

15 April 2026

Royal Bank of Scotland UK Regional Growth Tracker

Momentum slows in March as business costs
spike across UK



Royal Bank of Scotland

PMI[®]

by **S&P Global**

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Key findings

March 2026

Business activity rises in six regions, down from ten in February

London tops rankings for output growth but sees pace of expansion ease

Private sector shows resilience as firms continue to grow and adapt despite heightened levels of economic uncertainty

Employment growth confined to Northern Ireland, Scotland and North East

The Royal Bank of Scotland 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





Comment

Sebastian Burnside, Royal Bank of Scotland Chief Economist, commented:

"Following a positive start to the year, business activity softened in March, with geopolitical uncertainty contributing to slower growth or declines across regions.

"Firms all across the UK faced a jump in costs in March linked to the rising price of fuel, transport and raw materials, which have added to persistent wage pressures. The data show the widespread customer impact of higher costs via hikes in prices charged for goods and services, which point to inflationary pressures filtering through to the broader economy.

"However, business confidence generally remained positive, but companies in most regions revised down their growth expectations in light of the generally more uncertain outlook and the spike in price pressures.

"There was a mixed picture for recruitment across the UK. Encouragingly, we saw employment tick up in three areas in March – which was the joint-most in over a year – though hiring remains subdued in most regions and will be steered by developments in business activity and costs in the coming months."

■ Business Activity ■ Employment
Index, sa, >50 = growth m/m, Mar '26



Sources: Royal Bank of Scotland, S&P Global PMI. ©2026 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

Following a more positive start to the year March saw momentum slow across the UK's nations and regions.

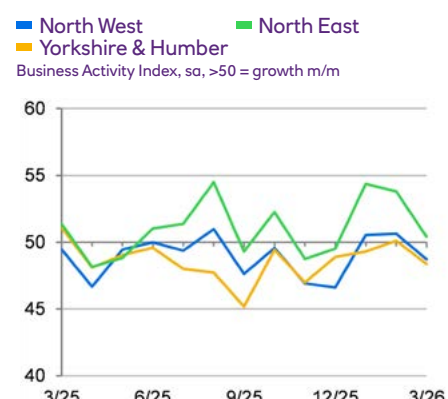
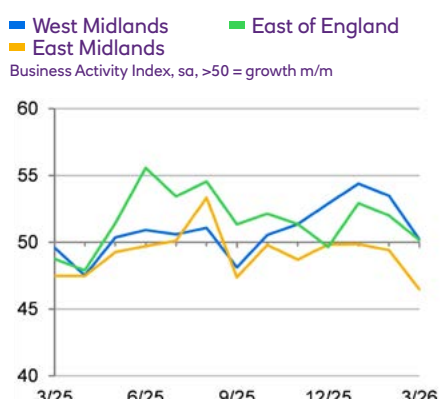
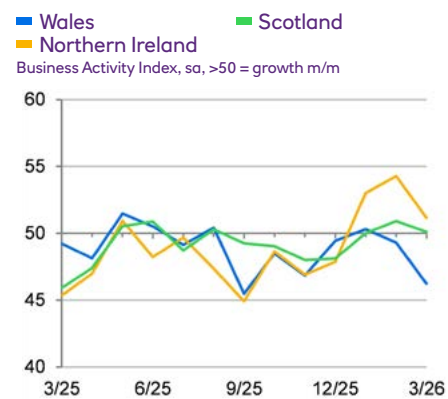
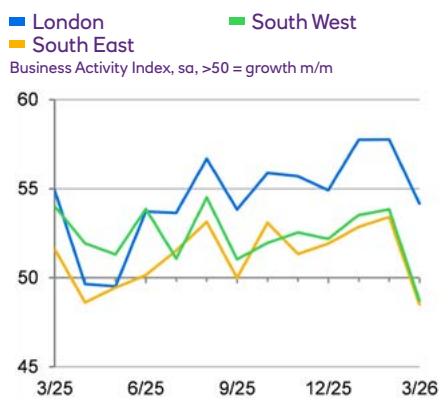
The Tracker's headline figure is the Business Activity Index. Any reading above 50.0 signals growth, and the further above the 50.0 threshold it is, the faster the rate of signalled growth.

March saw a widespread loss of momentum across the UK's nations and regions, amid a surge in cost pressures and heightened uncertainty linked to war in the Middle East, the latest Royal Bank of Scotland Regional Growth Tracker showed.

Higher activity was recorded in six out of the 12 areas monitored, down from ten in February, with rates of growth slowing in each case.

London topped the regions rankings with a solid pace of expansion, ahead of Northern Ireland. Business activity growth was notably slower in the North East, West Midlands, East of England and Scotland.

Output fell elsewhere, with Wales and the East Midlands recording the most marked declines.

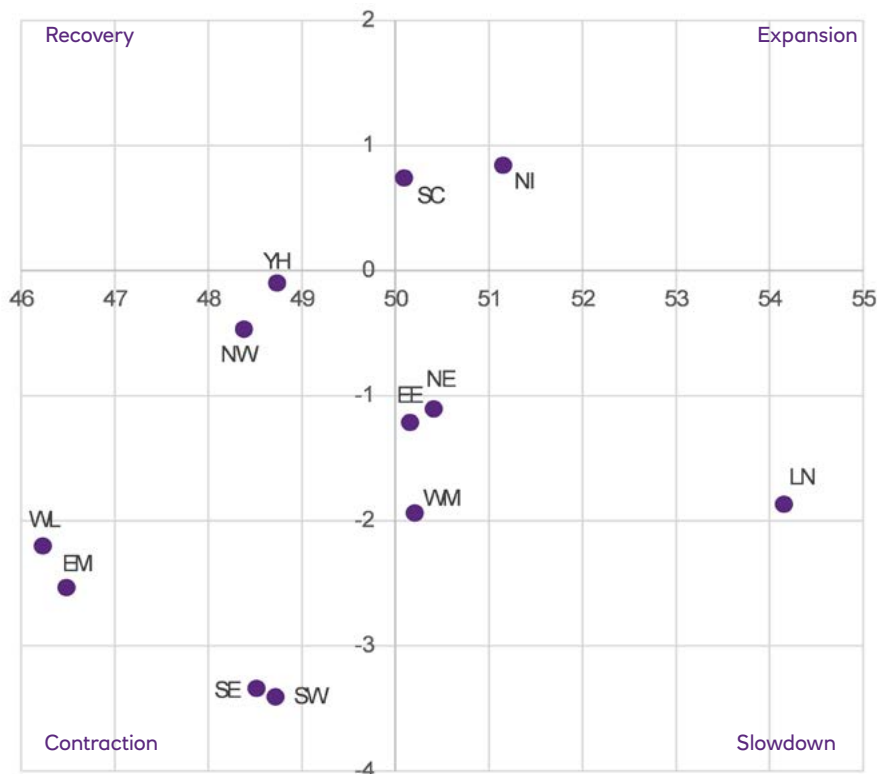




Business cycle by nation and region

Business Activity

X axis = Business Activity Index, sa, >50 = growth m/m, Mar '26 Y axis = Change in Index compared with six-month average



Sources: Royal Bank of Scotland, S&P Global PMI. ©2026 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 |

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.

Growth Tracker heat map

March 2026

Darker colour = higher business growth

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

London	54.2
Northern Ireland	51.2
North East	50.4
West Midlands	50.2
East of England	50.2
Scotland	50.1
North West	48.7
South West	48.7
South East	48.5
Yorkshire & Humber	48.4
East Midlands	46.5
Wales	46.2



Sources: Royal Bank of Scotland, S&P Global PMI. ©2026 S&P Global.



Demand and outlook

Northern Ireland records most resilient demand

Just three areas of the UK saw a rise in inflows of new business in March, the fewest for six months. Northern Ireland recorded the most resilient trend in demand, seeing inflows of new work increase solidly and for the third month running. At the other end of the scale, Wales saw an accelerated decline in new business that was the steepest since September last year.

Business confidence eases in most cases

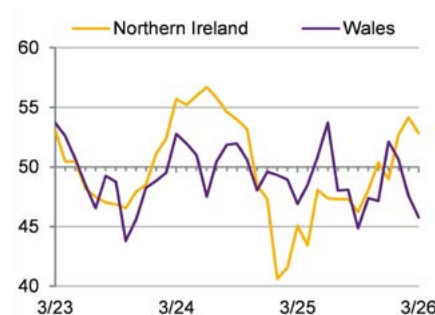
Although business confidence towards future activity remained positive across the board in March, growth expectations were revised down from the month before in most cases. Only the South West and Yorkshire & Humber recorded increased optimism, while firms in London remained the most upbeat about the outlook.

■ New Business ■ Future Activity*
Index, sa, >50 = growth m/m (*>50 = growth expected), Mar '26



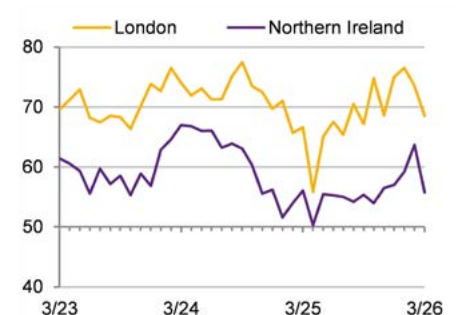
Sources: Royal Bank of Scotland, S&P Global PMI. ©2026 S&P Global.

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



Sources: Royal Bank of Scotland, S&P Global PMI. ©2026 S&P Global.

Future Activity
Index, >50 = growth expected



Sources: Royal Bank of Scotland, S&P Global PMI. ©2026 S&P Global.



Employment and capacity

Lack of appetite for hiring persists

Employment fell in most parts of the UK in March, led by declines in the North West and Wales. Northern Ireland, Scotland and the North East went against the general trend, however, and recorded slight increases in workforce numbers. For both Northern Ireland and the North East, job creation was recorded for the first time since last October, while the increase in Scotland was the second in as many months.

Backlogs rise in almost half of regions

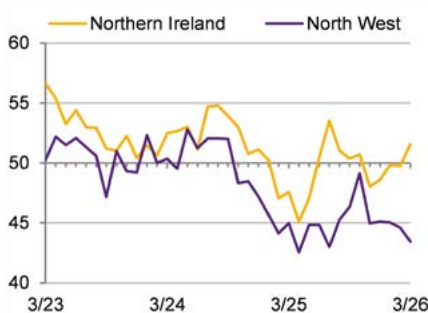
Five out of the 12 UK nations and regions monitored recorded a rise in backlogs of work in March, the third month in a row in which this has been the case. Firms in the North East posted the most pronounced increase in outstanding business, followed by those in the South West. Capacity pressures were weakest in Scotland, where work-in-hand fell at the fastest rate since July 2024.

■ Employment ■ Outstanding Business
Index, sa, >50 = growth m/m, Mar '26



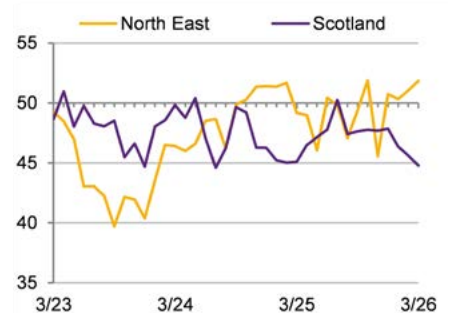
Sources: Royal Bank of Scotland, S&P Global PMI. ©2026 S&P Global.

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



Sources: Royal Bank of Scotland, S&P Global PMI. ©2026 S&P Global.

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



Sources: Royal Bank of Scotland, S&P Global PMI. ©2026 S&P Global.



Inflation

Cost pressures intensify across the UK

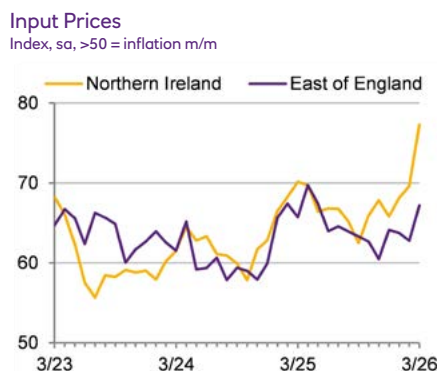
Firms in all parts of the UK faced an increase in cost pressures at the end of the first quarter, with rates of input price inflation accelerating universally. Companies in Northern Ireland recorded the steepest overall rise in operating expenses – the rate of inflation there reaching its highest for almost three-and-a-half years. The East of England recorded the softest increase, although one that was still much stronger than the long-run average.

Firms more aggressive with price increases

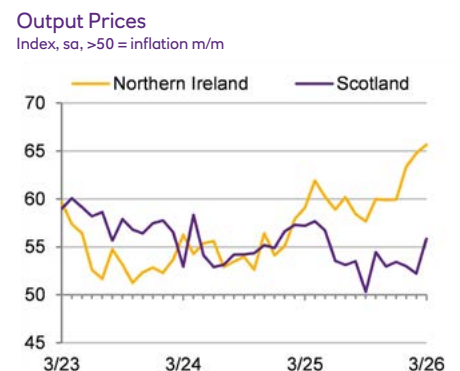
March saw steeper increases in average charges for goods and services across all 12 UK nations and regions in March, as firms generally looked to pass on higher costs to customers. Northern Ireland topped the rankings for output price inflation, recording its fastest rate of increase since October 2022, while Scotland registered the slowest rise.



Sources: Royal Bank of Scotland, S&P Global PMI. ©2026 S&P Global.



Sources: Royal Bank of Scotland, S&P Global PMI. ©2026 S&P Global.



Sources: Royal Bank of Scotland, S&P Global PMI. ©2026 S&P Global.

Methodology

The Royal Bank of Scotland 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

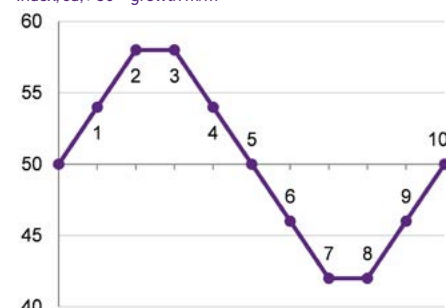
indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

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.

*International Territorial Level 1 definitions.

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



Sources: Royal Bank of Scotland, S&P Global PMI. ©2026 S&P Global.

Key

- | | |
|--------------------------|----------------------------|
| 1 Growth, from no change | 6 Decline, from no change |
| 2 Growth, faster rate | 7 Decline, faster rate |
| 3 Growth, same rate | 8 Decline, same rate |
| 4 Growth, slower rate | 9 Decline, slower rate |
| 5 No change, from growth | 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 '26

	Business Activity	New Business	Future Activity*	Employment	Outstanding Business	Input Prices	Output Prices
London	54.2	52.2	68.5	46.2	50.4	67.7	57.9
South East	48.5	48.7	67.4	49.3	48.7	68.9	57.5
South West	48.7	48.5	66.6	48.7	50.6	69.1	58.9
East of England	50.2	48.7	64.4	44.2	50.2	67.2	56.3
East Midlands	46.5	46.4	61.7	46.7	49.9	69.1	57.6
West Midlands	50.2	49.1	68.0	48.1	50.4	68.2	60.3
Yorkshire & Humber	48.4	47.2	65.9	46.3	46.3	70.3	56.8
North West	48.7	48.4	63.4	43.4	45.5	68.6	59.2
North East	50.4	50.7	64.0	50.2	51.9	71.1	61.6
Scotland	50.1	47.1	58.4	51.2	44.8	69.2	55.9
Wales	46.2	45.8	59.0	43.9	49.6	71.3	59.1
Northern Ireland	51.2	52.8	55.7	51.6	48.7	77.3	65.7

Further information

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