

14 January 2026

# Ulster Bank Northern Ireland Growth Tracker

Business optimism strengthens further at  
end of 2025



Ulster Bank

PMI<sup>®</sup>

by **S&P Global**

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# Ulster Bank Northern Ireland Growth Tracker

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# Key findings

Business sentiment hits  
14-month high

New orders dip after growth in  
November

Input costs rise sharply

The Ulster Bank Northern Ireland 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](http://www.natwest.com/business/insights/economics)





# Business optimism strengthens further at end of 2025

The latest Ulster Bank Regional Growth Tracker indicated that firms in Northern Ireland are confident in output growth over the course of 2026.

Optimism was recorded in spite of a renewed fall in new orders and further reductions in output and employment. Meanwhile, inflationary pressures remained pronounced.

The headline Business Activity Index – a seasonally adjusted index that measures the month-on-month change in the combined output of the region’s private sector – rose

to 47.9 in December from 46.9 in November, signalling a seventh consecutive monthly fall in output, but one that was softer than that seen in the previous survey period.

Where output decreased, panellists reported subdued customer demand amid a lack of confidence.

Services was the only monitored sector to see activity increase, posting an expansion that was the fastest for a year.

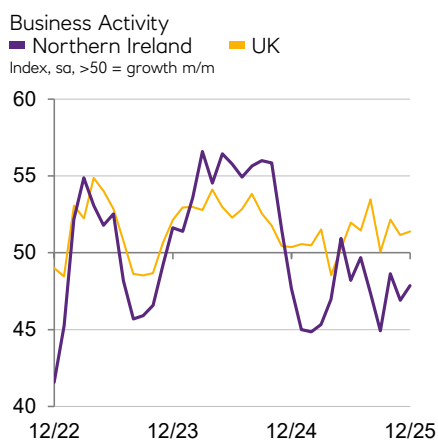
Elsewhere, a renewed fall in manufacturing output was recorded alongside sustained reductions in activity in the construction and retail sectors.

Ulster Bank Northern Ireland Business Activity Index, December 2025

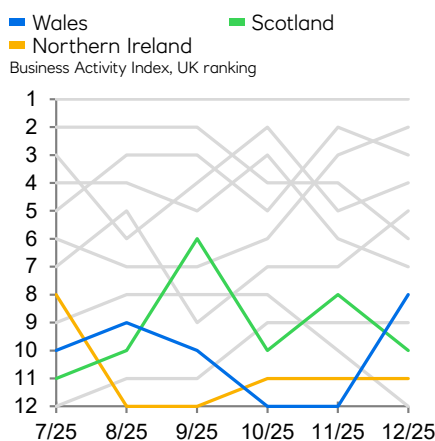
## 47.9

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.

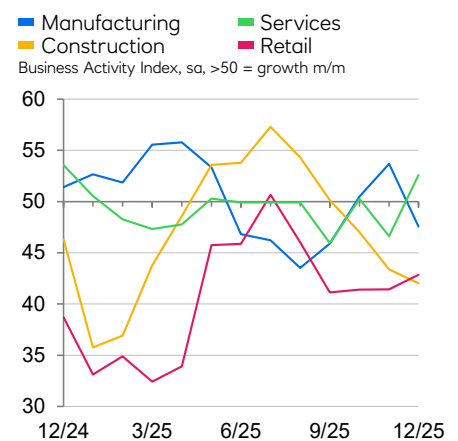
Data compiled 4-19 December



Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global.



Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global.



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# Comment

**Sebastian Burnside, Chief Economist for Ulster Bank, commented:**

“While the end of 2025 revealed challenges regarding customer demand and business activity, companies in Northern Ireland were increasingly confident in the future, raising hopes that 2026 will see better growth conditions than the year just gone.

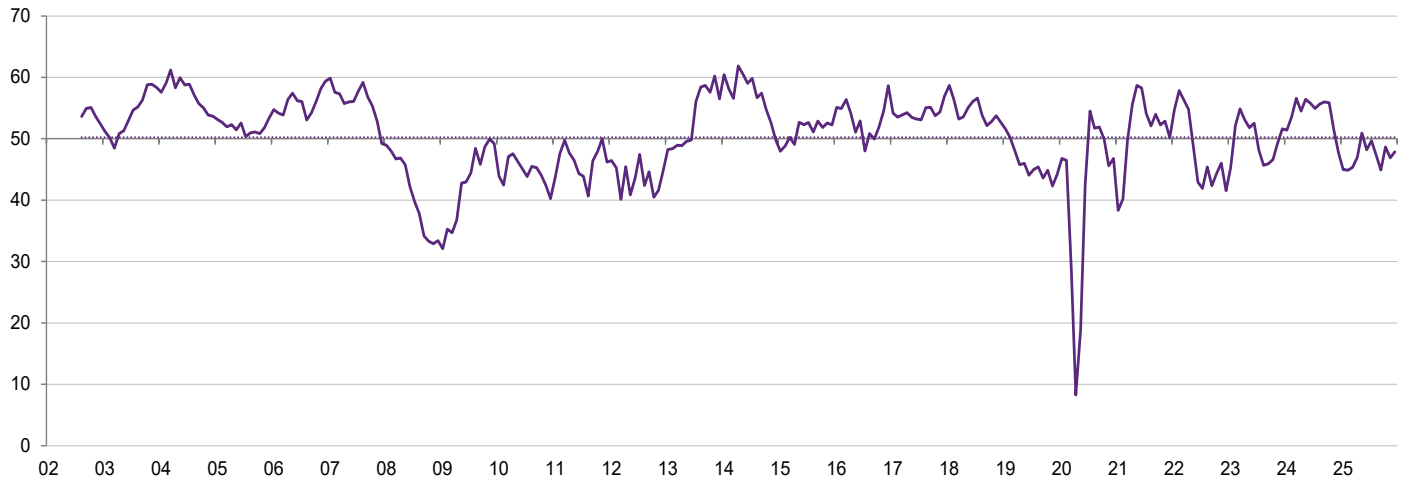
“Employment was a key highlight across the year, with data signalling

increasing staffing levels in half of the months of 2025. Should the anticipated improvements in business activity materialise in the new year we are likely to see renewed job creation soon.

“Inflation remains a key headwind as we start the new year, with input costs and output prices rising more quickly in Northern Ireland than elsewhere in the UK. This has the potential to limit growth prospects in 2026.”

Business Activity

Index, sa, >50 = growth m/m. Dots = long-run average since 2002.



Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global.



# Demand and outlook

## Business confidence continues to strengthen at end of 2025

Northern Ireland companies were increasingly confident that output will rise over the course of the coming year, with December seeing the strongest optimism in 14 months.

According to respondents, positive sentiment was based on a strong pipeline of new business heading into 2026, which should feed through to higher output.

All four monitored sectors expressed an optimistic outlook in December, with the strongest confidence in

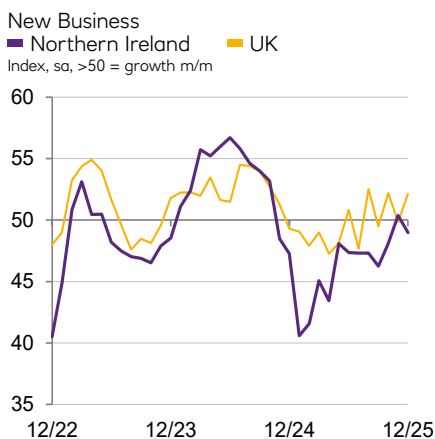
manufacturing.

Positive sentiment for 2026 was recorded in spite of a renewed reduction in new orders in the final month of 2025. New business decreased slightly, following a marginal expansion in November.

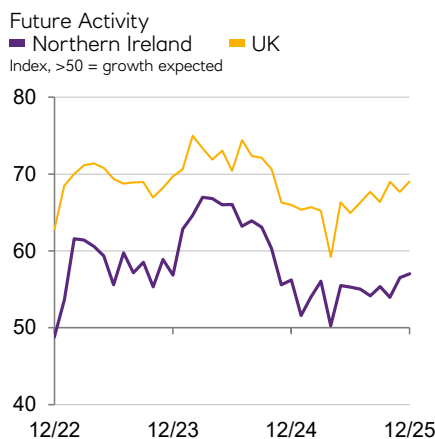
Anecdotal evidence showed a lack of customer enquiries amid subdued confidence.

Bucking the wider trend, manufacturing new orders increased in December, but reductions were signalled elsewhere.

"Companies in Northern Ireland were increasingly confident in the future, raising hopes that 2026 will see better growth conditions than the year just gone."



Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global.



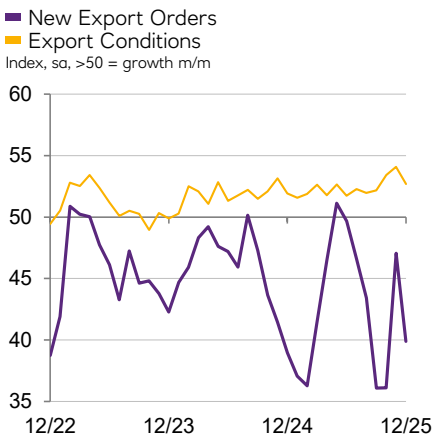
Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global.



# Export markets

## New export orders continue to fall

As has been the case in each month since June 2025, new business from abroad decreased in December. Moreover, the latest fall was sharp and steeper than that seen in November. Anecdotal evidence suggested a softening of international demand at the end of the year.



Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global.

## Solid improvement in export climate

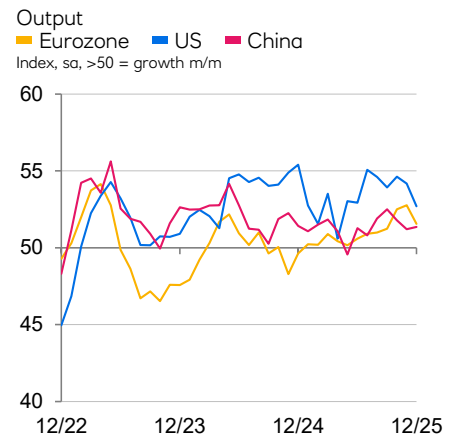
The ECI posted 52.7 in December, down from 54.1 in November but still comfortably above the 50.0 no-change mark and thereby signalling a monthly improvement in export demand conditions.

Slower increases in business activity were recorded in the Republic of Ireland, USA and Germany in December. Meanwhile, French output was unchanged following a marginal rise in November. Canada continued to see business activity decline, albeit at a slower pace.



Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global.

The Northern Ireland 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 Northern Ireland. A reading above 50 signals an improvement in export conditions, and below 50 a deterioration.



Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global.



# Jobs and capacity

## Staffing levels decrease modestly in December

After having fallen for the first time in six months during November, employment decreased again in the final month of 2025. That said, the reduction was modest and softer than that seen in the previous survey period.

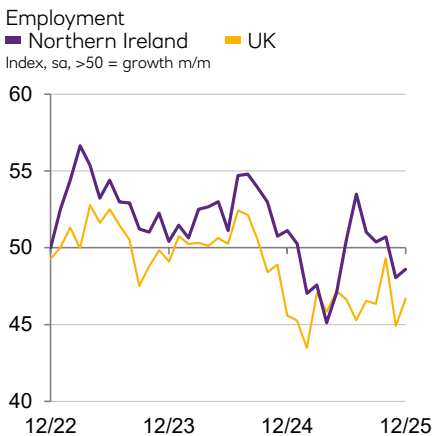
Some panellists indicated that uncertainty had led them to hold off on replacing departing staff.

Workforce numbers increased in manufacturing and construction, but they fell in services and retail.

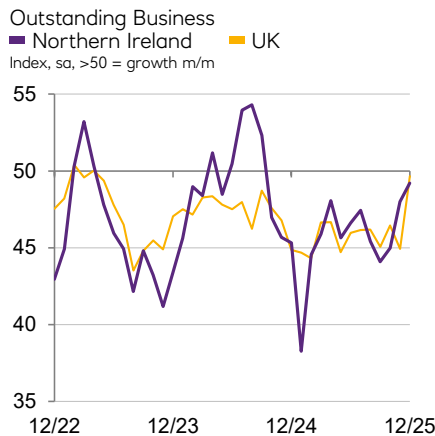
A reduction in new orders meant that Northern Ireland companies were able to deplete their backlogs of work in December, the fifteenth month running in which this has been the case. That said, the pace of decline was the softest in this sequence, with some firms reporting that lower staffing levels had imparted some pressure on capacity.

December data pointed to a marked lengthening of suppliers' delivery times, with the rate of deterioration more pronounced than that seen in November. Some firms reported delays receiving goods from England.

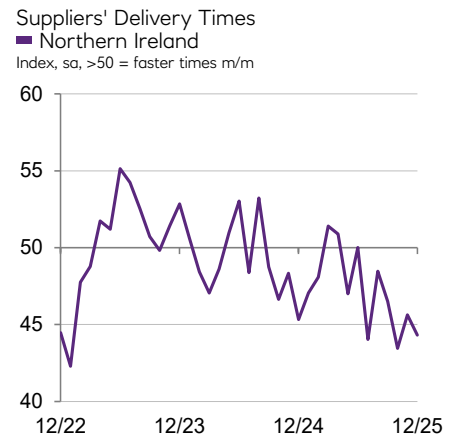
"Employment was a key highlight across the year, with data signalling increasing staffing levels in half of the months of 2025."



Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global.



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# Inflation

## Slower rise in input costs

Costs related to staff, IT and raw materials added to input prices in December, leading to a further sharp increase at the end of the year.

Although easing to a three-month low, the pace of input cost inflation in Northern Ireland was the sharpest of the 12 monitored UK regions and nations.

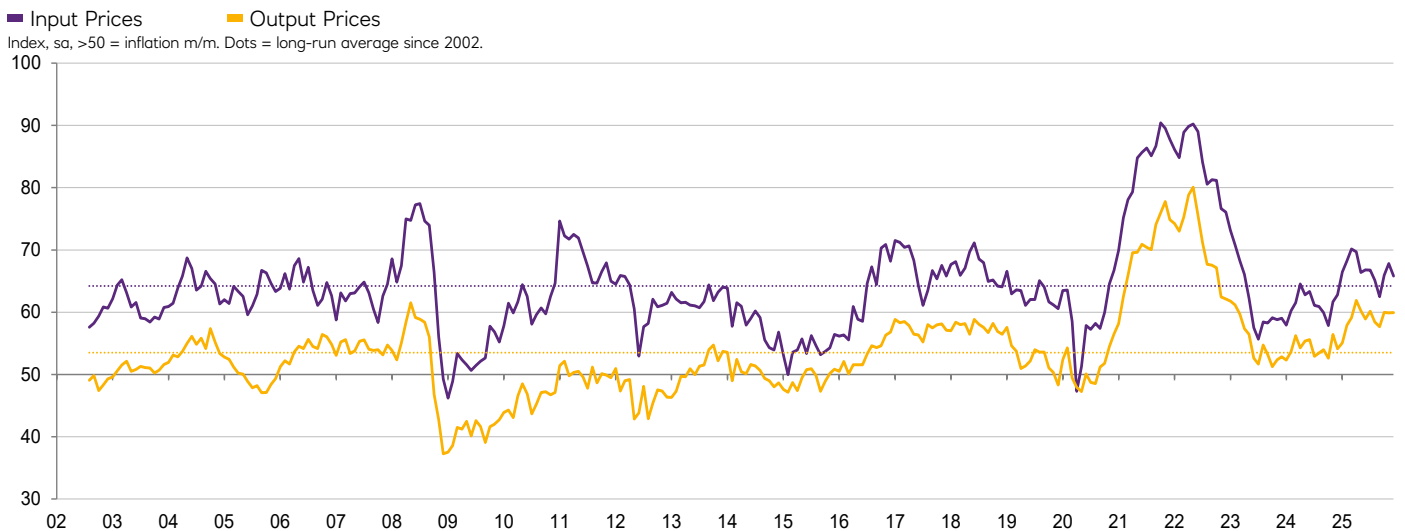
Retail posted the steepest increase in input costs, with manufacturers seeing the softest rise.

With input costs increasing, companies raised their selling prices accordingly. Here too, the pace of inflation was the fastest seen across the UK.

The rate of output charge inflation was unchanged from that seen in November and slightly sharper than the average for 2025 as a whole.

In line with the picture for input costs, retail posted the steepest increase in output prices.

"Inflation remains a key headwind as we start the new year, with input costs and output prices rising more quickly in Northern Ireland than elsewhere in the UK."



Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global.

# UK Regional Growth Tracker

## Business Activity

London topped the rankings for business activity growth in December, cementing its position as the fastest-growing region across 2025 as a whole. There was a notable upturn in the West Midlands, which gained momentum throughout the fourth quarter. Higher activity was also recorded in the South West and South East. The North West saw the most marked decline in December.

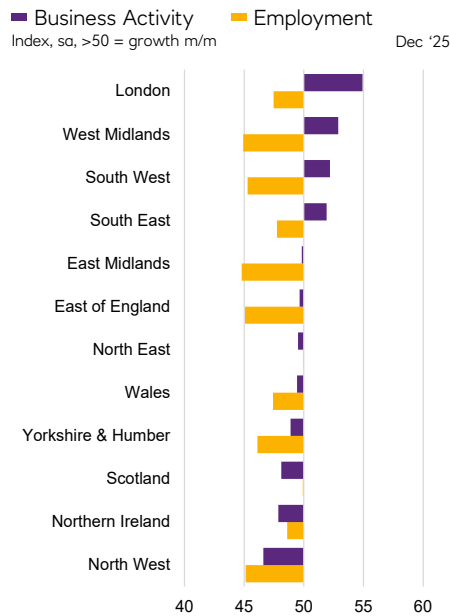
## Employment

Although employment fell across the board in December, rates of decline varied by nation and region. Labour markets in Scotland and the North East showed the most resilience, with both recording only fractional declines in workforce numbers. Firms in the East Midlands recorded the steepest fall in staffing levels, followed closely by their counterparts in the West Midlands.

## Future Activity

Business confidence towards future activity improved in just over half of the 12 nations and regions monitored by the survey. The greatest upswing in sentiment was seen in London, which also recorded the strongest optimism overall. Growth expectations remained lowest in Northern Ireland\*, despite having improved to a 14-month high.

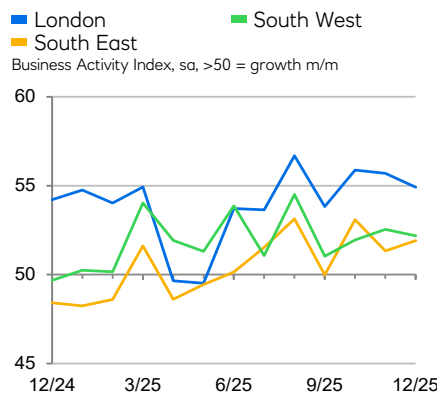
\*As well as manufacturing and services, coverage in Northern Ireland also includes construction and wholesale & retail.



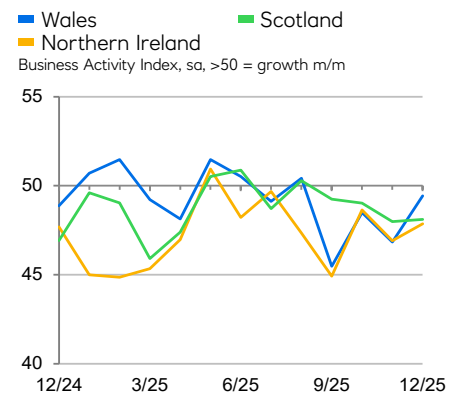
Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global.



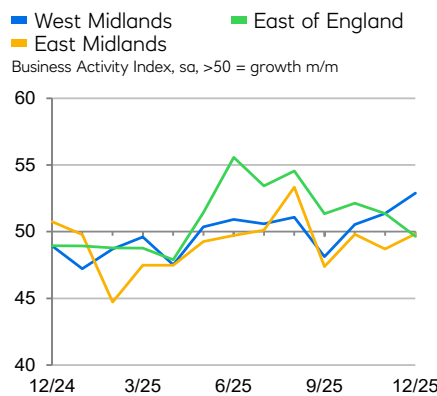
Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global.



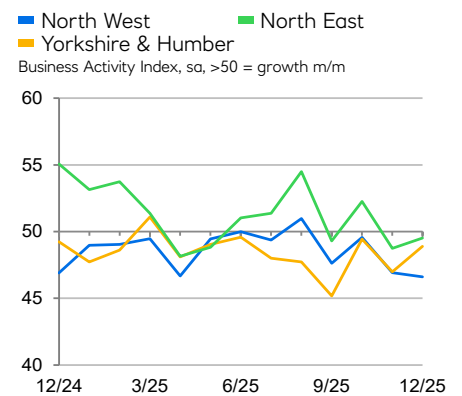
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# Growth Tracker heat map

December 2025

Darker colour = higher business growth

## Northern Ireland

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

# 47.9



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



**Ulster Bank**

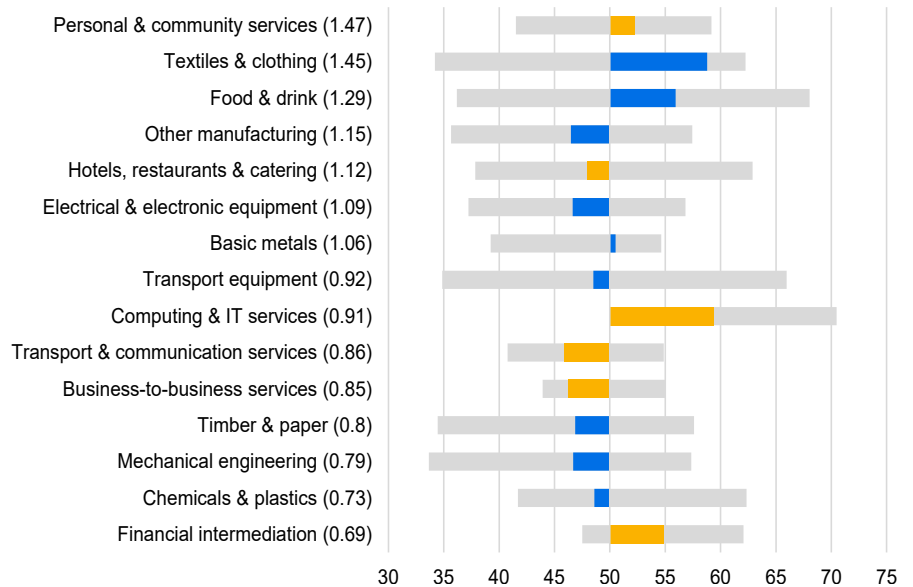
# UK sectors

## Sector specialisation: Northern Ireland

The chart shows UK output indices by sector, ranked by location quotients for Northern Ireland. 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 Northern Irish economy  
 ■ Manufacturing ■ Services ■ 3-year range  
 UK Output Index, sa, >50 = growth m/m Dec '25



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

## Sector in focus: Other manufacturing

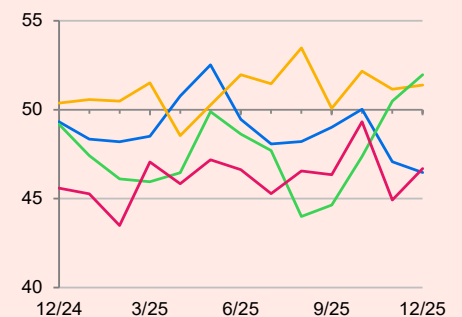
The UK ‘other manufacturing’ sector – which includes producers of certain building materials and household items such as furniture and recreational goods – saw a reduction in output levels in the final quarter of 2025. The rate of decline was the quickest for nearly two years and the fastest among the nine manufacturing sectors covered by the PMI data (see chart above).

More positively, however, inflows of new orders stabilised, and employment in the sector rose at the quickest rate in over a year.

Furthermore, firms were optimistic about the year ahead, with the degree of confidence broadly in line with the average for 2025 as a whole.

Inflationary pressures in the sector were meanwhile relatively muted. Input costs increased at a slightly stronger pace, but one that was below the long-run trend in the three months to December. Average output prices rose only marginally, recording the slowest rate of inflation for over a year.

Output / Employment  
 ■/■ Other manufacturing\*  
 ■/■ Manufacturing & services  
 Index, sa, >50 = growth m/m



Sources: Ulster Bank, S&P Global PMI. ©2026 S&P Global. \*Data are smoothed as three-month moving average (3mma).

# Methodology

The Ulster Bank Northern Ireland Growth Tracker is compiled by S&P Global from responses to questionnaires sent to a panel of around 200 private sector companies in Northern Ireland, operating in the manufacturing, construction, retail and services sectors.

The panel has been carefully selected in order to accurately reflect the true structure of the economy and therefore provide an accurate picture of business conditions.

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.

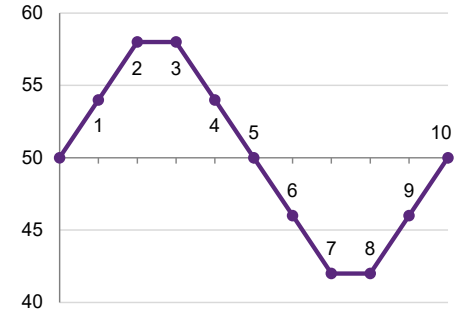
The headline figure is the Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity (at service providers) or output (at manufacturers) compared with one month previously.

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).

Index interpretation

Index, sa, >50 = growth m/m



Sources: Ulster Bank, 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

## Northern Ireland

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

	Business Activity	New Business	New Export Business	Export Climate Index	Employment	Outstanding Business	Suppliers' Delivery Times	Future Activity*	Input Prices	Output Prices
7/25	49.7	47.3	46.6	52.3	53.5	47.4	44.0	55.0	66.8	60.2
8/25	47.3	47.3	43.4	52.0	51.0	45.4	48.5	54.2	65.2	58.4
9/25	44.9	46.2	36.1	52.2	50.4	44.1	46.5	55.4	62.5	57.7
10/25	48.6	48.1	36.1	53.4	50.7	45.0	43.5	54.0	65.9	60.0
11/25	46.9	50.4	47.1	54.1	48.1	48.0	45.6	56.5	67.8	59.9
12/25	47.9	49.0	39.9	52.7	48.6	49.2	44.3	57.0	65.8	59.9

		Business Activity	New Business	Employment	Outstanding Business	Future Activity*	Input Prices	Output Prices
Manufacturing	12/25	47.6	52.6	51.2	48.5	70.3	61.5	55.7
Construction	12/25	42.0	47.9	62.2	52.2	52.4	71.5	65.6
Retail	12/25	42.9	43.5	36.1	49.2	52.8	72.8	71.2
Services	12/25	52.6	49.2	47.1	47.7	55.1	64.9	55.6

# Further information

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Our focus is firmly centred on our customers. Every business customer benefits from access to a dedicated, professional and highly trained relationship manager. Their role is to gain a genuine understanding of our customers' business needs and provide dedicated financial information and assistance.

We work together to achieve business success, no matter how simple or complex our customers' requirements. A combination of size, financial strength and wide ranging capability means we can deliver for our customers, whatever their business may be.

<https://www.ulsterbank.co.uk/business/insights/economics.html>

<https://www.linkedin.com/company/ulster-bank-northern-ireland-business/>

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