

# S&P Global Flash UK PMI®

## Weaker new order intakes weigh on UK private sector output, but business expectations recover from the slump seen in April

### Key findings, May:

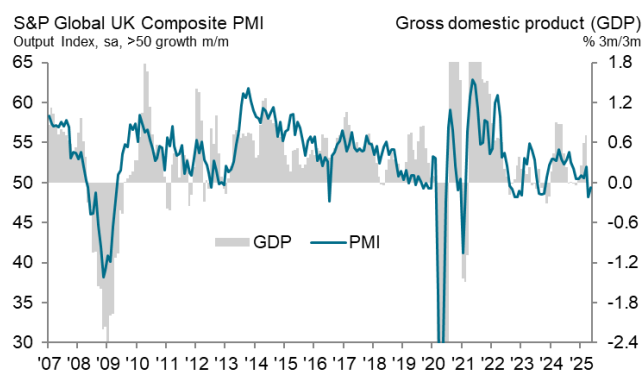
Flash UK PMI Composite Output Index<sup>(1)</sup>: 49.4 (Apr: 48.5). 2-month high.

Flash UK Services PMI Business Activity Index<sup>(2)</sup>: 50.2 (Apr: 49.0). 2-month high.

Flash UK Manufacturing Output Index<sup>(3)</sup>: 44.8 (Apr: 45.8). 19-month low.

Flash UK Manufacturing PMI<sup>(4)</sup>: 45.1 (Apr: 45.4). 2-month low.

Data were collected 12-20 May



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

UK private sector output decreased for the second month running in May, according to the latest S&P Global Flash UK PMI® survey. However, the rate of decline moderated since April and was only marginal. A fractional rise in service sector activity helped to offset the fastest downturn in manufacturing production since October 2023.

Business activity expectations for the next 12 months recovered from the two-and-a-half year low seen in April, despite a faster reduction in new order intakes. Comments from survey respondents generally suggested that there were fewer concerns about the impact of US tariffs on longer-term domestic economic prospects, although many manufacturing firms noted that elevated global business uncertainty had still weighed on confidence.

The headline seasonally adjusted S&P Global Flash UK PMI Composite Output Index registered 49.4 in May,

up from 48.5 in April but still the second-lowest reading since October 2023. Reduced levels of business activity were mostly attributed to subdued order books and caution among clients in response to rising business uncertainty. The downturn was driven by an accelerated reduction in manufacturing production, which contrasted with a slight rise in service sector output.

May data indicated that new business intakes decreased again in both the manufacturing and service sectors, with the former recording the steeper pace of contraction. Measured overall, new work across the private sector economy fell to the greatest extent for two-and-a-half years. This was often attributed to cutbacks to non-essential spending and delayed investment decisions among clients amid rising global economic uncertainty.

Total new orders from abroad decreased at a solid pace in May, led by another steep fall in the manufacturing sector. Survey respondents cited the negative impact of US tariffs on export sales, as well as a reluctance among overseas clients to place orders due to general uncertainty about global trade conditions. That said, some firms reporting an upturn in new work from abroad cited new export opportunities in Asia and Europe.

Subdued demand, higher payroll costs and a lack of pressure on business capacity all contributed to a further reduction in private sector employment. This was linked to a mixture of redundancies, restructuring, hiring freezes and the non-replacement of voluntary leavers. Manufacturers recorded a particularly steep decline in staffing numbers, with the pace of job shedding the fastest for five years.

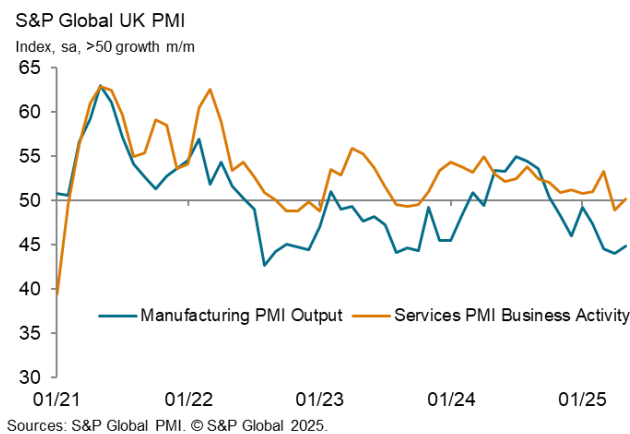
UK private sector companies indicated a sharp increase in their average cost burdens during May, although the rate of inflation eased considerably from April's 26-month high. Similarly, output charge inflation eased to its lowest so far in 2025. Higher input prices were attributed to strong pay pressures, as well as rising utility bills, shipping costs and prices paid for technology services. A number of firms noted lower fuel costs, while some cited falling imported raw material prices due to exchange rate appreciation against the US dollar.

Manufacturers indicated the steepest increase in

## News release

vendor delivery times since February 2024, despite another sharp reduction in input buying. Longer lead times from suppliers were again linked to international shipping delays and worsening port performance.

UK private sector firms meanwhile indicated that business optimism was the highest for five months in May and therefore more than recovered the ground lost in April. The rebound in confidence was driven by the service economy, with service providers commenting on more stable global financial market conditions and signs of a cautious recovery in spending plans among clients. However, manufacturers saw only a slight upturn in optimism since April and business expectations remained among the lowest recorded over the past two-and-a-half years. Many firms noted that elevated global business uncertainty and lingering concerns about US tariffs had weighed on confidence.



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

*“After an ‘awful April’, businesses reported a milder May. Business confidence has rebounded from April’s recent low, which had seen confidence collapse to a degree not seen since the Truss Budget of 2022, and price pressures have moderated after spiking higher. Sunny weather also provided a welcome boost to business activity in some parts of the economy.*”

*“However, output still fell slightly when measured across all goods and services for a second successive month, hinting at the possibility of the economy contracting in the second quarter.*”

*“Furthermore, although brighter news on tariffs and trade appears to have helped restore some confidence among businesses, sentiment about prospects in the year ahead is still subdued. Job cutting consequently remains worryingly aggressive, especially in manufacturing, as concerns about weak demand have been exacerbated by the rise in staff costs linked to the National Insurance and minimum wage changes that came into effect in April.*”

*“More encouraging was the news on prices, with inflationary pressures moderating considerably from the spike seen in April. These reduced price pressures, coupled with signs of faltering economic growth and job losses, likely keeps the door open for further interest rate cuts in the coming months.”*

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### Notes to editors

Final May data are published on 2 June for manufacturing and 4 June for services and composite indicators.

The S&P Global Flash UK Composite PMI<sup>®</sup> 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<sup>™</sup> (PMI<sup>®</sup>). 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](mailto: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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