

NatWest UK Regional Growth Tracker

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Pockets of strong growth across regions in April as inflationary pressures continue to build

Key Findings

- Seven out of 12 UK nations and regions record growth, led by London and North East
- Rates of business cost inflation reach multi-year highs, drive up prices charged for goods and services
- Employment falls in most areas as firms report declining backlogged orders

There were varied regional performances in April, with pockets of strong growth contrasting with slowdowns in other areas, according to the latest NatWest UK Growth Tracker.

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.

Business activity rose in seven out of the 12 UK nations and regions monitored in April, up slightly from six in March.

Growth was led by London (index at 57.4) and the North East (55.0), where rates of expansion were noticeably quicker than the month before.

Northern Ireland (50.0) saw output hold steady, while there were declines in Wales (47.9), Scotland (48.0), West Midlands (49.5) and East Midlands (49.6).

Commenting on the Tracker's findings, **Sebastian Burnside, NatWest Chief Economist, said:**

"It was a mixed picture in terms of growth in April, with some areas such as London seeing a noticeable upswing in activity, while for others it was a slower month.

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"One of the biggest stories coming out of the data is the rapid intensification of inflationary pressures. Here the picture is the same everywhere: costs are rising at faster rates and this is translating into higher prices charged for goods and services. In several areas, the jumps in the rates of inflation have been unprecedented.

"The current environment of rising costs and geopolitical uncertainty means business are being more cautious towards hiring. Only the South East and South West saw rises in employment, and even here the rates of job creation were almost negligible."

-ENDS-

Demand

As was the case the month before, three areas of the UK saw a rise in inflows of new business in April. Firms in the North East recorded the strongest rate of growth, having seen the steepest increase for nearly a year-and-a-half. London also saw a solid uptick in new work, while a modest rise was recorded in the East of England. Firms in Scotland faced the most marked drop in demand for goods and services.

Inflation

Rates of input cost inflation quickened further in all areas of the UK at the second quarter. In several cases, the accelerations were either the sharpest or among the sharpest on record. Input prices rose fastest in Northern Ireland, followed by the South East. Firms in Scotland recorded the slowest rate of inflation, but one that was still the quickest seen in nearly three-and-a-half years.

Prices charged for goods and services rose at faster rates in all 12 UK nations and regions in April as firms increasingly looked to pass on higher cost burdens to customers. Rates of inflation reached multi-year highs in almost all cases. Northern Ireland topped the rankings as it recorded its steepest rise in output prices for three-and-a-half years.

Employment

Most parts of the UK recorded a decrease in employment in April, in keeping with the recent trend. Firms in Wales recorded the most marked reduction in workforce

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numbers, followed by their counterparts in London. Job creation was confined to just the South West and South East, although in both cases employment rose only slightly.

Capacity

For the first time in five months, all 12 UK nations and regions saw a decrease in outstanding business. April's broad-based reduction was led by Yorkshire & Humber, where the pace of backlog depletion quickened from the month before. The smallest declines were seen in London and the South West, with both registering their first decreases since November last year.

Outlook

Confidence towards future activity was highest in the West Midlands in April, with the region having seen a rebound in expectations from the month before. Sentiment also improved in seven more areas, but there were marked declines in others such as the North East, Scotland and Northern Ireland, which together occupied the bottom three places in the rankings.

Continued...

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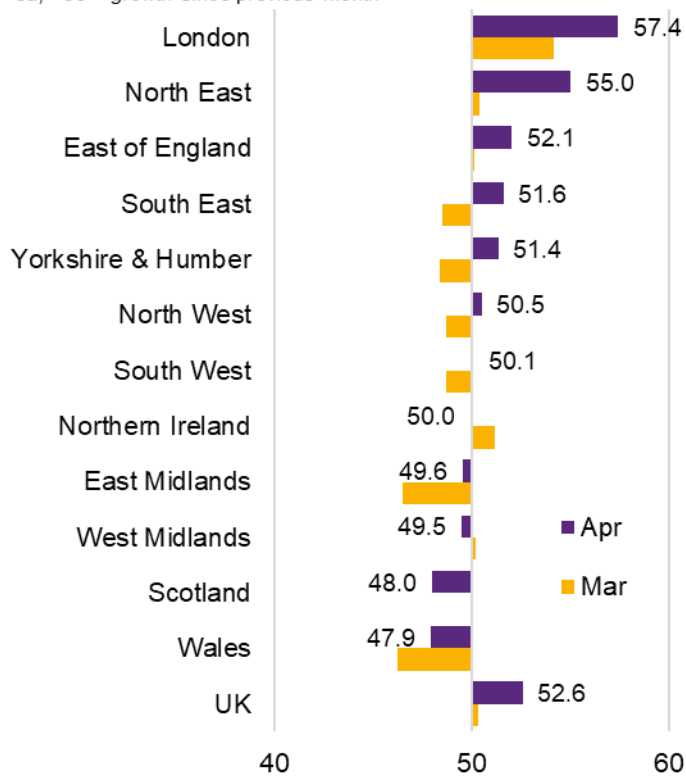
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Business Activity Index

sa, >50 = growth since previous month



Sources: NatWest, S&P Global PMI.

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Notes to editors

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.

The survey data for April were collected 9-28 April 2026.

For further information on the survey methodology, please contact economics@spglobal.com.

*International Territorial Level 1 definitions.

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