12 August 2026

NatWest West Midlands Growth Tracker

July sees renewed growth of West Midlands activity

NatWest

PMI by S&P Global

12 August 2026

NatWest West Midlands Growth Tracker

Contents

NatWest

PMI by S&P Global

Key findings

July 2026

Business activity returns to growth

New orders rise for the first time in five months

Cost and charge inflation ease to four-month lows

The NatWest West 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

July sees renewed growth of West Midlands activity

The NatWest West Midlands Growth Tracker data showed that a fresh rise in new order intakes spurred business activity higher in July. Firms turned more optimistic towards the outlook, while price pressures eased further.

Rising from 48.0 in June to 50.6 in July, the West Midlands Business Activity Index – a seasonally adjusted index that measures the month-on-month change in the combined output of the region's manufacturing and service sectors – highlighted the first increase in four months. The pace of expansion was slight.

Monitored companies attributed the uptick in output to demand resilience and new business growth.

Ten of the 12 UK regions and nations monitored by the survey recorded an increase in activity, with Scotland and Yorkshire & Humber the exceptions.

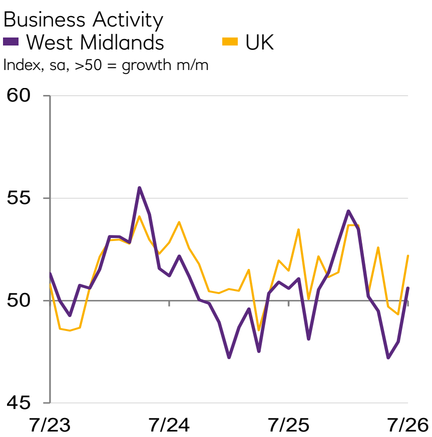
The rate of expansion seen locally was below the UK average.

NatWest West Midlands Business Activity Index July 2026

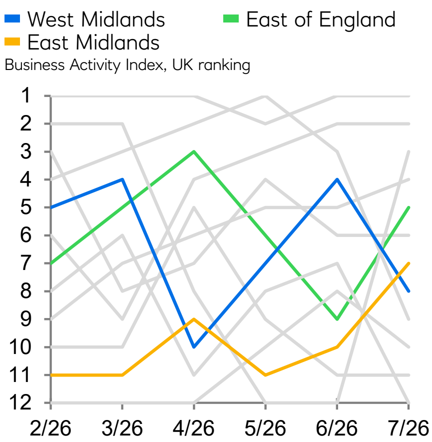
50.6

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



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



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

NatWest

Return to contents

Comment

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

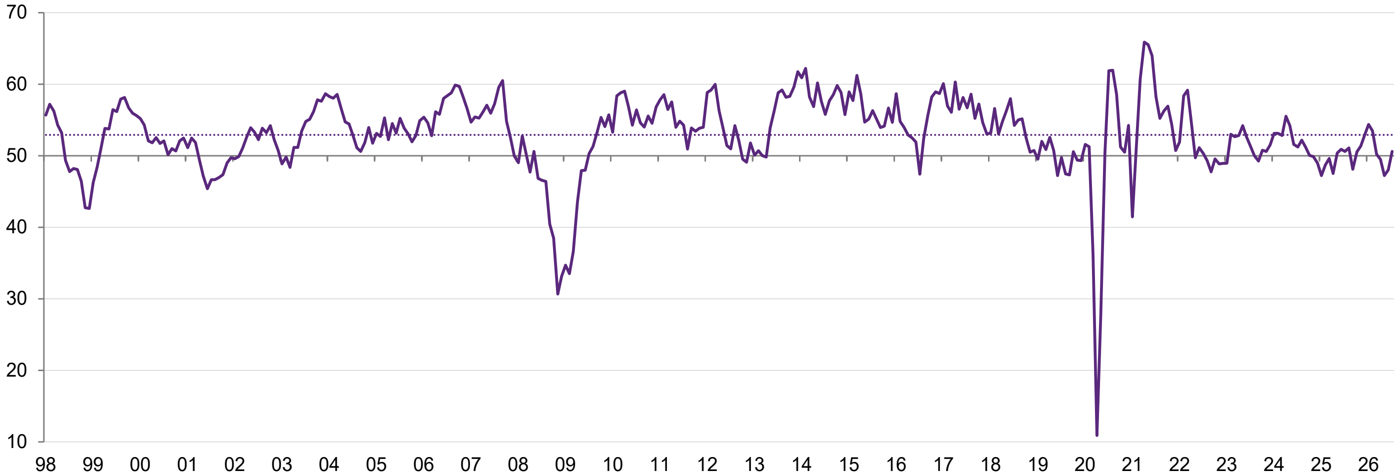
"July's data give us a more encouraging picture for the West Midlands economy. Demand showed signs of improvement, with new orders rising and helping business activity return to growth. It is also positive to see business confidence strengthen, suggesting firms are looking ahead with greater optimism and preparing for future opportunities.

"Employment conditions are still challenging, but the latest figures point to a much slower fall in staffing levels which may be an early sign of stabilisation.

"Inflation remains elevated, but the easing in both cost and selling price pressures is welcome and should offer some relief to businesses and their customers. If demand continues to improve and confidence holds up, the region could see firmer growth in the months ahead."

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

Reinstatement of sales growth underpins stronger optimism

For the first time in five months, new business inflows at private sector companies in the West Midlands rose during July.

Qualitative data showed that growth was supported by better demand conditions, expanded scope with existing customers, new client wins and project approvals.

That said, the pace of increase was marginal and below that seen at the UK level.

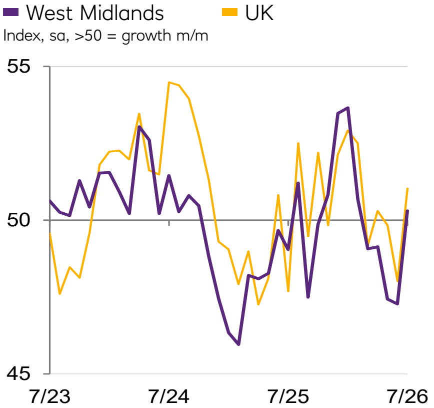
Local companies were more confident towards the year-ahead outlook for output, with the overall level of sentiment reaching a three-month high.

Optimism was supported by infrastructure projects in the pipeline, machinery acquisitions, planned investment and new product releases.

The West Midlands ranked second for business confidence, behind only the North West.

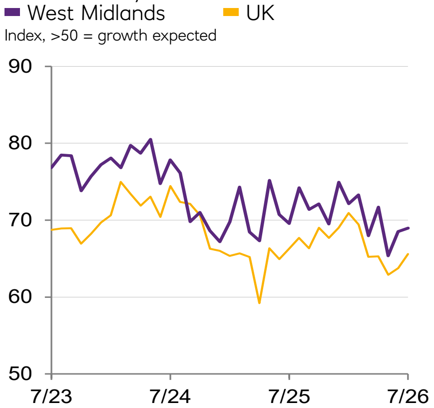
> "It is positive to see business confidence strengthen, suggesting firms are looking ahead with greater optimism and preparing for future opportunities."

New Business



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

Future Activity



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

NatWest

Return to contents

Jobs and capacity

Employment nearly stabilises at start of third quarter

Although West Midlands firms indicated a further decline in payroll numbers, the rate of reduction was fractional and the joint-weakest in the current two-and-a-half-year period of job shedding.

Panellists that trimmed headcounts cited the non-replacement of departing staff, restructuring efforts and subdued sales performances. Still, some businesses reportedly hired extra workers amid planned events and expected improvements in new orders.

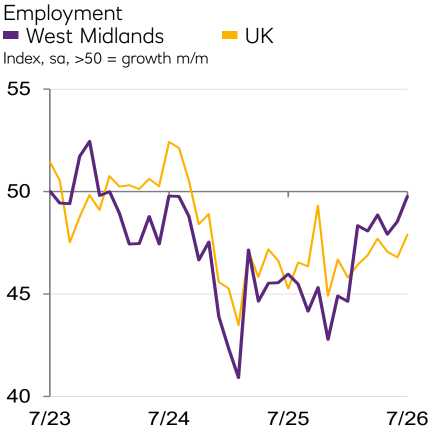
Ten areas of the UK registered cuts in workforce numbers, with the slowest decline in the West Midlands.

Unfinished business levels continued to fall, thereby extending the current sequence of contraction to four months. The pace of depletion was solid and the most pronounced since November 2025.

Out of the 12 monitored UK regions and nations, the West Midlands ranked fifth for backlogs trends.

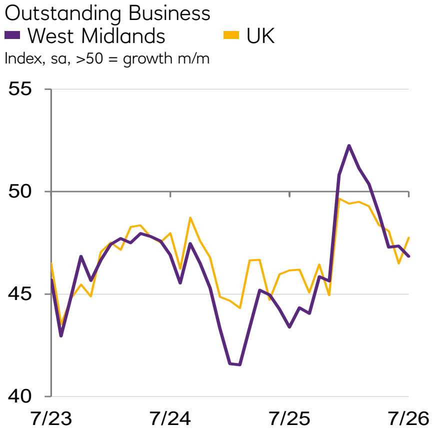
"Employment conditions are still challenging, but the latest figures point to a much slower fall in staffing levels which may be an early sign of stabilisation."

Employment

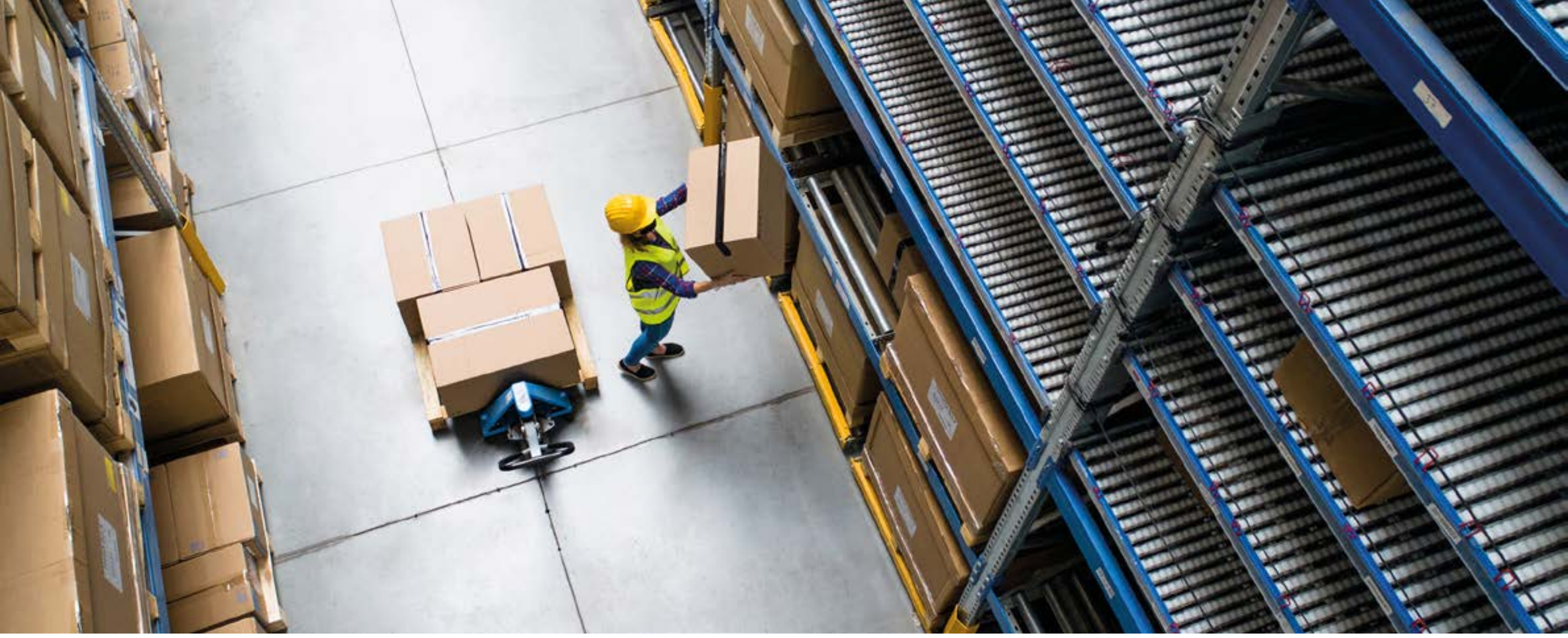


Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

Outstanding Business



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



Inflation

Slowest increases in input prices and output charges in four months

Operating expenses at West Midlands companies continued to rise at a historically elevated pace, albeit one that was the softest in four months.

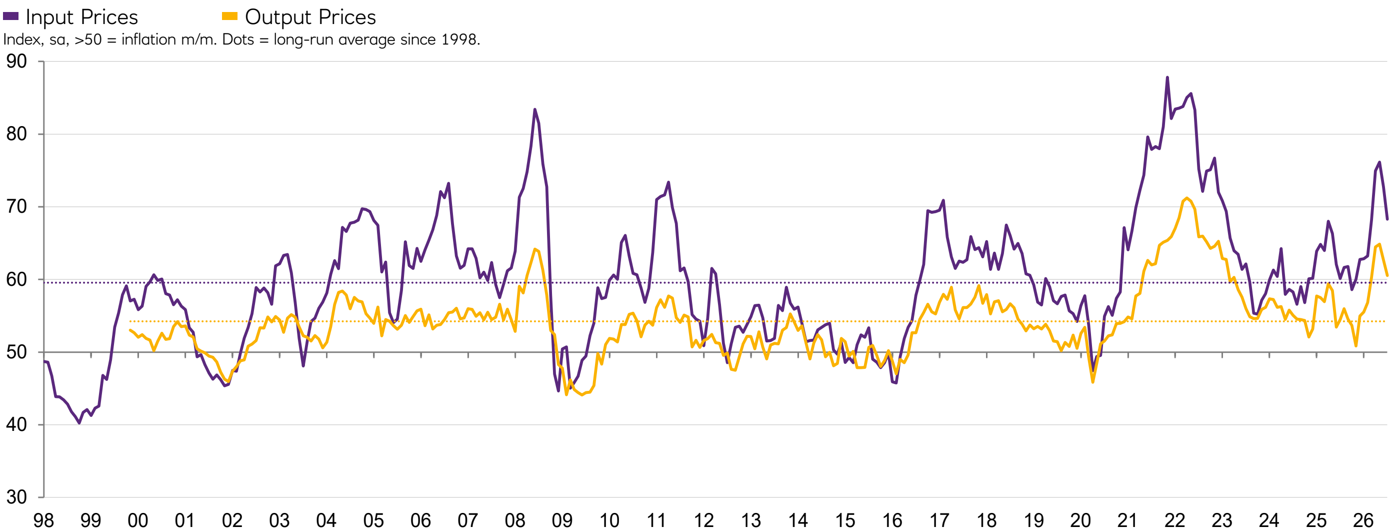
Survey participants reported greater outlays on fuel, metals, oil-based products, plastics and transportation. Increases were often associated with the Middle East war.

The local rate of cost inflation was the third-highest of all areas of the UK.

Prices charged for West Midlands goods and services likewise rose at the weakest pace in four months but one that was sharp by historical standards. Only Northern Ireland recorded a stronger rate of charge inflation than the West Midlands.

Anecdotal evidence showed that local firms continued to transfer part of their additional cost burdens to clients.

> "... the easing in both cost and selling price pressures is welcome and should offer some relief to businesses and their customers."



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.

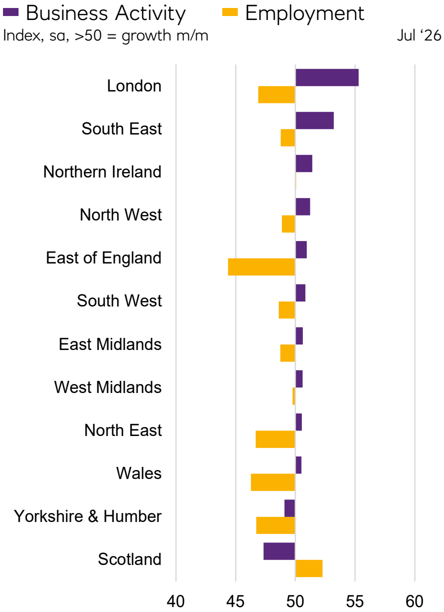
Employment

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

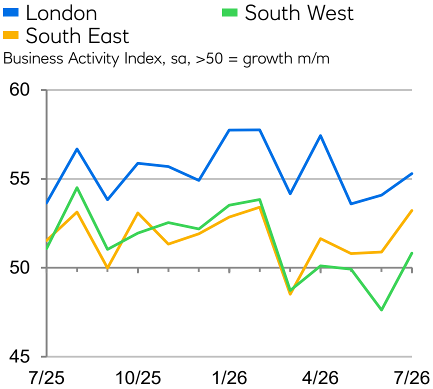
There was an improvement in business expectations towards activity in the year ahead in the majority of UK nations and regions in July. The North West recorded the most market uptick in confidence and the highest overall degree of optimism. Firms in Northern Ireland remained the least upbeat, though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

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

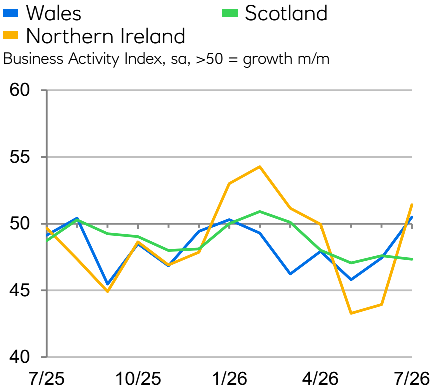


Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

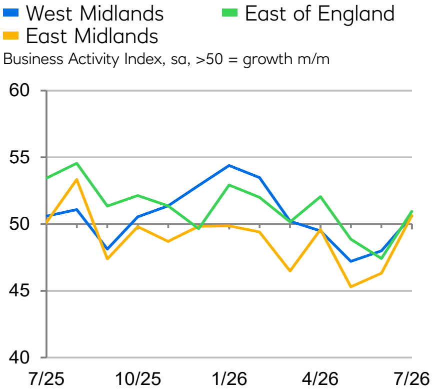
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



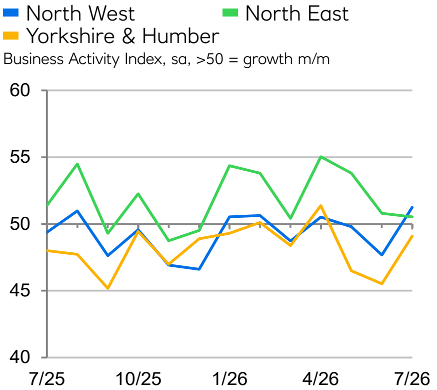
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



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



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

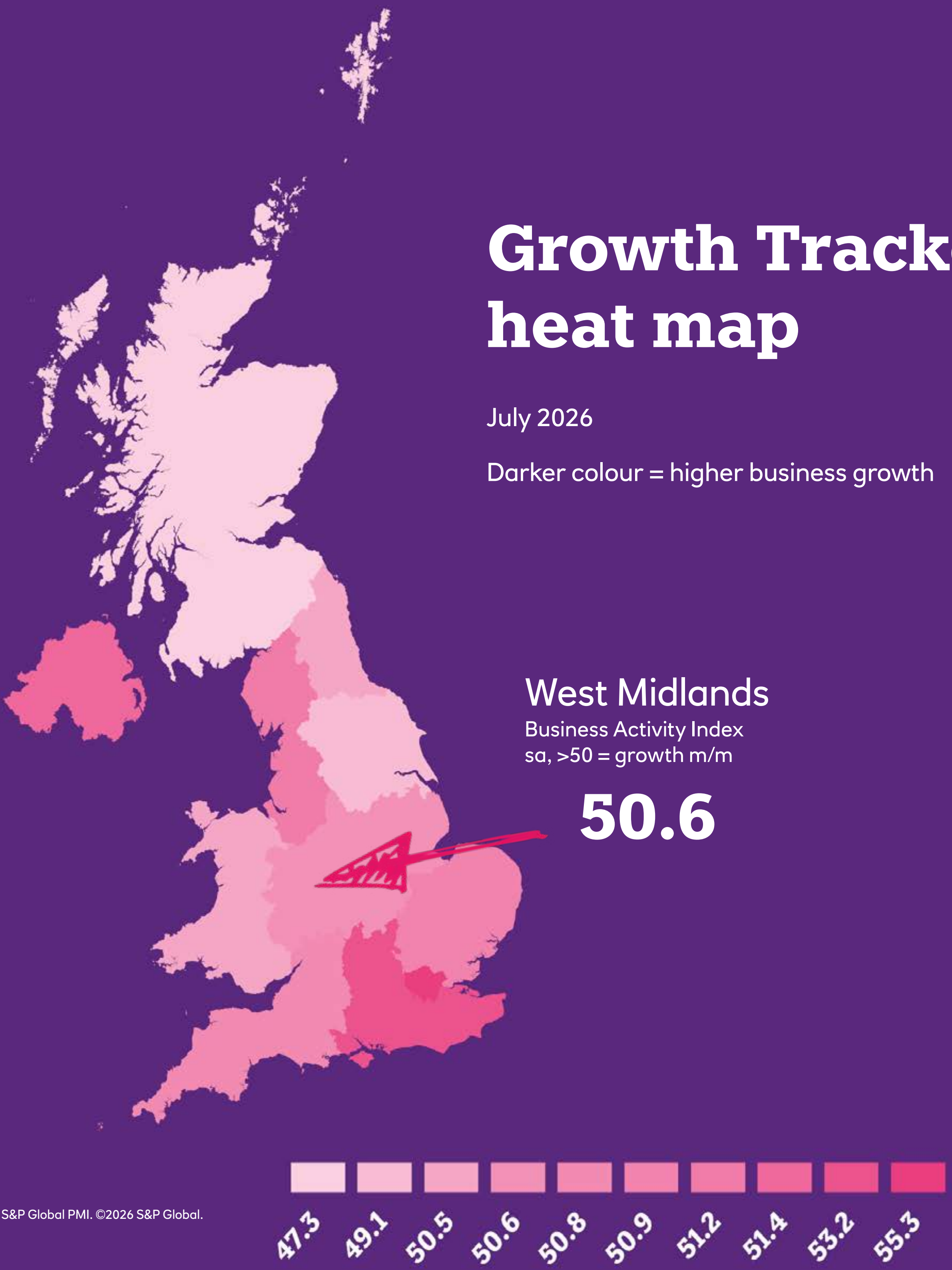


Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

Growth Tracker heat map

July 2026

Darker colour = higher business growth



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

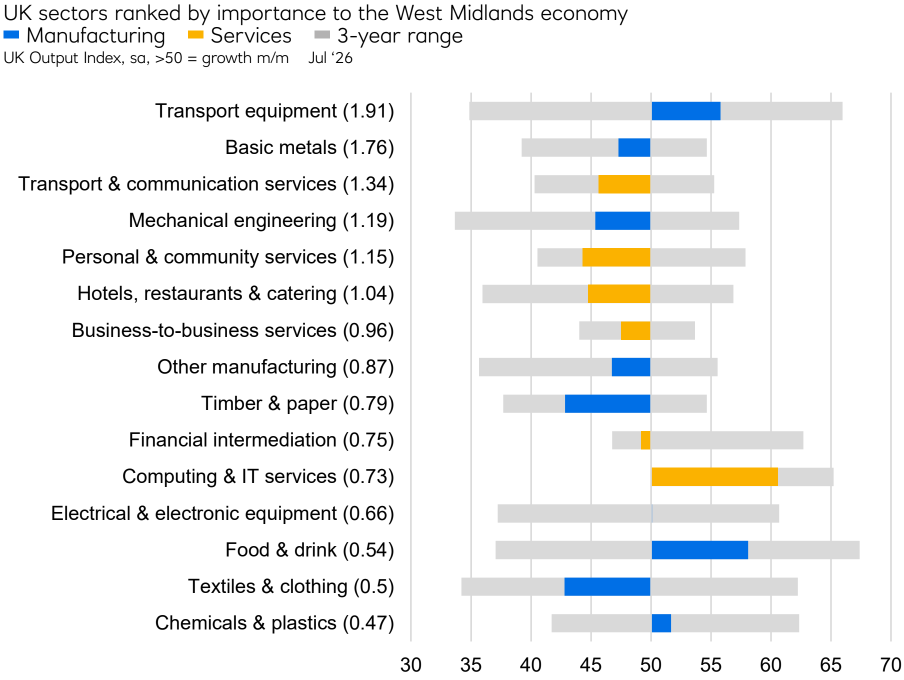
UK sectors

Sector specialisation: West Midlands

The chart shows UK output indices by sector, ranked by location quotients for the West 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 West Midlands economy



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

Sector in focus: Financial intermediation

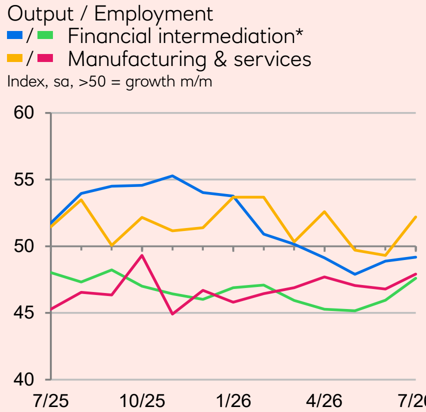
Business activity continued falling across the UK's financial intermediation sector in the three months to July, following on from the downward trend in activity recorded throughout the second quarter of the year. The pace of contraction was the weakest since the decline began and only marginal, however.

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



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

Methodology

The NatWest West Midlands Growth Tracker is compiled by S&P Global from responses to questionnaires sent to West Midlands companies that participate in S&P Global's UK manufacturing and services PMI surveys.

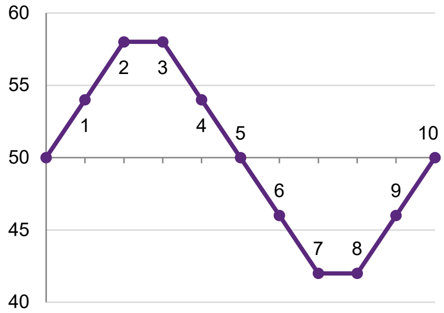
Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses.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

West 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	53.5	50.7	52.7	48.3	51.1	73.3	63.2	56.8
3/26	50.2	49.1	51.0	48.1	50.4	68.0	68.2	60.3
4/26	49.5	49.1	51.1	48.9	48.9	71.7	75.0	64.5
5/26	47.2	47.4	51.5	47.9	47.3	65.4	76.1	64.8
6/26	48.0	47.3	51.5	48.5	47.3	68.5	72.8	62.7
7/26	50.6	50.3		49.8	46.8	69.0	68.3	60.5

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

David Nieberg
Corporate Affairs
+44 (0) 77900 26450
david.nieberg@natwest.com

Pollyanna De Lima
Economics Associate Director
S&P Global Market Intelligence
+44 1491 461 075
pollyanna.delima@spglobal.com

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

NatWest

NatWest

PMI® by S&P Global