News release

Market sensitive information
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S&P Global Flash UK PMI®

Sharpest decline in private sector employment since November 2020

Key findings, February:

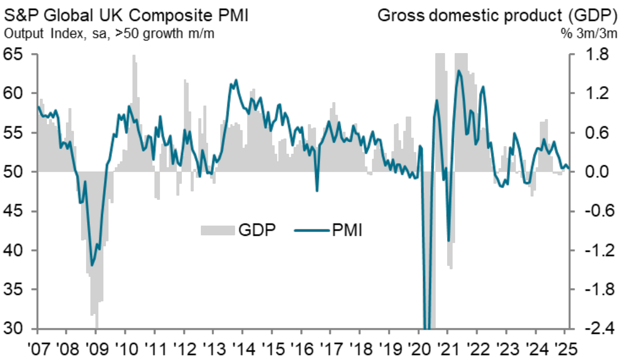
Flash UK PMI Composite Output Index[1]: 50.5 (Jan: 50.6). 2-month low.

Flash UK Services PMI Business Activity Index[2]: 51.1 (Jan: 50.8). 2-month high.

Flash UK Manufacturing Output Index[3]: 47.4 (Jan: 49.2). 2-month low.

Flash UK Manufacturing PMI[4]: 46.4 (Jan: 48.3). 14-month low.

Data were collected 10-19 February



Sources: S&P Global PMI, ONS via S&P Global Market Intelligence. © S&P Global 2025.

February data signalled another marginal rise in UK private sector output. Higher levels of service sector activity helped to offset a solid reduction in manufacturing production. However, sales pipelines remained subdued as total new work decreased for the third month running and at the fastest pace since August 2023.

Private sector firms indicated a further steep decline in staffing numbers, largely in response to higher payroll costs and weak demand. The latest fall was the sharpest since November 2020. Strong wage pressures meanwhile contributed to the fastest increase in average cost burdens for 21 months in February.

At 50.5 in February, the headline seasonally adjusted S&P Global Flash UK PMI Composite Output Index was down fractionally from 50.6 in January but above the neutral 50.0 threshold for the sixteenth successive month.

Service sector growth gained some momentum in February, but the overall pace of output expansion was much softer than the long-run survey average. Anecdotal evidence often cited a lack of new work to replace completed projects and cautious spending among clients in response to general concerns about UK economic prospects. Some service providers also noted that heightened global business uncertainty had weighed on growth in February.

Manufacturing output decreased for the fourth successive month in February and the pace of decline accelerated since the beginning of 2025. Lower production was attributed to falling sales in both domestic and overseas markets, alongside a lack of confidence regarding the near-term demand outlook.

February data signalled a moderate reduction in total new business received by UK private sector firms, with the pace of decline accelerating to its sharpest for one-and-a-half years. Moreover, the latest drop in new work received by service sector businesses was the fastest since November 2022. Survey respondents widely commented on cutbacks to clients' budgets and lacklustre business investment spending.

New export orders declined at the sharpest rate since August 2023, reflecting faster rates of contraction in both the manufacturing and service sectors. Lower new work from abroad was mostly linked to weaker sales in major developed markets, especially the EU and US.

Subdued demand resulted in a lack of pressure on business capacity in February. This was highlighted by a reduction in backlogs of work for the twenty-second consecutive month. Manufacturers experienced a particularly sharp decline in unfinished business.

A combination of excess business capacity, weak customer demand and rising payroll costs led to a marked decline in employment numbers across the private sector in February. Some firms also suggested that plans to increase automation and boost productivity had led to the non-replacement of departing staff, especially in the service economy. The overall rate of job shedding was the steepest for more than four years.

Input cost inflation accelerated for the fourth month running in February. Intense cost pressures were mainly linked to higher salary payments and the impact of suppliers seeking to pass on forthcoming increases in employers' National Insurance. Greater raw material costs and energy bills were also cited by manufacturing

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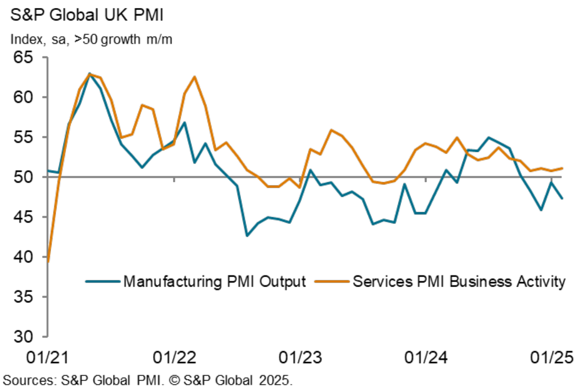
companies in February, with the overall rate of purchasing price inflation hitting a 25-month high. The latest survey also pointed to robust increases in prices charged by both manufacturers and service providers. Goods producers pointed to the strongest rate of factory gate price inflation since April 2023.

Meanwhile, business activity expectations for the year ahead edged up from the 25-month low seen in January. This reflected improvements in business optimism among both manufacturers and service providers. Survey respondents typically reported a modest uplift in confidence regarding their own business expansion plans and sales pipelines, but also noted severe headwinds from the broader macroeconomic environment and rising geopolitical uncertainty.



Commenting on the flash PMI data, Chris Williamson, Chief Business Economist at S&P Global Market Intelligence said:

"Early PMI survey data for February indicate that business activity remained largely stalled for a fourth successive month, with job losses mounting amid falling sales and rising costs.

"The lack of growth alongside rising price pressures points to a stagflationary environment which will present a growing dilemma for the Bank of England.

"While marginal output growth was eked out in February, order books deteriorated at a rate not seen since August 2023 to hint at likely cuts to business activity in the coming months unless demand revives.

"Firms' costs are meanwhile rising at a rate not witnessed since May 2023, the rate of inflation having now accelerated for four straight months, putting further upward pressure on selling prices for both goods and services. The survey data point to a further rise in inflation beyond the latest uptick to 3%.

"A key factor behind the upturn in inflationary pressures is the growing number of firms reporting the need to raise prices in order to help offset the impending rise in staff costs associated with the National insurance hike and uplift to the minimum wage announced in the autumn Budget.

"However, companies also reported that the Budget changes also played a major role in driving intensifying job cuts. Employment fell sharply again in February, dropping at a rate not seen since the global financial crisis if pandemic months are excluded. One in three companies reporting lower staffing levels directly linked the reduction to policies announced in last October's Budget."

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Notes to editors

Final February data are published on 3 March for manufacturing and 5 March 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.

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. Please contact economics@spglobal.com.

Notes
1. The Composite Output *PMI* is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"
4. The Manufacturing *PMI* is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.

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