12 August 2026

NatWest East Midlands Growth Tracker

Business activity rises for the first time in 11 months in July

NatWest

PMI by S&P Global

12 August 2026

NatWest East Midlands Growth Tracker

Contents

NatWest

PMI by S&P Global

Key findings

July 2026

Fresh rise in new orders underpins renewed output growth

Rate of cost inflation slowest since February

Business confidence at five-month high

The NatWest East Midlands 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

Business activity rises for the first time in 11 months in July

East Midlands firms recorded renewed expansions in output and new orders at the start of the third quarter, according to the latest NatWest Regional Growth Tracker.

The region's Business Activity Index posted 50.6 in July, up from 46.3 in June, to signal a marginal upturn in output levels at East Midlands private sector firms. The rise in activity was often linked to fresh growth in new sales and stronger demand conditions.

In fact, new orders increased for the first time since January. The expansion in new business was only marginal but supported a slower fall in employment and stronger expectations for growth in output over the coming year.

Meanwhile, inflationary pressures eased in July. Input prices rose at the slowest rate since February. Nonetheless, the paces of increase in both selling prices and operating expenses were sharper than their respective long-run series averages.

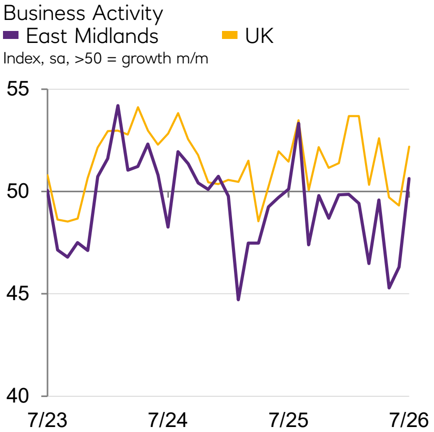
NatWest East Midlands Business Activity Index July 2026

50.6

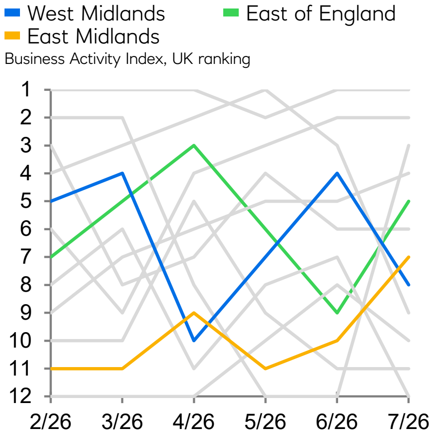
The Business Activity Index is a diffusion index calculated from companies' responses to a question on monthly changes in the volume of business activity. The index varies between 0 and 100 and is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. A reading above 50 indicates an increase compared to the previous month, and below 50 a decrease. The index is seasonally adjusted.

Data compiled 9-29 July

Business Activity



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, Lisa Phillips, Regional Managing Director, Midlands and East, Commercial Mid Markets at NatWest, said:

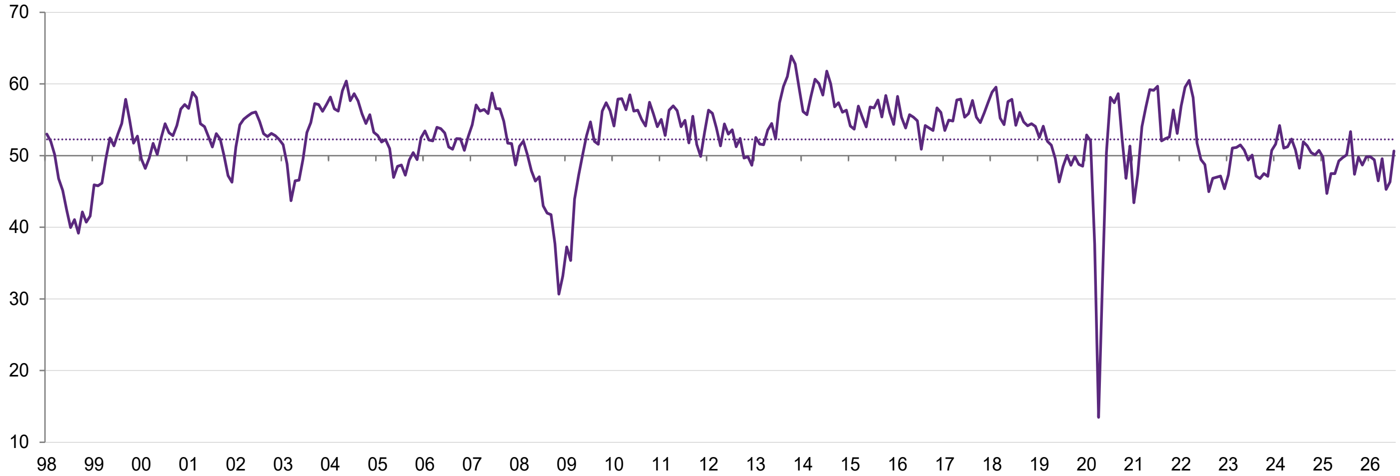
"The East Midlands private sector saw some strength emerge in the opening month of the third quarter. Renewed expansions in output and new orders supported greater confidence in the outlook, while inflationary pressures softened.

"Cost considerations remained a key theme, however, as only a slight uptick in new sales led to a further reduction in staffing levels. In fact, rates of input cost and output charge inflation were still historically elevated despite cooling from their recent respective highs in May and April.

"Expectations for the year-ahead outlook in the region's private sector were cautiously optimistic, as geopolitical uncertainty remains pivotal to the pathway for cost pressures and demand conditions in the coming months."

Business Activity

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



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

Demand and outlook

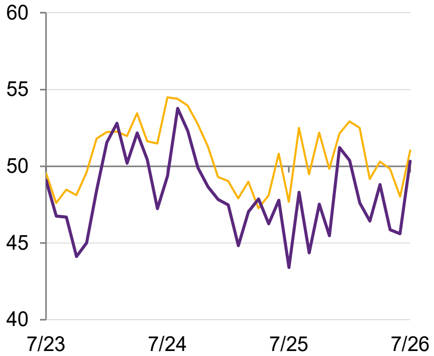
First expansion in new orders in six months during July

Private sector firms in the East Midlands signalled a renewed upturn in new sales at the start of the third quarter. The increase in new business was only marginal, but reportedly stemmed from signs of stronger demand conditions and less hesitancy at customers. The pace of expansion was softer than the UK average, however.

Greater new order intakes helped support increased confidence in the outlook for output over the coming year. Although below the series trend, the degree of optimism was the highest since February. Panellists stated that positive sentiment was due to a pick-up in customer demand, investment in new products and increased marketing. The level of optimism was slightly lower than the UK trend.

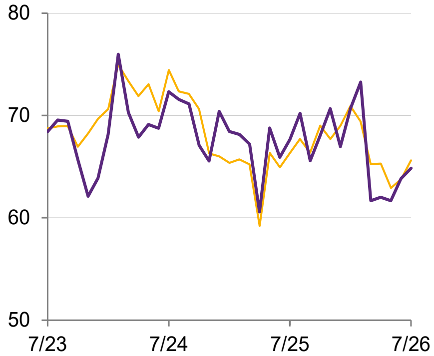
"Renewed expansions in output and new orders supported greater confidence in the outlook..."

New Business
East Midlands UK
Index, sa, >50 = growth m/m



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

Future Activity
East Midlands UK
Index, >50 = growth expected



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

Jobs and capacity

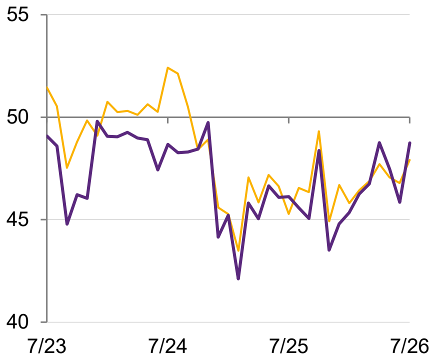
Rate of job shedding eases to only a slight pace in July

Firms in the East Midlands continued to reduce their workforce numbers at the start of the third quarter, but to a much smaller degree. Anecdotal evidence often associated the drop in headcounts to the non-replacement of voluntary leavers and cost considerations, however. That said, the rate of contraction in employment was only modest and the slowest in three months. The pace of decline was also softer than the UK average.

As has been the case in each month for almost four years, backlogs of work were depleted again at East Midlands companies in July. The fall in levels of work-in-hand were often attributed to subdued demand conditions and sufficient stocks to process incoming new work. Although slowing from that seen in June, the rate of decline was solid overall and sharper than both the long-run series and UK averages.

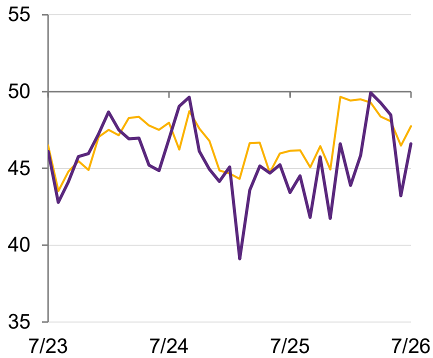
> "Cost considerations remained a key theme, however, as only a slight uptick in new sales led to a further reduction in staffing levels."

Employment
East Midlands UK
Index, sa, >50 = growth m/m

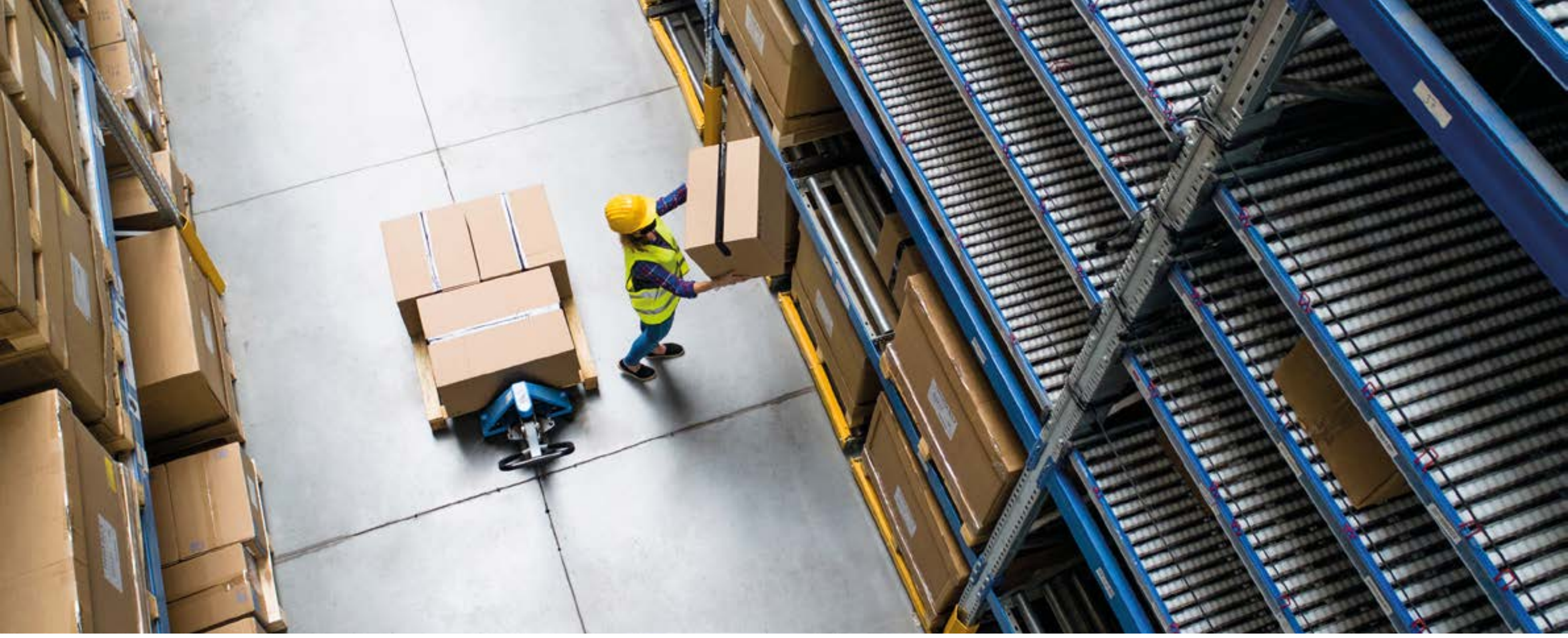


Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

Outstanding Business
East Midlands UK
Index, sa, >50 = growth m/m



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



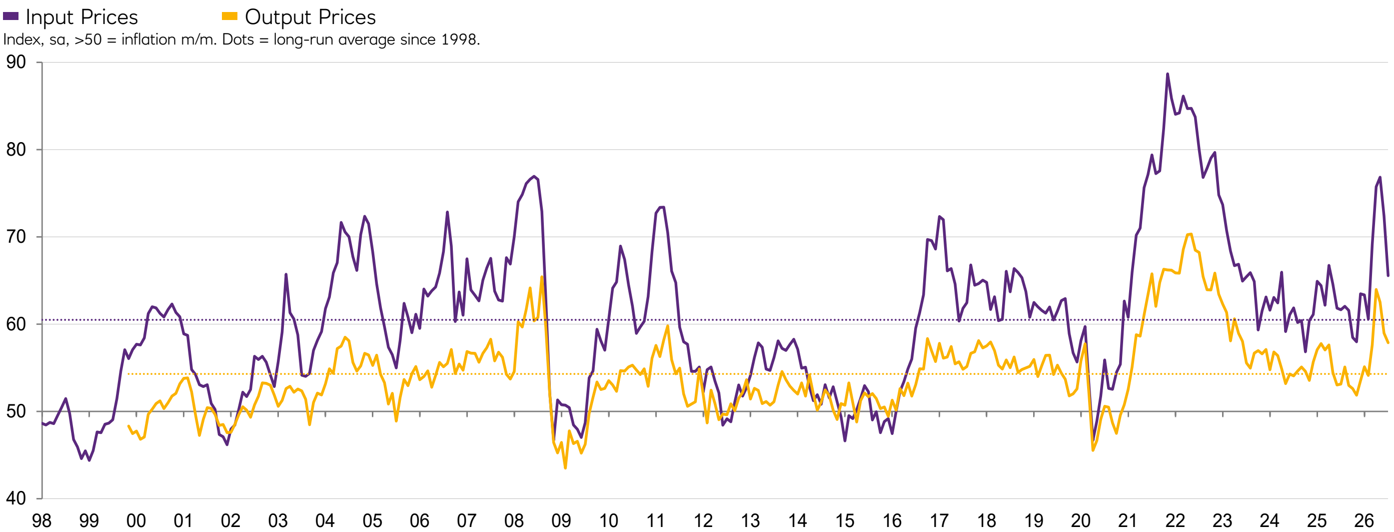
Inflation

Softest rise in cost burdens since February, as output charge inflation also cools

East Midlands private sector firms signalled a slower uptick in operating expenses during July. Nonetheless, panellists linked higher input prices to the impact of geopolitical tensions, especially on energy, fuel and commodity costs. Although still historically elevated, the pace of cost inflation was the weakest since February and broadly in line with the UK trend.

Meanwhile, the rate of charge inflation slowed for the third month running in July. The pace of increase in selling prices was still steeper than the series trend, however. At the UK level, only the South East, neighbouring West Midlands and Northern Ireland recorded sharper rises in output charges. Hikes in output prices were commonly attributed to efforts to pass through higher costs to customers.

"In fact, rates of input cost and output charge inflation were still historically elevated despite cooling..."



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

UK Regional Growth Tracker

Business Activity

July saw business activity growth widen across the UK, with 10 of the 12 nations and regions reporting higher activity, up from just three in June. London once again topped the rankings, ahead of the South East and Northern Ireland*. Scotland and Yorkshire & Humber were the only areas to record decreases in output.

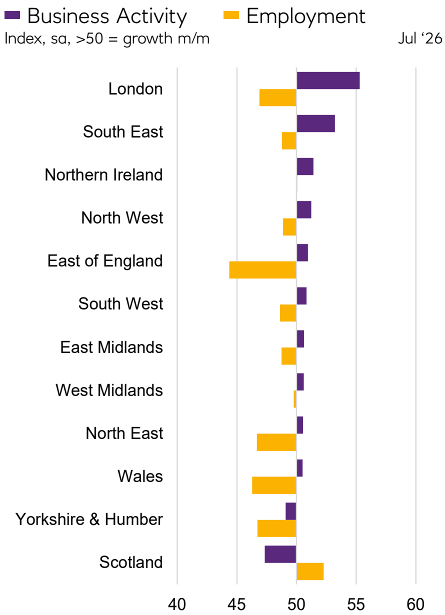
Employment

Labour market conditions remained subdued across most parts of the UK at the start of the third quarter. The majority of areas saw lower employment, with firms in the East of England recording the steepest decline. Scotland went against the trend and recorded an increase in workforce numbers, while Northern Ireland saw little-change.

Future Activity

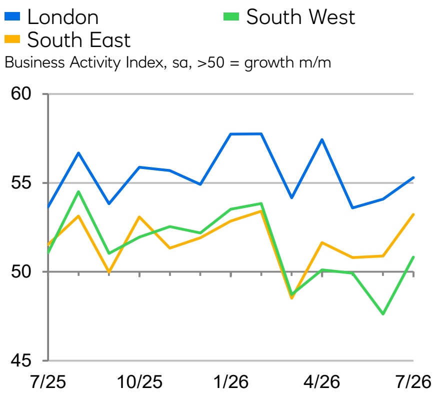
There was an improvement in business expectations towards activity in the year ahead in the majority of UK nations and regions in July. The North West recorded the most market uptick in confidence and the highest overall degree of optimism. Firms in Northern Ireland remained the least upbeat, though sentiment there rebounded to a four-month high.

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

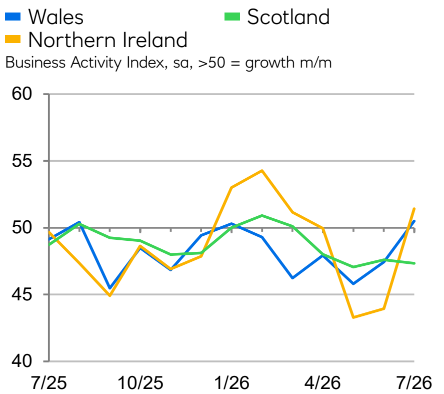


Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

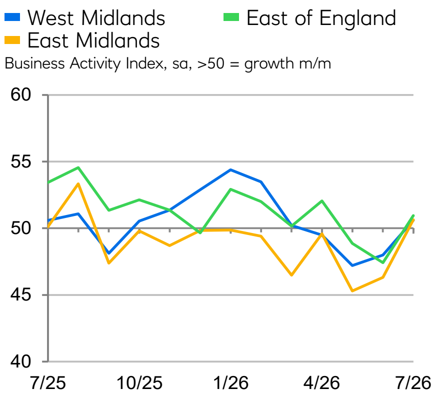
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



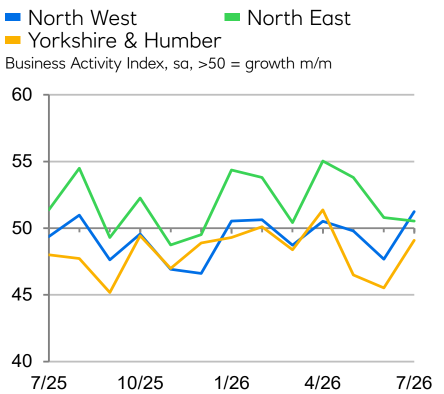
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



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.

Return to contents

Growth Tracker heat map

July 2026

Darker colour = higher business growth

East Midlands

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

50.6

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

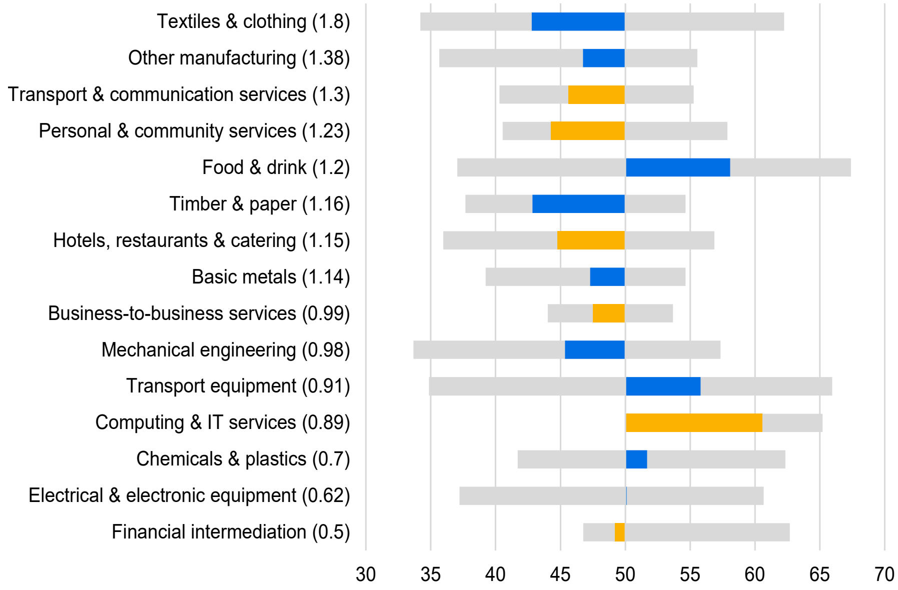
UK sectors

Sector specialisation: East Midlands

The chart shows UK output indices by sector, ranked by location quotients for the East Midlands. 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 East Midlands economy
Manufacturing Services 3-year range
UK Output Index, sa, >50 = growth m/m   Jul '26



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.
Location quotients for the East Midlands are shown in brackets. Latest data are smoothed as three-month moving averages (3mma).

Sector in focus: Financial intermediation

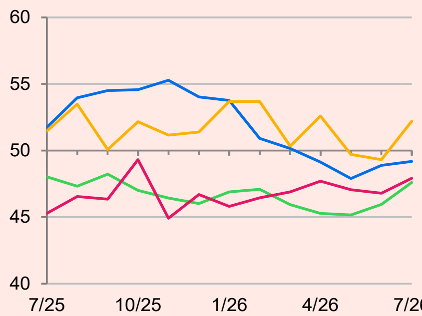
Business activity continued falling across the UK's financial intermediation sector in the three months to July, following on from the downward trend in activity recorded throughout the second quarter of the year. The pace of contraction was the weakest since the decline began and only marginal, however.

Staff retrenchment remained a theme across the sector, as has been the case since late 2024. Although the pace of job losses showed an easing trend, it remained slightly quicker than the average seen across the UK private sector as a whole.

Financial intermediaries meanwhile recorded a marked, albeit slower, rate of cost inflation in the three months to July. However, the rates they charged were left broadly unchanged amid a continued decline in backlogs of work.

Although firms in the sector were hopeful of growth in the coming year, expectations were the lowest in just over a year and subdued by historical standards.

Output / Employment
Financial intermediation*
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 East Midlands Growth Tracker is compiled by S&P Global from responses to questionnaires sent to East Midlands 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.

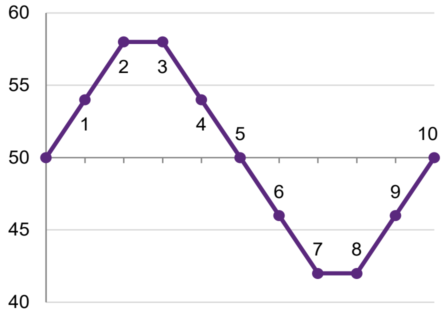
The headline figure is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The East Midlands Business Activity Index is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

East Midlands 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
2/26	49.4	47.6	54.0	46.3	45.9	73.3	60.6	54.1
3/26	46.5	46.4	51.6	46.7	49.9	61.7	69.1	57.6
4/26	49.6	48.8	51.2	48.8	49.3	62.0	75.7	64.0
5/26	45.3	45.9	51.9	47.5	48.5	61.7	76.8	62.5
6/26	46.3	45.6	51.7	45.8	43.2	63.8	72.4	59.0
7/26	50.6	50.3		48.7	46.6	64.8	65.6	57.9

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

David Nieberg
Corporate Affairs
NatWest
+44 (0) 7790026450
david.nieberg@natwest.com

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

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

press.mi@spglobal.com

Disclaimer

NatWest

PMI® by S&P Global