

## NatWest UK Regional Growth Tracker

**Embargoed until 00:01 UK 10 December 2024**

### London and North East top growth rankings in November

#### Key Findings

Business activity rises strongly in London and North East

Performances waver in most other nations and regions

Cost pressures generally increase

London and the North East were the two standout performers in November, both showing a degree of resilience in the face of slowdowns across other parts of the UK, according to the latest NatWest UK Regional Growth Tracker.

The Business Activity Index is the first fact-based indicator of regional economic health published each month, tracking the monthly change in the output of goods and services across the private sector. A reading above 50 signals growth, and the further above the 50 level the faster the expansion signalled.

Growth of business activity in November was led by London, with the North East close behind. Northern Ireland, the strongest performer in the previous four months, lost momentum and posted its weakest expansion since January. Half of the 12 nations and regions monitored saw a fall in output, the steepest of which were recorded in Wales and the North West.

#### Comment

**Sebastian Burnside**, NatWest Chief Economist, commented:

*"The two brightest spots of the UK economy in November were London and the North East, which both continued to enjoy relatively strong growth in business activity despite signs of a loss of momentum elsewhere. The North East's mini revival follows a period of underperformance throughout much of 2023, while it has*

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*become the norm to see London towards the top end of the growth rankings in recent times.*

*"On balance, firms throughout the UK continued to forecast growth in business activity over the next 12 months, although we're seeing a general pattern of reduced optimism, in part linked to the anticipated rise in employment costs.*

*"Labour market trends showed further signs of weakening, with just under half of the 12 nations and regions monitored by the survey seeing a rise in employment. In the cases where job numbers did increase, growth was generally only marginal. Business costs rose more swiftly across most areas in November, which contributed to the cautious approach to hiring."*

-ENDS-

## Demand

Of the 12 nations and regions monitored by the survey, only London, the North East, South West and East of England recorded higher inflows of new business in November. Demand for goods and services was shown to be under pressure elsewhere. Firms in Wales recorded the steepest drop in new orders followed by those in Northern Ireland, with the latter seeing the first decrease for almost a year.

## Outlook

Firms in London were by some margin the most optimistic about future activity in November. Growth expectations did however weaken almost universally from the month before, with only the North East going against the trend. Businesses operating in Northern Ireland were the least hopeful of a rise in output over the next 12 months, as was also the case in October.

## Employment

The North East topped the rankings for job creation at the midway point in the fourth quarter. It was one of five areas to see a rise in workforce numbers, alongside London, Northern Ireland, Scotland and Yorkshire & Humber. For the third month running, the most marked drop in employment was recorded in Wales.

## Capacity

A solid rise in workforce numbers across the North East in November was consistent with signs of capacity pressures building in the region. In fact, it was one of just two

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areas where backlogs of work increased during the month, the other being the South West, which saw only marginal growth. At the other end of the scale, the greatest decrease in outstanding business was seen in Wales.

## Inflation

In a reversal of the situation in October, business costs rose a quicker rate in the majority of the 12 UK nations and regions in November. The greatest acceleration was seen in Northern Ireland, which also topped the ranking for the fastest overall rate of increase ahead of the North East. The only places that saw slower increases in input prices were London and the East of England, the latter of which recorded the joint-softest overall cost pressures (along with Wales).

November saw a broad-based increase in average prices charged for goods and services across the UK, led by a steep and accelerated rise in Northern Ireland. There, the rate of inflation was at an 18-month high. Faster increases were recorded in six other nations and regions. The West Midlands was one of the exceptions, registering the slowest overall rise and its weakest rate of inflation since July 2020.

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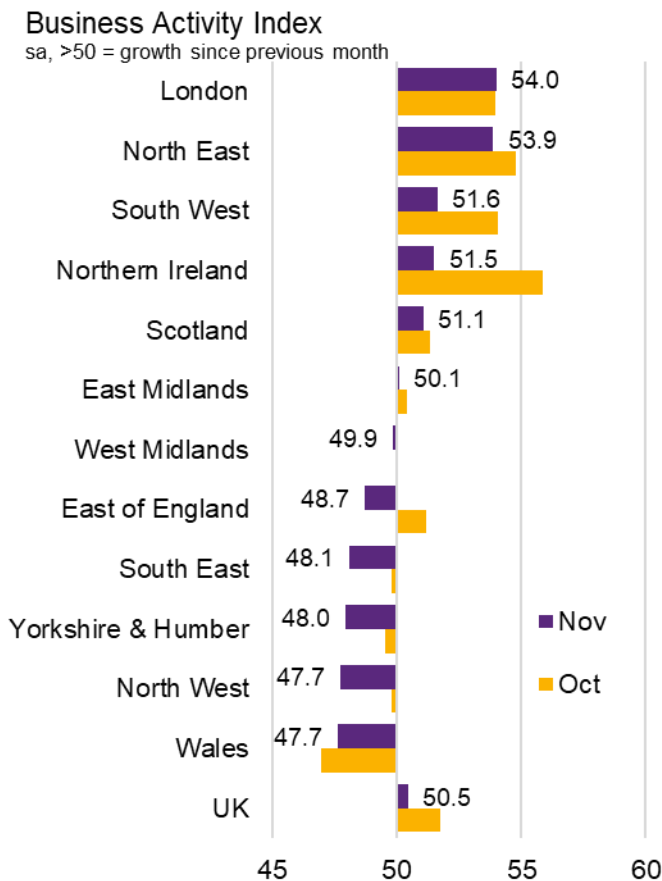
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## Notes to editors

### 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 November were collected 12-27 November 2024.

For further information on the survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

\*International Territorial Level 1 definitions.

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