10 June 2026

NatWest Yorkshire & Humber Growth Tracker

Output decreases for second time in three months

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PMI® by S&P Global

10 June 2026

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Key findings

May 2026

Output falls amid drop in new orders

Sharpest rise in input costs for almost four years

Employment reduced markedly

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

Output decreases for second time in three months

According to the NatWest Regional Growth Tracker, May saw a renewed reduction in business activity in the Yorkshire & Humber private sector.

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 – dropped to 46.5 in May from 51.4 in April. The latest reading pointed to a second reduction in output in the past three months. The pace of decline was solid and the sharpest since last September.

Respondents indicated that lower new orders amid weaker customer demand had been behind the reduction in business activity.

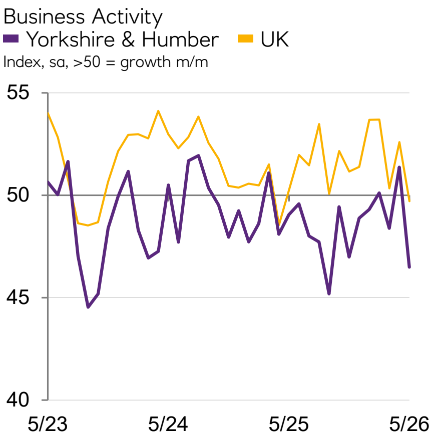
The fall in output across Yorkshire & Humber was sharper than the UK average.

NatWest Yorkshire & Humber Business Activity Index, May 2026

46.5

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



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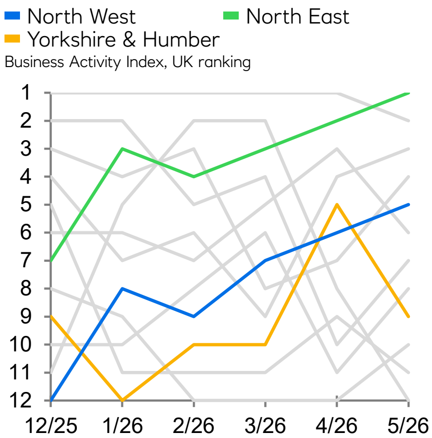

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Comment

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

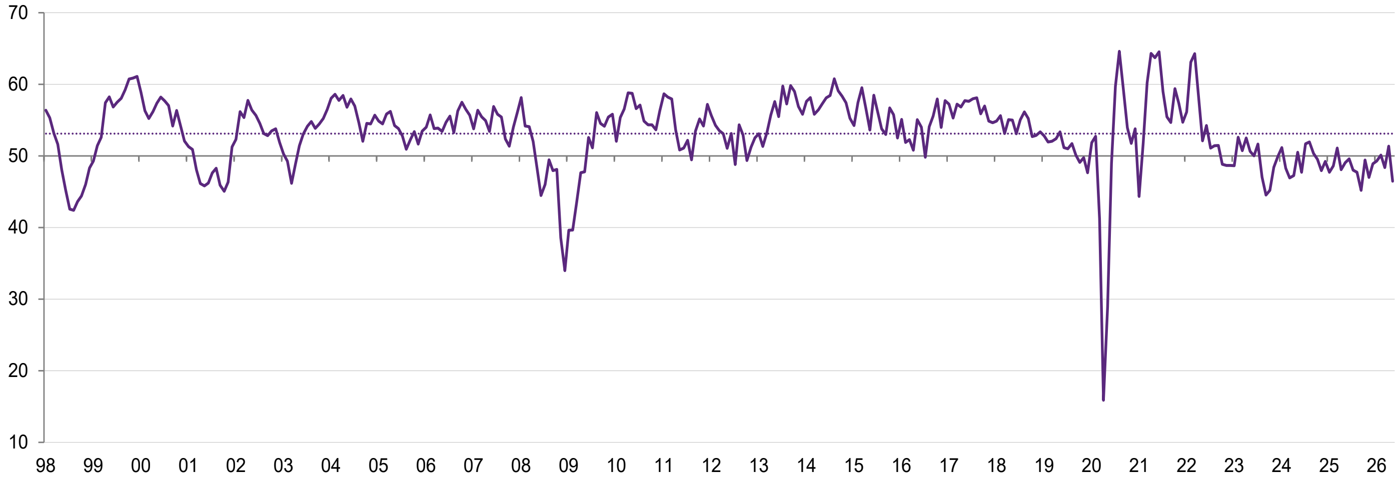
"After showing signs of positivity in April, the Yorkshire & Humber region suffered a setback in May as market uncertainty and steep price rises suppressed demand and led to a renewed fall in business activity.

"In particular, cost pressures intensified again and were substantial, with firms locally suffering one of the sharpest increases in input costs across the UK. Price pressures stemmed from a range of sources, including energy, transportation, raw materials and staff, providing little respite for companies. In turn, cost cutting efforts meant that staffing levels decreased sharply.

"There were some positive signs in terms of the year-ahead outlook, however, with a number of companies planning business investment in an effort to boost activity over the coming 12 months."

Business Activity

Index, sa, >50 = growth m/m. Dots = long-run average since 1998.



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Demand and outlook

New orders decrease for third month running in May

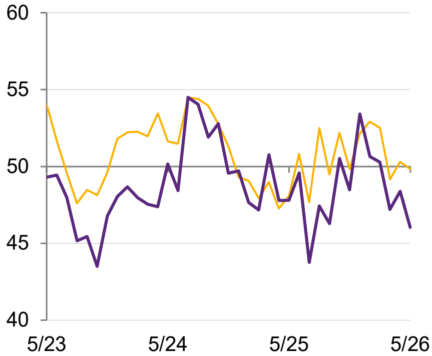
New orders fell again in the Yorkshire & Humber private sector during May, extending the current sequence of reduction to three months. Moreover, the latest decrease was solid and the fastest since July 2025.

Respondents linked lower new business to uncertainty among clients, which prompted hesitation in committing to new projects. Rising prices also reportedly hindered efforts to secure new work.

Companies remained optimistic that output will increase over the coming year. Although sentiment eased to a three-month low in May, firms in Yorkshire & Humber were more confident than that recorded across the UK as a whole. Anecdotal evidence suggested that optimism reflected planned investments in expanding capacity and new product development.

> "There were some positive signs in terms of the year-ahead outlook, however, with a number of companies planning business investment in an effort to boost activity over the coming 12 months."

New Business
Yorkshire & Humber UK
Index, sa, >50 = growth m/m



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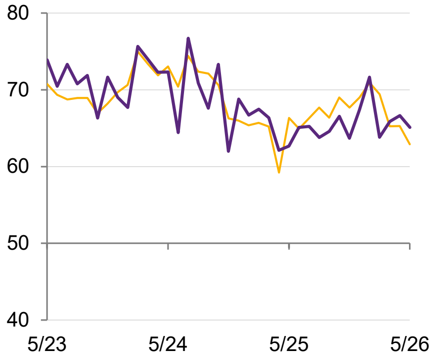
Future Activity
Yorkshire & Humber UK
Index, >50 = growth expected



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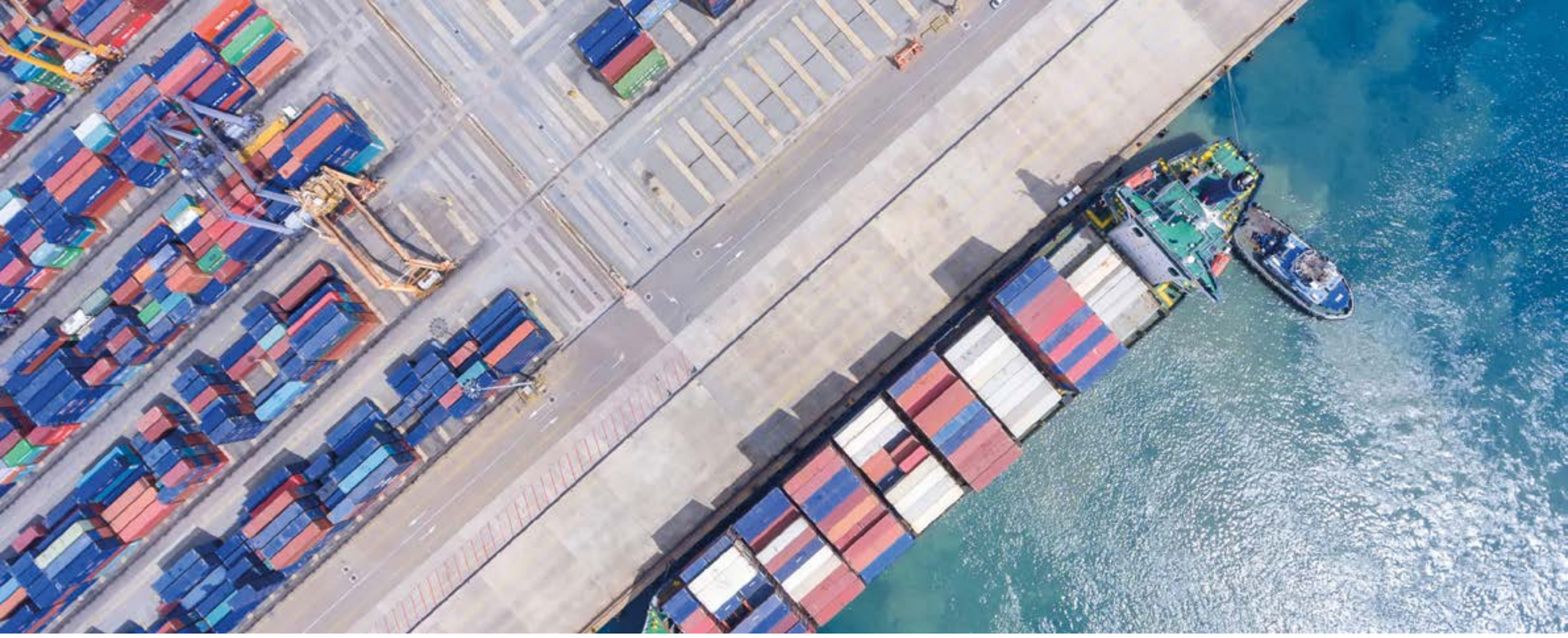


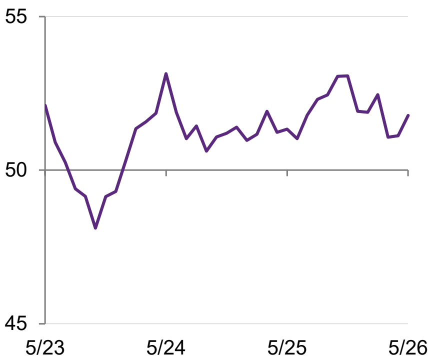
Export markets

Modest improvement in export climate in May

The Yorkshire & Humber Export Climate Index rose to a three-month high of 51.8 in May from 51.1 in April. The latest reading signalled a twenty-ninth consecutive monthly improvement in demand conditions in export markets.

Sustained output growth was recorded in the US, the Netherlands and Ireland, with the Netherlands seeing the fastest rise in manufacturing production in over four years. On the other hand, output decreased in Germany and France.

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



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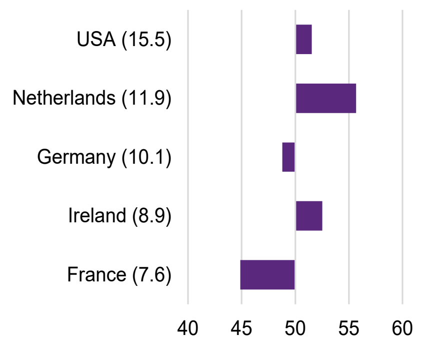
The Yorkshire & Humber Export Climate Index (ECI) is an indicator for the economic health of the region's export markets. It is calculated by combining national PMI output data, weighted according to each nation's share of manufacturing exports of the Yorkshire & Humber. A reading above 50 signals an 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
May '26



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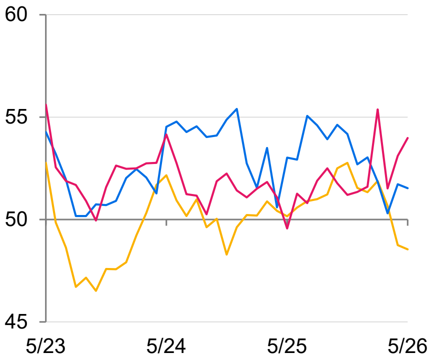
Output
Eurozone US China
Index, sa, >50 = growth m/m



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Jobs and capacity

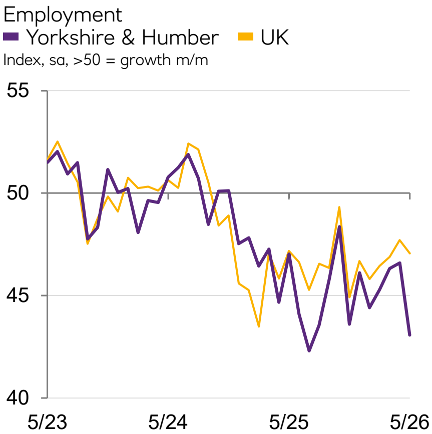
Staffing levels fall amid cost reduction efforts

Efforts by Yorkshire & Humber companies to limit costs resulted in employment reductions in May, both through direct job cuts and the non-replacement of leavers. As a result, workforce numbers decreased sharply, marking the largest contraction since July last year.

In fact, Wales was the only monitored area of the UK to post a sharper reduction in employment than Yorkshire & Humber.

Meanwhile, backlogs of work continued to fall markedly, with the rate of depletion the steepest observed in six months. Respondents indicated that they had been able to reduce outstanding business amid falling new orders.

"Cost cutting efforts meant that staffing levels decreased sharply."



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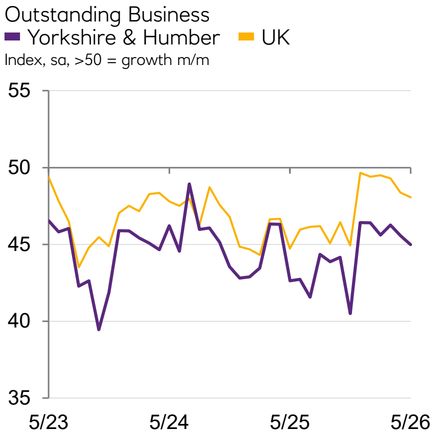

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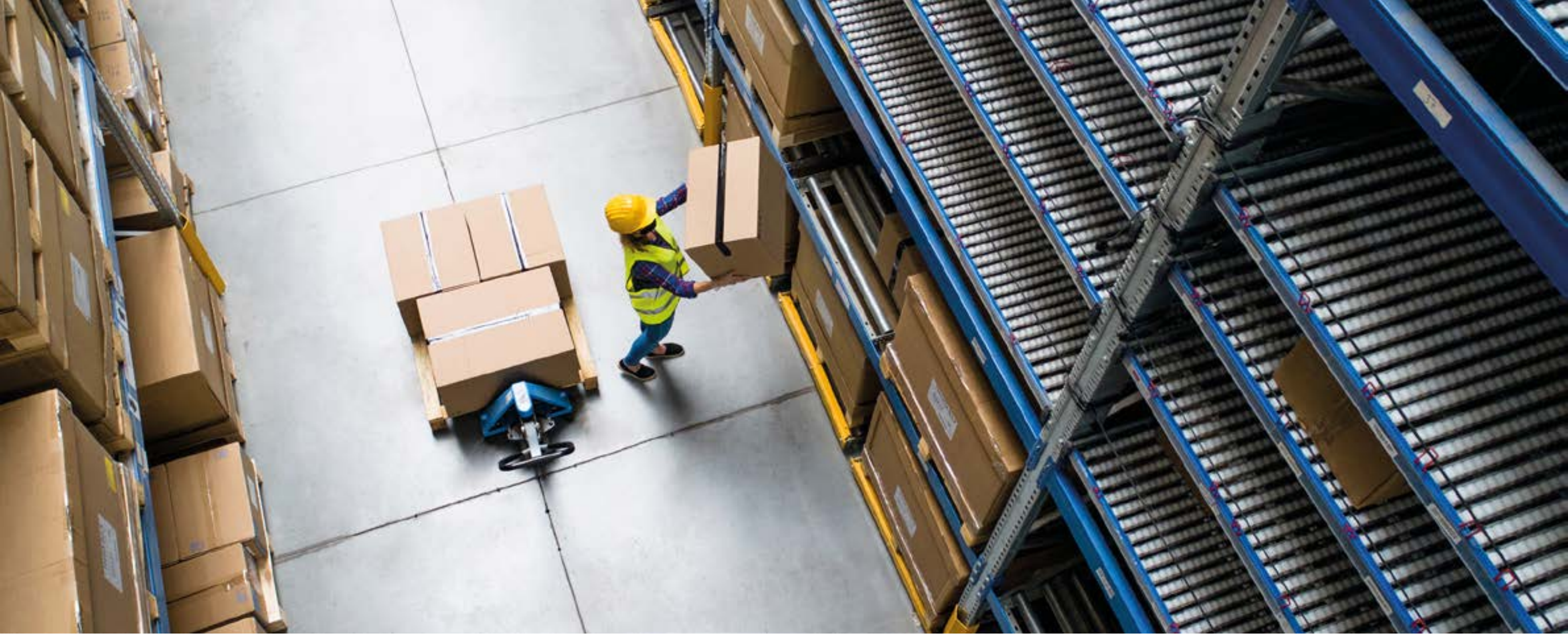


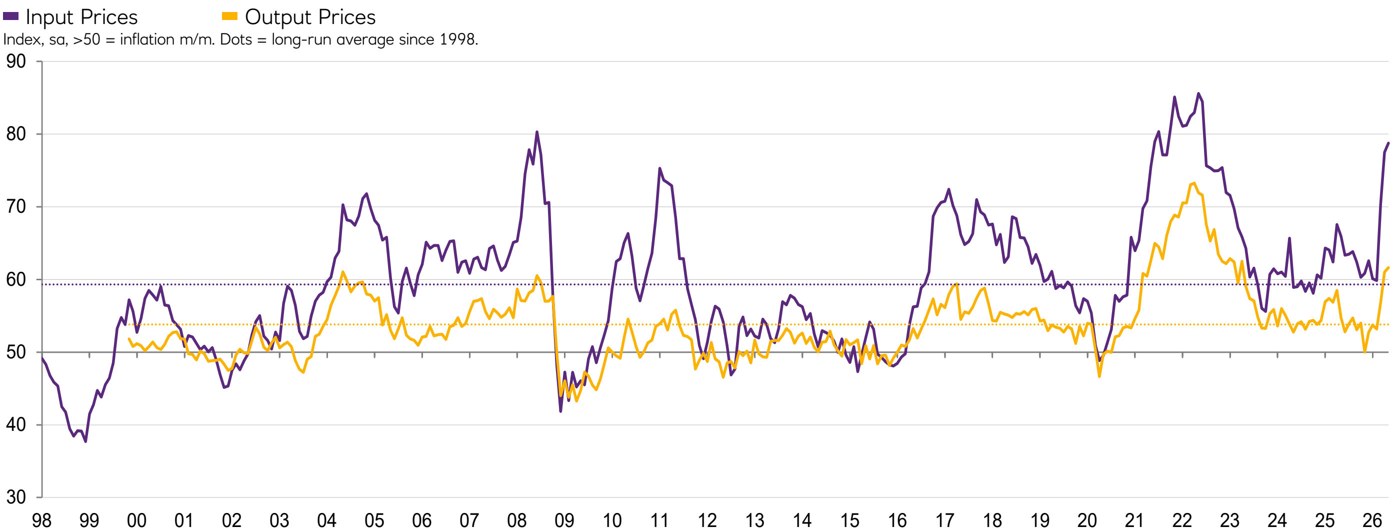
Inflation

Input cost inflation accelerates further

Input costs increased rapidly again in May, with the rate of inflation quickening for the third successive month to the fastest since June 2022. Higher costs reflected a range of factors, including increased fuel, oil and transportation prices as a result of geopolitical issues, alongside higher staff costs and rising prices for raw materials such as metals. The rise in input costs across the region was the second-fastest of the 12 UK areas, only behind Northern Ireland.

In turn, companies increased their selling prices sharply midway through the second quarter. Here, the pace of inflation quickened to the fastest in just over three years.

"Price pressures stemmed from a range of sources, including energy, transportation, raw materials and staff, providing little respite for companies."



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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.

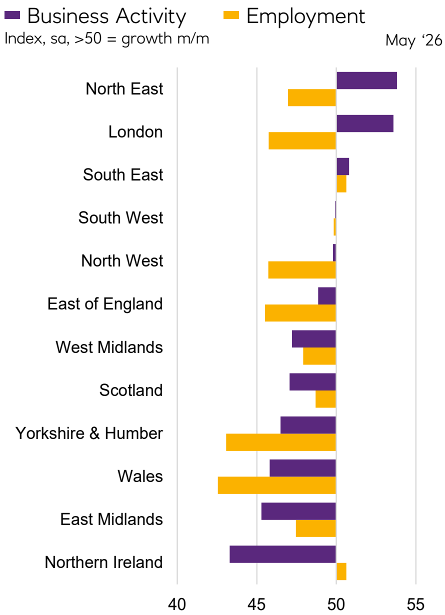
Employment

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.



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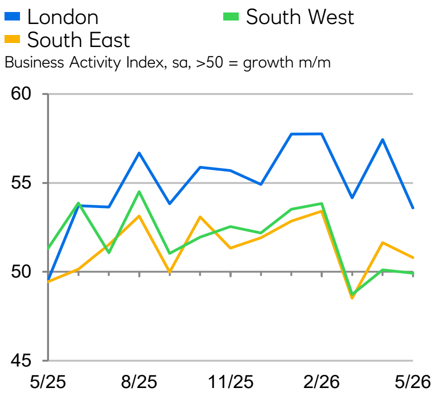

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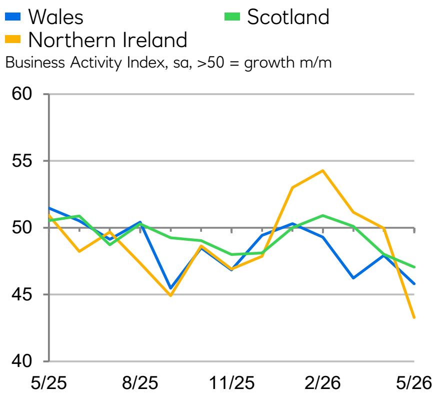

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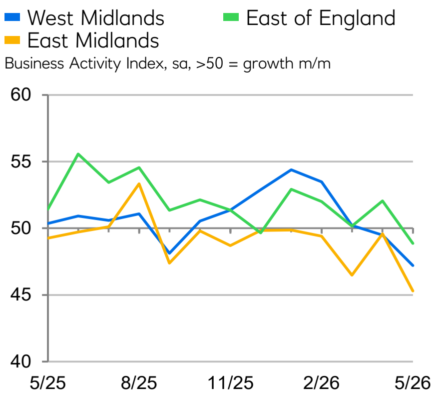

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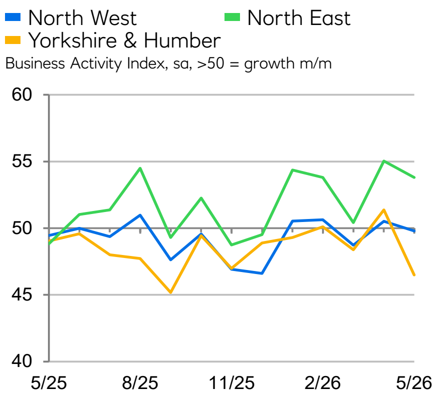

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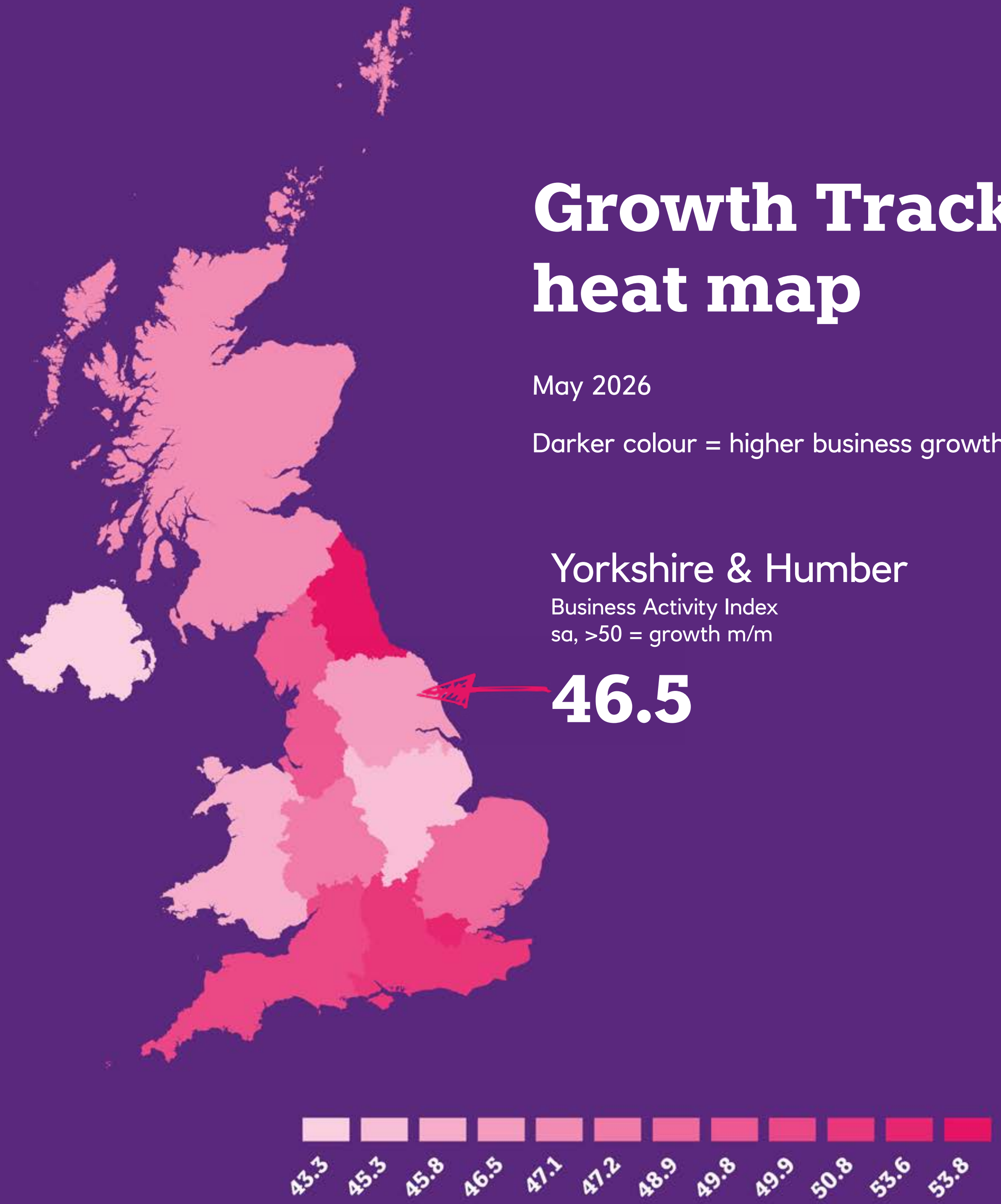
Growth Tracker heat map

May 2026

Darker colour = higher business growth



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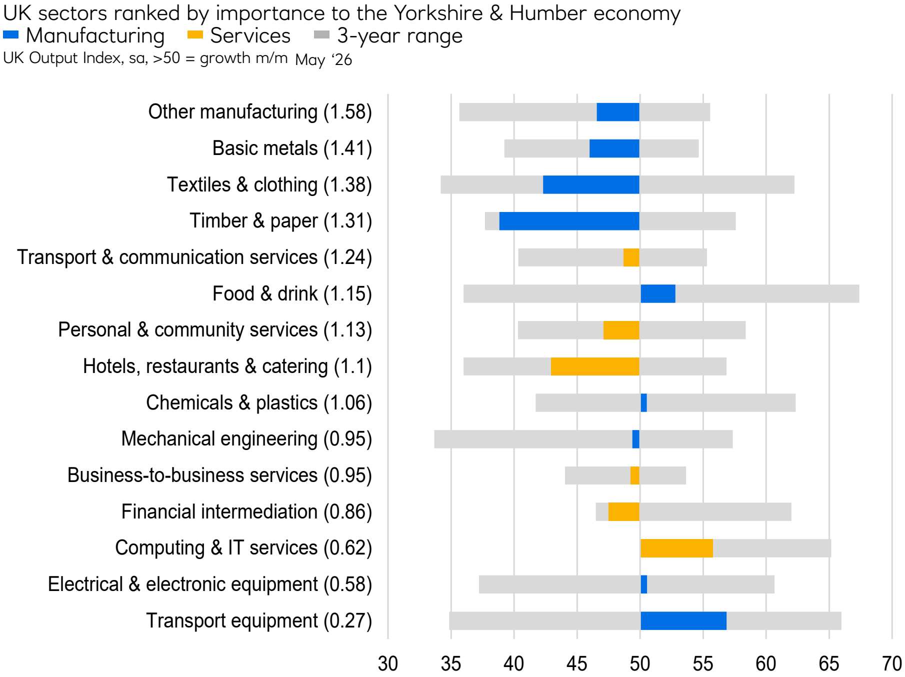
UK sectors

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



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: Transport & communication services

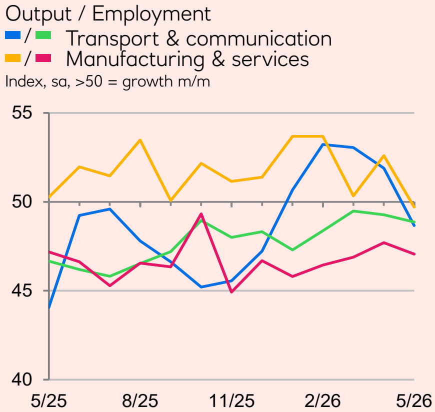
Transport & communication services saw a renewed contraction in business activity in the three months to May, thereby ending a sequence of growth seen since the start of the year. Business activity was weighed down by a similarly modest and fresh reduction in intakes of new business.

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 quickened 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.

Output / Employment



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.

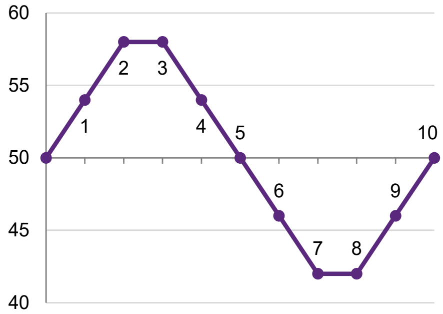
The headline figure is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The Yorkshire & Humber Business Activity Index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



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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
12/25	48.9	53.4	51.9	46.1	46.4	67.4	62.6	52.7
1/26	49.3	50.6	51.9	44.4	46.4	71.6	60.1	53.7
2/26	50.1	50.3	52.5	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
4/26	51.4	48.4	51.1	46.6	45.6	66.6	77.5	61.0
5/26	46.5	46.0	51.8	43.1	45.0	65.1	78.8	61.6

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Contact

David Nieberg
Head of UK regional Affairs
NatWest
+44 (0) 7790 026 450
david.nieberg@natwest.com

Joe Hayes
Principal Economist
S&P Global Market Intelligence
+44 1344 328 099
joe.hayes@spglobal.com

Hannah Brook
EMEA Communications Manager
S&P Global Market Intelligence
+44 (0) 7483 439 812
hannah.brook@spglobal.com
press.mi@spglobal.com

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