

S&P Global UK Services PMI[®]

Strongest rate of input price inflation since November 2022

April 2026

Higher fuel prices lead to intensifying inflationary pressures across the service economy

Business activity growth picks up from March's 11-month low

Lower export sales weigh on order books during April

UK service providers signalled a slightly improved performance in April as business activity growth picked up since the previous month. However, input cost inflation continued to accelerate sharply due to surging fuel prices.

At 52.7 in April, the headline seasonally adjusted S&P Global UK Services PMI Business Activity Index rebounded from March's 11-month low of 50.5 and signalled a moderate expansion of service sector output. The headline index has posted above the 50.0 no-change value in each month since May 2025, but the latest reading still signalled a slower rate of growth than at the start of the year.

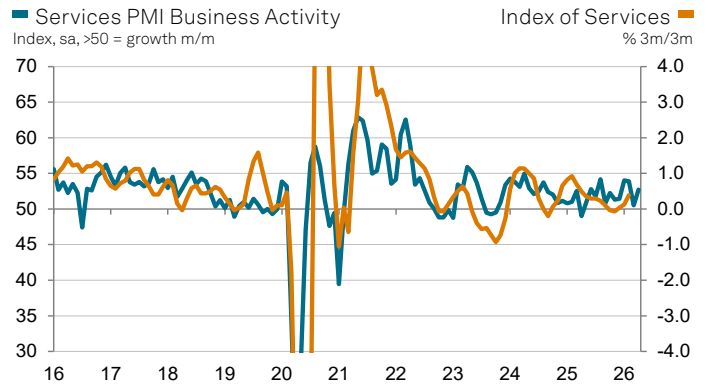
Survey respondents widely commented on growth headwinds arising from the Middle East conflict. Worries about intensifying inflationary pressures, global supply shortages and elevated borrowing costs were all factors holding back business and consumer demand in April. That said, some service sector firms cited resilient global demand for technology services.

Total new work received by UK service providers was broadly unchanged in April, following a marginal reduction in March. This contrasted with moderate new business growth in the opening months of 2026. Sluggish demand was reported in both domestic and export markets due to ongoing geopolitical tensions and rising costs. Some firms commented on lower export sales due to business travel disruptions and softer client demand in the Middle East.

Backlogs of work decreased in April. Although only marginal, the rate of decline was the fastest since November 2025. A lack of pressure on business capacity, combined with rising payroll costs, contributed to another fall in employment across the service economy. Lower staffing numbers have been recorded since October 2024, but the speed of job losses eased to its least marked for six months.

Anecdotal evidence suggested that the war in the Middle East had a negative influence on client confidence and resulted in delayed investment decisions. Export sales were also impacted in March, with new business from abroad falling at the fastest rate since April 2025.

More than half of the survey panel (57%) reported an increase in their average cost burdens in April (up from 40%



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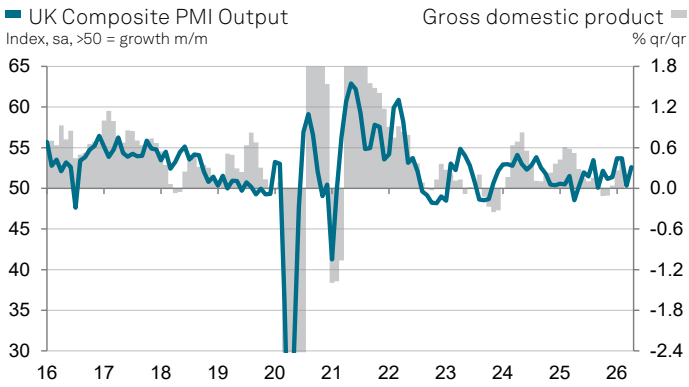
Comment

Tim Moore, Economics Director at S&P Global Market Intelligence, said:

"April data signalled a modest recovery in UK service sector output growth after the considerable loss of momentum seen in March. However, this improvement could easily prove short-lived as new business intakes remained subdued in comparison to the start of 2026. Survey respondents widely noted that the Middle East conflict and subsequent global supply chain disruptions had weighed heavily on business and consumer confidence."

"Business activity expectations for the year ahead edged up only slightly from March's nine-month low, largely reflecting concerns about the broader economic outlook and escalating inflationary pressures."

"Service providers recorded the fastest rise in average cost burdens since November 2022, which was overwhelmingly linked to greater transportation bills and increased salary payments. A number of firms also noted that they had brought in fuel surcharges for their customers, which led to a spike in prices charged inflation across the service economy to its highest for over three years in April."



in March), while only 2% experienced a decline. This pointed to the strongest rate of input price inflation since November 2022. Higher fuel prices and elevated wage pressures were widely cited in April. Many firms also commented on the impact of higher raw material prices, especially metals and plastics.

Fuel surcharges and efforts to pass on general rises in input costs contributed to a sharp and accelerated increase in prices charged by service providers in April. The overall rate of inflation surged to its highest since January 2023.

Meanwhile, service sector firms continued to predict an upturn in business activity over the year ahead. Optimism levels edged up from March's nine-month low, but were still subdued in comparison to the long-run average.

S&P Global UK Composite PMI®

UK private sector output expanded at a quicker pace in April. The seasonally adjusted S&P Global UK PMI Composite Output Index registered 52.6, up from 50.3 in March and indicative of a moderate upturn in output levels. This reflected higher levels of manufacturing production and service sector activity in April.

New work increased fractionally during the latest survey period. Employment declined again, but to the least marked extent since October 2025.

Latest data signalled a rapid increase in average cost burdens at private sector companies, driven by higher fuel prices and salary payments. The overall rate of cost inflation was the fastest since November 2022.

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Methodology

The S&P Global UK Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 650 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in July 1996.

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 Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

Flash services data were calculated from 84% of final responses. Since January 2006 the average difference between final and flash Services Business Activity Index values is 0.2 (0.7 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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