

11 February 2026

NatWest North West Growth Tracker

Business activity returns to growth at start
of 2026



NatWest

PMI[®]

by **S&P Global**

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Contents

Key findings

Business activity

Comment

Demand and outlook

Jobs and capacity

Inflation

UK Regional Growth Tracker

UK sectors

Methodology and data

Further information



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Key findings

January 2026

Business activity rises for first time in five months

Confidence towards future activity grows

Firms raise output prices at quickest rate for nine months

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





Business activity returns to growth at start of 2026

The North West's private sector economy made a positive start to 2026, according to the latest NatWest Growth Tracker, with business activity in the region increasing for the first time in five months. Local firms were also more optimistic about the outlook as confidence hit a six-month high.

The headline North West Business Activity Index – which measures changes in the region's output of

goods and services – moved back above the 50.0 no-change mark for the first time in five months in January, registering a reading of 50.5. This was up from 46.6 in December.

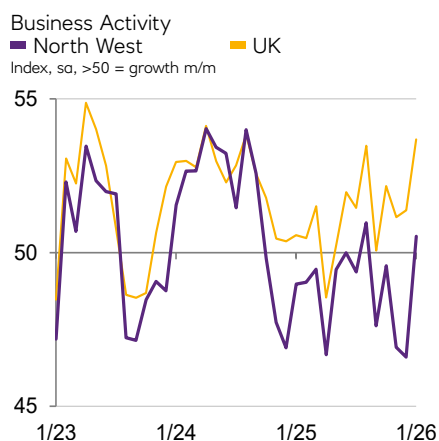
At the UK level, business activity growth accelerated to a 17-month high (index at 53.7). Output rose in nine out of the 12 nations and regions monitored, which was the most since last August.

**NatWest North West
Business Activity Index
January 2026**

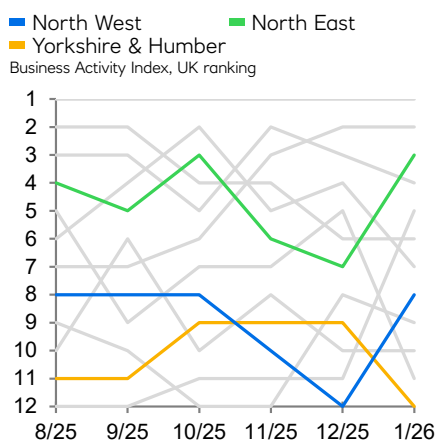
50.5

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 12-28 January



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:

"2026 began on a positive note, with business activity in the North West returning to growth after a challenging few months in the latter stages of last year. Demand showed signs of stabilising and it seems firms were encouraged by this, as business expectations improved to their highest level since last July.

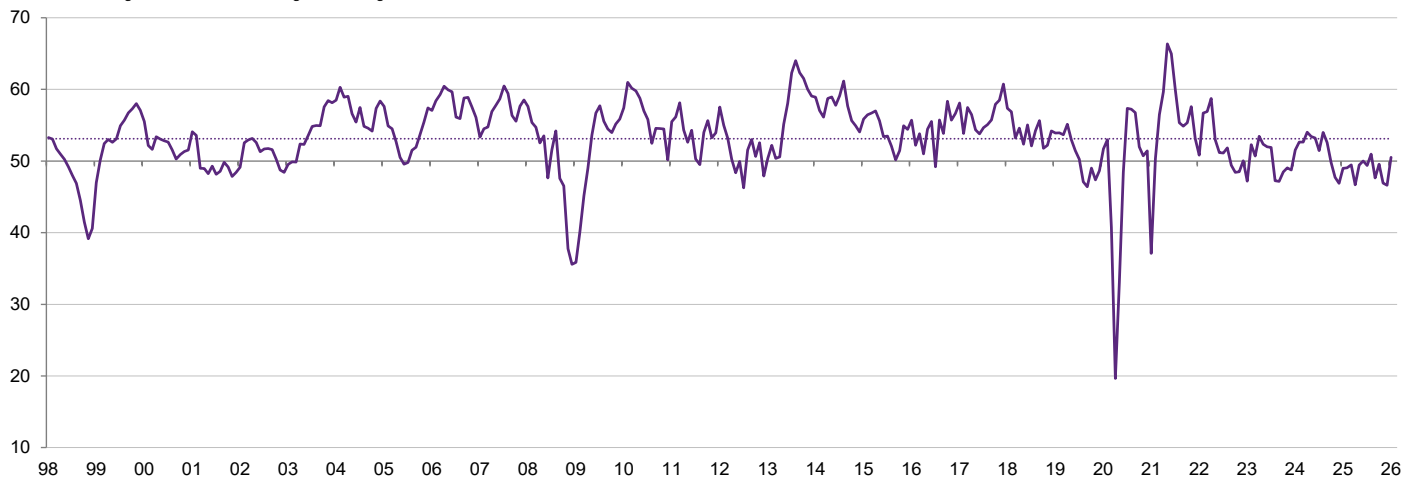
"Like most of the UK, the North West has seen a further decrease in employment in January.

"However, the fact that firms raised output prices at a faster rate – the quickest for nine months – is probably another sign that underlying conditions have improved, as pricing power tends to strengthen during an upturn."

Change "probably" to "

Business Activity

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



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



NatWest

[Return to contents](#)

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Demand and outlook

Confidence improves as decline in order books eases

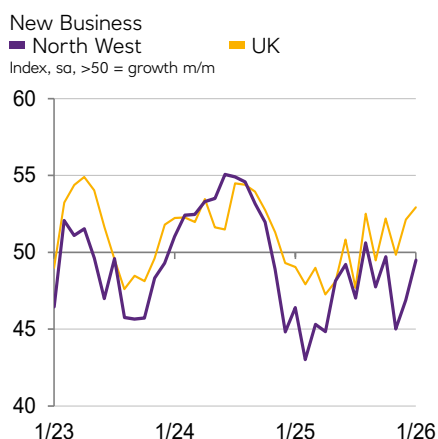
The latest survey results showed an uptick in business confidence across the North West private sector at the start of the new year. Firms' expectations for activity in the next 12 months reached their highest since July last year.

Those that were optimistic about the outlook cited plans for greater marketing spend, the release of new products and hopes of a general recovery in market conditions.

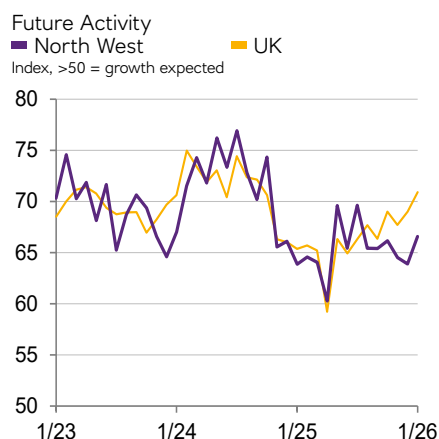
Sentiment did however continue to trail behind the UK-wide average.

In a sign of demand conditions stabilising, inflows of new work received by firms in the North West fell only fractionally in January, with the rate of decline having eased for the second month running to the weakest since last October. Nationally, new orders rose for the second month running and at the quickest pace since September 2024.

"Demand showed signs of stabilising and it seems firms were encouraged by this, as business expectations improved to their highest level since last July"



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



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



Jobs and capacity

Employment continues falling as firms report a lack of pressure on operating capacity

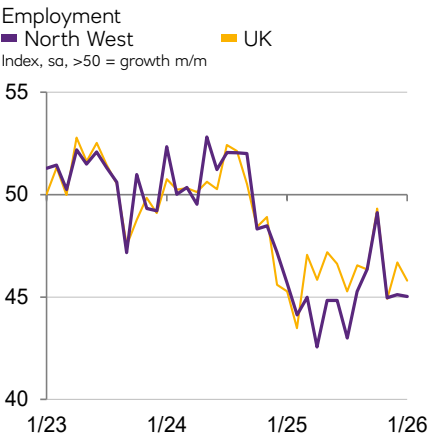
Businesses in the North West recorded a sixteenth straight monthly decrease in employment in January. The rate at which headcounts decreased was little-changed from that recorded in December.

Where staffing levels fell, firms remarked on the influence of higher labour costs and often reported leaving vacated positions unfilled.

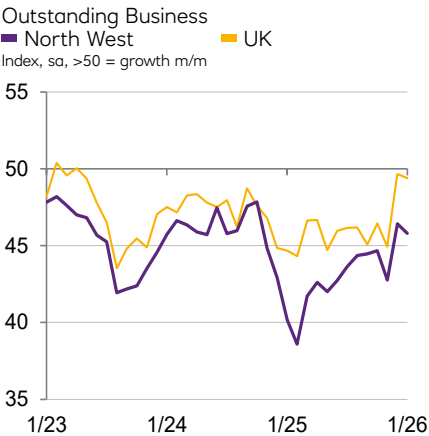
Of the 12 monitored regions, only the North East avoided a fall in employment in January, having recorded no change in workforce numbers from the month before.

The latest decrease in employment in the North West was recorded alongside a further drop in backlogs of work, which was indicative of a lack of pressure on business capacity. The pace of depletion quickened slightly from the month before and was noticeably faster than the UK average.

"Like most of the UK, the North West has seen a further decrease in employment in January"



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



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



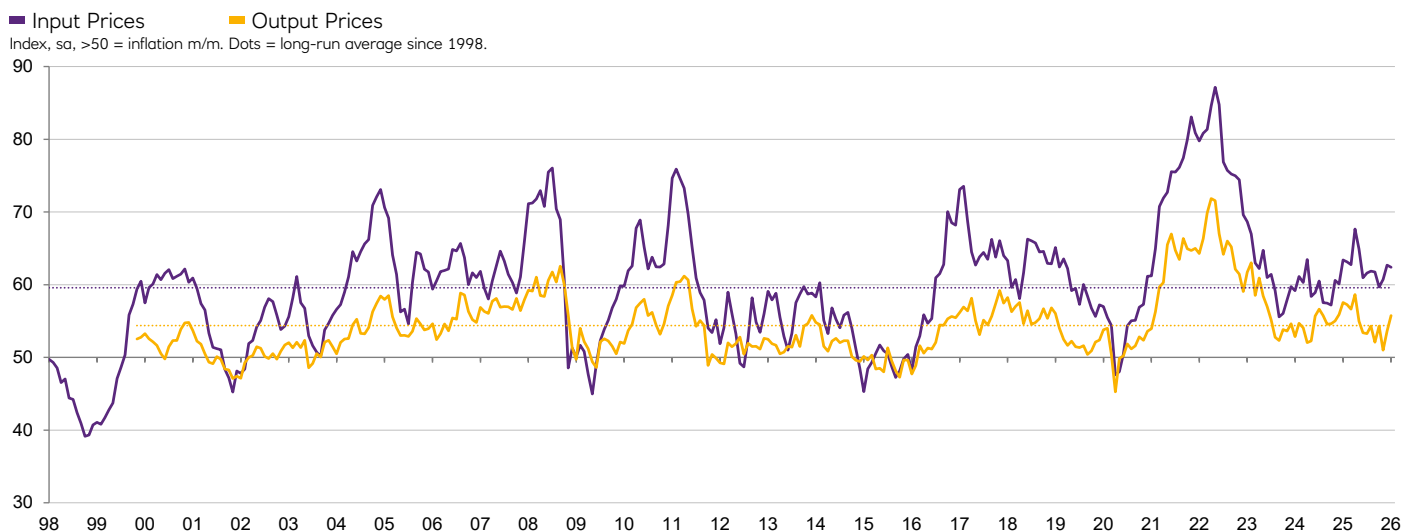
Inflation

Output price inflation accelerates to nine-month high in January

Cost pressures remained stubbornly high across the North West private sector as the new year got underway. The rate of increase in input prices ticked down slightly since December but remained above its long-run average. Wages and commodities were sources of cost inflation, anecdotal evidence showed.

A growing number of firms looked to pass on at least part of the burden of higher costs to customers via increases in prices charged in January. The rate of inflation in average charges for goods and services accelerated for the second month running to the highest since April 2025. It was the third-strongest among the 12 UK nations and regions monitored, behind those recorded in Northern Ireland and the South East.

"...the fact that firms raised output prices at a faster rate is probably another sign that underlying conditions have improved"



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

UK Regional Growth Tracker

Business Activity

Business activity growth was recorded in nine of the 12 nations and regions monitored by the survey in January, the most since August last year. Firms in London registered the quickest rate of expansion, followed by those in the West Midlands and North East. Scotland saw output stabilise, while slower declines were recorded in the East Midlands and Yorkshire & Humber.

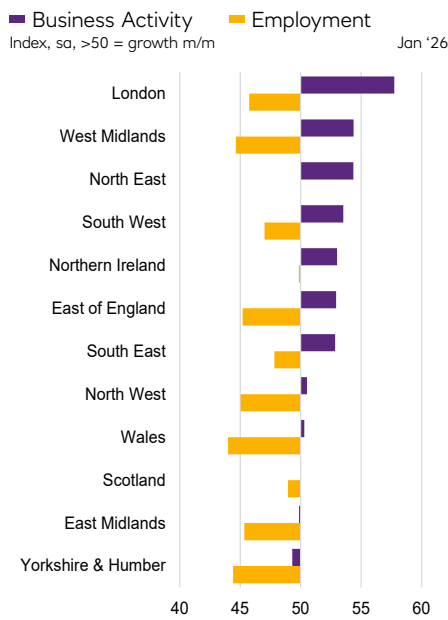
Employment

The latest data pointed to subdued hiring activity across the UK at the start of the new year. Most areas saw a decrease in employment, led by a steep and accelerated decline in Wales. There were some pockets of stability, however, with firms in the North East reporting unchanged workforce numbers and those in Northern Ireland* registering only a fractional decline.

Future Activity

Business expectations towards activity in the next 12 months improved in most areas in January. London, which was one of the regions where confidence strengthened, recorded the highest overall business confidence for the second month running. Expectations were lowest in Northern Ireland, though they did at least tick up to a 15-month high.

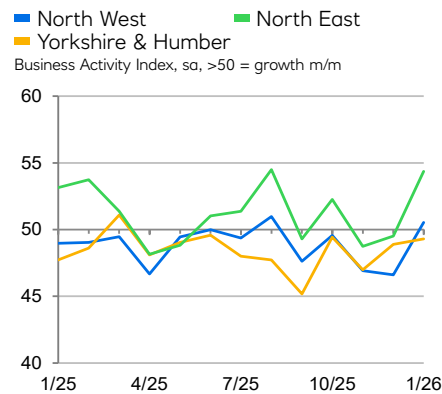
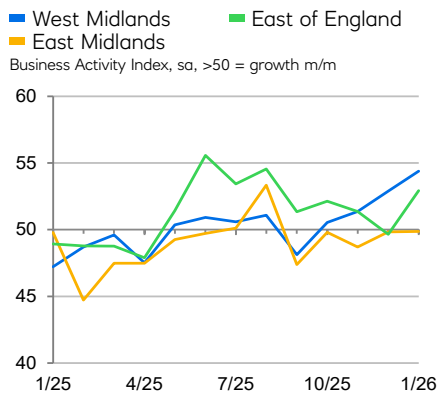
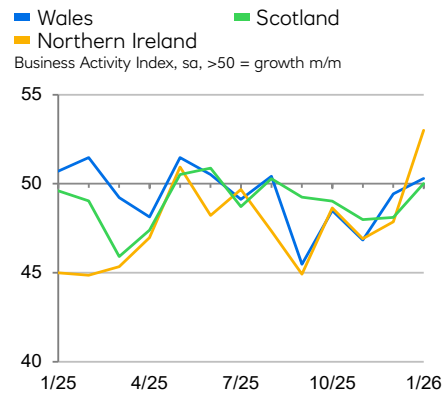
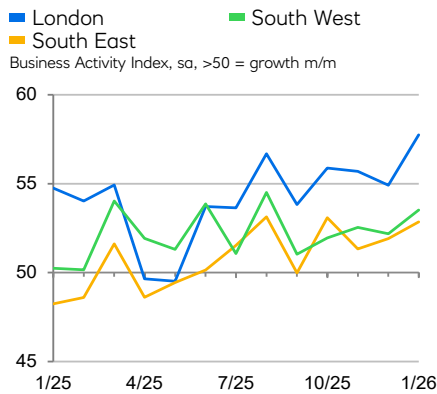
*As well as manufacturing and services, coverage in Northern Ireland also includes construction and wholesale & retail.

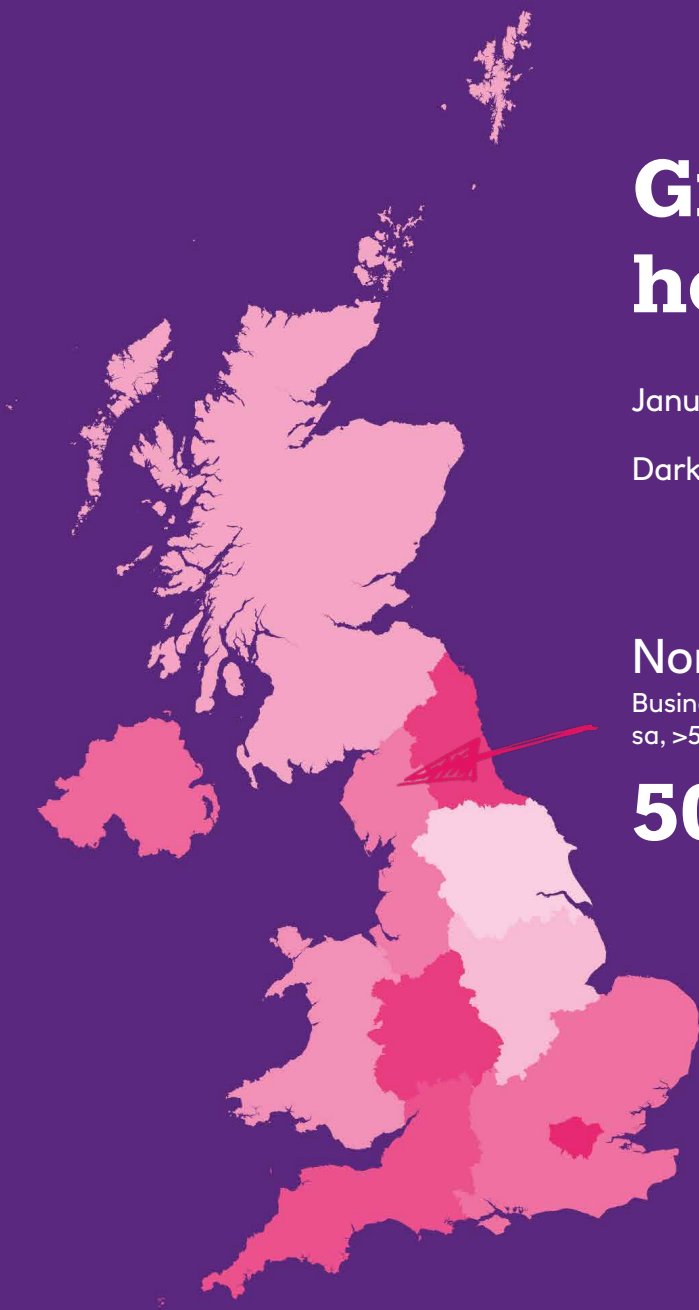


Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



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





Growth Tracker heat map

January 2026

Darker colour = higher business growth

North West

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

50.5



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

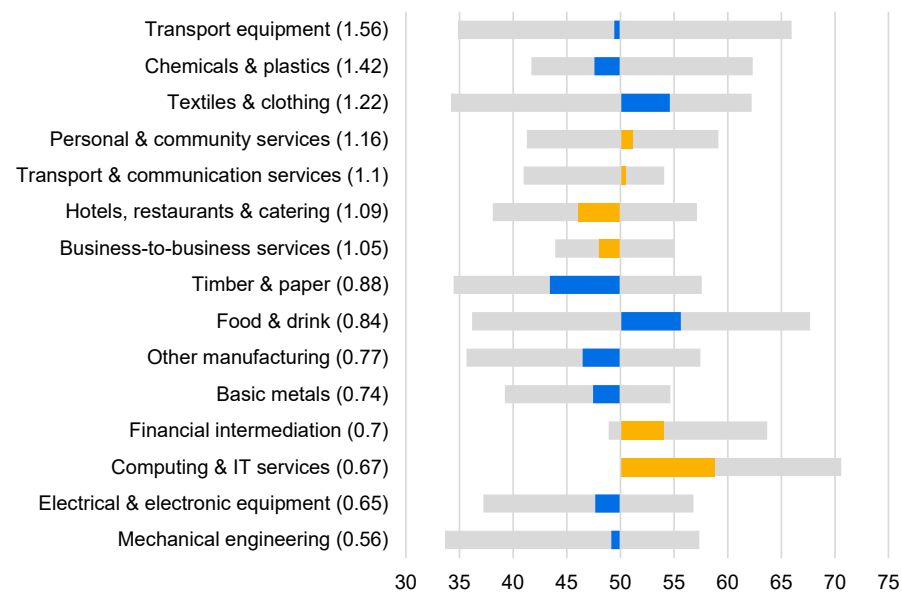
UK sectors

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 Jan '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: Personal & community services

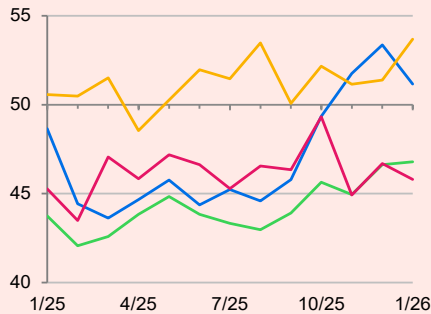
The recent upturn in the UK's personal & community services sector continued into the new year, with output increasing in the three months to January. The pace of expansion eased from that seen at the end of 2025 and slipped below the UK average, though the latest data did show sustained robust growth in inflows of new business.

Firms in the sector continued to face pressure from costs, which rose sharply and at a pace that was second only to that seen in the hotels, restaurants & catering

segment. Prices charged, on the other hand, increased only modestly, with the rate of inflation running below its long-run average.

Although personal & community service providers were hopeful of activity rising in the next 12 months, their confidence levels were subdued by historical standards. Workforce numbers were scaled back, in line with the trend stretching back to Q3 2024. The pace of job shedding was solid, although it eased to the weakest in over a year and was softer than the overall UK average.

Output / Employment
■/■ Personal & community services*
■/■ 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 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.

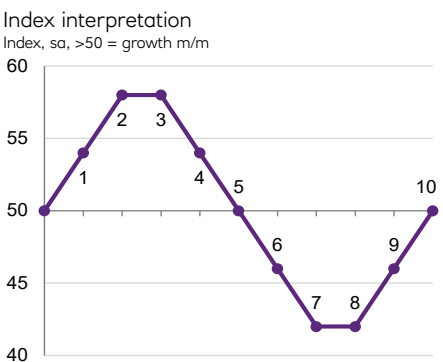
Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. 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.



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
8/25	51.0	50.6	52.4	45.3	44.4	65.4	61.9	54.3
9/25	47.6	47.7	52.7	46.4	44.5	65.4	61.8	52.1
10/25	49.6	49.7	53.1	49.1	44.7	66.2	59.7	54.3
11/25	46.9	45.0	53.3	45.0	42.8	64.5	60.7	51.0
12/25	46.6	46.9	52.1	45.1	46.4	63.9	62.7	53.6
1/26	50.5	49.5		45.0	45.8	66.6	62.4	55.8

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