

11 March 2025

# NatWest Yorkshire & Humber Growth Tracker

Local business confidence picks up in February



NatWest

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by **S&P Global**

11 March 2025

# NatWest Yorkshire & Humber Growth Tracker

## Contents

Key findings

Business activity

Comment

Demand and outlook

Export markets

Jobs and capacity

Inflation

UK Regional Growth Tracker

UK sectors

Methodology and data

Further information



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# Key findings

February 2025

Activity slowdown eases

Growth expectations strengthen and remain above UK average

Local companies' optimism derived from positive infrastructure investment and house-building outlook

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](http://www.natwest.com/business/insights/economics)







# Business confidence strengthens in February

## Growth expectations pick up despite drop in activity levels

Local businesses continued to predict a strong year ahead, reflecting confidence towards their sales pipelines. Survey respondents highlighted optimism towards home building, as well as investment in infrastructure.

The latest NatWest Growth Tracker data did however signal a reduction in business activity, but the rate of decline was slower than in January and only mild overall.

The headline Yorkshire & Humber PMI 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 – increased to 48.6 in February, from 47.7 in January.

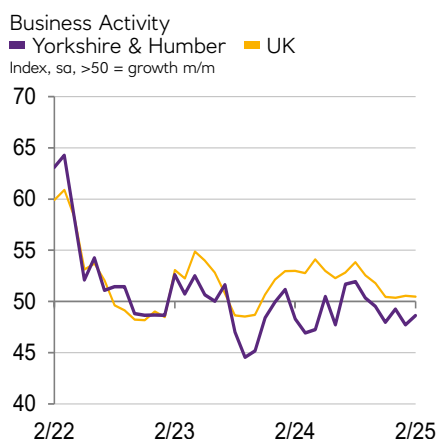
According to panel member reports, the postponement of orders by clients restricted growth in output volumes.

## NatWest Yorkshire & Humber Business Activity Index, February 2025

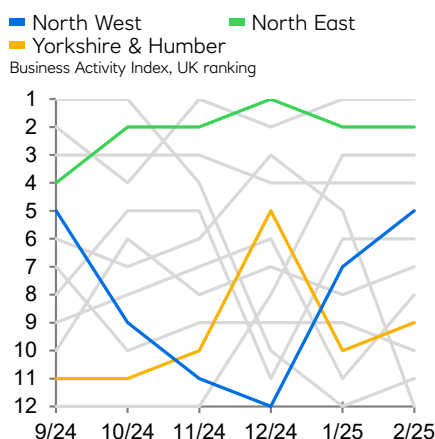
# 48.6

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 10-26 February



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



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[Return to contents](#)

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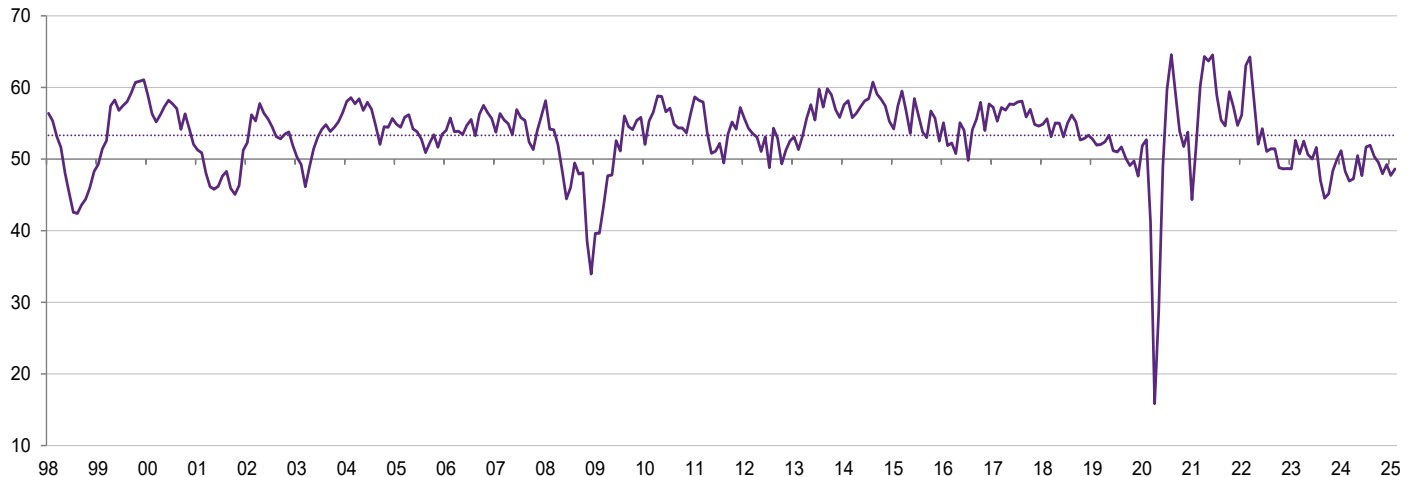
# Comment

## Sebastian Burnside, Chief Economist at NatWest, commented:

"We continue to see a strong level of optimism across the Yorkshire & Humber private sector. Reasons underpinning confidence include robust sales pipelines and upbeat forecasts regarding the investment outlook, particularly linked to home building and emergent infrastructure relating to renewable and clean energy. This implies that the current soft patch in demand will be short-lived, and these positive projections should be conducive of future hiring, which will further support the local economy."

### 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

## New orders fall, in line with UK trend, but sales upturn predicted

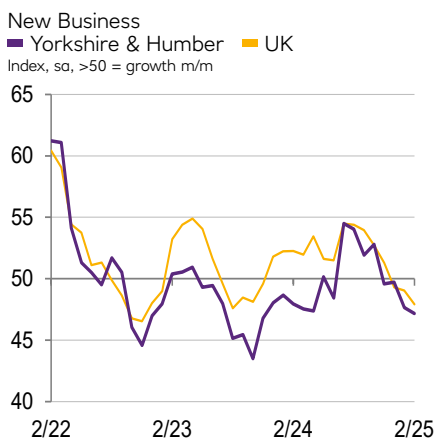
As was the case at the headline UK level in February, private sector businesses in Yorkshire & Humber registered lower intakes of new orders. Of all 12 monitored parts of the UK, just two areas – the North East and London – recorded demand growth. The local pace of decline was the fastest in 15 months, albeit only moderate overall.

Nevertheless, a strong level of optimism towards the 12-month

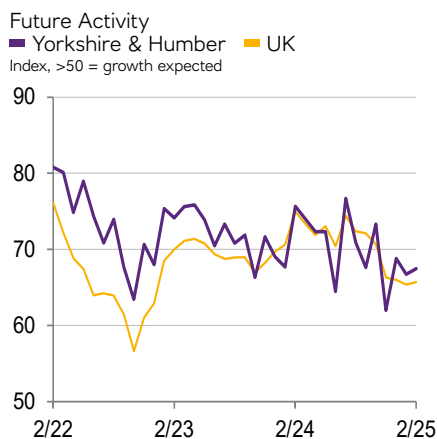
outlook for activity suggests that Yorkshire & Humber companies foresee the latest soft patch in sales being temporary. Growth expectations strengthened in February and were greater than those seen for the UK as a whole. Only three other regions posted stronger confidence than local businesses – West Midlands, East Midlands and South West.

According to anecdotal evidence, positive forecasts were underpinned by predictions of greater investment by clients and prospects, particularly into infrastructure, as well as house building.

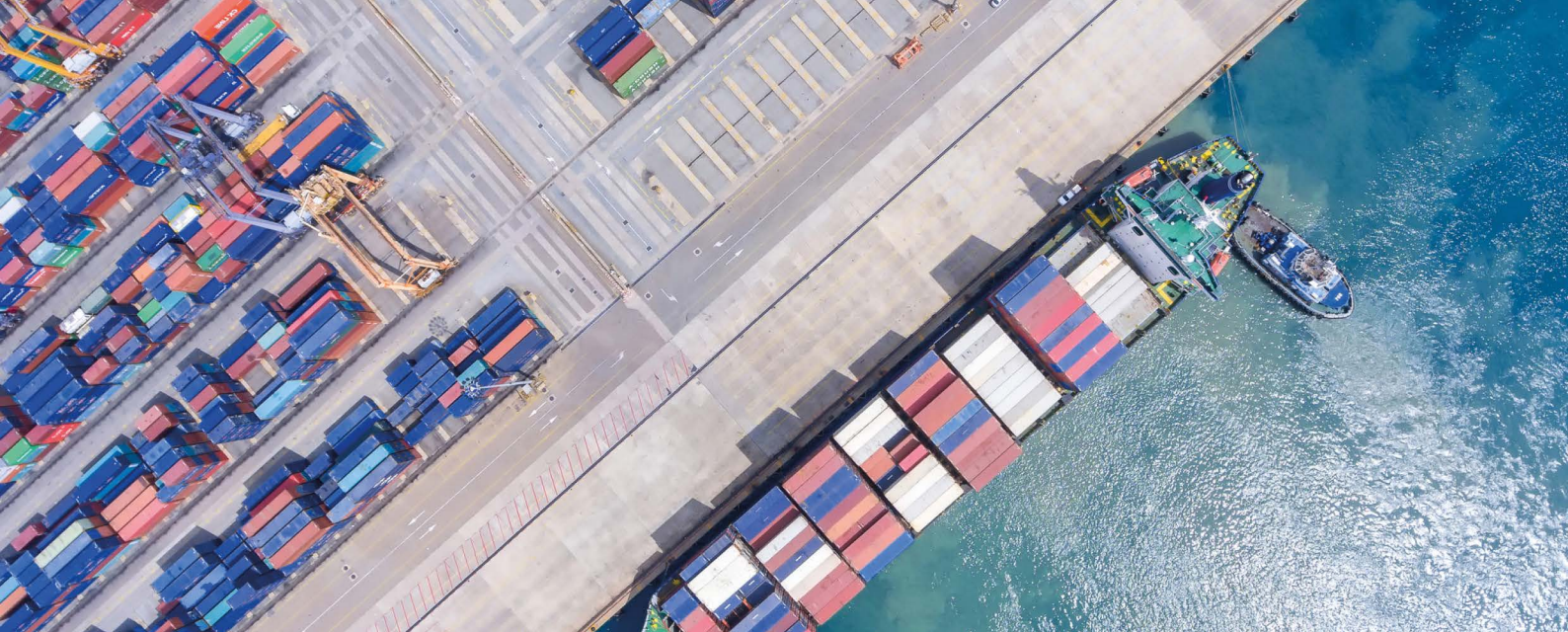
"We continue to see a strong level of optimism across the Yorkshire & Humber private sector."



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



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



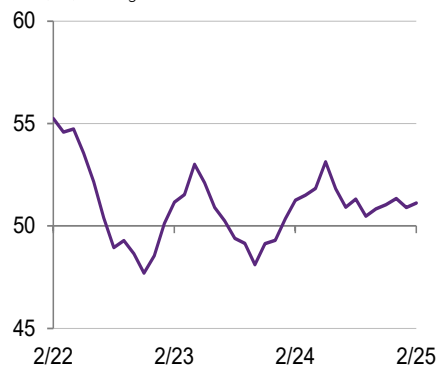
# Export markets

## Export climate improves again

The Yorkshire & Humber ECI ticked up to 51.1 in February, from 50.9 in January, signalling another modest improvement in export conditions. The index was broadly in line with its 2024 average (51.3).

The performance of European markets was mixed in February, with growth in Germany and Ireland contrasting with contractions in France and the Netherlands. The US was supportive, registering economic expansion, but the latest upturn was the slowest for ten months.

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



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

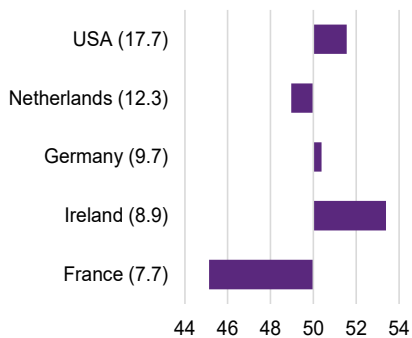
The Yorkshire & Humber Export Climate Index (ECI) is an indicator for the economic health of the region's export markets. It is calculated by combining national PMI output data, weighted according to each nation's share of manufacturing exports of the Yorkshire & Humber. A reading above 50 signals an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

Feb '25

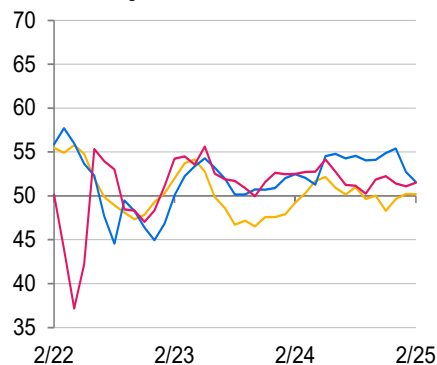


Sources: NatWest, S&P Global PMI. ©2025 S&P Global.

## Output

Index, sa, >50 = growth m/m

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



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





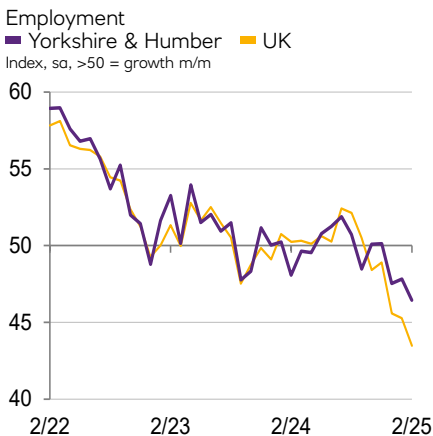
# Jobs and capacity

## Local firms keep workforce reductions contained

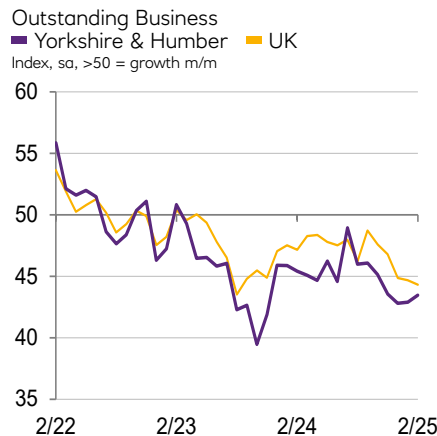
Amid mounting pressure on UK businesses to reduce payroll costs, Yorkshire & Humber companies reported lower employment levels in February. The rate of job shedding also quickened slightly and was the fastest since November 2020. That said, compared to the other parts of the UK monitored by the survey, the local decline in workforce numbers was relatively soft. Eight of the 12 tracked parts of the UK registered faster decreases than Yorkshire & Humber.

The latest survey data meanwhile signalled a further steep reduction in outstanding business across the region. This was despite the rate of depletion easing to its weakest for three months. Sluggish order book intakes enabled firms to channel resources to clearing work-in-hand.

"...positive projections should be conducive of future hiring, which will further support the local economy."



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



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





# Inflation

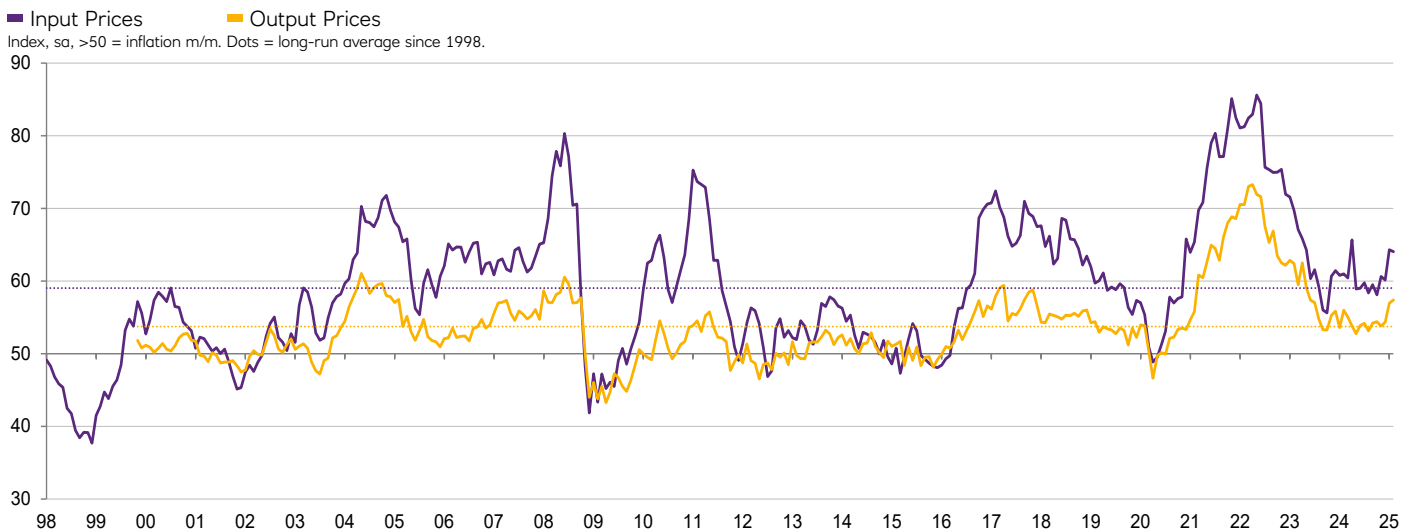
## Fastest rise in selling prices since June 2023

Cost pressures faced by private sector businesses in Yorkshire & Humber picked up midway through the first quarter. Furthermore, the rate of input price inflation remained steep, despite cooling slightly from January's nine-month high. According to panellists, suppliers raised their fees, although there were also reports of higher metals prices. The local pace of increase in

input costs was slightly softer than seen for the UK overall.

There was evidence to suggest that Yorkshire & Humber companies retained pricing power as selling charges increased at the sharpest pace since June 2023. Where output prices were raised, firms noted this reflected the passing on of higher payroll expenses and greater supplier charges. Compared to that seen at the national level, the increase in output prices observed locally was broadly similar.

**"Yorkshire & Humber companies retained pricing power as selling charges increased at the sharpest pace since June 2023."**



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

# UK Regional Growth Tracker

## Business Activity

London topped the rankings for business activity growth in February, having enjoyed another robust expansion, ahead of the North East, Wales and South West, respectively. Lower output was seen in several nations and regions, however. The steepest falls were registered in the East Midlands and Northern Ireland\*.

## Employment

Workforces numbers were streamlined across each of the 12 UK nations and regions monitored by the survey in February, the first time this has happened for a little over four years. Employment fell only slightly in the likes of the North East and Scotland, however. The most marked decreases were seen in the East of England and West Midlands.

## Future Activity

Year-ahead growth expectations improved in the majority of areas in February. Firms in the West Midlands were the most optimistic about future activity, while those in the North East reported the greatest upswing in confidence since January. At the other end of the scale, Northern Ireland recorded the weakest business sentiment, although it did pick up somewhat from the low seen at the start of the year.

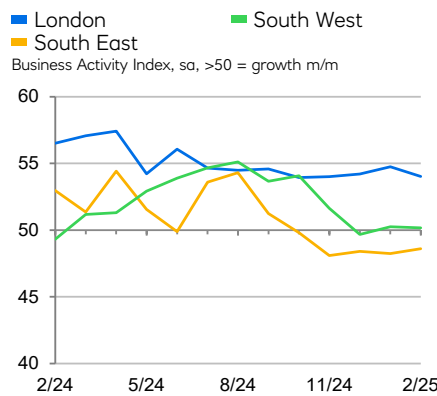
\*As well as manufacturing and services, coverage in Northern Ireland also includes construction and retail.



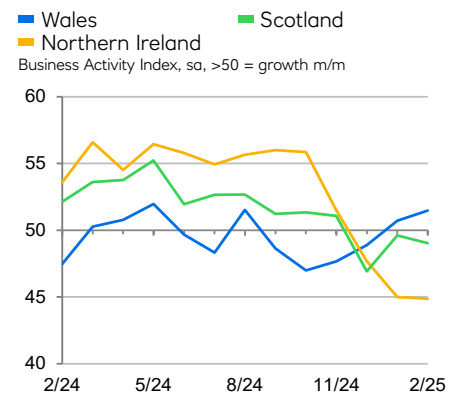
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



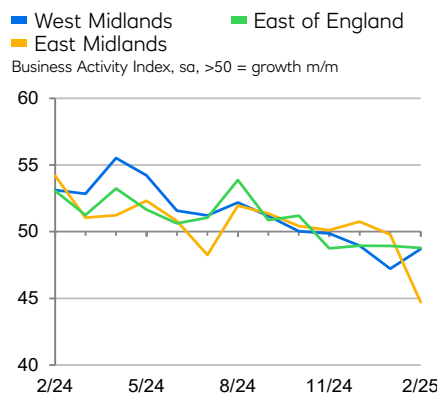
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



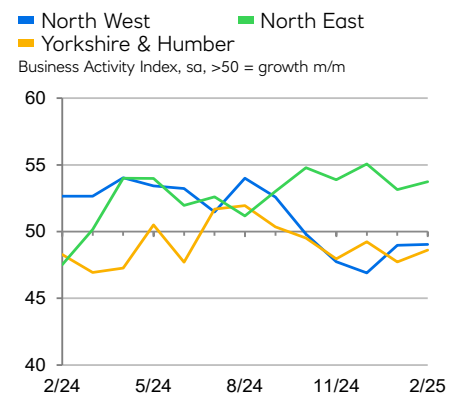
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



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



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

# Growth Tracker heat map

February 2025

Darker colour = higher business growth

## Yorkshire & Humber

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

# 48.6



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



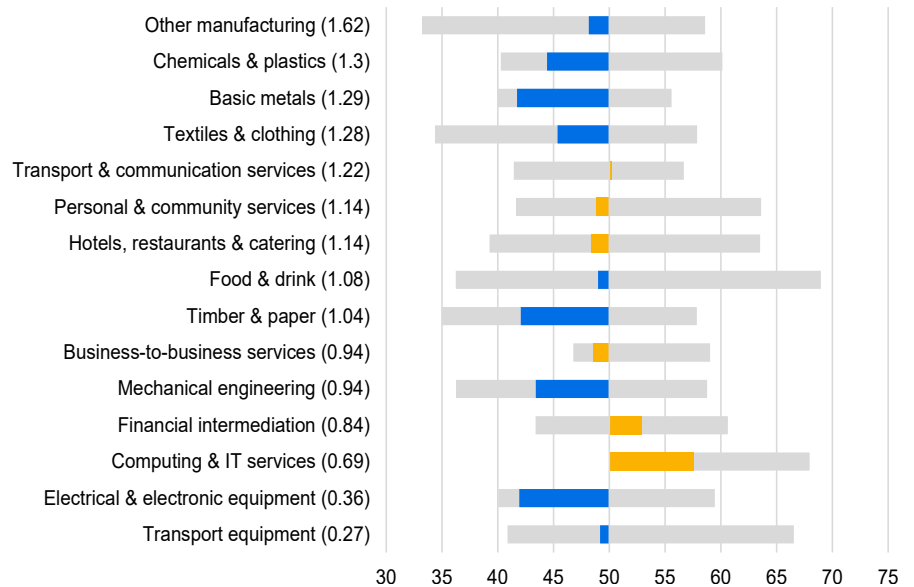
# UK sectors

## 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  
 ■ Manufacturing ■ Services ■ 3-year range  
 UK Output Index, sa, >50 = growth m/m Feb '25



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

Output in the UK's mechanical engineering sector contracted in the three months to February, according to underlying PMI data. The decline was steep and followed growth throughout most of 2024. A lack of new orders, particularly from abroad, was the defining factor behind the sector's recent downturn.

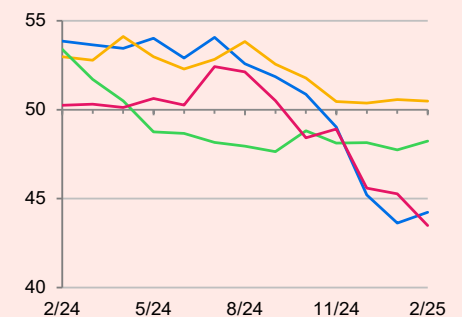
Shrinking backlogs of work at mechanical engineering companies led to further job losses. This extended the current sequence of job shedding seen since spring last year. Inventories were also scaled

back, especially stocks of inputs.

Prices paid for purchases rose at a steady rate that was below the long-run series average. Firms managed to pass on a sizeable proportion of the cost increases they faced, with the pace of output price inflation ticking up to its highest for almost a year and running above its historic trend level.

Looking ahead, firms in the sector were optimistic about growth prospects in the coming year, though less so than at almost any time since the pandemic.

Output / Employment  
 ■/■ Mechanical engineering\*  
 ■/■ Manufacturing & services  
 Index, sa, >50 = growth m/m



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

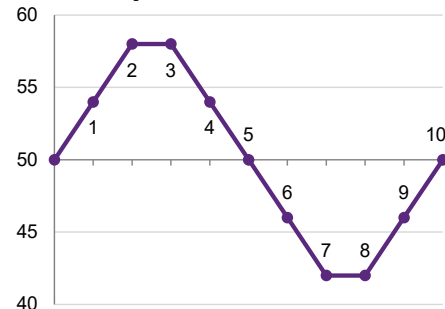
The headline figure is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The Yorkshire & Humber Business Activity Index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

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
9/24	50.4	51.9	50.5	48.5	46.1	67.6	59.5	54.2
10/24	49.5	52.8	50.8	50.1	45.2	73.3	58.1	54.4
11/24	48.0	49.6	51.0	50.1	43.6	62.0	60.6	53.8
12/24	49.2	49.7	51.3	47.5	42.8	68.8	60.2	54.3
1/25	47.7	47.7	50.9	47.8	42.9	66.7	64.3	56.9
2/25	48.6	47.2	51.1	46.4	43.5	67.5	64.1	57.4

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