14 October 2026

NatWest UK Regional Growth Tracker

Output growth and job creation broaden out in September, but firms hit by renewed cost pressures







NatWest

PMI® by S&P Global

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Key findings

September 2026

Ten out of 12 UK nations and regions record business activity growth, the joint-most for two years

More areas also record job creation, but growth expectations soften in most cases

Rates of input cost inflation tick up almost across the board

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



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Comment

Sebastian Burnside, NatWest Chief Economist, commented:

"The encouraging story from September is that growth is no longer being driven by just a handful of regions. Business activity expanded across most parts of the UK, and job creation became more widespread than at any point for almost two years.

"However, businesses are having to balance that growth against a fresh rise in costs. Input price inflation accelerated across almost the entire country during September, highlighting the pressures that continue to weigh on investment and hiring decisions.

"Businesses remain resilient and broadly optimistic, but with confidence easing and the Budget approaching, many firms will be looking for greater certainty to help turn optimism into investment and growth."



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 10-28 September

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Business activity

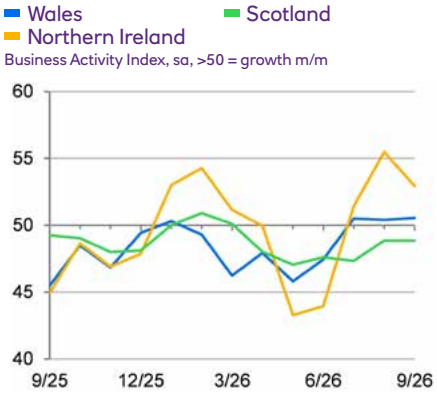
The majority of the 12 UK nations and regions monitored by the Growth Tracker saw an increase in business activity in September. The number (ten) was the joint-highest for two years. On the other hand, most areas recoded lower growth expectations for the coming year and saw a rise in cost pressures facing local businesses.

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.

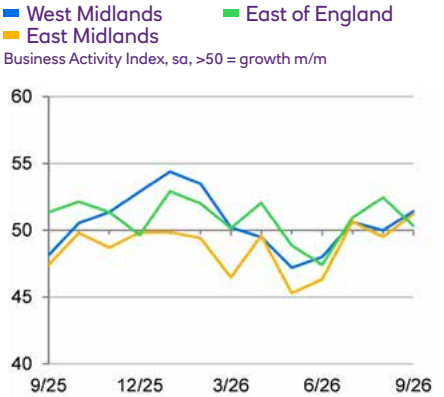
London recorded the steepest expansion (index at 53.7) despite seeing growth ease from the month before, while the North East (52.0), West Midlands (51.4) and East (51.2) Midlands each recorded renewed increases in output. Scotland (48.8) and the North West (49.0) both recorded modest falls in activity.



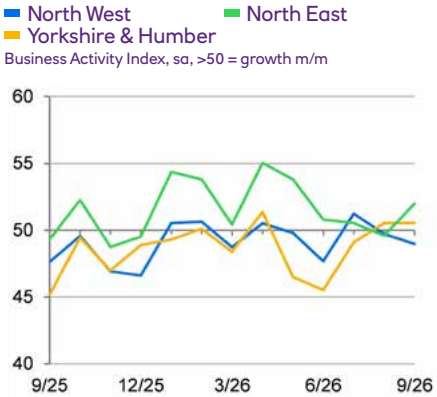
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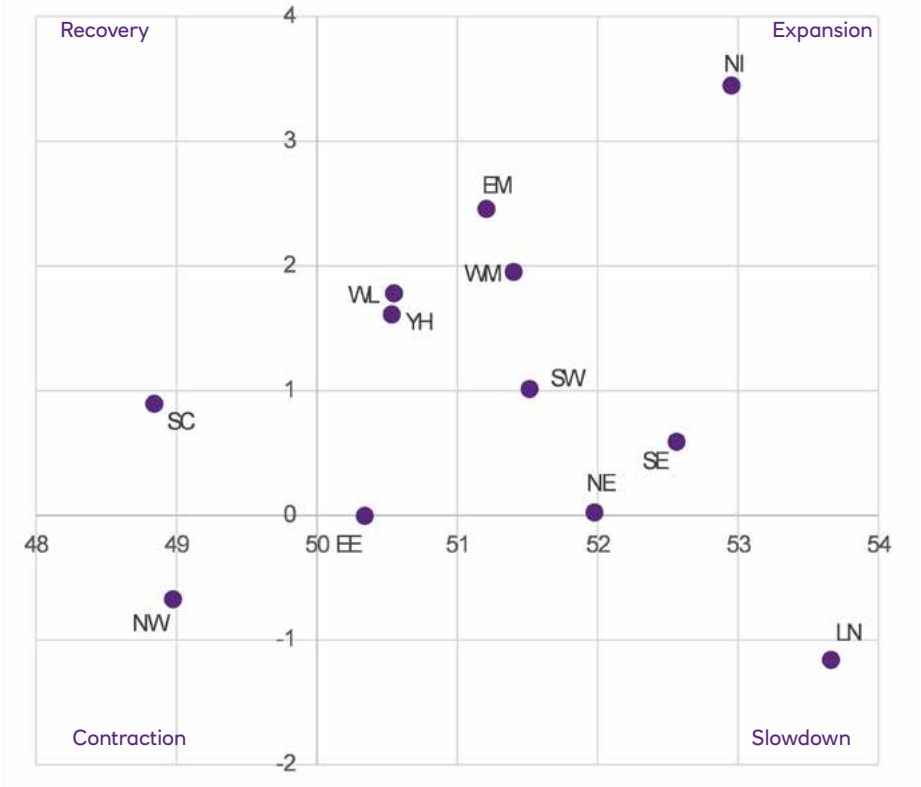
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Business cycle by nation and region

Business Activity

X axis = Business Activity Index, sa, >50 = growth m/m, Sep '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.

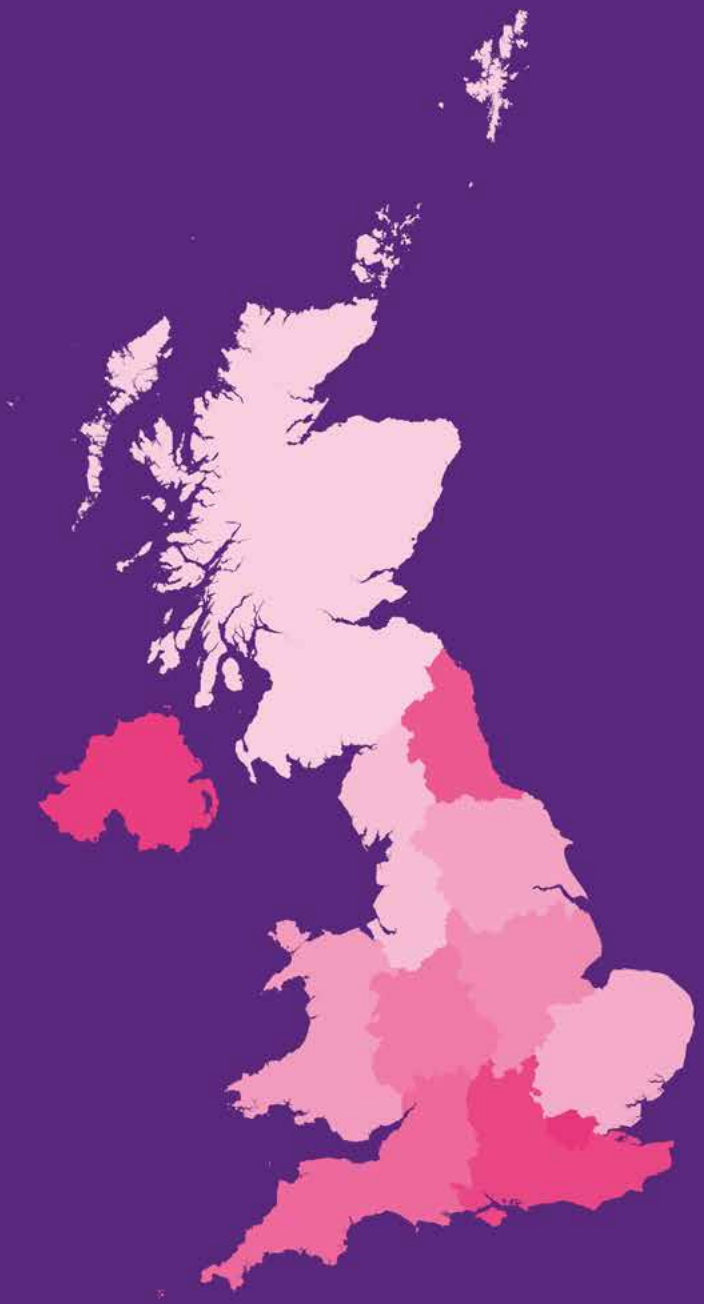
Contraction

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.

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Growth Tracker heat map

September 2026
Darker colour = higher business growth

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

London	53.7
Northern Ireland	53.0
South East	52.6
North East	52.0
South West	51.5
West Midlands	51.4
East Midlands	51.2
Wales	50.6
Yorkshire & Humber	50.5
East of England	50.3
North West	49.0
Scotland	48.8



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Demand and outlook

Demand for goods and services increases in over half of areas

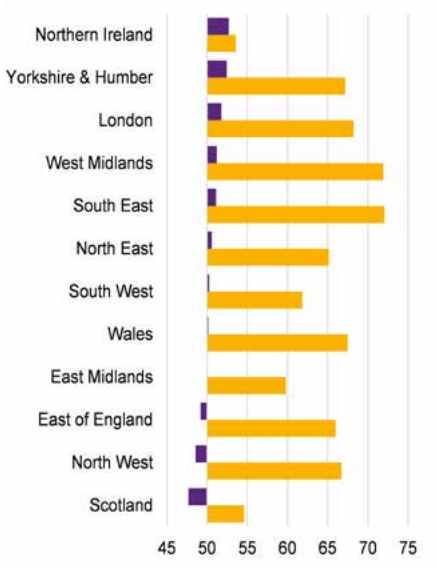
Eight of the 12 UK nations and regions monitored posted an increase in new business in September, up from six in August. Growth was led by Northern Ireland, where demand continued to recover following a noticeable slowdown during the second quarter. Scotland recorded the most marked reduction in new orders, albeit with the rate of contraction easing to the weakest since February.

Growth expectations soften in the majority of cases

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.

New Business Future Activity*

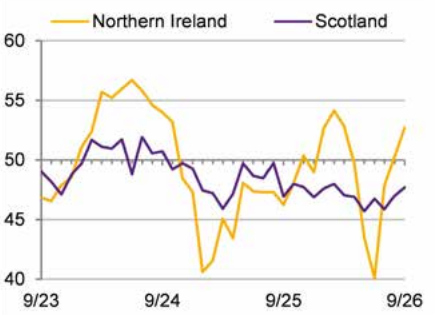
Index, sa, >50 = growth m/m (*>50 = growth expected), Sep '26



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

New Business

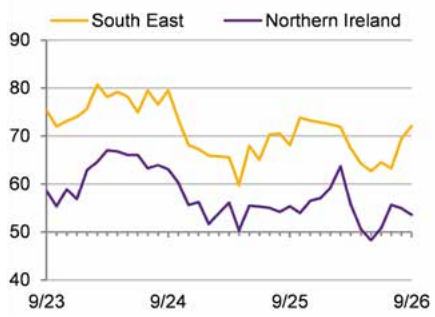
Index, sa, >50 = growth m/m



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.

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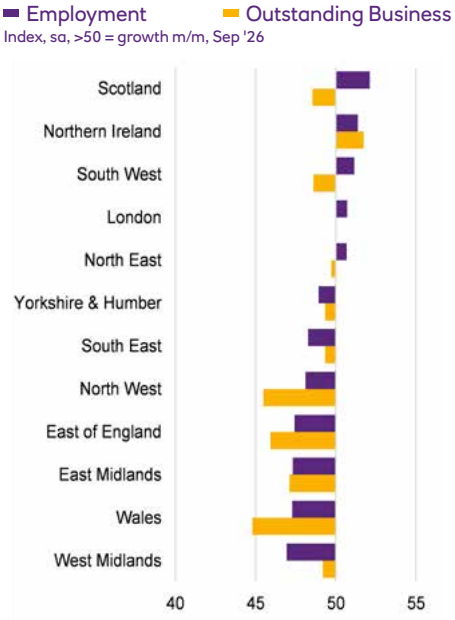
Employment and capacity

Scotland continues to lead employment growth

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.

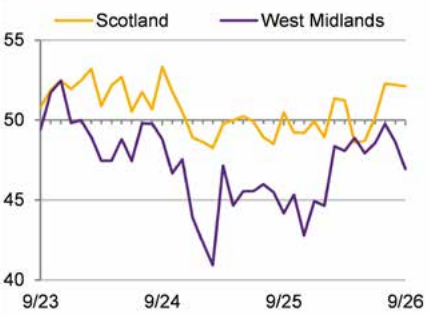
Pressure on capacity generally remains subdued

The only area to see an increase in backlogs of work in September was Northern Ireland, which recorded its first rise for seven months. Outstanding business was unchanged in London, while the remaining ten UK nations and regions all recorded further – albeit slower – decreases, the sharpest of which was seen in Wales.



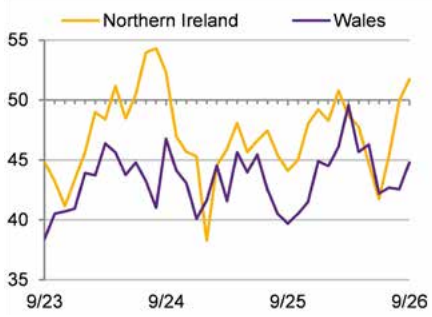
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

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.

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Inflation

Cost inflation accelerates almost universally

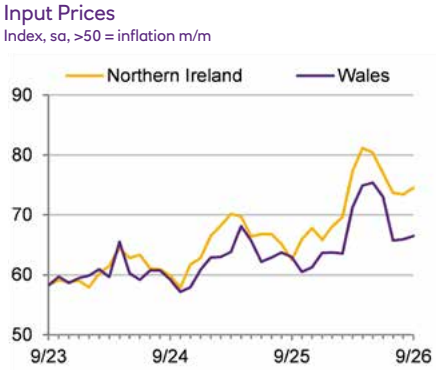
Nearly all areas recorded an accelerated rate of input cost inflation in September. Firms in Northern Ireland post the steepest increase in operating expenses, followed by their counterparts in Yorkshire & Humber. Wales recorded the softest rate of cost inflation (albeit one that was still elevated by historical standards), while the West Midlands was the only area to see a slowdown from the month before.

Marked increases in average charges for goods and services

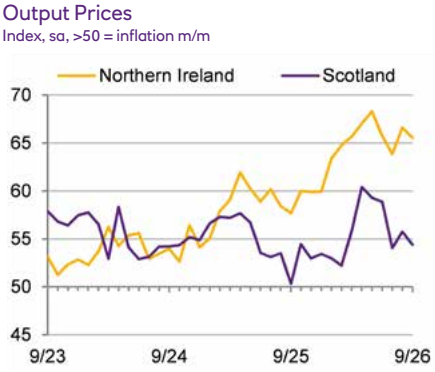
Rates of output price remained high across the board in September, and they even ticked up in most cases. Northern Ireland registered the steepest rate of inflation in average prices charged, ahead of the East Midlands. The slowest rate inflation was seen in Scotland, but it was still above its long-run series average as many firms north of the border looked to pass on higher costs to customers.



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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.

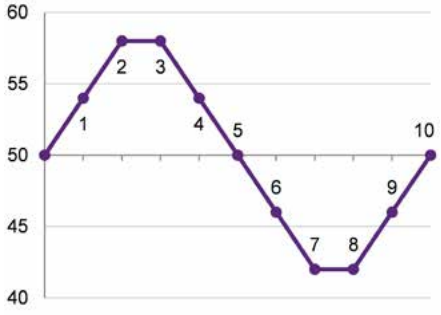
The headline figure for each region is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The Business Activity Index 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	6	Decline, from no change
2	Growth, faster rate	7	Decline, faster rate
3	Growth, same rate	8	Decline, same rate
4	Growth, slower rate	9	Decline, slower rate
5	No change, from growth	10	No change, from decline

Data

Manufacturing and services

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

	Business Activity	New Business	Future Activity*	Employment	Outstanding Business	Input Prices	Output Prices
London	53.7	51.8	68.2	50.7	50.0	68.3	58.9
South East	52.6	51.1	72.0	48.3	49.3	68.9	59.1
South West	51.5	50.3	61.9	51.1	48.6	70.0	57.3
East of England	50.3	49.2	66.0	47.4	45.9	68.2	55.7
East Midlands	51.2	49.9	59.8	47.3	47.1	68.2	59.3
West Midlands	51.4	51.2	71.9	46.9	49.2	68.4	59.0
Yorkshire & Humber	50.5	52.5	67.2	48.9	49.3	72.0	56.6
North West	49.0	48.6	66.7	48.1	45.5	68.8	57.2
North East	52.0	50.6	65.1	50.7	49.7	71.2	57.4
Scotland	48.8	47.7	54.6	52.1	48.5	68.3	54.4
Wales	50.6	50.2	67.5	47.3	44.8	66.5	56.5
Northern Ireland	53.0	52.7	53.6	51.4	51.7	74.5	65.6

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Further information

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