

# S&P Global UK Manufacturing PMI<sup>®</sup>

## UK manufacturing production contracts at faster pace as new orders decline at sharpest rate for 19 months

Manufacturing PMI falls to 17-month low of 44.9

Business optimism at weakest level since November 2022

Steeper drops in output, new orders and new export business

The end of the opening quarter saw the downturn at UK manufacturers deepen. Rates of contraction in output and new orders accelerated, as the difficult operating environment persisted. Business confidence slumped to a near two-and-a-half year low, as concerns about government policy, rising costs, increased geopolitical tensions and potential tariff uncertainty impacted on both current and expected future conditions.

The seasonally adjusted S&P Global UK Manufacturing Purchasing Managers' Index™ (PMI<sup>®</sup>) fell to a 17-month low of 44.9 in March, down from 46.9 in February but slightly above the earlier flash estimate of 44.6. The PMI has now signalled a deterioration in overall operating conditions in each of the past six months.

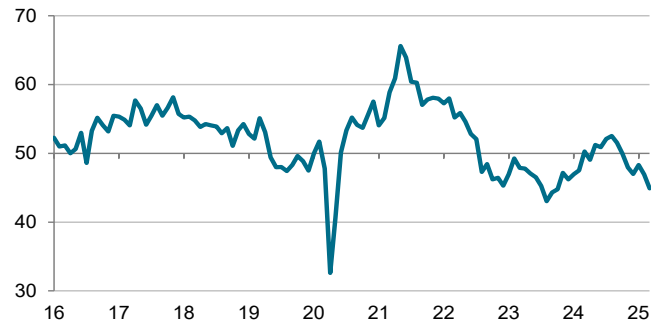
March saw UK manufacturing production decline for the fifth straight month and at the quickest pace since October 2023. The downturn was widespread, with contractions signalled across all sub-sector definitions (consumer, intermediate and investment goods) and all size categories (small, medium and large). Small-scale producers saw the steepest decrease in output.

By far the most significant factor underlying the retrenchment in production volumes was a slump in the level of new business received during March. New order intakes fell to the greatest extent for over one-and-a-half years (since August 2023) and at one of the quickest rates since the pandemic and lockdown affected months of 2020. The 6.9-point drop in the New Orders Index since February was also the joint-sharpest fall since 2020, further emphasising the severity of the acceleration in the pace of decline.

Manufacturers reported a tough trading environment, beset by rising geopolitical tensions, weak client confidence and economic slowdown in both domestic and overseas markets. Disruption to new order inflows was also caused by concerns about the forthcoming rises to the national minimum wage and employer national insurance (especially related to the cost implications for manufacturers and their clients alike) and the possibility of tariffs.

New export business contracted for the thirty-eighth successive month in March, and at the quickest pace since

S&P Global UK Manufacturing PMI  
Index, sa, >50 = improvement m/m



Data were collected 12-26 March 2025.

Source: S&P Global PMI. ©2025 S&P Global.

### Comment

Rob Dobson, Director at S&P Global Market Intelligence

*"March proved to be another tough month for UK manufacturers. Output contracted at the quickest pace since October 2023, as new business growth fell at the steepest rate for one-and-a-half years, suffering one of its sharpest falls since the pandemic lockdown of 2020.*

*"Companies are being hit on several fronts. Many reported that domestic market conditions are deteriorating, costs are rising due to changes in the national minimum wage and national insurance contributions, geopolitical tensions are intensifying, and global trade faces potential disruptions from tariffs.*

*"Although the impact on production volumes was widespread across industry, it was again small manufacturers that took the hardest knock.*

*"The outlook is also darkening, with overall business optimism plunging to its lowest levels since late-2022. Fears about current and future performance put manufacturers on an increasingly cost cautious footing, with employment, stock holdings and purchasing all falling as companies looked to work leaner and protect cash flow, margins and competitiveness. Many firms are clearly hunkering down as they expect difficulties to continue in the coming months."*

August 2023. Lower intakes of new export work were mainly linked to weaker demand from the US and Europe. Some firms also noted reduced levels of new business from China, India and the Middle East.

The weaker economic backdrop combined with rising uncertainty regarding the future had a severe impact on business confidence among manufacturers during March. Optimism slumped to a near two-and-a-half year low, with only 44% of companies expecting activity to rise over the coming year (down sharply from 56% in February). Manufacturers expressed concerns around government policy (particularly the effects of national minimum wage and national insurance increases), rising global and trade tensions, cost increases, economic slowdown, recession fears and gloomy client confidence.

Cost-caution also remained pervasive among UK manufacturers in March, leading to cutbacks in employment, stock holdings and purchasing activity. Staffing levels have been reduced for five consecutive months, although the rate of job losses eased noticeably since February's near five-year record. Cuts were linked to the economic backdrop, rising costs, non-replacement of leavers, redundancies and hiring freezes. Some reductions to headcounts reflected efforts to cut excess capacity, highlighted by a further marked reduction in backlogs of work at factories.

March saw the rate of input price inflation ease slightly from February's 25-month high. There were reports of higher costs for chemicals, electronics, energy, metals, packaging, paper, timber and transportation as well as suppliers passing on increases to their own cost bases. Factory gate selling prices meanwhile rose at the quickest pace since April 2023.

## Methodology

The S&P Global UK Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 650 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in January 1992.

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.

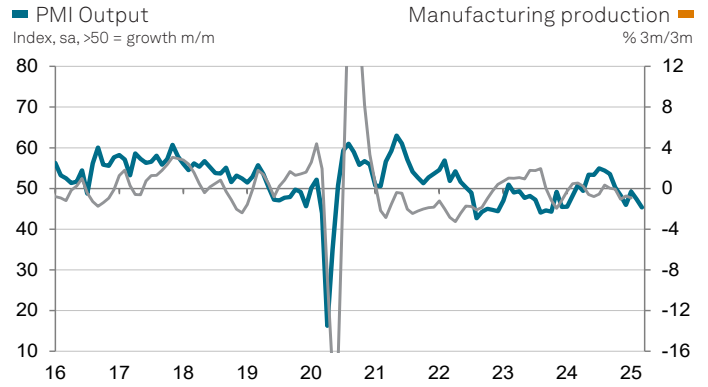
The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices. Since January 2006 the average difference between final and flash Manufacturing PMI values is 0.1 (0.4 in absolute terms).

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 PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

## 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)



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