

15 April 2026

# NatWest North West Growth Tracker

Business activity slows in March as  
inflationary pressures jump to highest since  
early 2023



NatWest

PMI<sup>®</sup>

by **S&P Global**

15 April 2026

# NatWest North West Growth Tracker

## Contents

Key findings

Business activity

Comment

Demand and outlook

Export markets

Jobs and capacity

Inflation

UK Regional Growth Tracker

UK sectors

Methodology and data

Further information



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# Key findings

March 2026

**Business activity dips for first time so far in 2026**

**Input prices rise at quickest rate since January 2023**

**Growth expectations soften on increased uncertainty**

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](http://www.natwest.com/business/insights/economics)





# Activity slows in March as inflationary pressures jump to highest since early 2023

Firms in the North West recorded a slight slowdown in business activity at the end of the opening quarter, following growth in the first two months of the year, the latest NatWest Growth Tracker showed. The loss of momentum coincided with a spike in inflationary pressures, which reached their highest since early 2023 and acted to weigh on demand.

The headline North West Business Activity Index – which measures changes in the region's output of

goods and services – registered 48.7 in March, down from 50.6 in February. It was first time the index had been below the 50.0 threshold that separates growth from contraction so far this year.

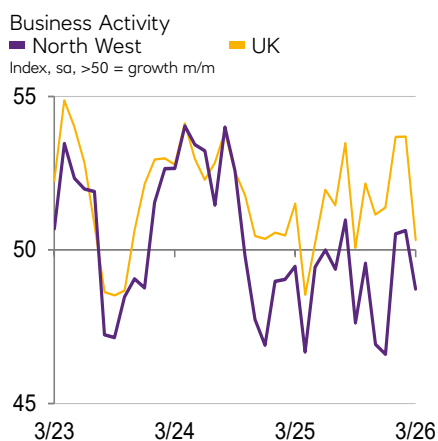
Growth came close to stalling across the UK as a whole (index at 50.3), with the number of nations and regions recording higher business activity dropping from ten (out of 12) in February to six in March. The fastest rate of expansion was recorded in London.

## NatWest North West Business Activity Index March 2026

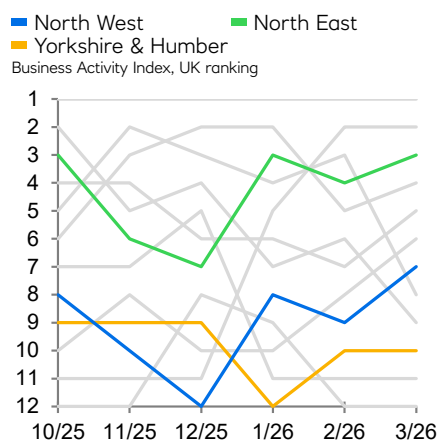
# 48.7

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 12-27 March



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, Malcolm Buchanan, Chair of the NatWest North Regional Board, said:**

"March's Growth Tracker shows a marked jump in inflationary pressures across the local economy linked to a rise in the cost of fuel, transportation and raw materials largely related to energy price rises following the outbreak of war in the Middle East.

"Business activity has slowed after what was a reasonably positive start to the year, and understandably the increase in costs and more uncertain

outlook have together impacted business confidence, which has slipped to an 11-month low. With inflationary pressures reaching the strongest since early 2023, many businesses are feeling the strain.

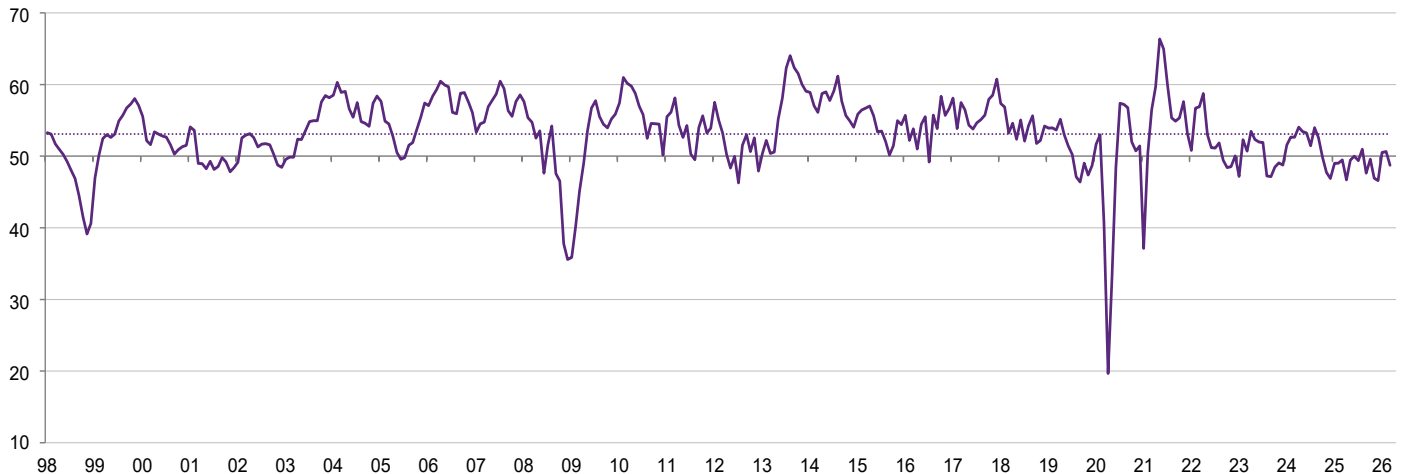
"What is particularly challenging for the region is that these pressures are now feeding through into employment and new business inflows, as firms take steps to manage overheads and navigate a more cautious outlook. Despite this, many businesses continue to show resilience, and supporting them

through this period will be critical as they adapt to a more complex and uncertain economic environment.

"We're still waiting for a turnaround in the labour market, and we may have to wait longer now due to the slowdown in activity and spike in costs."

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

## Business confidence softens as firms face increased headwinds to demand

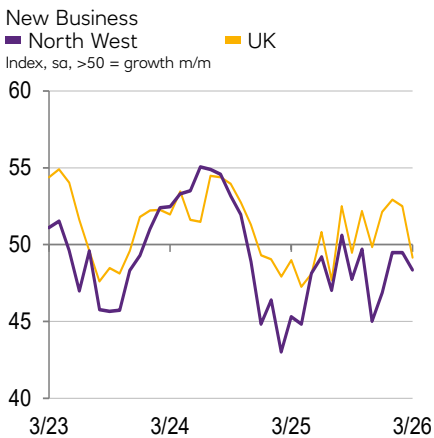
Inflows of new business received by firms in the North West fell in March, thereby continuing the decline seen in each month since September last year. Although only modest, the latest decrease was the most marked in the year-to-date, as surveyed companies remarked on increased headwinds to demand from tighter client budgets, delayed decision-making and heightened economic uncertainty.

Inflows of new work were down in nine of the 12 UK nations and regions monitored, falling fastest in Wales.

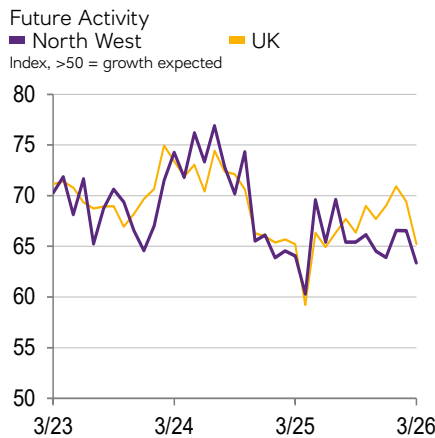
Firms' growth expectations for the next 12 months meanwhile slipped to their lowest in almost a year in March. There were mentions from surveyed firms of a more challenging economic outlook and concerns over rising energy prices amid the geopolitical backdrop.

Confidence towards the outlook was highest in London and lowest in Northern Ireland.

"...the increase in costs and the more uncertain outlook have together impacted business confidence"



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



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

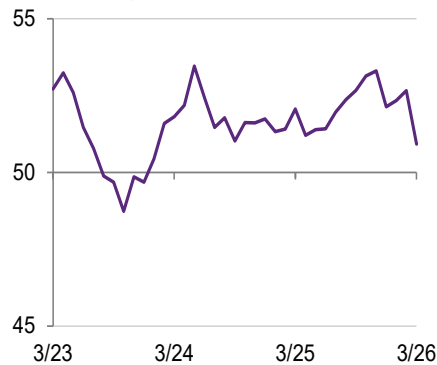


# Export markets

## Growth in export markets slows to 26-month low

Business activity growth slowed sharply across the North West's export markets on a trade-weighted basis in March. This was underscored by the ECI slipping to a 26-month low of 50.9, from 52.7 in February. The result reflected slower rates of expansion in most of the region's top export destinations.

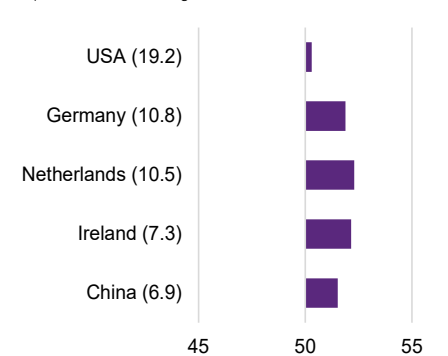
Export Conditions  
Index, sa, >50 = growth m/m



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

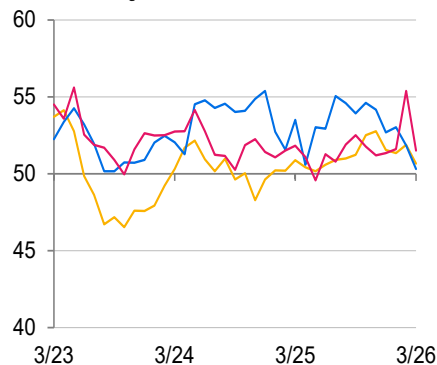
The North West Export Climate Index (ECI) is an indicator for the economic health of the region's export markets. It is calculated by combining national PMI output data, weighted according to each nation's share of manufacturing exports of the North West. A reading above 50 signals an improvement in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

Top export markets, North West  
% share of exports shown in brackets  
Output Index, sa, >50 = growth m/m



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

Output  
Index, sa, >50 = growth m/m



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



# Jobs and capacity

## Workforce numbers trimmed further as backlogged orders continue falling

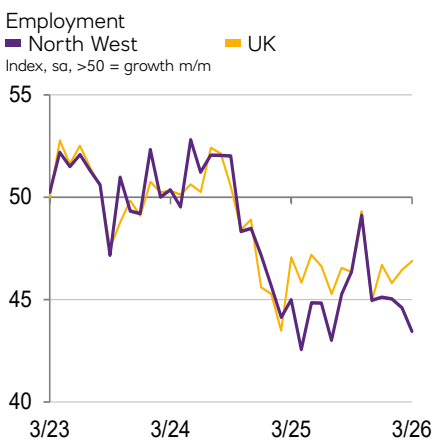
Firms in the North West recorded a decrease in staffing levels in March, as has been the case in each month since October 2024. The rate at which employment fell was the quickest in eight months, amid reports from firms of efforts to reduce overheads and the non-replacement of leavers.

The North West registered a steeper decline in workforce numbers than any of the other UK nations and regions monitored by the survey.

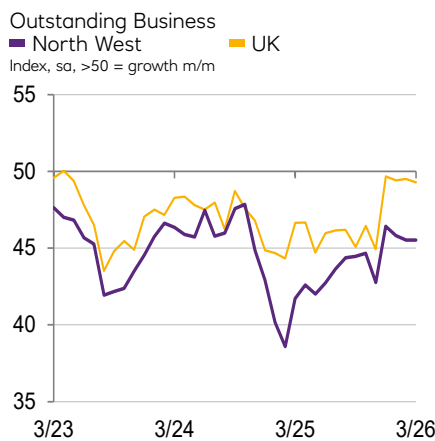
Three areas saw employment rise, namely Northern Ireland, Scotland and the North East.

Despite the reduction in headcounts across the North West, firms in the region still recorded a further decrease in backlogs of work in March. The rate of depletion was solid and unchanged from that seen the month before. Only Scotland saw a more marked decrease in outstanding business than the North West.

"We're still waiting for a turnaround in the labour market, and we may have to wait longer now due to the slowdown in activity and spike in costs."



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



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



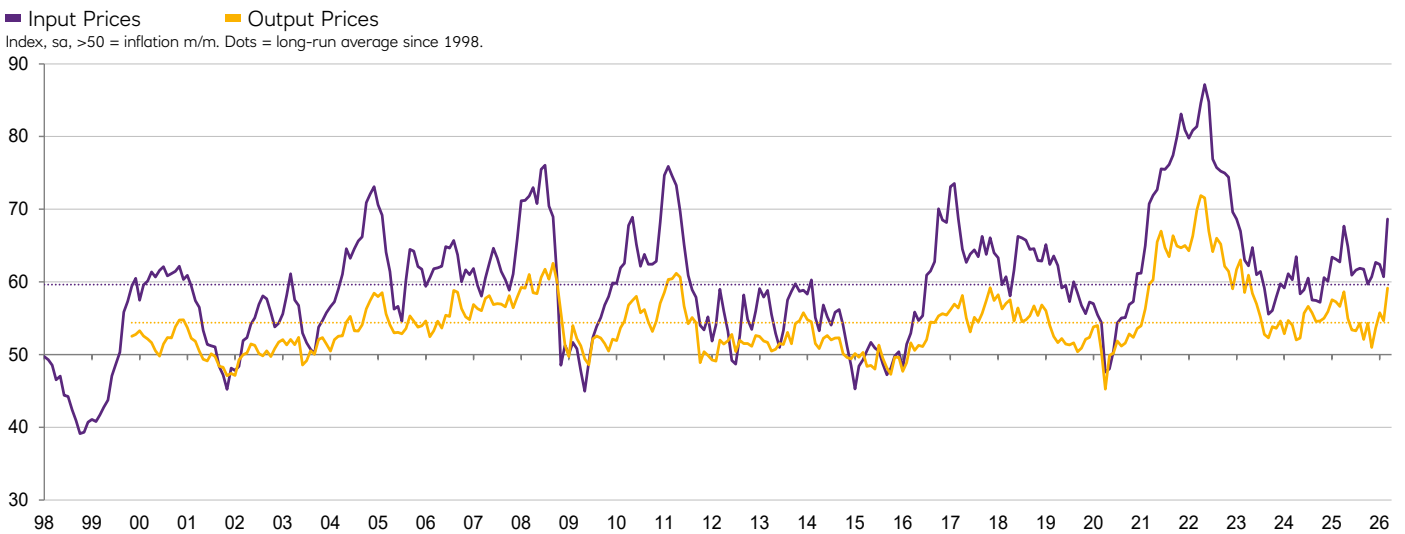
# Inflation

## Inflationary pressures rise to strongest since early 2023

Business costs intensified at the end of the opening quarter of the year. The seasonally adjusted Input Prices Index recorded its largest single-month rise in the series history and signalled the strongest rate of inflation since January 2023. Energy, fuel, transportation, raw materials and wages all contributed to the steep rise in operating expenses, anecdotal evidence showed.

Average prices charged for goods and services meanwhile rose at the fastest rate for almost three years as firms looked to pass on at least part of the burden of higher costs to customers. The rate of increase was noticeably quicker than the long-run trend and exceeded the average for the UK as a whole.

"March's Growth Tracker shows a marked jump in inflationary pressures across the local economy"



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.

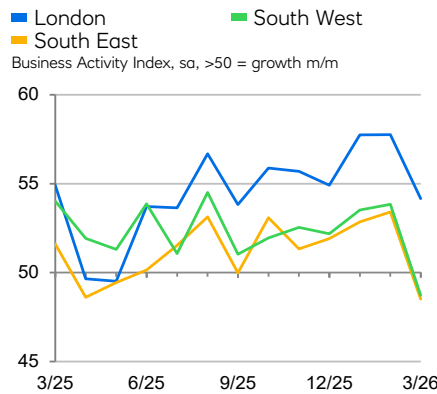
\*As well as manufacturing and services, coverage in Northern Ireland also includes construction and wholesale & retail.



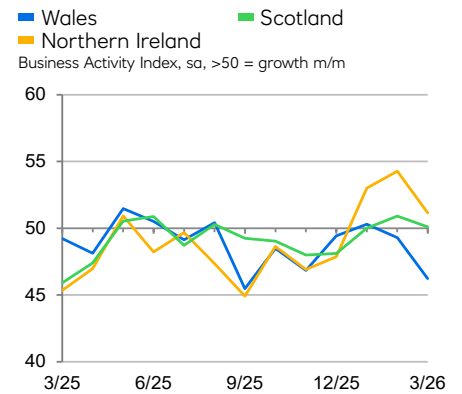
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



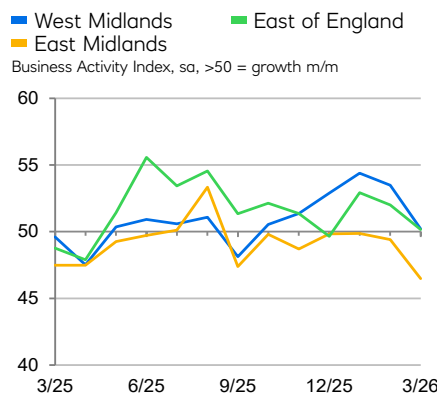
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



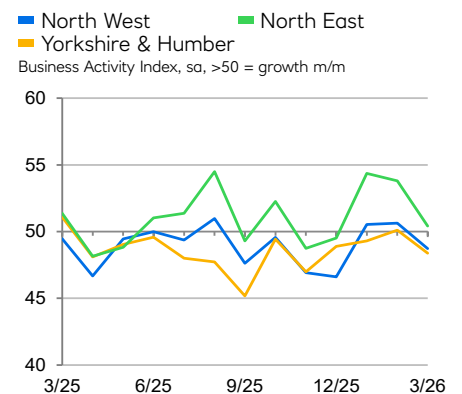
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



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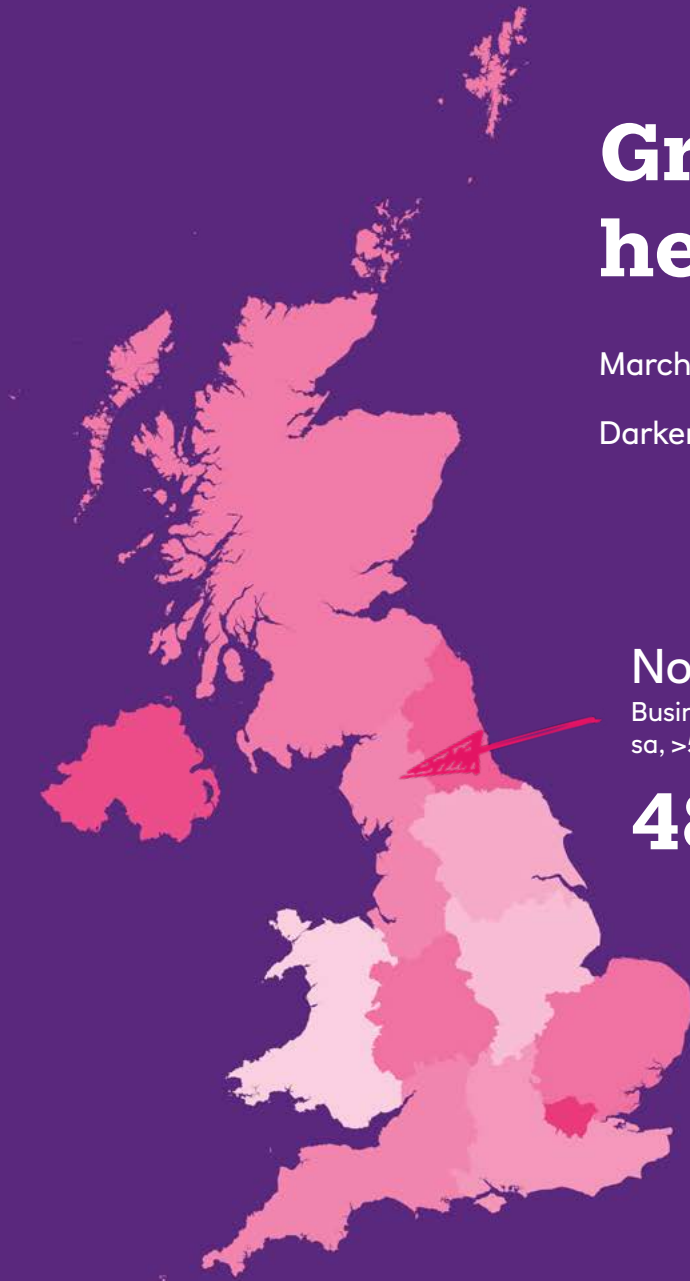


Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

# Growth Tracker heat map

March 2026

Darker colour = higher business growth



**North West**  
Business Activity Index  
sa, >50 = growth m/m

**48.7**



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

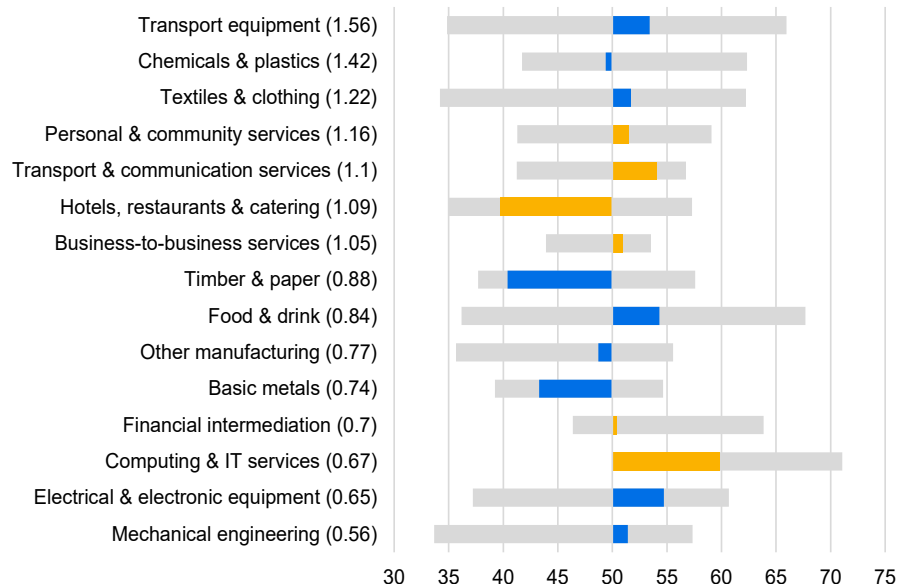
# UK sectors

## 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 Mar '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).

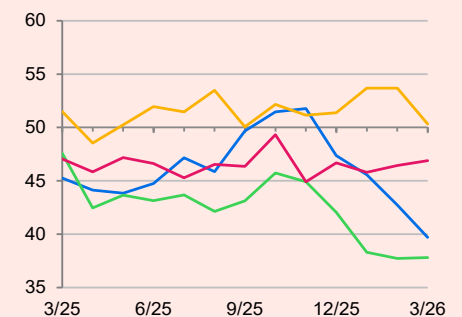
## Sector in focus: Hotels, restaurants and catering

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  
 ■/■ Hotels, restaurants and catering\*  
 ■/■ 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

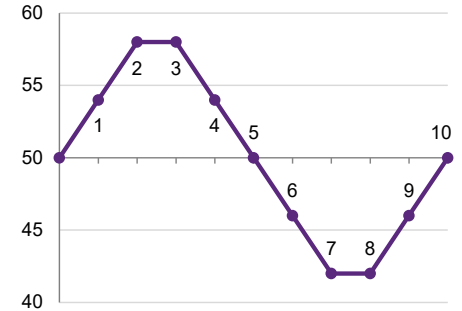
overall decrease. The indices are then seasonally adjusted.

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](mailto: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 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
10/25	49.6	49.7	53.1	49.1	44.7	66.2	59.7	54.3
11/25	46.9	45.0	53.3	45.0	42.8	64.5	60.7	51.0
12/25	46.6	46.9	52.1	45.1	46.4	63.9	62.7	53.6
1/26	50.5	49.5	52.3	45.0	45.8	66.6	62.4	55.8
2/26	50.6	49.5	52.7	44.6	45.5	66.5	60.7	54.7
3/26	48.7	48.4	50.9	43.4	45.5	63.4	68.6	59.2

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