

15 April 2026

NatWest Yorkshire & Humber Growth Tracker

Local businesses remain optimistic towards the year ahead despite cost inflation surge



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Key findings

March 2026

Input price inflation at its highest in over three years

Employment cuts continue as new business weakens

Year-ahead growth expectations improve

The NatWest Yorkshire & Humber 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





Local businesses remain optimistic despite cost inflation surge

Yorkshire & Humber businesses reported a considerable uplift in cost pressures during March, with the rate of input cost inflation at its highest in over three years. While activity and new orders saw renewed declines, growth expectations strengthened, as firms remained optimistic towards activity prospects in the coming year.

The headline Yorkshire & Humber

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 – posted a four-month low of 48.4 in March, down from 50.1 in February. Overall, this signalled a reduction in private sector activity that, albeit moderate, was the fastest since last November.

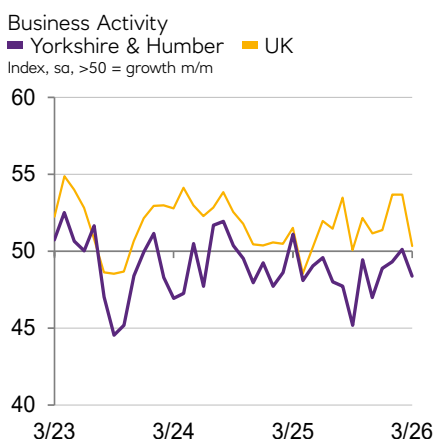
The decline in local business output contrasted with an expansion across the UK as a whole. However, growth was negligible at the national level.

NatWest Yorkshire & Humber Business Activity Index, March 2026

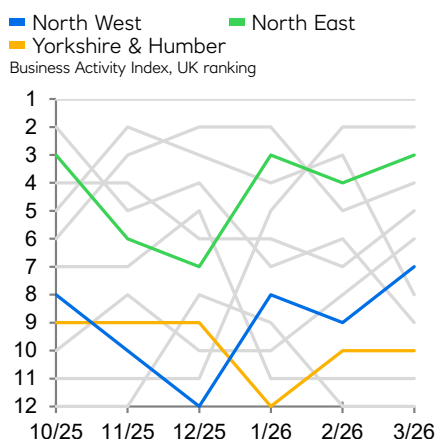
48.4

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

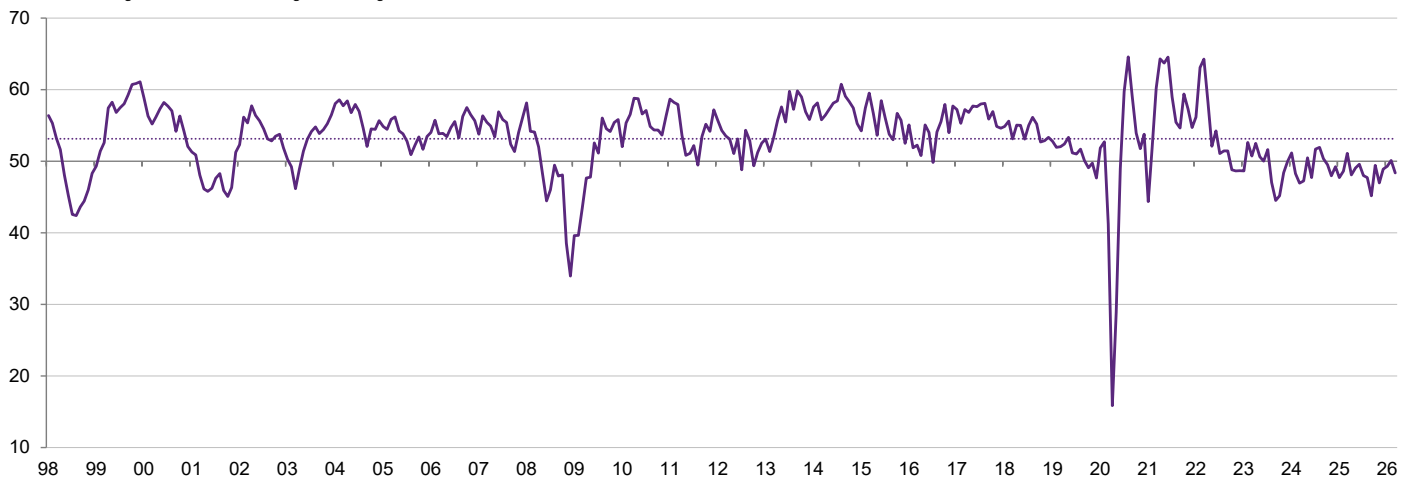
Malcolm Buchanan, Chair of the NatWest North Regional Board, commented:

"The immediate impact of the war in the Middle East is being felt by businesses in Yorkshire & Humber, with firms reporting the fastest increase in costs for over three years. The energy price shock has pushed fuel costs up sharply, squeezed supply chains and driven the price of oil-intensive goods higher. Cost increases are being passed on, but not fully, hinting at some reservation to ratchet up charges given the high degree of uncertainty surrounding the conflict and its duration.

"Companies continue to exercise caution, holding back on hiring, leaving vacancies unfilled and prioritising productivity growth. Backlogs of work fell in March, despite employment decreasing, indicating strong efficiency gains. Nonetheless, business confidence remained resilient. In fact, local firms were even more optimistic than in February, with the region just one of two across the UK where expectations picked up."

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

New business declines for first time in four months but confidence ticks up

The level of new business received by private sector companies in Yorkshire & Humber decreased during the latest survey period, marking the first monthly reduction since November last year. Furthermore, the rate of decline was the sharpest in six months. Where lower new orders were reported, firms cited softer demand conditions, particularly in overseas markets.

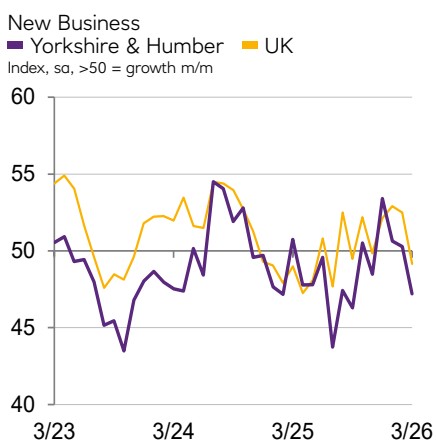
A reduction in sales volumes was

also seen at the UK level, although the local contraction was sharper.

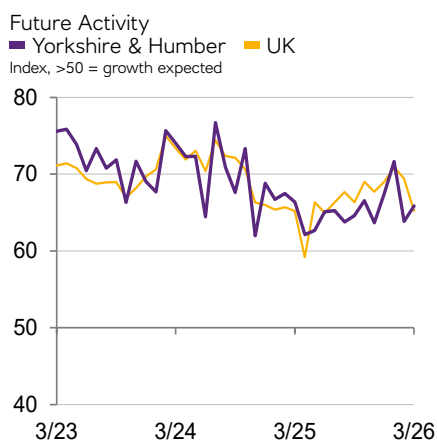
Looking ahead, Yorkshire & Humber companies were optimistic of activity growth in the next 12 months. Positive expectations were underpinned by investment plans, planned entries into new markets and upcoming product launches.

Notably, Yorkshire & Humber was just one of two parts of the UK where confidence strengthened in March, the other being the South West.

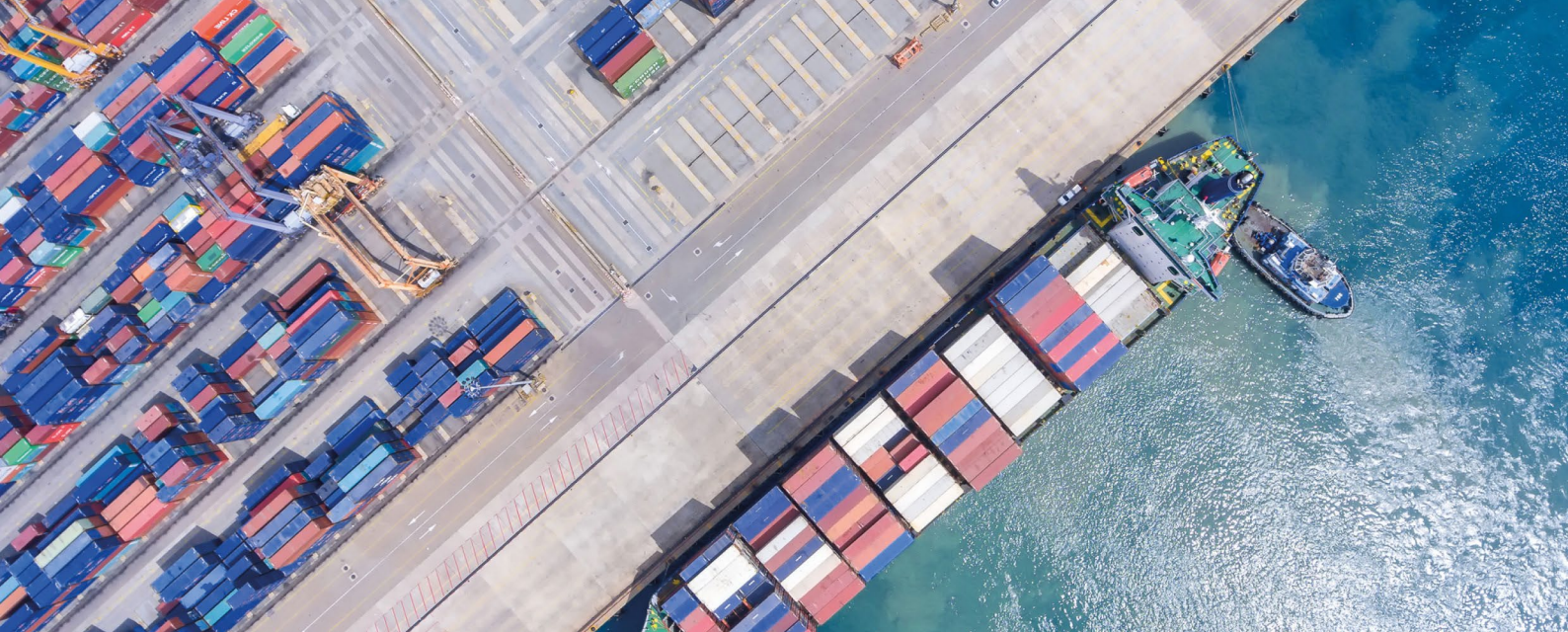
"...business confidence remained resilient. In fact, local firms were even more optimistic than in February, with the region just one of two across the UK where expectations picked up."



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



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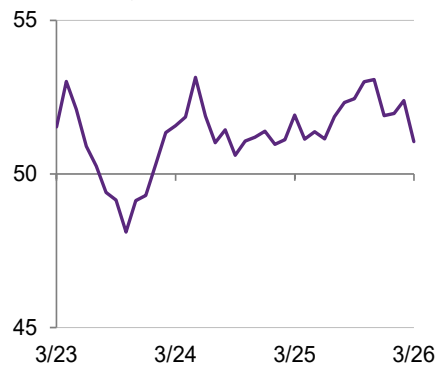
Export markets

ECI slips to nine-month low in March

The Yorkshire & Humber Export Climate Index decreased to 51.1 at the end of the first quarter, from 52.4 in February. While this still signalled an improvement in export conditions, momentum was lost and the latest figure was its lowest since June 2025.

Softer expansions were seen in the US, Germany and Ireland – critical export markets for Yorkshire & Humber goods. These slowdowns more-than-offset a stronger upturn in the Netherlands.

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



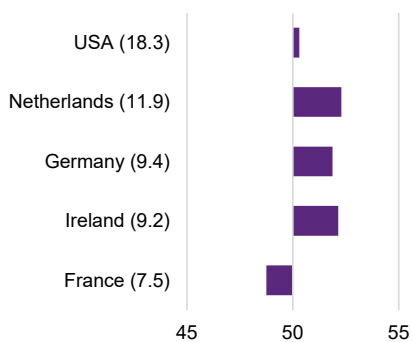
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

The Yorkshire & Humber 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 Yorkshire & Humber. A reading above 50 signals an improvement in export conditions, and below 50 a deterioration.

Top export markets, Yorkshire & Humber

% share of exports shown in brackets
Output Index, sa, >50 = growth m/m

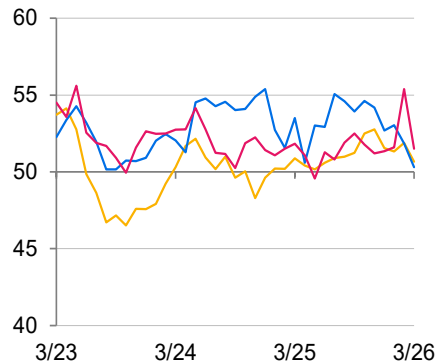
Mar '26



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

Employment remains in decline, but job losses slow

The seasonally adjusted Employment Index recorded in sub-50.0 contraction territory for a sixteenth month running in March, signalling a sustained drop in private sector workforce numbers across Yorkshire & Humber.

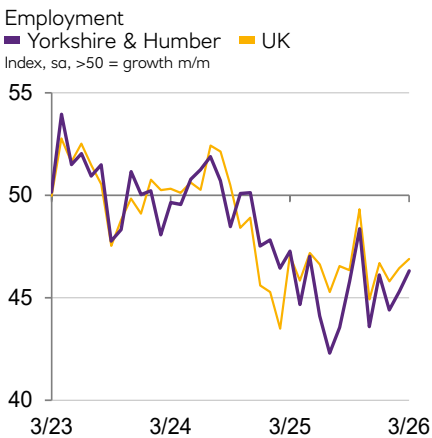
Where lower staffing capacity was registered, companies mentioned the non-replacement of leavers, reduced hours and efforts to raise overall workforce productivity.

That said, the rate of job shedding

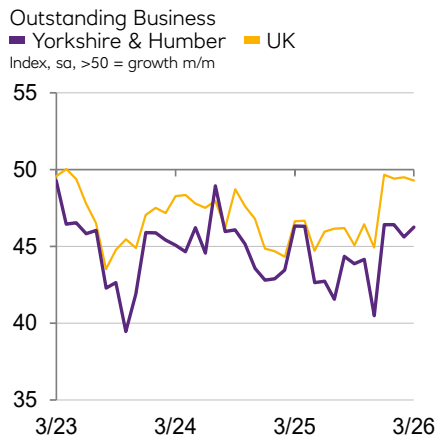
slowed for a second month in succession and was the softest since October 2025, in line with the overall UK trend.

Despite sustained cuts to employment, Yorkshire & Humber businesses made backlog clearances in March. The extent to which outstanding business fell was solid and among the quickest seen across the 12 monitored parts of the UK. Only the North West and Scotland saw quicker rates of private sector backlog depletion during the latest survey period.

"Backlogs of work fell in March, despite employment decreasing, indicating strong efficiency gains."



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



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



Inflation

Input price inflation soars to 38-month high in March

Cost pressures faced by private sector companies in Yorkshire & Humber intensified markedly during the latest survey period. The rate of input price inflation rose to its highest since January 2023.

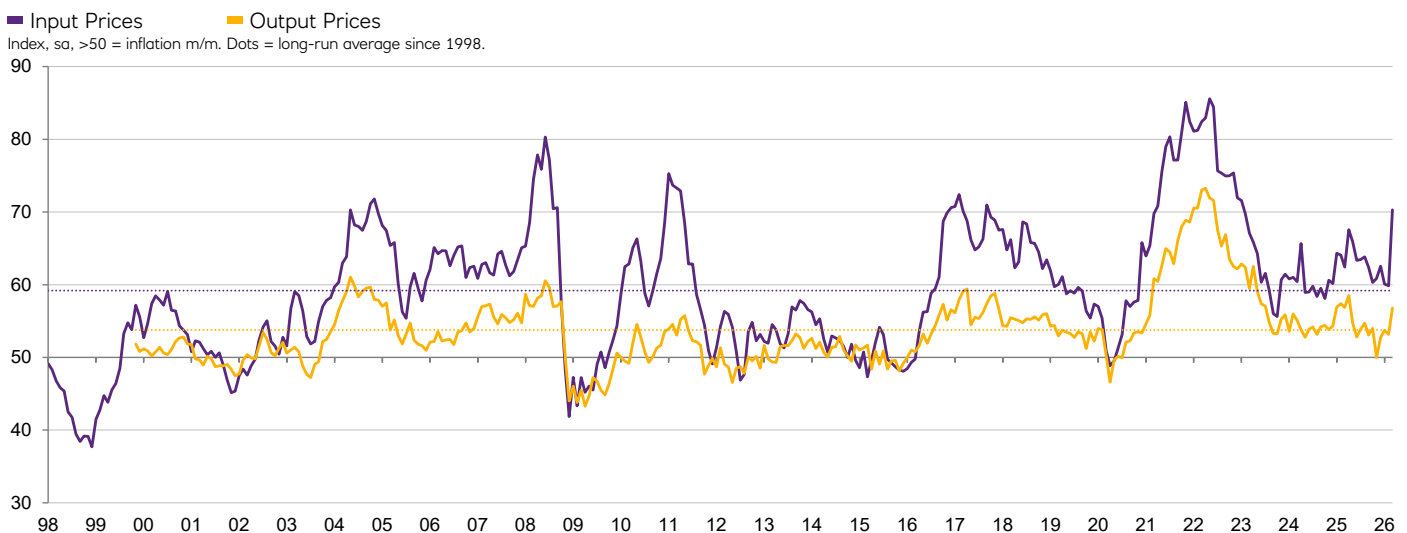
Where a rise in operating expenses was recorded, firms commonly attributed this to higher fuel costs, price uplifts for certain raw materials as a result of the increase in global

oil prices due to war in the Middle East, salary pressures and greater fees charged by vendors.

Regarding their own prices charged, private sector firms in Yorkshire & Humber were more aggressive during March. Selling charges increased at the sharpest rate in close to a year, reflecting firms' efforts to pass on higher expenses to clients.

The extent to which prices charged rose was below the UK-wide average, however.

"The immediate impact of the war in the Middle East is being felt by businesses in Yorkshire & Humber, with firms reporting the fastest increase in costs for over three 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.

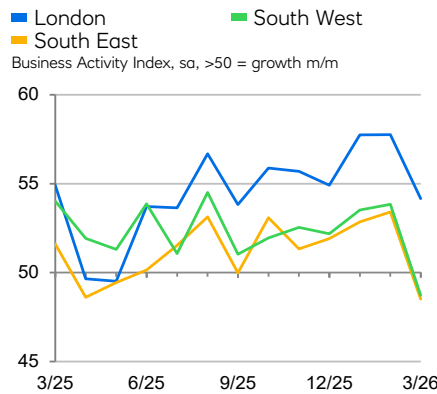
*As well as manufacturing and services, coverage in Northern Ireland also includes construction and wholesale & retail.



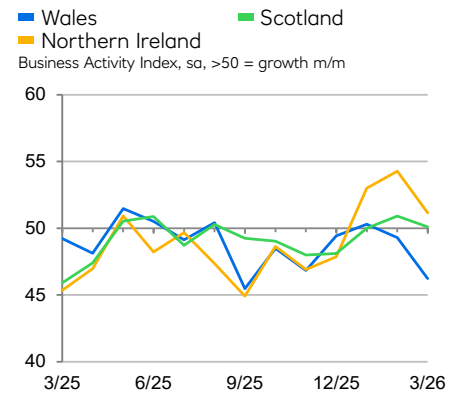
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



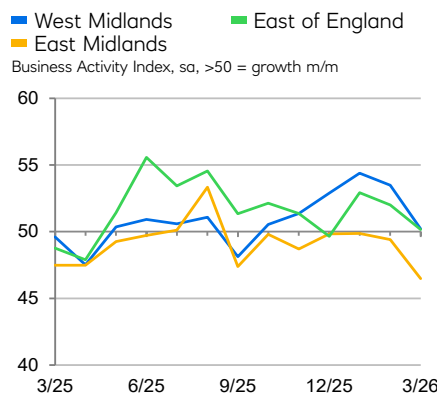
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



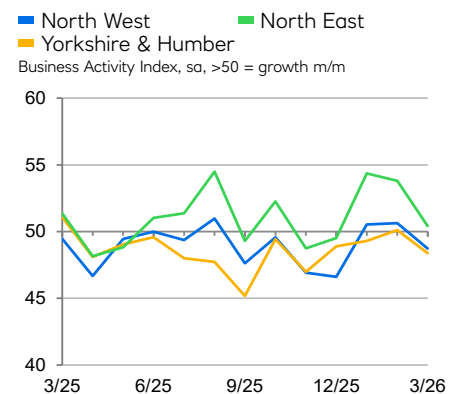
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Growth Tracker heat map

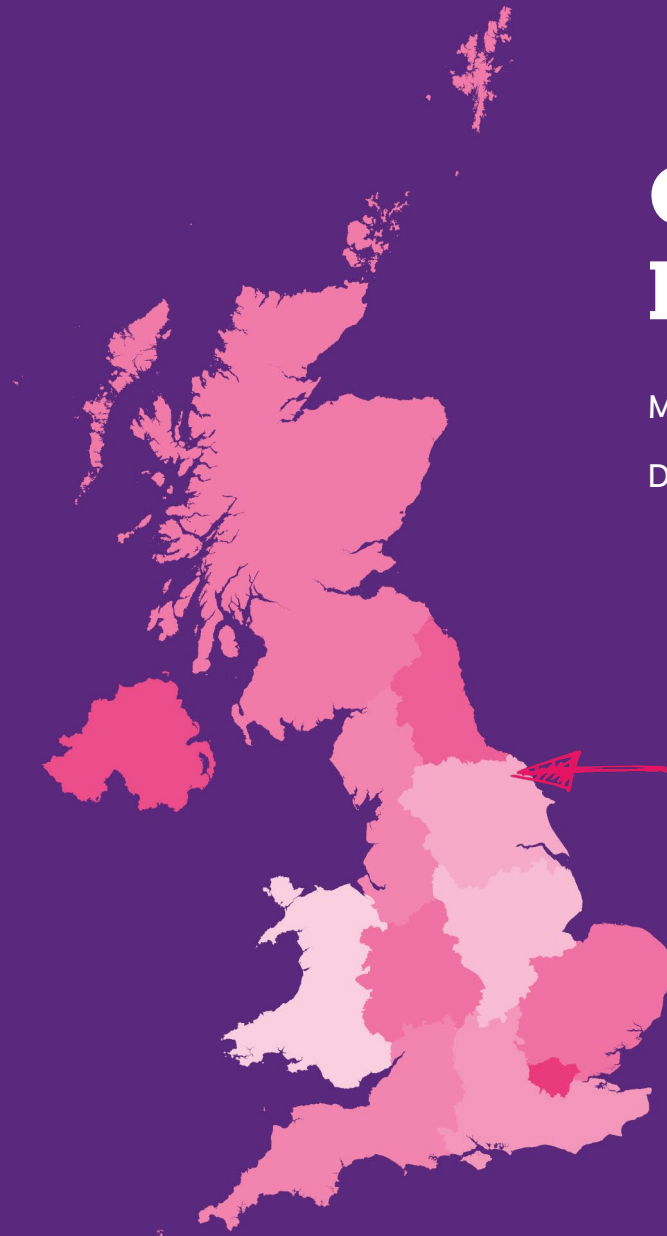
March 2026

Darker colour = higher business growth

Yorkshire & Humber

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

48.4



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

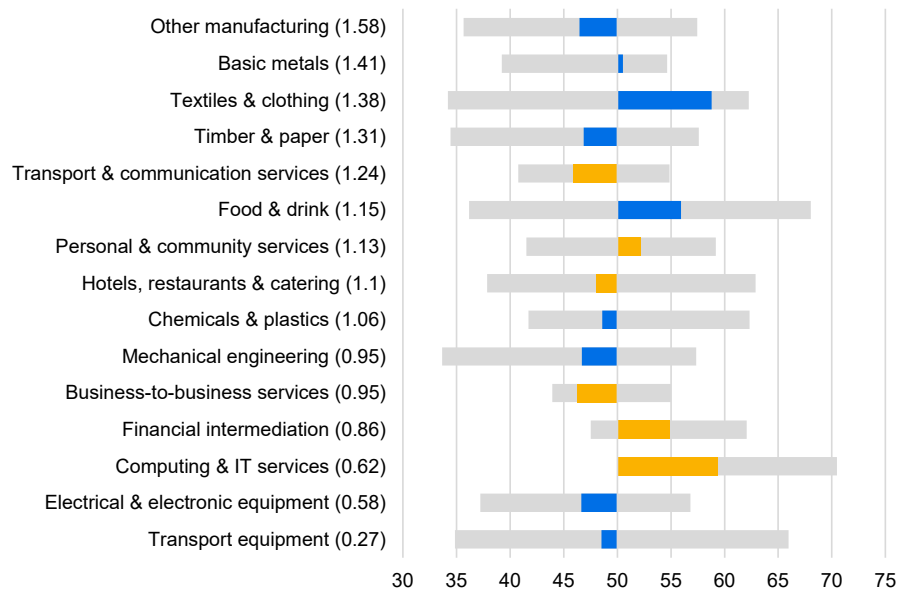
UK sectors

Sector specialisation: Yorkshire & Humber

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

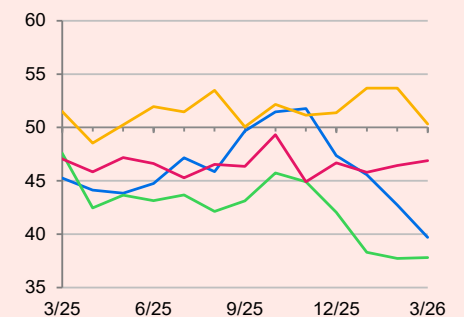
Sector in focus: Hotels, restaurants and catering

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 average (3mma).

Methodology

The NatWest Yorkshire & Humber Growth Tracker is compiled by S&P Global from responses to questionnaires sent to companies in Yorkshire & Humber 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.

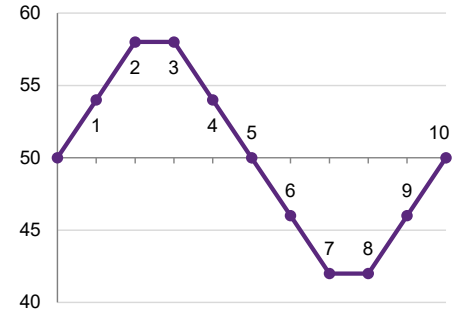
The headline figure is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The Yorkshire & Humber Business Activity Index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

Yorkshire & Humber 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	49.4	50.5	53.0	48.4	44.2	66.6	60.3	54.0
11/25	47.0	48.5	53.1	43.6	40.5	63.7	60.9	50.0
12/25	48.9	53.4	51.9	46.1	46.4	67.4	62.6	52.7
1/26	49.3	50.6	52.0	44.4	46.4	71.6	60.1	53.7
2/26	50.1	50.3	52.4	45.3	45.6	63.8	59.9	53.2
3/26	48.4	47.2	51.1	46.3	46.3	65.9	70.3	56.8

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