

14 January 2025

NatWest North West Growth Tracker

Business activity falls in December but is
expected to grow in 2025



NatWest

PMI[®]

by S&P Global

14 January 2025

NatWest North West Growth Tracker

Contents

Key findings

Business activity

Comment

Demand and outlook

Export markets

Jobs and capacity

Inflation

UK Regional Growth Tracker

UK sectors

Methodology and data

Further information



NatWest

PMI[®]

by **S&P Global**

Key findings

December 2024

Business activity falls for third month running in December

Growth expected in 2025, with forecasts revised up slightly

Firms raise prices at quickest rate for five months

The NatWest North West 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





Business activity falls in December but is expected to grow in 2025

According to December's NatWest Growth Tracker survey results, firms in the North West were optimistic of a return to growth of business activity in 2025, following a slowdown seen throughout the final quarter of 2024.

The headline North West Business Activity Index came in at 46.9 in December, from 47.7 in November. It has now registered below the 50.0 threshold that separates growth from contraction for three months

in a row. The latest reading was the lowest recorded for almost four years and compared with a figure of 50.4 for the UK as a whole.

Output fell across both manufacturing and services, underlying data showed, amid reports of weaker demand and a general loss of confidence and momentum in the economy.

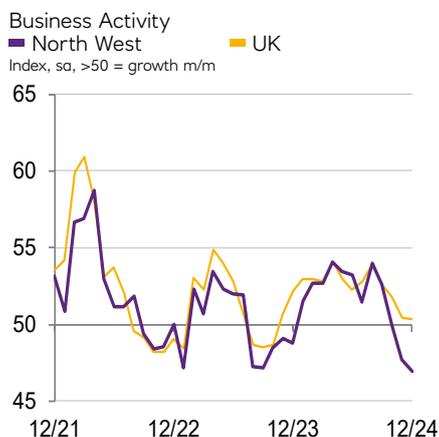
Despite the slowdown during the final quarter, the index's average in 2024 (51.7) was higher than that seen in 2023 (50.0).

NatWest North West Business Activity Index December 2024

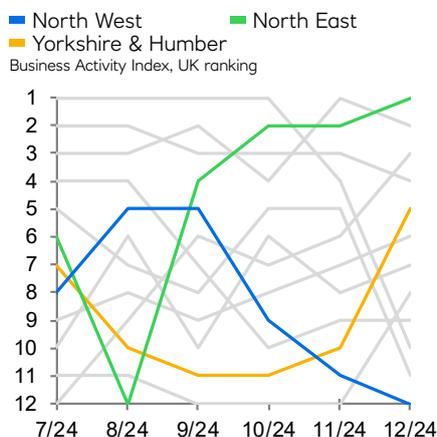
46.9

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 5-19 December



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



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



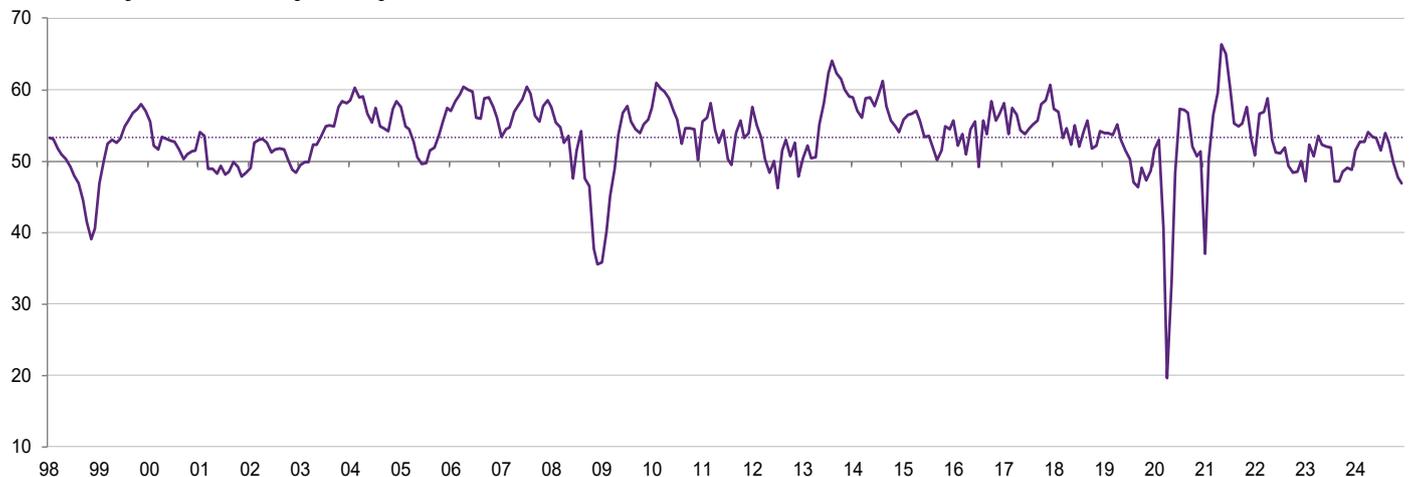
Comment

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

"After a strong first three quarters of the year, the North West private sector economy saw a persistent slowdown in the three months to December. Positively, however, firms are still optimistic of activity levels rebounding in 2025, despite the disappointing end to last year. Mirroring the situation for the UK as a whole, local labour market conditions have started to cool, with employment down for the third month running in December. Businesses are saying that this is partly a reaction to the upcoming increases in the minimum wage and employers' NI contributions. At the same time, prices charged for goods and services have started rising at a faster rate in recent months, adding to signs of stubborn inflationary pressures."

Business Activity

Index, sa, >50 = growth m/m. Dots = long-run average since 1998.



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



Demand and outlook

Demand for region's goods and services declines in December

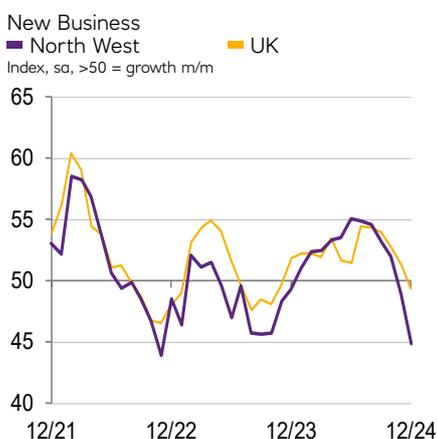
The amount of new business received by firms across the North West private sector decreased for the second month in a row in December. Prior to November, inflows of new work had risen for ten straight months. The latest decrease was the most marked since November 2022 and attributed by surveyed businesses to a loss of confidence in the market and customers reining in spending. There

were also mentions of high prices and competition from abroad.

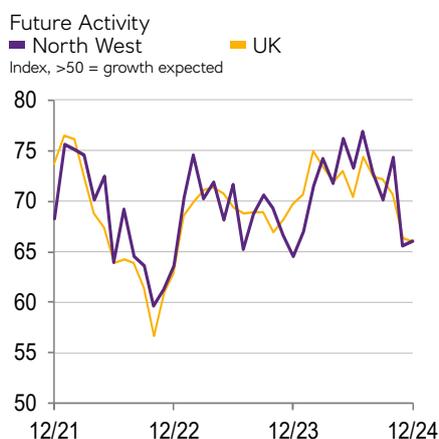
Still, local businesses remained optimistic of a rise in activity in the next 12 months, and confidence even ticked up slightly since November. Those that were upbeat about the outlook commented on opportunities from new and improved goods and services, alongside a boost from greater marketing efforts.

The degree of positivity in the North West broadly matched that seen across the UK as a whole.

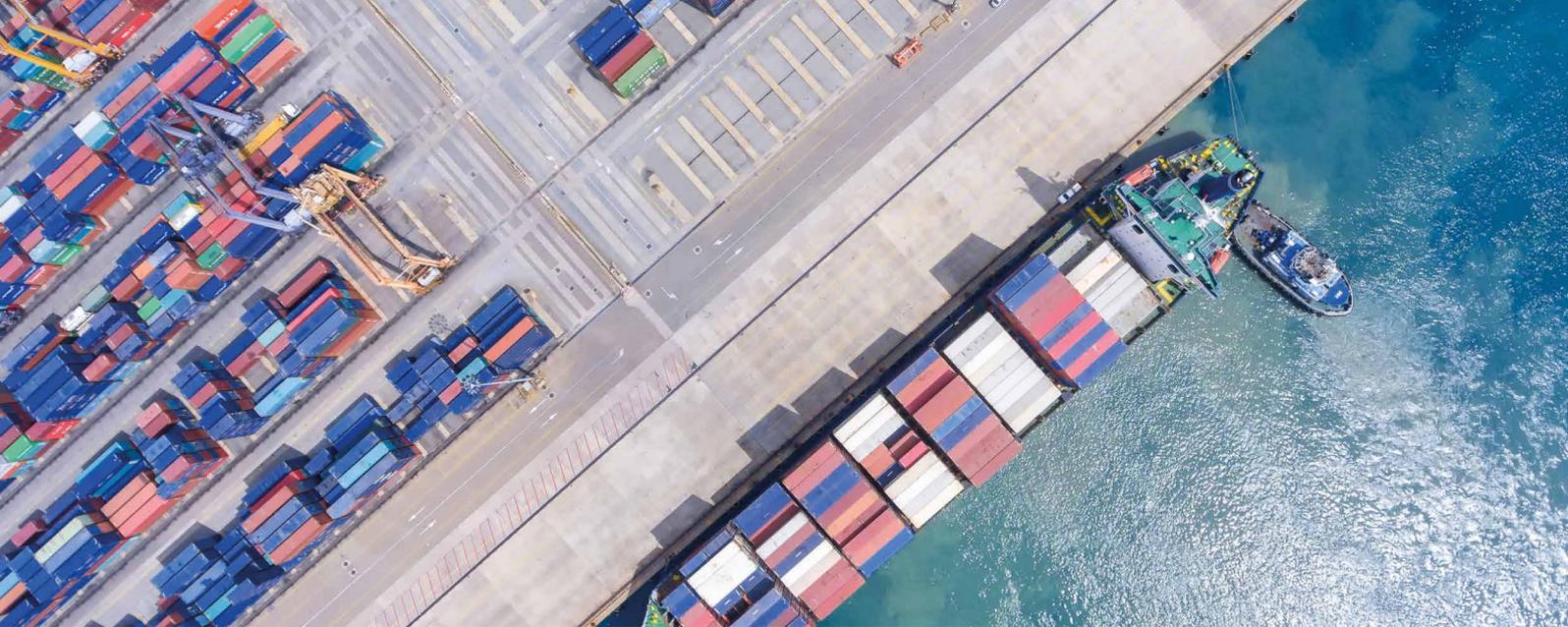
"Firms are still optimistic of activity levels rebounding in 2025, despite the disappointing end to last year"



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



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



Export markets

Growth in export markets centred on the US

At 51.6 in December, the Export Climate Index was unchanged since November and indicated a sustained steady improvement in sales opportunities in overseas markets. Growth continued to be driven principally by the US, where business activity rose at the quickest rate for over two-and-a-half years. There were also further – albeit slower – rises in output in both Ireland and China, whereas demand conditions in Germany and the Netherlands worsened once again.

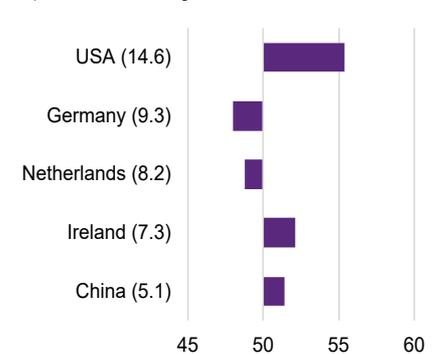
Export Conditions
Index, sa, >50 = growth m/m



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

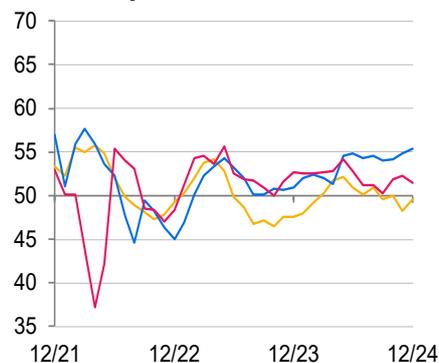
The North West Export Climate Index (ECI) is an indicator for the economic health of the region's export markets. It is calculated by combining national PMI output data, weighted according to each nation's share of manufacturing exports of the North West. A reading above 50 signals an improvement in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

Top export markets, North West
% share of exports shown in brackets
Output Index, sa, >50 = growth m/m



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

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



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



Jobs and capacity

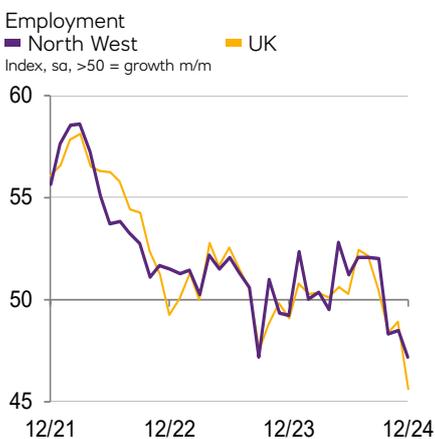
Employment falls for third straight month

December saw a further decrease in the level of employment across the North West, thereby extending the current sequence of decline to three months. Furthermore, the rate at which workforce numbers fell accelerated to the quickest since September 2023. Reports from surveyed businesses highlighted the influence of weaker demand, but they also indicated that some jobs had been cut ahead of increases in the minimum wage and employers' National Insurance contributions.

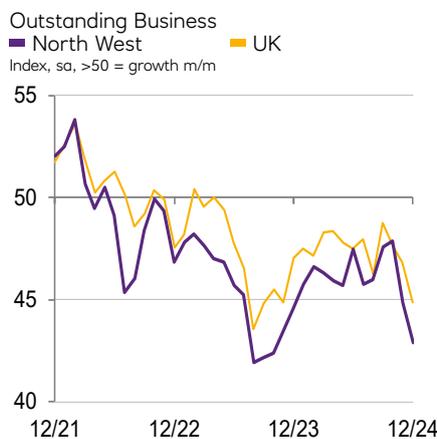
The decline in headcounts in the North West was slower than seen across the UK as a whole, however.

Firms were able to reduce workforces due to a lack of pressure on business capacity, which was underlined by falling backlogs of work. December's decrease in outstanding business was in fact the sharpest recorded for more than a year and one of the quickest nationally (behind only those seen in Wales and Yorkshire & Humber).

"Mirroring the situation for the UK as a whole, local labour market conditions have started to cool, with employment down for the third month running in December"



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



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



Inflation

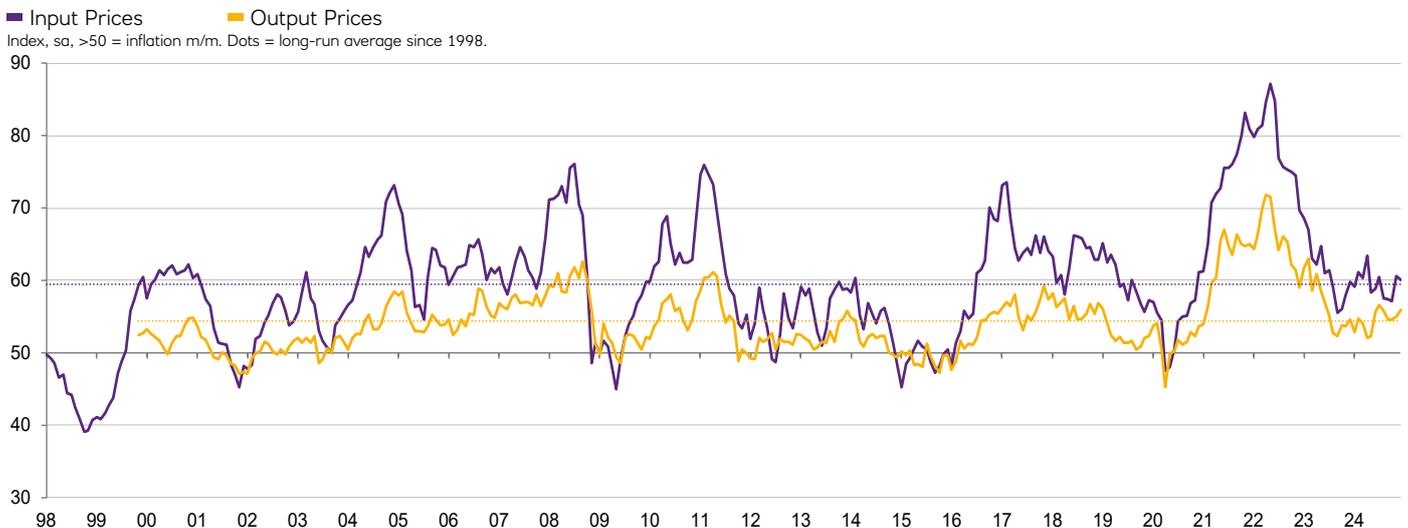
Rates of input cost and output price inflation running just above their long-run trends

Business costs continued rising steeply across the North West private sector economy during December. Wage and salary increases were a key factor, according to reports from surveyed businesses, as was a weakening of the pound against the US dollar. Although the rate of cost inflation ticked down from November's

seven-month high, it remained above the long-run trend level.

Local firms were more aggressive with their own price increases during the final month of 2024. The rate of inflation for average prices charged for goods and services ticked up to a five-month high and moved further above its historical average. It was also the second-fastest among the 12 nations and regions monitored by the survey, surpassed only by that recorded in the North East.

"Prices charged for goods and services have started rising at a faster rate in recent months, adding to signs of stubborn inflationary pressures"



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

UK Regional Growth Tracker

Business Activity

The North East and London were the two standout performers in terms of regional business activity growth in December. The only other area to see an increase in output was the East Midlands, although the rise there was modest. At the other end of the scale, the North West and Scotland recorded the joint-steepest falls in business activity, followed by Northern Ireland.

Employment

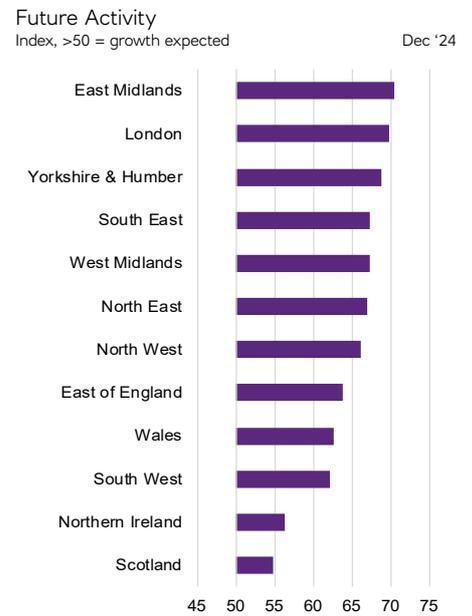
Employment growth in December was confined to just Northern Ireland. Workforce numbers fell in the remaining 11 nations and regions covered by the survey, marking the broadest decline in almost four years. For the fourth month running, companies in Wales recorded the sharpest drop in staffing levels.

Future Activity

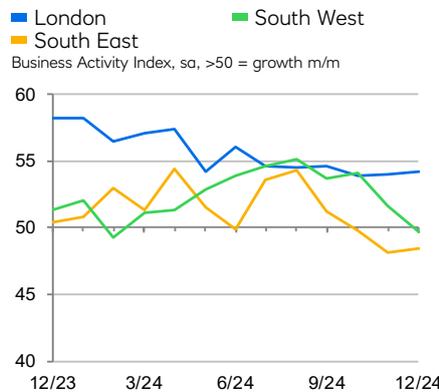
There were varying degrees of optimism towards future activity across the UK's nations and regions in December. Firms in the East Midlands were the most upbeat about the year-ahead outlook, having seen a notable rebound in confidence from the month before. Expectations deteriorated in the majority of areas, however, including Scotland which saw the weakest overall sentiment.



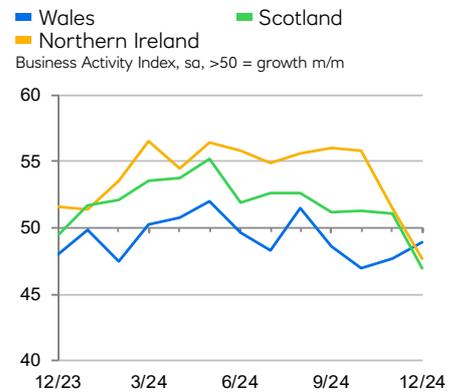
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



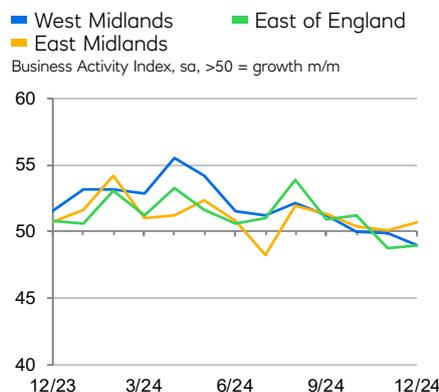
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



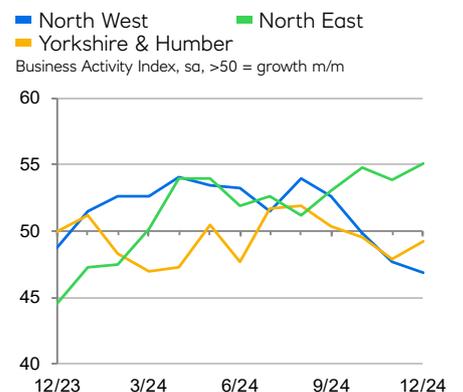
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



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



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



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

Growth Tracker heat map

December 2024

Darker colour = higher business growth

North West

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

46.9



46.9 47.7 48.4 48.9 49.2 49.7 50.7 54.2 55.1

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

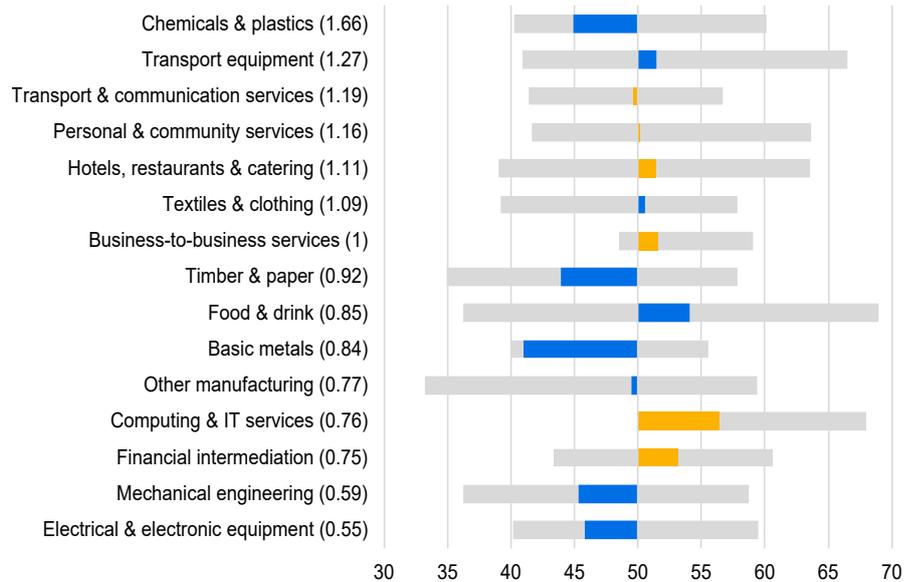
UK sectors

Sector specialisation: North West

The chart shows UK output indices by sector, ranked by location quotients for the North West. 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 West economy
 ■ Manufacturing ■ Services ■ 3-year range
 UK Output Index, sa, >50 = growth m/m Dec '24



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.
 Location quotients for the North West are shown in brackets. Latest data are smoothed as three-month moving averages (3mma).

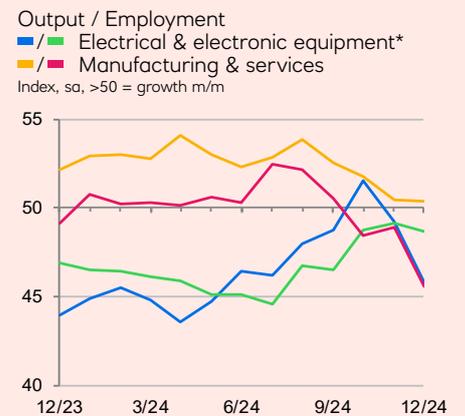
Sector in focus: Electrical & electronic equipment

Business conditions deteriorated across the UK's electrical & electronic equipment sector in the final quarter of 2024. After a brief upturn in the autumn, production fell markedly amid a sustained downturn in new orders. Underlying data showed particular weakness in export sales.

With backlogs of work decreasing sharply, firms in the sector once again trimmed workforce numbers, to extend a sequence of staff retrenchment stretching back to September 2023. Job cuts also

coincided with a deterioration in businesses' growth forecasts to the weakest in almost four-and-a-half years.

Turning to prices, latest data showed average output charges across the UK's electrical & electronic equipment sector increasing at an above-trend rate, and one that was the quickest since Q2 2024. Firms raised selling prices in response to sustained strong growth in average input costs.



Sources: NatWest, S&P Global PMI. ©2025 S&P Global.
 *Data are smoothed as three-month moving averages (3mma).

Methodology

The NatWest North West Growth Tracker is compiled by S&P Global from responses to questionnaires sent to North West 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

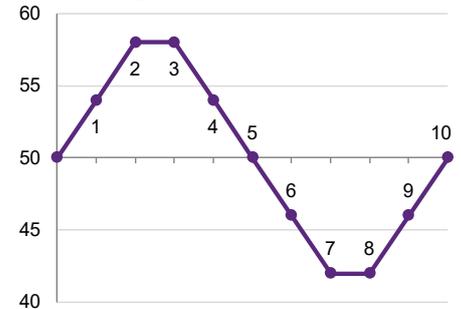
overall decrease. The indices are then seasonally adjusted.

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 West 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. ©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

North West 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
7/24	51.5	54.9	51.4	52.1	45.8	76.9	60.5	56.6
8/24	54.0	54.6	51.7	52.0	46.0	72.8	57.5	55.8
9/24	52.6	53.2	50.8	52.0	47.6	70.2	57.5	54.6
10/24	49.8	52.0	51.5	48.3	47.8	74.3	57.2	54.6
11/24	47.7	48.9	51.6	48.5	44.8	65.5	60.6	55.0
12/24	46.9	44.8	51.6	47.2	42.9	66.1	60.1	55.9

Further information

NatWest

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 economic trends.

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

S&P Global

S&P Global (NYSE: SPGI) provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

www.spglobal.com

Contact

Kate Visser
Regional Media & Campaigns
Manager
NatWest
+44 (0) 7970 947694
kate.visser@natwest.com

Phil Smith
Economics Associate Director
S&P Global Market Intelligence
+44 1491 461 009
phil.smith@spglobal.com

Corporate Communications
S&P Global Market Intelligence
press.mi@spglobal.com

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.



NatWest

PMI®

by **S&P Global**