

10 April 2025

# NatWest UK Regional Growth Tracker

Improved business growth in some UK regions in March but economic uncertainty continues



NatWest

PMI<sup>®</sup>

by **S&P Global**

10 April 2025

# NatWest UK Regional Growth Tracker

## Contents

Key findings

Comment

Business activity

Business cycle by region

Regional heatmap

Demand and outlook

Employment and capacity

Inflation

Methodology and data

Further information



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by **S&P Global**

# Key findings

March 2025

London and South West led regional growth with upturns seen in South East and Yorkshire & Humber during March

Challenges experienced in January and February for Scotland and Northern Ireland remain

Market conditions remain challenging and we could see continued challenges in the coming months

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





# Comment

## Sebastian Burnside, NatWest Chief Economist, commented:

"According to March's report, London continued to lead in March, with the South West also making a sizeable contribution to UK economic growth. We saw growth broaden out slightly, as both the South East and Yorkshire & Humber enjoyed renewed upturns in business activity.

"Market conditions remain challenging and recent tariff announcements suggest we could see continued challenges in the coming months.

"Firms up and down the country are looking to control costs, which is feeding through to staffing decisions.

"Price pressures remain high across the board, though they did at least subside slightly in most areas in March, on the eve of the changes to national insurance contributions and national minimum and living wages."

■ Business Activity ■ Employment  
Index, sa, >50 = growth m/m, Mar '25



Sources: NatWest, S&P Global PMI. ©2025 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 12-27 March



# Business activity

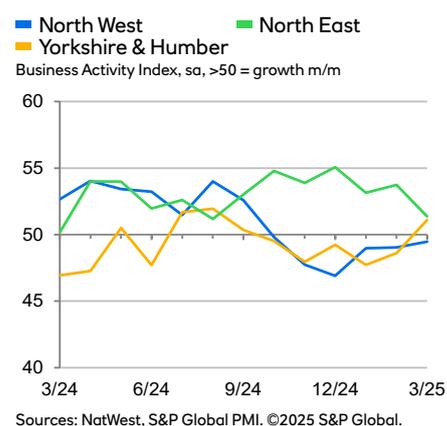
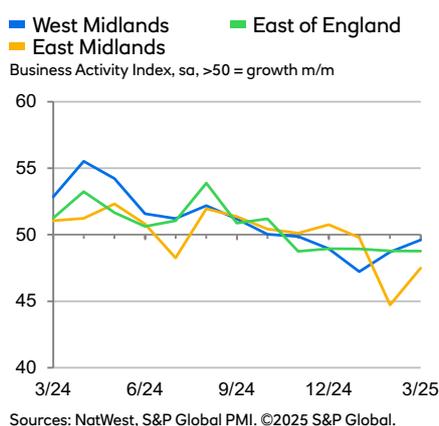
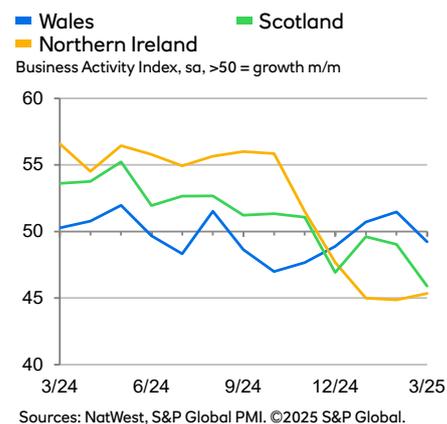
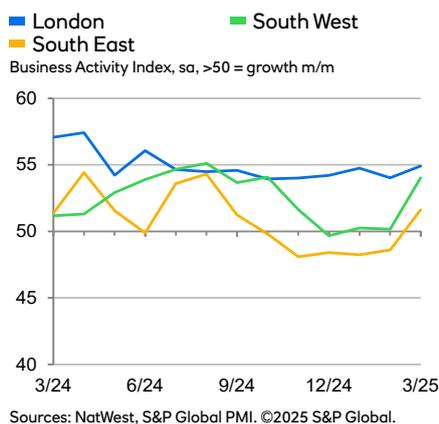
March's NatWest Regional Growth Tracker showed improved business growth in more regions of the UK at the end of Q1 – but the majority are still being affected by wider economic uncertainty.

The Tracker – which surveyed businesses operating in the manufacturing and services sectors across 12 regions of the country from March 12 to 27 – showed London and the South West led business growth last month, with improvements seen in the South East and Yorkshire and Humber.

As witnessed in January and February, most regions in March experienced a dip in business activity as inflationary pressures remained elevated, with Scotland and Northern Ireland the worst affected.

The NatWest Regional Growth Tracker Business Activity Index is the first fact-based indicator of regional economic health published each month. A reading above 50 signals growth, and the further above the 50 level the faster the expansion signalled.

Of the 12 UK regions, only five posted above 50. The average across the UK for March was 51.5.

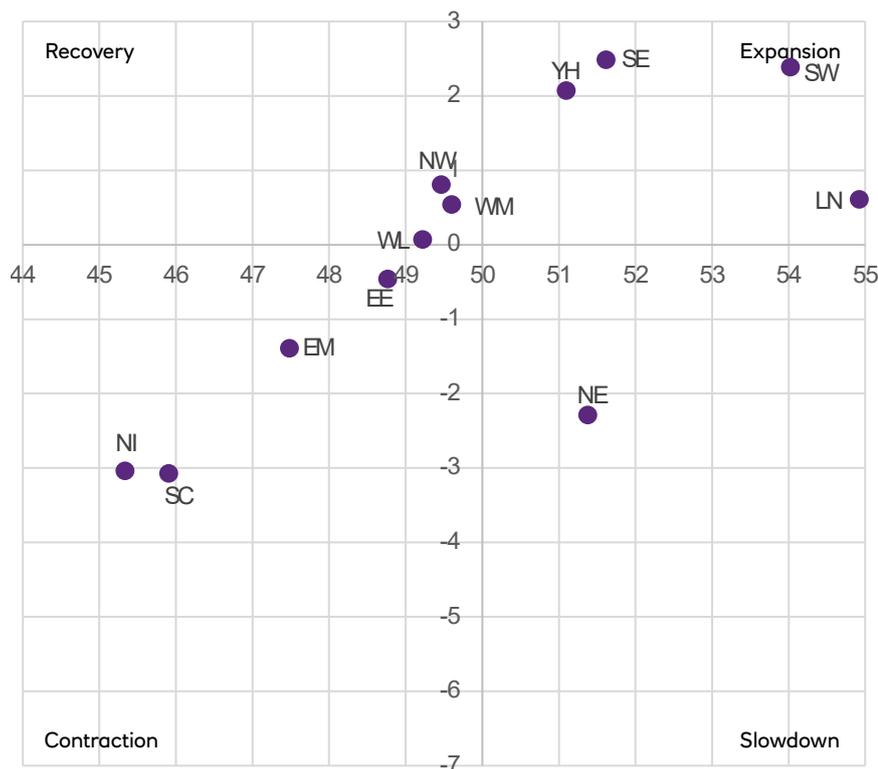




# Business cycle by nation and region

## Business Activity

X axis = Business Activity Index, sa, >50 = growth m/m, Mar '25      Y axis = Change in Index compared with six-month average



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.

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

- |               |                    |                       |                     |
|---------------|--------------------|-----------------------|---------------------|
| LN London     | EE East of England | NW North West         | SC Scotland         |
| SE South East | EM East Midlands   | NE North East         | WL Wales            |
| SW South West | WM West Midlands   | YH Yorkshire & Humber | NI Northern Ireland |

# Growth Tracker heat map

March 2025

Darker colour = higher business growth

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

London	54.9
South West	54.0
South East	51.6
North East	51.4
Yorkshire & Humber	51.1
West Midlands	49.6
North West	49.5
Wales	49.2
East of England	48.8
East Midlands	47.5
Scotland	45.9
Northern Ireland	45.3



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



# Demand and outlook

## South West sees strongest rise in demand

The strongest increase in underlying demand in March was seen in the South West, where inflows of new work rose for the first time in four months. New business also grew in London and Yorkshire & Humber, but it dipped in all remaining areas. Northern Ireland registered the steepest fall, but the rate of decline there eased sharply to the weakest in the year-to-date.

## Growth expectations highest in East of England

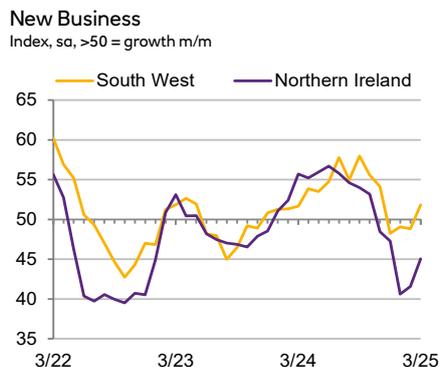
Sentiment towards future activity remained positive across all 12 nations and regions monitored in March, albeit easing in two-thirds of cases. The strongest confidence was registered in the East of England, where it was the highest for five months. Growth expectations were lowest in Northern Ireland, despite improving there for a second consecutive month.



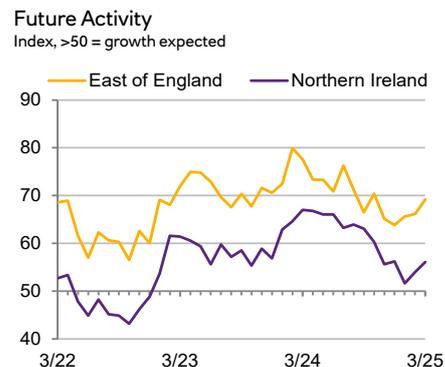
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.

"Market conditions remain challenging and recent tariff announcements suggest we could see continued challenges in the coming months"

Sebastian Burnside,  
NatWest Chief Economist



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



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



# Employment and capacity

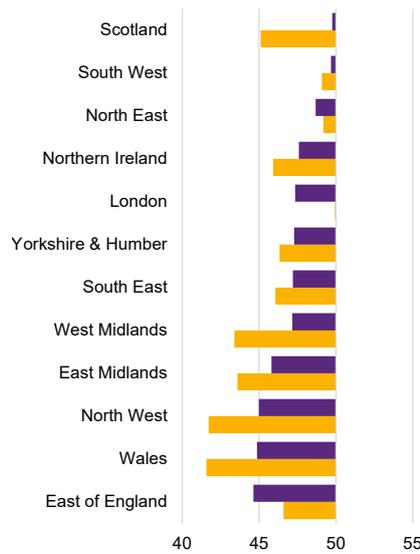
## Rates of job shedding generally ease

Although employment fell across the board in March, rates of job losses generally eased. Scotland and the South West in fact saw only fractional decreases in workforce numbers. The fastest fall in staffing levels was recorded in the East of England, though the pace of decline there was noticeably slower than the month before.

## Backlogs of work fall universally

A first decrease in backlogs of work in the North East for six months meant that all 12 UK nations and regions saw a reduction in March. Firms in Wales recorded the most marked drop in outstanding business, followed closely by those in the North West. The latest decline in London was meanwhile only fractional as work-in-hand in the capital came close to stabilising.

■ Employment Index, sa, >50 = growth m/m, Mar '25  
 ■ Outstanding Business Index, sa, >50 = growth m/m, Mar '25

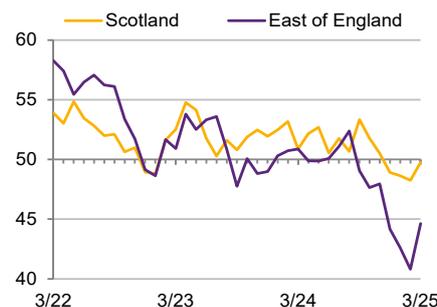


Sources: NatWest, S&P Global PMI. ©2025 S&P Global.

"Firms up and down the country are looking to control costs, which is feeding through to staffing decisions"

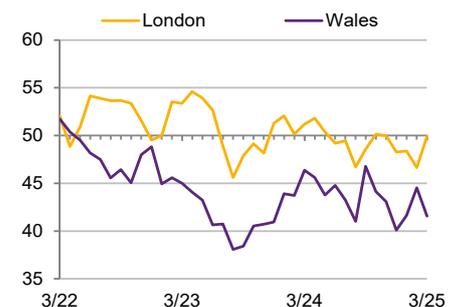
Sebastian Burnside,  
 NatWest Chief Economist

— Employment Index, sa, >50 = growth m/m



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

— Outstanding Business Index, sa, >50 = growth m/m



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



# Inflation

## Rates of input cost inflation tick down in most areas

Rates of input price inflation remained high in March, driven in large part by rising labour costs, though they eased from the month before in the majority of cases. Two of the exceptions were Northern Ireland and Scotland, which saw the quickest increases in firms' operating expenses for 25 and 21 months respectively. Cost pressures were joint-weakest in the East Midlands and South West.

## Firms generally less aggressive with price rises

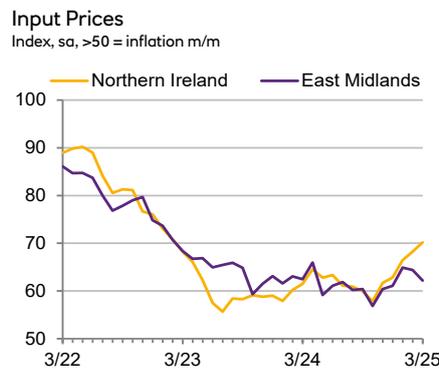
Northern Ireland recorded the steepest rise in average prices charged for goods and services in March, its fastest for two years, but it was one of just three areas where inflation accelerated from the month before. Firms in the South West were the least aggressive with output price increases, followed by those in the North West.



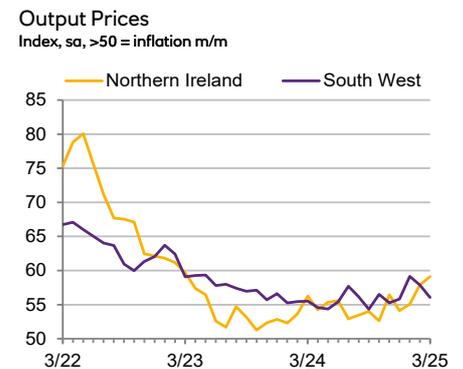
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.

"Price pressures remain high across the board, though they did at least subside slightly in most areas in March"

Sebastian Burnside,  
NatWest Chief Economist



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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.

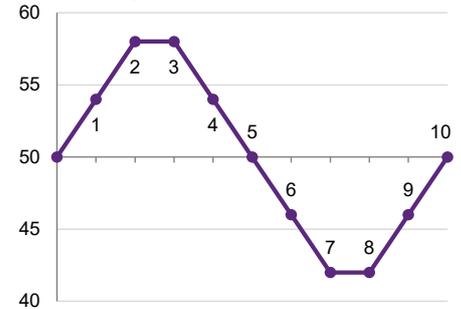
The headline figure for each region is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The Business Activity Index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

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

\*International Territorial Level 1 definitions.

## 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

## Manufacturing and services

Index, sa, 50 = no change over previous month. \*50 = no change over next 12 months. Mar '25

	Business Activity	New Business	Future Activity*	Employment	Outstanding Business	Input Prices	Output Prices
London	54.9	50.9	66.6	47.3	49.9	63.2	57.1
South East	51.6	49.5	65.5	47.2	46.1	62.9	57.7
South West	54.0	51.8	66.8	49.7	49.1	62.2	56.1
East of England	48.8	45.6	69.2	44.6	46.6	65.7	57.2
East Midlands	47.5	47.0	67.2	45.8	43.6	62.2	57.1
West Midlands	49.6	48.2	68.5	47.2	43.4	64.0	56.9
Yorkshire & Humber	51.1	50.8	66.3	47.3	46.3	62.4	56.9
North West	49.5	45.3	64.1	45.0	41.7	62.8	56.6
North East	51.4	48.7	64.7	48.7	49.2	65.9	57.1
Scotland	45.9	45.9	56.6	49.8	45.1	65.9	57.2
Wales	49.2	46.9	57.8	44.9	41.6	63.9	58.0
Northern Ireland	45.3	45.1	56.1	47.6	45.9	70.2	59.1

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