

10 June 2026

NatWest UK Regional Growth Tracker

UK regions lose momentum in May as costs continue to increase



NatWest

PMI[®]

by S&P Global

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Key findings

May 2026

Business activity growth confined to North East, London and South East

Rates of input cost and output price inflation remain elevated despite easing in over half of cases

Northern Ireland and South East defy declining employment trend

The NatWest UK Regional 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 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





Comment

Sebastian Burnside, NatWest Chief Economist, commented:

"Given the backdrop of the recent shock to energy markets and supply chains, it isn't at all surprising to see a loss of momentum across the UK's nations and regions. Some pockets of, even quite solid, growth still exist, but for most parts of the UK the picture is one of headwinds to demand dampening activity.

"The survey's measures of inflation have steadied somewhat after the unprecedented surges seen in recent months. Cost pressures eased slightly in two-thirds of the regions monitored in May, but that will feel like little consolation to the businesses in those areas considering how far rates of cost inflation have risen in such a short space of time.

"Although the mood among businesses is generally still one of positivity, it's notable that confidence in all areas of the UK has come down a notch or two since the start of the year, highlighting that growth will inevitably be more challenging in the face of higher inflation and continued geopolitical uncertainty."



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

The Business Activity and Employment indices are diffusion indices calculated from companies' responses to questions on monthly changes in the volume of business activity and employment, respectively. The indices vary between 0 and 100 and are 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 indices are seasonally adjusted.

Data compiled 12-27 May



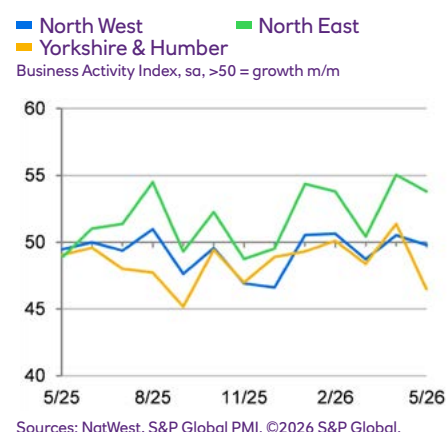
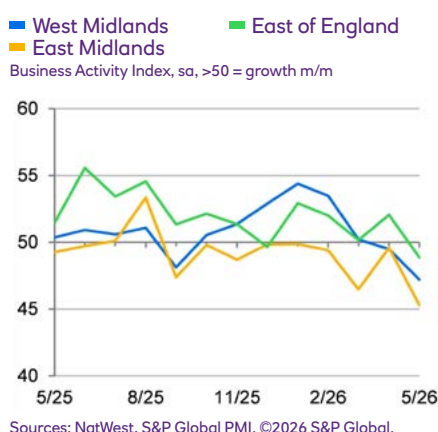
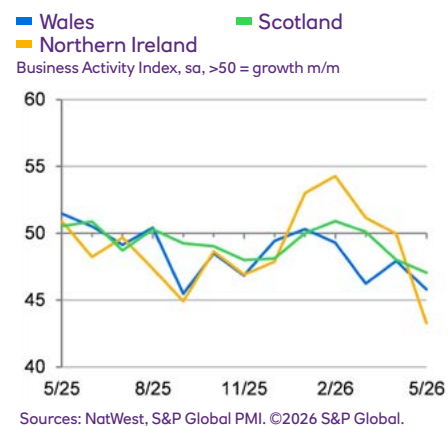
Business activity

Growth in business activity was confined to just a handful of areas in May, with the latest NatWest Growth Tracker survey results highlighting a general loss of momentum across the UK amid elevated inflationary pressures and uncertainty.

The Tracker's headline figure is the Business Activity Index. Any reading above 50.0 signals growth, and the further above the 50.0 threshold it is, the faster the rate of signalled growth.

The North East (index at 53.8), London (53.6) and the South East (50.8) each saw sustained, albeit slower, rises in business activity in May. This was the joint-lowest number of regions in growth territory since April 2025.

Output was little-changed in the South West (49.9), while all other areas recorded decreases of varying degrees. The steepest declines were seen in Northern Ireland (43.3) and the East Midlands (45.3).





Business cycle by nation and region

Business Activity

X axis = Business Activity Index, sa, >50 = growth m/m, May '26

Y axis = Change in Index compared with six-month average



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

LN London
SE South East
SW South West

EE East of England
EM East Midlands
WM West Midlands

NW North West
NE North East
YH Yorkshire & Humber

SC Scotland
WL Wales
NI Northern Ireland

In a typical business cycle, regions will move in a clockwise direction through the four quadrants in the chart to the left.

Expansion

Regions are **expanding**, and at a **faster rate** than the trend over the past six months. Regions furthest right are expanding at the strongest rate in the latest period, and the highest regions are seeing the greatest acceleration in growth over the past six months.

Slowdown

Regions are **expanding**, but at a **slower rate** than the trend over the past six months. Regions furthest right are expanding at the strongest rate in the latest period, and the lowest regions are seeing the greatest deceleration in growth over the past six months.

Contraction

Regions are **contracting**, and at a **faster rate** than the trend over the past six months. Regions furthest left are contracting at the strongest rate in the latest period, and the lowest regions are seeing the greatest acceleration in the rate of contraction over the past six months.

Recovery

Regions are **contracting**, but at a **slower rate** than the trend over the past six months. Regions furthest left are contracting at the strongest rate in the latest period, and the highest regions are seeing the greatest deceleration in the rate of contraction over the past six months.

Growth Tracker heat map

May 2026

Darker colour = higher business growth

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

North East	53.8
London	53.6
South East	50.8
South West	49.9
North West	49.8
East of England	48.9
West Midlands	47.2
Scotland	47.1
Yorkshire & Humber	46.5
Wales	45.8
East Midlands	45.3
Northern Ireland	43.3



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



Demand and outlook

London tops rankings for new order growth

As with business activity, just three of the 12 UK nations and regions monitored recorded an increase in new business in May. London posted the strongest growth, ahead of the North East and North West, respectively. Demand fell across all other areas, dropping most notably in Northern Ireland, where it fell at the quickest rate for over a year.

Business expectations soften in most cases

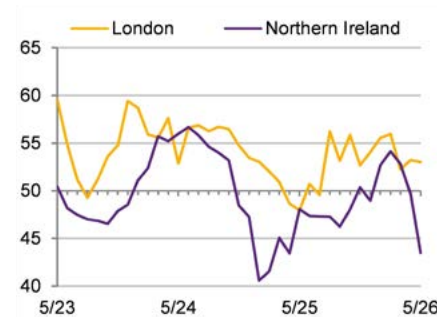
Although business expectations towards activity in the coming year remained almost universally positive in May, the latest data did show that the majority of areas experienced a loss in confidence. Firms in London were the most upbeat about the outlook, followed by their counterparts in the West Midlands.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

■ New Business ■ Future Activity*
Index, sa, >50 = growth m/m (*>50 = growth expected), May '26



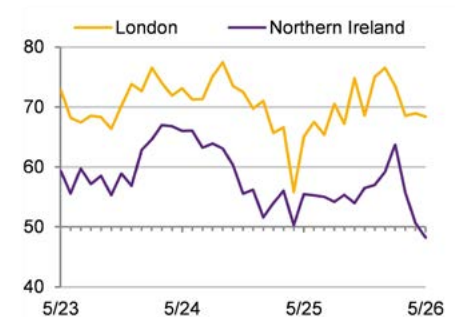
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

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



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

Future Activity
Index, >50 = growth expected



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



Employment and capacity

Northern Ireland and South East defy declining employment trend

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.

Backlogs fall in all areas except North West

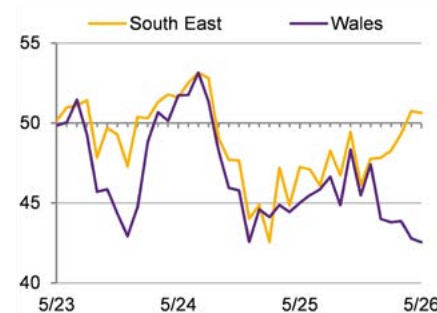
Of the 12 UK nations and regions monitored, only the North West recorded a rise in backlogs of work in May – the first increase in the region for four years. At the other end of the scale, companies in Northern Ireland registered the most marked decrease in outstanding business, closely followed by those in Yorkshire & Humber.

■ Employment ■ Outstanding Business
Index, sa, >50 = growth m/m, May '26



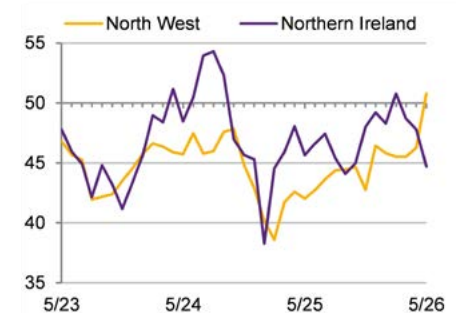
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

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



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

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



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



Inflation

Rates of input price and output charge inflation remain elevated...

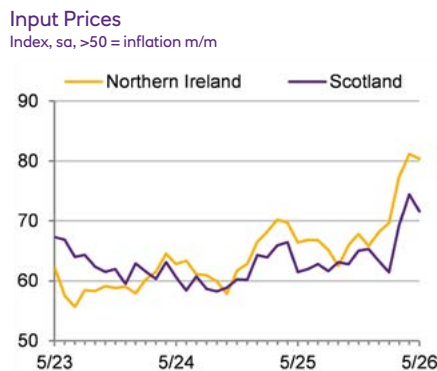
Input cost inflation remained historically elevated across the board in May. Northern Ireland once again posted the strongest cost pressures, and Scotland the weakest. In two-thirds of cases, however, rates of inflation ticked down from the month before.

... but ease in over half of cases from the month before

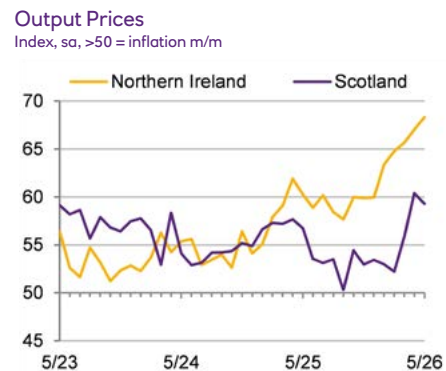
It was a similar story for average prices charged for goods and services, which continued to rise steeply in each of the 12 monitored nations and regions, but more slowly in over half of cases. One of the exceptions was Northern Ireland, which registered the sharpest rate of output price inflation and one at that was the highest since July 2022.



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.

Methodology

The NatWest UK Regional Growth Tracker data are compiled by S&P Global from responses to questionnaires sent to companies that participate in S&P Global's UK PMI surveys. S&P Global compiles data for Scotland, Wales, Northern Ireland and nine English regions*.

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,

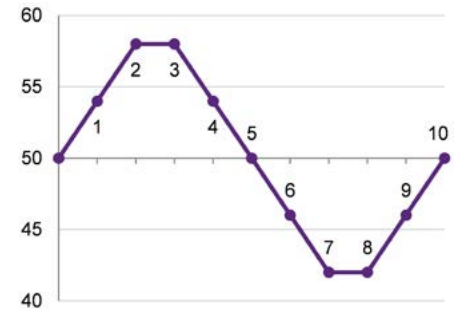
with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure for each region 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 Business Activity Index is comparable to the UK Composite Output Index.

For further information on the survey methodology, please contact economics@spglobal.com.

*International Territorial Level 1 definitions.

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

Manufacturing and services

Index, sa, 50 = no change over previous month. *50 = no change over next 12 months. May '26

	Business Activity	New Business	Future Activity*	Employment	Outstanding Business	Input Prices	Output Prices
London	53.6	53.0	68.4	45.7	48.6	72.8	60.2
South East	50.8	49.7	62.6	50.6	47.9	75.7	62.5
South West	49.9	49.6	61.0	49.8	47.7	73.6	59.8
East of England	48.9	48.8	62.5	45.5	47.7	73.8	61.4
East Midlands	45.3	45.9	61.7	47.5	48.5	76.8	62.5
West Midlands	47.2	47.4	65.4	47.9	47.3	76.1	64.8
Yorkshire & Humber	46.5	46.0	65.1	43.1	45.0	78.8	61.6
North West	49.8	50.8	61.6	45.7	50.8	76.4	61.8
North East	53.8	52.5	59.9	47.0	49.3	71.7	62.9
Scotland	47.1	45.7	55.2	48.7	45.1	71.6	59.3
Wales	45.8	49.5	61.7	42.5	46.3	75.4	61.5
Northern Ireland	43.3	43.5	48.2	50.6	44.7	80.4	68.3

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