

S&P Global UK Services PMI[®]

Business activity falls for the first time since October 2023

Renewed downturn in new work weighs on service sector output

Fastest decline in export sales since February 2021

Business activity expectations slump to a two-and-a-half year low

UK service providers experienced a marginal downturn in business activity during April, thereby ending a 17-month period of expansion.

This largely reflected a renewed downturn in order books. Export sales were particularly subdued, with total new work from abroad decreasing at the fastest pace since February 2021. Survey respondents widely commented on risk aversion and delayed spending decisions among clients in response to rising global economic uncertainty.

At 49.0 in April, down from 52.5 in March, the headline seasonally adjusted S&P Global UK Services PMI[®] Business Activity Index was the lowest since January 2023. The latest reading signalled a marginal decline in overall output, which contrasted with modest growth in the first quarter of 2025.

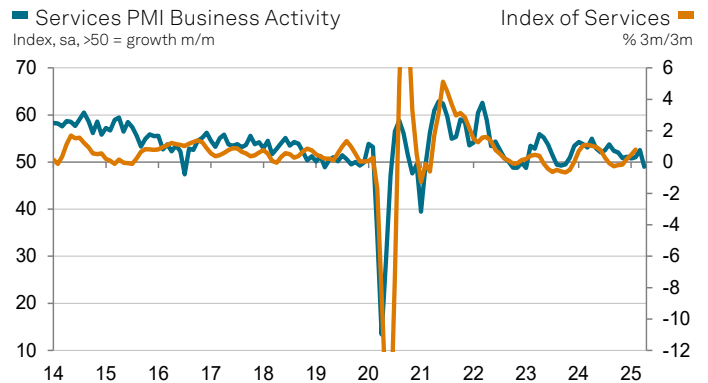
New business intakes decreased for the third time in the past four months during April. Service providers typically cited weaker business investment and client confidence in the wake of US tariffs announcements and subsequent financial market turmoil.

While many firms continued to report unfavourable domestic demand conditions, the latest survey indicated a particularly marked decline in new work from overseas markets. The rate of contraction was the steepest for just over four years and mostly linked by survey respondents to the impact of rising global trade tensions.

Reduced workloads and delayed spending decisions among clients resulted in another decline in backlogs of work across the service economy. April data indicated that unfinished business decreased for the twenty-third month running, although the rate of contraction was the slowest since November 2024.

Service providers continued to report cautious hiring strategies in April, with many survey respondents opting to refrain from backfilling roles. Some firms also noted ongoing redundancy measures. Lower employment numbers have been recorded in each of the past seven months and the pace of job shedding accelerated slightly since March.

Rising payroll costs were cited as a factor weighing on staffing levels. Businesses widely noted upwards pressure on costs due to rising National Living Wage rates and



Data were collected 9-28 April 2025.

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

Comment

Tim Moore, Economics Director at S&P Global Market Intelligence, said:

"UK service sector output slipped into contraction for the first time in one-and-a-half years as heightened business uncertainty weighed on order books during April. Export conditions were particularly weak, with new business from abroad falling to the greatest extent since February 2021.

"Survey respondents often commented on the impact of global financial market turbulence in the wake of US tariff announcements. Businesses in the technology and financial service sectors noted rising risk aversion and delayed spending decisions among clients, especially in relation to major investment plans. Consumer service providers meanwhile cited subdued domestic economic conditions and challenges with passing on rising payroll costs, especially those in the hospitality and leisure sectors.

"Input prices increased at the steepest pace since the summer of 2023 as higher National Living Wage rates and National Insurance contributions added to payroll costs in April. Prices charged inflation was also the strongest for nearly two years as service providers sought to pass on additional costs to clients despite fragile demand.

"Business expectations for the year ahead fell sharply as service sector firms braced for an extended period of global economic turbulence and heightened recession risks. Some 22% of the survey panel predict an outright decline in business activity during the next 12 months, up from 14% in March and well above the post-election low of 6% in July 2024."

National Insurance contributions, particularly those operating in leisure, hospitality and other consumer services.

Around 43% of the survey panel signalled an increase in their overall input costs in April, while less than 1% noted a decline. This pointed to the fastest pace of inflation since July 2023. Efforts to pass on higher business expenses also contributed to a robust and accelerated rate of output charge inflation that was the highest for just under two years.

April data signalled a sharp downturn in business activity expectations for the year ahead. The degree of optimism reported by survey respondents was the lowest since October 2022. Service providers widely commented on concerns about the economic outlook at home and abroad. This was linked to a combination of rising payroll costs, cutbacks to non-essential spending by clients and worries about global recession risks linked to US tariffs and business uncertainty.

S&P Global UK Composite PMI®

The seasonally adjusted S&P Global UK PMI Composite Output Index registered 48.5 in April, down from 51.5 in March and below the 50.0 no-change value for the first time in one-and-a-half years. That said, the latest reading signalled only a modest pace of contraction.

Subdued order books continued to weigh on business activity, with total new work falling at the sharpest rate since November 2022. This was driven by a steep and accelerated reduction in export sales.

Input price inflation meanwhile hit a 26-month high in April, largely reflecting the impact of rising payroll costs (higher staff wages and National Insurance contributions).

Methodology

The S&P Global UK Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 650 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in July 1996.

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

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

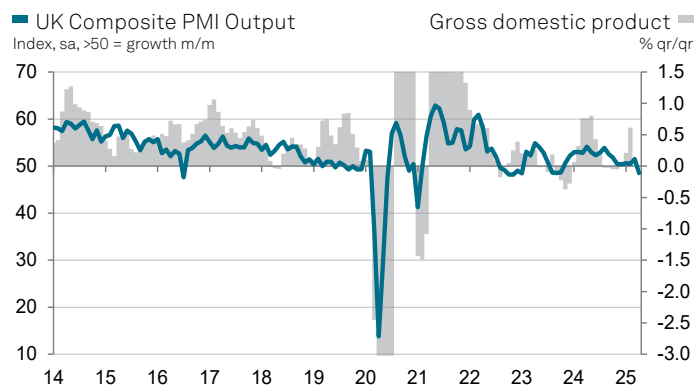
Flash services data were calculated from 78% of final responses. Since January 2006 the average difference between final and flash Services Business Activity Index values is 0.2 (0.7 in absolute terms).

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.

PMI by S&P Global

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