13 May 2026

NatWest North East Growth Tracker

Private sector business conditions improve sharply amid stockpiling efforts

NatWest

PMI by S&P Global

13 May 2026

NatWest North East Growth Tracker

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April 2026

New business growth hits 17-month high…

…driving stronger expansion in activity

Rates of input cost and output price inflation intensify again

The NatWest North East 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

Private sector business conditions improve sharply amid stockpiling efforts

The latest NatWest Growth Tracker data revealed a stronger uptick in demand in response to supply chain disruption

Firms subsequently reported a steeper increase in activity levels during April, with panellists often mentioning that stockpiling had sustained growth at the start of the second quarter. Firms were also less confident regarding the year-ahead outlook for activity amid another substantial rise in inflationary pressures.

The headline North East Growth Tracker 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 – rose from 50.4 in March to 55.0 in April, indicating a sharp expansion in activity at the start of the second quarter. The rate of growth was the steepest seen for 16 months, and the second-strongest of the 12 monitored UK nations and regions, behind London.

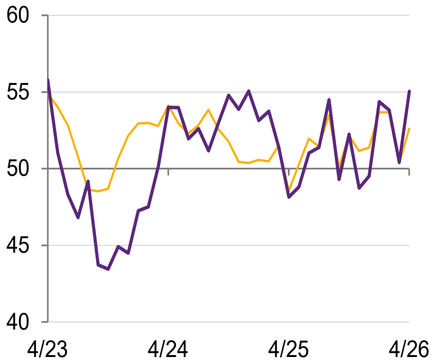
NatWest North East Business Activity Index April 2026

55.0

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.

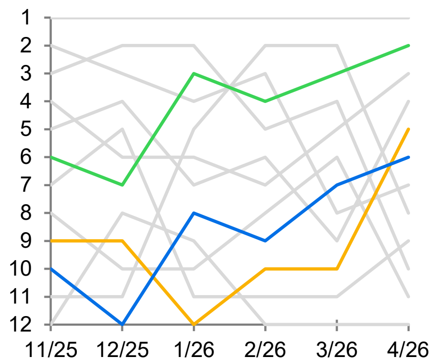
Data compiled 9-28 April

Business Activity
North East UK
Index, sa, >50 = growth m/m



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

North West North East
Yorkshire & Humber
Business Activity Index, UK ranking



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

Comment

Malcolm Buchanan, Chair of the NatWest North Regional Board, commented:

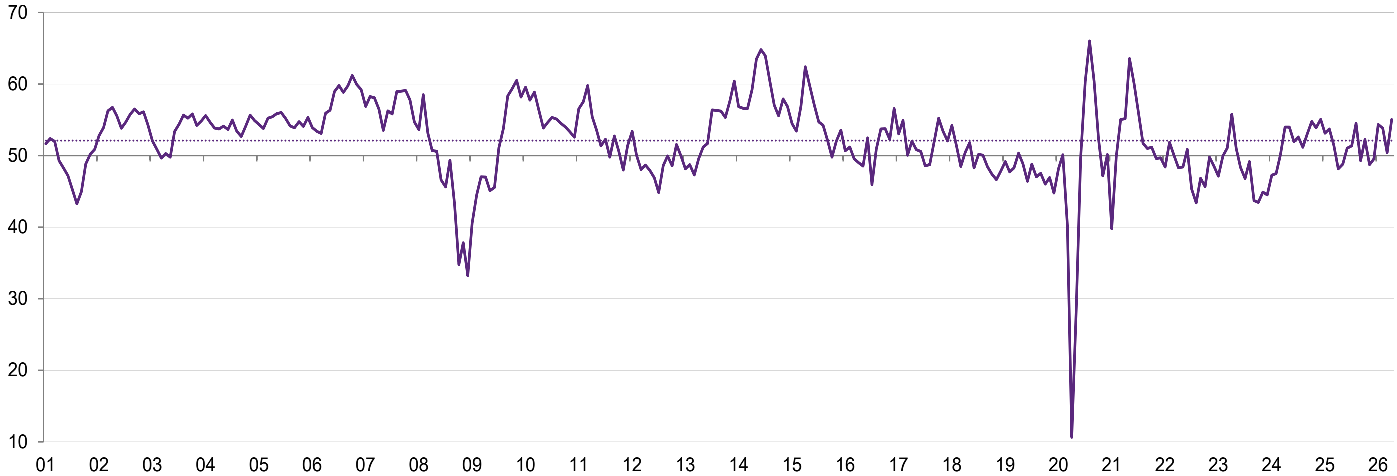
"Firms across the North East reported a solid improvement in operating conditions at the start of the second quarter of 2026. That said, growth was often attributed to efforts to build inventories amid reports of supply chain disruption, material shortages and cost pressures. The accompanying rise in sales likewise reflected stockpiling among clients due to concerns regarding shortages in particular.

"The outlook for the region was also disrupted during April, with overall optimism regarding the year ahead fading to the lowest since June last year, with downside risks heavily associated with the impact of rising prices, according to surveyed companies. Even in the nearer term, the level of outstanding business fell for the first time in five months to provide another sign of companies directing their capacity towards completing orders to build stocks. Concerns around the outlook were also evident in a renewed reduction in employment levels, with some companies citing the non-replacement of voluntary leavers.

"Cost pressures accelerated again in the latest survey period, with the rate of inflation intensifying to the most pronounced since November 2022. In turn, firms looked to mitigate rising costs by lifting average prices charged to the greatest degree in just over three-and-a-half years."

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

North East firms signal stronger increase in new orders but business confidence wanes

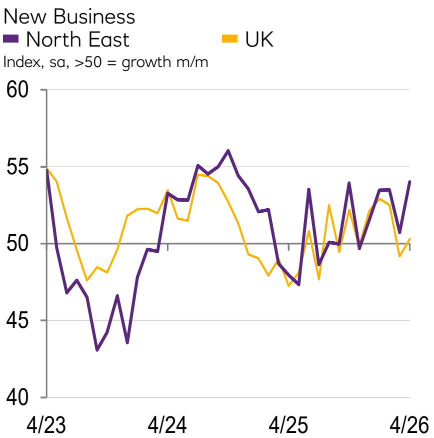
April survey data pointed to an increase in new work for the fifth month in a row across the North East. According to anecdotal evidence, the upturn reflected stockpiling efforts among clients to mitigate against material shortages and shipping delays. The rate of expansion was the strongest since November 2024 and solid overall.

The rate of increase seen locally was the strongest of the 12 monitored UK regions and nations for the first time in 14 months.

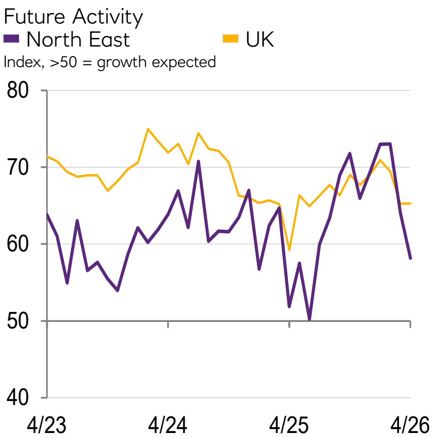
North East firms were less confident of a rise in activity over the course of the next 12 months. Softer optimism often stemmed from concerns regarding the impact of higher inflation and challenging economic conditions. The overall degree of confidence slipped to the lowest since June 2025.

The level of positive sentiment was also among the weakest of the 12 monitored areas, ahead of only Scotland and Northern Ireland.

> "The accompanying rise in sales likewise reflected stockpiling among clients due to concerns regarding shortages in particular."



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



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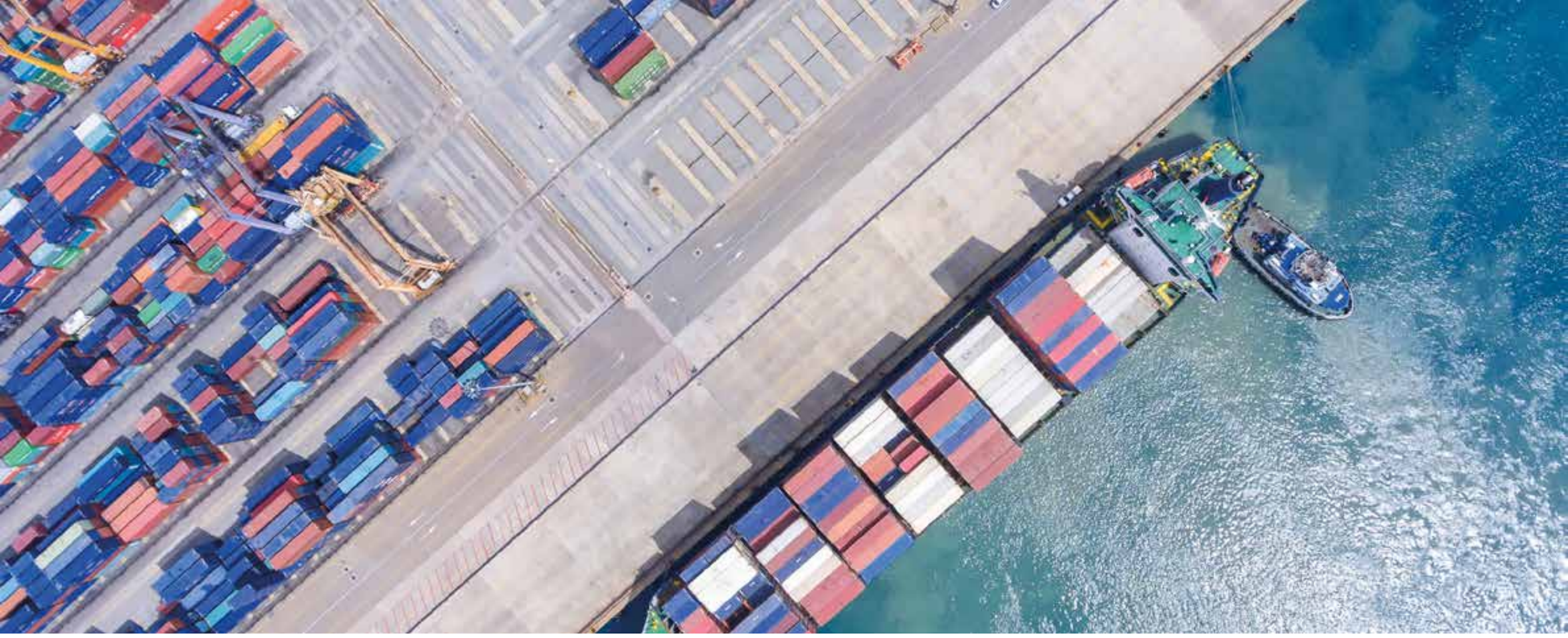


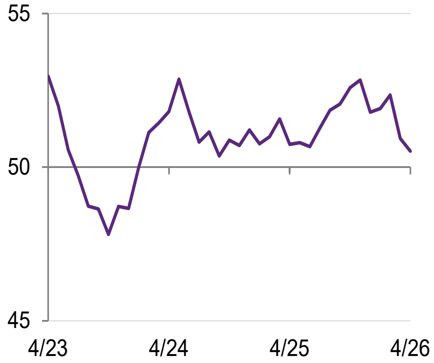
Export markets

Marginal improvement in export conditions in April

The ECI posted only slightly above the neutral mark of 50.0 at the start of the second quarter, extending the current sequence of growth to 27 months. The improvement in trade conditions was only marginal and the slowest in just over a year-and-a-half, with the index dropping from 50.9 in March to 50.5 in April.

A renewed decline in output across Germany and Spain was coupled with a steeper fall in France. That said, both the US and the Netherlands registered quicker expansions on the month, with growth in the latter reaching the fastest for seven months.

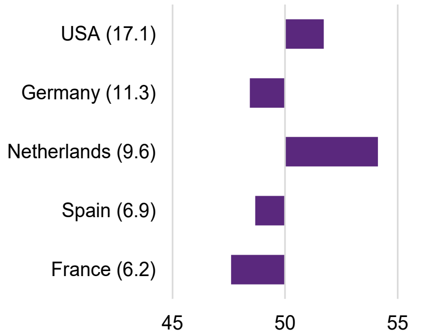
Export Conditions
Index, sa, >50 = growth m/m



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

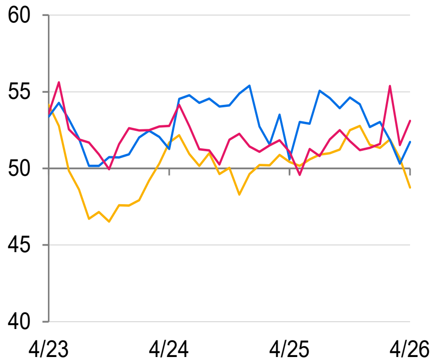
The North East Export Climate Index (ECI) is an indicator for the economic health of the region's export markets. It is calculated by combining national PMI output data, weighted according to each nation's share of manufacturing exports from the North East. A reading above 50 signals an improvement in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

Top export markets, North East
% share of exports shown in brackets
Output Index, sa, >50 = growth m/m — Apr '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.

Jobs and capacity

Employment falls moderately for the first time in four months

Workforce numbers across the private sector of the North East decreased moderately during April. Some firms linked the downturn to the non-replacement of voluntary leavers amid a somewhat subdued outlook.

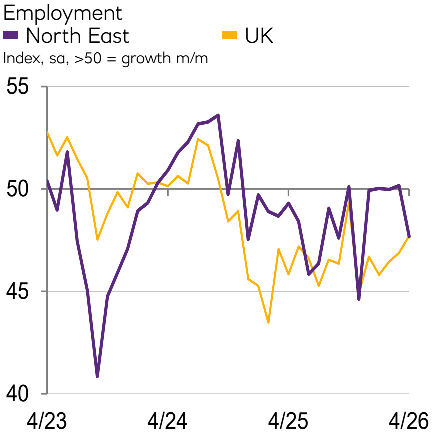
The local rate of job shedding was in line with that seen at the UK level.

April survey data highlighted a renewed fall in outstanding business across the North East. The depletion was only marginal, yet the first in five months. Where a decrease was recorded, anecdotal evidence showed that firms looked to complete orders ahead of time to protect against delivery delays and material shortages.

The depletion in the North East was softer than the national average, however.

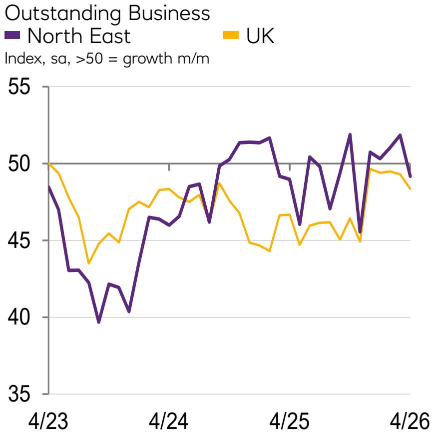
> "The level of outstanding business fell for the first time in five months to provide another sign of companies directing their capacity towards completing orders to build stocks."

Employment



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

Outstanding Business



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

Inflation

Cost pressures intensify in April

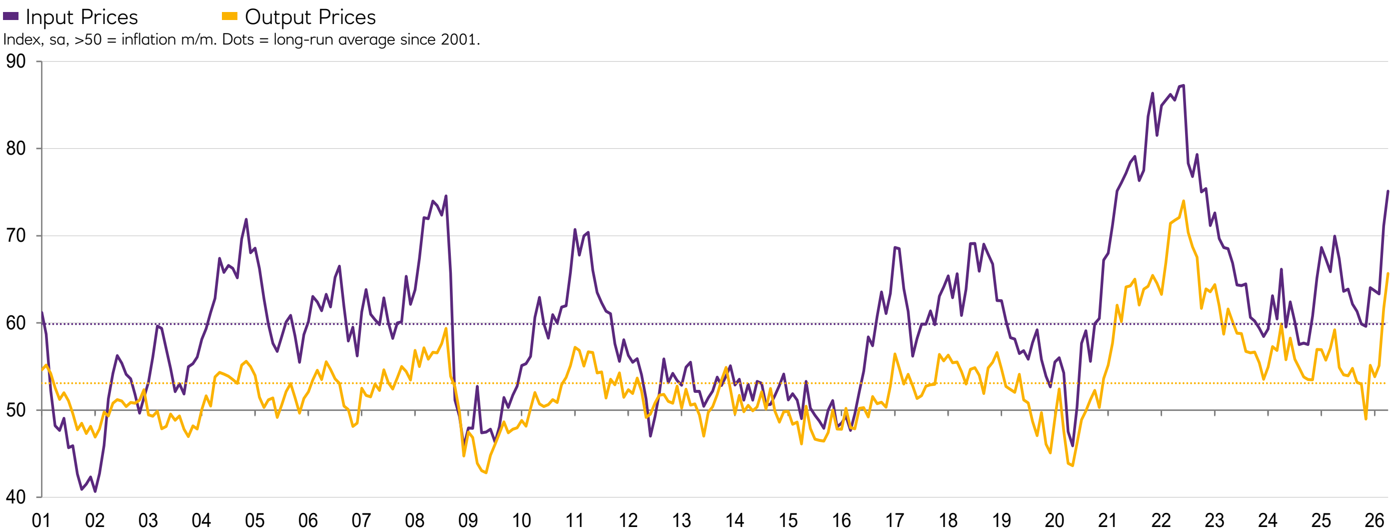
The seasonally adjusted Input Prices Index edged further above the neutral mark of 50.0 in the latest survey period, signalling stronger cost pressures faced by North East firms. Higher raw material prices were a key source of inflation mentioned in panel member reports, alongside rising staff costs.

The local rate of inflation was steep and reached the highest since November 2022, but was slightly softer than the national average.

In response to increasing expenses, North East private sector firms lifted their selling prices again in April. The rate of charge inflation was the strongest since September 2022 and marked overall.

The rise in selling prices in the North East was the second-fastest of the 12 monitored UK regions and nations, behind Northern Ireland.

> "Firms looked to mitigate rising costs by lifting average prices charged to the greatest degree in just over three-and-a-half years."



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

UK Regional Growth Tracker

Business Activity

March saw a widespread loss of momentum across the UK's nations and regions. Higher activity was recorded in six out of the 12 areas monitored, down from ten in February, with rates of growth slowing in each case. Output fell elsewhere, with Wales and the East Midlands recording the most marked declines.

Employment

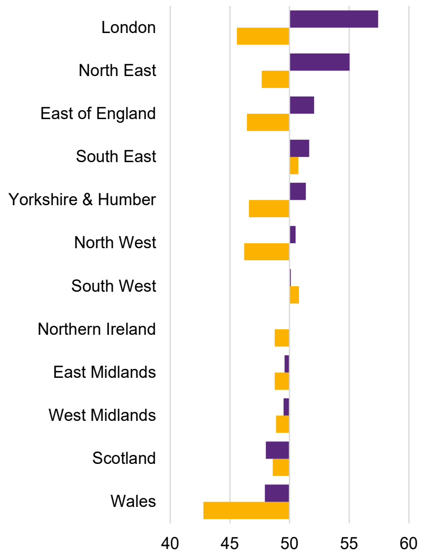
Employment fell in most parts of the UK in March, led by declines in the North West and Wales. Northern Ireland, Scotland and the North East went against the general trend, however, and recorded slight increases in workforce numbers. For both Northern Ireland* and the North East, job creation was recorded for the first time since last October, while the increase in Scotland was the second in as many months.

Future Activity

Although business confidence towards future activity remained positive across the board in March, growth expectations were revised down from the month before in most cases. Only the South West and Yorkshire & Humber recorded increased optimism, while firms in London remained the most upbeat about the outlook.

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

Business Activity Employment
Index, sa, >50 = growth m/m Apr '26

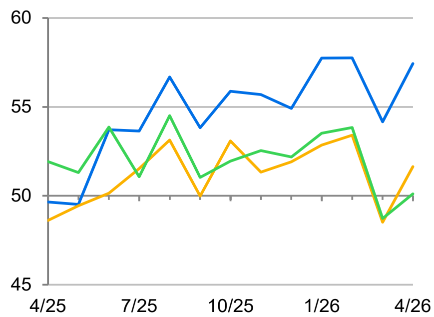


Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

Future Activity
Index, >50 = growth expected Apr '26

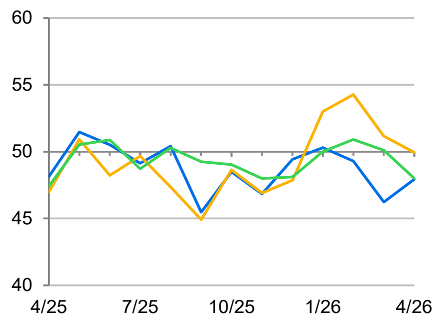
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

London South West
South East
Business Activity Index, sa, >50 = growth m/m



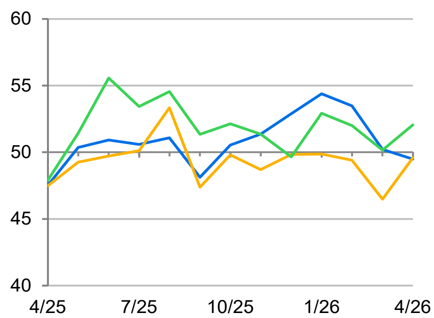
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

Wales Scotland
Northern Ireland
Business Activity Index, sa, >50 = growth m/m



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

West Midlands East of England
East Midlands
Business Activity Index, sa, >50 = growth m/m



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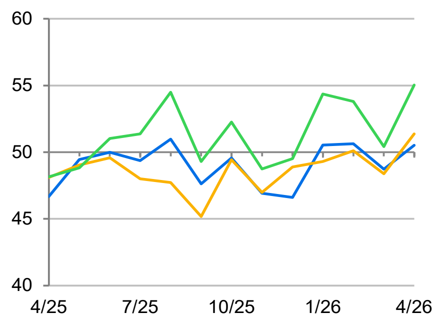
North West North East
Yorkshire & Humber
Business Activity Index, sa, >50 = growth m/m

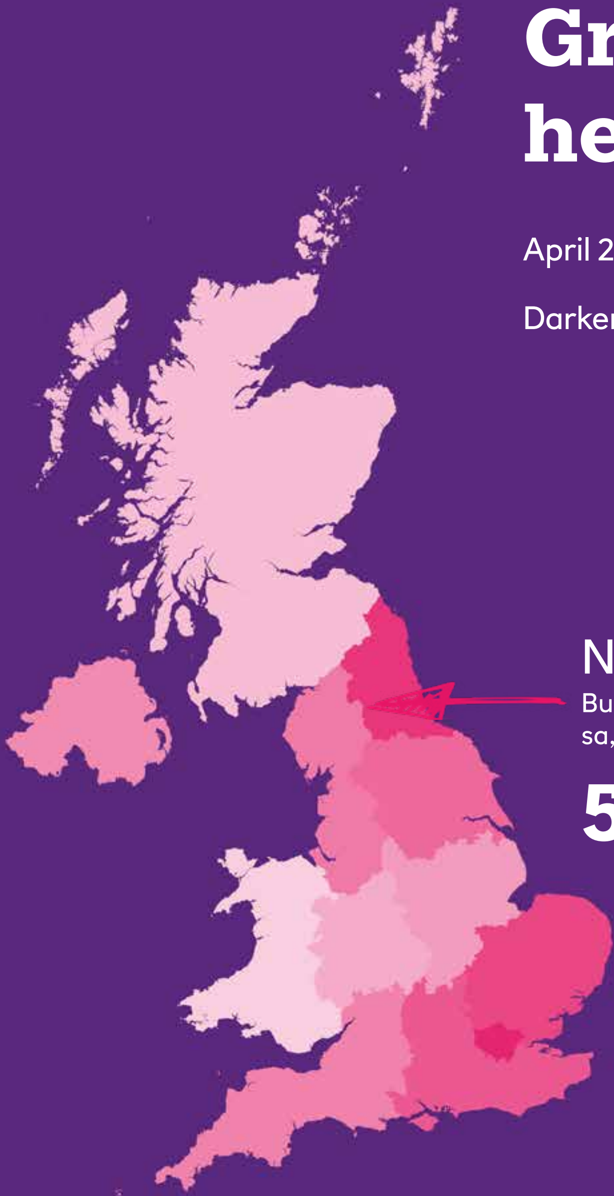


Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

Growth Tracker heat map

April 2026

Darker colour = higher business growth



North East

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

55.0

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

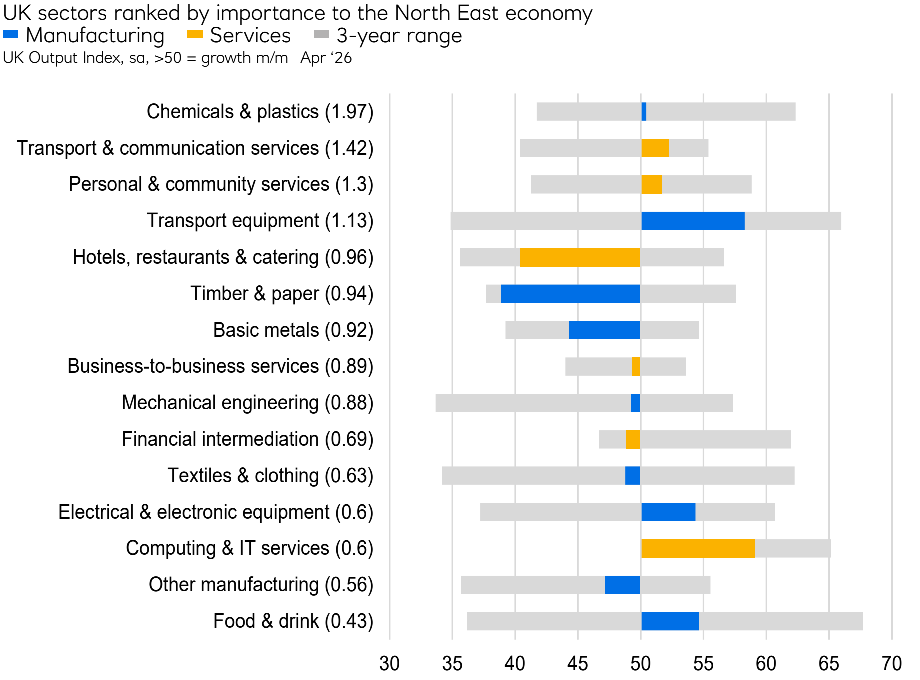
UK sectors

Sector specialisation: North East

The chart shows UK output indices by sector, ranked by location quotients for the North East. 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 East economy



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

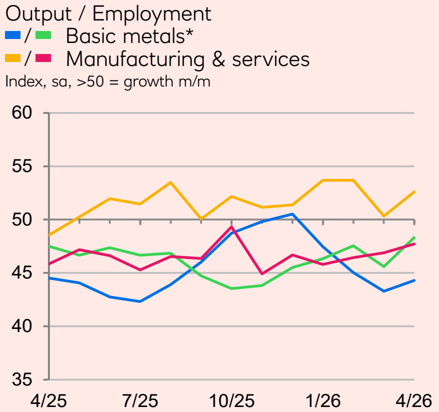
Sector in focus: Basic metals

Hotels, restaurants and catering was the UK's weakest-performing sector in the opening quarter of the year, according to the latest PMI data (see UK sector chart above). It saw business activity fall sharply and at the quickest rate since the opening quarter of 2021. A steep decline in inflows of new business indicated a marked worsening of underlying demand conditions, which surveyed firms attributed to greater caution among customers and a squeeze on disposable incomes from the rising cost of living.

Hotels, restaurants and catering firms faced added pressure on margins from sharply rising input costs, recording a rate of inflation that was faster than in other part of the services economy. This in turn led to a steep rise in prices charged in the three months to March, albeit with the rate of inflation easing to its lowest in the year to date.

The sector was meanwhile at the forefront of job losses across the UK economy. Positions continued to be cut at one of the quickest rates since the pandemic.

Output / Employment



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

Methodology

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

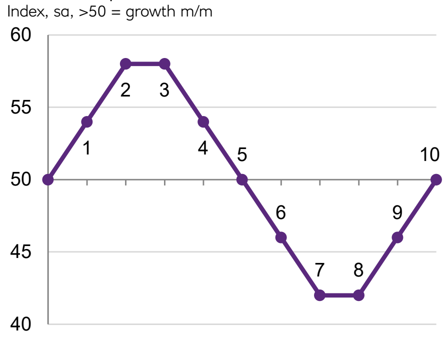
Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses.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

North East 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
11/25	48.7	49.7	52.8	44.6	45.6	66.0	59.6	49.0
12/25	49.5	51.6	51.8	49.9	50.8	69.4	64.0	55.1
1/26	54.4	53.5	51.9	50.0	50.3	73.0	63.7	53.8
2/26	53.8	53.5	52.3	50.0	51.0	73.0	63.3	55.1
3/26	50.4	50.7	50.9	50.2	51.9	64.0	71.1	61.6
4/26	55.0	54.0	50.5	47.7	49.2	58.2	75.1	65.7

Further information

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