

14 January 2025

# NatWest North East Growth Tracker

North East ends 2024 with sharp rise in  
business activity



NatWest

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by **S&P Global**

14 January 2025

# NatWest North East Growth Tracker

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# Key findings

December 2024

**North East economy expands at fastest pace in 20 months**

**Inflows of new work expand solidly in December**

**Employment falls, but overall business optimism strengthens**

The NatWest North East 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)



# North East ends 2024 with sharp rise in business activity

The latest NatWest Growth Tracker data revealed a stronger expansion in activity amid sustained increases in demand across the North East.

North private sector firms enjoyed a solid increase in incoming new business in December, though the rate of growth was the softest for six months. At the same time, output across the region rose at a sharp and accelerated pace at the end of 2024, while confidence towards future activity levels improved notably.

Despite stronger optimism in December, employment levels fell for the second

time in three months. Moreover, the rate of job shedding was the strongest for a year.

The headline North East Growth Tracker 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 – rose from 53.9 in November to 55.1 in December. Some firms linked the increase to improved demand.

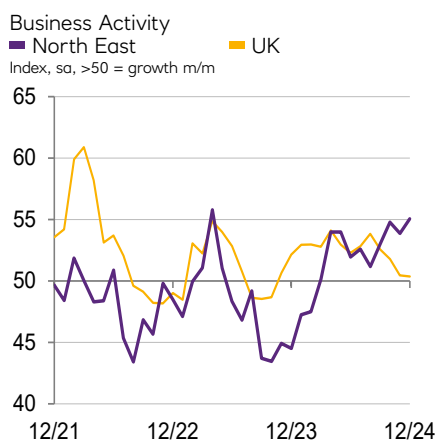
Moreover, the sharp upturn was the strongest of the 12 UK areas for the first time since September 2020.

NatWest North East Business Activity Index December 2024

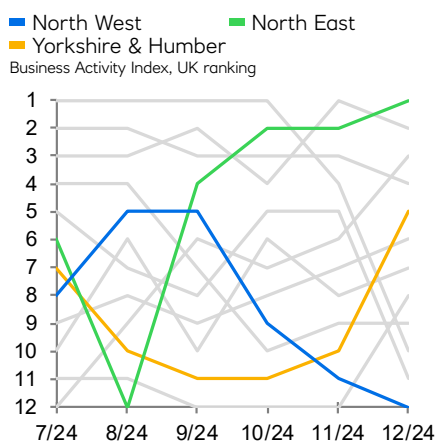
## 55.1

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 5-19 December



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



# Comment

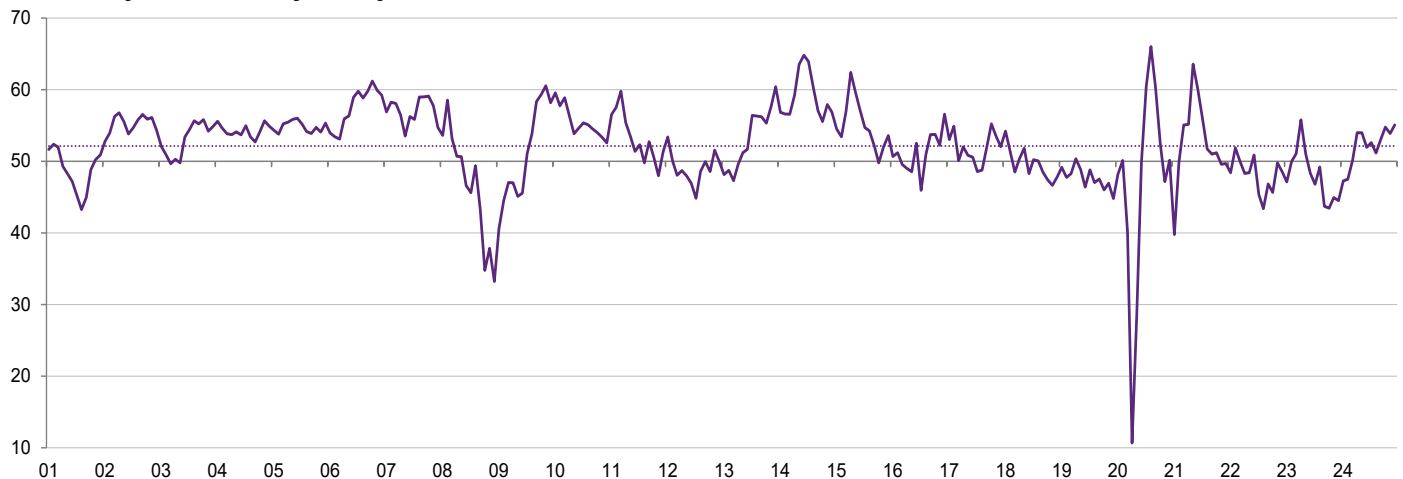
**Malcolm Buchanan, Chair of the NatWest North Regional Board, commented:**

"The North East economy continued to expand, and at a stronger rate in December, according to the latest NatWest Growth Tracker data. Firms reported that activity growth accelerated to a 20-month high, while new business inflows also continued to rise at a solid pace. In fact, business activity growth in the North East was the strongest of the 12 monitored UK regions and nations for the first time since September 2020.

"Confidence surrounding the outlook for activity in 2025 strengthened at the end of the year, with the overall degree of optimism rising to the most pronounced since July. That said, recruitment faltered during December, with firms scaling back headcounts for the second time in three months and to the greatest extent in 2024. Cost pressures faced by North East companies accelerated, contributing to a steeper rate of charge inflation."

## Business Activity

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



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



# Demand and outlook

## North East firms signal improved confidence, but new business growth slowed

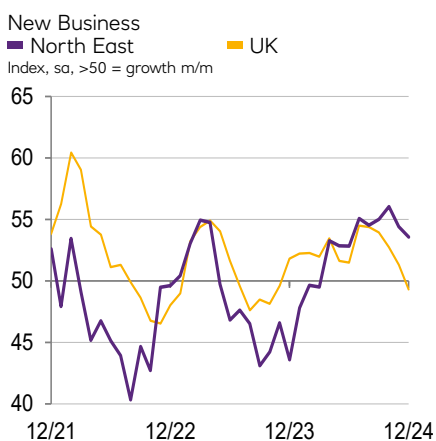
December survey data pointed to a ninth consecutive rise in new work across the North East. According to anecdotal evidence, the uptick followed a broad improvement in customer numbers. That said, some firms mentioned that subdued client confidence had weighed on sales growth.

The rate of increase seen locally was solid, and the strongest of the 12 monitored UK areas.

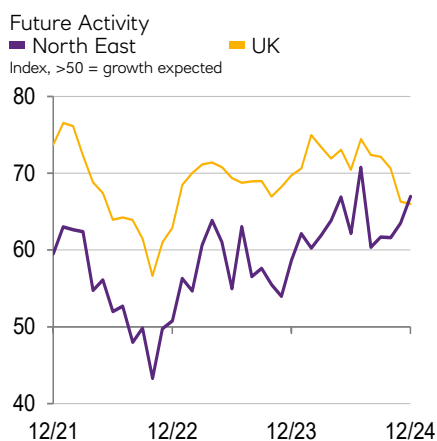
North East firms were confident of a rise in activity over the course of 2025. Upbeat expectations generally stemmed from new contract awards and business expansion plans. The degree of confidence was robust and the most pronounced since July.

The overall level of positive sentiment was also broadly aligned with the UK average.

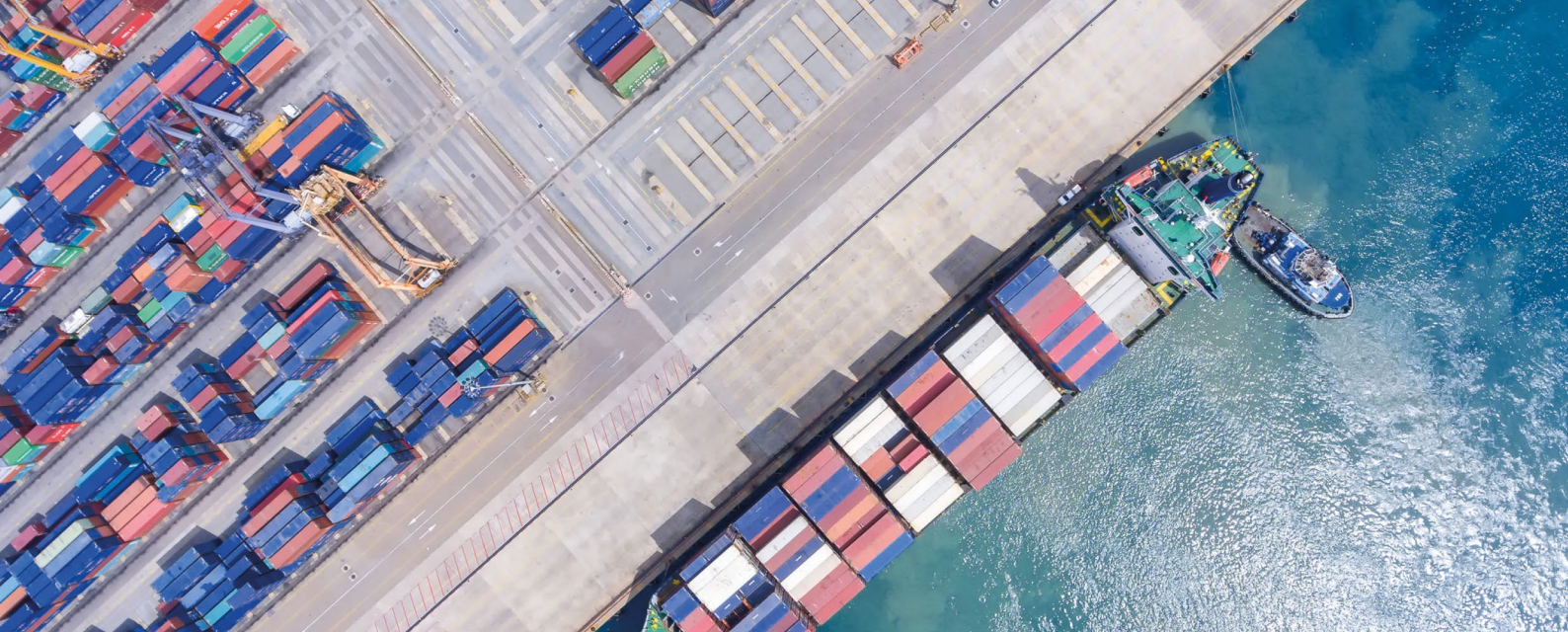
"Firms reported that activity growth accelerated to a 20-month high, while new business inflows also continued to rise at a solid pace"



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



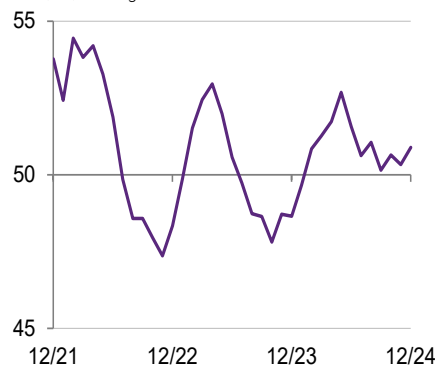
# Export markets

## Modest improvement in export conditions in December

The ECI posted above the neutral 50.0 mark at the end of 2024, extending the current sequence of growth to 11 months. The improvement in trade conditions was modest, however, with the index ticking up from 50.3 in November to 50.9 in December.

Only the US, the top export market for the US, posted activity growth in December. The remaining top four export markets for the North East all posted sustained, albeit softer, declines in output. The steepest drop was seen in France.

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



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.

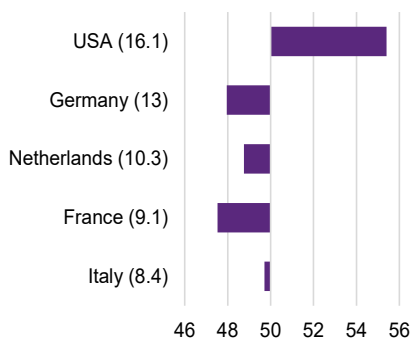
The North East Export Climate Index (ECI) is an indicator for the economic health of the region's export markets. It is calculated by combining national PMI output data, weighted according to each nation's share of manufacturing exports of the North East. A reading above 50 signals an improvement in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

## Top export markets, North East

% share of exports shown in brackets

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

Dec '24

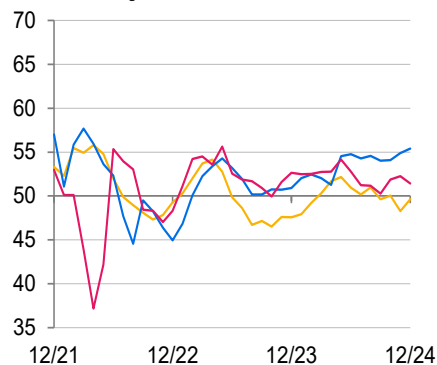


Sources: NatWest, S&P Global PMI. ©2025 S&P Global.

## Output

Index, sa, >50 = growth m/m

Legend: Eurozone (yellow), US (blue), China (red)



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



# Jobs and capacity

## Employment falls for second time in three months at the end of 2024

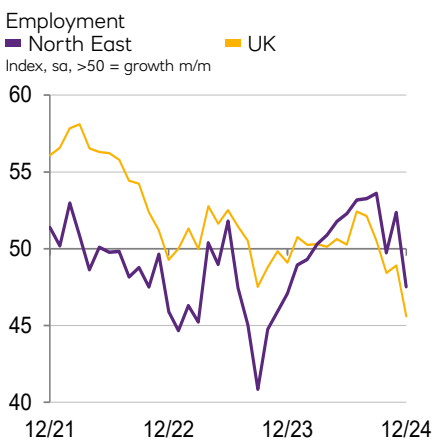
Workforce numbers across the North East private sector decreased at a moderate rate during December. Some firms linked the downturn to the non-replacement of voluntary leavers, as well as reports that workers opted for roles with shorter commute times.

The rate of job shedding locally was the strongest in 2024, but among the softest of the 12 monitored UK areas, equal to Yorkshire & Humber and behind Northern Ireland and

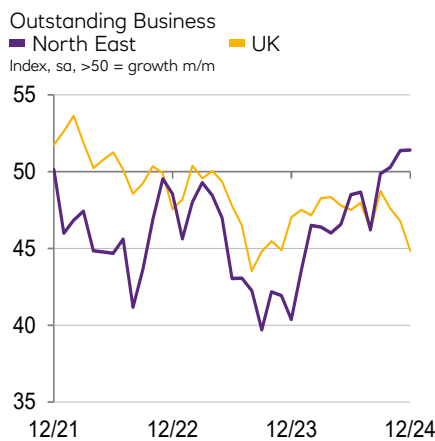
Scotland.

December survey data highlighted another rise in outstanding business across the North East, thereby extending the current run of accumulation to three months. Survey respondents noted that rising new orders had placed strain on capacity. The rate of increase was unchanged from November and modest, with the North East leading the regional rankings for the third month in a row.

"Recruitment faltered during December, with firms scaling back headcounts for the second time in three months and to the greatest extent in 2024."



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.





# Inflation

## Inflationary pressures accelerate in December

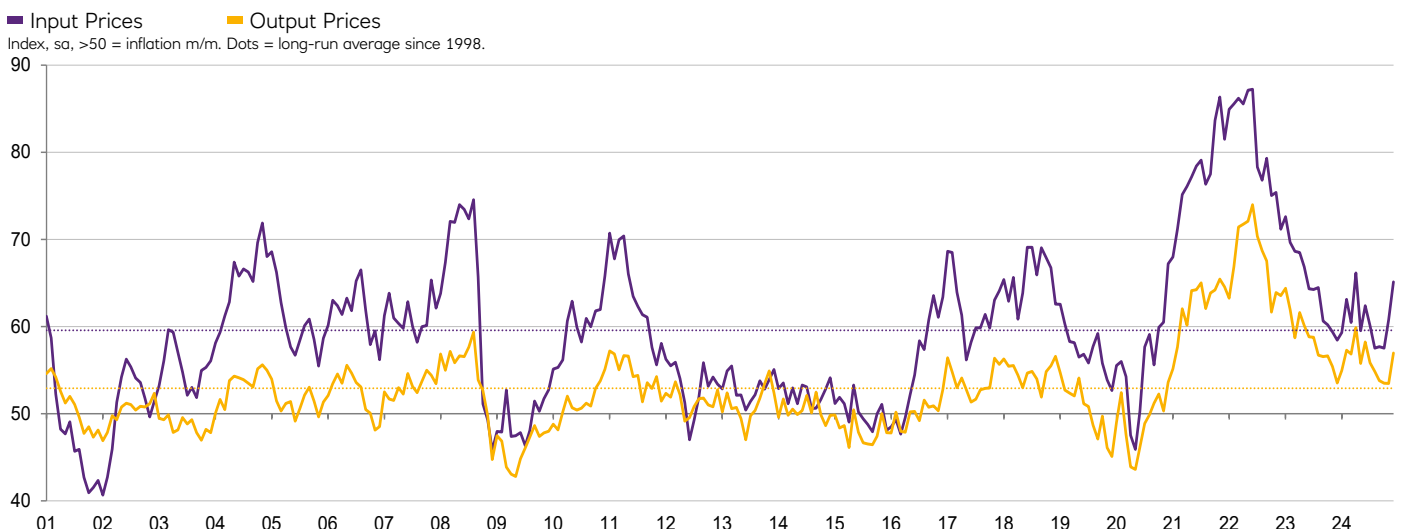
The seasonally adjusted Input Prices Index posted above the neutral 50.0 mark at the end of 2024, to signal sustained cost pressures faced by North East firms. Wage and raw material hikes were among those mentioned in panel member reports.

The rate of cost inflation was marked, the most pronounced in eight months and the strongest of the 12 monitored areas of the UK.

In response, North East private sector firms were more aggressive in their price setting in December. The rate of charge inflation was the strongest since June and marked overall.

Of the 12 monitored UK areas, the North East saw the steepest rise in selling prices.

**"Cost pressures faced by North East companies accelerated, contributing to a steeper rate of charge inflation."**



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.

# UK Regional Growth Tracker

## Business Activity

The North East and London were the two standout performers in terms of regional business activity growth in December. The only other area to see an increase in output was the East Midlands, although the rise there was modest. At the other end of the scale, the North West and Scotland recorded the joint-steepest falls in business activity, followed by Northern Ireland.

## Employment

Employment growth in December was confined to just Northern Ireland. Workforce numbers fell in the remaining 11 nations and regions covered by the survey, marking the broadest decline in almost four years. For the fourth month running, companies in Wales recorded the sharpest drop in staffing levels.

## Future Activity

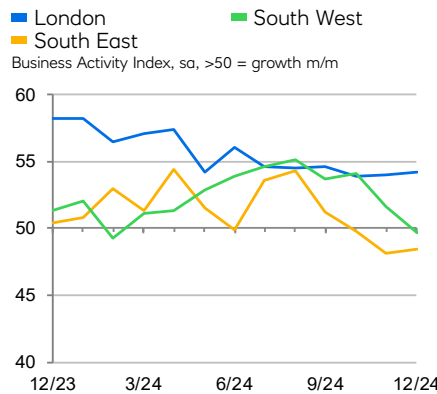
There were varying degrees of optimism towards future activity across the UK's nations and regions in December. Firms in the East Midlands were the most upbeat about the year-ahead outlook, having seen a notable rebound in confidence from the month before. Expectations deteriorated in the majority of areas, however, including Scotland which saw the weakest overall sentiment.



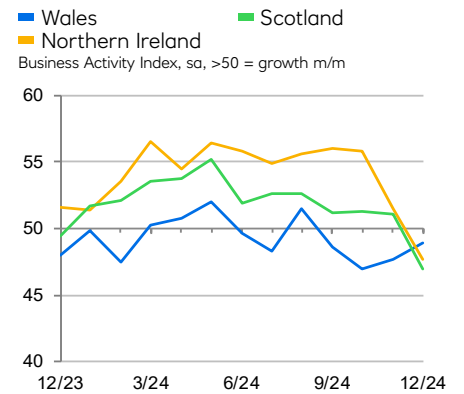
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



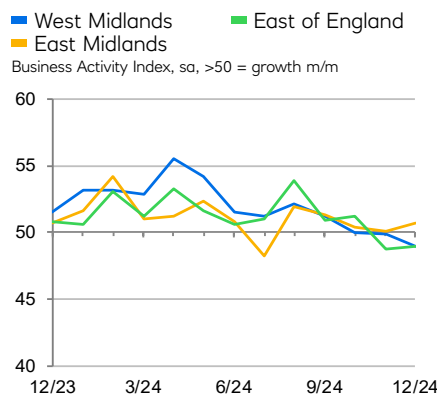
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



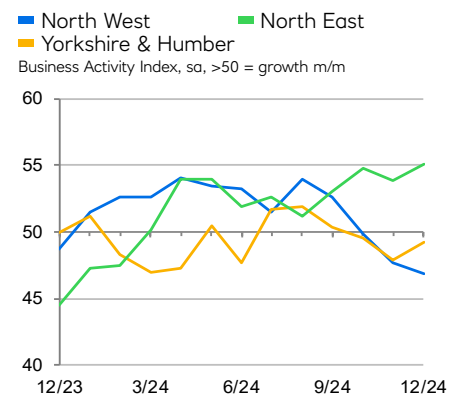
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



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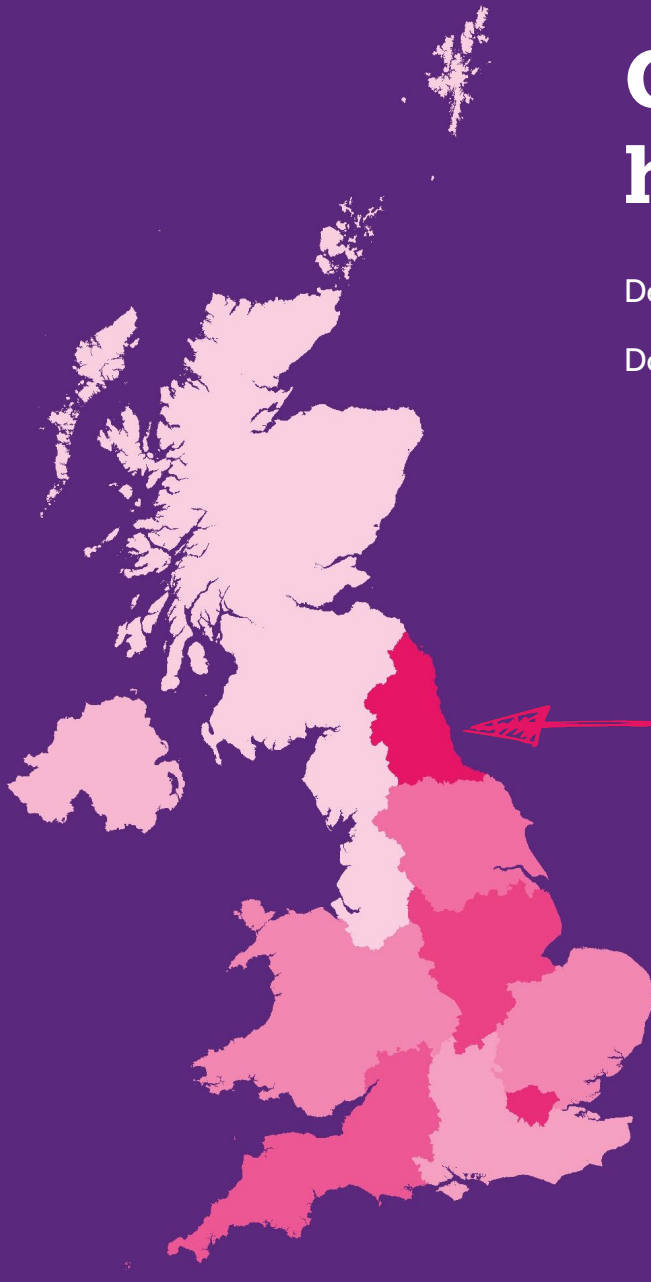


Sources: NatWest, S&P Global PMI. ©2025 S&P Global.

# Growth Tracker heat map

December 2024

Darker colour = higher business growth



## North East

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

**55.1**



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.

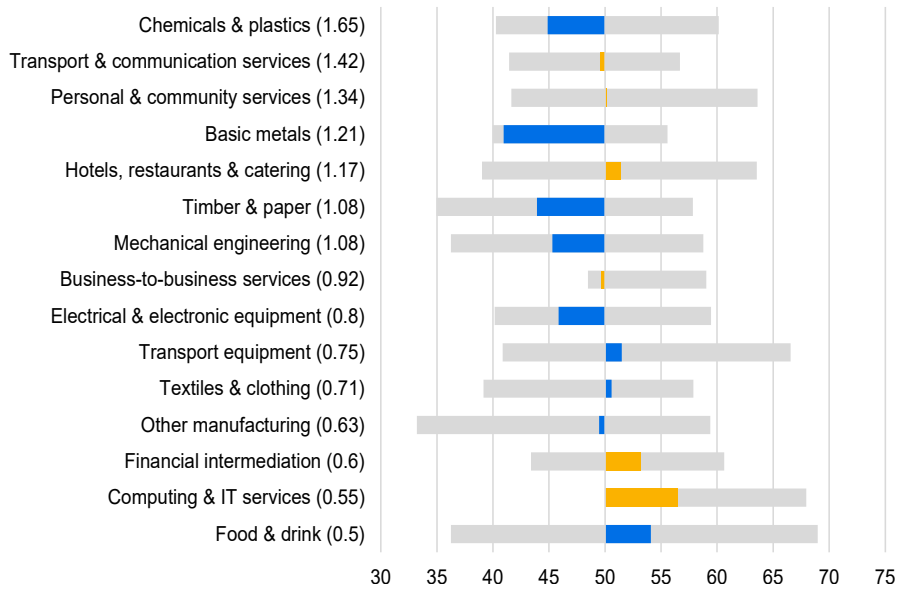
# UK sectors

## Sector specialisation: North East

The chart shows UK output indices by sector, ranked by location quotients for the North East. 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 East economy  
 ■ Manufacturing ■ Services ■ 3-year range  
 UK Output Index, sa, >50 = growth m/m Dec '24



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.  
 Location quotients for the North East are shown in brackets. Latest data are smoothed as three-month moving averages (3mma).

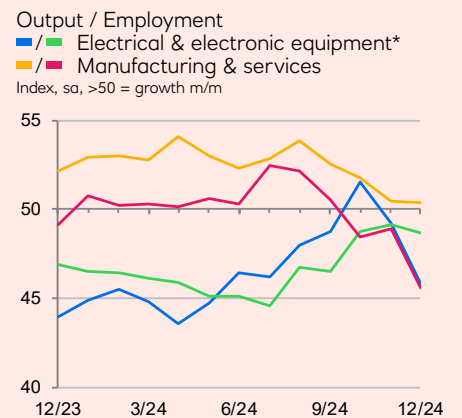
## Sector in focus: Electrical & electronic equipment

Business conditions deteriorated across the UK's electrical & electronic equipment sector in the final quarter of 2024. After a brief upturn in the autumn, production fell markedly amid a sustained downturn in new orders. Underlying data showed particular weakness in export sales.

With backlogs of work decreasing sharply, firms in the sector once again trimmed workforce numbers, to extend a sequence of staff retrenchment stretching back to September 2023. Job cuts also

coincided with a deterioration in businesses' growth forecasts to the weakest in almost four-and-a-half years.

Turning to prices, latest data showed average output charges across the UK's electrical & electronic equipment sector increasing at an above-trend rate, and one that was the quickest since Q2 2024. Firms raised selling prices in response to sustained strong growth in average input costs.



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.  
 \*Data are smoothed as three-month moving average

# Methodology

The NatWest North East Growth Tracker is compiled by S&P Global from responses to questionnaires sent to North East 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

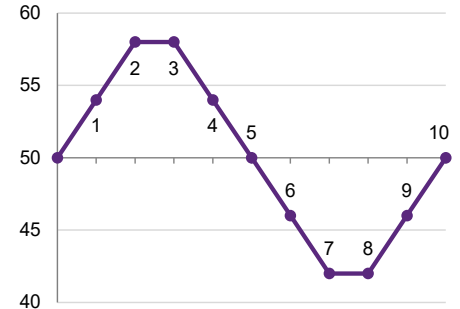
overall decrease. The indices are then seasonally adjusted.

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 East 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. ©2025 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 East 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
7/24	52.6	55.1	50.6	53.2	48.7	70.7	60.1	55.9
8/24	51.2	54.5	51.1	53.3	46.2	60.4	57.5	54.9
9/24	53.0	55.0	50.2	53.6	49.9	61.7	57.7	53.8
10/24	54.8	56.0	50.6	49.7	50.3	61.6	57.5	53.5
11/24	53.9	54.4	50.3	52.4	51.4	63.5	60.8	53.5
12/24	55.1	53.6	50.9	47.5	51.4	67.0	65.1	57.0

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