

13 May 2026

Royal Bank of Scotland Growth Tracker

Scottish business activity falls as inflation rises and market uncertainty intensifies



Royal Bank of Scotland

PMI[®]

by **S&P Global**

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Key findings

April 2026

Output declines for first time in four months

Rates inflation accelerate sharply

Scottish business confidence retreats to 40-month low

The Royal Bank of Scotland 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 Scotland manufacturing and services PMI surveys.

For more reports on 12 UK nations and regions, visit www.natwest.com/business/insights/economics





Scottish business activity falls as inflation rises and market uncertainty intensifies

Scottish private sector firms recorded a fresh decline in business activity at the start of the second quarter, the latest Royal Bank of Scotland Growth Tracker showed.

The headline Royal Bank of Scotland Business Activity Index – a seasonally adjusted index that measures the month-on-month change in the combined output of Scotland’s manufacturing and service sectors – posted below the neutral 50.0 threshold that separates expansion from contraction in April, falling to 48.0 from 50.1 in March. The index therefore indicated the first reduction in Scottish

private sector output in four months.

Sector data revealed a drop in business activity at service providers. However, manufacturing production broadly stabilised following a 33-month run of reduction.

The renewed decline in overall output across the Scottish private sector contrasted with a stronger upturn in activity across the UK as a whole.

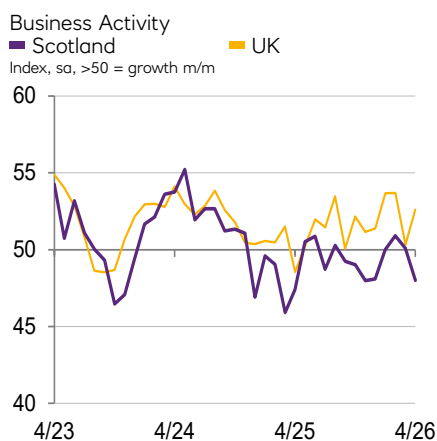
At the same time, greater global economic uncertainty and sharply rising costs weighed on firms’ projections for the year ahead.

Royal Bank of Scotland
Business Activity Index
April 2026

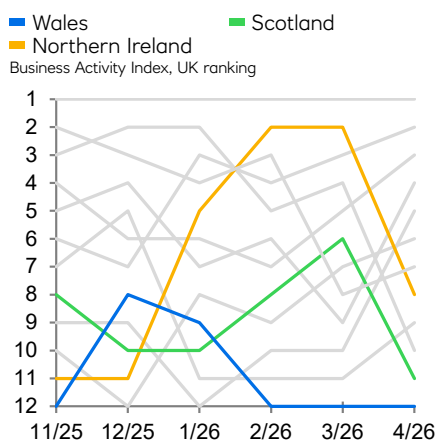
48.0

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 9-28 April



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



Comment

Judith Cruickshank, Chair, Scotland Board, Royal Bank of Scotland, commented:

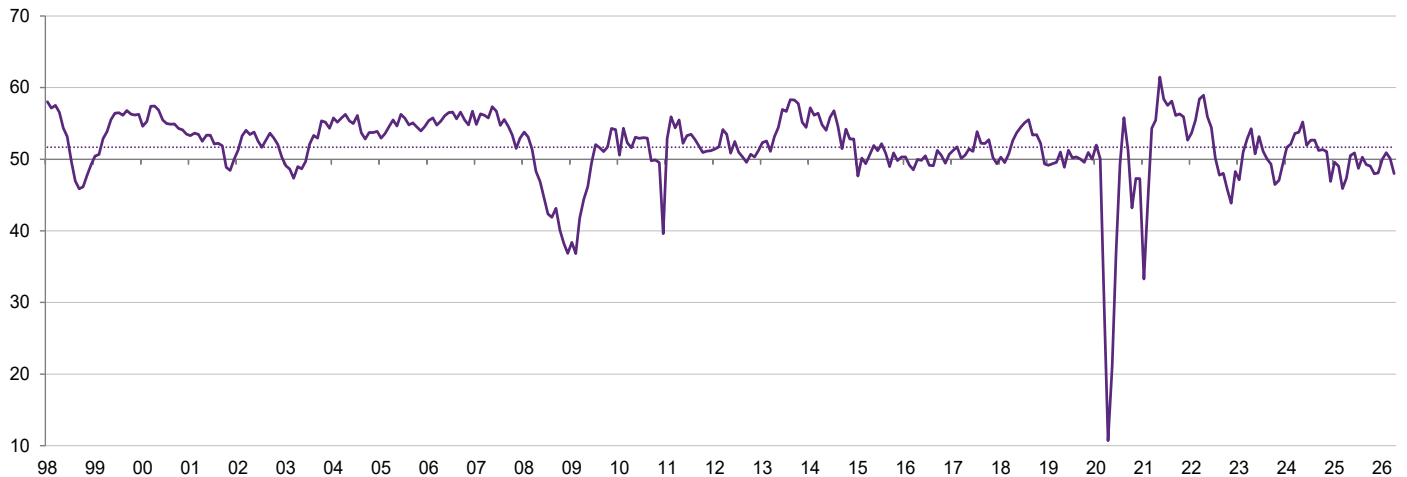
"Continuing geopolitical tensions contributed to increasing inflationary pressure and ongoing market uncertainty, which are difficult headwinds for Scottish businesses. As a result, business activity fell for the first time in four months in April, while forward-looking indicators, such as new orders, point to challenging market conditions in the coming months.

"Consequently, we see that firms are increasingly focused on managing their costs in the face of these pressures. Furthermore, the latest survey showed employment falling after expansions in the previous two months.

"In summary, our Royal Bank of Scotland Growth Tracker for last month highlights considerable pressures on businesses. We will continue to review their impact on our customers and how best we can support them through these challenges."

Business Activity

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



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



Demand and outlook

Sharper contraction in new orders and business optimism recedes

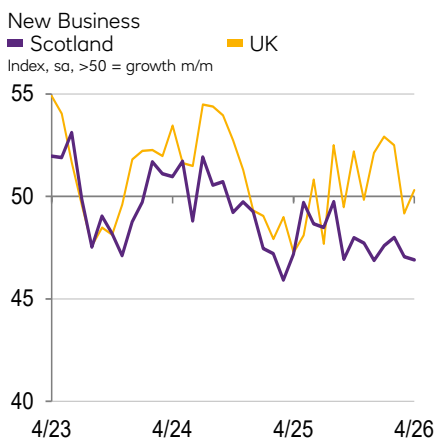
Scottish private sector firms signalled a nineteenth consecutive monthly fall in new business in April. The pace of decrease was the fastest in four months. Panellists noted that the conflict in the Middle East, and the subsequent rise in energy prices and market uncertainty, had underpinned the latest fall.

Of the 12 monitored UK regions and nations, Scotland recorded the steepest decline in new orders.

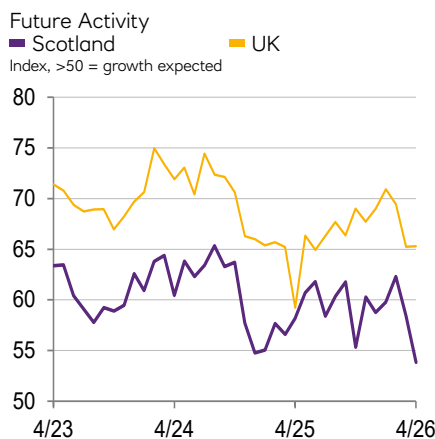
Businesses across Scotland were cautiously hopeful that demand conditions will improve and planned to introduce new products and expand into new markets. That said, the degree of confidence fell to a 40-month low as geopolitical uncertainty dampened projections at some firms.

Only firms in Northern Ireland were less upbeat about their activity outlook than those in Scotland.

"...forward-looking indicators, such as new orders, point to challenging market conditions in the coming months"



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



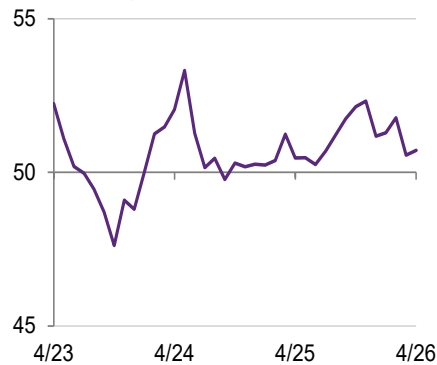
Export markets

Further mild improvement in export conditions

The Export Climate Index posted 50.7 in April, up slightly from March's nine-month low of 50.6, to remain consistent with only a marginal improvement in export conditions for Scottish firms.

Across Scotland's top five export destinations, business activity rose across the US, Netherlands and Ireland. Meanwhile, Germany recorded a fresh fall in output and the downturn across France deepened.

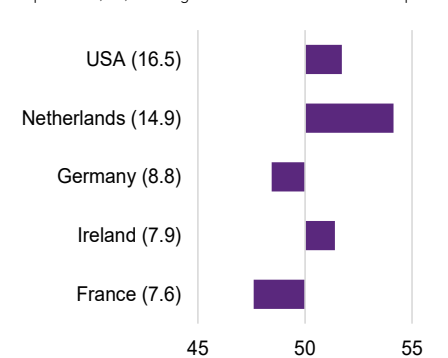
Export Conditions
Index, sa, >50 = growth m/m



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

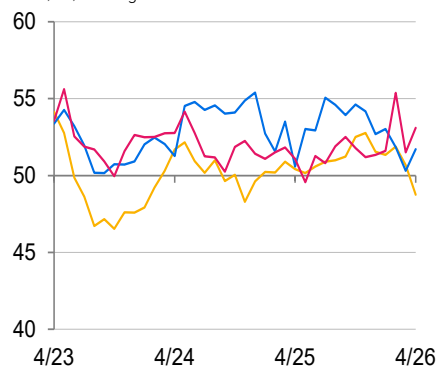
The Scotland Export Climate Index (ECI) is an indicator for the economic health of the region's export markets. It is calculated by combining national PMI output data, weighted according to each nation's share of manufacturing exports of Scotland. A reading above 50 signals an improvement in export conditions,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

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



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

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



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



Jobs and capacity

Fresh decline in payroll numbers

Following a two-month sequence of modest growth, staff numbers across Scotland's private sector fell in April, with the rate of reduction the fastest seen since last August. Fewer sales and increasing overhead costs were key factors cited by panellists who had cut their workforce numbers.

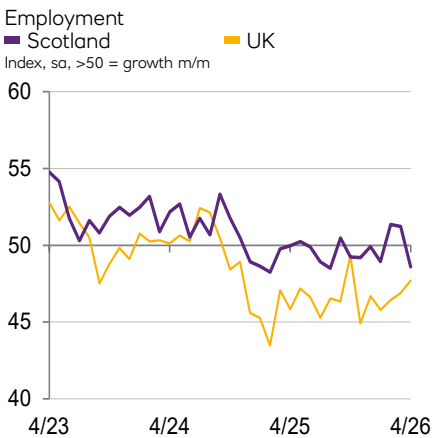
That said, the pace of job losses across Scotland was slower than that recorded at the UK level.

April data pointed to a ninth straight monthly decrease in backlogs of work

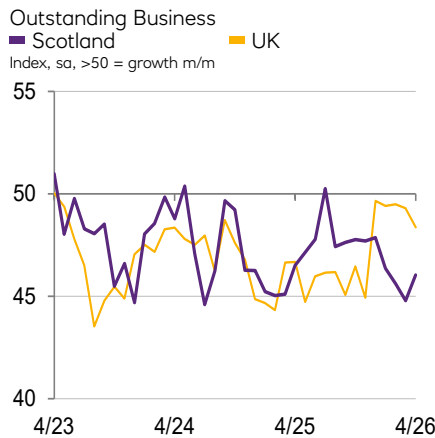
across Scotland, thereby highlighting a sustained lack of pressure on capacity, however the pace of decline was the slowest in three months.

While outstanding business fell across all the 12 nations and regions monitored by the survey, only firms in Yorkshire & Humber and Wales recorded faster rates of depletion than seen in Scotland.

"...the latest survey showed employment falling after expansions in the previous two months."



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



Inflation

Price pressures intensify again in April

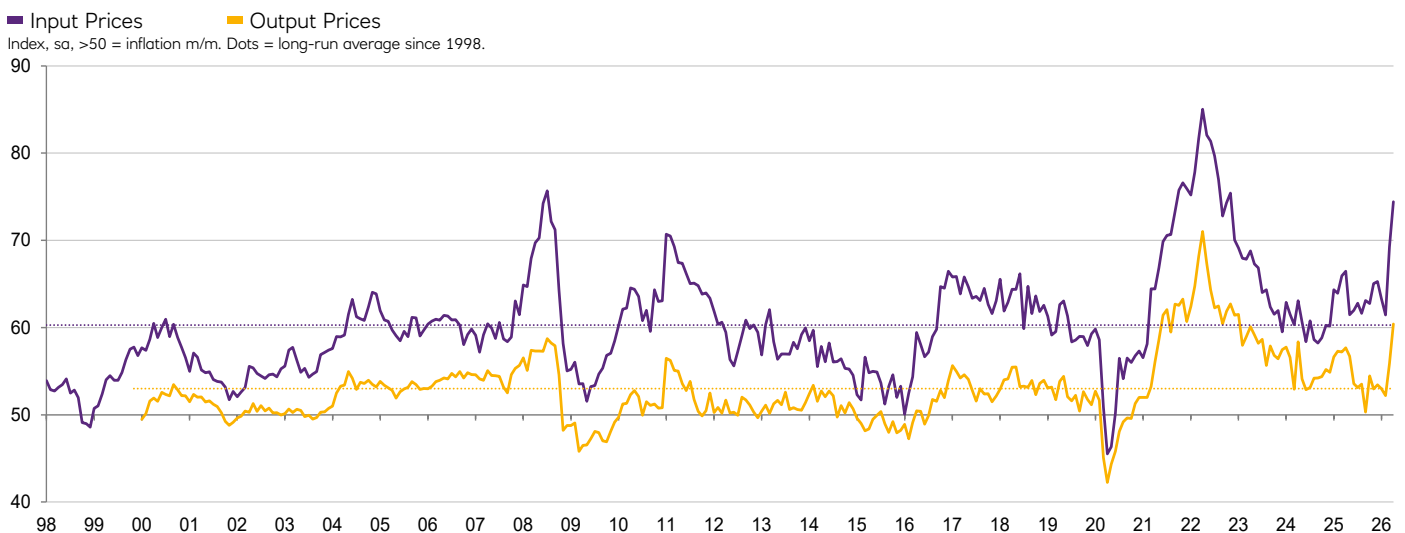
Operating expenses increased across Scotland's private sector at the start of the second quarter. The rate of inflation accelerated sharply for a second month running to reach a 41-month high. Where a rise in costs was observed, firms widely attributed this to higher fuel prices due to the war in the Middle East. In some cases, increased labour costs were also mentioned.

That said, the rate of inflation in Scotland was slower than the UK-wide average.

Prices charged for Scottish goods and services rose again during April. The rate of output price inflation accelerated for the second straight month to the highest since January 2023, reflecting companies' efforts to partly transfer higher expenses to customers.

Though historically marked and substantial overall, the extent to which charges rose across Scotland was the weakest of the 12 monitored UK regions and nations.

"Continuing geopolitical tensions contributed to increasing inflationary pressure..."



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



Scotland Manufacturing PMI

Manufacturing sector moves closer to stabilisation

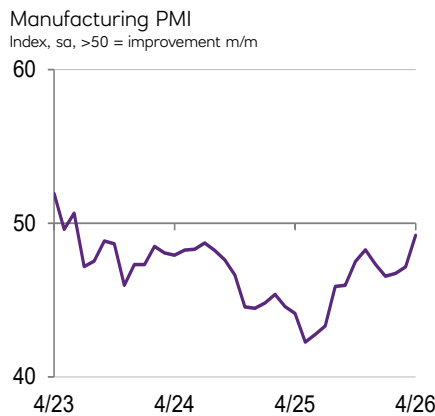
The seasonally adjusted Scotland Manufacturing PMI rose further in April, from 47.2 in March to 49.2, signalling only a marginal deterioration in the health of the Scottish manufacturing sector. Furthermore, the headline index posted its highest reading since the current downturn began nearly three years ago.

After having fallen in each of the prior 33 months, output was broadly steady in April. Meanwhile, the rate of decline in new orders eased notably since March.

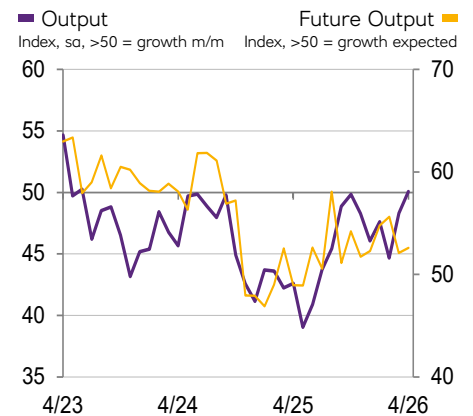
However, price pressures continued to intensify during the latest survey period. The rates of input price and output charge inflation were the sharpest seen since September 2022.

Additionally, manufacturers reported a fresh decline in employment in April.

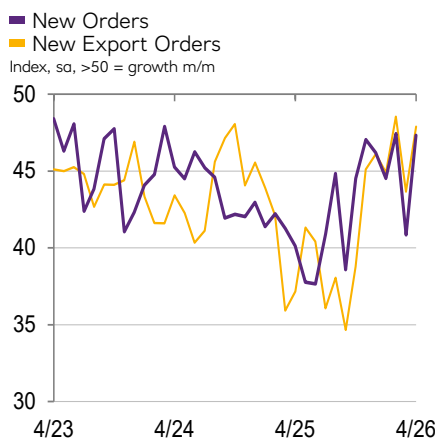
Finally, the level of optimism across the sector regarding the one-year outlook remained historically subdued, despite improving slightly since March.



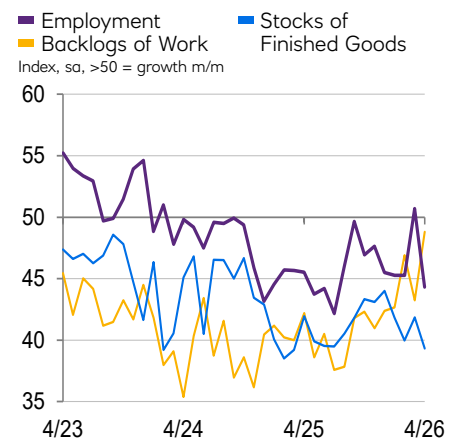
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



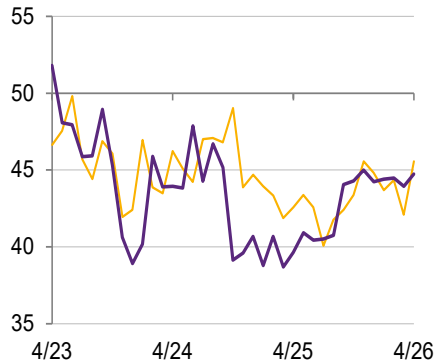
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



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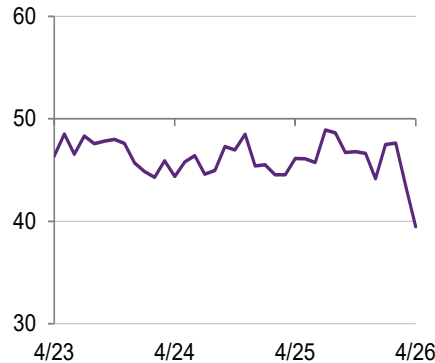


Quantity of Purchases Index, sa, >50 = growth m/m



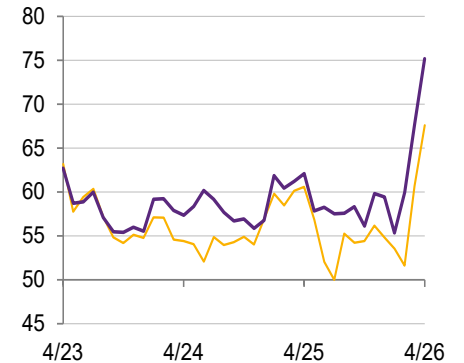
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

Suppliers' Delivery Times Index, sa, >50 = faster times m/m



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

Input Prices Index, sa, >50 = inflation m/m



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

Scotland manufacturing

Index, sa, 50 = no change over previous month. *50 = no change over next 12 months.

	PMI	Output	New Orders	New Export Orders	Future Output*	Employment	Backlogs Of Work	Stocks Of Finished Goods	Quantity Of Purchases	Stocks Of Purchases	Suppliers' Delivery Times	Input Prices	Output Prices
11/25	48.3	48.3	47.0	45.1	51.7	47.6	41.0	43.1	45.0	45.6	46.6	59.8	56.2
12/25	47.3	46.1	46.2	46.1	52.3	45.5	42.4	44.0	44.2	44.8	44.2	59.4	54.8
1/26	46.6	47.6	44.5	44.9	54.8	45.3	42.7	41.8	44.4	43.7	47.5	55.4	53.6
2/26	46.7	44.7	47.4	48.5	55.6	45.3	46.9	40.0	44.5	44.3	47.6	60.0	51.6
3/26	47.2	48.3	40.9	43.7	52.1	50.7	43.2	41.9	43.9	42.1	43.5	67.7	60.7
4/26	49.2	50.1	47.3	47.9	52.6	44.3	48.8	39.3	44.7	45.6	39.5	75.2	67.6



Scotland Services PMI

Renewed fall in service sector activity

The seasonally adjusted Scotland Services Business Activity Index slipped below the crucial mark of 50.0 in April to signal a fall in service sector output for the first time in four months. At 47.6, down from a reading of 50.4 in March, the index indicated a solid decline which was the fastest seen since March 2025.

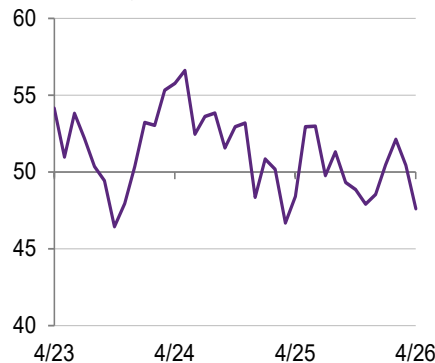
New business placed at Scottish service providers fell for an eighth successive month in April. The pace of reduction quickened to the fastest since January 2023 and was solid.

April data also indicated a renewed drop in service sector employment, which followed two consecutive months of job creation. The pace at which staffing numbers fell was marginal but the most marked in eight months.

Business sentiment across the Scottish service industry weakened again in April. Notably, firms were the least upbeat about their activity outlook since December 2022.

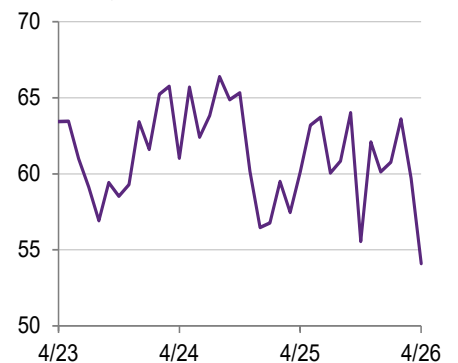
On the prices front, service providers registered a substantial rise in cost burdens. The pace of inflation was the fastest in nearly three-and-a-half years. Meanwhile, the pace of charge inflation picked up to a two-year high and was sharp overall.

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



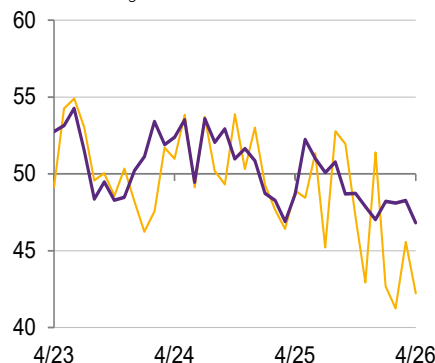
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

Future Activity
Index, >50 = growth expected



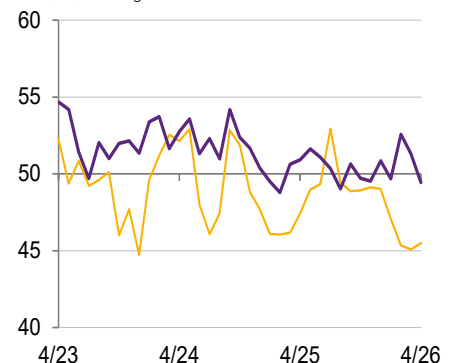
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

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



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

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

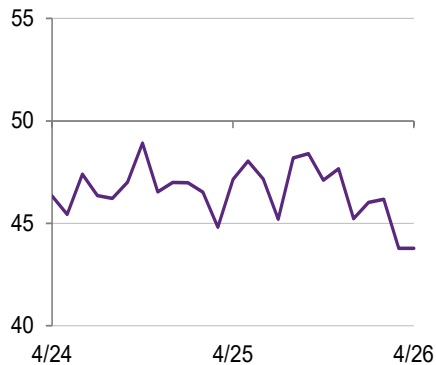


Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



Supplier Performance

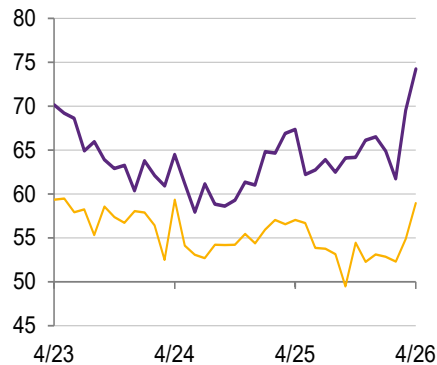
Index, sa, >50 = faster times m/m



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

Input Prices

Index, sa, >50 = inflation m/m



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.

Scotland services

Index, sa, 50 = no change over previous month. *50 = no change over next 12 months.

	Business Activity	New Business	New Export Business	Future Activity*	Employment	Outstanding Business	Supplier Performance	Input Prices	Prices Charged
11/25	47.9	47.9	42.9	62.1	49.5	49.1	47.7	66.1	52.3
12/25	48.5	47.0	51.4	60.1	50.9	49.0	45.2	66.5	53.1
1/26	50.5	48.2	42.7	60.8	49.7	47.1	46.0	64.9	52.9
2/26	52.1	48.1	41.3	63.6	52.6	45.4	46.2	61.7	52.3
3/26	50.4	48.3	45.6	59.7	51.3	45.1	43.8	69.6	54.9
4/26	47.6	46.8	42.2	54.1	49.4	45.5	43.8	74.3	59.0

UK Regional Growth Tracker

Business Activity

Business activity rose in seven out of the 12 UK nations and regions monitored in April, up slightly from six in March. Growth was led by London and the North East, where rates of expansion were noticeably quicker than the month before. Northern Ireland* saw output hold steady, while there were declines in Wales, Scotland, West Midlands and East Midlands.

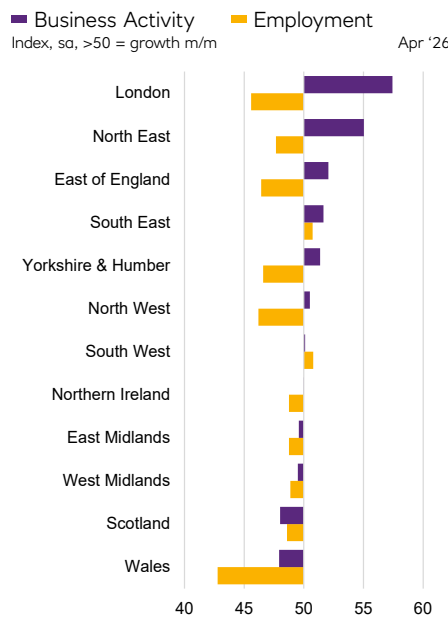
Employment

Most parts of the UK recorded a decrease in employment in April, in keeping with the recent trend. Firms in Wales recorded the most marked reduction in workforce numbers, followed by their counterparts in London. Job creation was confined to just the South West and South East, although in both cases employment rose only slightly.

Future Activity

Confidence towards future activity was highest in the West Midlands in April, with the region having seen a rebound in expectations from the month before. Sentiment also improved in seven more areas, but there were marked declines in others such as the North East, Scotland and Northern Ireland, which together occupied the bottom three places in the rankings.

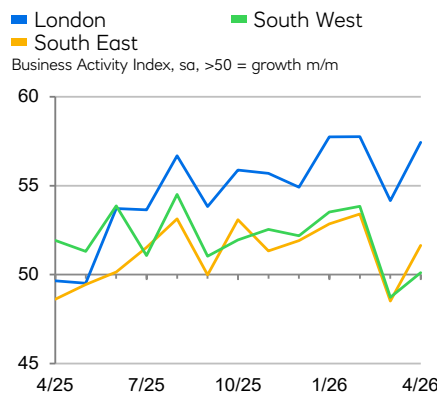
*As well as manufacturing and services, coverage in Northern Ireland also includes construction and wholesale & retail.



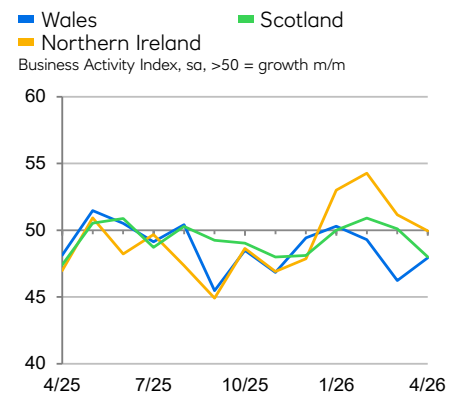
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



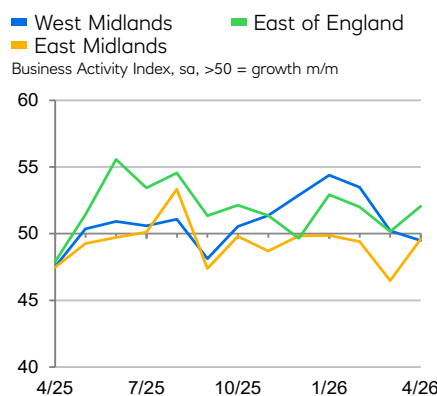
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



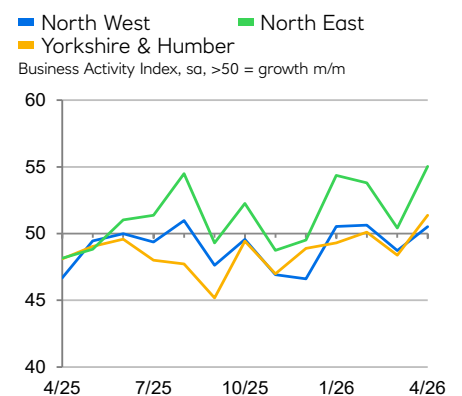
Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



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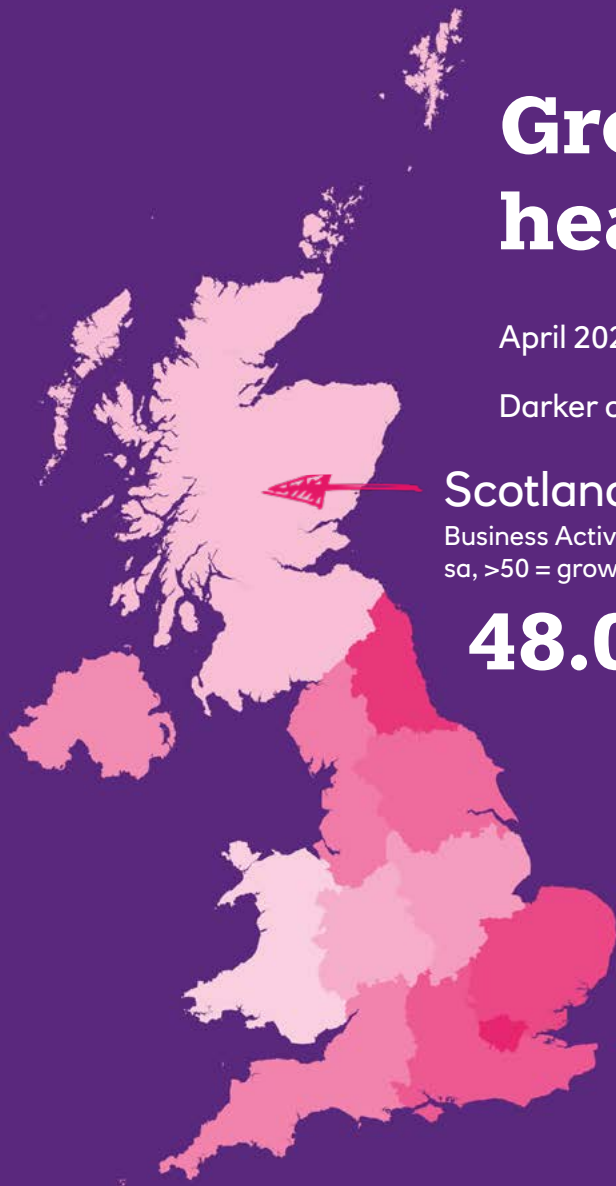
Growth Tracker heat map

April 2026

Darker colour = higher business growth

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

48.0



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.



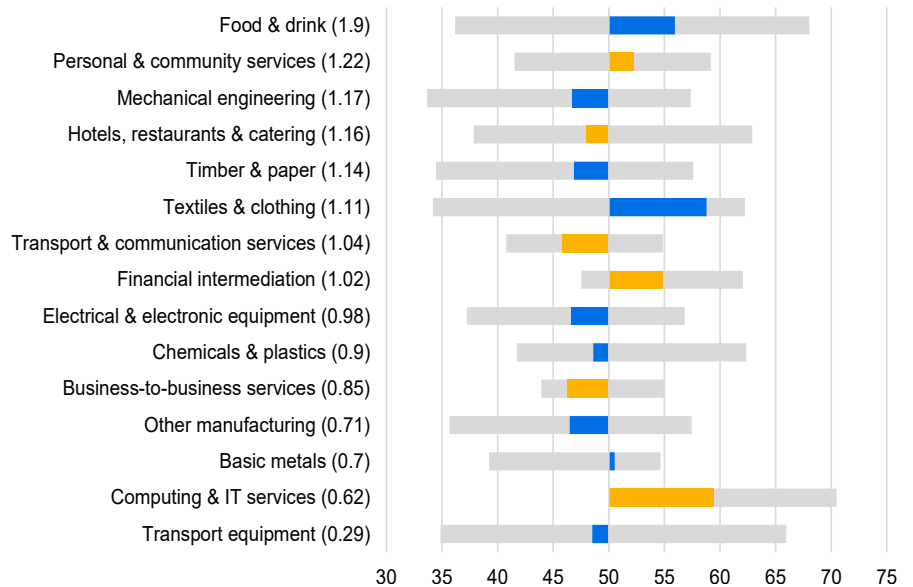
UK sectors

Sector specialisation: Scotland

The chart shows UK output indices by sector, ranked by location quotients for Scotland. 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 Scottish economy
 ■ Manufacturing ■ Services ■ 3-year range
 UK Output Index, sa, >50 = growth m/m Apr '26



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.
 Location quotients for Scotland are shown in brackets. Latest data are smoothed as three-month moving averages (3mma).

Sector in focus: Basic metals

The basic metals sector acted as a drag on the UK economy in the three months to April, recording a marked reduction in production levels that was the third-quickest among the sectors monitored by PMI data (after timber & paper and hotels, restaurants & catering).

Basic metals firms scaled back output in line with a sustained sharp decline in new orders and diminishing backlogs of work.

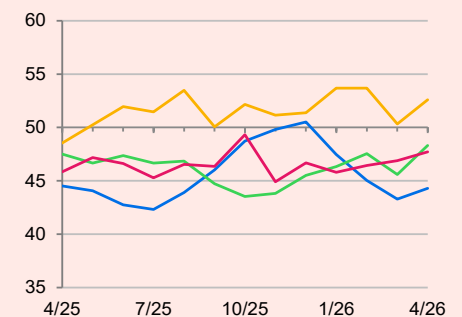
Although employment continued falling, the rate of job shedding was the slowest recorded for a year-

and-a-half and softer than the UK-wide average.

On the supply front, basic metals producers faced the most marked lengthening of input delivery times for nearly four years as well as a sharp intensification of cost pressures. Input prices rose to the greatest extent since mid-2022, which in turn pushed up the rate of output charge inflation to its highest since December 2022.

Looking ahead, expectations for output in the coming year were positive but historically subdued.

Output / Employment
 ■/■ Basic metals*
 ■/■ Manufacturing & services
 Index, sa, >50 = growth m/m



Sources: NatWest, S&P Global PMI. ©2026 S&P Global.
 *Data are smoothed as three-month moving average

Methodology

The Royal Bank of Scotland Growth Tracker is compiled by S&P Global from responses to questionnaires sent to Scottish companies that participate in S&P Global's Scotland 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

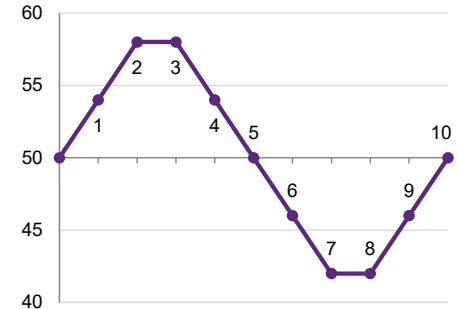
overall decrease. The indices are then seasonally adjusted.

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 Scotland 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. ©2026 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

Scotland 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
11/25	48.0	47.7	52.3	49.2	47.7	60.3	65.0	53.0
12/25	48.1	46.9	51.2	49.9	47.9	58.8	65.3	53.4
1/26	50.0	47.6	51.3	48.9	46.4	59.8	63.3	53.0
2/26	50.9	48.0	51.8	51.4	45.6	62.3	61.4	52.2
3/26	50.1	47.1	50.6	51.2	44.8	58.4	69.2	55.9
4/26	48.0	46.9	50.7	48.6	46.0	53.8	74.4	60.4

Further information

Royal Bank of Scotland

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