

S&P Global UK Manufacturing PMI[®]

Manufacturing downturn continues as new orders and new export business fall at quicker rates

August 2025

Manufacturing PMI at 47.0 in August (three-month low)

Further mild contraction of production volumes

Job losses registered for tenth consecutive month

The UK manufacturing sector continued to face a tough operating environment in August. Weak market conditions, tariff uncertainties and downbeat client confidence all contributed to a sharp drop in new order intakes, with both domestic and overseas demand slumping. The downturn in production volumes extended into its tenth successive month.

The seasonally adjusted S&P Global UK Manufacturing Purchasing Managers' Index™ (PMI[®]) posted 47.0 in August, down from July's six-month high of 48.0, but below the neutral 50.0 mark for the eleventh month in a row.

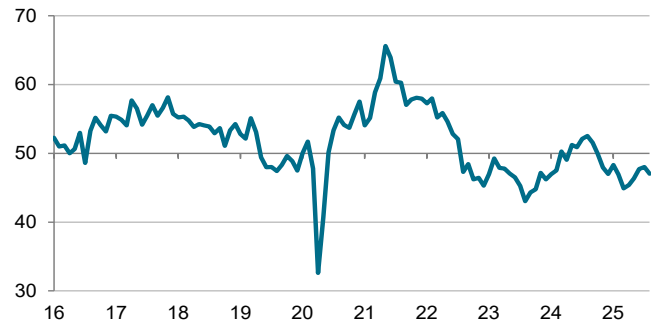
Production volumes showed comparative resilience in August. Although the downturn in output continued, the rate of contraction was marginal and only slightly steeper than in the prior survey month. Modest declines were seen in the consumer and investment goods industries, while output rose marginally at intermediate goods producers for the second successive month.

The main factor underlying manufacturing sector weakness was a slump in new work intakes. New orders contracted at the fastest pace in four months and to one of the greatest extents seen over the past two years. Manufacturers linked lower new work inflows to subdued client confidence, cost caution following the increases to minimum wages and employer NICs and tariff uncertainties. Sub-sector data highlighted the breadth of the drop in new business, with consumer, intermediate and investment goods producers all registering marked reductions.

Domestic demand remained weak and new export business contracted for the forty-third successive month. The steepest drop in new export orders was in the intermediate goods sector, where overseas orders fell to the greatest extent in two years. Declines were also signalled at investment and consumer goods producers, with the rate of decline marked in the former but comparatively mild in the latter.

The outlook for the manufacturing sector remained relatively mixed in August. Although business optimism among manufacturers rose to a six-month high it was still below its long-run series average. The cyclically sensitive new orders-to-stocks of finished goods inventory ratio (which often moves in advance of trends in production) fell to its second-lowest

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



Data were collected 12-26 August 2025.
Source: S&P Global PMI. ©2025 S&P Global.

Comment

Rob Dobson, Director at S&P Global Market Intelligence
"Production volumes are still showing resilience in the face of global geopolitical uncertainty and US tariff policies, with both July and August having seen only slight contractions that were milder than those suffered earlier in the year. Business confidence has also lifted to a six-month high, reflecting hopes that the trading environment is starting to settle down."

"However, August also saw a steep drop in UK manufacturers' new orders, with total order books and overseas demand both falling at some of the fastest rates seen over the past two years. Weak market conditions, US tariffs and downbeat client confidence all contributed to the dearth of new contract wins. Job cuts were also reported for a tenth successive month, with factory headcounts dropping to one of the greatest extents post-pandemic."

"The outlook for the sector therefore clearly remains very uncertain. With manufacturers fearing that possible government policy decisions, including potential tax increases, could further hurt their competitiveness in domestic and export markets, the upcoming Budget will likely prove very important in guiding business confidence about the year ahead."

level since October 2023.

Manufacturers forecasting production would rise over the coming year linked this to expansion plans, new product launches, hopes that global market conditions will stabilise and an expectation that the current downturns in demand and client confidence were bottoming-out. In contrast, those anticipating output to drop further during the next 12 months focussed more on fears regarding increased taxation, the possible direction of government policy and rising costs (such as for energy) especially in relation to the constraint this may cause on competitiveness in both domestic and export markets.

Tough current conditions combined with an uncertain outlook led to further cutbacks to employment, input buying and stock holdings. Job losses were registered for the tenth consecutive month.

Lower employment was linked to weaker intakes of new work, tariff uncertainties and rising labour costs (particularly the ongoing impact of higher minimum wages and employer NICs). Supply chains also remained under pressure. Average vendor lead times lengthened due to a combination of shipping delays, vendor capacity issues, transportation re-routing to avoid the Red Sea and global material shortages.

Input price inflation rose to its highest rate since May. Manufacturers reported a broad range of raw materials as up in price, often due to government policy decisions, supplier price increases and the ongoing impact of higher employer NI contributions. Part of the increase in costs was passed on to clients in the form of higher selling prices.

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).

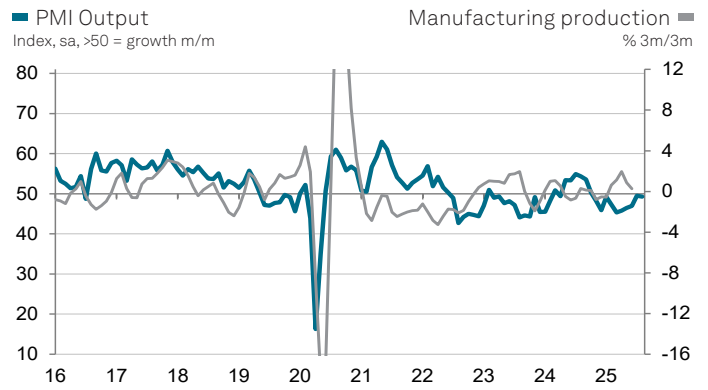
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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PMI by S&P Global

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