

14 January 2025

# Royal Bank of Scotland Growth Tracker

Scottish private sector activity falters in  
December



Royal Bank of Scotland

PMI<sup>®</sup>

by **S&P Global**

14 January 2025

# Royal Bank of Scotland Growth Tracker

## Contents

Key findings	Scotland Manufacturing PMI
Business activity	Scotland Services PMI
Comment	UK Regional Growth Tracker
Demand and outlook	UK Sectors
Export markets	Methodology and data
Jobs and capacity	Further information
Inflation	



Royal Bank of Scotland

PMI<sup>®</sup>  
by **S&P Global**

# Key findings

December 2024

**RBS Scotland Growth Tracker records renewed contraction in output**

**Staffing levels cut for first time in nearly two years**

**Confidence for year ahead outlook at 24-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](http://www.natwest.com/business/insights/economics)





# Scottish private sector activity falters in December

Scotland's private sector ends the year with a renewed decrease in output

The Scotland Growth Tracker – a seasonally adjusted index that measures the month-on-month change in the combined output of the region's manufacturing and service sectors – fell below the neutral level of 50.0 for the first time in a year, recording 46.9 in December, down from 51.1 in November. The decline was sharp and marked the most significant drop in activity since October 2023, with both manufacturing

and services sectors reporting a decrease in output.

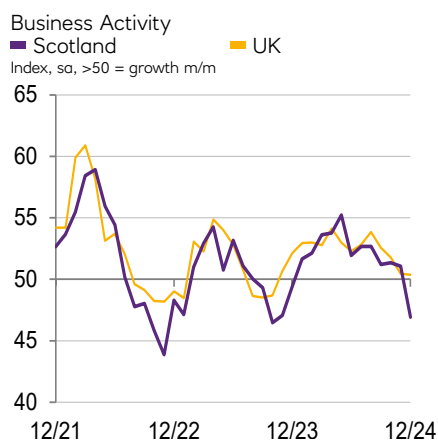
This downturn in activity stood in contrast to the ongoing, albeit softening, growth trend observed across the UK as a whole. Notably, Scotland, along with the North West experienced the fastest declines in private sector activity among the 12 monitored regions and nations.

Royal Bank of Scotland  
Business Activity Index  
December 2024

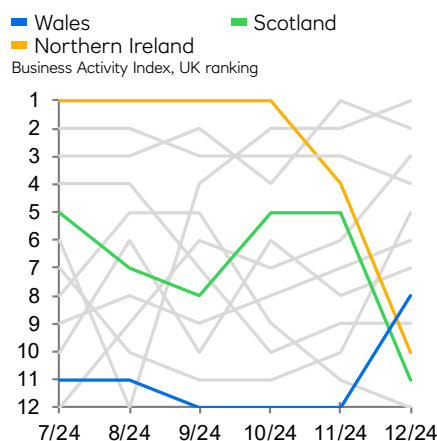
46.9

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.



Royal Bank of Scotland

[Return to contents](#)

© 2025 S&P Global



# Comment

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

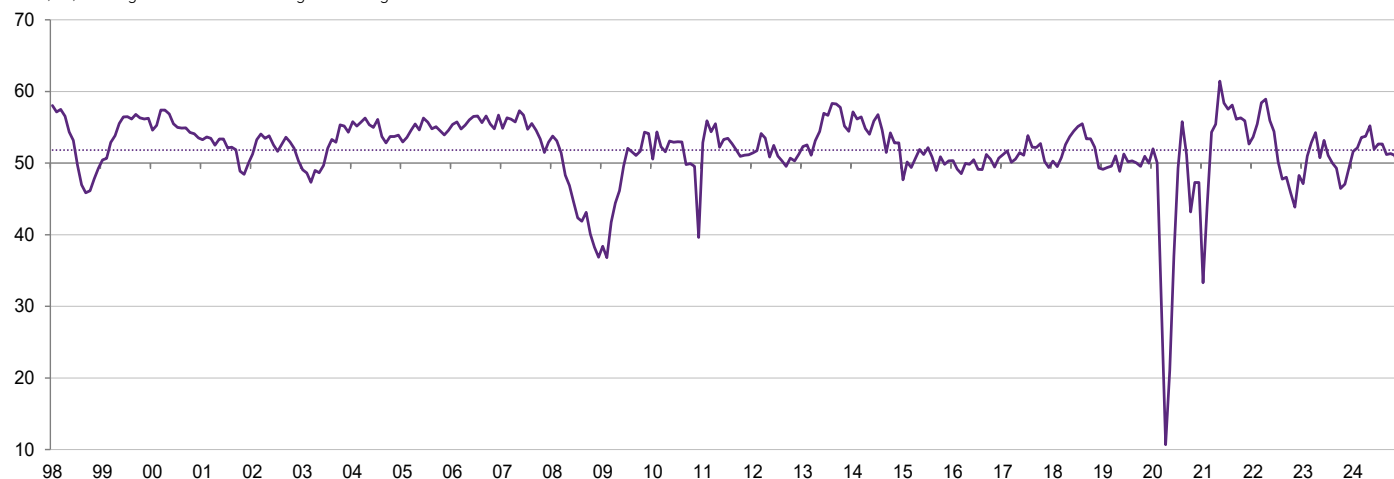
"Following an impressive 11-month growth period, during which the average Growth Tracker reading was 52.5, 2024 ended with a renewed decline in activity across Scotland's private sector experienced. New business decreased for the third consecutive month, prompting companies to adopt a more cautious

outlook for 2025. Additionally, there has been a resurgence in job cuts, as firms align their staffing levels with reduced business demands. Whether this is a temporary fluctuation, time will tell.

"Price pressures have remained largely unchanged, with input price inflation in line with the long-run trend but output charges increasing at a historically high rate, indicating a persistent challenge regarding overall inflation."

## Business Activity

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



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



# Demand and outlook

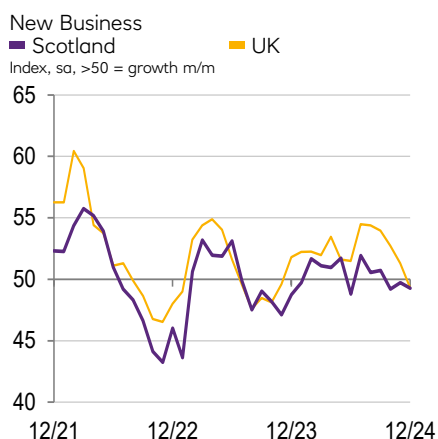
## New business declines among Scottish firms, with firms adopting a more cautious outlook for future activity

New business at Scottish private sector firms fell in each month of the final quarter of 2024, a shift from the growth seen in the third quarter. The rate of decrease was mild and broadly consistent during the final quarter. It was also in line with that recorded for the UK as a whole. Where new orders fell, firms cited a loss of major customers and the ongoing economic slowdown.

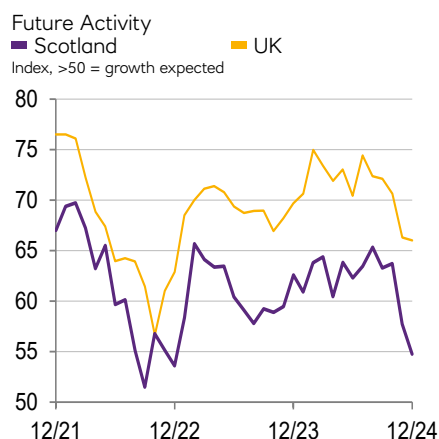
The outlook for activity became more restrained in December. Although the respective index remained above the neutral level of 50.0, it fell to its lowest point in two years. Recent policy changes, particularly regarding employment, along with the current economic environment, contributed to this tempered outlook.

Moreover, regarding the business outlook for the upcoming year, Scotland ranked the lowest among the 12 nations and regions being monitored.

"New business decreased for the third consecutive month, prompting companies to adopt a more cautious outlook for 2025."



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



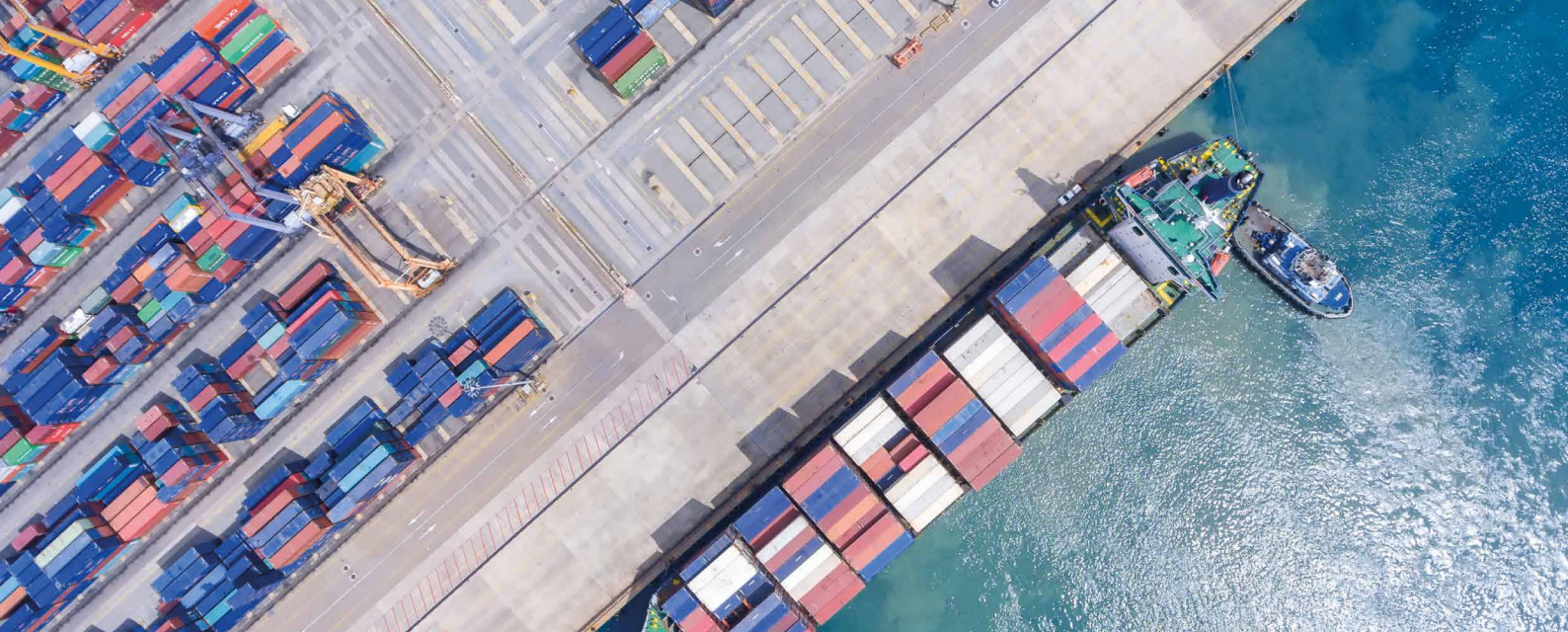
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



Royal Bank of Scotland

[Return to contents](#)

© 2025 S&P Global



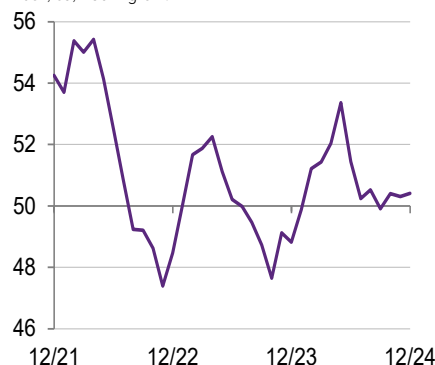
# Export markets

## Scotland's export markets continue to eke out marginal growth

The ECI figure, which remained relatively stable at 50.4 in December compared to 50.3 in November, indicated marginal output growth across Scotland's export markets.

Among the top five export markets, growth was limited to the US and Ireland. In contrast, the Netherlands (the leading export destination for Scottish goods and services), Germany, and France all experienced a decline in output.

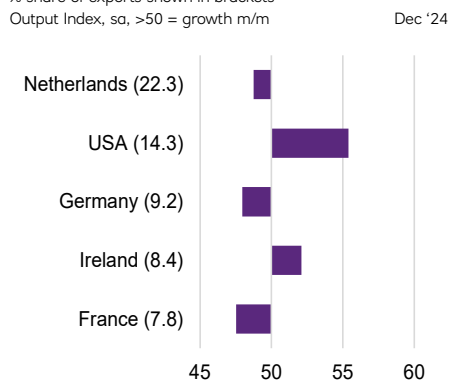
Export Conditions  
Index, sa, >50 = growth m/m



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

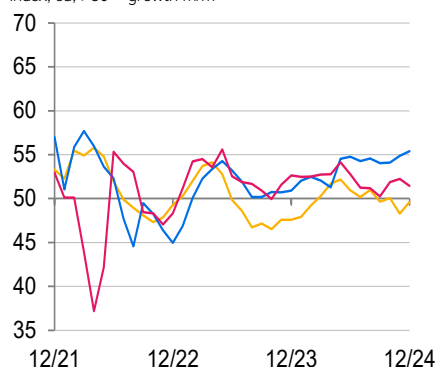
The Scotland Export Climate Index (ECI) is an indicator for the economic health of the region's export markets. It is calculated by combining national PMI output data, weighted according to each nation's share of manufacturing exports of Scotland. A reading above 50 signals an improvement in export conditions, 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. ©2025 S&P Global.

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



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



Royal Bank of Scotland

[Return to contents](#)

© 2025 S&P Global



# Jobs and capacity

## December sees resurgence in job shedding within Scotland's private sector

After 22 consecutive months of growth, employment in Scotland's private sector declined in December. The rate of decrease was modest, primarily driven by a downturn in manufacturing. At the same time, job creation in service firms continued to cool. Contributing factors included reduced business activity, redundancies and the non-replacement of voluntary leavers.

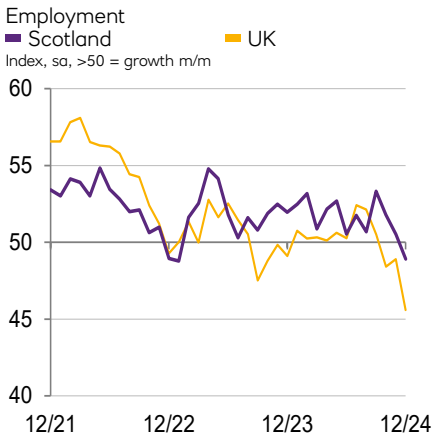
That said, the rate of job reduction at the UK level exceeded that

recorded in Scotland.

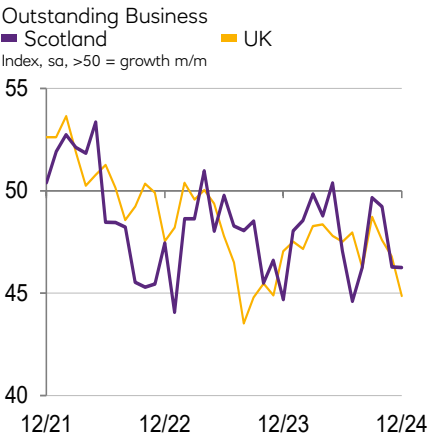
Recent data indicated spare capacity among private sector firms in Scotland, highlighted by another month of declining backlogs. Backlog depletion has now been observed in each of the last seven months. The rate of depletion remained consistent on the month and was sharp overall. The primary factor contributing to this latest decrease was reduced new business.

Backlog reduction was also noted at the UK level, and at a faster pace.

"... there has been a resurgence in job cuts, as firms align their staffing levels with reduced business demands."



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



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



# Inflation

## Cost pressures remain stubborn and sharp, although firms register slower uptick in charges

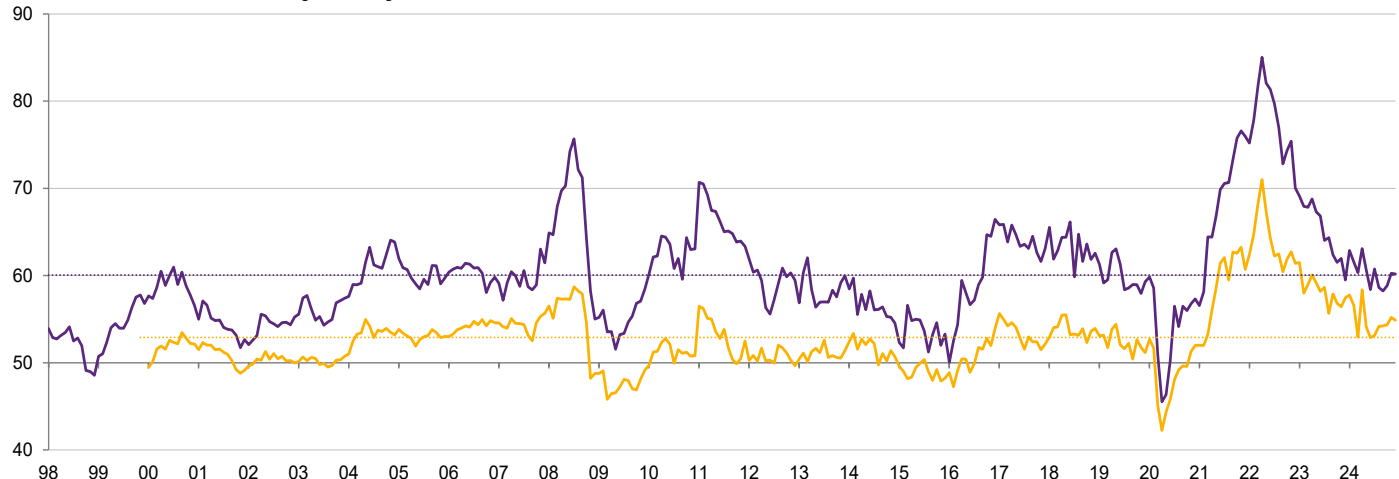
The rate of input price inflation remained stable compared to the previous month and was generally in line with the long-run average, indicating a sharp increase in costs. According to anecdotal evidence, the latest uptick was driven by wage increases, higher supplier prices, and rising material costs.

However, the cost pressures observed in Scotland were weaker than the average across the UK.

The passing on of higher input costs to customers led in a further sharp rise in charges levied for Scottish services and goods in December. The rate of output charge inflation was sharp albeit losing slight momentum since November and weaker than that observed at the UK level.

"Price pressures have remained largely unchanged...indicating a persistent challenge regarding overall inflation"

■ Input Prices    ■ Output Prices  
Index, sa, >50 = inflation m/m. Dots = long-run average since 1998.



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



Royal Bank of Scotland

[Return to contents](#)

© 2025 S&P Global



# Scotland Manufacturing PMI

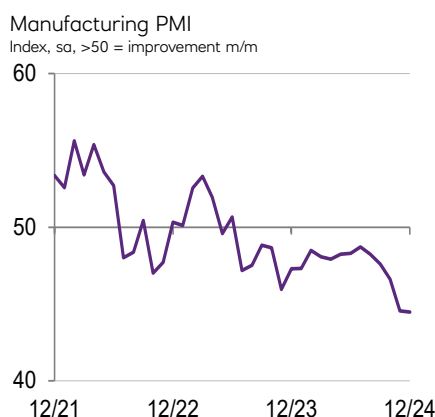
## Fastest downturn in output since May 2020

The seasonally adjusted Scotland Manufacturing PMI – a composite single-figure indicator of manufacturing performance – remained steady from November, recording a reading of 44.5 in December. This was the joint-lowest level since May 2020 and signalled a rapid decline in the health of the sector.

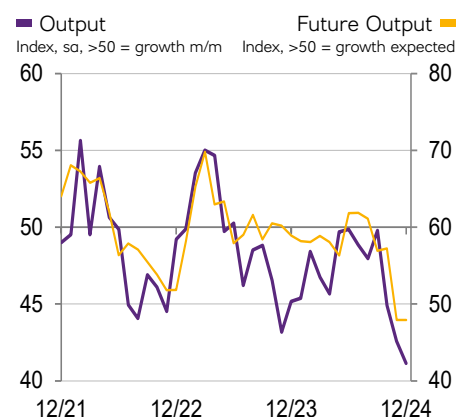
Output was notably reduced, and new orders remained entrenched in contraction territory. This notable and ongoing decline in production requirements led firms to cut back on employment for the tenth straight month. The latest round of job shedding occurred at the most marked rate in four and a half years.

Additionally, price pressures intensified at the end of 2024, with cost burdens and charges levied both rising sharply and at broadly similar rates.

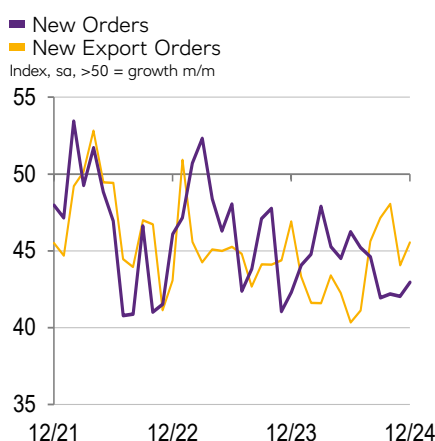
Finally, the resurgence of pessimism observed in November persisted into December, with firms expecting further reductions to output throughout 2025.



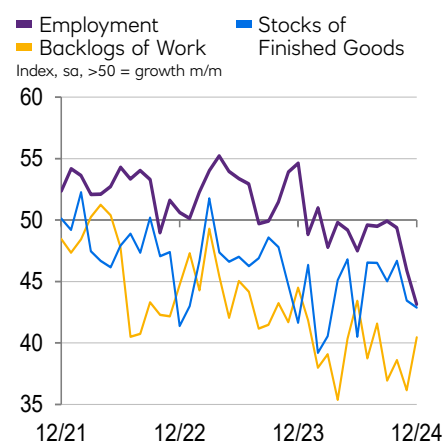
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



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.



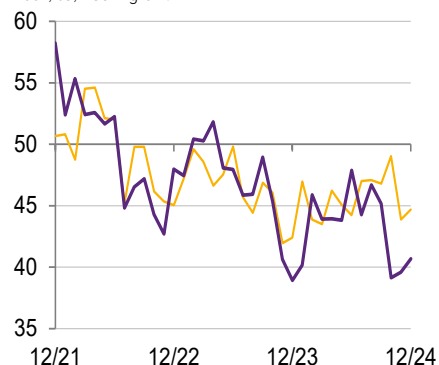
Royal Bank of Scotland

[Return to contents](#)

© 2025 S&P Global

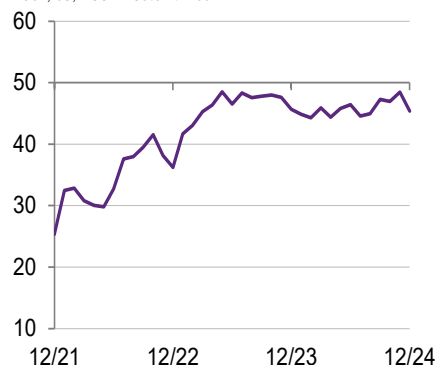


■ Quantity of Purchases ■ Stocks of Purchases  
Index, sa, >50 = growth m/m



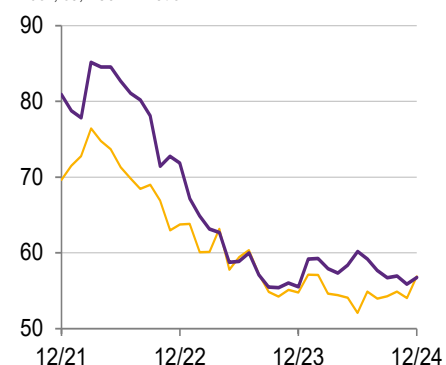
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.

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



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

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



Sources: NatWest, S&P Global PMI. ©2025 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
7/24	48.7	48.9	61.9	45.2	41.1	49.6	38.7	46.5	44.3	47.0	44.6	59.2	54.9
8/24	48.2	48.0	61.1	44.6	45.6	49.5	41.6	46.5	46.7	47.1	45.0	57.7	54.0
9/24	47.6	49.8	56.9	41.9	47.1	49.9	37.0	45.0	45.2	46.8	47.3	56.7	54.3
10/24	46.6	44.9	57.2	42.2	48.1	49.4	38.6	46.7	39.1	49.0	47.0	56.9	54.9
11/24	44.5	42.6	47.9	42.0	44.1	45.9	36.2	43.5	39.6	43.9	48.5	55.9	54.0
12/24	44.5	41.1	47.9	43.0	45.6	43.2	40.5	42.9	40.7	44.7	45.4	56.8	56.9



Royal Bank of Scotland

[Return to contents](#)

© 2025 S&P Global



# Scotland Services PMI

## Fresh fall in business activity

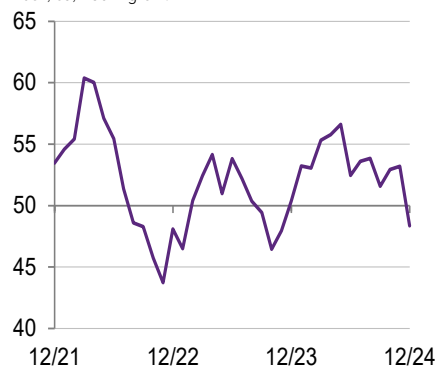
The seasonally adjusted Scotland Services Business Activity Index dropped below the 50.0 threshold that distinguishes expansion from contraction for the first time in over a year. Falling to 48.4 in December from 53.2 in November, the index indicated a solid decline.

While service firms indicated a sixth consecutive month of higher new business intakes, the latest increase was only slight and marked the weakest growth in this series. In response to reduced business activity and cooling demand trends, staffing levels rose only marginally, representing the smallest uptick in the current 17-month growth period.

Price pressures showed signs of cooling, but both input price inflation and output charge inflation remained above their historical averages, signalling persistent inflationary challenges.

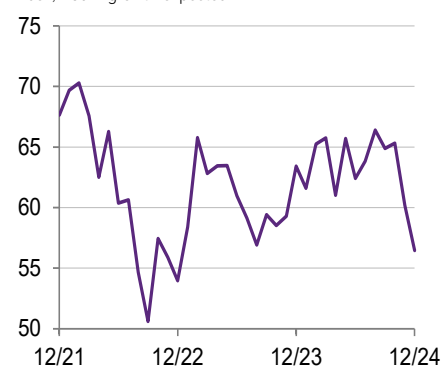
Additionally, while the overall outlook for the year ahead remained positive, confidence levels fell to a two-year low.

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



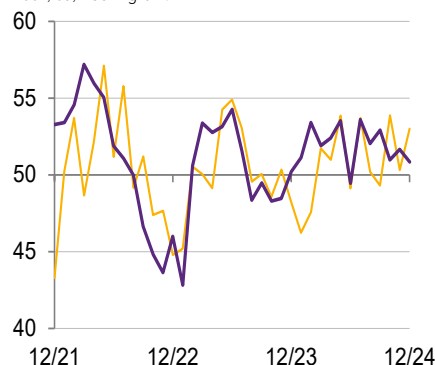
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.

Future Activity  
Index, >50 = growth expected



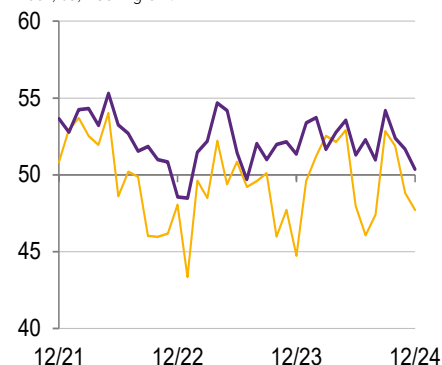
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.

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



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

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



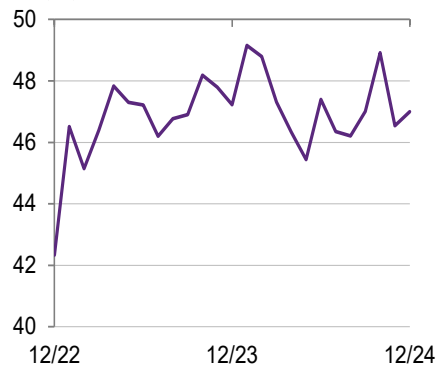
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.





#### Supplier Performance

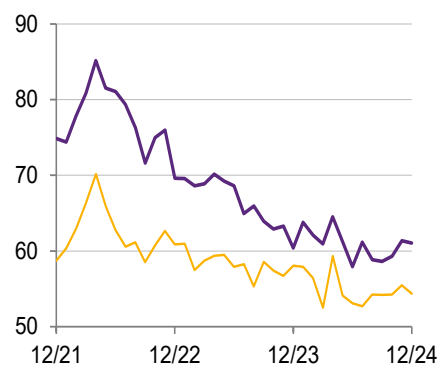
Index, sa, >50 = faster times m/m



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

#### Input Prices

Index, sa, >50 = inflation m/m



Sources: NatWest, S&P Global PMI. ©2025 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
7/24	53.6	63.8	53.6	53.7	52.3	46.1	46.4	61.2	52.7
8/24	53.8	66.4	52.0	50.2	51.0	47.4	46.2	58.9	54.2
9/24	51.6	64.9	52.9	49.3	54.2	52.8	47.0	58.6	54.2
10/24	52.9	65.3	51.0	53.9	52.4	51.9	48.9	59.3	54.2
11/24	53.2	60.2	51.7	50.3	51.7	48.8	46.5	61.3	55.5
12/24	48.4	56.5	50.8	53.0	50.4	47.7	47.0	61.0	54.4



Royal Bank of Scotland

[Return to contents](#)

© 2025 S&P Global

# UK Regional Growth Tracker

## Business Activity

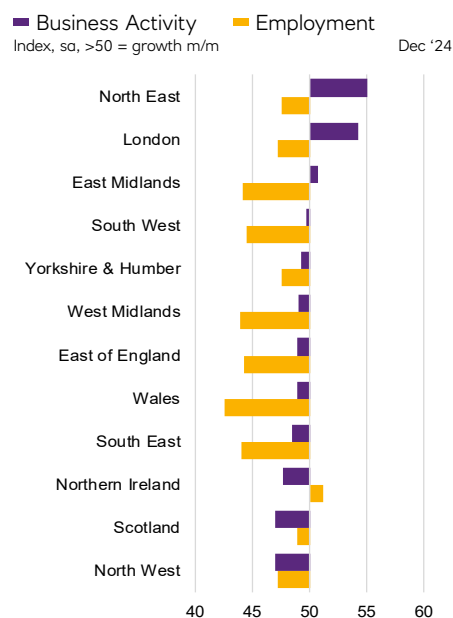
The North East and London were the two standout performers in terms of regional business activity growth in December. The only other area to see an increase in output was the East Midlands, although the rise there was modest. At the other end of the scale, the North West and Scotland recorded the joint-steepest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

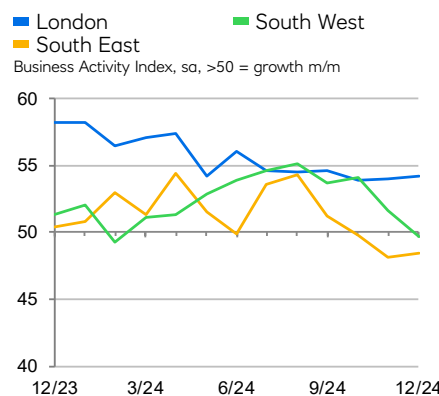
There were varying degrees of optimism towards future activity across the UK's nations and regions in December. Firms in the East Midlands were the most upbeat about the year-ahead outlook, having seen a notable rebound in confidence from the month before. Expectations deteriorated in the majority of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



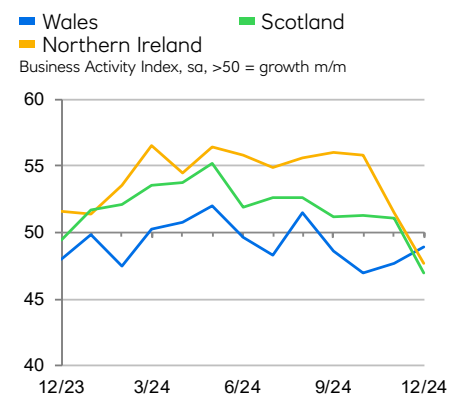
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



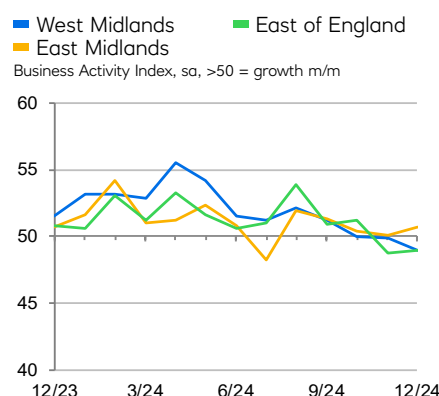
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



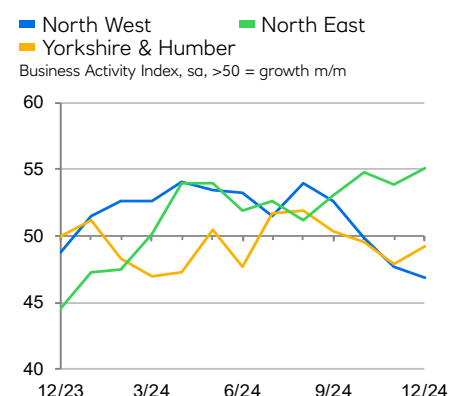
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



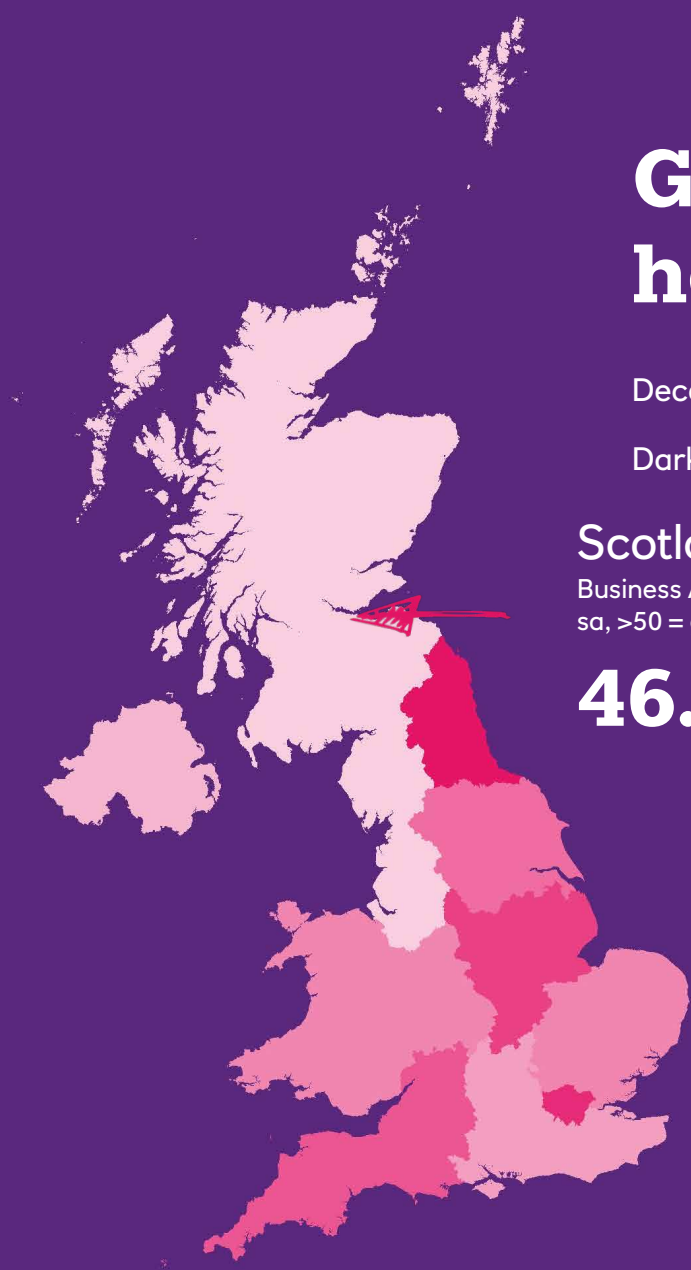
Sources: NatWest, S&P Global PMI. ©2025 S&P Global.



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

## Scotland

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

46.9



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

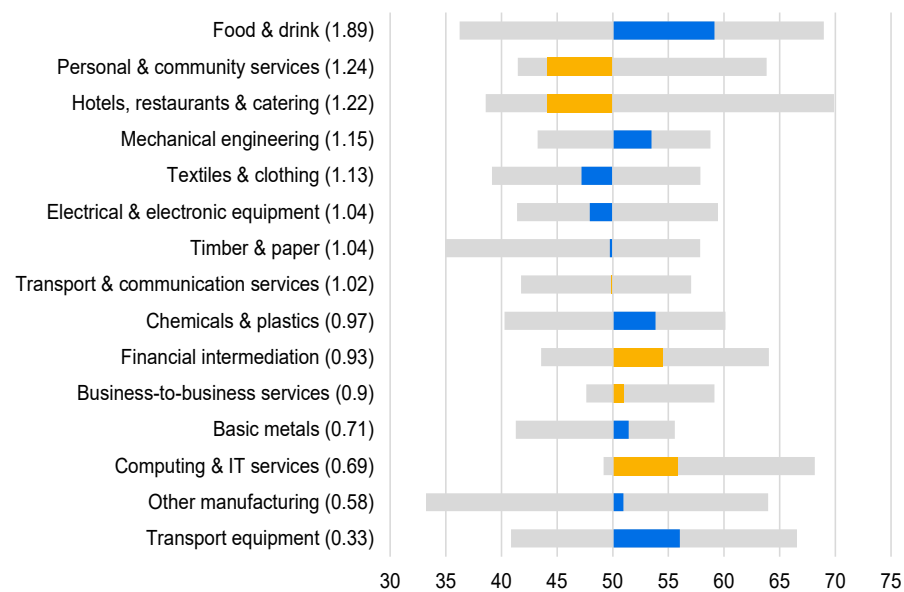
# UK sectors

## 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 Dec '24



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

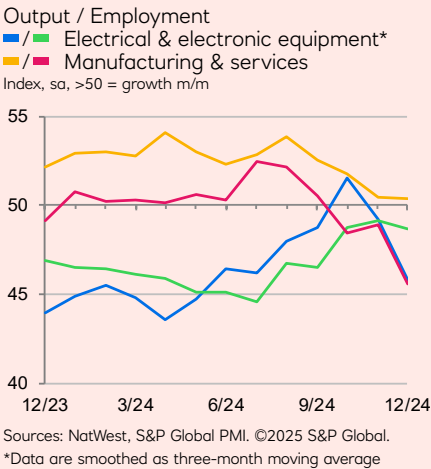
## Sector in focus: Electrical & electronic equipment

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.



# 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.

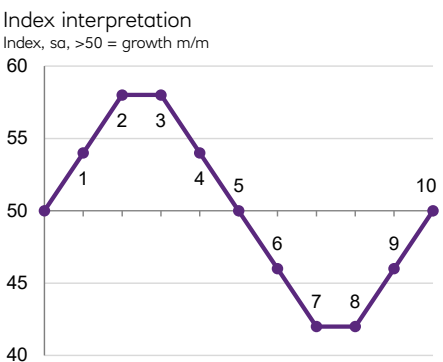
Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. 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](mailto:economics@spglobal.com).



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

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
7/24	52.7	51.9	50.2	51.8	44.6	63.4	60.8	53.1
8/24	52.7	50.6	50.5	50.7	46.2	65.3	58.6	54.2
9/24	51.2	50.7	49.9	53.3	49.7	63.3	58.2	54.2
10/24	51.3	49.2	50.4	51.8	49.2	63.7	58.8	54.4
11/24	51.1	49.7	50.3	50.5	46.3	57.7	60.2	55.2
12/24	46.9	49.3	50.4	48.9	46.3	54.7	60.2	54.9

# Further information

## Royal Bank of Scotland

Royal Bank of Scotland serves customers in England and Scotland, supporting them with their personal, private, and business banking needs. Royal Bank of Scotland 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, Royal Bank of Scotland offers businesses specialist sector knowledge in areas such as manufacturing and technology, as well as access to specialist

[www.Royal Bank of Scotland.com/business/insights/economics](http://www.Royal Bank of Scotland.com/business/insights/economics)

[www.linkedin.com/company/Royal Bank of Scotland-business/](http://www.linkedin.com/company/Royal Bank of Scotland-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](http://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](http://www.spglobal.com)

## Contact

Jonathan Rennie  
Regional Media & Campaign  
Manager  
Royal Bank of Scotland  
+44 7769 932 102  
[jonathan.rennie@natwest.com](mailto:jonathan.rennie@natwest.com)

Maryam Baluch  
Economist  
S&P Global Market Intelligence  
+44 1491 461 009  
[maryam.baluch@spglobal.com](mailto:maryam.baluch@spglobal.com)

Corporate Communications  
S&P Global Market Intelligence  
[press.mi@spglobal.com](mailto: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.



**Royal Bank of Scotland**

**PMI®**

by **S&P Global**