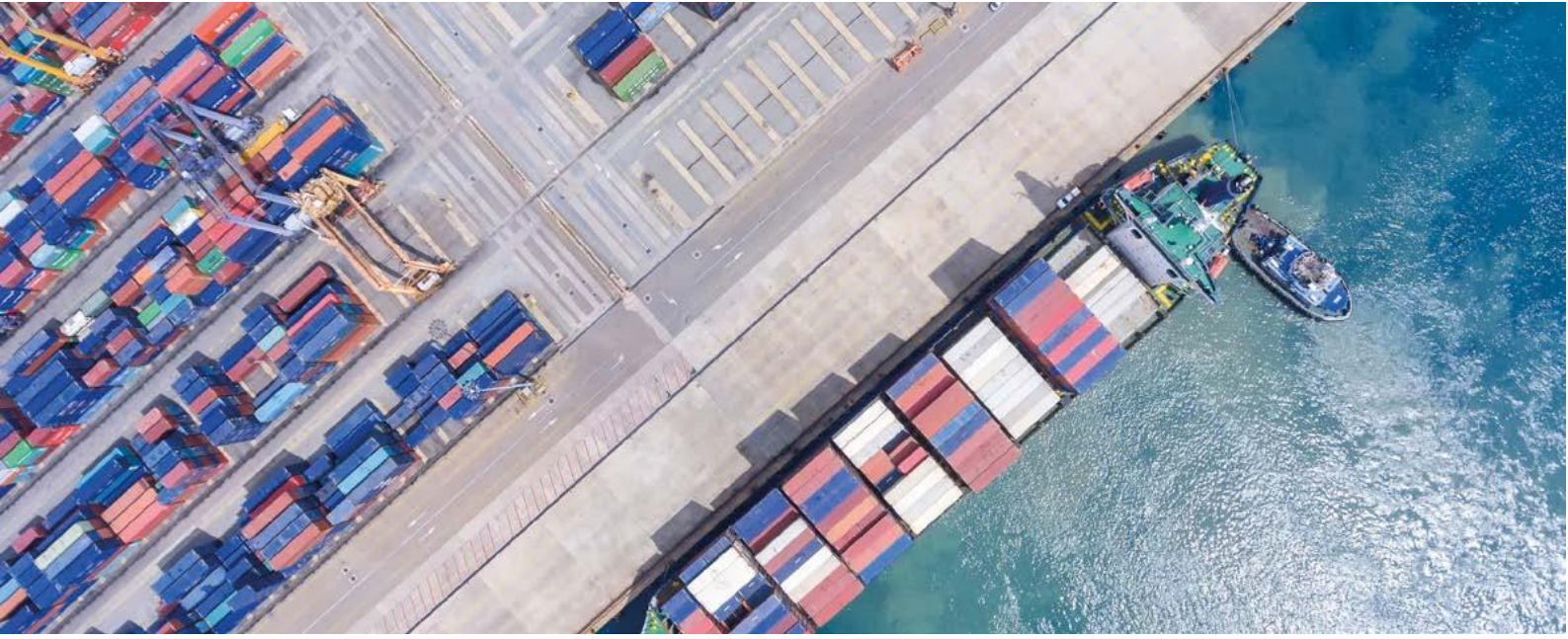
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

Future Activity



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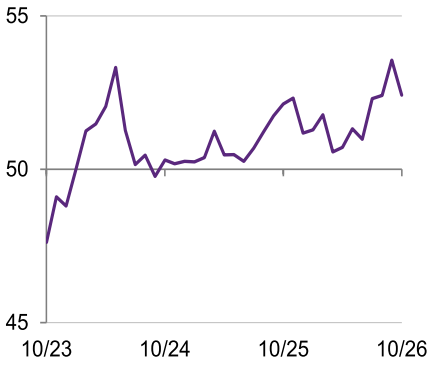
Export markets

Export conditions improve again in October

The Export Climate Index posted 52.4 in October, down from September's recent high of 53.6, but nonetheless marked one of the highest readings in nearly two-and-a-half years. The index pointed to a moderate monthly improvement in demand conditions across export markets.

Business activity increased in four of the top five export markets for Scottish firms, led by the US. However, rates of growth eased across all four economies. The only destination to see a fall in activity was France, which recorded a fresh and solid decline.

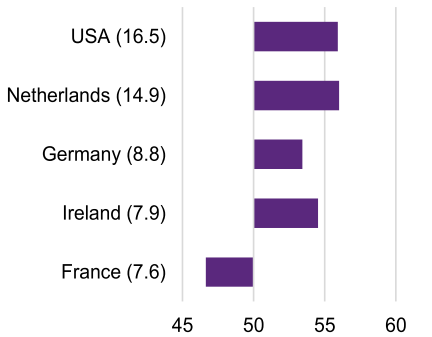
Export Conditions
Index, sa, >50 = growth m/m



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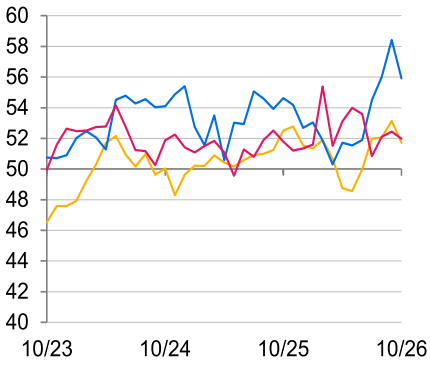
The Scotland Export Climate Index (ECI) is an indicator for the economic health of the region's export markets. It is calculated by combining national PMI output data, weighted according to each nation's share of manufacturing exports of Scotland. A reading above 50 signals an improvement in export conditions,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

Top export markets, Scotland
% share of exports shown in brackets
Output Index, sa, >50 = growth m/m Oct '26



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

Output
Eurozone US China
Index, sa, >50 = growth m/m



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

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Jobs and capacity

Employment rises further in October

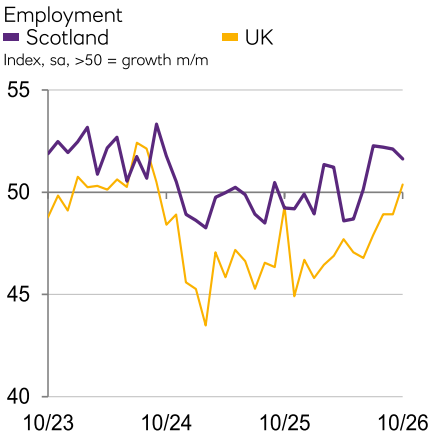
Scottish private sector employment rose for a fifth consecutive month in October. According to anecdotal evidence, payrolls were raised to meet current production needs and expand capacity for anticipated projects. The pace of job creation slowed to the weakest in four months.

At the UK level, employment rose for the first time in over two years in October, albeit only marginally.

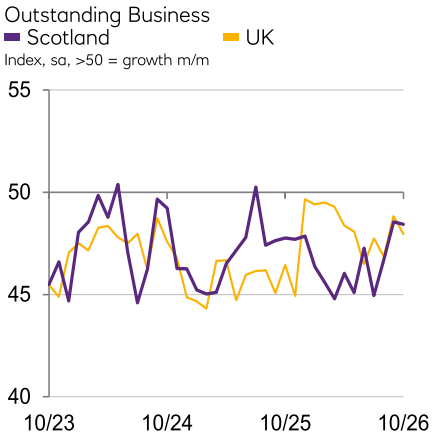
Scottish companies indicated a further reduction in the level of work-in-hand (but not yet completed) during October, thereby stretching the current run of decline to 15 months. That said, the rate of depletion was little-changed from September and modest.

Across the UK as a whole, backlogs fell at a slightly stronger pace than that seen in Scotland.

"Employment also continued to rise, albeit at a slowing pace compared to the previous four months"

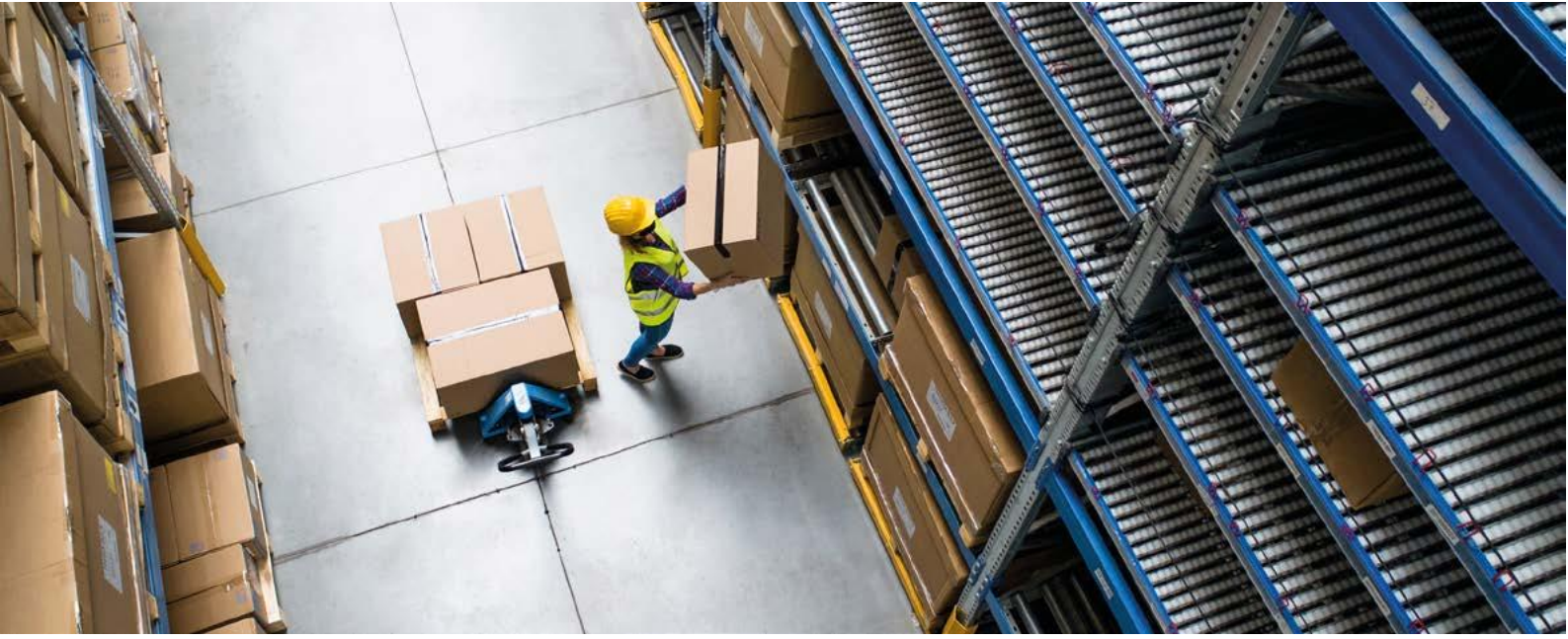


Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



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Inflation

Rates of input cost and output charge inflation accelerate

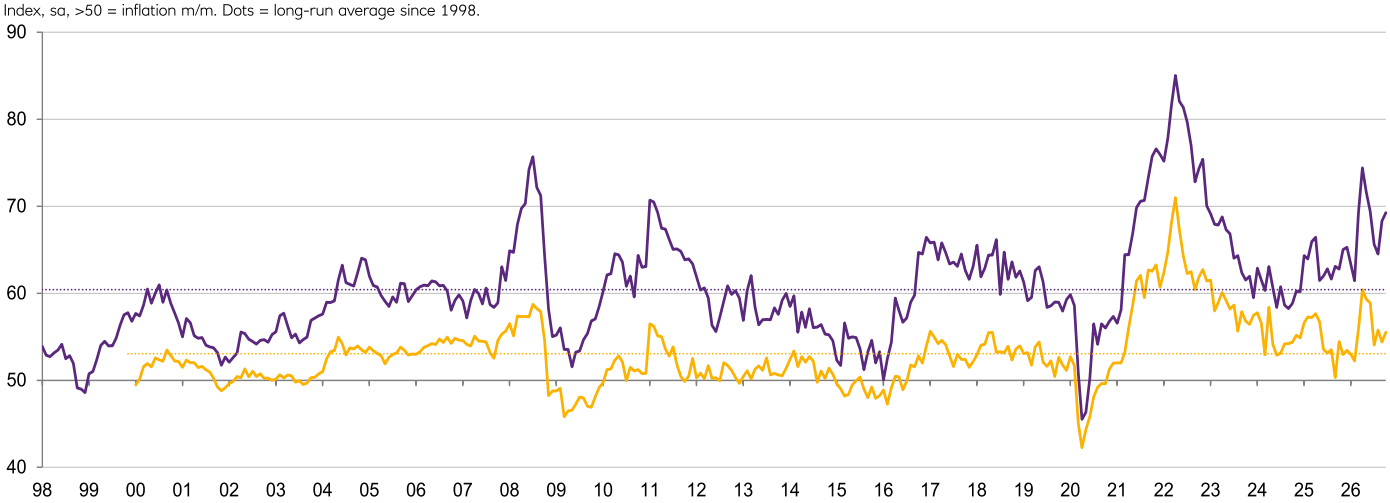
Adjusted for seasonal factors, the Input Prices Index posted above the neutral 50.0 level to signal a substantial and historically strong increase in cost burdens faced by Scottish private sector firms in October. The rate of inflation was the sharpest in four months, and only slightly weaker than the UK-wide trend. Panellists often commented that higher fuel costs had pushed up expenses. Higher raw material and labour costs were also cited.

Increased costs were passed on to customers where possible, as Scottish businesses raised their charges for goods and services in October. Selling prices have now risen on a monthly basis over the last six years, with the latest increase sharp and stronger than that seen in September.

"... inflation remains high and continues to intensify. This presents a threat that could choke off the return to growth for Scottish businesses..."

Input Prices Output Prices

Index, sa, >50 = inflation m/m. Dots = long-run average since 1998.



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UK Regional Growth Tracker

Business Activity

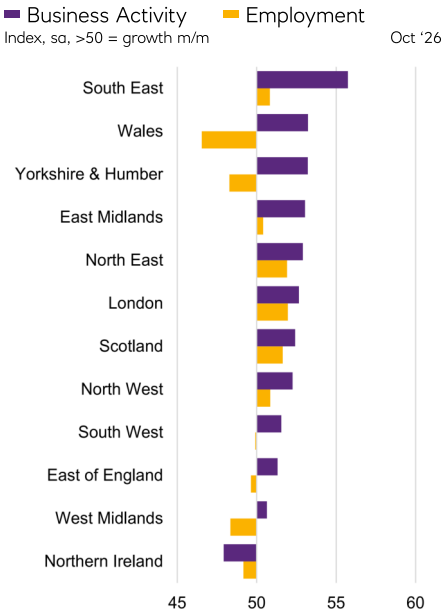
Business activity rose across 11 of the 12 UK nations and regions monitored by the survey in October. Growth was led by the South East, where the pace of expansion accelerated sharply to its highest in four-and-a-half years. The one exception to the broad-based upturn was Northern Ireland, which saw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

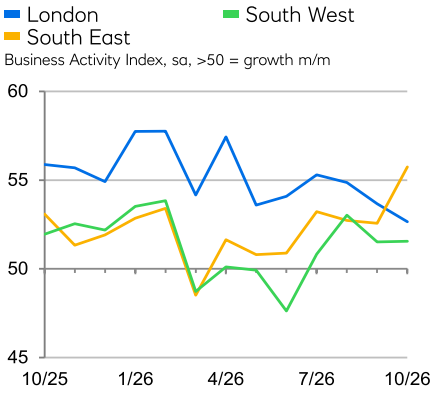
Business expectations towards activity over the next 12 months improved in the majority of cases at the start of the fourth quarter. The greatest upswing in confidence was recorded in the East Midlands, where sentiment reached an eight-month high, while neighbouring West Midlands posted the highest overall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



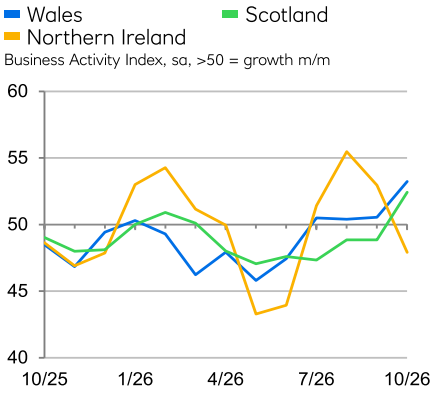
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



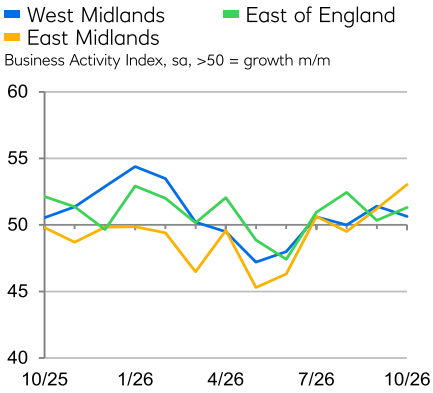
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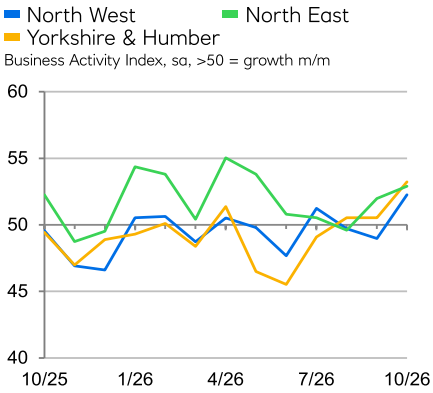
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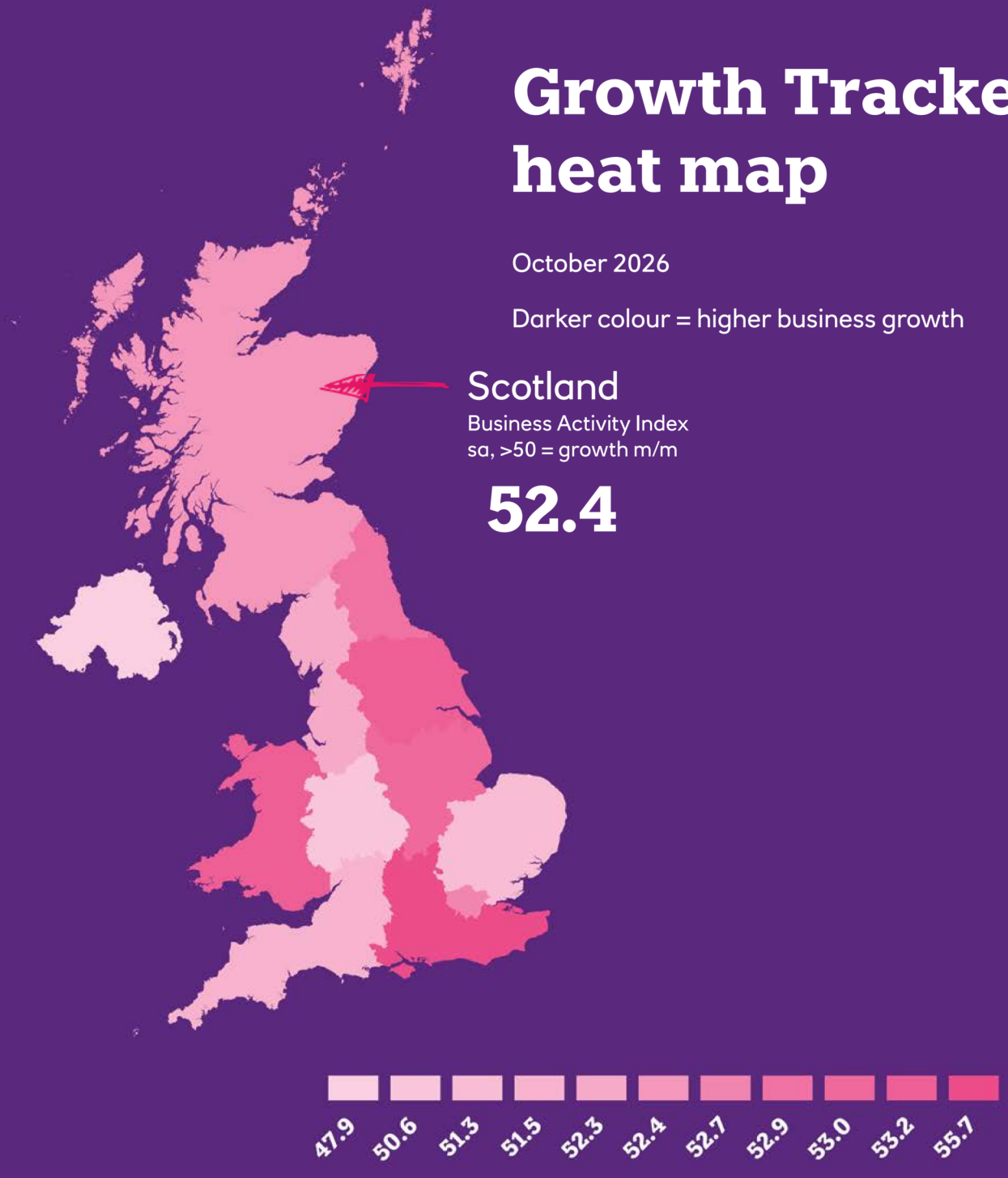
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

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Growth Tracker heat map

October 2026

Darker colour = higher business growth



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UK sectors

Sector specialisation: Scotland

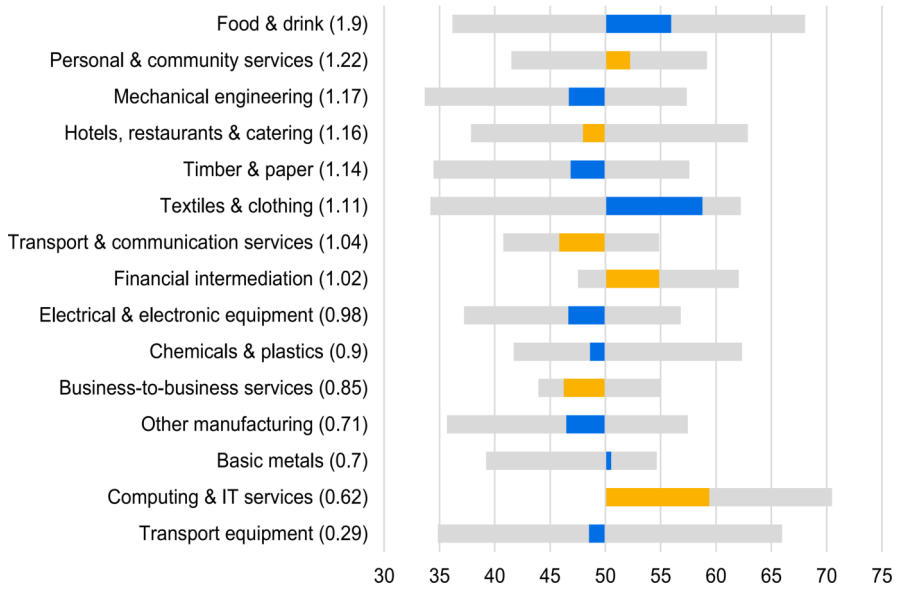
The chart shows UK output indices by sector, ranked by location quotients for Scotland. Location quotients (LQs) are ratios derived by comparing the share of sector output (or gross value added) in regions with the national share of output in the same sector.

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 Scottish 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 Scotland 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.

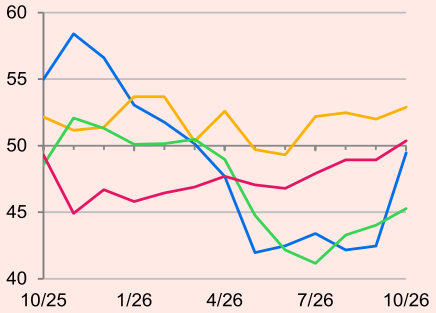
Looking ahead, textiles & clothing manufacturers were strongly confident of output levels rising in the next 12 months.

Output / Employment

Textiles & clothing*

Manufacturing & services

Index, sa, >50 = growth m/m



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.
*Data are smoothed as three-month moving average

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Methodology

The Royal Bank of Scotland Growth Tracker is compiled by S&P Global from responses to questionnaires sent to Scottish companies that participate in S&P Global's Scotland 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.

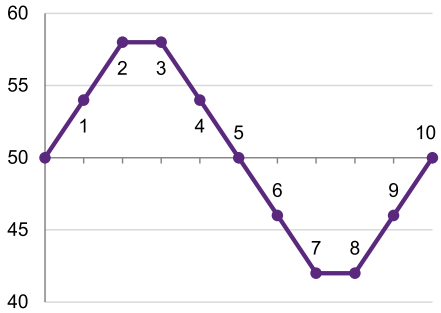
The headline figure is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The Scotland Business Activity Index is comparable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

Scotland 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	47.1	45.7	51.3	48.7	45.1	55.2	71.6	59.3
6/26	47.6	46.7	51.0	50.1	47.3	55.4	69.4	58.9
7/26	47.3	45.9	52.3	52.3	44.9	58.4	65.6	54.1
8/26	48.9	47.0	52.4	52.2	46.7	60.0	64.5	55.8
9/26	48.8	47.7	53.6	52.1	48.5	54.6	68.3	54.4
10/26	52.4	51.3	52.4	51.6	48.4	56.6	69.3	55.5

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Further information

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