

S&P Global UK Manufacturing PMI[®]

Business optimism at 17-month high as output, new orders and new export business all increase

January 2026

Manufacturing PMI at 51.8 in January (17-month high)

New export orders rise for first time in four years

Business optimism at highest level since before 2024 Autumn budget

The UK manufacturing sector made a positive start to 2026, as growth of both output and new orders accelerated and business optimism rose to a near one-and-a-half year high.

The seasonally adjusted S&P Global UK Manufacturing Purchasing Managers' Index™ (PMI[®]) rose to a 17-month high of 51.8 in January, up from 50.6 in December and above the earlier flash estimate of 51.6. The PMI has signalled growth for three consecutive months.

Three of the five PMI components were at levels indicating an improvement in overall operating conditions (new orders, output and suppliers' delivery times). Although levels of employment and stocks of purchases declined further, rates of contraction were slower than in the prior survey month.

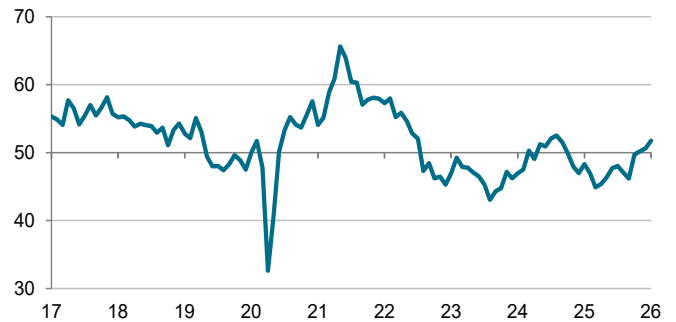
January saw manufacturing production rise for the fourth consecutive month and at the joint-quickest pace since September 2024 (matching the rate signalled in October 2025). Higher output was linked to improved export sales, a generally stable domestic market and a boost from customer restocking.

Production volumes expanded in both the consumer and investment goods industries, but contracted in the intermediate goods category. Data broken down by company size suggested the expansion was driven by large-sized manufacturers, as SMEs saw production decline for the third month in a row.

Underpinning the latest increase in output was a further improvement in new order intakes. Incoming new business rose at the quickest pace in almost four years, with growth registered across the consumer, intermediate and investment goods industries. The level of new export work rose for the first time in four years, amid reports of higher sales volumes to Europe, the US, China and several emerging markets.

The recent signs of recovery in the UK manufacturing sector had a positive effect on manufacturers' outlooks. Business optimism about the coming year rose to its highest level since before the 2024 Autumn budget, with almost three-fifths (58%) of manufacturers expecting output to increase over the next 12 months. Confidence reflected hopes for a recovery in

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Index, sa, >50 = improvement m/m



Data were collected 12-27 January 2026.
Source: S&P Global PMI. ©2026 S&P Global.

Comment

Rob Dobson, Director at S&P Global Market Intelligence

"UK manufacturing made a solid start to 2026, showing encouraging resilience in the face of rising geopolitical tensions. Rates of output and order book growth accelerated, while new export business rose for the first time in four years, with Europe, China and the US the main recipients."

"There was also a positive bounceback in business confidence, which rose to its highest level since before the 2024 Autumn budget, as manufacturers focussed on opportunities lying ahead despite persistent concerns about the geopolitical environment, Government policy and tariff tensions."

"There was also encouraging news on the jobs front. Although the strongest rise in new business for almost four years was insufficient to fully quell reductions to staff headcounts, the rate of cutting slowed to its weakest since job losses started 15 months ago. Cost pressures are creeping higher though, as the pass through of the increased Minimum Wage and employer NI contributions continue to work through the supply chain alongside the rising costs for commodities such as metals."

market confidence and reduction in geopolitical uncertainty, new product launches, planned investment spending and an expected improvement in export sales. However, several firms also noted concerns about the geopolitical outlook, UK government policy and tariff uncertainties.

January provided further signs of the manufacturing labour market moving closer to stabilisation. Although staffing levels were reduced for the fifteenth consecutive month, the rate of job loss was the weakest during that sequence. The latest round of cuts were linked to redundancies, non-replacement of leavers, cost savings and efforts to protect margins.

Staffing levels rose at investment goods producers, but fell in the intermediate and consumer goods categories. Data broken down by company size definitions signalled ongoing job cuts at SMEs, contrasting with a slight increase in employment at large manufacturers.

Pockets of excess capacity remained present, however, as backlogs of work decreased for the forty-fifth successive month. Manufacturers' supply chains also stayed stretched, as signalled by a further deterioration in average vendor performance. Part of the increase in supplier lead times reflected a pick-up in input buying among manufacturers, as purchasing activity rose at the quickest pace in over three-and-a-half years.

January saw mild accelerations in the rates of increase in input costs and selling prices. Companies linked higher input prices to rising raw material charges and the pass through of increased costs at suppliers. The prices of energy, food products, freight, metals, packaging and plastics were all reported as up in price. Average output charges meanwhile rose for the second month running and at a quicker pace than in December.

Methodology

The S&P Global UK Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 650 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in January 1992.

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 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. Since January 2006 the average difference between final and flash Manufacturing PMI values is 0.1 (0.4 in absolute terms).

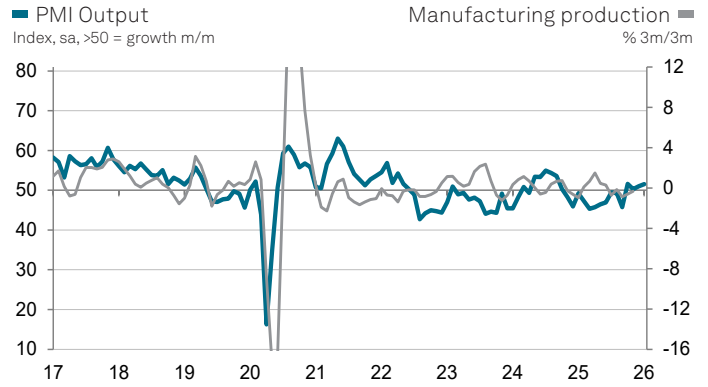
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

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PMI by S&P Global

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