15 July 2026

NatWest Wales Growth Tracker

Pressure on Welsh business begins to ease as cost inflation softens in June

NatWest

PMI® by S&P Global

15 July 2026

NatWest Wales Growth Tracker

Contents

NatWest

PMI® by S&P Global

Key findings

June 2026

Further historically marked rises in input costs and output charges

Quicker fall in new orders

Business confidence slips to three-month low

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

Pressure on Welsh business begins to ease as cost inflation softens in June

Welsh businesses saw some welcome release from cost pressures in June, with the rate of input price inflation easing for the first time in February and the decline in business activity moderating, according to the NatWest Welsh 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 47.4 in June, up from 45.8 in May. Higher prices and reduced customer confidence amid economic and political uncertainty reportedly weighed on activity, according to panellists. The latest data indicated a softer decline in output levels at Welsh firms, however.

Meanwhile, new orders fell at a quicker rate in June. The solid contraction was the fastest in three months, with firms cutting workforce numbers again in response to lower new sales.

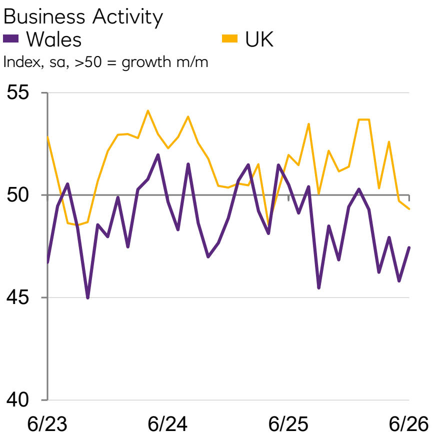
Although the pace of input cost inflation cooled to the weakest since March, it was well above the series average and among the steepest since November 2022. The rate of increase in charges was unchanged from May and the joint-sharpest in 14 months.

NatWest Wales Business Activity Index June 2026

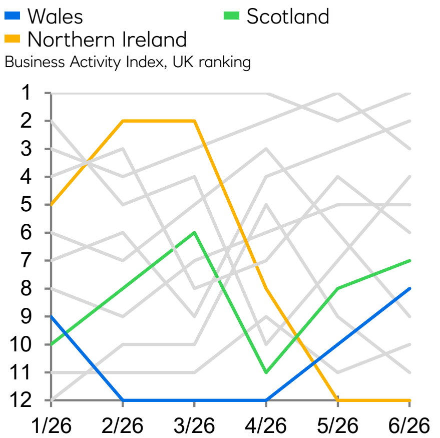
47.4

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 11-26 Jun



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



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

Return to contents

Comment

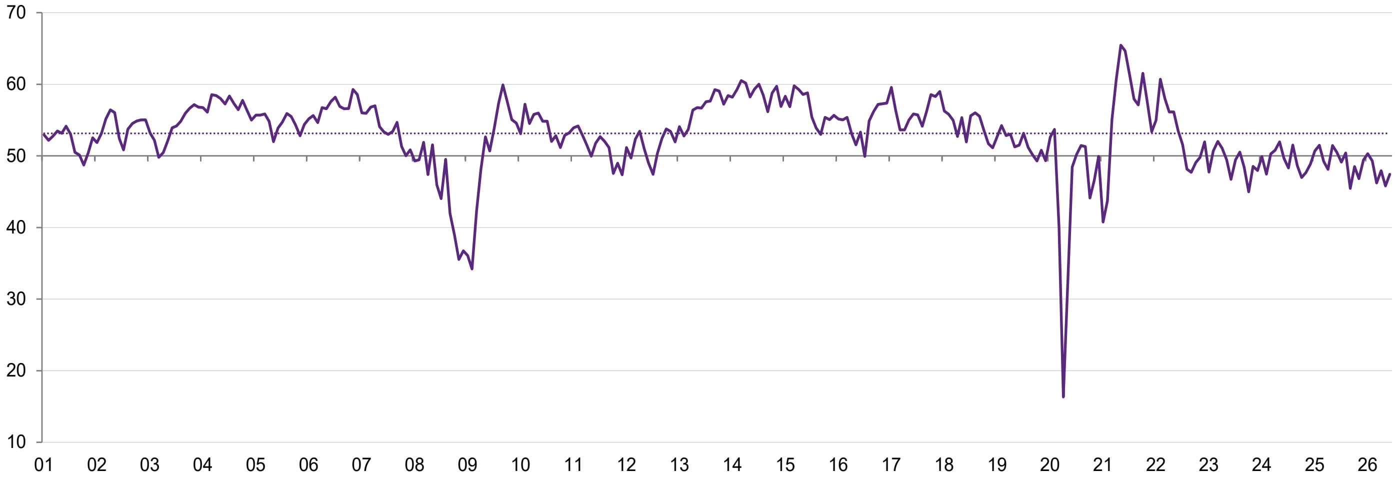
Commenting on the Tracker's findings, Jessica Shipman, Chair, NatWest Cymru Board, said:

"June's data provided some welcome signs that pressures on Welsh business are starting to ease with the decline in output moderating and input cost inflation softening from the elevated levels seen earlier in the year. While firms continued to face challenging demand conditions, driven by geopolitical uncertainty and weaker customer demand, the latest figures suggest that recent pressures on output are beginning to soften.

"Businesses, nevertheless, remain cautious. New orders fell at a faster pace in June, contributing to further reductions in staffing levels and a softer outlook for the year ahead. Although cost inflation eased, it remained historically elevated and firms continued to increase selling prices where possible. With demand still subdued, many businesses will be looking for clearer signs of recovery before confidence returns."

Business Activity

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



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

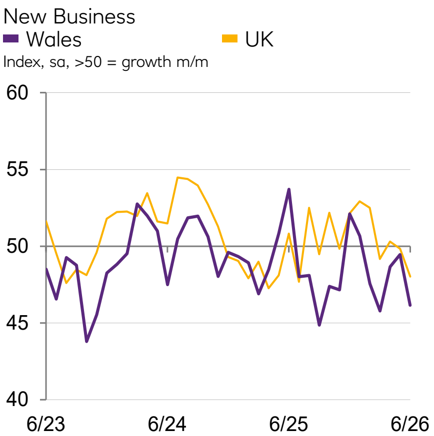
Demand and outlook

Solid fall in new business, with optimism in the outlook also faltering

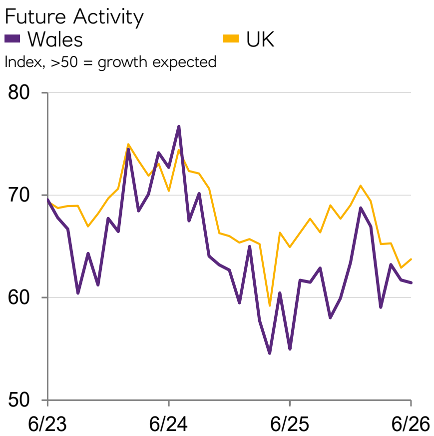
June data signalled a fifth successive monthly decrease in new orders at Welsh private sector firms. The rate of decline quickened to the fastest since March and was sharper than that seen across the UK as a whole. Anecdotal evidence suggested that lower new sales intakes were due to weak customer confidence and reduced purchasing power at clients amid high costs.

At the same time, companies recorded a slight downward adjustment to expectations for output over the coming year in June. Firms were hopeful that stronger demand conditions would boost activity but raised concerns regarding geopolitical uncertainty and its impact on costs. The level of confidence dipped to a three-month low, contrasting with the wider UK trend where optimism picked up from May.

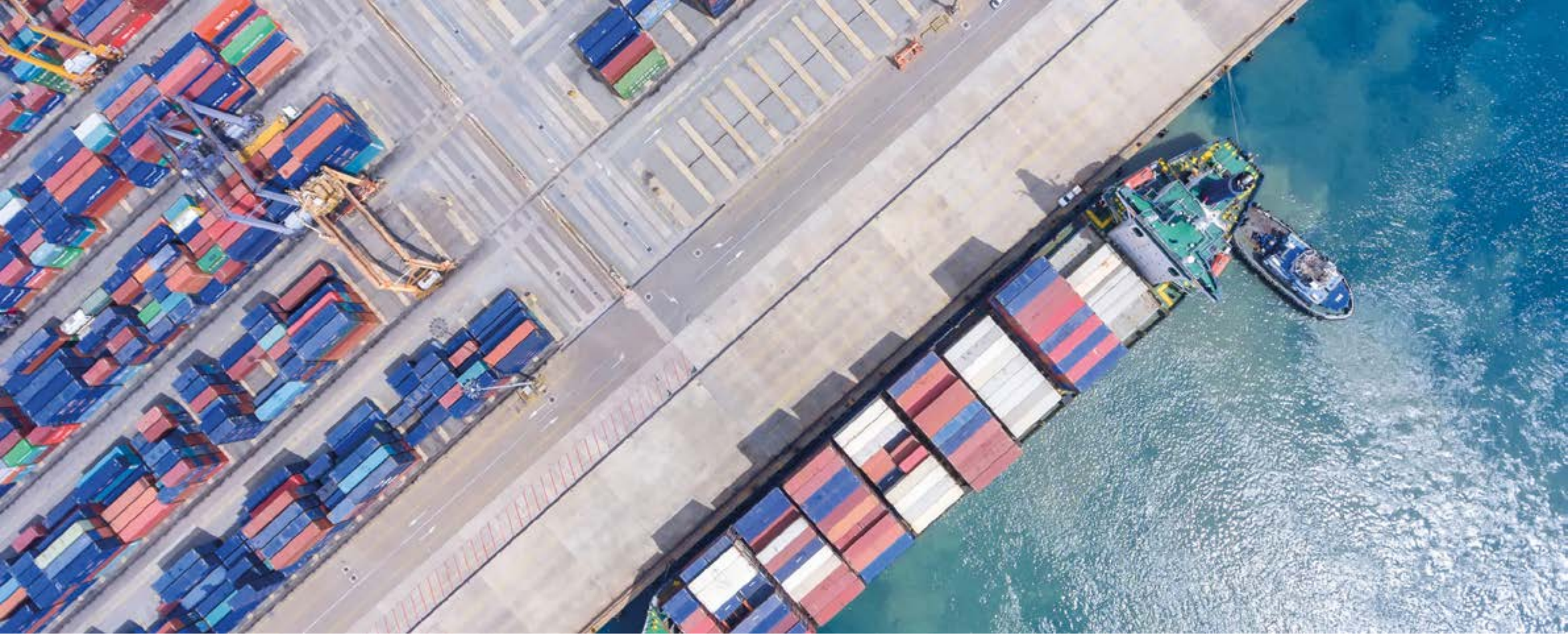
"Business confidence also ticked down as challenges operating in a high-cost environment dampened the outlook..."



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



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



Export markets

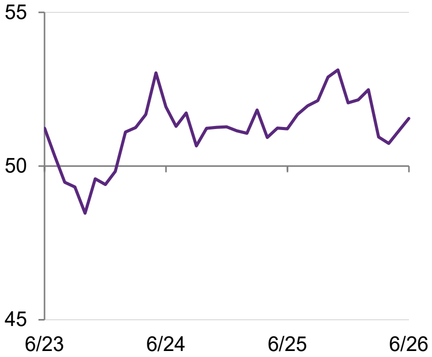
Export climate improves at strongest pace since February

The Export Climate Index posted 51.5 in June, up from 51.1 in May, to signal a modest and sharper upturn in export conditions for Welsh firms.

Output growth was recorded in the USA, Ireland and the Netherlands at the end of the second quarter, with Irish companies and those in the USA registering steeper expansions in activity on the month.

Meanwhile, contractions in output were sustained in Germany and France. That said, rates of decline eased in both.

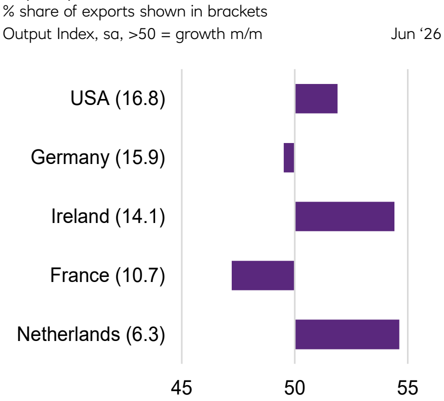
Export Conditions
Index, sa, >50 = growth m/m



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

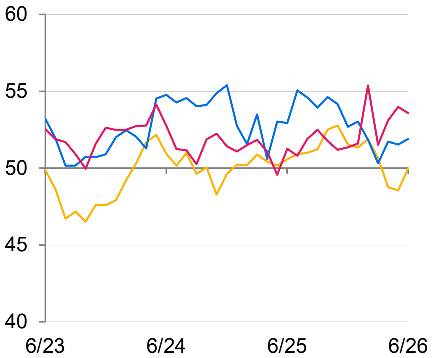
The Wales Export Climate Index (ECI) is an indicator for the economic health of the region's export markets. It is calculated by combining national PMI output data, weighted according to each nation's share of manufacturing exports of Wales. A reading above 50 signals an improvement in export conditions, 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
Eurozone US China
Index, sa, >50 = growth m/m



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

[Return to contents](#)

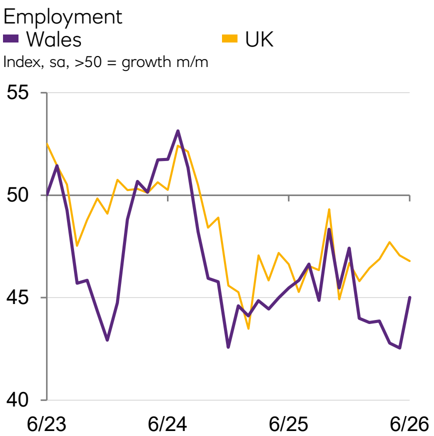
Jobs and capacity

Contraction in employment eases to slowest in six months, but backlogs fall at steeper pace

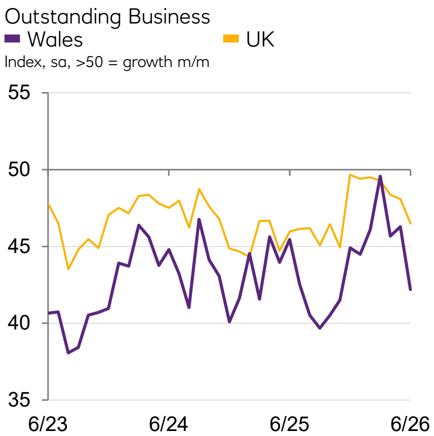
Welsh private sector companies recorded a weaker fall in staffing levels during June, as the rate of job shedding eased to the softest in 2026-to-date. Nonetheless, lower workforce numbers were linked by firms to redundancies and the high cost of employing staff. Despite cooling, the rate of decline in headcounts was the second-fastest of the 12 monitored UK areas, behind only the East of England.

As has been the case since May 2022, Welsh businesses registered a drop in backlogs of work in June. The pace of depletion quickened notably from May and was the most marked in seven months. Of the 12 monitored UK areas, only Northern Ireland indicated a faster fall in incomplete business that that seen locally. Firms commonly attributed lower levels of unfinished work to a further reduction in new order inflows.

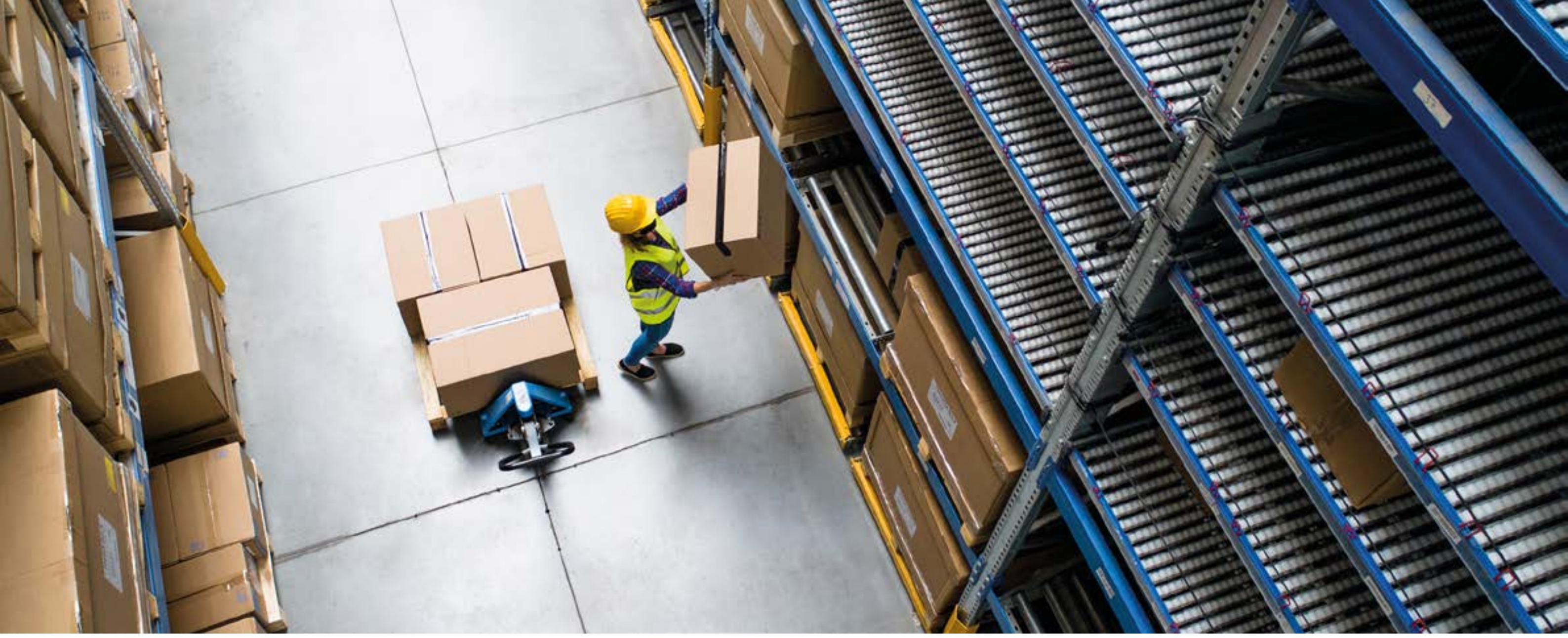
"Weak client demand also meant firms remained in retrenchment mode, with headcounts lowered further amid cost-cutting initiatives and redundancy programmes."



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



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



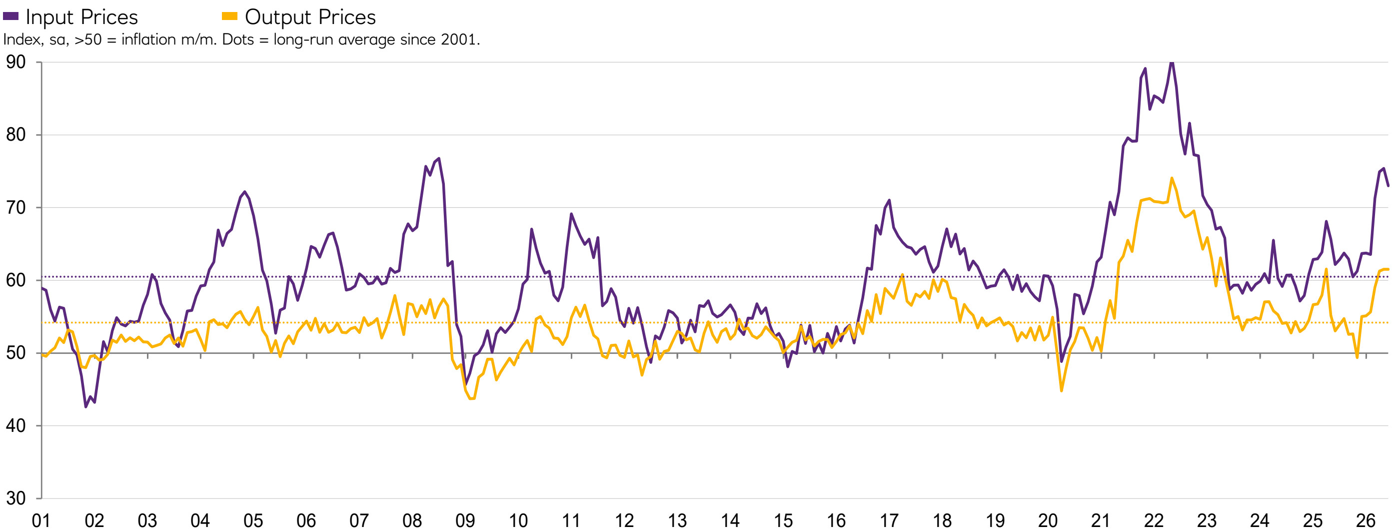
Inflation

Input cost inflation eases to slowest in three months in June

Welsh businesses signalled another marked rise in operating expenses at the end of the second quarter. Although slowing to the weakest in three months, the pace of inflation was well above the series average and exceeded the UK trend. In fact, only Yorkshire & Humber and Northern Ireland registered sharper upticks in cost burdens than seen locally. Higher input prices continued to be linked to the war in the Middle East and hikes in raw material and transportation costs.

Meanwhile, output charges rose at another robust pace in June. The rate of selling price inflation matched that seen in May and was the joint-fastest since April 2025. Panellists commonly mentioned the pass-through of higher costs to customers drove the latest uptick in charges. Of the 12 monitored UK areas, only the West Midlands and Northern Ireland posted quicker increases in output prices than in Wales.

"With margins squeezed again and demand conditions waning in June, the ability of firms to absorb greater costs will likely be challenged further in the coming months."



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

UK Regional Growth Tracker

Business Activity

Business activity rose across three of the 12 UK nations and regions monitored by the survey in June, matching the result seen the month before. Growth was once again confined to London, South East and North East. Firms in Northern Ireland* posted the most marked fall in output, followed by those in Yorkshire & Humber.

Employment

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.

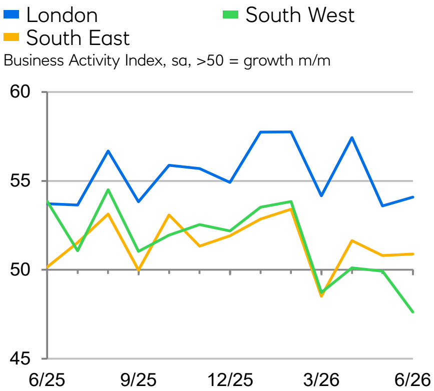
Future Activity

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.

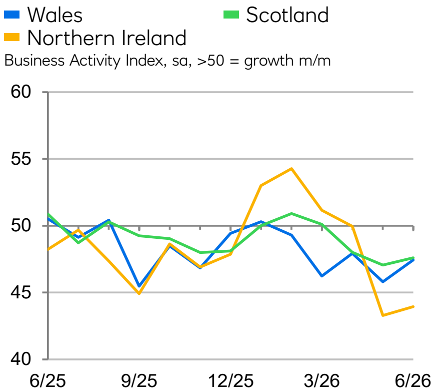
*As well as manufacturing and services, coverage in Northern Ireland also includes construction and wholesale & retail.

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

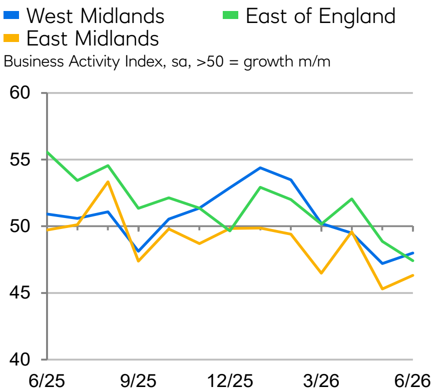
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



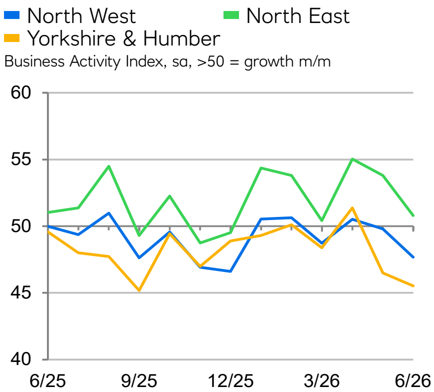
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



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



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

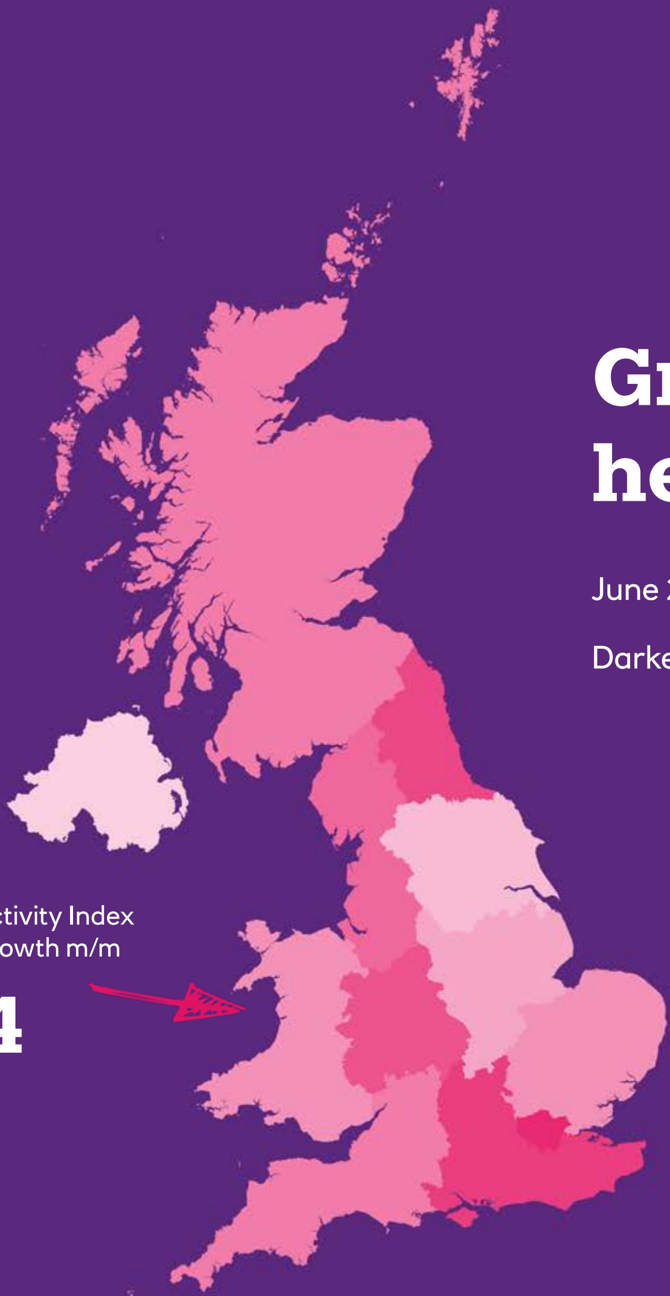


Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

Growth Tracker heat map

June 2026

Darker colour = higher business growth



Wales

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

47.4

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

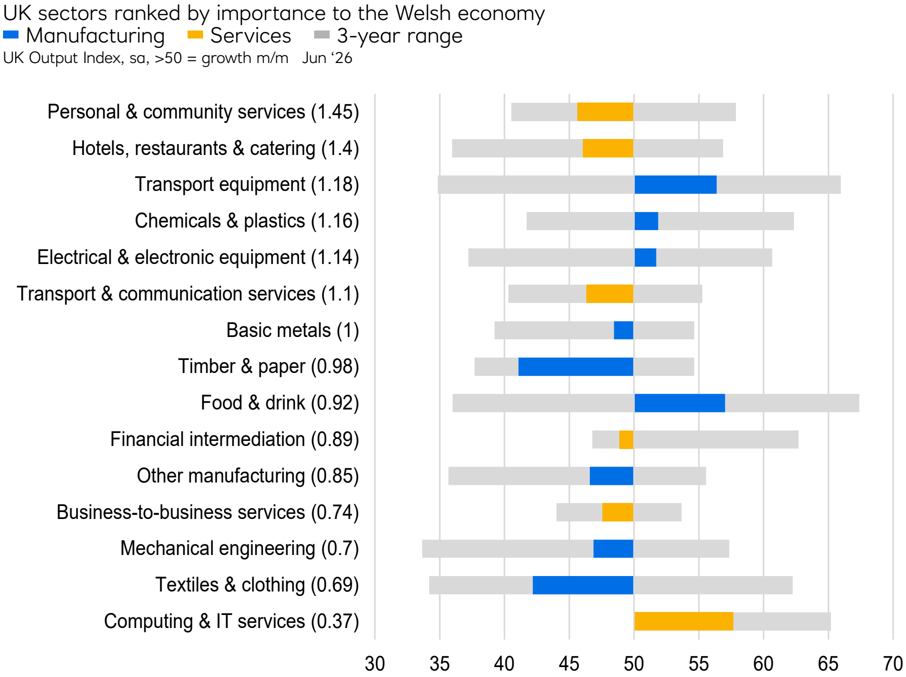
UK sectors

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



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).

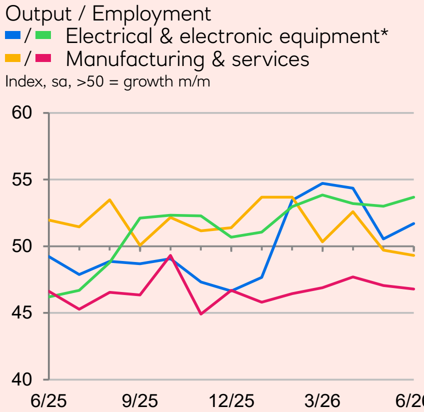
Sector in focus: Electrical & electronic equipment

Electrical & electronic equipment manufacturing was one of the few growth areas of the UK economy in the second quarter 2026, seeing output levels rise at a modest pace. The upturn was supported by increased intakes of new orders, which were in turn driven primarily by stronger domestic demand as export sales declined.

The sector continued to enjoy solid employment growth in the three months to June, contrasting with the picture seen for the UK private sector as a whole. The pace of job creation was in fact the second-fastest recorded in over three years.

This was despite cost pressures continuing to ramp up. Input price inflation reached its highest since late 2022, amid reports of the increased cost of raw materials, squeezed supply and high demand (partly related to the build-out of data centres). Lead times on purchases meanwhile lengthened to the greatest extent for over three-and-a-half years.

Output / Employment



*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.

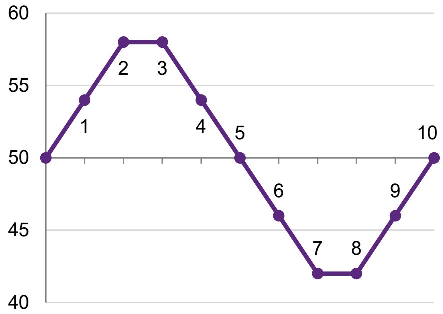
Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses.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

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
1/26	50.3	50.7	52.2	44.0	44.5	68.8	63.7	55.1
2/26	49.3	47.6	52.5	43.8	46.1	66.9	63.6	55.7
3/26	46.2	45.8	50.9	43.9	49.6	59.0	71.3	59.1
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

Further information

NatWest

NatWest serves customers in England and Wales, supporting them with their personal, private, and business banking needs. NatWest helps customers at all stages in their lives, from opening student accounts, to buying their first home, setting up a business, and saving for retirement.

Alongside a wide range of banking services, NatWest offers businesses specialist sector knowledge in areas such as manufacturing and technology, as well as access to specialist entrepreneurial support.

www.natwest.com/business/insights/economics

www.linkedin.com/company/natwest-business/

PMI by S&P Global

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

www.spglobal.com/marketintelligence/en/mi/products/pmi

S&P Global

S&P Global (NYSE: SPGI) provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organisations plan for tomorrow, today.

www.spglobal.com

Contact

Eurig Thomas
Corporate Affairs Manager for Wales & South West
NatWest
+44 (0) 7483 525748
eurig.thomas@natwest.com

Siân Jones
Principal Economist
S&P Global Market Intelligence
T: +44 1491 461 017
sian.jones@spglobal.com

Hannah Brook
EMEA Communications Manager
S&P Global Market Intelligence
T: +44 7483 439 812
hannah.brook@spglobal.com

NatWest

Disclaimer

NatWest

PMI® by S&P Global