

S&P Global Flash UK PMI®

Strongest upturn in UK private sector business activity since April 2024

January 2026

Flash UK PMI Composite Output Index: 53.9
(Dec: 51.4). 21-month high.

Flash UK Services PMI Business Activity Index: 54.3 (Dec: 51.4). 21-month high.

Flash UK Manufacturing Output Index: 51.5
(Dec: 51.0). 3-month high.

Flash UK Manufacturing PMI: 51.6
(Dec: 50.6). 17-month high.

UK private sector companies indicated a solid increase in output levels at the start of 2026, with the overall rate of expansion reaching its fastest for just under two years. This was led by a robust and accelerated upturn in service sector activity.

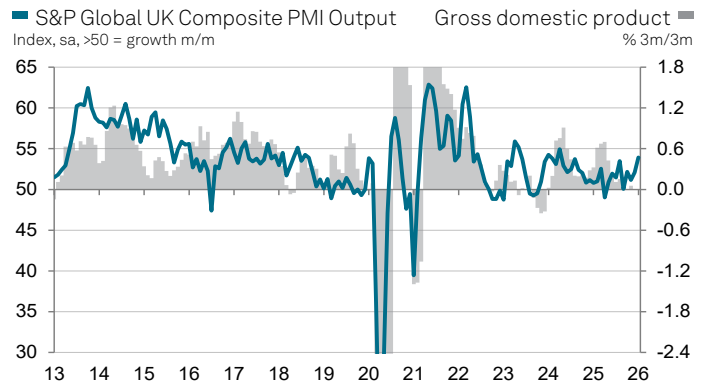
January data also signalled a sustained improvement in new order intakes across the private sector economy, which contributed to the most upbeat level of business optimism for 16 months. However, strong input cost inflation persisted, which resulted in the greatest increase in average prices charged by private sector firms since August 2025.

At 53.9 in January, up from 51.4 in December, the headline seasonally adjusted S&P Global Flash UK PMI® Composite Output Index posted above the neutral 50.0 threshold for the ninth consecutive month. The latest reading was the highest since April 2024 and signalled a robust rate of expansion.

Service providers recorded a particularly strong upturn in business activity, with the rate of growth the fastest for 21 months. A number of survey respondents suggested that post-Budget clarity had led to the release of new projects and helped to boost investment spending among clients, despite subdued projections for the broader UK economic outlook.

Manufacturing production meanwhile increased modestly. Higher output volumes have been recorded in each of the past four months, and the latest rise was the fastest since October 2025. Some goods producers noted improved export sales, while others signalled a boost from customer restocking.

Total new orders received by private sector firms increased for the third time in the past four months in January. Although still softer than the long-run average, the latest



Data were collected 12-21 January 2026.

Sources: S&P Global PMI, ONS via S&P Global Market Intelligence. ©2026 S&P Global.

Comment

Chris Williamson, Chief Business Economist at S&P Global Market Intelligence:

"UK businesses kicked up a gear in January, showing encouraging resilience in the face of recent geopolitical tensions. Companies are reporting higher demand, both from home and export markets, which has driven output growth to the fastest since April 2024. Firms are also reporting the greatest optimism about the business outlook since before the 2024 Autumn Budget.

"The January flash PMI is up to a level indicative of a robust quarterly GDP growth approaching 0.4%.

"While growth continues to be driven by the service sector, and in particular financial services and tech, the manufacturing sector is also continuing to report a gathering recovery aided by resurgent demand, with goods exports notably rising for the first time in four years.

"The good news was tempered, however, by the upturn in order books failing to stem a steep loss of jobs, which companies commonly blamed on the need to reduce high costs. These cost pressures were again often linked to government policies relating to higher National Insurance contributions and the National Minimum Wage, and led to an especially steep drop in hospitality jobs.

"High staffing costs were meanwhile again widely reported as a key cause of higher selling prices, hinting at an intensification of price pressures at a level above the Bank of England target."

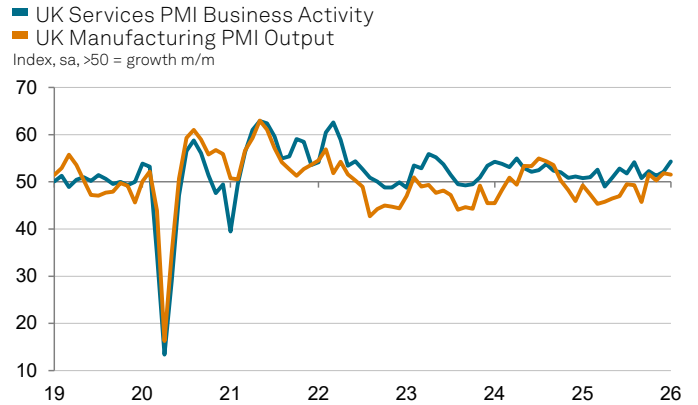
rise in new business was the fastest since October 2024. Moreover, export sales improved again during January and to the greatest extent for a year-and-a-half. This was driven by the first upturn in new business from abroad in the manufacturing sector for four years. Goods producers cited greater demand from Europe, the United States, China and a range of emerging markets.

Despite a sustained recovery in order books, private sector firms indicated a solid reduction in employment numbers. The pace of job losses accelerated since December, with survey respondents noting the impact of rising payroll costs and subdued economic conditions. Service providers recorded a particularly sharp downturn in workforce levels at the start of 2026.

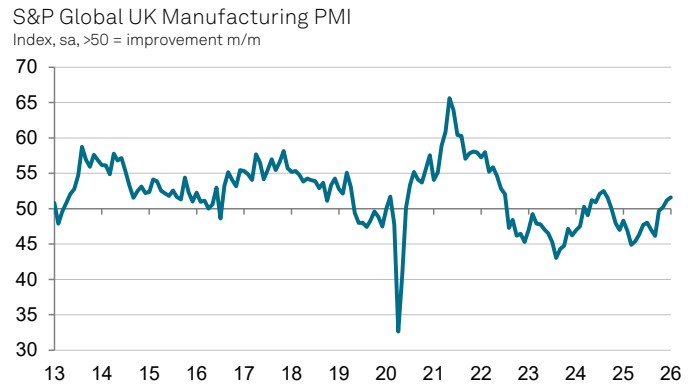
Average cost burdens continued to rise sharply, with the overall pace of inflation unchanged from December's seven-month high. The rate of input price inflation across the service economy once again exceeded that seen among manufacturers by a wide margin. Survey respondents overwhelmingly linked rising input costs to elevated wage pressures, alongside the pass through of rising transport bills and raw material prices by suppliers.

Efforts to protect margins from sharply rising input costs resulted in a robust and accelerated rise in output charges at the start of 2026. The respective seasonally adjusted index signalled the fastest increase in average prices charged by private sector firms since August 2025.

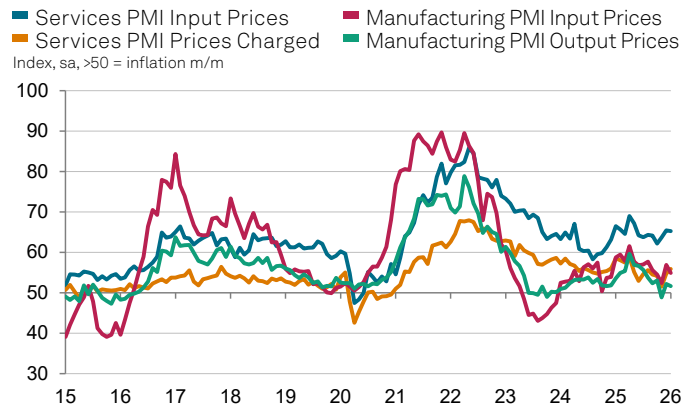
Business activity expectations meanwhile improved for the second month running in January. Levels of optimism regarding the year ahead business outlook were the highest since September 2024. Both the manufacturing and service sectors recorded marked improvements in confidence at the start of the year. Anecdotal evidence mostly cited planned business investment and a turnaround in sales pipelines, alongside a recovery in broader economic conditions and lower borrowing costs. However, this was counterbalanced by concerns about geopolitical uncertainties, weak productivity forecasts and sharply rising business costs.



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Methodology

Final January data are published on 2 February for manufacturing and 4 February for services and composite indicators.

The S&P Global Flash UK Composite PMI® is compiled by S&P Global from responses to questionnaires sent to survey panels of around 650 manufacturers and 650 service providers. The panels are each stratified by detailed sector and company workforce size, based on contributions to GDP. The services sector is defined as consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. The following variables are monitored:

Manufacturing: Output, new orders, new export orders, backlogs of work, stocks of finished goods, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, input prices, output prices, future output.

Services: Business activity, new business, new export business, outstanding business, employment, input prices, prices charged, future activity.

A diffusion index is calculated for each manufacturing and services 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.

Composite indices for are calculated by weighting together comparable manufacturing and services indices using official manufacturing and services annual value added.

The headline figure is the Composite Output Index. This is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. It may be referred to as the 'Composite PMI' but is not comparable with the headline Manufacturing PMI, which is a weighted average of five manufacturing indices (including the Manufacturing Output Index).

The headline manufacturing figure is the Manufacturing 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.

The headline services figure is the Services Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The 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.

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Flash data are calculated from around 80-90% of total responses and are intended to provide an accurate early indication of the final data. Since flash data were first processed, the average differences between final and flash index values for the headline indices are:

Composite Output Index = 0.2 (absolute difference 0.6)

Services Business Activity Index = 0.2 (absolute difference 0.7)

Manufacturing PMI = 0.1 (absolute difference 0.4)

S&P Global do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from S&P Global.

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

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