

14 January 2025

NatWest Yorkshire & Humber Growth Tracker

Businesses in Yorkshire & Humber foresee stronger growth than most other UK regions



NatWest

PMI[®]

by S&P Global

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NatWest Yorkshire & Humber Growth Tracker

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Key findings

December 2024

Region ranks third for year-ahead growth expectations

Order books broadly stable

Cost pressures retreat

The NatWest Yorkshire & Humber 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





Local business confidence improves in December

December saw a notable improvement in business confidence across Yorkshire & Humber, with local firms recording stronger growth expectations than those seen in almost all of the other 11 monitored UK regions and nations.

The pick-up in optimism coincided with stronger selling prices increases, despite cost pressures abating. Meanwhile, demand conditions showed some stability, with the level of new incoming orders broadly

unchanged since November.

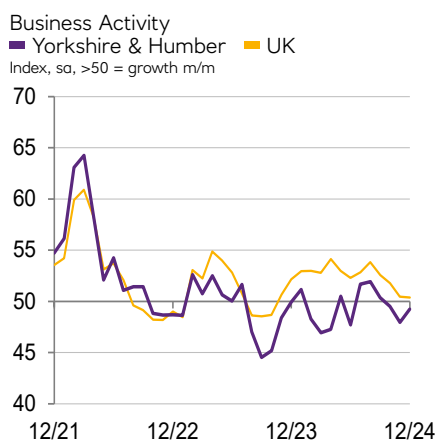
The headline Yorkshire & Humber PMI Business Activity Index – a seasonally adjusted index that measures the month-on-month change in the combined output of the region’s manufacturing and service sectors – increased in December to 49.2. While this signalled a drop in the level of private sector output compared to the previous month, the decline was only marginal overall and slower than that implied by the November figure (48.0).

NatWest Yorkshire & Humber Business Activity Index, December 2024

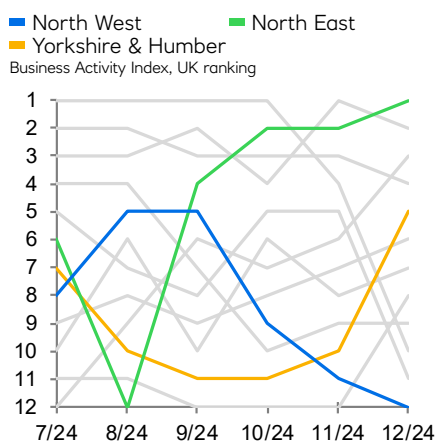
49.2

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.



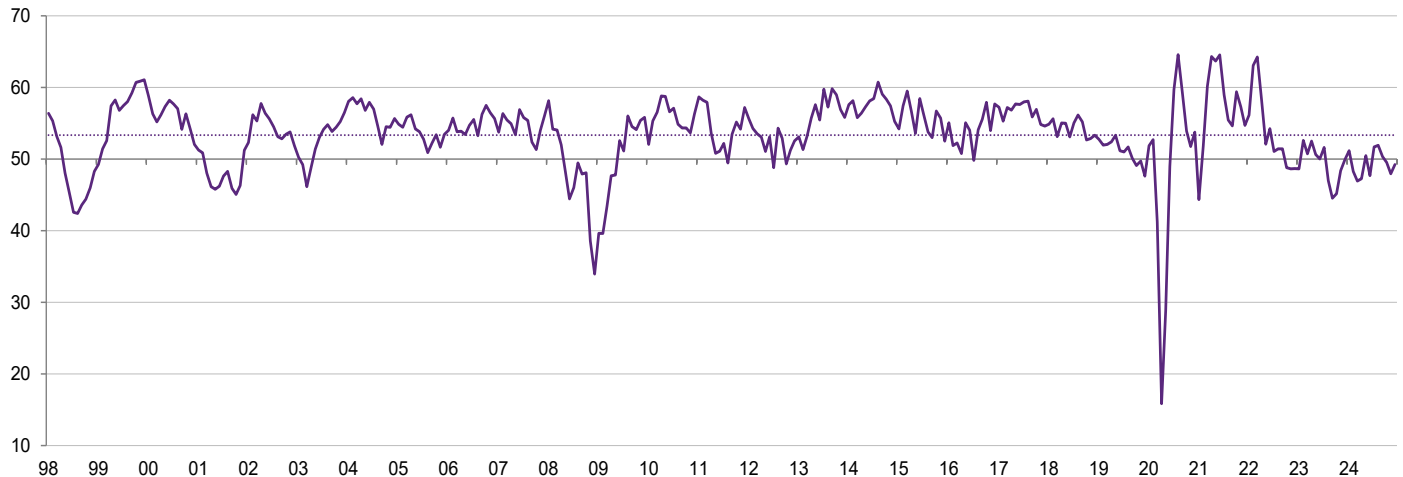
Comment

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

"The UK economy appeared to lose a bit of steam as 2024 came to an end – a reflection of what's happening more broadly at the regional level – but there were still plenty of positives to take from the Yorkshire & Humber survey. For starters, business confidence improved strongly, with the region recording growth expectations for 2025 which were among the strongest seen across the UK. A softening of cost pressures in tandem with faster output price increases is also good news from a corporate earnings perspective. However, it appears the local labour market's resilience has been broken, with employment falling for the first time in three months. Although, by comparison to those at the UK level, job losses were only modest."

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

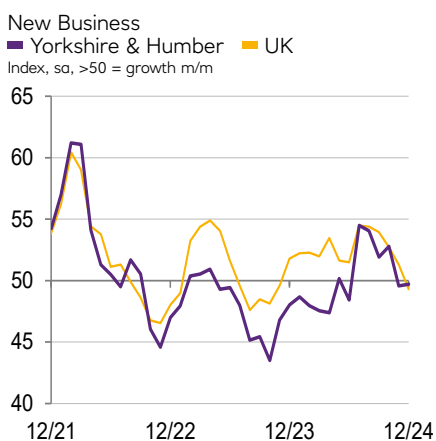
Yorkshire & Humber ranks third for business confidence across the UK

Private sector companies in Yorkshire & Humber registered a robust level of business confidence in December. In fact, year-ahead growth expectations improved markedly and were among the strongest of the 12 monitored UK nations and regions. Only the East Midlands and London saw greater levels of optimism than that seen locally.

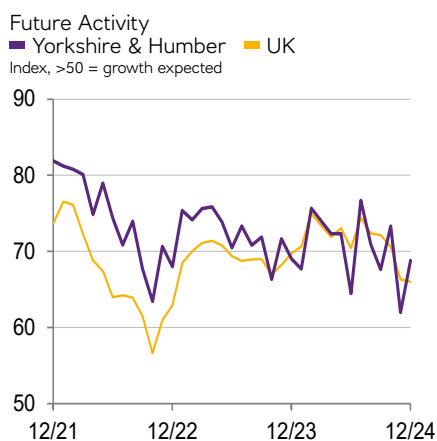
According to surveyed companies, hopes of improved demand conditions, a pick-up in the construction sector and investment plans underpinned positive forecasts.

As for December sales performances, the latest survey data revealed a broadly flat end to the year for local businesses as new orders dipped fractionally on the month. For the UK as a whole, private sector new business receipts shrank in December, and to a quicker extent than that seen in Yorkshire & Humber.

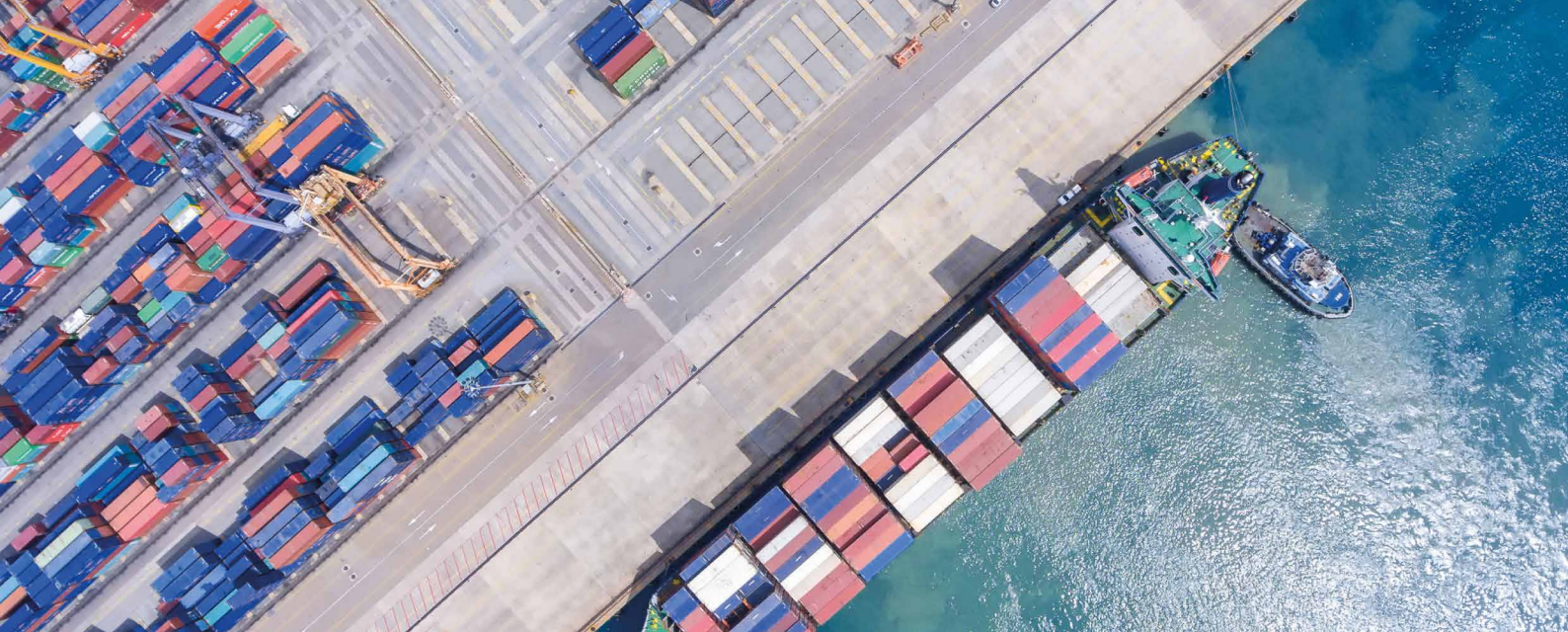
"Business confidence improved strongly, with the region recording growth expectations for 2025 which were among the strongest seen across the UK."



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



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

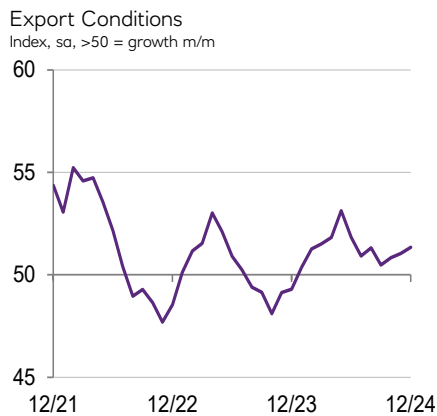


Export markets

Strongest improvement in export conditions in four months

The Yorkshire & Humber Export Climate Index picked up again in December, rising from 51.0 in November to 51.3. This signalled the most marked improvement in business conditions across the region's export markets since August.

Most of this pick-up was due to the US, which registered its strongest expansion since April 2022. With the exception of Ireland, European markets remained a drag.



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

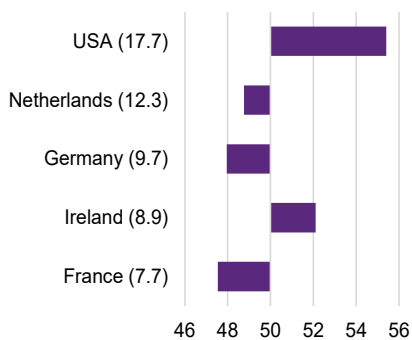
The Yorkshire & Humber Export Climate Index (ECI) is an indicator for the economic health of the region's export markets. It is calculated by combining national PMI output data, weighted according to each nation's share of manufacturing exports of the Yorkshire & Humber. A reading above 50 signals an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

Top export markets, Yorkshire & Humber

% share of exports shown in brackets

Output Index, sa, >50 = growth m/m

Dec '24

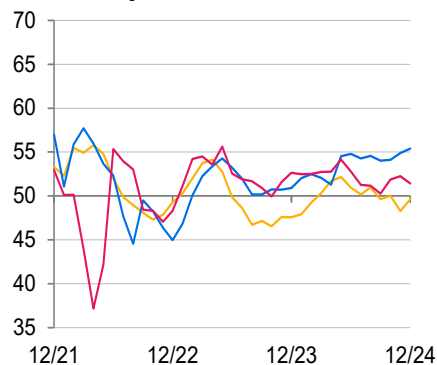


Sources: NatWest, S&P Global PMI. ©2025 S&P Global.

Output

Index, sa, >50 = growth m/m

Dec '24



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



Jobs and capacity

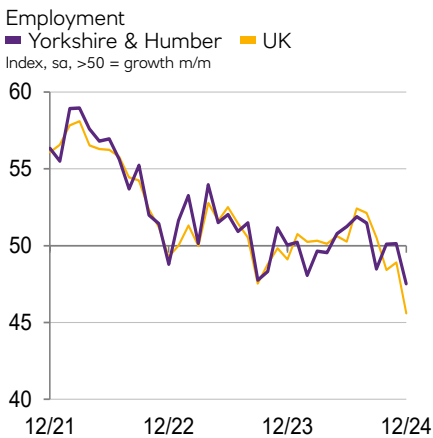
Employment falls for first time in three months

Amid a slowdown in the labour market more broadly during December, with private sector employment across the UK as a whole falling for a third successive month and at an accelerated pace, Yorkshire & Humber firms also lowered their staffing capacity at the end of 2024. According to some firms, unproductive employees were made redundant. Some firms reportedly made job cuts in anticipation of higher labour costs in 2025. The decrease in local

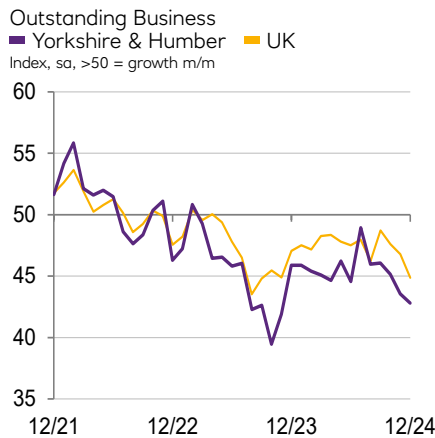
workforce numbers was the first in three months and the sharpest since January 2021, albeit only moderate overall.

Despite employment levels being reduced, Yorkshire & Humber businesses were able to make quicker inroads into their backlogs of work during December. The rate of depletion was the fastest in just over a year and the second-steepest of the 12 monitored parts of the UK.

"It appears the local labour market's resilience has been broken, with employment falling for the first time in three months. Although, by comparison to those at the UK level, job losses were only modest."



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



Inflation

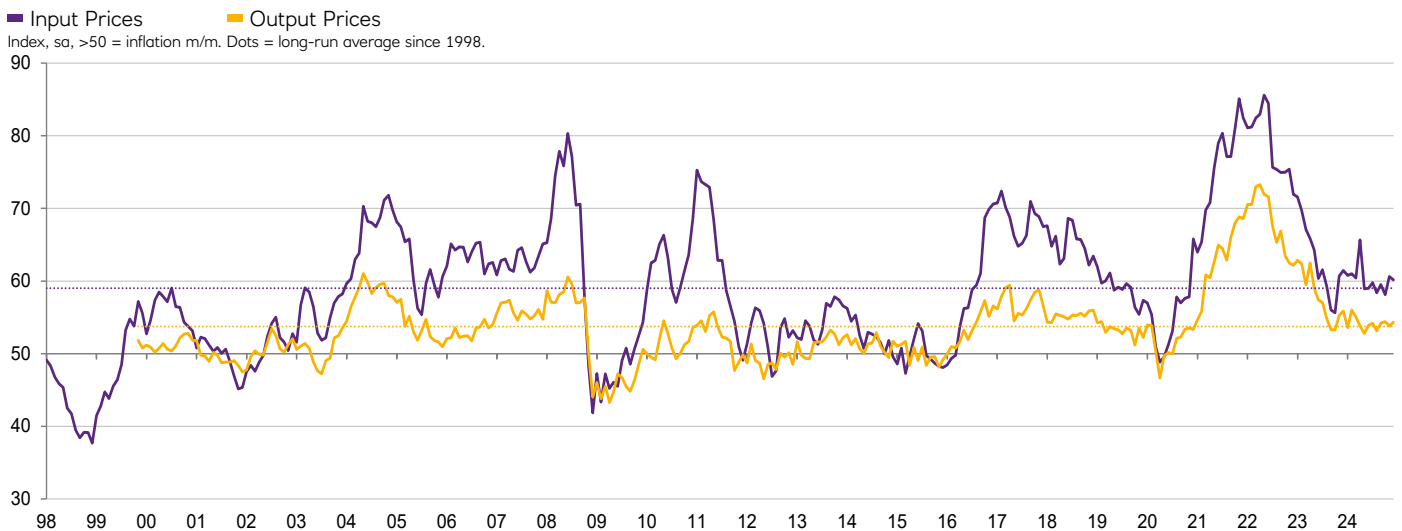
Cost pressures ease, but output price inflation quickens

Operating expenses faced by private sector companies in Yorkshire & Humber rose during December. Higher fuel and material costs, such as food items, as well as greater wage bills were cited by survey respondents. However, the increase in input costs was softer than that seen in November and among the

weakest recorded across the 12 monitored UK nations and regions.

Regarding their own prices, local businesses registered uplifts at the end of 2024. In most cases, charges were increased either to pass on cost rises, or in anticipation of higher expenses. The rate of inflation was stronger than in November but weaker than the UK average.

"A softening of cost pressures in tandem with faster output price increases is also good news from a corporate earnings perspective."



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

UK Regional Growth Tracker

Business Activity

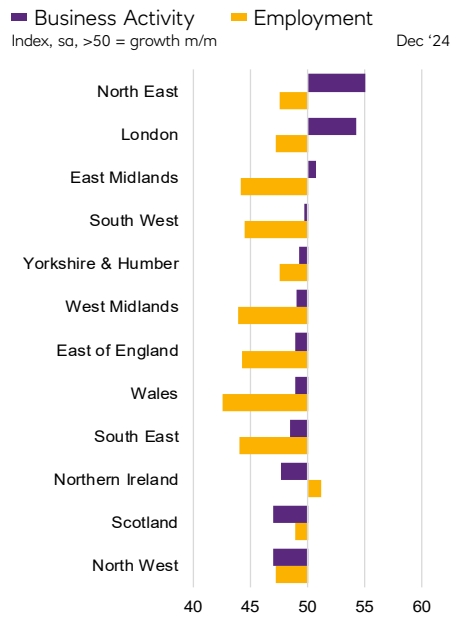
The North East and London were the two standout performers in terms of regional business activity growth in December. The only other area to see an increase in output was the East Midlands, although the rise there was modest. At the other end of the scale, the North West and Scotland recorded the joint-steepest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

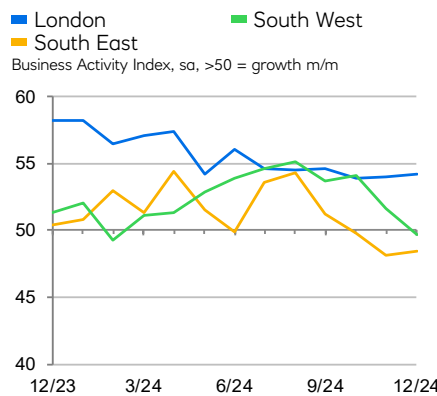
There were varying degrees of optimism towards future activity across the UK's nations and regions in December. Firms in the East Midlands were the most upbeat about the year-ahead outlook, having seen a notable rebound in confidence from the month before. Expectations deteriorated in the majority of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



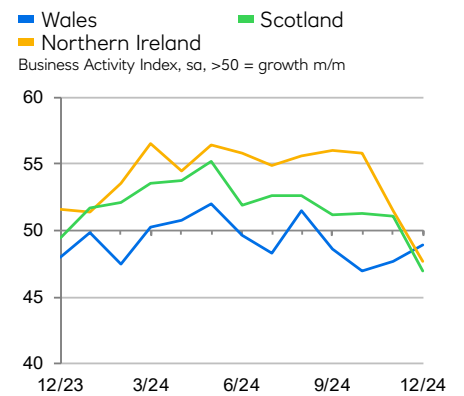
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



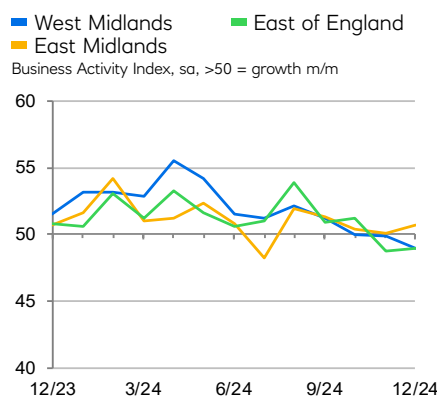
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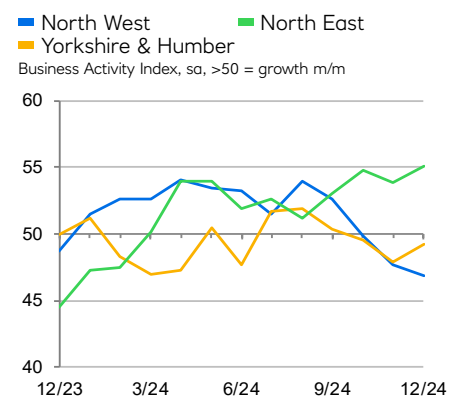
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



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

Growth Tracker heat map

December 2024

Darker colour = higher business growth

Yorkshire & Humber

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

49.2



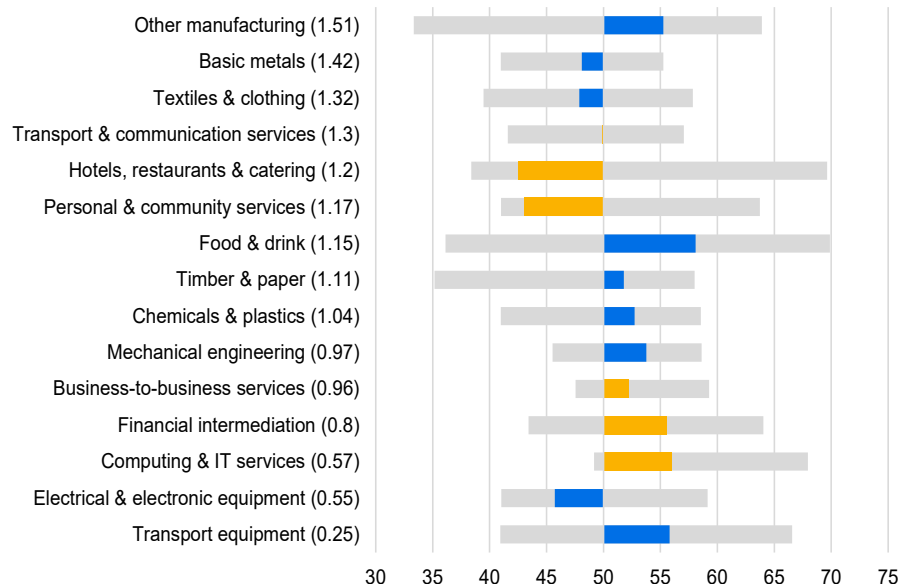
UK sectors

Sector specialisation: Yorkshire & Humber

The chart shows UK output indices by sector, ranked by location quotients for Yorkshire & Humber. 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 Yorkshire & Humber 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 Yorkshire & Humber are shown in brackets. Latest data are smoothed as three-month moving averages (3mma).

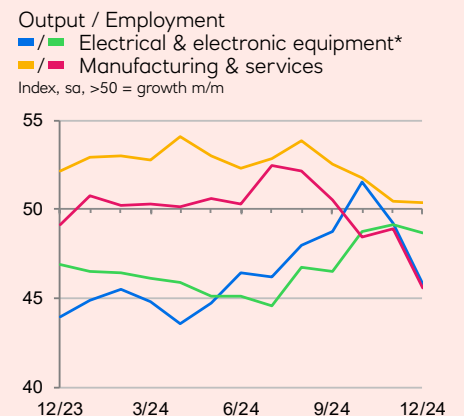
Sector in focus: Electrical & electronic equipment

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 average (3mma).

Methodology

The NatWest Yorkshire & Humber Growth Tracker is compiled by S&P Global from responses to questionnaires sent to companies in Yorkshire & Humber 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.

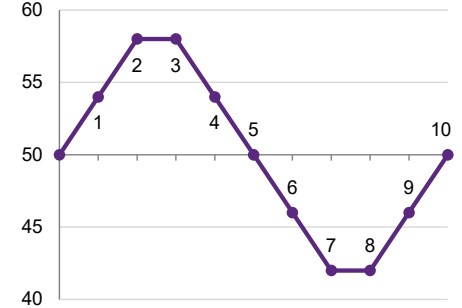
The headline figure is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously. The Yorkshire & Humber Business Activity Index 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

Yorkshire & Humber 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	51.7	54.5	50.9	51.9	48.9	76.7	59.8	54.2
8/24	51.9	54.0	51.3	51.5	46.0	70.9	58.4	53.2
9/24	50.4	51.9	50.5	48.5	46.1	67.6	59.5	54.2
10/24	49.5	52.8	50.8	50.1	45.2	73.3	58.1	54.4
11/24	48.0	49.6	51.0	50.1	43.6	62.0	60.6	53.8
12/24	49.2	49.7	51.3	47.5	42.8	68.8	60.2	54.3

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