

10 June 2026

# NatWest North West Growth Tracker

Business activity ticks down slightly in May  
despite rise in new work



NatWest

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by **S&P Global**

10 June 2026

# NatWest North West Growth Tracker

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# Key findings

May 2026

**Business activity falls marginally,  
in line with UK-wide trend**

**Slight increase in new business  
leads to greater backlogs of work**

**Rates of input cost and output  
price inflation remain elevated**

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)





# Business activity ticks down slightly in May despite rise in new work

Firms in the North West recorded a slight decrease in business activity in May, against a backdrop of strong inflationary pressures and heightened uncertainty, the latest NatWest Growth Tracker showed. The results mirrored the picture seen across the UK as whole.

The headline North West Business Activity Index – which measures changes in the region's output of goods and services – registered 49.8 in May, coming in just below the 50.0 no-change mark that separates

growth from contraction. The latest reading was down from April's 50.5. However, it was broadly in line with 49.7 for the UK as a whole, with just three regions recording growth of business activity during the month, namely the North East, London and South East.

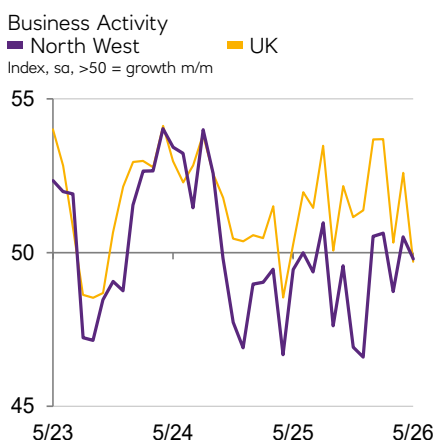
Local firms that recorded a decrease in activity commented on the influence of market uncertainty and lower international sales.

## NatWest North West Business Activity Index May 2026

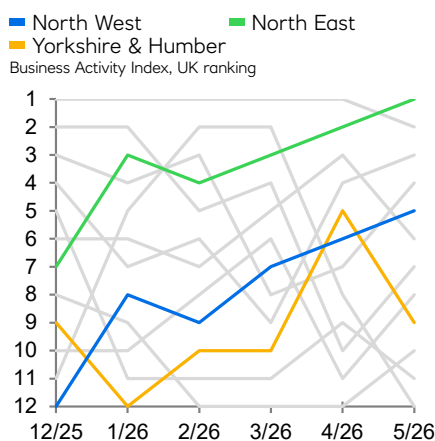
# 49.8

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 May



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:

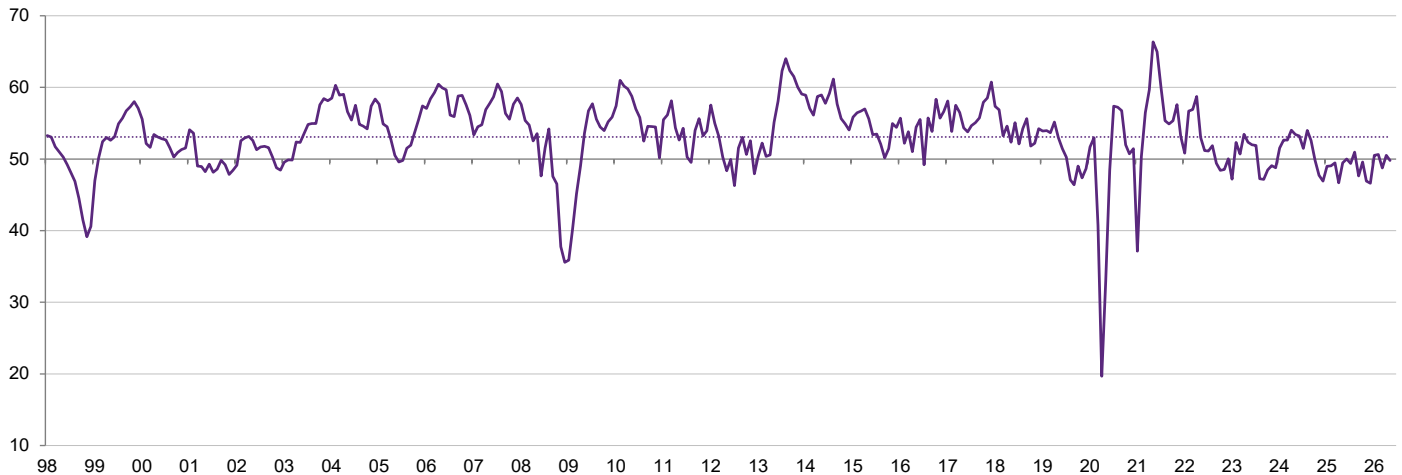
"It was another month of little change in business activity across the North West in May, in line with the trend seen since the start of the year. Firms haven't been able to build any momentum so far in 2026, which has partly reflected the uncertain geopolitical and economic backdrop, so a first rise in new work for nine months in May is of course

goods news. Whether it can be sustained remains to be seen, with business confidence showing there isn't a great deal of enthusiasm for the outlook as things stand despite firms reporting a build-up of outstanding work.

"Encouragingly, cost pressures have steadied somewhat, with the rate of input cost inflation ticking down slightly from April's recent high. Though, pressures will need to subside a lot further for everything to start looking more rosy on the inflation front."

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 rises for first time in nine months

The latest survey results showed stronger demand for goods and services across the North West private sector in May. This was underlined by a rise in inflows of new business received by companies, the first such increase since August last year. In some cases, firms linked increased sales to customers trying to get ahead of price increases and supply disruption, whilst there were also mentions of successful marketing activity and new product releases.

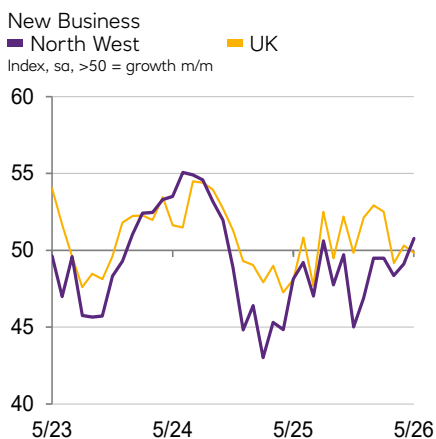
The UK as a whole meanwhile saw

a slight decrease in new business, the second in the past three months.

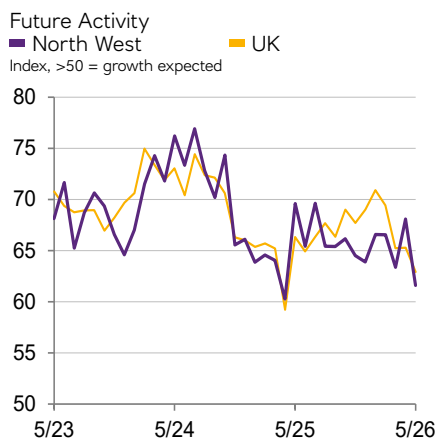
Looking ahead, firms in the North West were optimistic of business activity rising in the next 12 months, though they were less confident than in April. Expectations were also below the UK average.

Among those expecting an increase in business activity, drivers such as investment in business capacity and greater sales efforts were mentioned. Heightened levels of uncertainty and elevated inflation were meanwhile seen as headwinds to growth.

"Firms haven't been able to build any momentum so far in 2026, which has partly reflected the uncertain geopolitical and economic backdrop, so a first rise in new work for nine months in May is of course good news."



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



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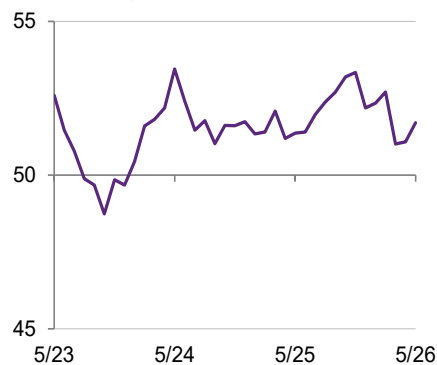


# Export markets

## Growth picks up across export markets

A rise in the ECI from 51.1 in April to a three-month high of 51.7 in May signalled a slight pick-up in the rate of growth across the North West's export markets on a trade weighted basis. This partly reflected stronger expansions in the Netherlands, mainland China and Ireland. The US saw a further moderate increase in business activity, whereas Germany contracted slightly for the second month running.

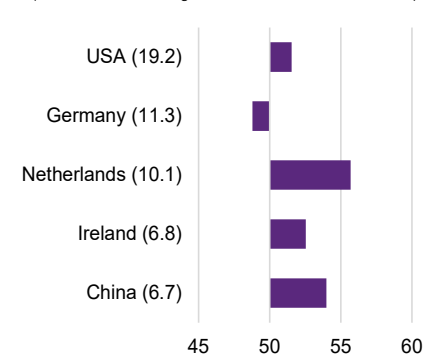
Export Conditions  
Index, sa, >50 = growth m/m



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

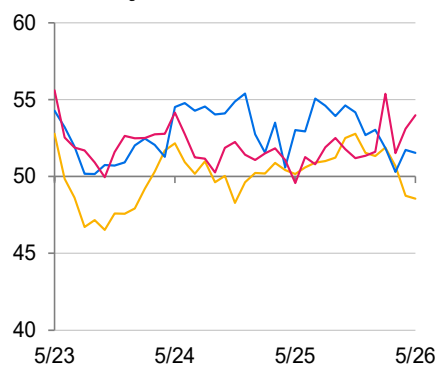
The North West Export Climate Index (ECI) is an indicator for the economic health of the region's export markets. It is calculated by combining national PMI output data, weighted according to each nation's share of manufacturing exports of the North West. A reading above 50 signals an improvement in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

## Backlogs of work increase in May, but firms maintain a preference for lower workforce numbers

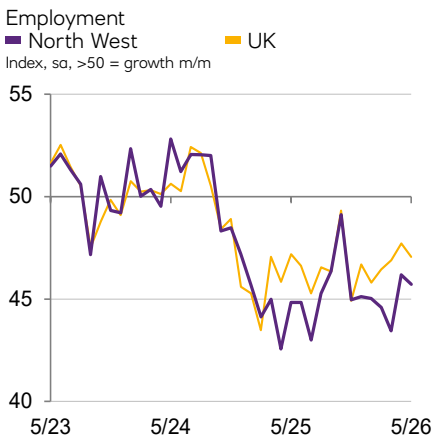
With inflows of new work rising across the North West in May, but firms reporting a slight decrease in activity, there was a build-up of outstanding business during the month. It marked the first time that backlogs have risen in four years. Decreases were meanwhile recorded in each of the 11 other nations and regions monitored by the survey.

Despite signs of pressure on

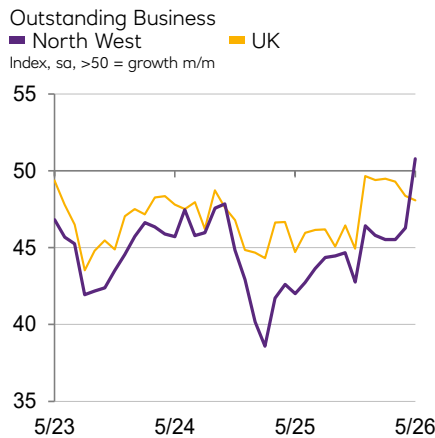
capacity across the North West, firms in the area once again reported a decrease in employment, to extend the current sequence of decline in workforce numbers to 20 months. The pace at which staffing levels fell was slightly quicker than that seen in April.

The UK as a whole saw a solid and accelerated reduction in employment, with only the South East and Northern Ireland recording increases.

"... there isn't a great deal of enthusiasm for the outlook as things stand despite firms reporting a build up of outstanding work"



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



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



# Inflation

## Cost inflation ticks down but remains elevated by historical standards

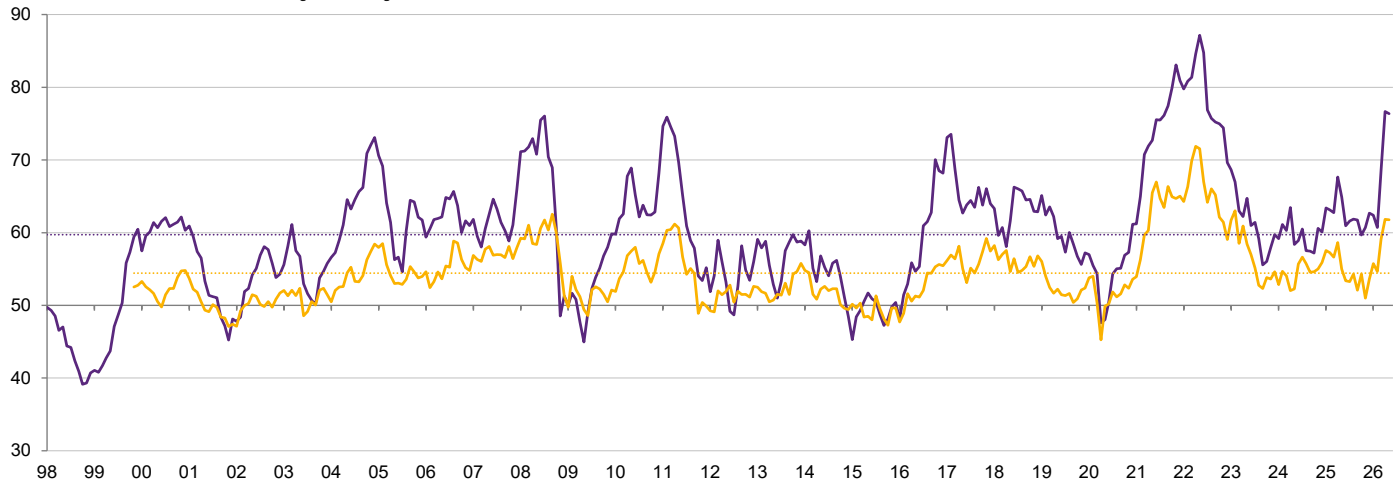
The fallout from the Middle East conflict continued to drive up business costs during May. Firms remarked on increases in the price of energy, fuel, transportation and many raw materials. At the same time, there were also mentions of wages pressures. The rate of cost inflation remained historically elevated, despite ticking down

slightly since April. Firms in the North West faced a stronger rate of increase than the UK average.

Average prices charged for goods and services were once again raised sharply during May to compensate for soaring input costs. Output price inflation was unchanged from April's 38-month high. It was slightly above the average seen across the UK as a whole, which ticked down from the month before.

"Encouragingly, cost pressures have steadied somewhat, with the rate of input cost inflation ticking down slightly from April's recent high"

■ Input Prices    ■ Output Prices  
 Index, sa, >50 = inflation m/m. Dots = long-run average since 1998.



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

# UK Regional Growth Tracker

## Business Activity

Growth in business activity was confined to just a handful of areas in May, with the North East, London and the South East seeing sustained, albeit slower, rises. Output was little-changed in the South West, while all other regions recorded decreases of varying degrees.

## Employment

The majority of the UK nations and regions surveyed saw a reduction in employment in May. Only the South East and Northern Ireland\* went against the trend, with both recording slight increases in workforce numbers. Firms in Wales posted the most marked fall, followed by those in Yorkshire & Humber.

## Future Activity

Although business expectations towards activity in the coming year remained almost universally positive in May, the latest data did show that the majority of areas experienced a loss in confidence. Firms in London were the most upbeat about the outlook, followed by their counterparts in the West Midlands. Sentiment turned negative in Northern Ireland for the first time in almost three-and-a-half years.

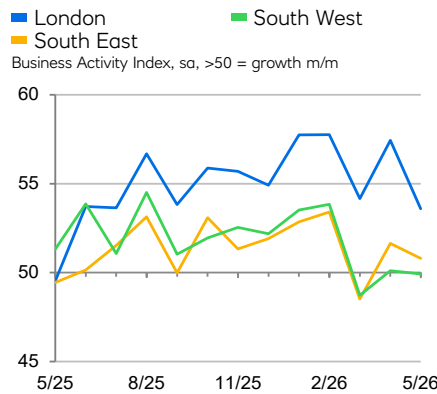
\*As well as manufacturing and services, coverage in Northern Ireland also includes construction and wholesale & retail.



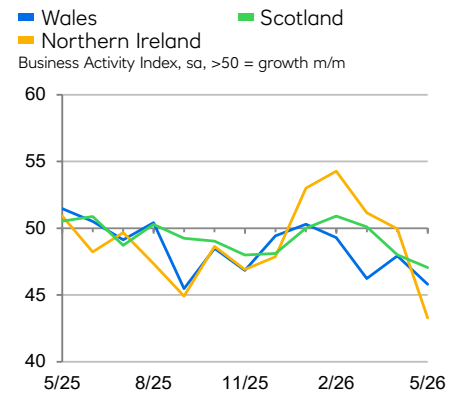
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



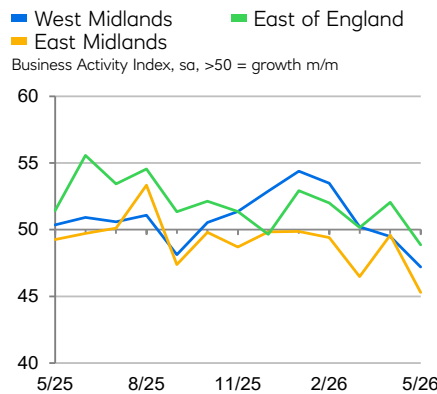
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



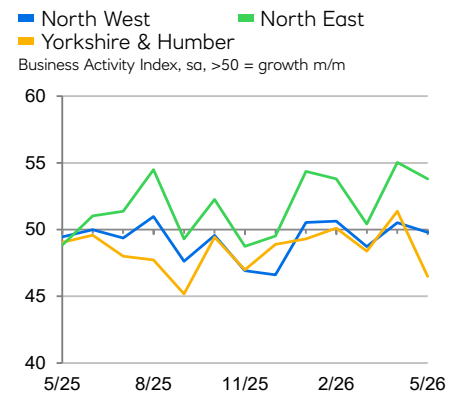
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



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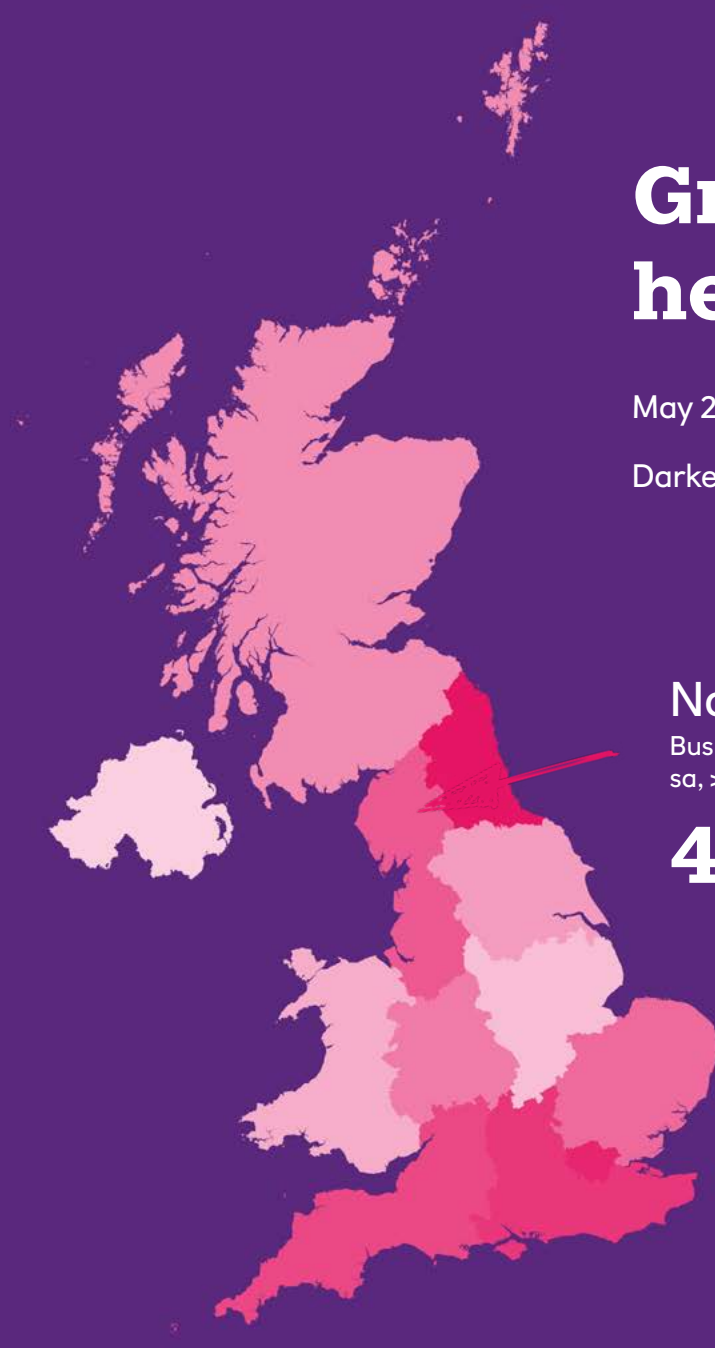


Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

# Growth Tracker heat map

May 2026

Darker colour = higher business growth



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

**49.8**



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

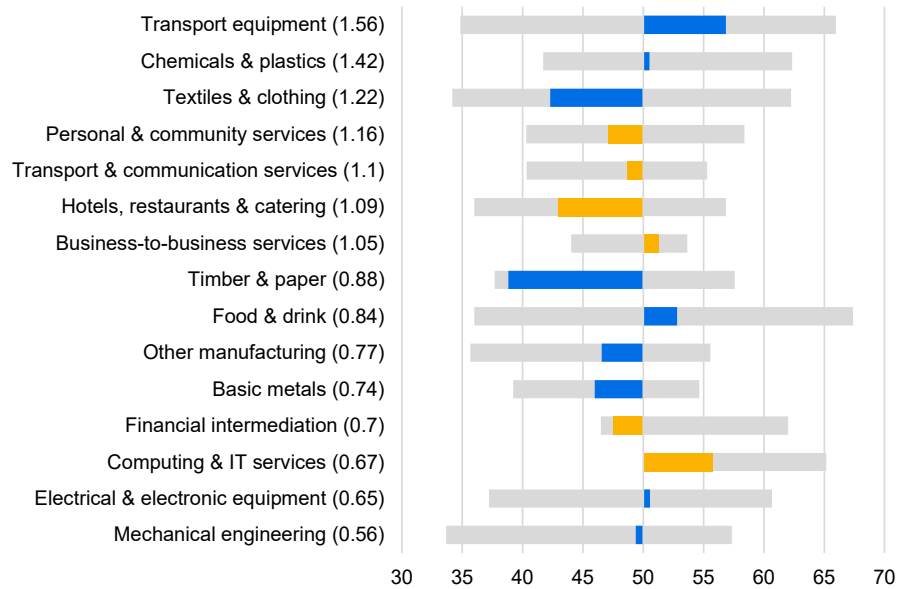
# UK sectors

## 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 May '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: Transport & communication services

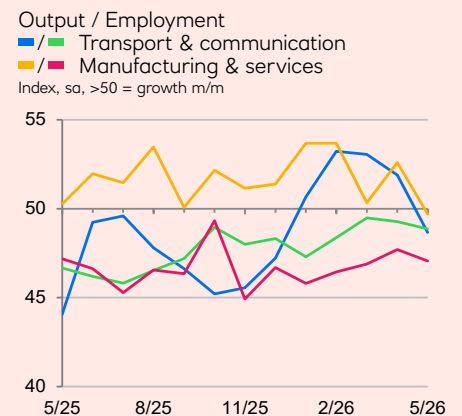
Transport & communication services saw a renewed contraction in business activity in the three months to May, thereby ending a sequence of growth seen since the start of the year. Business activity was weighed down by a similarly modest and fresh reduction in intakes of new business.

Firms in the sector reported a sustained fall in workforce numbers, which was consistent with a lack of pressure on business capacity, as evidenced by falling backlogs of work. The pace of job cuts

quicken slightly, although it remained weaker than the average seen across the UK private sector.

Driven in large part by the increased price of fuel, cost pressures faced by transport & communication services firms were at their highest for three-and-a-half years in the three months to May. This in turn led to a steep rise in prices charged, which exhibited the sharpest rate of inflation since August 2022.

Meanwhile, expectations towards activity in the next 12 months fell to their lowest since mid-2025.



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

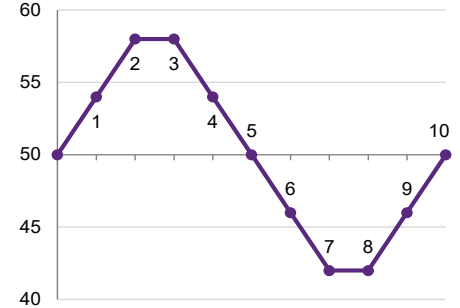
overall decrease. The indices are then seasonally adjusted.

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
12/25	46.6	46.9	52.2	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	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

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