14 October 2026

# NatWest North East Growth Tracker

## North East jobs rise amid recovery in demand





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14 October 2026

# NatWest North East Growth Tracker

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# Key findings

September 2026

## New business increases for first time in three months...

## ...underpinning output growth and job creation

## Cost pressures in the North East among highest nationally

**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**



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# North East jobs rise amid recovery in demand

**The NatWest Regional Growth Tracker data showed positive developments across the North East, with demand resilience supporting job creation and a renewed expansion in output.**

At 52.0 in September, up from 49.6 in August, the headline North East Growth Tracker Business Activity Index – a seasonally adjusted index measuring month-on-month changes in the combined output of the region's manufacturing and service sectors – showed the eighth rise in business activity in the past nine months. Moreover, the pace of growth was the strongest since May and matched that seen at the UK level.

In fact, the North East ranked fourth of all 12 monitored regions and nations in terms of output performance.

Local companies attributed the latest expansion to an improvement in underlying demand and an associated rise in new business intakes.

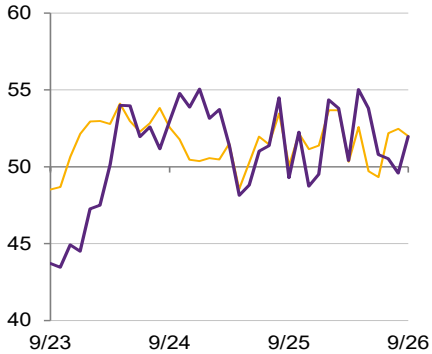
## NatWest North East Business Activity Index September 2026

**52.0**

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.

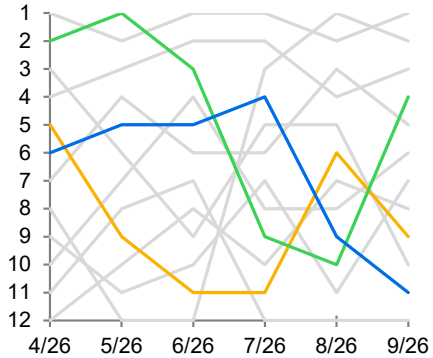
Data compiled 10-28 September

Business Activity
North East UK
Index, sa, >50 = growth m/m




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

North West North East
Yorkshire & Humber
Business Activity Index, UK ranking




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



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# Comment

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

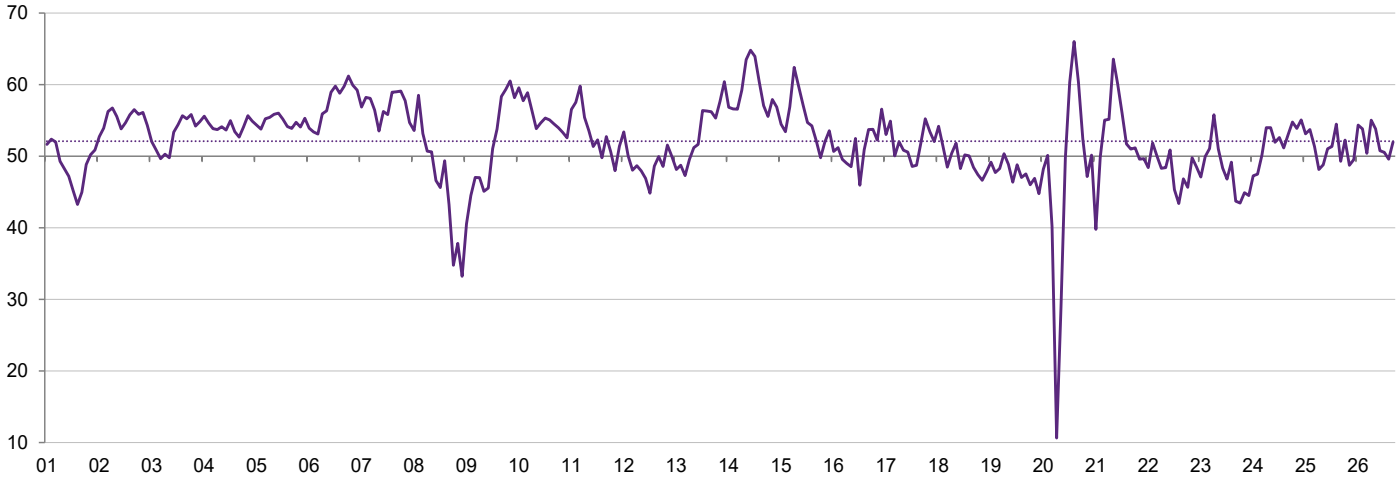
"The NatWest Growth Tracker data showed encouraging developments across the North East during September, with firms prepared to raise headcounts in response to a more favourable demand environment. Business activity also expanded, and it did so at a rate that matched the UK average.

"Local companies expect the recovery in demand to be sustained in the medium-term which, if materialised, should support output in the year ahead. Also, optimism towards the outlook could help sustain the recovery in employment.

"On the downside, the steep upturn in expenses faced by firms could dampen the recovery via cost-control measures and reduced interest from more price-sensitive clients, as local businesses continue to protect margins from cost rises by raising their selling charges."

Business Activity

Index, sa, >50 = growth m/m. Dots = long-run average since 2001.




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



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# Demand and outlook

## New orders placed with North East firms rise in September

After falling in each of the previous two months, new business intakes expanded at the end of the third quarter. According to panel members, sales were supported by greater investment and better demand trends.

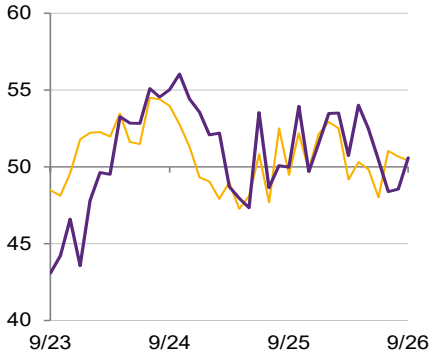
The pace of growth was slight, though the fastest since May and slightly above the UK average.

Local firms expect demand conditions to remain favourable over the course of the coming 12 months and therefore underpin output growth. The overall level of positive sentiment fell since August, but was still the second-highest since February.

Looking at the 12 monitored UK regions and nations, however, the North East came eighth in the rankings for business confidence.

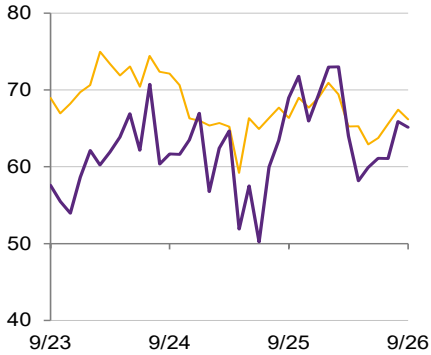
"Local companies expect the recovery in demand to be sustained in the medium-term which, if materialised, should support output in the year ahead."

New Business
North East UK
Index, sa, >50 = growth m/m



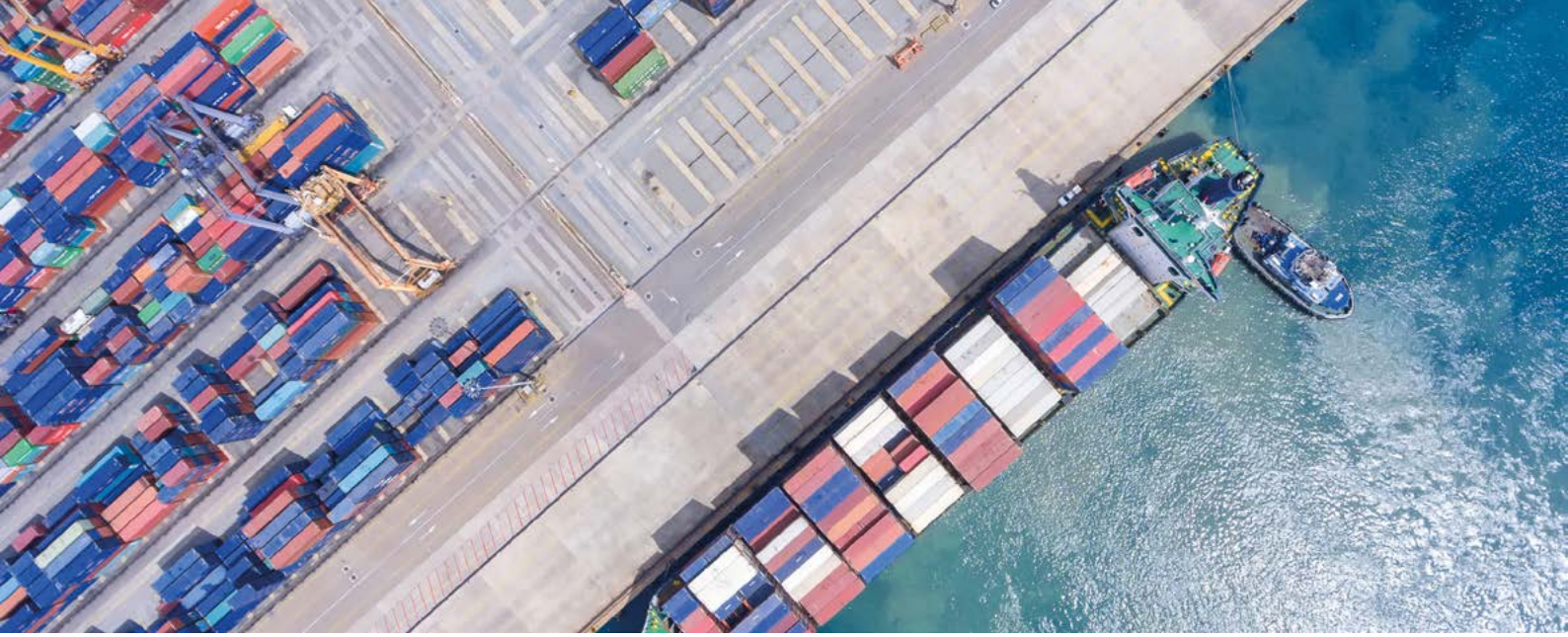

Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

Future Activity
North East UK
Index, >50 = growth expected




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


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# Export markets

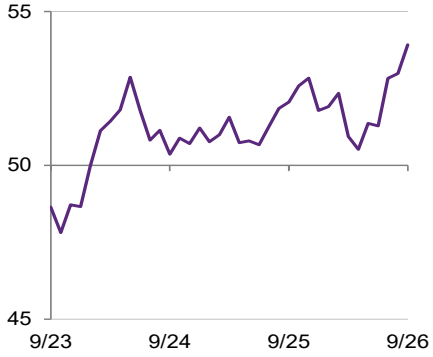
## Export opportunities continue to strengthen

The ECI rose for the third month in a row during September, from 53.0 in August to 53.9. The latest reading indicated the strongest improvement in trade conditions in close to four-and-a-half years.

With economic growth reinstated in France, all of the top five export markets for the North East posted better trends for output.

The US registered the quickest increase, respectively followed by Spain, the Netherlands, Germany and then France.

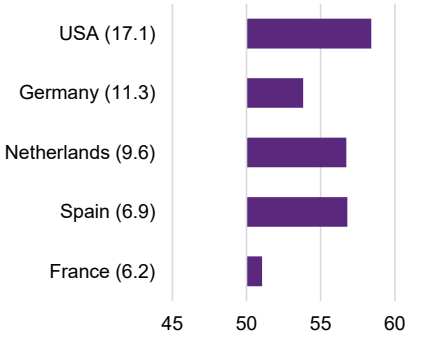
Export Conditions
Index, sa, >50 = growth m/m




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

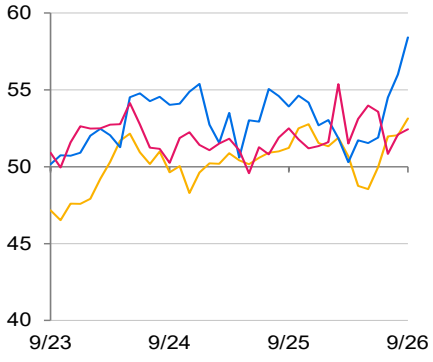
The North East Export Climate Index (ECI) is an indicator for the economic health of the region's export markets. It is calculated by combining national PMI output data, weighted according to each nation's share of manufacturing exports from the North East. A reading above 50 signals an improvement in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




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

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




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


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# Jobs and capacity

## Private sector jobs increase for first time since March

Despite signalling a slight pace of expansion, the seasonally adjusted Employment Index was at a 22-month high in September.

Firms that took on extra workers remarked on the replacement of staff lost earlier in the year. Some also pointed to the onboarding of trainees, apprentices and delivery staff.

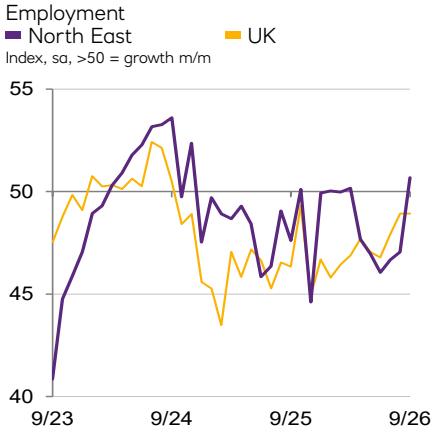
The North East was one of only five UK areas to register job creation, with declines noted elsewhere.

Although private sector companies in the North East continued to report backlog clearances, the extent of the latest decline was mild and the least pronounced over the current six-month period of reduction.

Ten of the 12 UK regions and nations posted a fall in outstanding business volumes, with the weakest decline in the North East. London and Northern Ireland were the exceptions, with backlogs stabilising and rising respectively.

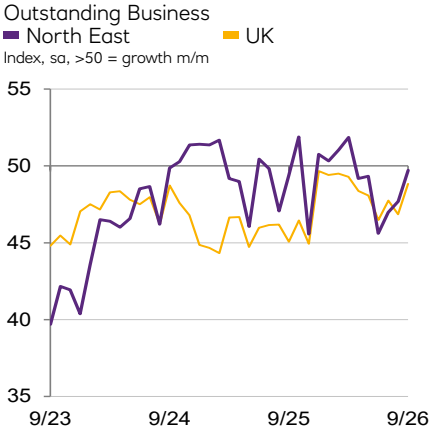
"The data showed encouraging developments across the North East during September, with firms prepared to raise headcounts in response to a more favourable demand environment."

Employment




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

Outstanding Business




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



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# Inflation

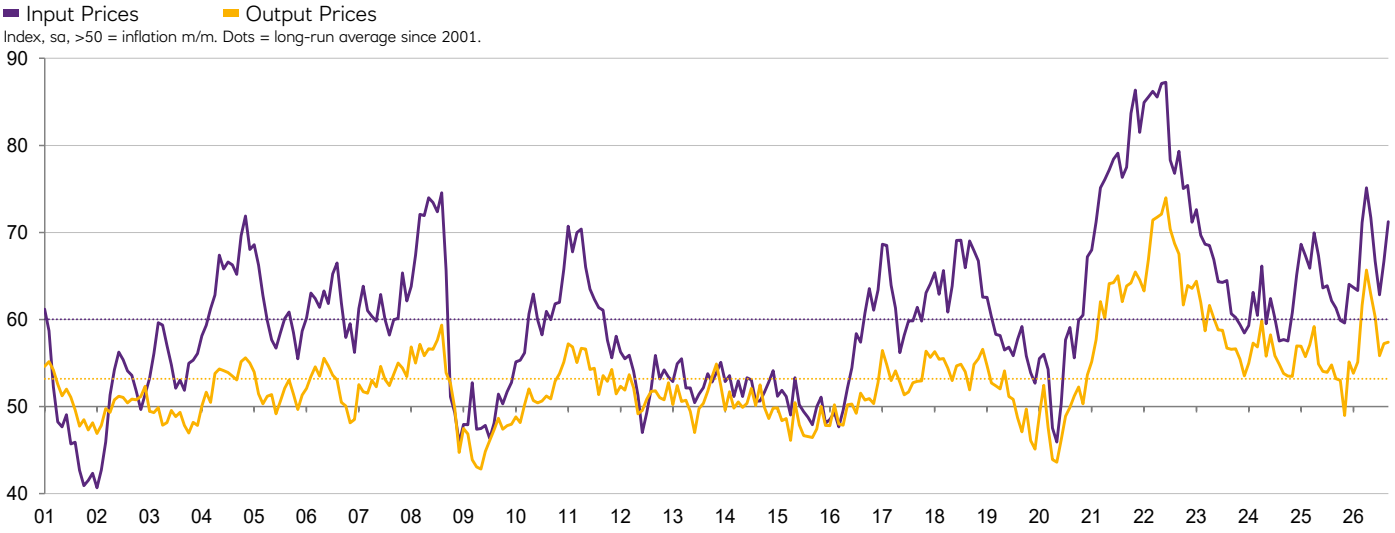
## Charge inflation quickens as cost pressures intensify

Companies in the North East indicated a substantial increase in their operating expenses at the end of the third quarter. Electronic components, fuel, metals, plastic, staff and utilities were identified by panellists as the main sources of cost pressures.

Having accelerated from August, the overall rate of input price inflation was steep, the strongest since May and well above its long-run average. Cost pressures in the North East were the third-highest of all 12 UK areas, beaten only by Northern Ireland and Yorkshire & Humber.

As a result of ongoing increases in operating expenses, North East firms lifted their own selling prices again in September. The rate of charge inflation was historically elevated and hit a three-month high. That said, it was below the national average.

"...the steep upturn in expenses faced by firms could dampen the recovery via cost-control measures and reduced interest from more price-sensitive clients..."




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



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# UK Regional Growth Tracker

## Business Activity

The majority of the 12 UK nations and regions monitored by the Growth Tracker saw an increase in business activity in September. London saw the steepest expansion, while the North East, West Midlands and East Midlands each recorded renewed increases in output. Scotland and the North West both recorded modest falls in activity.

## Employment

Employment rose across more areas in September, the number rising from just two in August to five at the end of the third quarter – the most since November 2024. Scotland maintained the fastest rate of job creation, as has been the case in each of the past four months. At the other end of the scale, the West Midlands meanwhile saw the steepest reduction in workforce numbers.

## Future Activity

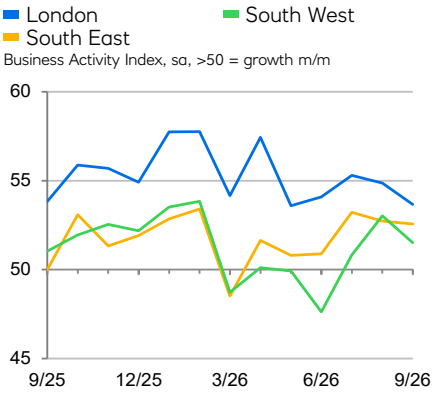
There was once again widespread optimism towards the outlook for activity over the next 12 months. Expectations did, however, ease in the majority of cases. One exception was the South East, which recorded the highest overall degree of optimism, while Wales registered the most marked improvement in confidence from the month before.



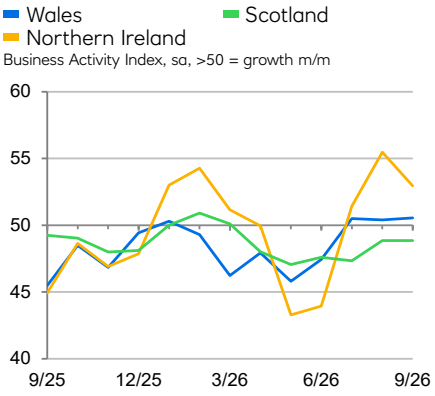

Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



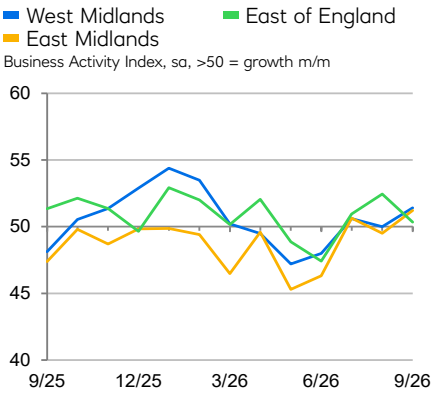

Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



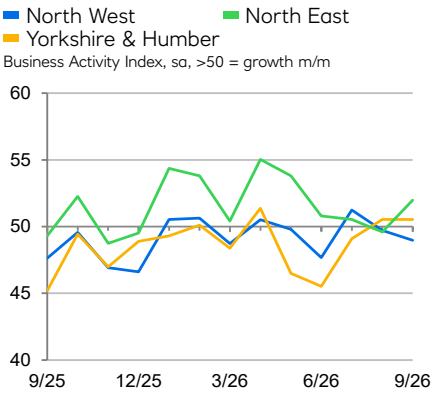

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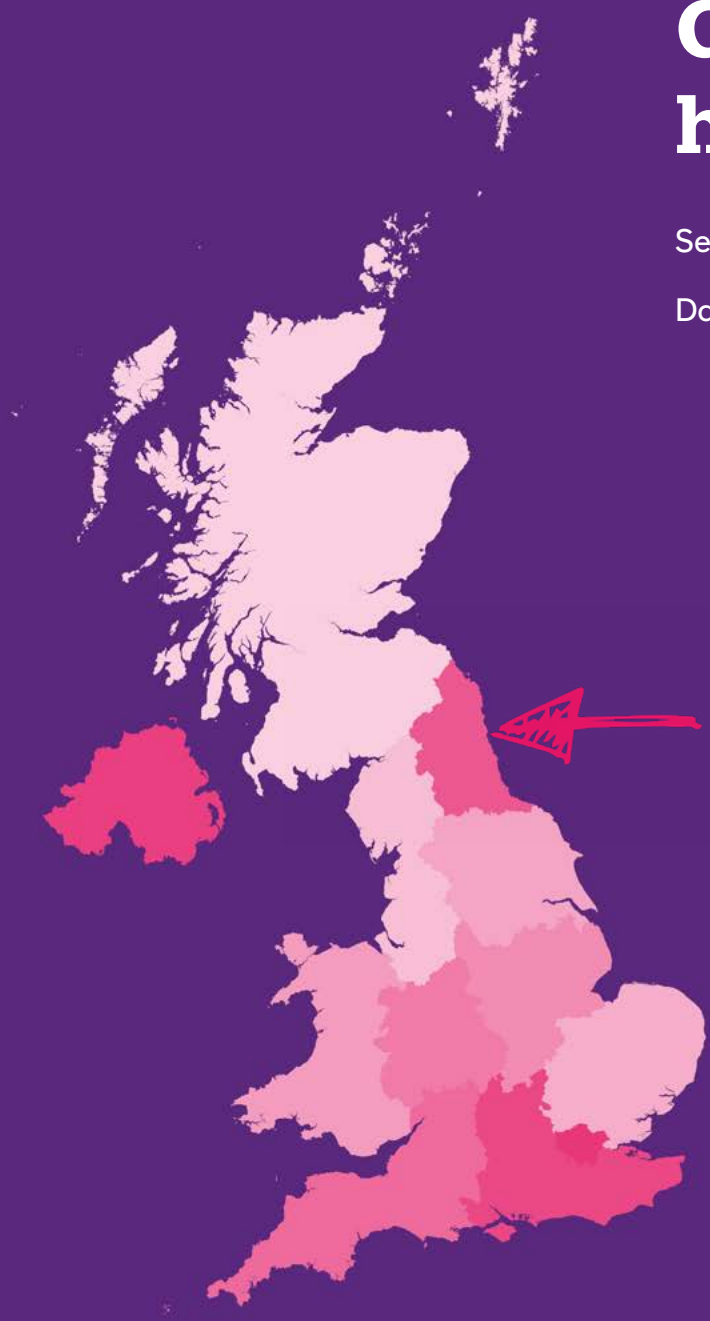


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# Growth Tracker heat map

September 2026

Darker colour = higher business growth



## North East

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

**52.0**




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



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# UK sectors

## Sector specialisation: North East

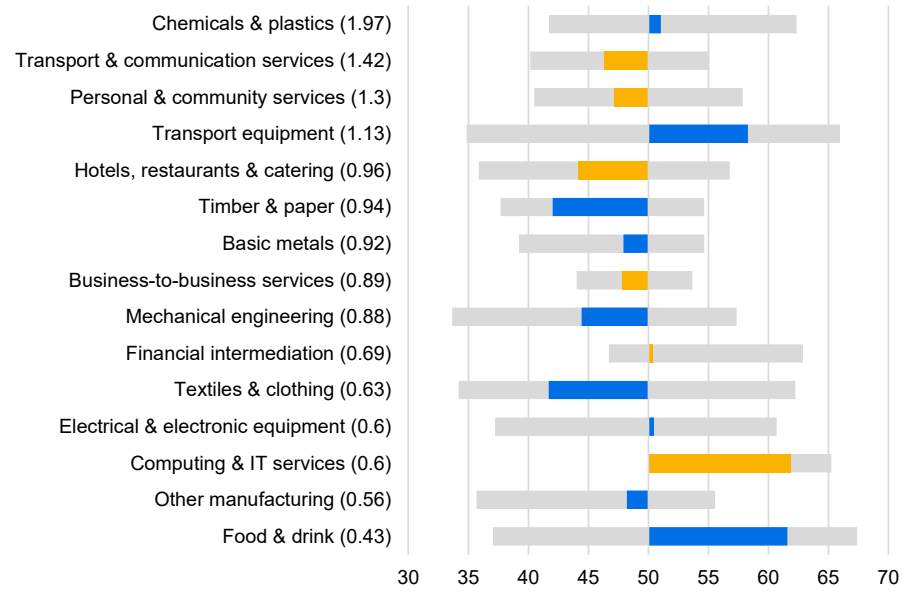
The chart shows UK output indices by sector, ranked by location quotients for the North East. Location quotients (LQs) are ratios derived by comparing the share of sector output (or gross value added) in regions with the national share of output in the same sector.

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 Sep '26




Sources: NatWest, S&P Global PMI. ©2026 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: Business-to-business services

Output levels came close to stabilising across the business-to-business services sector in the third quarter of the year, recording only a marginal contraction that was the weakest since mid-2025. This reflected more stable underlying demand conditions, with inflows of new business falling only modestly and at the softest rate for nearly two years.

A sustained sharp decline in backlogs of work across the sector pointed to underutilised capacity. As such, job numbers were cut further in the three months to September, maintaining a sequence of decline seen since early last year. After accelerating in the second quarter to the fastest seen since the initial phase of the pandemic, the pace of job shedding showed an easing trend, tallying with a partial recovery in business confidence.

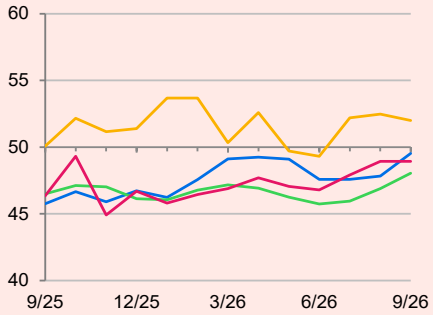
As for prices, rates of both input cost and output charge inflation were running below the highs seen in the second quarter, but they remained elevated by historical standards.

Output / Employment

/ Business-to-business 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 average



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# 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.

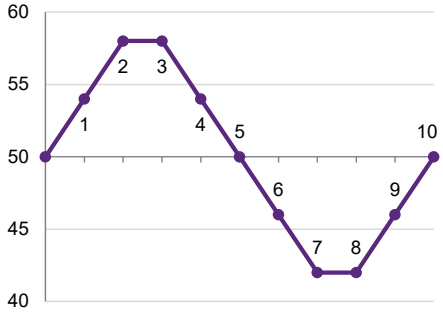
The headline figure is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The North East Business Activity Index is comparable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

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

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 |
|---|---|---|---|---|---|---|---|---|
| 4/26 | 55.0 | 54.0 | 50.5 | 47.7 | 49.2 | 58.2 | 75.1 | 65.7 |
| 5/26 | 53.8 | 52.5 | 51.4 | 47.0 | 49.3 | 59.9 | 71.7 | 62.9 |
| 6/26 | 50.8 | 50.5 | 51.3 | 46.1 | 45.6 | 61.1 | 66.7 | 60.3 |
| 7/26 | 50.5 | 48.4 | 52.8 | 46.7 | 47.0 | 61.1 | 62.8 | 55.8 |
| 8/26 | 49.6 | 48.5 | 53.0 | 47.0 | 47.7 | 65.9 | 66.7 | 57.2 |
| 9/26 | 52.0 | 50.6 | 53.9 | 50.7 | 49.7 | 65.1 | 71.2 | 57.4 |



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# Further information

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NatWest serves customers in England and Wales, supporting them with their personal, private, and business banking needs. NatWest helps customers at all stages in their lives, from opening student accounts, to buying their first home, setting up a business, and saving for retirement.

Alongside a wide range of banking services, NatWest offers businesses specialist sector knowledge in areas such as manufacturing and technology, as well as access to specialist entrepreneurial support.

www.natwest.com/business/insights/economics

www.linkedin.com/company/natwest-business/

## PMI by S&P Global

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of

www.spglobal.com/marketintelligence/en/mi/products/pmi

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