

S&P Global Flash UK PMI[®]

UK private sector output falls for first time since April 2025 amid downturn in the service economy

May 2026

Flash UK PMI Composite Output Index: 48.5
(Apr: 52.6). 13-month low.

Flash UK Services PMI Business Activity Index: 47.9 (Apr: 52.7). 64-month low.

Flash UK Manufacturing Output Index: 52.4
(Apr: 51.8). 3-month high.

Flash UK Manufacturing PMI: 53.7
(Apr: 53.7). Unchanged.

Business activity at UK private sector firms decreased in May, ending a 12-month period of expansion. This was driven by a renewed fall in service sector output, which contrasted with a stronger upturn in manufacturing production. Survey respondents widely commented on subdued sales pipelines and fragile confidence among clients in the wake of the Middle East war.

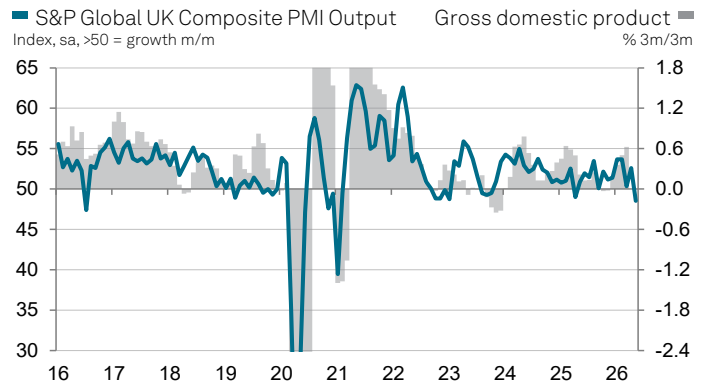
Input cost inflation remained steep in May, largely due to fuel surcharges and intense raw material price pressures. That said, the overall rate of input cost inflation moderated slightly from April's 41-month high.

At 48.5 in May, the headline seasonally adjusted S&P Global Flash UK PMI[®] Composite Output Index fell from 52.6 in April and was below the neutral 50.0 value for the first time since April 2025. The latest reading signalled a modest overall reduction in private sector output.

Service providers signalled the sharpest decline in business activity since January 2021. Aside from the pandemic, the latest reading was the lowest for nearly a decade (July 2016). Anecdotal evidence cited greater economic hesitancy and weaker investment sentiment among clients, alongside delayed consumer spending decisions in response to the Middle East war (especially for international travel). A number of firms also cited domestic political uncertainty as a factor weighing on confidence among clients.

Meanwhile, manufacturers noted a temporary uptick in demand amid customer front-loading to beat price hikes and potential supply disruptions. This contributed to a sustained expansion of production volumes in May, with the rate of growth accelerating to a three-month high.

Total new work across the UK private sector economy decreased slightly in May. Mirroring the trend for output, a



Data were collected 12-19 May 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:

"The UK economy is facing a perfect storm, as rising political uncertainty adds to the growing impact from the war in the Middle East. Businesses are reporting falling output, surging inflation, supply shortages and job cuts in May."

"The May PMI data indicate that the economy contracted at a 0.2% quarterly rate, representing a marked contrast to the robust growth seen earlier in the year. The blame lies first and foremost with the war in the Middle East, though companies are also noting that domestic politics are taking an increasing toll, driving uncertainty higher, in turn deterring spending, hiring and investment."

"Things could well get worse in the coming months, as we have been seeing some support to manufacturing from precautionary stock building which will inevitably fade once warehouses are full."

"Just as the economy shows signs of sinking into decline, prices are surging higher to herald a marked upturn in inflation in the months ahead as these costs pass through to consumers."

"This combination of a faltering economy and spiking price pressures leaves the Bank of England in a major quandary, facing the growing need to hike rates to help contain inflation but thereby adding to recession risks."

reduction in new work at service providers was only partly offset by continued growth in the manufacturing sector. A common theme among panel members' comments was softer order books due to rising political and economic uncertainty. Manufacturers nonetheless reported a boost from pre-purchasing and stock building among clients, while some also noted elevated demand linked to data centre roll outs.

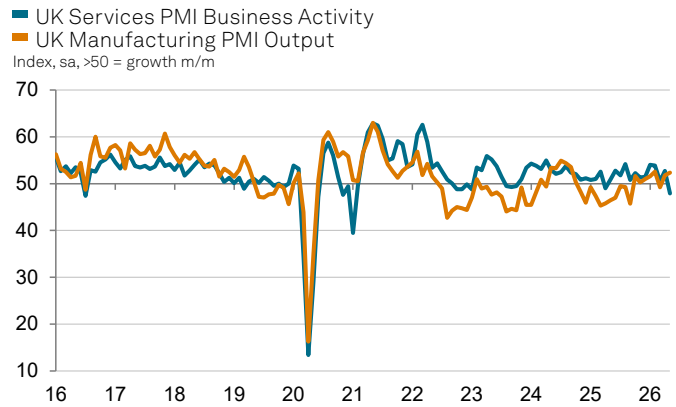
May data highlighted that private sector payroll numbers fell for the twentieth successive month, largely due to a faster pace of job shedding in the service economy. Backlogs of work also decreased again, suggesting a lack of pressure on business capacity.

Input price inflation eased slightly since April, but remained well above its long-run average. Around 66% of manufacturing companies and 51% of service providers indicated an increase in their average cost burdens during May. This was overwhelmingly linked to rising oil prices and transportation bills, alongside higher energy and raw material costs (particularly metals and polymers). Strong wage pressures were also cited as pushing up input costs during the latest survey period.

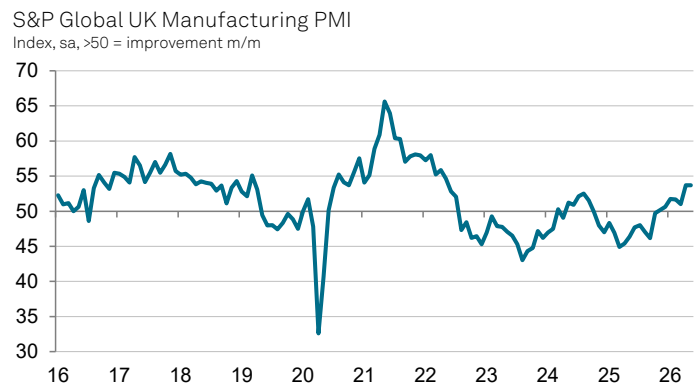
Prices charged by UK private sector firms continued to rise sharply, albeit at a slightly slower pace than the 39-month high seen in April. However, manufacturers bucked the softer overall trend, with factory gate prices increasing to the greatest extent since July 2022. Goods producers often noted fuel surcharges and efforts to pass on rising raw material prices due to the Middle East war.

Manufacturing supply chains were again impacted by international shipping delays. Around 26% of the survey panel reported a downturn in supplier performance in May, while only 1% suggested an improvement. Concerns about the outlook for input costs and raw material availability resulted in a build up of pre-production inventories across the manufacturing sector. The rate of stock accumulation was the fastest since July 2022. Inventories of finished goods also increased at an accelerated pace in May.

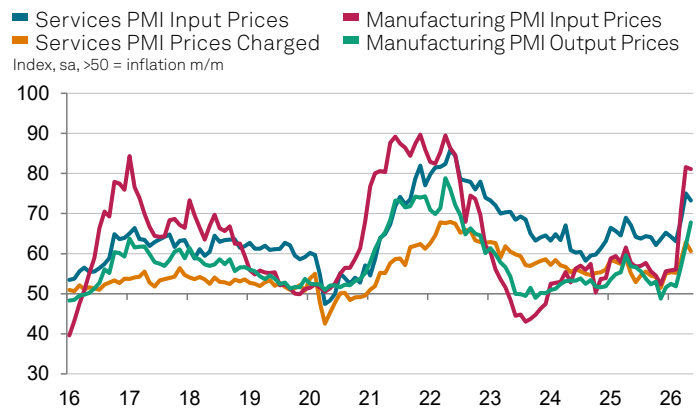
Meanwhile, the latest survey indicated a fall in business activity expectations across the UK private sector for the third time in the past four months. The degree of business optimism regarding the year ahead outlook was the lowest since April 2025. Weaker growth expectations in the service sector more than offset a slight improvement among manufacturing companies. Anecdotal evidence suggested that planned investment spending and ongoing AI innovation had supported business confidence, alongside expected improvements in export sales. Many firms nonetheless commented on growth headwinds due to rising inflation, elevated geopolitical uncertainty and squeezed discretionary consumer spending.



Source: S&P Global PMI. ©2026 S&P Global.



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Contact

Tim Moore
Economics Director
S&P Global Market Intelligence
T: +44 1491 461067
tim.moore@spglobal.com

Hannah Brook
EMEA Corporate Communications
S&P Global Market Intelligence
T: +44-7483-439-812
hannah.brook@spglobal.com
press.mi@spglobal.com

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Methodology

Final May data are published on 1 June for manufacturing and 3 June 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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