12 August 2026

NatWest North West Growth Tracker

Business activity growth resumes at start of third quarter

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PMI by S&P Global

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Key findings

July 2026

Business activity rises for first time in three months, supported by stronger demand

Growth expectations improve to highest since October 2024

Inflationary pressures ease further from recent highs

The NatWest North West 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 growth resumes at start of third quarter

Business activity rose for the first time in three months across the North West private sector economy in July, the latest NatWest Growth Tracker showed. The upturn was seen alongside a marked improvement in business confidence and a noticeable easing of price pressures.

The headline North West Business Activity Index – which measures changes in the region's output of goods and services – came in at 51.2 in July, up from June's 47.7 and registering above the 50.0 no-change mark for the first time since April.

Where an increase in output was recorded, firms remarked on factors such as demand for new products and increased sales both at home and abroad.

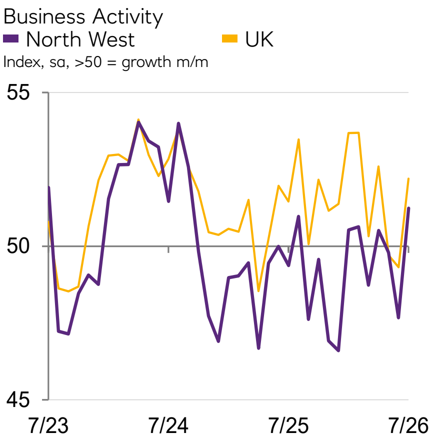
Business activity also returned to growth across the UK as a whole, with 10 of the 12 monitored nations and regions recording higher activity, up from just three in June.

NatWest North West Business Activity Index July 2026

51.2

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 Jul



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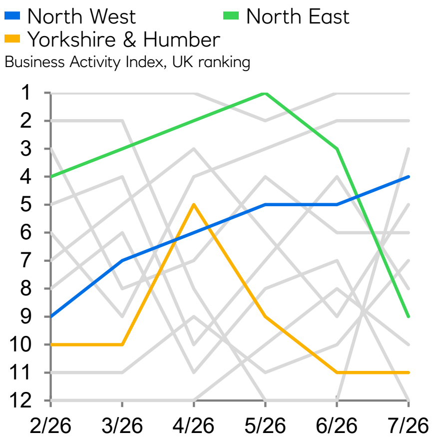

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Comment

Commenting on the Tracker's findings, Malcolm Buchanan, Chair of the NatWest North Regional Board, said:

"The North West private sector made a positive start to the third quarter as it returned to growth following a short spell of falling activity.

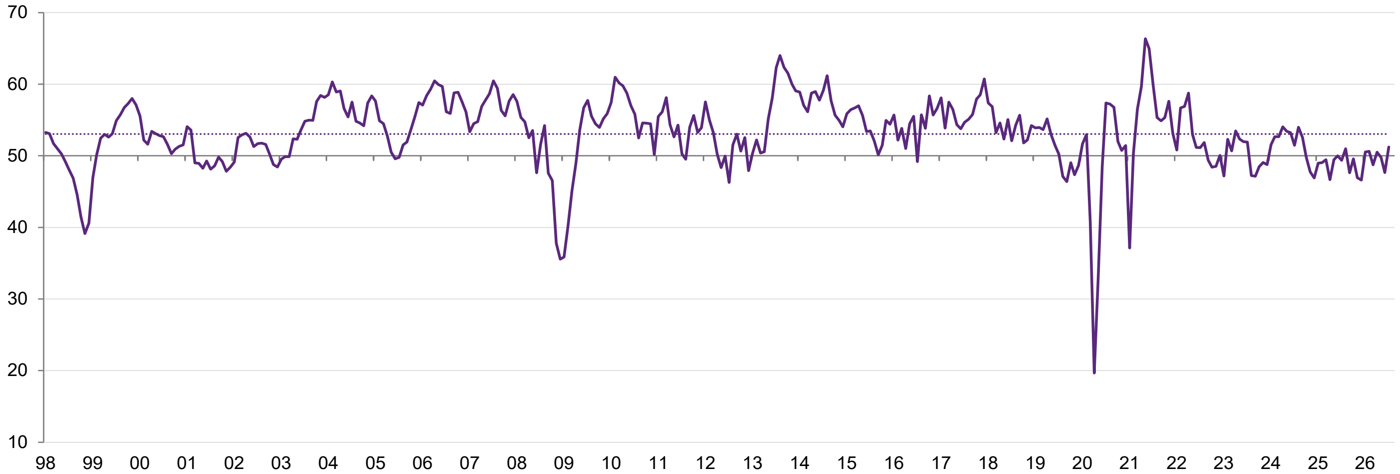
"Encouragingly, we saw a further alleviation of cost pressures faced by local businesses, which if it continues should help support demand in the months ahead.

"There was much greater optimism among local firms in July, highlighting the improvement in overall business conditions. Business confidence has bounced back strongly and was higher than in any other region.

"Adding to the positive news, the labour market showed further signs of stabilising, with employment falling only marginally in July."

Business Activity

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



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Demand and outlook

Business expectations rise to highest since October 2024

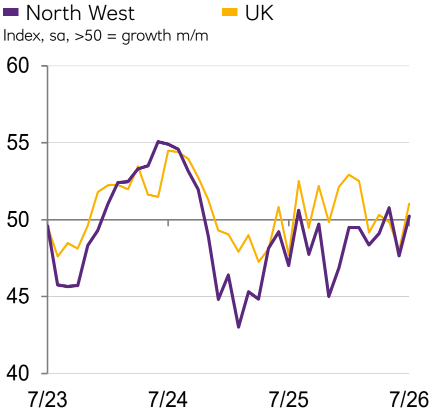
Growth of business activity was supported by a renewed increase in inflows of new work at firms in the North West. July's rise, which was the second in the past three months, was only marginal, however. Whereas some firms reported securing new customers and winning new business relating to AI services and data centre build-outs, others noted a backdrop of challenging economic and geopolitical conditions.

As for the year-ahead outlook, firms in the North West were much more optimistic about growth prospects than a month earlier. In fact, business confidence improved to the highest since October 2024.

Expectations among local firms were higher than anywhere else in the UK, the first time this has been the case in almost two years.

> "Business confidence has bounced back strongly and was higher than in any other region."

New Business



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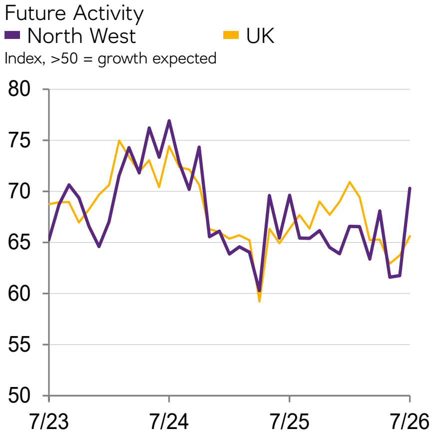
Future Activity



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Jobs and capacity

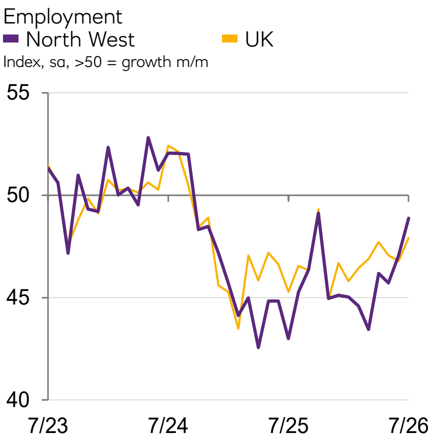
Workforce numbers fall marginally at start of Q3

Firms operating in the North West recorded only a slight drop in staffing levels in July. The rate at which workforce numbers fell was in fact the second-slowest recorded since the current downturn in employment began in October 2024. It was also weaker than the average seen across the UK as a whole, which likewise posted the smallest reduction in nine months.

The latest decrease in employment coincided with signs of a continued lack of pressure on business capacity across the North West. July saw backlogs of work in the region fall markedly for the second month in a row, with the rate of depletion broadly unchanged from that recorded in June.

Outstanding business decreased in 11 of the 12 UK nations and regions monitored, with London being the only exception as firms in the capital recorded no-change in their work-in-hand.

"...the labour market is showing signs of stabilising, with employment falling only marginally in July."



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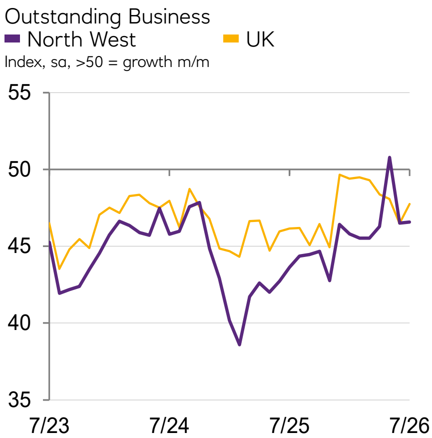

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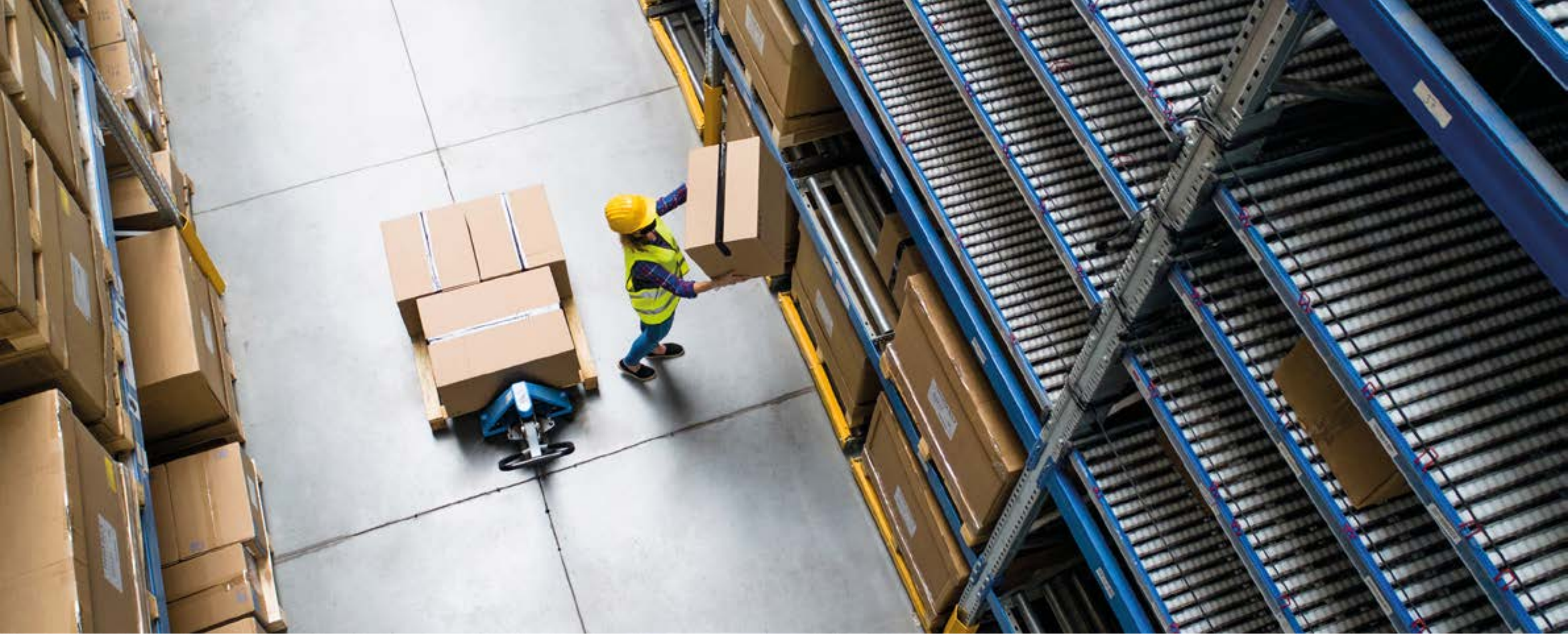


Inflation

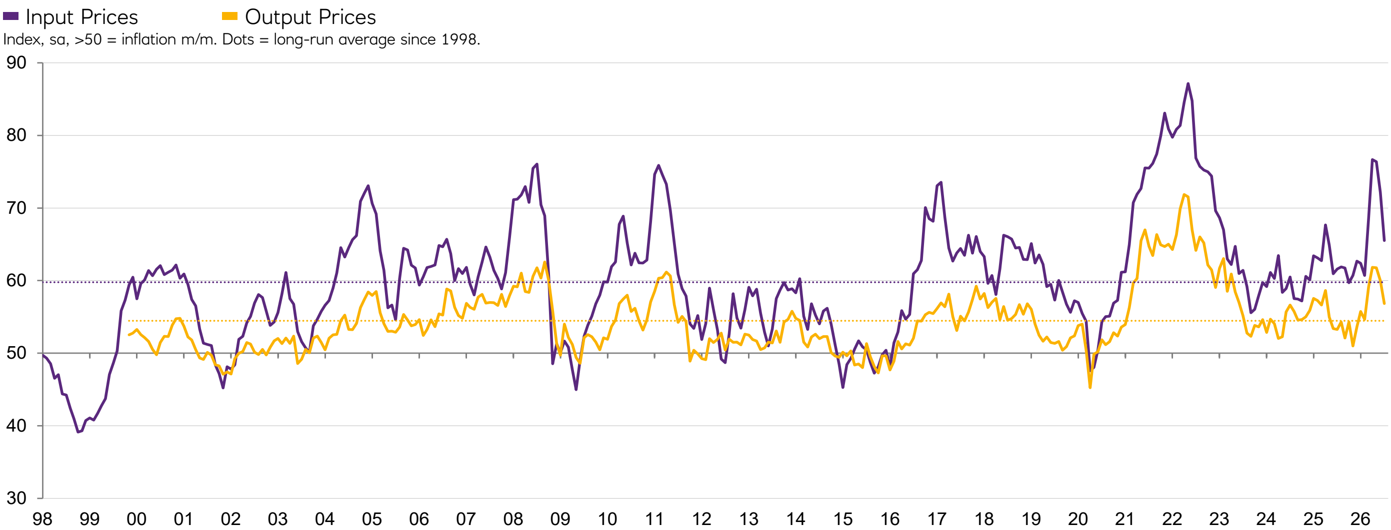
Firms report slower increases in prices charged as cost pressures ease

The latest data showed a further easing of cost pressures faced by firms in the North West. The rate of inflation remained elevated by historical standards as firms remarked on the increased cost of raw materials, transportation and labour, but it slipped further from April's recent peak to its lowest for five months in July.

Local firms once again reported an increase in average prices charged for goods and services, reflecting the pass-through of higher costs to customers. The rate of output price inflation slowed to weakest since February, however.

The softening of inflationary pressures was consistent with the picture for the UK as a whole. Firms in Northern Ireland noted the most marked increase in prices charged in July, and those in Scotland the slowest.

> "...we saw a further alleviation of cost pressures faced by local businesses, which if it continues should help spur demand in the months ahead."



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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.

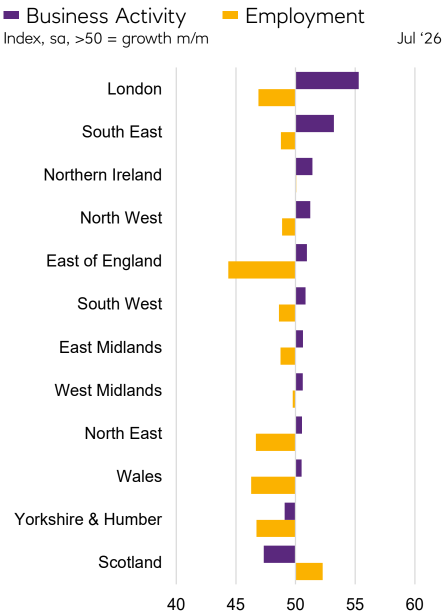
Employment

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.



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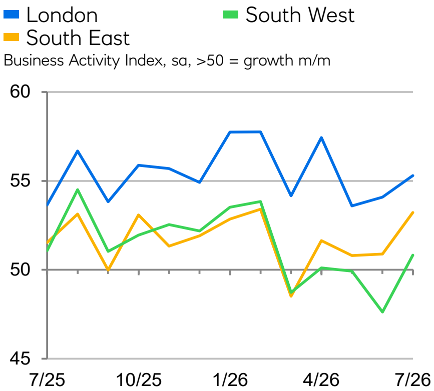

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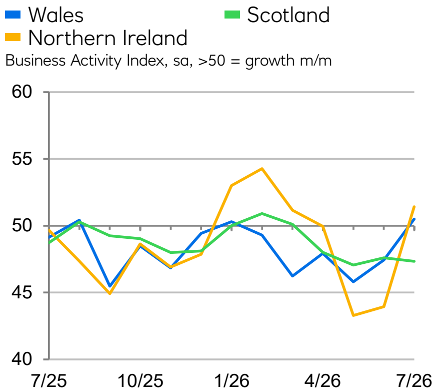

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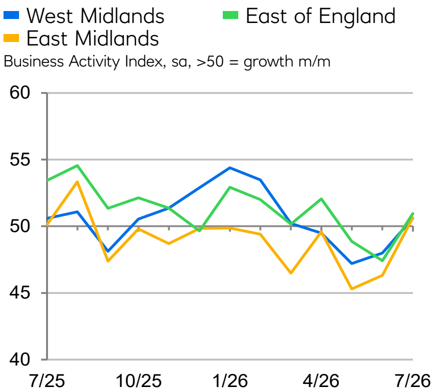

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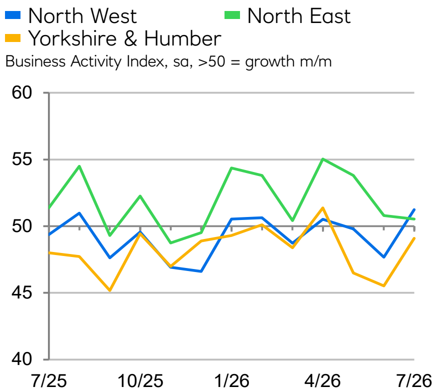
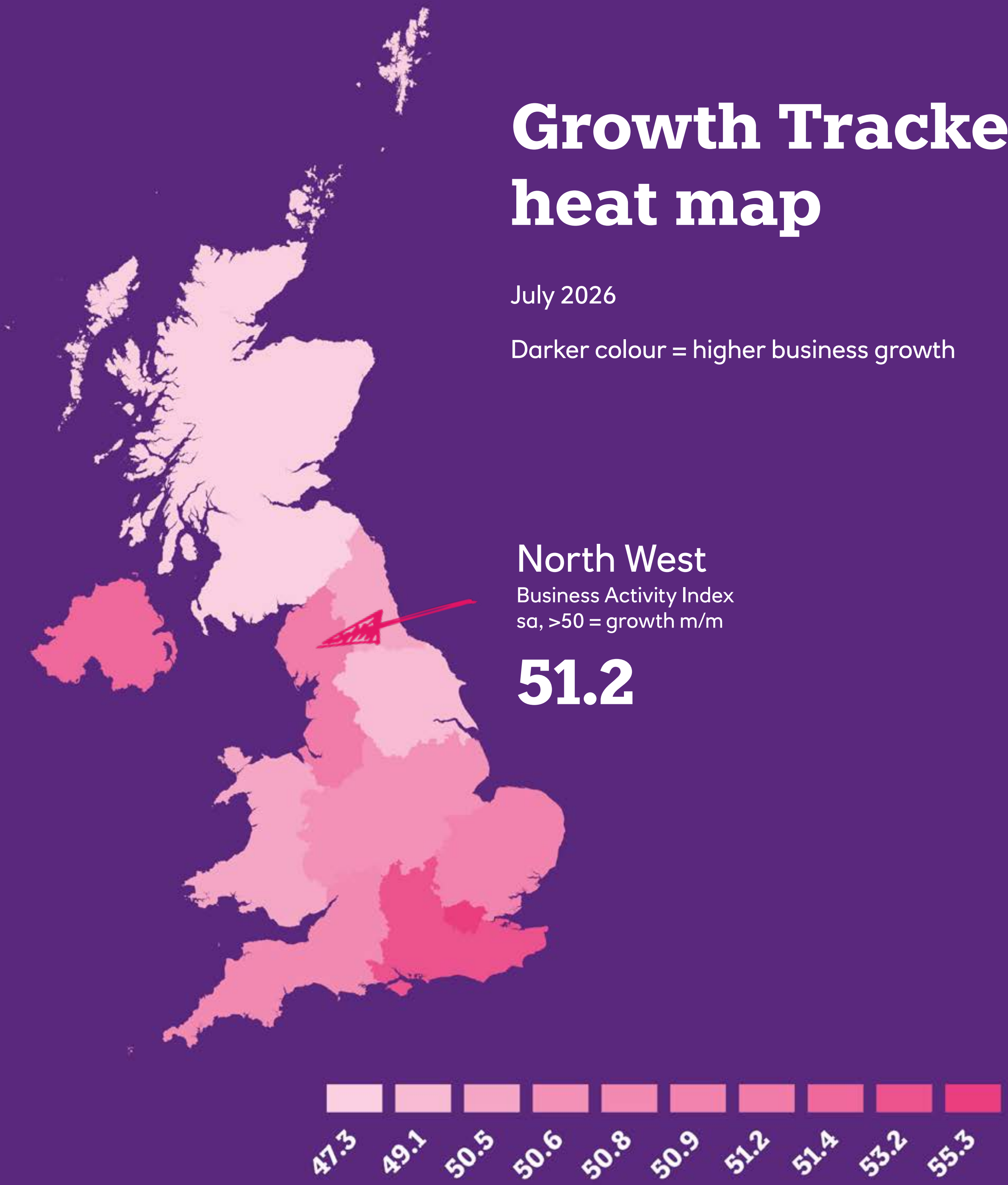


Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

Growth Tracker heat map

July 2026

Darker colour = higher business growth



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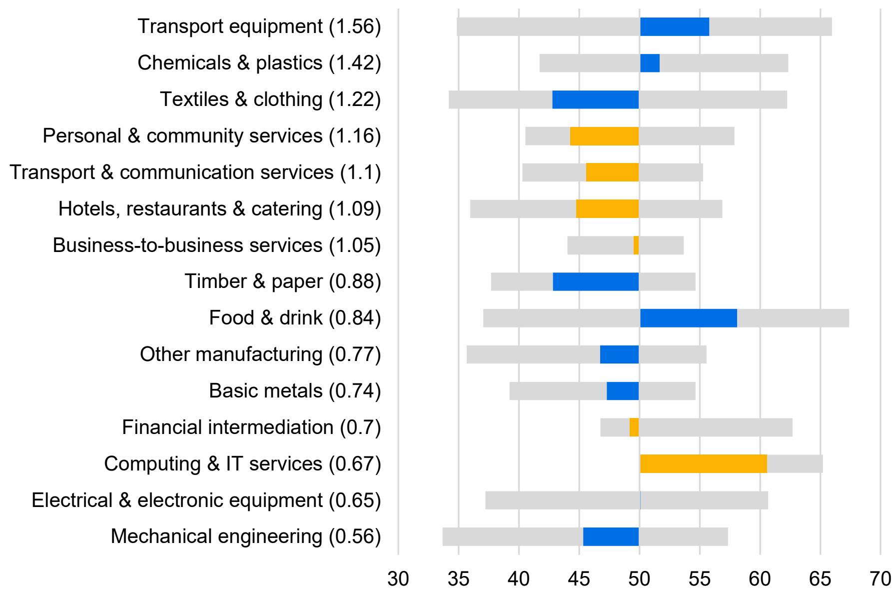
UK sectors

Sector specialisation: North West

The chart shows UK output indices by sector, ranked by location quotients for the North West. 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 North West 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 North West are shown in brackets. Latest data are smoothed as three-month moving averages (3mma).

Sector in focus: Financial intermediation

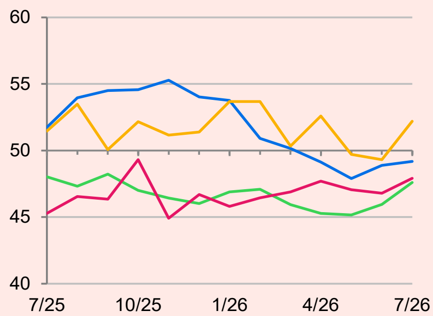
Business activity continued falling across the UK's financial intermediation sector in the three months to July, following on from the downward trend in activity recorded throughout the second quarter of the year. The pace of contraction was the weakest since the decline began and only marginal, however.

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



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.
*Data are smoothed as three-month moving averages (3mma).

Methodology

The NatWest North West Growth Tracker is compiled by S&P Global from responses to questionnaires sent to North West 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.

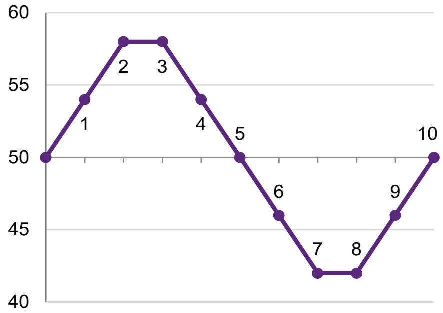
The headline figure is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The North West Business Activity Index is comparable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



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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

North West 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	50.6	49.5	52.7	44.6	45.5	66.5	60.7	54.7
3/26	48.7	48.4	51.0	43.4	45.5	63.4	68.6	59.2
4/26	50.5	49.1	51.1	46.2	46.3	68.1	76.7	61.8
5/26	49.8	50.8	51.7	45.7	50.8	61.6	76.4	61.8
6/26	47.7	47.6	51.8	47.1	46.5	61.8	72.2	60.0
7/26	51.2	50.2		48.9	46.6	70.3	65.5	56.8

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